



**Comments on  
MH Mission Hospital, LLLP's  
Freestanding Emergency Department  
Certificate of Need Application,  
Project ID # B-12192-22**

**March 31, 2022**

**Written Comments on MH Mission Hospital LLLP's  
Freestanding Emergency Department Certificate of Need Application, Project ID # B-12192-22**

*submitted by*

**Henderson County Hospital Corporation d/b/a Margaret R. Pardee Memorial Hospital**

In accordance with N.C. GEN. STAT. § 131E-185(a1)(1), Henderson County Hospital Corporation d/b/a Margaret R. Pardee Memorial Hospital (Pardee UNC Health Care or Pardee) hereby submits the following comments related to the application filed by MH Mission Hospital, LLLP (Mission) to develop a satellite freestanding emergency department (FSED or FSER) in Candler, North Carolina. Pardee's comments include *"discussion and argument regarding whether, in light of the material contained in the application and other relevant factual material, the application complies with the relevant review criteria, plans and standards."* See N.C. GEN. STAT. § 131E-185(a1)(1)(c). In order to facilitate the Agency's ease in reviewing these comments, Pardee has organized its discussion by issue, specifically noting the general Certificate of Need (CON) statutory review criteria and specific regulatory criteria and standards creating the non-conformity relative to each issue, as they relate to Mission's application to develop a FSED to be known as Mission FSER West, Project ID # B-12192-22.

By way of background, it is important to note that Mission filed an application to develop a FSED in Arden in 2021 (Project ID # B-12093-21). Mission's 2021 FSED application was subsequently denied and is currently under appeal. As detailed in the findings on Mission's 2021 FSED application, the application was denied in part because of the methodology presented in Mission's 2021 proposal.

Thereafter, Mission filed its proposal to develop Mission FSER West – the subject of these comments – in February 2022. Also in February 2022, Mission filed a second application to develop a freestanding emergency department in Arden, Mission FSER, Project ID # B-12191-22. Notably, Mission's concurrently filed Mission FSER application utilizes the same service area, incremental market share growth rates, and patient shifts as Mission's 2021 FSED application. Moreover, Mission's FSER West application utilizes the same methodology as its concurrently submitted Mission FSER application.

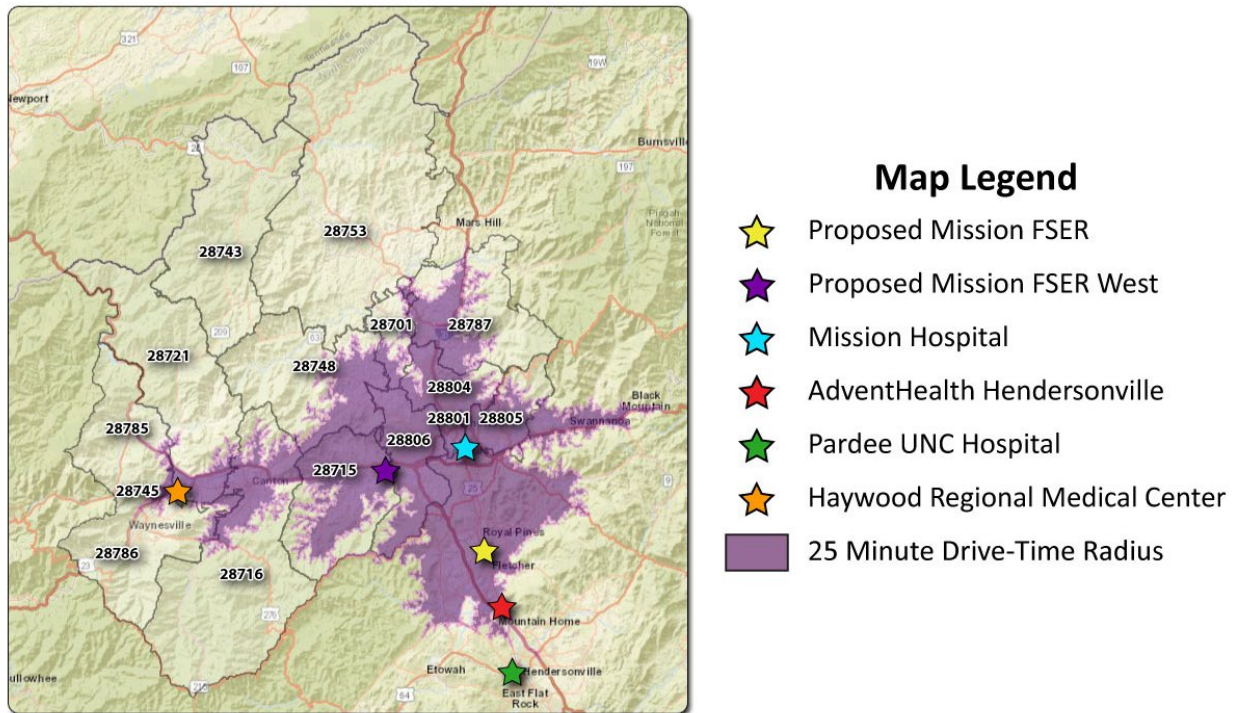
As detailed in the comments below, which include substantial issues that Pardee believes render Mission's FSER West application non-conforming with applicable statutory and regulatory review criteria, there are several instances in which Mission failed to resolve or address various issues that led to findings of non-conformity relative to its 2021 FSED application. Given the similarities in methodologies and assumptions between Mission's concurrently filed applications and its 2021 FSED application, as well as Mission's failure to resolve or address various issues relative to its 2021 FSED application, Mission's FSER West application (as well as its Mission FSER application) should be found non-conforming for similar reasons and should be denied.

**MH MISSION HOSPITAL, LLLP, DEVELOP A SATELLITE FREESTANDING EMERGENCY DEPARTMENT IN CANDLER, NORTH CAROLINA, PROJECT ID # F-12192-22**

**Issue-Specific Comments**

1. The Mission FSER West application fails to adequately demonstrate the need for the proposed project, in particular, as its proposed service area and patient origin are unreasonable.

Mission fails to demonstrate the reasonableness of the service area that it identifies for its proposed FSER West. As illustrated below, the proposed service area for Mission FSER extends beyond a 25-minute drivetime from the proposed location (shown as a purple star in the illustration below). Mission claims that the proposed service area for Mission FSER West represents a subset of the ZIP codes that comprise its existing market for this service that includes portions of western and northern Buncombe County, Madison County, and eastern Haywood County. Mission’s proposed service area is broken into a primary, secondary, and tertiary service area (PSA/SSA/TSA) – the PSA is comprised of three ZIP codes, the SSA is comprised of seven ZIP codes, and the TSA is comprised of five ZIP codes. See the Mission FSER West application, page 44. The entirety of ZIP codes 28786, 28721, 28743, 28785, and 28745, which combined represent the proposed TSA, are located beyond a 25-minute drivetime as illustrated below. Moreover, the entirety of ZIP code 28753 as well as a large portion of ZIP code 28748, which are located in the proposed PSA, are located beyond a 25-minute drivetime as illustrated below. Finally, large portions of ZIP codes 28748 and 28787, which are located in the proposed SSA, are located beyond a 25-minute drivetime as illustrated below. (Note: ZIP code boundaries are outlined in gray.)



Note: The proposed Mission FSER West is located in ZIP code 28715 and the proposed Mission FSER is located in 28704.

Moreover, there are two existing facilities – Mission Hospital and Haywood Regional Medical Center – located within Mission’s proposed service area ZIP codes. Further, and as illustrated above, there are three existing facilities – Mission Hospital, Haywood Regional Medical Center, and AdventHealth Hendersonville – as well as its concurrently filed application to develop a freestanding emergency department in Arden, Mission FSER, Project ID # B-12191-22 – located within a 25-minute drivetime from the proposed location.

The reasonableness of Mission’s proposed service area and patient origin are further called into question by the fact that, in certain instances as illustrated in the table below, patients in the service area are closer to existing emergency departments located in Mission’s proposed service area relative to the location of the proposed FSED. The table below examines the distance and drivetimes to the existing emergency departments located in Mission’s proposed service area – Mission Hospital and Haywood Regional Medical Center.

**Distance/Drivetime\***

	<i>Mission FSER West</i>		<i>Mission Hospital</i>		<i>Haywood Regional Medical Center</i>	
	<i>Distance</i>	<i>Drivetime</i>	<i>Distance</i>	<i>Drivetime</i>	<i>Distance</i>	<i>Drivetime</i>
<b>PSA ZIP Codes</b>						
28806	2.8 miles	6 min.	5.8 miles	16 min.	21.1 miles	26 min.
28715	6.7 miles	15 min.	15.5 miles	28 min.	19.9 miles	30 min.
28748	12.4 miles	25 min.	16.7 miles	31 min.	18.5 miles	27 min.
<b>SSA ZIP Codes</b>						
28801	7.4 miles	10 min.	1.6 miles	5 min.	25.8 miles	29 min.
28787	17.8 miles	25 min.	13.2 miles	25 min.	36.2 miles	44 min.
28805	12.0 miles	14 min.	4.6 miles	12 min.	30.3 miles	32 min.
28804	10.1 miles	16 min.	4.0 miles	14 min.	28.4 miles	33 min.
28753	25.9 miles	31 min.	21.3 miles	31 min.	36.6 miles	48 min.
28716	27.1 miles	43 min.	35.8 miles	52 min.	20.8 miles	36 min.
28701	14.3 miles	28 min.	14.2 miles	25 min.	25.7 miles	36 min.
<b>TSA ZIP Codes</b>						
28786	24.3 miles	29 min.	32.7 miles	36 min.	6.7 miles	11 min.
28721	24.6 miles	31 min.	33.0 miles	39 min.	10.3 miles	18 min.
28743	45.4 miles	1 hr. 2 min.	39.0 miles	1 hr. 4 min.	31.1 miles	50 min.
28785	36.9 miles	1 hr. 23 min.	47.9 miles	1 hr. 32 min.	23.9 miles	1 hr. 10 min.
28745	20.0 miles	27 min.	28.4 miles	34 min.	2.1 miles	7 min.

Source: Google Maps.

\*Green highlight indicates closer than Mission FSER West.

As illustrated above, in several instances, patients in Mission’s defined service area are closer to existing emergency departments in the service area relative to the location of the proposed

Mission FSER West. Further, as discussed below, existing emergency departments in Mission’s proposed service area have available capacity.

**Based on the discussion above, Mission fails to demonstrate the need for the proposed project in accordance with Criterion 3. As such, the Mission FSER West application is non-conforming with Criteria 1 and 3.**

2. The Mission FSER West application fails to adequately demonstrate the need for the proposed project.

As noted above, there are two existing emergency departments located in Mission’s proposed service area ZIP codes – Mission Hospital and Haywood Regional Medical Center. Mission fails to demonstrate the need that patients have for the proposed FSED with 12 exam/treatment rooms given that existing emergency departments in its proposed service area have available capacity. As illustrated in the table below, based on ACEP standards, the existing number of emergency department rooms, and the number of 2021 emergency department visits, the proposed service area currently has a **surplus of 10 emergency department rooms**. Such surplus increases to 22 emergency department rooms if the 12 exam/treatment rooms proposed by Mission in its Mission FSER West application are included in the calculation below.

<i>Facility Name</i>	<i>2021 ED Visits</i>	<i>2021 ED Bays Needed Based on ACEP</i>	<i>2021 ED Bays Based on 2022 LRA</i>	<i>2021 Surplus/(Deficit)</i>
Mission FSER West*				
Mission Hospital	98,818	81	94	13
Haywood Regional Medical Center	22,567	20	17	(3)
<b>Total</b>	<b>121,385</b>	<b>101</b>	<b>111</b>	<b>10</b>

\*Proposed to have 12 exam/treatment rooms.

As detailed above, Mission’s proposed service area has available capacity, particularly in Buncombe County, and Mission has failed to adequately demonstrate the need for the proposed Mission FSER West as proposed.

Moreover, as noted previously, Mission FSER West is located within a 25-minute drivetime from Mission’s concurrently filed application to develop a freestanding emergency department in Arden, Mission FSER, Project ID # B-12191-22. The proposed service area ZIP codes for Mission FSER includes two existing emergency departments – AdventHealth Hendersonville and Pardee. As illustrated in the table below, based on ACEP standards, the existing number of emergency department rooms, and the number of 2021 emergency department visits for facilities in the service areas proposed in Mission’s FSER West and FSER applications, the proposed service areas currently have a **surplus of seven emergency department rooms**. Such surplus increases to 31 emergency department rooms if the 24 exam/treatment rooms proposed by Mission in its Mission FSER West and FSER applications are included in the calculation below.

Facility Name	2021 ED Visits	2021 ED Bays Needed Based on ACEP	2021 ED Bays Based on 2022 LRA	2021 Surplus/(Deficit)
Mission FSER West*				
Mission FSER*				
Mission Hospital	98,818	81	94	13
Haywood	22,567	20	17	(3)
AdventHealth Hendersonville	22,998	20	16	(4)
Pardee	24,867	20	21	1
<b>Total</b>	<b>169,250</b>	<b>141</b>	<b>148</b>	<b>7</b>

\*Proposed to have 12 exam/treatment rooms.

As detailed above, the service areas proposed in Mission’s concurrently filed FSED applications have available capacity, particularly in Buncombe County, and Mission has failed to adequately demonstrate the need for the proposed Mission FSER West as proposed.

Please see additional discussion regarding unnecessary duplication relative to Criterion 6 below.

**Based on the discussion above, Mission fails to demonstrate the need for the proposed project in accordance with Criterion 3. As such, the Mission FSER West application is non-conforming with Criteria 1 and 3.**

3. The Mission FSER West application fails to adequately demonstrate the need for the proposed project, in particular, as its emergency department growth rates are overstated and unsupported.

Mission’s emergency department growth rates are overstated and unsupported. On page 55 of its application, Mission calculates its historical trend in emergency department volume as follows:

**Figure 9 - Historical Trend in Mission ED Volume**

Year	ED Volume
2017	101,200
2018	101,859
2019	107,330
% Growth	6.1%
CAGR %	3.0%

Source: Mission Internal Data, 2017-2019

The volumes referenced on page 55 of Mission’s application (and excerpted above) do not match the volumes Mission provided in Form C.4a, which, by way of example, shows 104,401 visits in Federal Fiscal Year (FFY) 2019. Using 2017 to 2019 data (from Mission Hospital’s License Renewal Applications (LRAs) for 2018-2020), yields a compound annual growth rate (CAGR) of 1.4 percent.

Based on Form C.4, Mission projects Mission FSER West to grow by 2.7 percent annually in 2026 and 2027. This is a rate of growth beyond its 2017 to 2019 growth rate based on Mission Hospital's license renewal applications. Overall, Mission expects its total emergency department volumes, including the proposed Mission FSER West, to increase by 1.6 percent in 2025, 1.5 percent in 2026, and 1.5 percent in 2027. These figures are higher than its corrected 2017 to 2019 CAGR of 1.4 percent. Given the lack of supporting documentation and/or evidence provided in Mission's FSER West application, Mission's growth rates are overstated and unsupported.

**Based on the discussion above, Mission fails to demonstrate the need for the proposed project in accordance with Criterion 3. As such, the Mission FSER West application is non-conforming with Criteria 1 and 3.**

4. The Mission FSER West application fails to adequately demonstrate the need for the proposed project, in particular, as its incremental market share growth is unsupported.

Mission calculates incremental market share gains on pages 67 through 69 of its application. Notably, there was no discussion as to how the incremental market share gains were determined in Mission's FSER West application. Mission provides no underlying data to support the assumption beyond "*due to the presence of the proposed FSER and the increased access it will provide.*" As the Agency is no doubt aware, Mission's FSED application submitted in 2021, Project ID # B-12093-21 was denied in part because of this methodology. Per the findings on Project ID # B-12093-21, "*the applicant does not provide a reasonable basis for how it determined the incremental market share growth of 0.5% for low acuity patients and 0.1% for high acuity patients, other than stating 'greater incremental market share in ZIP codes that are closer in proximity to the proposed FSER and lower incremental market in ZIP codes closer in proximity to Mission's main ED or close to the other existing hospital EDs.'*" Given the similarity in this application, it should be denied for the same reason.

**Based on the discussion above, Mission fails to demonstrate the need for the proposed project in accordance with Criterion 3. As such, the Mission FSER West application is non-conforming with Criteria 1 and 3.**

5. The Mission FSER West application fails to adequately demonstrate the need for the proposed project, in particular, as its patient shifts are unsupported.

The Mission application shifts patients from Mission Hospital to the proposed FSER West without demonstrating the reasonableness of its assumptions. According to page 70 of its application, Mission assumed a higher percent shift for low acuity patients from service area ZIP codes to the FSER with the higher percentages coming from ZIP codes in closer proximity to the proposed FSER location. Mission also assumed a lower percent shift in high acuity patients to the proposed FSER, as these patients "*will continue to be primarily seen at the main hospital ED.*" Notably, there was no discussion as to how the shift percentages were determined in Mission's FSER West application. As the Agency is no doubt aware, Mission's FSED application submitted in 2021, Project ID # B-12093-21 was denied in part because of this methodology. Per the findings on Project ID # B-12093-21, "*the applicant does not provide a reasonable basis for the percent shift of ED volume from Mission to FSER, other than stating higher percentages coming from ZIP codes in closer proximity to the new facility.*" Given the similarity in this application, it should be denied for the same reason.

Moreover, on page 70 of its application, Mission states that it “*assumed higher percent shift for low acuity patients from service area ZIP codes to the FSER **with the higher percentages coming from ZIP codes in closer proximity to the proposed FSER location.***” [emphasis added] In contrast to Mission’s statement, the shift of patients that Mission projects from the TSA to Mission FSER West (16.6 percent in project year 3), is approximately 50 percent higher than the shift of patients that Mission projects from the SSA to Mission FSER West (8.2 percent in project year 3). In addition, the shift of patients that Mission projects from ZIP code 28716 (part of the SSA) to Mission FSER West (28.5 percent in project year 3), is approximately 40 percent higher than the shift of patients that Mission projects from ZIP code 28806 (part of the PSA) to Mission FSER West (11.4 percent in project year 3). These shifts run directly counter to Mission’s statement excerpted above and undermine the reasonableness of its proposed patient shifts and its identified service area.

**Based on the discussion above, Mission fails to demonstrate the need for the proposed project in accordance with Criterion 3. As such, the Mission FSER West application is non-conforming with Criteria 1 and 3.**

- 6. The Mission FSER West application fails to adequately demonstrate the need for the proposed project, in particular, as its projections by acuity are unsupported.

Mission proposes that its Mission FSER will serve both high acuity and low acuity patients. See page 60 of the Mission FSER West application. While its application does include data from two Tennessee markets in which HCA Tristar affiliates operate FSEDs, such data does not support the reasonableness of Mission’s projections by acuity as it purports. As illustrated in Figure 14 of Mission’s application (excerpted below), Mission proposes to serve the following percentages of high acuity patients at its proposed Mission FSER West in project years 1, 2, and 3:

Figure 14  
Comparison of Historical Mission and Projected FSED Average

	ED Visits		Percent Distribution	
	Low Acuity	High Acuity	Low Acuity	High Acuity
Historical Mission	34,588	66,913	34.1%	65.9%
Projected FSED - Yr 1	7,956	1,293	86.0%	14.0%
Projected FSED - Yr 2	8,467	1,347	86.3%	13.7%
Projected FSED - Yr 3	9,010	1,404	86.5%	13.5%

*Source: Internal Data, 2021*

The percentage of high acuity patients, which ranges from 13.5 percent 14.0 percent, is not commensurate with the experience of the Tennessee hospitals and FSEDs in the two Tennessee markets that Mission provides in Figure 15 of its application.



Figure 15

Comparison of ED Average Distribution of Visit Acuity for Host and FSEDs in TN		
	Percent Distribution	
	Low Acuity	High Acuity
<i>Chattanooga Market:</i>		
Host Hospital	91.1%	8.9%
FSED - New	92.8%	7.2%
<i>Nashville Market:</i>		
Host Hospital	84.7%	15.3%
FSED - Established	87.2%	12.8%
FSED - New	90.3%	9.7%
<i>Source: Internal data HCA Tristar Hospitals, TN Hospital Association data</i>		

Notably, while the three FSEDs that Mission examined do serve both high acuity and low acuity patients, none of them – whether established or new FSEDs – propose to serve more than 13 percent high acuity patients. Moreover, the new FSEDs in the two Tennessee markets each serve less than 10 percent high acuity patients. As such, and contrary to Mission’s statements in its application, the additional data provided by Mission does not support the reasonableness of Mission’s projections by acuity.

**Based on the discussion above, Mission fails to demonstrate the need for the proposed project in accordance with Criterion 3. As such, the Mission FSER West application is non-conforming with Criteria 1 and 3.**

7. The Mission FSER West application fails to adequately demonstrate the need for the proposed project, in particular, given various inconsistencies present in the application.

The Mission FSER West application contains several inconsistencies and/or errors (listed below), which call into question the reasonableness and accuracy of its project as proposed.

- Figure 14 on page 59 of the Mission FSER West application (excerpted below), shows a comparison of historical Mission and projected FSED average emergency department visits and percent distribution (high and low acuity). The table, however, incorrectly utilizes emergency department visit numbers provided in Figures 25, 26, and 27 of the Mission FSER application (see pages 68 and 69 of the Mission FSER application) and not the emergency department visit numbers provided in Figures 25, 26, and 27 of the Mission FSER West application (see pages 72 through 74 of the Mission FSER West application).

Figure 14

Comparison of Historical Mission and Projected FSED Average

	ED Visits		Percent Distribution	
	Low Acuity	High Acuity	Low Acuity	High Acuity
Historical Mission	34,588	66,913	34.1%	65.9%
Projected FSED - Yr 1	7,956	1,293	86.0%	14.0%
Projected FSED - Yr 2	8,467	1,347	86.3%	13.7%
Projected FSED - Yr 3	9,010	1,404	86.5%	13.5%

Source: Internal Data, 2021

Given Mission’s usage of Mission FSED data in its Mission FSED West application, the percent distribution calculations provided in Figure 14 are incorrect. As such, Mission’s need arguments presented in Section C.4 of its Mission FSED West application are based in part on incorrect data.

- Charity care patient calculations presented in the table in response to Section L.4.a on page 118 of the Mission FSED West application (see excerpt below) do not match the explanation provided by Mission as to how these numbers were calculated.

	1 <sup>st</sup> Full FY	2 <sup>nd</sup> Full FY	3 <sup>rd</sup> Full FY
Estimated # of Charity Care Patients	425	436	448

This amount was estimated by multiplying the Charity Care percentage projected for all three years (constant at 3.4% across project Years 1-3 as shown in Section Q, Form F.2b) by the projected FSED visits in Years 1-3 of the project.

As noted above, Mission indicates that “[t]his amount was estimated by multiplying the Charity Care percentage projected for all three years (constant at 3.4% across project Years 1-3 as shown in Section Q, Form F.2b) by the projected FSED visits in Years 1-3 of the project.” Below, is an excerpt from the Mission FSED West application which identifies the number of emergency department visits projected by Mission for the Mission FSED West in project years 1, 2, and 3.

Form C.4b Projected Other Hospital Services Utilization upon Project Completion * Mission FSED West	Partial 1st Year	1st Full FY	2nd Full FY	3rd Full FY
	F: 07/01/2024 T: 12/31/2024	F: 01/01/2025 T: 12/31/2025	F: 01/01/2026 T: 12/31/2026	F: 01/01/2027 T: 12/31/2027
Emergency Department				
# of Treatment Rooms	12	12	12	12
# of Visits	4,868	9,981	10,250	10,528
Observation Beds (unlicensed)				
# of Beds	0	0	0	0
Days of Care	376	772	792	814

If these numbers are multiplied by the charity care percentage as indicated by Mission on page 118 of its application, the estimated number of charity care patients provided in the table in response to Section L.4.a on page 118 of the Mission FSED West application

appear to be overstated (as the estimated number of charity care patients in project years 1, 2, and 3 should be 339, 349, and 358, respectively based on how Mission indicated such numbers should be calculated).

- Reduced cost patient calculations presented in the table in response to Section L.4.b on page 119 of the Mission FSER West application (see excerpt below) do not match the explanation provided by Mission as to how these numbers were calculated.

	1 <sup>st</sup> Full FY	2 <sup>nd</sup> Full FY	3 <sup>rd</sup> Full FY
Estimated # of Patients to be Served at a Reduced Cost to the Patient	1,243	1,277	1,311

This amount was estimated by multiplying the Self-Pay percentage projected for all three years (held constant at 14.5% across project Years 1-3 as shown in Section Q, Form F.2b) by the projected FSER visits in Years 1-3 of the project.

As noted above, Mission indicates that “[t]his amount was estimated by multiplying the Self-Pay percentage projected for all three years (held constant at 14.5% across project Years 1-3 as shown in Section Q, Form F.2b) by the projected FSER visits in Years 1-3 of the project.” Below, is an excerpt from the Mission FSER West application which identifies the number of emergency department visits projected by Mission for the Mission FSER West in project years 1, 2, and 3.

Form C.4b Projected Other Hospital Services Utilization upon Project Completion * Mission FSER West	Partial 1st Year	1st Full FY	2nd Full FY	3rd Full FY
	F: 07/01/2024 T: 12/31/2024	F: 01/01/2025 T: 12/31/2025	F: 01/01/2026 T: 12/31/2026	F: 01/01/2027 T: 12/31/2027
Emergency Department				
# of Treatment Rooms	12	12	12	12
# of Visits	4,868	9,981	10,250	10,528
Observation Beds (unlicensed)				
# of Beds	0	0	0	0
Days of Care	376	772	792	814

If these numbers are multiplied by the self-pay percentage as indicated by Mission on page 119 of its application, the estimated number of reduced cost patients provided in the table in response to Section L.4.b on page 119 of the Mission FSER West application appear to be understated (as the estimated number of reduced cost patients in project years 1, 2, and 3 should be 1,447, 1,486, and 1,527, respectively based on how Mission indicated such numbers should be calculated).

Given the inconsistencies noted above, Pardee is unable to appropriately verify the reasonableness or accuracy of Mission’s project as proposed. As such, whether Mission has adequately demonstrated the need for its proposed project is called into question.

Please see additional discussion regarding access to the proposed services by medically underserved groups relative to Criterion 13c below.

**Based on the discussion above, Mission fails to demonstrate the need for the proposed project in accordance with Criterion 3. As such, the Mission FSER West application is non-conforming with Criteria 1 and 3.**

8. The Mission FSER West application fails to adequately demonstrate that the alternative proposed in its application is the most effective alternative to meet the identified need.

In Section E of its application, Mission describes the alternatives considered and explains why each alternative is either more costly or less effective than the alternative proposed in its application. However, Mission fails to adequately demonstrate that the alternative proposed in its application is the most effective alternative to meet the identified need given the following: (a) although Mission explains why it believes its proposal is the most effective alternative, it nonetheless fails to adequately support such claim given that its projected utilization is not based on reasonable and adequate assumptions as detailed in these comments; and (b) Mission's FSER West application is not conforming to all statutory and regulatory review criteria – an application that is not conforming cannot be approved and cannot be an effective alternative to meet the need.

**Based on the discussion above, Mission fails to demonstrate that the least costly or most effective alternative has been proposed in accordance with Criterion 4. As such, the Mission FSER West application is non-conforming with Criteria 1, 3, and 4.**

9. The Mission FSER West application fails to adequately demonstrate that the financial and operational projections are based on reasonable assumptions and therefore fails to demonstrate the immediate and long-term financial feasibility of its proposal.

As discussed above relative to Criterion 3, Mission fails to adequately demonstrate the need the population has for its proposed project; as such, Mission failed to demonstrate that its proposed project is financially feasible under Criterion 5. That is, the assumptions used by Mission in the preparation of its pro forma financial statements (see Section Q) are not reasonable because its projected utilization is not based on reasonable and adequately supported assumptions and financial feasibility, including costs and charges, is impacted by utilization. This finding is consistent with the Analyst's findings for Project ID # B-12093-21 relative to Criterion 5. See page 19 of the Findings for Project ID # B-121093-21. Given the similarity in this application, it should be denied for the same reason.

**Based on the discussion above, Mission fails to demonstrate that the financial and operational projections are based on reasonable assumptions and therefore fails to demonstrate the immediate and long-term financial feasibility of its proposal in accordance with Criterion 5. As such, the Mission FSER West application is non-conforming with Criteria 3 and 5.**

10. The Mission FSER West application fails to adequately demonstrate that the proposed project will not result in unnecessary duplication of the existing or approved health service facilities located in the proposed service area that provide the same service components.

As noted previously, there is surplus emergency department capacity in the proposed service area. According to Form C (excerpted below), Mission increased from 65 to 94 emergency department rooms in FFY 2020 – a 45 percent increase in emergency department capacity in less

than two years. As a result, from 2019 to 2020, Mission’s visits per emergency department room dropped from 1,606 to 1,012. As a point of reference, Mission Hospital’s lowest volume per emergency department room reported on its annual LRAs from 2012 through 2020 was 1,479 visits per room.

Form C.4a Historical and Interim Other Hospital Services Utilization *  Mission Hospital	Prior Full FY	Prior Full FY	Prior Full FY	Interim Quarter	Interim Full FY	Interim Full FY	Interim Partial FY
	F: 10/1/2018 T: 9/30/2019	F: 10/1/2019 T: 9/30/2020	F: 10/1/2020 T: 9/30/2021	F: 10/1/2021 T: 12/31/2021	F: 1/1/2022 T: 12/31/2022	F: 1/1/2023 T: 12/31/2023	F: 1/1/2024 T: 6/30/2024
Emergency Department							
# of Treatment Rooms	65	94	94	94	94	94	94
# of Visits	104,401	95,085	98,818	24,705	104,401	105,815	53,624

See Mission FSER West application, page 136.

Moreover, and as noted relative to Criterion 3 above, Mission fails to demonstrate the need that patients have for the proposed FSED given that the two existing emergency departments in its proposed service area have available capacity. In particular, based on ACEP standards, the existing number of emergency department rooms, and the number of 2021 emergency department visits for facilities in the service area (Mission Hospital and Haywood Regional Medical Center), the service area currently has a **surplus of 10 emergency department rooms**.

**Based on the discussion above, Mission fails to demonstrate that the proposed project will not result in unnecessary duplication of the existing or approved health service facilities located in the proposed service area that provide the same service components and therefore fails to demonstrate conformity with Criterion 6. As such, the Mission FSER West application is non-conforming with Criteria 3 and 6.**

11. The Mission FSER West application fails to adequately demonstrate that medically underserved groups will be served by Mission’s proposed services and the extent to which these groups are expected to utilize the proposed services.

As noted previously, the Mission FSER West application contains several inconsistencies and/or errors. A couple of these inconsistencies (summarized below), not only call into question the reasonableness and accuracy of Mission’s project as proposed, but also whether medically underserved groups will be served by Mission’s proposed services and the extent to which these groups are expected to utilize the proposed services.

- Charity care patient calculations presented in the table in response to Section L.4.a on page 118 of the Mission FSER West application do not match the explanation provided by Mission as to how these numbers were calculated. As detailed above, the estimated number of charity care patients provided in the table in response to Section L.4.a on page 118 of the Mission FSER West application appear to be overstated (as the estimated number of charity care patients in project years 1, 2, and 3 should be 339, 349, and 358, respectively based on how Mission indicated such numbers should be calculated).

- Reduced cost patient calculations presented in the table in response to Section L.4.b on page 119 of the Mission FSER West application do not match the explanation provided by Mission as to how these numbers were calculated. As detailed above, the estimated number of reduced cost patients provided in the table in response to Section L.4.b on page 119 of the Mission FSER West application appear to be understated (as the estimated number of reduced cost patients in project years 1, 2, and 3 should be 1,447, 1,486, and 1,527, respectively based on how Mission indicated such numbers should be calculated).

Given the inconsistencies noted above, the Mission FSER West application fails to adequately demonstrate that medically underserved groups will be served by Mission's proposed services or the extent to which each of these groups is expected to utilize the proposed services. As such, Mission has failed to adequately demonstrate the contribution of the proposed service in meeting the health-related needs of members of medically underserved groups.

**Based on the discussion above, Mission fails to demonstrate the extent to which medically underserved groups are expected to utilize the proposed services in accordance with Criterion 13c. As such, the Mission FSER West application is non-conforming with Criteria 1, 3, and 13c.**

12. The Mission FSER West application fails to adequately demonstrate that its proposal would have a positive impact on cost-effectiveness, quality, and access.

In Section N, Mission addresses the impact of its proposal on cost-effectiveness, quality, and access. In this section, Mission states that the proposed project will provide access to care in a setting closer to homes and businesses in the service area, reducing travel time and freeing ambulance services from longer transports, reducing costs, and improving efficiency. However, Mission fails to demonstrate that its proposal would have a positive impact on cost-effectiveness, quality, and access because Mission does not adequately demonstrate: (a) the need the population to be served has for the proposal; (b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and (c) that financial and operational projections are based on reasonable assumptions.

**Based on the discussion above, Mission fails to demonstrate that its proposal would have a positive impact on competition, including cost-effectiveness, quality, and access in its proposed service area in accordance with Criterion 18a. As such, the Mission FSER West application is non-conforming with Criteria 3, 4, 5, and 18a.**

**In summary, based on the issues detailed above, Mission has failed to demonstrate that the project is consistent with the review criteria implemented under N.C. GEN. STAT. § 131E-183 and that the project is needed, and the Mission FSER West application should be found non-conforming with Criteria 1, 3, 4, 5, 6, 13c, and 18a. The Mission FSER West application should not be approved.**