REQUIRED STATE AGENCY FINDINGS

FINDINGS
C = Conforming
CA = Conforming as Conditioned
NC = Nonconforming
NA = Not Applicable

Decision Date:	November 21, 2024
Findings Date:	November 21, 2024
Project Analyst:	Ena Lightbourne
Co-Signer:	Mike McKillip

COMPETITIVE REVIEW

Project ID #:	B-12518-24
Facility:	Mission Hospital
FID #:	943349
County:	Buncombe
Applicant:	MH Mission Hospital, LLLP
Project:	Develop no more than 26 additional acute care beds pursuant to the 2024 SMFP need determination for a total of no more than 759 acute care beds

Project ID #:	B-12520-24
Facility:	Novant Health Asheville Medical Center
FID #:	240516
County:	Buncombe
Applicants:	Novant Health Asheville Medical Center, LLC Novant Health, Inc.
Project:	Develop a new acute care hospital with no more than 26 acute care beds pursuant to the 2024 SMFP need determination

Project ID #:	B-12526-24
Facility:	AdventHealth Asheville
FID #:	220475
County:	Buncombe
Applicants:	AdventHealth Asheville, Inc. Adventist Health System Sunbelt Healthcare Corporation
Project:	Change of scope and cost overrun for Project ID #B-12233-22 (develop a new 67-bed acute care hospital) to develop no more than 26 additional acute care beds pursuant to the 2024 SMFP need determination for a total of no more than 93 acute care beds upon completion of this project and Project ID# B-12233-22

Each application was reviewed independently against the applicable statutory review criteria found in G.S. 131E-183(a) and the regulatory review criteria found in 10A NCAC 14C. After completing an independent analysis of each application, the Healthcare Planning and Certificate of Need Section

(CON Section) also conducted a comparative analysis of all the applications. The Decision, which can be found at the end of the Required State Agency Findings (Findings), is based on the independent analysis and the comparative analysis.

REVIEW CRITERIA

G.S. 131E-183(a): The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

(1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C – All Applications

Need Determination

Chapter 5 of the 2024 State Medical Facilities Plan (SMFP) includes a methodology for determining the need for additional acute care beds in North Carolina by service area. Application of the need methodology in the 2024 SMFP identified a need for 26 additional acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area. Three applications were submitted to the Healthcare Planning and Certificate of Need Section ("CON Section" or "Agency") proposing to develop a total of 78 new acute care beds in Buncombe County. However, pursuant to the need determination, only 26 acute care beds may be approved in this review for the Buncombe/Graham/Madison/Yancey multicounty service area. See the Conclusion following the Comparative Analysis for the decision.

Only certain persons can be approved to develop new acute care beds in a hospital. On page 34, the 2024 SMFP states:

"A person who proposes to operate additional acute care beds in a hospital must show that the hospital will provide:

1. *a 24-hour emergency services department;*
2. *inpatient medical services to both surgical and non-surgical patients; and*
3. *if proposing a new licensed hospital, medical and surgical services on a daily basis within at least five of the following major diagnostic categories (MDC) recognized by the Centers for Medicare & Medicaid services (CMS) listed below…* [listed on pages 34-35 of the 2024 SFMP]*."*

Policies

There are two policies in the 2024 SMFP applicable to this review: Policy GEN-3: *Basic Principles*, and Policy GEN-4: *Energy Efficiency and Sustainability for Health Service Facilities*.

Policy GEN-3 *on page 29 of the 2024 SMFP states:*

> *"A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area."*

Policy GEN-4: *Energy Efficiency and Sustainability for Health Service Facilities*, on page 30 of the 2024 SMFP, states:

> *"Any person proposing a capital expenditure greater than $4 million to develop, replace, renovate, or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project's plan to assure improved energy efficiency and water conservation.*
>
> *In approving a certificate of need proposing an expenditure greater than $5 million to develop, replace, renovate, or add to a health service facility pursuant to G.S. 131E-178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4.*
>
> *Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 is required to submit a plan for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy-GEN-4. The plan shall not adversely affect patient or resident health, safety, or infection control."*

Policy GEN-3 applies to all three of the applications.

Policy GEN-4 applies to two of the applications: Project ID #'s B-12520-24 and B-12526-24 but does not apply to one of the applications: Project ID # B-12518-24.

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds. MH Mission Hospital, LLLP (hereinafter referred to as "the applicant") proposes to add 26 new acute care beds to Mission Hospital, pursuant to the 2024 SMFP need determination, for a total of 759 acute care beds upon project completion.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in the Buncombe/Graham/Madison/Yancey multicounty service area. In Section B, page 26, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5 of the 2024 SMFP.

Policy GEN-3. In Section B, pages 28-38, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the following reasons:

- The applicant does not propose to develop more acute care beds than are determined to be needed in the Buncombe/Graham/Madison/Yancey multicounty service area.
- The applicant adequately demonstrates it proposes to provide the services described in Chapter 5 of the 2024 SMFP for proposals to operate additional acute care beds in a hospital.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
    - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in the Buncombe/Graham/Madison/Yancey multicounty service area.
    - The applicant adequately documents how the project will promote equitable access to acute care bed services in the Buncombe/Graham/Madison/Yancey multicounty service area.
    - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital. Novant Health Asheville Medical Center, LLC and Novant Health Inc. (collectively referred to as "Novant Health" or "the applicant") propose to develop a new acute care hospital ("NH Asheville") with no more than 26 acute care beds pursuant to the 2024 SMFP need determination.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in the Buncombe/Graham/Madison/Yancey multicounty service area. In Section B, page 23, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5 of the 2024 SMFP.

Policy GEN-3. In Section B, pages 26-29, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than $5 million. In Section B, pages 30-32, the applicant describes the project's plan to improve energy efficiency and conserve water.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the following reasons:

- The applicant does not propose to develop more acute care beds than are determined to be needed in the Buncombe/Graham/Madison/Yancey multicounty service area.
- The applicant adequately demonstrates it proposes to provide the services described in Chapter 5 of the 2024 SMFP for proposals to operate additional acute care beds in a hospital.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:

    - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in the Buncombe/Graham/Madison/Yancey multicounty service area.
    - The applicant adequately documents how the project will promote equitable access to acute care bed services in the Buncombe/Graham/Madison/Yancey multicounty service area.

- The applicant adequately documents how the project will maximize healthcare value for the resources expended.
- The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care hospital. AdventHealth Asheville, Inc. and Adventist Health System Sunbelt Healthcare Corporation (collectively referred to as "AdventHealth" or "the applicant") propose a change of scope and cost overrun (COS/COR) for Project ID #B-12233-22 (develop a new 67-bed acute care hospital) to develop no more than 26 additional acute care beds pursuant to the 2024 SMFP need determination for a total of no more than 93 acute care beds upon completion of this project and Project ID# B-12233-22.

The current application proposes a capital cost increase of $109,203,668 for a total combined expenditure of $363,328,668 for this project and Project ID#B-12233-22. In Section Q, page 165, the applicant states that capital expenditure for the proposed project is related to land acquisition as the previous proposed site is no longer available, and the cost to expand the proposed hospital to accommodate the additional 26 acute care beds.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in the Buncombe/Graham/Madison/Yancey multicounty service area. In Section B, page 24, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5 of the 2024 SMFP.

Policy GEN-3. In Section B, pages 27-32, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than $5 million. In Section B, pages 33-34, the applicant describes the project's plan to improve energy efficiency and conserve water.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the following reasons:

- The applicant does not propose to develop more acute care beds than are determined to be needed in the Buncombe/Graham/Madison/Yancey multicounty service area.
- The applicant adequately demonstrates it proposes to provide the services described in Chapter 5 of the 2024 SMFP for proposals to operate additional acute care beds in a hospital.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:

    - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in the Buncombe/Graham/Madison/Yancey multicounty service area.
    - The applicant adequately documents how the project will promote equitable access to acute care bed services in the Buncombe/Graham/Madison/Yancey multicounty service area.
    - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
    - The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

(2) Repealed effective July 1, 1987.

(3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, … persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C – All Applications

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds. The applicant proposes to add 26 new acute care beds to Mission Hospital, pursuant to the 2024 SMFP need determination, for a total of 759 acute care beds upon project completion.

Patient Origin

The 2024 SMFP includes a need determination for 26 acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area.

On page 31, the 2024 SMFP defines the service area for acute care beds as *"… the single or multicounty grouping shown in Figure 5.1."* Figure 5.1, on page 36, shows Buncombe County as a multicounty acute care bed service area. Thus, the service area for this facility consists of Buncombe, Graham, Madison, and Yancey counties. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin.

Mission Hospital Inpatient Acute Care Charges Historical Patient Origin		
Last Full FY 01/01/2023 to 12/31/2023		
	# of Patients	**% of Total**
Buncombe	19,886	47.8%
Henderson	3,056	7.3%
Haywood	2,381	5.7%
McDowell	2,238	5.4%
Madison	1,883	4.5%
Macon	1,528	3.7%
Jackson	1,254	3.0%
Transylvania	1,055	2.5%
Yancey	1,039	2.5%
Swain	886	2.1%
Rutherford	746	1.8%
Mitchell	701	1.7%
Burke	664	1.6%
Cherokee	522	1.3%
Caldwell	320	0.8%
Graham	274	0.7%
Polk	263	0.6%
Avery	170	0.4%
Clay	138	0.3%
All Other NC	**753**	**1.8%**
NC Total	**39,757**	**95.5%**
Out of State	**1,861**	**4.5%**
Total	**41,618**	**100.0%**

Source: Section C, page 44

Mission Hospital Acute Care Services Projected Patient Origin						
County	1st Full FY		2nd Full FY		3rd Full FY	
	01/01/2026-12/31/2026		01/01/2027-12/31/2027		01/01/2028-12/31/2028	
	CY 2026		CY 2027		CY 2028	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Buncombe	20,941	47.8%	21,285	47.8%	21,635	47.8%
Henderson	3,218	7.3%	3,271	7.3%	3,325	7.3%
Haywood	2,507	5.7%	2,548	5.7%	2,590	5.7%
McDowell	2,357	5.4%	2,395	5.4%	2,435	5.4%
Madison	1,983	4.5%	2,015	4.5%	2,049	4.5%
Macon	1,609	3.7%	1,635	3.7%	1,662	3.7%
Jackson	1,321	3.0%	1,342	3.0%	1,364	3.0%
Transylvania	1,111	2.5%	1,129	2.5%	1,148	2.5%
Yancey	1,094	2.5%	1,112	2.5%	1,130	2.5%
Swain	933	2.1%	948	2.1%	964	2.1%
Rutherford	786	1.8%	798	1.8%	812	1.8%
Mitchell	738	1.7%	750	1.7%	763	1.7%
Burke	699	1.6%	711	1.6%	722	1.6%
Cherokee	550	1.3%	559	1.3%	568	1.3%
Caldwell	337	0.8%	343	0.8%	348	0.8%
Graham	289	0.7%	293	0.7%	298	0.7%
Polk	277	0.6%	281	0.6%	286	0.6%
Avery	179	0.4%	182	0.4%	185	0.4%
Clay	145	0.3%	148	0.3%	150	0.3%
All Other NC	**793**	**1.8%**	**806**	**1.8%**	**819**	**1.8%**
NC Total	**41,867**	**95.5%**	**42,553**	**95.5%**	**43,254**	**95.5%**
Out of State	**1,960**	**4.5%**	**1,992**	**4.5%**	**2,025**	**4.5%**
Total	**43,823**	**100.0%**	**44,545**	**100.0%**	**45,279**	**100.0%**

Source: Section C, page 46
Totals may not foot due to rounding.

In Section C, page 47, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported based on the following:

- The applicant projects acute care patient origin based on the CY 2023 historical patient origin.
- The applicant is proposing to expand existing acute care services and does not project a change in the patient origin.

Analysis of Need

In Section C, pages 48-80, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- The applicant states that as the only Level II Trauma Center in the service area, Mission Hospital is the only hospital that can serve high acuity patients as the demand for acute care services in the service area continues to grow, thereby supporting the need to expand its existing acute care services. (page 49)

- The applicant states that the project has the support of Mission Hospital physicians, staff, and board members, and has a broad community support. The applicant provides letters of support in Exhibit C-4.1. (pages 51-52)

- The applicant states that North Carolina's draw for business and economic development and western North Carolina's lure as a retirement destination can be a contributing factor to the growth in the service area population. Mission Hospital defines its service area as a Primary Service Area (PSA) and a Secondary Service Area (SSA). The PSA consist of 10 counties and the SSA consists of nine counties. The applicant states that population growth in its service area increases demand for healthcare services at Mission Hospital. According to data from the North Carolina Office of State Budget and Management (NCOSBM), Mission Hospital's total service area population is projected to grow by 3.1 percent from CY 2024 to CY 2029. The 65+ age group, the group that utilize acute care services at a higher rate, is projected to grow by 4.1 percent. (pages 54-66)

- The applicant states that there in an increasing need for tertiary and high acuity hospital inpatient services based on the trend of more surgical procedures shifting to outpatient settings and the consistent SMFP bed deficits of other high acuity hospitals. (pages 66-67)

- The applicant states that Mission Hospital is experiencing acute care capacity constraints due to the growing demand for acute care services. According to Mission Hospital's 2019-2024 License Renewal Applications (LRAs), the facility had a 0.9 percent Compound Annual Growth Rate (CAGR) of acute care service admissions during FY 2018 – FY 2023. The facility was consistently operating above an 80 percent occupancy rate from FY 2021 through FY 2023. Excluding neonatal intensive care unit (NICU) beds, patient days increased annually by 3.9 percent during FY 2018 – FY 2023. Other areas of capacity constraints include high utilization of specialized bed units, such as Intensive Care Units (ICUs), the emergency department, and high acuity patient transfers from other hospitals. (pages 67-81)

The information is reasonable and adequately supported based on the following:

- The applicant cites trusted and verifiable publicly available data to discuss population growth, utilization, and capacity constraints.

- The applicant discusses concerns relevant to the patients proposed to be served, such as the growing demand for high acuity services and the facility's status as a Level II trauma care center.

Projected Utilization

In Section Q, pages 154-155, the applicant provides historical and projected utilization, as illustrated in the following tables.

Mission Hospital Adult Inpatient Acute Care Medical/Surgical and ICU Historical and Interim Utilization			
	Last Full FY	**Annualized Interim Full FY**	**Interim-Partial Year**
	CY 2023	**CY 2024**	**1/1/25-6/30/25**
# of Beds	610	610	610
# of Admissions	35,348	35,405	17,866
# of Patients Days	202,378	203,035	10,453
Average Length of Stay (ALOS)	5.7	5.7	5.7
Occupancy Rate	90.9%	91.2%	92.0%

Mission Hospital Adult Inpatient Acute Care Medical/Surgical and ICU Interim and Projected Utilization				
	Interim Partial Year	**PY 1**	**PY2**	**PY 3**
	7/1/25-12/31/25	**CY 2026**	**CY 2027**	**CY 2028**
# of Beds	636	636	636	636
# of Admissions	18,197	36,734	37,417	38,113
# of Patients Days	104,341	210,621	214,520	218,491
Average Length of Stay (ALOS)	5.7	5.7	5.7	5.7
Occupancy Rate	89.9%	90.7%	92.4%	94.1%

Mission Hospital Acute Care Beds Historical and Interim Utilization			
	Last Full FY	**Annualized Interim Full FY**	**Interim-Partial Year**
	CY 2023	**CY 2024**	**1/1/25-6/30/25**
# of Beds	733	733	733
# of Admissions	42,167	42,430	21,387
# of Patients Days	235,613	237,370	119,666
Average Length of Stay (ALOS)	5.6	5.6	5.6
Occupancy Rate	88.1%	88.7%	89.5%

Mission Hospital Acute Care Beds Interim and Projected Utilization				
	Interim Partial Year	**PY 1**	**PY2**	**PY 3**
	7/1/25-12/31/25	**CY 2026**	**CY 2027**	**CY 2028**
# of Beds	759	759	759	759
# of Admissions	21,734	43,826	44,545	45,279
# of Patients Days	121,647	245,331	249,425	253,597
Average Length of Stay (ALOS)	5.6	5.6	5.6	5.6
Occupancy Rate	87.8%	88.6%	90.0%	91.5%

In Section C, pages 82-91, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step 1: Mission Hospital's Historical Trend in Acute Care Bed Utilization by LRA Fiscal Year

To obtain CY 2024 utilization data, the applicant annualized admissions data by using the October-March for FY 2021 through FY 2023 actual admissions for each year and then averaging the percentage.

Step 1: Annualized Factor			
	Oct 23 – Mar 24 Admissions	**Annualized Factor**	**Estimated CY 2024**
Adult Med/Surg	14,294	48.92%	29,219
Adult ICU	3,026	48.92%	6,186
Peds (ICU and Med/Surg)	1,020	49.85%	2,046
OB	2,080	48.26%	4,310
Subtotal Acute w/o NICU	***20,420***		**41,761**
NICU	323	48.26%	669
Total Acute	**20,743**		**42,430**

Source: Section C, page 83
Note: Annualization Factor is average % of Oct – Mar for FY 2021 through FY 2023
Example calculation for adult med/surg: Oct – Mar 24 Admissions of 14,294 / 48.92% = 29,219 admissions for estimated CY 2024

Step 2: Calculate Historical Trends Influencing Acute Care Utilization

The applicant projects CAGR admissions for each bed category based in historical growth trends during FY 2021 through CY 2024 (calculated in *Step 1*). The applicant states it considered the following factors:

- *"For adult ICU, NICU, and OB/Post Partum projected utilization, the historical post-pandemic (FY 2021 to CY 2023) CAGR was used for projection purposes. (Note the CAGR was calculated for a 2.25-year time period to account for the differing time period [FY to CY])*

- *Pediatric admissions have grown significantly in 2023 through Q1 2024. Mission does not expect this high growth rate to be sustained. Thus, Mission conservatively used only one-sixth (15.42% * 0.16667 = 2.57%) of the Peds CAGR from FY 2021 to FY 2023 for projection purposes.*

- *As adult med/surg is Mission's most highly utilized bed category, the transfer issues previously discussed greatly impacted these volumes in FY 2022. Since Mission has improved its ability to accept transfers since FY 2022 and volumes have increased, only half of the CAGR for FY 2022 to estimated CY2024 was considered for adult med/surg projection utilization to ensure an accurate and conservative representation of these beds."*

Step 2: Historical Admissions and CAGR / Projected CAGR										
	FY 2020	**FY 2021**	**FY 2022**	**FY 2023**	**CY 2023**	**Estimated CY 2024**	**FY21 – CY23 CAGR**	**FY22 – CY24 CAGR**	**Projected CAGR**	**Projection CAGR Formula**
Adult Med/Surg	27,846	29,021	26,954	28,239	28,988	29,219	-0.05%	3.65%	1.83%	FY22-CY24 CAGR*1/2
Adult ICU	5,967	6,080	6,020	6,440	6,360	6,186	2.02%	1.21%	2.02%	FY21-CY23 CAGR
Peds (ICU and Med/Surg)	1,486	1,247	1,407	1,791	1,722	2,046	15.42%	18.11%	2.57%	FY21-FY23 CAGR*1/6
OB	4,361	4,499	4,457	4,452	4,445	4,310	-0.54%	-1.48%	-0.54%	FY21-CY23 CAGR
Subtotal Acute w/o NICU	*39,660*	*40,847*	*38,838*	*40,922*	*41,515*	41,761	0.72%	3.28%	1.66%	
NICU	667	645	632	658	652	669	0.48%	2.58%	0.48%	FY21-CY23 CAGR
Total Acute	**40,327**	**41,492**	**39,470**	**41,580**	**42,167**	**42,430**	**0.72%**	**3.27%**	**1.64%**	

Source: Section C, page 84
Note: Example Calculation for adult med/surg: FY22-FY24 CAGR OF 3.65% * 1/2 = 1.83%

Step 3: Project Admissions by Bed Component Based on Historical Trends

The applicant projects admissions by bed component for CY 2024 through CY 2028 using the CAGRs calculated in *Step 2.* The applicant states that the projected opening date for the proposed acute care beds is July 1, 2025, and adjusts the calculations to calendar years which are equivalent to Mission Hospital's fiscal years.

Step 3a: Projected CAGR and Period Description		
Period Title	**Period Timeframe**	**Formula:**
Total CY 2025	1/2025 – 12/2025	Est 2024 x (1 + CAGR)
Partial Interim Year	1/2025 – 6/2025	Est 2024 x (1 + CAGR^.5) x .5
Partial Year of Operation	7/2025 – 12/2025	Total CY 2025 – Partial Interim Year
1st Full Year	1/2026 – 12/2026	Total CY 2025 x 1 + CAGR %)
2nd Full Year	1/2027 – 12/2027	1st Full Year x (1 + CAGR %)
3rd Full Year	1/2028 – 12/2028	2nd Full Year x (1 + CAGR %)

Source: Section C, page 84

Step 3: Projected Admissions						
	Interim Full CY 2025	**Interim Partial Year Jan – June 2025**	**Partial Year July – Dec 2025**	**Project Year 1 CY 2026**	**Project Year 2 CY 2027**	**Project Year 3 CY 2028**
Adult Med/Surg	29,753	14,742	15,015	30,296	30,849	31,412
Adult ICU	6,311	3,124	3,187	6,438	6,568	6,701
Peds (ICU and Med/Surg)	2,099	1,036	1,063	2,153	2,208	2,265
OB	4,287	2,149	2,138	4,264	4,241	4,218
Subtotal Acute w/o NICU	***42,449***	***21,052***	***21,397***	***43,151***	***43,866***	**44,596**
NICU	672	335	337	676	679	682
Total Acute	**43,121**	**21,387**	**21,734**	**43,826**	**44,545**	**45,279**

Source: Section C, page 85
Example calculation for adult med/surg:
Est. CY 2024 * (1 + CAGR) = CY 2025
29,219 * (1 + 0.0183) = 29,754

Step 4: Projected Patient Days

To project patient days, the applicant multiplied the ALOS by the projected admissions *(Step 3).* The applicant states that to be conservative, Mission Hospital held ALOS constant for all bed categories based on FY 2023 actual data.

Step 4: Projected Patient Days						
	Historical/ Projected ALOS	**Interim Partial Year Jan – June 2025**	**Partial Year July – Dec 2025**	**Project Year 1 CY 2026**	**Project Year 2 CY 2027**	**Project Year 3 CY 2028**
Adult Med/Surg	6.0	89,171	90,792	183,248	186,594	190,000
Adult ICU	4.3	13,282	13,549	27,373	27,927	28,491
Peds (ICU and Med/Surg)	3.3	3,447	3,536	7,162	7,347	7,535
OB	2.8	6,012	5,979	11,927	11,863	11,799
Subtotal Acute w/o NICU	***5.3***	***111,912***	***113,855***	***229,711***	***233,70***	***237,826***
NICU	23.1	7,754	7,792	15,621	15,696	15,771
Total Acute	**5.6**	**119,666**	**121,647**	**245,331**	**249,425**	**253,597**

Source: Section C, page 85

Step 5: Projected Occupancy and Bed Need

Step 5: Projected ADC and Occupancy of Existing and Proposed Beds						
		Interim Partial Year Jan – June 2025	Partial Year July – Dec 2025	Project Year 1 CY 2026	Project Year 2 CY 2027	Project Year 3 CY 2028
Adult Med/Surg	ADC	488.6	497.5	502.0	511.2	520.5
	Beds	519	535	535	535	535
	Occupancy	94.1%	93.0%	93.8%	95.6%	97.3%
Adult ICU	ADC	72.8	74.2	75.0	76.5	78.1
	Beds	91	101	101	101	101
	Occupancy	80.0%	73.5%	74.3%	75.8%	77.3%
Peds (ICU and Med/Surg)	ADC	18.9	19.4	19.6	20.1	20.6
	Beds	28	28	28	28	28
	Occupancy	67.5%	69.2%	70.1%	71.9%	73.7%
OB	ADC	32.9	32.8	32.7	32.5	32.3
	Beds	44	44	44	44	44
	Occupancy	74.9%	74.5%	74.3%	73.9%	73.5%
Subtotal Acute w/o NICU	ADC	613.2	623.9	629.3	640.4	651.6
	Beds	682	708	708	708	708
	Occupancy	89.9%	88.1%	88.9%	90.4%	92.0%
NICU	ADC	42.5	42.7	42.8	43.0	43.2
	Beds	51	51	51	51	51
	Occupancy	83.3%	83.7%	83.9%	84.3%	84.7%
Total Acute	ADC	655.7	666.6	672.1	683.4	694.8
	Beds	733	759	759	759	759
	Occupancy	89.5%	87.8%	88.6%	90.0%	91.5%

Source: Section C, page 85
ADC (Average Daily Census) = Projected Days / 365
Partial Year ADC = Projected Patient Days / 182.5
% Occupancy = ADC / Beds

The following table illustrates the applicant's projected a high occupancy rate without approval of the proposed 26 acute care beds. The applicant projects that acute care beds (without NICU), would operate at 95.5% and states that it is not sustainable and exceeds the SMFP target occupancy rate of 78 percent for hospital with an ADC greater than 400.

Step 5a: Mission Hospital Occupancy Without Proposed 26 Beds			
Bed Category	**Current Beds**	**CY 2028 ADC**	**% Occupancy**
Adult Med/Surg	519	520.5	100.3%
Adult ICU	91	78.1	85.8%
Peds (ICU and Med/Surg)	28	20.6	73.7%
OB	44	32.3	73.5%
Subtotal Acute w/o NICU	682	652	95.5%
NICU	51	43.2	84.7%
Total Acute	733	695	94.8%

Source: Section C, page 87

Step 6: Projected Bed Need at Target Occupancy

The applicant projects bed need using a target occupancy factor based on the bed category. The applicant states that smaller specialized units have a lower occupancy factor as opposed to larger bed categories such as adult med/surg. The applicant states that despite the conservative estimates, Mission Hospital will require a minimum of 125 acute care beds without NICU and 128 acute care beds with NICU by CY 2028.

Step 6: CY 2028 Bed Need by Category					
Bed Category	**CY 2028 ADC**	**Target Occupancy**	**Beds Needed**	**Existing & Proposed Beds**	**Bed (Need)/ Surplus**
Adult Med/Surg	520.5	80.0%	651	535	(111)
Adult ICU	78.1	70.0%	112	101	(11)
Peds (ICU and Med/Surg)	20.6	75.0%	28	28	0
OB	32.3	75.0%	43	44	1
Subtotal Acute w/o NICU	652	78.0%	833	708	(125)
NICU	43.2	80.0%	54	51	(3)
Total Acute	695	78.3%	887	759	(128)

Source: Section C, page 87

The applicant summarized projected utilization. See tables on pages 89-90 of the application.

Projected utilization is reasonable and adequately supported based on the following:

- There is a need determination in the 2024 SMFP for 26 acute care beds in the multicounty acute care bed service area.

- The applicant relied on its historical utilization in projecting future utilization. The applicant projects admissions from CY 2024 through CY 2028 by applying a CAGR based on the historical growth rates of admissions by bed category. The applicant applied the 2.25-year CAGR for FY2022 - CY 2023 or FY 2022 - CY2024. The applicant only applied one half or one sixth of the respective CAGR to a specific bed type based on factors that affect volumes such as bed category or capacity constraints. The applicant projects that Mission Hospital will have 45,279 total acute care admissions in the third project year.

- The applicant calculated patient days using the FY 2023 historical ALOS for each bed category. The applicant projects the ALOS to remain constant throughout the interim and the first three project years. The ALOS is multiplied by the respective projected admissions by bed category. The applicant projects that Mission Hospital will have 253,597 total acute care patient days in the third project year. The applicant calculates the ADC by dividing the projected patient days by 365 days (182.5 days for the partial year) and subsequently calculating the occupancy rate by dividing the ADC by the number of acute care beds. The applicant projects that Mission Hospital will reach an occupancy rate of 91.5 percent by the third project year.

- The applicant's projected utilization for all the acute care beds (existing, approved and proposed) at Mission Hospital exceeds the performance standard promulgated in 10A NCAC 14C .3803.

Access to Medically Underserved Groups

In Section C, page 96, the applicant states:

> *"Mission provides services to all persons in need of medical care regardless of race, color, religion, nationality, or ability to pay. Additionally, as the only trauma center in the region and a safety net hospital, Mission serves a large amount of underserved and uninsured individuals. Western North Carolina residents are disproportionately covered by Medicare and/or Medicaid, or are uninsured, compared to most regions of the state and nation. In fact, approximately 21.9% of Mission's inpatient admissions are for self-pay, charity, or Medicaid patients, with 16.6% Medicaid alone, as reported on its 2024 Licensure Renewal Application. Another 52.4% of patient admissions are covered by Medicare. Mission provides robust financial assistance to individuals with no insurance, high-deductible insurance, or co-insurance plans without sacrificing quality of service-- just as it has historically done in order to meet the health care needs of low-income individuals."*

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Estimated % of Total Patients in 3rd Full FY
Low-income persons*	21.9%
Racial and ethnic minorities	10.2%
Women	54.7%
Persons with disabilities	Not Tracked
Persons 65 and older	48.0%
Medicare beneficiaries	52.4%
Medicaid recipients	16.6%

Source: Section C, page 97
*Includes Self-Pay, Charity Care and Medicaid patients

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital. The applicant proposes to develop a new acute care hospital with no more than 26 acute care beds pursuant to the 2024 SMFP need determination.

Patient Origin

The 2024 SMFP includes a need determination for 26 acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area.

On page 31, the 2024 SMFP defines the service area for acute care beds as *"... the single or multicounty grouping shown in Figure 5.1."* Figure 5.1, on page 36, shows Buncombe County as a multicounty acute care bed service area. Thus, the service area for this facility consists of Buncombe, Graham, Madison, and Yancey counties. Facilities may also serve residents of counties not included in their service area.

The applicant is proposing to develop a new facility, therefore, there is no historical patient origin to report. The following table illustrates projected patient origin.

NH Asheville Inpatient Services Projected Patient Origin						
County	1st Full FY		2nd Full FY		3rd Full FY	
	01/01/2029-12/31/2029		01/01/2030-12/31/2030		01/01/2031-12/31/2031	
	CY 2029		CY 2030		CY 2031	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Buncombe	477	46.87%	481	46.87%	486	46.87%
Henderson	110	10.82%	111	10.82%	112	10.82%
Haywood	78	7.65%	78	7.65%	79	7.65%
Madison	47	4.64%	48	4.64%	48	4.64%
Macon	41	4.07%	42	4.07%	42	4.07%
McDowell	37	3.66%	37	3.66%	38	3.66%
Yancey	27	2.60%	27	2.60%	27	2.60%
Graham	7	0.65%	7	0.65%	7	0.65%
Other	194	19.04%	195	19.04%	197	19.04%
Total	**1,018**	**100.0%**	**1,026**	**100.0%**	**1,036**	**100.0%**

Source: Section C, page 45

NH Asheville Outpatient Surgical Services Projected Patient Origin						
County	1st Full FY		2nd Full FY		3rd Full FY	
	01/01/2029-12/31/2029		01/01/2030-12/31/2030		01/01/2031-12/31/2031	
	CY 2029		CY 2030		CY 2031	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Buncombe	410	46.00%	414	46.00%	418	46.00%
Henderson	125	14.00%	126	14.00%	127	14.00%
Haywood	62	7.00%	63	7.00%	64	7.00%
Madison	40	4.52%	41	4.52%	41	4.52%
Macon	27	3.01%	27	3.01%	27	3.01%
McDowell	39	4.37%	39	4.37%	40	4.37%
Yancey	27	3.01%	27	3.01%	27	3.01%
Graham	4	0.50%	5	0.50%	5	0.50%
Other	157	17.59%	158	17.59%	160	17.59%
Total	**892**	**100.0%**	**901**	46.00%	**908**	**100.0%**

Source: Section C, page 45

NH Asheville Outpatient Non-Surgical Services Projected Patient Origin						
County	1st Full FY		2nd Full FY		3rd Full FY	
	01/01/2029-12/31/2029		01/01/2030-12/31/2030		01/01/2031-12/31/2031	
	CY 2029		CY 2030		CY 2031	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Buncombe	4,361	71.00%	4,401	71.00%	4,440	71.00%
Henderson	491	8.00%	496	8.00%	500	8.00%
Haywood	246	4.00%	248	4.00%	250	4.00%
Madison	225	3.66%	227	3.66%	229	3.66%
Macon	55	0.89%	55	0.89%	56	0.89%
McDowell	127	2.07%	128	2.07%	129	2.07%
Yancey	72	1.17%	73	1.17%	73	1.17%
Graham	10	0.17%	11	0.17%	11	0.17%
Other	555	9.04%	560	9.04%	565	9.04%
Total	**6,142**	**100.0%**	**6,198**	**100.0%**	**6,253**	**100.0%**

Source: Section C, page 46

NH Asheville Projected Patient Origin						
County	1st Full FY		2nd Full FY		3rd Full FY	
	01/01/2029-12/31/2029		01/01/2030-12/31/2030		01/01/2031-12/31/2031	
	CY 2029		CY 2030		CY 2031	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Buncombe	5,248	65.18%	5,296	65.18%	5,343	65.18%
Henderson	726	9.02%	733	9.02%	739	9.02%
Haywood	386	4.80%	389	4.79%	393	4.79%
Madison	312	3.88%	316	3.88%	318	3.88%
Macon	123	1.52%	124	1.53%	125	1.53%
McDowell	203	2.52%	205	2.52%	207	2.53%
Yancey	126	1.56%	127	1.56%	127	1.55%
Graham	22	0.27%	22	0.27%	22	0.27%
Other	906	11.25%	914	11.25%	922	11.25%
Total	**8,052**	**100.0%**	**8,125**	**100.0%**	**8,197**	**100.0%**

Source: Section C, page 47

In Section C, page 44, the applicant provides the assumptions and methodology used to project its patient origin. The applicant projects patient origin based on the historical patient origin of patients served by NH Surgical Partners-Biltmore ("NHSPB") during calendar year 2023 and

patients served by Messino Cancer Center physicians ("MCC") the twelve months prior to June 2023. The applicant assumes that a shift in their referral patterns will affect the shift in patients historically served by other area hospitals. Additionally, outpatient surgical services and outpatient non-surgical services will shift from Mission Hospital's emergency department to the NH Asheville's emergency department. The applicant's assumptions are reasonable and adequately supported.

Analysis of Need

In Section C, pages 48-84, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- Buncombe County is the primary destination for acute care in Western North Carolina. (pages 51-56)
- There is a need determination in the 2024 SMFP for 26 acute care beds in the multicounty acute care bed service area. (pages 56-57)
- The projected population growth and aging in the multicounty service area. (pages 56-61)
- The cancer incidence and mortality rates in the service area. (pages 61-66)
- The need for access to cancer care services in the rural communities. (pages 66-68)
- The need to expand access to hospital-based oncology care in western North Carolina. (pages 68-72)
- The applicant proposal and physician partnerships will *"fill the existing gaps"* in oncology care in western North Carolina by expanding access to services. (pages 72-78)
- Service area and physician support for expanding hospital-based oncology care (pages 78-82)
- The benefits of a lower-cost acute care provider in western North Carolina. (pages 82-84)

The information is reasonable and adequately supported based on the following:

- The applicant uses clearly cited, reasonable, and verifiable historical and demographical data to make the assumptions regarding growth and aging of the service area population, cancer incidence, and mortality rates.
- The applicant provides reasonable and adequately supported data to support the need to expand access to oncology services in western North Carolina.

Projected Utilization

In Section Q, page 161, the applicant provides historical and projected utilization, as illustrated in the following tables.

NH Asheville Medical Center Acute Care Beds Projected Utilization				
	Partial FY	**1st Full FY**	**2nd Full FY**	**3rd Full FY**
	Dec 2028	**CY 2029**	**CY 2030**	**CY 2031**
# of Beds	26	26	26	26
# of Discharges	84	1,018	1,026	1,036
# of Patients Days	566	6,854	6,914	6,976
ALOS	6.7	6.7	6.7	6.7
Occupancy Rate	71.6%	72.2%	72.9%	73.5%

NH Asheville Medical Equipment Projected Utilization				
	Partial FY	**1st Full FY**	**2nd Full FY**	**3rd Full FY**
	Dec 2028	**CY 2029**	**CY 2030**	**CY 2031**
CT Scanner				
# of Units	1	1	1	1
# of Scans	197	2,393	2,415	2,436
# of HECT Units	325	3,933	3,966	4,000
Fixed X-Ray (including fluro)				
# of Units	2	2	2	2
# of Procedures	89	1,078	1,087	1,097
MRI Scanner (mobile)				
# of Units	1	1	1	1
# of Procedures	53	641	646	651
# of Weighted Procedures	76.20	924.20	931.60	938.60
Nuclear Medicine				
# of Units	1	1	1	1
# of Procedures	180	2,171	2,190	2,209
Ultrasound				
# of Units	2	2	2	2
# of Procedures	37	439	442	446
Other Medical Equipment (Portable X-Ray)				
# of Units	2	2	2	2
# of Procedures	89	1,077	1,087	1,096

Source: Section Q, page 169

NH Asheville Surgical Services Projected Utilization				
	Partial FY	**1st Full FY**	**2nd Full FY**	**3rd Full FY**
	Dec. 2028	**FY 2029**	**FY 2030**	**FY 2031**
Operating Rooms				
Shared ORs	1	1	1	1
Total # ORs	1	1	1	1
Adjusted Planning Inventory	1	1	1	1
Surgical Cases				
Inpatient Surgical Cases	50	599	604	610
Outpatient Surgical Cases	74	892	901	908
Total Surgical Cases	124	1,491	1,505	1,518
Case Times				
Inpatient	1.78	1.78	1.78	1.78
Outpatient	1.19	1.19	1.19	1.19
Surgical Hours				
Inpatient	89	1,066.22	1,075.12	1,085.8
Outpatient	88.06	1,061.48	1,072.19	1,080.52
Total Surgical Hours	177.06	2,127.7	2,147.31	2,166.32
# of ORs Needed				
Group Assignment	4	4	4	4
Standard Hours per OR Year	1,500	1,500	1,500	1,500
Total Surgical Hrs./Standard Hrs. per OR per Year	0.12	1.42	1.43	1.44

Source: Section Q, page 175

NH Asheville Other Hospital Services Projected Utilization				
	Partial FY	**1st Full FY**	**2nd Full FY**	**3rd Full FY**
	Dec. 2028	**FY 2028**	**FY 2029**	**FY 2030**
Emergency Department				
# of Treatment Rooms	10	10	10	10
# of Visits	210	2,540	2,563	2,586
Observation Beds (unlicensed)				
# of Beds	6	6	6	6
Days of Care	36	439	443	447
Laboratory				
Tests	328	3,973	4,008	4,043
Physical Therapy				
Treatments	273	3,308	3,336	3,367
Speech Therapy				
Treatments	38	460	465	469
Occupational Therapy				
Treatments	108	1,317	1,327	1,339
Other (Pharmacy)				
Cases	244	2,949	2,974	3,001
Other (Total Outpatients)				
Encounters	581	7,034	7,096	7,159

Source: Section Q, page 182

In Section Q, pages 162-193, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Inpatient Days

Step 1: Determine Base Year Volume for Projections

The applicant states that physicians from MCC are expected to treat 75 percent of clinically appropriate patients at the proposed NH Asheville. Physicians from NHSPB are proposing to treat 85 percent of clinically appropriate patients. The applicant provides supporting documentation in Exhibit C-1.16. To determine the *"base year"* volume for projections, the applicant examines the historical inpatient volume at area hospitals for both physician practices using Hospital Industry Data Institute (HIDI) data. The applicant states that only discharges from Buncombe and Henderson County hospitals were used. The applicant states that for NHSPB, calendar year 2023 data was used because it was the most recent complete fiscal year after the pandemic. The applicant used the twelve months from July 2022 to June 2023 for MCC physicians. Calendar year 2023 was not used because MCC physicians stopped admitting acute leukemia and lymphoma patients to Mission Hospital for inpatient chemotherapy in the second half of 2023 and started referring them outside of western North Carolina.

MCC and NHSPB Historical 2023 Base Year Volume Buncombe and Henderson County Hospitals		
Physical Practice	**Discharges**	**Inpatient Days**
MCC	786	6,093
NHSBP	443	2,269
Total	1,229	8,362

Source: Section Q, page 163; Inpatient HIDI Database.
July 2022–December 2023. MCC (YE June 2023). NHSBP (YE Dec 2023).

Step 2: Calculate Population Compound Annual Growth Rate (CAGR)

To project future patient volumes, the applicant applied the NCOSBM projected population growth of 0.89 percent for the NH Asheville proposed service area counties from 2023 to 2031.

Step 3: Apply CAGR to Past Discharges and Inpatient Days to Arrive at Future Days

The applicant applied the selected CAGR to the base year patient days for both practices *(Step 1)* to project patient days from 2024 to 2031. The applicant assumes that patient days are expected to grow at the same rate as discharges.

MCC and NHSPB Projected Discharges CY 2024 – 2031 Buncombe and Henderson County Hospitals									
	Base Year	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
MCC	786	793	800	807	814	821	828	835	842
NHSPB	443	447	451	455	459	463	467	471	475

Source: Section Q, page 164: HIDI Data, *Step 1* and *Step 2*

MCC and NHSPB Projected Patient Days CY 2024 – 2031 Buncombe and Henderson County Hospitals									
	Base Year	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
MCC	6,093	6,147	6,202	6,257	6,313	6,369	6,426	6,483	6,541
NHSPB	2,269	2,289	2,309	2,330	2,351	2,372	2,393	2,414	3,435

Source: Section Q, page 165: HIDI Data, *Step 1* and *Step 2*

Step 4: Apply Expected Patient Percentages to Projected Inpatient Days

The applicant applied the percentage of patients projected to be treated by the MCC and NHSPB physicians, respectively *(Step 1),* to the projected number of discharges and patient days illustrated in *Step 3.*

MCC and NHSPB Projected Discharges CY 2024 – 2031 Patients Expected to be Treated at NH Asheville									
	Base Year	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
MCC	786	793	800	807	814	821	828	835	842
NHSPB	443	447	451	455	459	463	467	471	475
MCC%						75%			
NHSPB%						85%			
MCC Discharges at NH Asheville						616	621	626	632
NHSPB Discharges at NH Asheville						394	397	400	404
Total Discharges at NH Asheville						**1,010***	**1,018**	**1,026**	**1,036**

Source: Section Q, page 165; HIDI Data, *Step 1-3*
*Partial Year is accounted for in next step.

MCC and NHSPB Projected Patient Days CY 2024 – 2031 Patients Expected to be Treated at NH Asheville									
	Base Year	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
MCC	6,093	6,147	6,202	6,257	6,313	6,369	6,426	6,483	6,541
NHSPB	2,269	2,289	2,309	2,330	2,351	2,372	2,393	2,414	3,435
MCC%						75%			
NHSPB%						85%			
MCC Discharges at NH Asheville						4,777	4,820	4,862	4,906
NHSPB Discharges at NH Asheville						2,016	2,034	2,052	2,070
Total Discharges at NH Asheville						**6,793**	**6,854**	**6,914**	**6,976**

Source: Section Q, page 166; HIDI Data, *Step 1-3*
*Partial Year is accounted for in next step.

Step 5: Calculate Partial Year

The applicant is proposing to begin offering services December 1, 2028. The applicant projects patient days for December 2028 by dividing the 2028 projected discharges and patient days *(Step 4)* by twelve months.

NH Asheville Acute Care Discharges and Patients Days				
	Partial YR Dec 2028	**YR 1 CY 2029**	**YR 2 CY 2030**	**YR 3 CY 2031**
Discharges	84	1,018	1,026	1,036
Patient Days	566	6,854	6,914	6,976

Source: Section Q, page 166: HIDI Data, *Step 1-4*

Step 6: Calculate ICU Patient Days

The applicant is proposing to designate four of the 26 acute care beds as ICU beds. Using the same methodology outlined in *Step 1* through *Step 4,* the applicant projects ICU patient days. The applicant assumes that with proper staffing for the med/surg beds, a percentage of leukemia, lymphoma, sepsis, and diabetics with neuropathy patients will be treated in a general med/surg bed instead of the ICU beds. The applicant projects that patients will account for 269 ICU days, or 13.25 percent of the 2,030 ICU days (1,637 from MCC + 393 from NHSPB) in the base year. In the table on page 167 of the application, the applicant does not include MCC patient days in the total ICU days. It is assumed that this is typographical error. The table on page 168 reflects the correct amount.

NH Asheville ICU Unit Discharges and Patient Days				
	Partial YR Dec 2028	**YR 1 CY 2029**	**YR 2 CY 2030**	**YR 3 CY 2031**
Discharges	136	1,649	1,664	1,679
Patient Days	13.25%	13.25%	13.25%	13.25%
Resulting Days	118	1,431	1,444	1,457
Beds	4	4	4	4
ADC	3.81	3.92	3.96	3.99

Source: Section Q, page 168: HIDI Data, NCOSBM

Major Medical Equipment

Step 1: Determine Historical Imaging Ratios

The applicant is proposing to operate the following major medical equipment ("MME") at the proposed NH Asheville:

NH Asheville Major Medical Equipment	
Equipment Type	**Number of Units**
Fixed X-ray	2
Portable X-ray	2
Nuclear Medicine Camera (SPECT)	1
Ultrasound	2
MRI Scanner	Mobile
CT Scanner	1

Source: Section Q, page 170

The applicant begins projections with the 2023 ratio of MME procedures to total inpatient days for patients with a cancer diagnosis treated at NH hospitals in the Greater Charlotte and Greater Winston-Salem regions.

Step 1A: MME Inpatient Ratios		
	Units	**Per Patient Day**
Total Inpatient Days	63,267	1.0000
X-Ray Procedures	13,323	0.2106
Nuclear Medicine Procedures	636	0.0101
Ultrasound Procedures	1,307	0.0207
CT Procedures (unweighted)	9,790	0.1576
MRI Procedures (unweighted)	1,871	0.0296

Source: Section Q, page 171; NH Internal Data, CY 2023

The applicant begins projections with the 2023 ratio of MME procedures to total outpatient days for patients with a cancer diagnosis treated at NH hospitals in the Greater Charlotte and Greater Winston-Salem markets.

Step 1B: MME Outpatient Ratios		
	Units	**Per Outpatient Day**
Total Outpatient Encounters	107,177	1.0000
X-Ray Procedures	10,834	0.1012
Nuclear Medicine Procedures	31,990	0.2988
Ultrasound Procedures	4,514	0.0422
CT Procedures (unweighted)	19,996	0.1867
MRI Procedures (unweighted)	6,656	0.0622

Source: Section Q, page 171; NH Internal Data, CY 2023

Step 2: Apply Ratios to Projected Inpatient Days and Outpatient Encounters

The applicant applies the inpatient ratios, illustrated in *Step 1*, to project inpatient days.

Step 2A: NH Asheville Projected MME Inpatient Procedures					
	MME Ratio Procedures IP Days	**2028**	**2029**	**2030**	**2031**
Projected Inpatient Days (Form C.1b)		566	6,854	6,914	6,976
X-Ray Procedures	0.2106	119	1,443	1,456	1,469
Nuclear Medicine Procedures	0.0101	6	69	70	70
Ultrasound Procedures	0.0207	12	142	143	144
CT Procedures (unweighted)	0.1576	89	1,080	1,090	1,099
MRI Procedures (unweighted)	0.0296	17	203	205	206

Source: Section Q, page 172; Form C.1b, Step 1A, NH Internal Data

The applicant applies the outpatient ratios, illustrated in *Step 1*, to project outpatient encounters.

Step 2B: NH Asheville Projected MME Outpatient Procedures					
	MME Ratio Procedures OP Days	**2028**	**2029**	**2030**	**2031**
Projected Outpatient Encounters (Form C.4b)		581	7,034	7,096	7,159
X-Ray Procedures	0.1012	59	712	718	724
Nuclear Medicine Procedures	0.2988	174	2,102	2,120	2,139
Ultrasound Procedures	0.0422	25	297	299	302
CT Procedures (unweighted)	0.1867	108	1,313	1,325	1,337
MRI Procedures (unweighted)	0.0622	36	438	441	445

Source: Section Q, page 172; Form C.4b, Step 1B, NH Internal Data

The following table illustrates the total projected volumes, inpatient and outpatient combined. The applicant assumes that x-ray procedures will be split evenly between fixed and portable x-ray units and ultrasound procedures will be split evenly between the two ultrasound machines.

NH Asheville Projected Total Ancillary Services				
	2028	**2029**	**2030**	**2023**
X-Ray Procedures	178	2,155	2,174	2,193
Nuclear Medicine Procedures	180	2,171	2,190	2,209
Ultrasound Procedures	37	439	442	446
CT Procedures (unweighted)	197	2,393	2,415	2,436
MRI Procedures (unweighted)	53	641	646	651

Source: Section Q, page 172; Step 2A, Step 2B

Step 3: Project CT HECT Units

The applicant projects CT HECT units based on 2023 base year volume mix of CT procedures and the percentage of inpatient and outpatient CT procedures by type. The applicant identified a total of 9,970 inpatient CT procedures and 19,996 outpatient CT procedures. See Table on page 173 of the application.

Step 4: Project Weighted MRI

The applicant projects weighted MRI inpatient and outpatient scans with and without contrast based on CY 2023 volumes.

Step 4A: Base Year 2023 MRI Volume by Type					
	With Contrast	**Without Contrast**	**Total**	**% With Contrast**	**% without Contrast**
MRI	**6,946**	**1,581**	**8,527**		
Inpatient	1,136	735	1,581	60.72%	39.28%
Outpatient	5,810	846	6,656	87.29%	12.71%

Source: Section Q, page 174; NH Internal Data, CY 2023

The following table illustrates the weights for MRI scans.

	With Contrast	Without Contrast
Inpatient	1.8	1.4
Outpatient	1.4	1

Source: Section Q, page 174

Step 4B: Apply Past MRI Weights to Project Weighted MRI Scans

The applicant applies the weights to projects the total number inpatient and outpatient procedures, with or without contrast, to be performed at NH Asheville for the December 2028 and the first three years of the project.

NH Asheville Weighted MRI Procedures					
		2028	2029	2030	2031
A = Step 2B	Total Outpatient MRI	36	438	441	445
B = (A*12.71%) * Weight	Without Contrast (x1.0)	5	56	56	57
C = (A*87.29%) * Weight	With Contrast (x1.4)	43.40	534.80	539.00	543.20
D = Step 2A	Total Inpatient MRI	17	203	205	206
E = (D*39.28%) * Weight	Without Contrast (x1.4)	9.80	112.00	113.40	113.40
F = (D*60.72%) * Weight	With Contrast (x1.8)	18.00	221.40	223.20	225.00
G = SUM (B, C, E, F)		76.20	924.20	931.60	938.60

Source: Section Q, page 174; *Step 2, Step 4A*

Surgical Volumes

Step 1: Project MCC and NHSPB Inpatient Surgical Volume through CY 2031

The applicant is proposing one operating room (OR), three procedure rooms (PRs) and one cystoscopy room. The applicant states that the PRs will be built to OR licensure standards to allow surgical cases to be performed either room. The applicant expects that the MCC and NHSPB physician practices will treat surgical inpatients from Henderson and Buncombe County hospitals at NH Asheville and projects volumes based on their 2023 base year volume projected forward using the service area projected population CAGR of 0.89 percent. As stated for inpatient day projections, the applicant expects that 75 percent of MCC's clinically appropriate volume will be treated at NH Asheville and 85 percent of NHSPB's clinically appropriate volume will be treated at NH Asheville. The following table illustrates the percentage of patients who receive surgery in the MCC and NHSPB historical 2023 base year identified in *Step 1*.

MCC and NHSPB Historical 2023 Base Year Volume by Surgical Type Buncombe and Henderson County Hospitals				
Physical Practice	**Non-Surgical Discharges**	**Surgical Discharges**	**Total Discharges Appropriate for NH Asheville**	**% Surgical**
MCC	484	302	789	38.42%
NHSBP	41	402	443	90.74%
Total	**525**	**704**	**1,229**	**57.28%**

Source: Section Q, page 177; HIDI Inpatient Discharge Database

Using the percentages of surgical discharges identified in *Step 1*, the applicant projects inpatient surgical hours. The applicant assumes that percentages will remain constant for the partial year and the first three years of the project. The applicant projects that NH Asheville will have less than 15,000 surgical hours yearly.

Step 1B: Project Future Inpatient Surgical Hours For MCC and NHSPB Patients Treated at NH Asheville					
		2028	**2029**	**2030**	**2031**
A	MCC IP Discharges Treated at NH Asheville	51	621	626	632
B	MCC IP Historical Surgical Percent	38.42%	38.42%	38.42%	38.42%
C = A * B	Resulting Inpatient Surgical Discharges	20	239	241	243
D	NHSPB IP Discharges Treated at NH Asheville	33	397	400	404
E	NHSPB Historical Surgical Percent	90.74%	90.74%	90.74%	90.74%
F = D * E	Resulting Inpatient Surgical Discharges	30	360	363	367
G = F + C	**Total Inpatient Surgical Discharges**	50	599	604	610
H = G * Case Time	Inpatient Surgical Hours (G *1.78 Hrs.)	89.00	1,066.22	1,075.12	1,085.80

Source: Section Q, page 178; Form C.1b Assumptions; HIDI Inpatient Data, *Step 1a*

Step 2: Project MCC and NHSPB Outpatient Surgical Volume that will be treated at NH Asheville

The applicant projects MCC and NHSPB outpatient surgical volumes using the CAGR of 0.89 percent and the same assumptions to project inpatient surgical hours. The applicant projects that NH Asheville will have less than 15,000 surgical hours yearly.

Step 2A: Project MCC and NHSPB Surgical OP Volume Through									
	Base Year	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
MCC	59	60	61	62	63	64	65	66	67
NHSPB	917	925	933	941	949	957	966	975	984

Source: Section Q, page 178: HIDI Outpatient Database, 2023, NCOSBM

Step 2B: Calculate MCC and NHSPB Surgical Volume and Outpatient Hours at NH Asheville					
		2028	**2029**	**2030**	**2031**
A	MCC OP Surgical Volume	64	65	66	67
B	NHSPB OB Surgical Volume	957	966	975	984
C	MCC %	75%	75%	75%	75%
D	NHSPB %	85%	85%	85%	85%
E = A * C	Resulting MCC OP Surgeries	48	49	50	50
F = B * D	Resulting NHSPB OP Surgeries	813	821	829	836
G = E + F	Total OP Surgeries	72*	870	879	886
H = G * Case Time	Surgical Hours (at 1.19 Hr. Group 4 Case Time)	85.68	1,035.3	1,046.01	1,054.34

Source: Section Q, page 179, *Step 2A*, 2024 SMFP *Note: This was converted to a partial year by summing *Steps E and F* and then dividing by 12 to account for the one-month partial year.

Step 3: Project Mission ED Outpatient Surgical Volume through CY 2031 (using Parameter Described Above)

The applicant expects a portion of Mission Hospital outpatient surgical ED visits will shift NH Asheville. The applicant assumes the following:

- *Only shifting patients from Mission Hospital emergency department (ED).*
- *Only shifting patients discharged to home or self-care (rather than those transferred, admitted as inpatients, etc.).*
- *Only shifting patients from the six zip codes that are at least partially closer to NH Asheville (as determined by drive time) than any other hospital.*
- *Excluding any outpatients with an MCC or NHSPB attending physician (to avoid double counting patients).*
- *Growing volume at the 2023–2031 population CAGR of 0.89% to arrive at CY 2031 surgical volume.*
- *Shifting 10% of the volume in the parameters above.*

Mission Hospital ED Outpatient Surgical Volume Through CY 2031									
	2023	2024	2025	2026	2027	2028	2029	2030	2031
Mission Hospital ED Surgical Outpatients Appropriate to Shift	205	207	209	211	213	215	217	219	221

Source: Section Q, page 180; Source: HIDI Outpatient Database, NCOSBM Population Projections (2023)

Step 4: Project Mission ED Outpatient Surgical Volume that will shift Asheville

The applicant assumes that 10 percent of Mission hospital ED surgical outpatients appropriate to shift *(Step 3)* will shift to NH Asheville. The applicant states that projections are reasonable and assumes that patients who require non-tertiary ED services will use NH Asheville based on Mission Hospital's service history and the preference for a new facility that is fully staffed and closer to their home.

Step 4: Mission Surgical ED Volume Shifted to NH Asheville					
		2028	2029	2030	2031
A	*Step 3* Outpatient Surgical Volume	215	217	219	221
B	Shift Percent	10%	10%	10%	10%
C = A * B	Resulting Cases	2*	22	22	22
D = C * 1.19 Hrs.	Cases * 1.19 Hrs.	2.38	26.18	26.18	26.18

Source: Section Q, page 180; *Step 3,* 2024 SMFP. *Note: This was converted to a partial year by summing Steps E and F and then dividing by 12 to account for the one-month partial year.

Step 5: Calculate Total Surgical Volume and Hours

Projected Surgical Volume, Hours and ORs Needed at Group 4 Standard Hours				
	2028	2029	2030	2031
Outpatient Surgical Cases	74	892	901	908
Inpatient Surgical Cases	50	599	604	610
Total Surgical Cases	124	1,491	1,501	1,518
Total Surgical Hours	177.06	2,127.70	2,147.31	2,166.32
Standard Hours per OR	125	1,500	1,500	1,500
ORs Needed	1.42	1.42	1.43	1.44

Source: Section Q, page 181; *Steps 1-4*, 2024 SMFP

Projection of Total Outpatient Encounters

Step 1: Determine Base Year Volume for NHSPBM and MCC

The applicant projects outpatient encounters (Form C.4b) using NHSPB and MCC outpatient volumes expected to be treated at NH Asheville and the shift of patients from Mission Hospital's ED. The applicant expects that the MCC and NHSPB physician practices will treat patients from Henderson and Buncombe County hospitals at NH Asheville. MCC and NHSPB CY2023 volume of outpatient encounters was used as the basis for future projections. The

applicant expects that 75 percent of MCC's clinically appropriate patients will be treated at NH Asheville and 85 percent of NHSPB's clinically appropriate patients will be treated at NH Asheville. See Table on page 183 of the application.

Step 2: Determine Base Year Volume Emergency Department Shift

The applicant projects the number are patients outside of those treated by MCC and NHSPB that would receive care at NC Asheville's ED, based on the following assumptions:

- *CY 2023 HIDI ED visits.*
- *Limited to patients served at Mission Hospital's ED.*
- *Limited to patients discharged to home or self-care (rather than transferred to another facility, admitted as an inpatient, etc.).*
- *Limited to patient ZIP codes at least partially closer (as determined by drive time) to NH Asheville than any other hospital. To be conservative, ZIP codes for which only a small portion of the geographic area was closer to NH Asheville than any other hospital were not included. The zip codes used to project ED shift volume are shown in the purple shaded area in the map below and are: 28806, 28803,28715, 28704,28742 and 28759.*
- *Excluded patient visits from Step 1 (based on encrypted claim ID).*

Step 3: Calculate Population Compound Annual Growth Rate (CAGR)

To project future outpatient encounters, the applicant applied the NCOSBM projected population growth of 0.89 percent for the NH Asheville proposed service area counties from 2023 to 2031. See Table on page 186 of the application

Step 4: Apply CAGR to Past Outpatient Volume to Project Future Outpatient Encounters

See Table on page 186 of the application.

Step 5: Calculate Outpatient Encounters to NH Asheville

The applicant applies the percentage of patients projected to be treated by the MCC and NHSPB physicians, respectively *(Step 1),* to the projected outpatient encounters illustrated in *Step 4.* See Table on page 187 of the application.

Step 6: Calculate Partial Year

The applicant is proposing to begin offering services December 1, 2028. The applicant projects outpatient encounters for December 2028 by dividing the 2028 outpatient encounters *(Step 5)* by twelve months. See Table on page 187 of the application.

Step 7: Project Future Emergency Department Visits for MCC and NHSPB Outpatients

To project future ED visits for MCC and NHSPB Outpatients, the applicant first determined the percentage of the base year patients who were first seen in the ED. The applicant states that these patients are "ER flag" in HIDI data. Outpatients and inpatients can receive care in the ED. Projected outpatient volumes include Mission hospital's ED volume shift, NHSPB outpatient encounters expected to be treated at NH Asheville, and MCC outpatient encounters expected to be treated at NH Asheville. See Table on page 188 of the application.

The applicant applies the percentages from *Step 7* to the projected outpatients encounters in *Step 5.* See Table on page 188 of the application.

Step 8: Add in Mission Hospital ED Shifted Outpatients to Determine Total Outpatient ED Visits

The applicant added the MCC and NHSPB outpatient ED visits *(Step 7)* to the Mission Hospital shifted outpatient ED visits *(Step 5)*. See Table on page 189 of the application.

Step 9: Calculate Inpatient ED Volume

To calculate inpatient ED volume, the applicant first determined the percentage of the base year inpatients that were seen in the ED as indicated by "ER Flag" in the HIDI data, served by MCC and NHSPB physicians. See Table on page 189 of the application.

The applicant applies the percentages from *Step 9* to the projected inpatient ED visits. See table on page 189 of the application.

Step 10: Calculate Total ED Volume

The applicant added the inpatient ED visits in *Step 9* to the total outpatient ED visits in *Step 8.* The applicant projects a total of 2,586 ED visits by the third project year. See Tables on page 190 of the application.

Step 11: Calculate Inpatient and Outpatient Ratios for C.4b Services (Observation Bed Days of Care, Laboratory, Physical Therapy, Speech Therapy, Occupational Therapy, Pharmacy)

Of the projected volume of the other hospital services proposed, the applicant identified the ratio of total inpatient days to the units of each service for patients with a cancer diagnosis treated at the Novant Health hospitals. See Table *Step 11A* on page 191 of the application.

Of the projected volume of the other hospital services proposes, the applicant identified the ratio of units of each service to total outpatient encounters for patients with a cancer diagnosis treated at the Novant Health hospitals. See Table *11B* on page 191 of the application.

Step 12: Apply Ratios to Project Inpatient Days and Outpatient Encounters

See Tables 12A on page 192 of the application.

The following table illustrates total projected ancillary services for December 2028 and the first three years of the project.

Total Ancillary Services (Form C.4b Hospital Services)				
	2028	**2029**	**2030**	**2031**
Observation Hours	871	10,547	10,640	10,734
Observation Das (Hours/24)	36	439	443	447
Lab Cases	328	3,9733	4,008	4,043
Pharmacy Cases	244	2,949	2,974	3,001
Physical Therapy Billed Units of Service (treatments)	273	3,308	3,336	3,367
Speech Therapy Billed Units of Service (treatments)	38	460	465	469
Occupational Therapy Billed Units of Service(treatments)	108	1,317	1,327	1,339

Source: Section Q, page 193

Projected utilization is reasonable and adequately supported based on the following:

- The applicant relied on the historical utilization of oncology patients served by MCC and NHSPB physician practices referred to Buncombe and Henderson County hospitals to project utilization.
- The applicant provides supporting documentation from MCC and NHSPB physician practices supporting the percentage of patients projected to be served.
- To project utilization forward, the applicant used the projected population CAGR of the service area counties identified by the applicant.
- The applicant provides reasonable and adequately supported data and uses reasonable methodologies and assumptions to identify the "clinically appropriate" patient population to be served and the base period for future projections.
- The applicant uses reasonable methodologies and assumptions to demonstrates projected utilization and the need for the acute care beds.
- The applicant's projected utilization for the proposed acute care beds at NH Asheville exceeds the performance standard promulgated in 10A NCAC 14C .3803.

Access to Medically Underserved Groups

In Section C, page 89, the applicant states:

> *"NH is a not-for-profit organization that does not discriminate against any class of patient based on age, sex, religion, race, handicap, ethnicity, or ability to pay. NH Asheville will participate in both the Medicaid and Medicare programs.*
>
> *Uninsured patients with an annual family income less than or equal to 300% of the Federal Poverty Level will not get a bill. For example, under the NH charity care policy, a family of four with income at or below $93,600 and no health insurance will not receive a bill for care received at NH facilities. This policy is applicable to all patients who will receive care at NH Asheville.*

... services are available to all persons, including: (a) low-income persons, (b) racial and ethnic minorities, (c) women, (d) handicapped persons, (e) the elderly, and (f) other underserved persons, including the medically indigent referred by their attending physicians. These individuals will receive appropriate care at NH Asheville."

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Estimated % of Total Patients in 3rd Full FY
Low-income persons	N/A
Racial and ethnic minorities	9.1%
Women	58.7%
Persons with disabilities	N/A
Persons 65 and older	47.0%
Medicare beneficiaries	46.3%
Medicaid recipients	14.1%

Source: Section C, page 90
Note: The numbers above were calculated using HIDI data, as that is the underlying source for the volume of inpatients and outpatients expected at NH Asheville. HIDI does not include data on disability status or income level.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care hospital. The applicant proposes a COS/COR for Project ID #B-12233-22 (develop a new 67-bed acute care hospital) to develop no more than 26 additional acute care beds pursuant to the 2024 SMFP need determination for a total of 93 acute care beds upon completion of this project and Project ID# B-12233-22.

Patient Origin

The 2024 SMFP includes a need determination for 26 acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area.

On page 31, the 2024 SMFP defines the service area for acute care beds as *"... the single or multicounty grouping shown in Figure 5.1."* Figure 5.1, on page 36, shows Buncombe County as a multicounty acute care bed service area. Thus, the service area for this facility consists of Buncombe, Graham, Madison, and Yancey counties. Facilities may also serve residents of counties not included in their service area.

The applicant is proposing to develop a new facility. There is not historical patient origin to report. The following tables illustrates projected patient origin.

AdventHealth Asheville Acute Care Beds Projected Patient Origin						
County	**1st Full FY**		**2nd Full FY**		**3rd Full FY**	
	10/01/2027-9/30/2028		**10/01/2028-9/30/2029**		**10/01/2029-9/30/2030**	
	FY 2028		**FY 2029**		**FY 2030**	
	# of Patients	**% of Total**	**# of Patients**	**% of Total**	**# of Patients**	**% of Total**
Buncombe	1,650	73.4%	3,188	72.9%	4,360	71.2%
Graham	27	1.2%	54	1.2%	103	1.7%
Madison	184	8.2%	370	8.5%	556	9.1%
Yancey	162	7.2%	324	7.4%	488	8.0%
Other	225	10.0%	437	10.0%	612	10.0%
Total	**2,247**	**100.0%**	**4,373**	**100.0%**	**6,120**	**100.0%**

Source: Section C, page 70
^Other includes >1 percent patient origin from the remaining counties in North Carolina and other states.

AdventHealth Asheville Surgical Cases (includes C-section) Projected Patient Origin						
County	**1st Full FY**		**2nd Full FY**		**3rd Full FY**	
	10/01/2027-9/30/2028		**10/01/2028-9/30/2029**		**10/01/2029-9/30/2030**	
	FY 2028		**FY 2029**		**FY 2030**	
	# of Patients	**% of Total**	**# of Patients**	**% of Total**	**# of Patients**	**% of Total**
Buncombe	1,070	73.4%	2,108	72.9%	2,890	71.2%
Graham	18	1.2%	36	1.2%	69	1.7%
Madison	120	8.2%	244	8.5%	369	9.1%
Yancey	105	7.2%	214	7.4%	324	8.0%
Other	146	10.0%	289	10.0%	406	10.0%
Total	**1,458**	**100.0%**	**2,892**	**100.0%**	**4,056**	**100.0%**

Source: Section C, page 71
^Other includes >1 percent patient origin from the remaining counties in North Carolina and other states.

AdventHealth Asheville Emergency Department Projected Patient Origin						
County	1st Full FY		2nd Full FY		3rd Full FY	
	10/01/2027-9/30/2028		10/01/2028-9/30/2029		10/01/2029-9/30/2030	
	FY 2028		FY 2029		FY 2030	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Buncombe	4,278	73.4%	8,268	72.9%	11,309	71.2%
Graham	70	1.2%	140	1.2%	268	1.7%
Madison	478	8.2%	959	8.5%	1,442	9.1%
Yancey	419	7.2%	841	7.4%	1,266	8.0%
Other	583	10.0%	1,134	10.0%	1,587	10.0%
Total	**5,828**	**100.0%**	**11,341**	**100.0%**	**15,873**	**100.0%**

Source: Section C, page 71
^Other includes >1 percent patient origin from the remaining counties in North Carolina and other states.

AdventHealth Asheville Entire Facility Projected Patient Origin						
County	1st Full FY		2nd Full FY		3rd Full FY	
	10/01/2027-9/30/2028		10/01/2028-9/30/2029		10/01/2029-9/30/2030	
	FY 2028		FY 2029		FY 2030	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Buncombe	6,998	73.4%	13,564	72.9%	18,559	71.2%
Graham	115	1.2%	229	1.2%	440	1.7%
Madison	782	8.2%	1,573	8.5%	2,367	9.1%
Yancey	685	7.2%	1,380	7.4%	2,078	8.0%
Other	953	10.0%	1,861	10.0%	2,605	10.0%
Total	**9,533**	**100.0%**	**18,606**	**100.0%**	**26,049**	**100.0%**

Source: Section C, page 72
^Other includes >1 percent patient origin from the remaining counties in North Carolina and other states.

In Section C, page 70, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states:

> *The projected patient origin is not expected to materially change due to the scope change because AdventHealth Asheville will continue to meet the acute care needs of service area residents. The projected patient origin has been updated based on the revised timetable, projected service area discharges, and market share assumptions for the 93- bed facility on the Weaverville site.*

The projected patient origin for AdventHealth Asheville inpatient discharges is based on the assumptions and methodology included in Section Q. The projected patient origin for acute care beds is based on the number of patients projected to originate from the service area…

Projected utilization for surgical cases, ED visits, imaging, and other ancillary and support services is based on projected inpatient discharges. Therefore, the projected patient origin for surgical cases, ED visits, imaging and other ancillary and support services is reasonably assumed to be consistent with projected patient origin for acute care beds.

The applicant's assumptions are reasonable and adequately supported based on the following:

- The applicant projects patient origin based on the assumed market share of the identified patient population appropriate for the proposed hospital. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- Project population growth of the service area counties by ZIP code.
- AdventHealth Hendersonville's historical experience of inpatient services.

Analysis of Need

In Section C, pages 44-69, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The 2024 SMFP acute care bed methodology has determined a need for 26 acute care beds in the multicounty service area. (pages 44-47)
- The Weaverville proposed location will maintain access to services to the patient population identified in the previously proposed application Project ID# B-12233-22 and improve access for Madison and Yancey County residents. (pages 47-50)
- A continued need to expand acute care competition in the service area. (page 50-57)
- The projected population growth and aging in the service area. (pages 57-59)
- The historical growth of acute care discharges that were appropriate for AdventHealth Asheville's scope of services. (pages 59-60)
- Provider and community support for AdventHealth Asheville (page 60-68)

The information is reasonable and adequately supported based on the following:

- The applicant uses clearly cited, reasonable, and verifiable historical and demographical data to make the assumptions regarding growth and aging of the service area population and acute care utilization.
- The applicant provides reasonable and adequately supported data to support the need for acute care competition in the service area.

Projected Utilization

In Section Q, pages 124-127, the applicant provides projected utilization, as illustrated in the following tables.

AdventHealth Asheville Acute Care Beds Projected Utilization			
	1st Full FY	2nd Full FY	3rd Full FY
	FY 2028	FY 2029	FY 2030
# of Beds	93	93	93
# of Discharges	2,247	4,373	6,120
# of Patients Days	8,948	17,627	24,703
ALOS	4.0	4.0	4.0
Occupancy Rate	26.4%	51.9%	72.8%

AdventHealth Asheville Medical Equipment Projected Utilization			
	1st Full FY	2nd Full FY	3rd Full FY
	FY 2028	FY 2029	FY 2030
CT Scanner			
# of Units	1	1	1
# of Scans	3,731	7,506	10,542
# of HECT Units	5,970	12,009	16,867
Fixed X-Ray (including fluro)			
# of Units	4	4	4
# of Procedures	8.359	16,817	23,619
Nuclear Camera			
# of Units	1	1	1
# of Procedures	253	509	715
Ultrasound			
# of Units	3	3	3
# of Procedures	1,023	2,058	2,891
Echocardiography			
# of Units	1	1	1
# of Procedures	54	109	153
Interventional Radiology			
# of Units	1	1	1
# of Procedures	279	544	761

AdventHealth Asheville Surgical Services Projected Utilization			
	1st Full FY	2nd Full FY	3rd Full FY
	FY 2028	FY 2029	FY 2030
Operating Rooms			
Dedicated C-Section ORs	1	1	1
Total ORs	1	1	1
# of Excluding ORs	1	1	1
Adjusted Planning Inventory	0	0	0
Surgical Cases			
C-Sections (in dedicated OR)	91	143	196
Total Surgical Cases	91	143	196
Surgical Case Performed in procedure Rooms			
# of Inpatient Surgical Cases	488	982	1,379
# of Outpatient Surgical Cases	878	1,767	2,482
Total # of Surgical Cases	1,366	2,749	3,860

AdventHealth Asheville Other Hospital Services Projected Utilization			
	1st Full FY	2nd Full FY	3rd Full FY
	FY 2028	FY 2029	FY 2030
Emergency Department			
# of Treatment Rooms	12	12	12
# of Visits	5,828	11,341	15,873
Observation Beds (unlicensed)			
# of Beds	18	18	18
Days of Care	880	1,734	2,430
Laboratory			
Tests	68,011	136,821	192,164
Physical Therapy			
Treatments	6,758	13,151	18,406
Speech Therapy			
Treatments	797	1,551	2,171
Occupational Therapy			
Treatments	4,143	8,062	11,284

In Section Q, page 128-150, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Med/Surg and ICU Bed Utilization

- Using HIDI data, the applicant begins with the FY 2021 – FY 2023 inpatient (med/surg) discharges from the ZIP codes in the multicounty service area (Buncombe Graham, Madsion, Yancey) that could be appropriately served at AdventHealth Asheville. The applicant excludes services that will not be initially offered. Some of these services include one-heart surgery, NICU, cardiac catheterization, trauma and inpatient behavioral health. Based on the historical data, including the 2-year CAGR for each ZIP code, and the percentage change from 2022 to 2023, that applicant determined that in 2023, there were 20,597 inpatient discharges that were appropriate for AdventHealth Asheville. (pages 128-130)

- To project 2024-2029 inpatient discharges by ZIP code, the applicant applies the respective growth rates by ZIP codes to the FY 2023 discharges. The applicant projects no change to the growth rate through the third year of the project. For ZIP codes that experienced a negative growth rate during FY 2021 – FY 2023, the applicant projects no growth through the third year of the project. The applicant states that there were no population data available for several Buncombe County ZIP codes, therefore, the applicant applied the overall Buncombe County projected population growth rate of 0.7 percent. (pages 131-133)

- The applicant applies a projected market share percentage by ZIP code of the projected total of inpatient discharges determined to be appropriate for AdventHealth Asheville to determine the total number of med/surg discharges appropriate for AdventHealth Asheville for the first the first three years of the project. The applicant states that the projected market share is supported by factors such as AdventHealth Asheville serving as an alternative provider in the service area, AdventHealth's experience with providing *"high-quality"* acute services, documented support for the project, and enhanced geographical access for Madison and Yancey County residents. The applicant projects that AdventHealth Asheville will capture 4,863 med/surg discharges in the third project year. (pages 134-135)

- The applicant projects that AdventHealth Asheville will serve patients residing outside of the acute care service area. The applicant states that 47.6 percent of AdventHealth Hendersonville's acute care discharges originated from outside the acute care service area. The applicant projects that 10 percent or 540 of the projected total med/surg discharges at AdventHealth Asheville will originate from outside the acute care service area. The applicant projects a total of 5,403 med/surg discharges at AdventHealth Asheville in the third project year. (pages 135-136)

Patient Days of Care

- The applicant states that to project days of care (excluding obstetrics), the FY 2023 ALOS (4.2 days) for the service area med/surg discharges appropriate for AdventHealth Asheville was applied to the total projected med/surg discharges. The applicant projects 22,883 days of care in the third project year. (page 136)

ICU Bed Utilization

- The applicant is proposing to develop four ICU beds of the 26 acute care beds. The applicant assumes that ICU utilization will be consistent with AdventHealth Hendersonville historical utilization. During FY 2021 – FY 2023, the facility had an average of 24 percent ICU days during each year. The applicant projects that AdventHealth Asheville will have 12.0 percent of ICU in the first project year and gradually increase to 20.0 percent by the third project year. The application states that projections are reasonable and conservative because of AdventHealth Hendersonville's history of serving service area residents and its proximity to Buncombe County. (pages 136-137)

Obstetrics Discharges & C-Sections

- Using HIDI data, the applicant begins with the FY 2021 – FY 2023 obstetric (OB) inpatient discharges from the ZIP codes in the acute service area that could be appropriately served at AdventHealth Asheville. The applicant excludes patient discharges that include NICU services. Based on the historical data, including the 2-year CAGR for each ZIP code, and the percentage change from 2022 to 2023, the applicant determined that in 2023, there were 3,050 OB inpatient discharges that were appropriate for AdventHealth Asheville. (pages 137-139)

- To project 2024-2029 OB inpatient discharges for females ages 15-44 by ZIP code, the applicant applies the respective growth rates by ZIP codes to the FY 2023 discharges. The applicant projects no change to the growth rate through the third year of the project. For ZIP codes that experienced a negative growth rate during FY 2021 – FY 2023, the applicant projects no growth through the third year of the project. The applicant states that there were no population data available for several Buncombe County ZIP codes, therefore, no annual growth was projected for those ZIP codes. (pages 139-141)

- The applicant applies a projected market share percentage by ZIP code of the projected total OB inpatient discharges determined to be appropriate for AdventHealth Asheville to determine the total number of OB inpatient discharges appropriate for AdventHealth Asheville for the first the first three years of the project. The applicant states that the projected market share is supported by factors such as AdventHealth Asheville serving as an alternative provider in the service area, AdventHealth's experience with providing *"high-quality"* acute services, documented support for the project, and enhanced geographical access for Madison and Yancey County residents. The applicant projects that AdventHealth Asheville will capture 646 OB inpatient discharges in the third project year. (pages 142-144)

- The applicant projects that AdventHealth Asheville will serve OB patients residing outside of the acute care service area. The applicant states that 48 percent of AdventHealth Hendersonville's acute care discharges originated from outside the acute care service area. The applicant projects that 10 percent of the projected total OB discharges at AdventHealth Asheville will originate from outside the acute care service

area. The applicant projects a total of 717 OB inpatients discharges at AdventHealth Asheville in the third project year. (pages 144-145)

Patient Days of Care for Obstetrics

- The applicant states that to project days of care for OB discharges, the FY 2023 ALOS (2.54 days) for the service area OB discharges appropriate for AdventHealth Asheville was applied to the total projected OB discharges. The applicant projects 1,819 days of care in the third project year. (page 145)

C-Section Surgical Cases

- The applicant assumes that C-section utilization will be consistent with AdventHealth Hendersonville's historical utilization. During FY 2023, 30.5 percent of births were C-sections. The applicant projects that 27.3 percent of births at AdventHealth Asheville will be C-sections during the first three years of the project. A projected total of 196 C-section deliveries in the third project year. (pages 145-146)

The following table summarizes total acute care utilization.

	Table Q.23: AdventHealth Asheville Acute Care Discharges			
Table Reference		**FY 2028**	**FY 2029**	**FY 2030**
Table Q.2	Med/Surg	1,912	3,847	5,403
Table Q.20	OB Discharges	335	526	717
	Grand Total Discharges	2,247	4,373	6,120
Table Q.2	Med/Surg and ICU Days	8,099	16,293	22,883
	OB Days	849	1,334	1,819
	Grand Total Days of Care	**8,948**	**17,627**	**24,703**
	Beds	**93**	**93**	**93**
	% Occupancy	**26.4%**	**51.9%**	**72.8%**

Source: Section Q, page 146

Observation Bed Utilization

The applicant was proposing to develop 18 observation beds. The applicant's projections are based on AdventHealth Hendersonville historical experience, which is consistent with the assumptions used in the application for Project ID# B-12233-22. The applicant updated the methodology to account for the change in the timetable and the updated acute care discharges. The applicant projects a ratio of 0.11 observation patient to acute care days and an ALOS of 21.5 hours. See Table Q.24 on page 147 of the application. The Table includes the incorrect project years. It is assumed that this is a typographical error. The applicant has identified the three project years throughout Section Q of the application.

Surgical Utilization

The applicant proposed to develop five procedure rooms for surgical services. The applicant's projections are based on AdventHealth Hendersonville historical experience, which is consistent with the assumptions used in the application for Project ID# B-12233-22. The applicant updated the methodology to account for the change in the timetable and the updated acute care discharges. The applicant projects that 74.5% of med/surg discharges will be medical inpatients and 25.5% of med/surg discharges will be surgical inpatients. The applicant projects a total of 5,403 total med/surg discharges in the third project year. See Table Q.25 on page 147 of the application.

The applicant projects that AdventHealth Asheville will perform one inpatient surgical case for each surgical inpatient discharges. The applicant projects 1,379 inpatient surgical cases by the third project year. See Table Q.26 on page 148 of the application.

The applicant applied the ratio of 1.8 outpatient surgical cases to inpatient surgical cases. See Table Q.27 on page 148 of the application.

Emergency Department Utilization

The applicant proposed to develop an emergency room with 12 exam rooms. The applicant's projections are consistent with the assumptions used in the proposed application Project ID# B-12233-22. The applicant updated the methodology to account for the change in the timetable and the updated acute care discharges. The applicant projects 41 percent of its projected acute care discharges will be admitted through the ED and 16 percent of ED visits will result in an inpatient admission during the first three project years. The applicant projects 15,873 ED visits by the third project year. See Tables Q.28 and Q.29 on pages 148-149 of the application.

Imaging and Ancillary Utilization

The following tables consist of the imaging and ancillary services proposed in application Project ID# B-12233-22. Projections are consistent with the proposed assumptions. The applicant updated the methodology to account for the revised timetable and the updated acute care discharges. See Tables Q.30 and Q.31 on pages 149-150 of the application.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant provides reasonable and adequately supported data and uses reasonable methodologies and assumptions to identify the "appropriate" patient population to be served AdventHealth Asheville.
- The applicant uses growth rates lower than historical growth rates of AdventHealth Asheville-appropriate discharges to project utilization. The applicant proposes no growth for negative historical growth rates.
- The applicant explains the basis for its assumptions about market share of different services from outside the acute care service area.
- The applicant relies on its experience at AdventHealth Hendersonville, a 62-bed acute care hospital in Henderson County. Henderson County is contiguous to Buncombe County and serves patients from Buncombe, Graham, Madison, and Yancey counties,

is a similar size as the proposed AdventHealth Asheville, and has services similar to those planned to be offered by AdventHealth Asheville.

Access to Medically Underserved Groups

In Section C, page 73, the applicant states:

> *"The proposed 26-bed project will not impact AdventHealth Asheville's ability to provide access to medically underserved groups. All individuals including low-income persons, racial and ethnic minorities, women, persons with disabilities, persons 65 and older, Medicare beneficiaries, Medicaid recipients, and other underserved groups, will have access to AdventHealth Asheville, as clinically appropriate. AdventHealth does not discriminate based on race, ethnicity, age, gender, or disability. Policies to provide access to services by low-income, medically indigent, uninsured, or underinsured patients are described and provided in Exhibit C.6. As set forth in the financial pro formas, a significant proportion of AdventHealth Asheville's proposed services will be provided to Medicare, Medicaid, and uninsured patients."*

The application for Project ID# B-12233-22 were conforming to this criterion and no changes are proposed in this application which would affect that determination.

(3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, … persons [persons with disabilities], and other underserved groups and the elderly to obtain needed health care.

C – NH Asheville
NA – All other Applications

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds. The applicant proposes to add 26 new acute care beds to Mission Hospital, a hospital with 733 existing acute care beds, for a total of 759 acute care beds upon project completion.

The applicant does not propose to reduce a service, eliminate a service, or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital. The applicant proposes to develop a new acute care hospital with no more than 26 acute care beds pursuant to the 2024 SMFP need determination.

In Section D, page 97, the applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following completion of the project. On page 97, the applicant states:

The proposed project involves the transfer of one OR from Outpatient Surgery Center of Asheville (OSCA) to NH Asheville. The transfer will not occur until after the project is approved but will occur prior to NH Asheville opening in December 2028. The repeal of CON review for ambulatory surgery centers in counties with a population over 125,000 residents will occur before December 2028.117 Therefore, if OSCA chooses to, it can maintain or expand the number of licensed ORs at its facility without CON review, and the number of ORs at its facility need not be reduced at any time.

…

The transfer of one OR from OSCA to NH Asheville will not impact any of the above-listed group's ability to obtain surgical services. OSCA currently has five licensed operating rooms and three unlicensed procedure rooms. As discussed above, OSCA can choose to maintain or add operating rooms to its existing ASC without CON review prior to NH Asheville opening. Additionally, once the operating room is transferred, the space at OSCA could become an unlicensed procedure room where the same surgical services can continue to be provided.

In written comments received by the Agency, an issue was raised regarding Novant Health's proposal to transfer one OR from OSCA after the opening of NH Asheville. In Exhibit C1.15, the applicant provides a letter from Surgery Partners, Inc, owners of OSCA, stating that they have entered an agreement to allow Novant Health to purchase one OR from OCSA to be relocated to NH Asheville. The "agreement" between Novant Health and OSCA does not constitute a purchase, lease, transfer, and/or acquisition. Therefore, it does not meet the definition of new institutional health service as define in the North Carolina General Statute 131E-175 (16). Moreover, the applicant is proposing to purchase the OR after the opening of NH Asheville.

The information is reasonable and adequately supported because the applicant adequately demonstrates how OSCA will maintain the same level of surgical services without reducing access to services because of the transfer of the one OR to NH Asheville.

In Section Q, page 195, the applicant provides projected utilization, as illustrated in the following tables.

Outpatient Surgery Center of Asheville Historical and Projected Utilization					
	Last Full FY	**Interim Full FY**	**Interim Full FY**	**Interim Full FY**	**Interim Full FY**
	CY 2023	**CY 2024**	**CY 2025**	**CY 2026**	**CY 2027**
Operating Rooms					
Total # ORs	5	5	5	5	5
Adjusted Planning Inventory	5	5	5	5	5
Surgical Cases					
Outpatient Surgical Cases	6,270	6,334	6,399	6,465	6,531
Total Outpatient Surgical Cases	6,270	6,334	6,399	6,465	6,531
Case Times					
Outpatient	1.21	1.21	1.21	1.21	1.21
Surgical Hours					
Outpatient	7,586.70	7,664.14	7,742.79	7,822.65	7,902.51
Total Surgical Hours	7,586.70	7,664.14	7,742.79	7,822.65	7,902.51
#of ORs Needed					
Group Assignment	6	6	6	6	6
Standard Hours per OR per Year	1,312	1,312	1,312	1,312	1,312
Total Surgical Hours/Standard Hours Per OR per Year	5.78	5.84	5.90	5.96	6.02

Outpatient Surgery Center of Asheville Interim and Projected Utilization					
	Interim Partial FY	**Partial FY**	**1st Full FY**	**2nd Full FY**	**3rd Full FY**
	1/1/28-11/30/28	**12/1/28-12/31/28**	**1/1/29-11/30/29**	**1/1/30-11/30/30**	**1/1/31-11/30/31**
Operating Rooms					
Total # ORs	5	4	4	4	4
Adjusted Planning Inventory	5	4	4	4	4
Surgical Cases					
Outpatient Surgical Cases	6,048	442	5,353	5,408	5,394
Total Outpatient Surgical Cases	6,048	442	5,353	5,408	5,394
Case Times					
Outpatient	1.21	1.21	1.21	1.21	1.21
Surgical Hours					
Outpatient	7,318.08	534.82	6,477.13	6,543.68	6,526.74
Total Surgical Hours	7,318.08	534.82	6,477.13	6,543.68	6,526.74
#of ORs Needed					
Group Assignment	6	6	6	6	6
Standard Hours per OR per Year	1,312	1,312	1,312	1,312	1,312
Total Surgical Hours/Standard Hours Per OR per Year	5.58	0.41	4.94	4.99	4.97

In Section Q, pages 197-198, the applicant provides the assumptions and methodology used to project utilization. The applicant projects utilization using the historical utilization of OR cases based on HIDI data. The applicant states that HIDI data does not have an indication for surgical or non-surgical cases, or which surgical cases occurred in an operating room. The applicant calculates the base year surgical cases by adding the percentage of OSCA's total fiscal year ending September 2023 volume of surgical cases performed in an operating room to CY 2023 OR HIDI data.

CY 2023 OSCA Volume by Type, Applying 2024 LRA (FYE September 2023) Percentages			
	2024 LRA Number	**Percent of 2024 LRA Total Cases**	**CY 2023 Volume at 2024 LRA Percents**
Surgical Cases in an OR	6,442	87.89%	6,270
Surgical Cases in a PR	444	6.06%	432
Subtotal Surgical	6,886	93.94%	6,702
Non-Surgical Cases	444	6.06%	432
Total Cases	7,330	100.00%	7,134

Source: Section Q, page 197

To project utilization through November 2028, the applicant applied the 2024 SMFP Buncombe County Growth factor of 4.1 percent or a CAGR of 1.025 percent, identified in the 2024 SMFP. The applicant applied the CAGR project utilization forward through the first three years of the project. The applicant assumes a shift of 25 cases per week to OSCA's procedure room beginning December 2028 and grow at the annual rate of 1.025 percent each project year.

	2023	**2024**	**2025**	**2026**	**2027**	**Jan-Nov 2028**	**Dec. 2028**	**2029**	**2030**	**2031**
# of OR-Based Surgical Cases	6,270	6,334	6,399	6,464	6,531	6,048	550	6,666	6,734	6,734
Shift to PR							108	1,313	1,326	1,341
Remaining in OR							442	5,353	5,408	5,394

Source: Section Q, page 198

Projected utilization is reasonable and adequately supported based on the following:

- The applicant based projected utilization on actual historical utilization.
- The applicant explains the methodology and assumptions regarding growth rates used and the shift of OR cases to a procedure room.

Access to Medically Underserved Groups

In Section D, pages 97-98, the applicant states:

> *"OSCA will continue to increase overall surgical utilization and expand access to health care services for the medically underserved by providing surgical procedures to those who are indigent, lack health insurance, or are otherwise medically underserved. OSCA is committed to providing services to all of the listed categories of patients. The facility will not discriminate against anyone due to age, race, color, religion, ethnicity,*

gender, disability, or ability to pay. This will not change after one OR is relocated from OSCA to NH Asheville.

…

As an existing Medicare-certified facility, OSCA will continue to serve significant percentages of Medicare and Medicaid patients. The Centers for Medicare & Medicaid Services does not exclude, deny benefits to, or otherwise discriminate against any person on the basis of race, color, national origin, sex, or age in admission to participation in, or receipt of services and benefits under any of its programs and activities through any contracting entity. As the population ages and with the potential for Medicaid expansion in North Carolina, OSCA expects to serve higher numbers of Medicare and Medicaid patients, which supports improved patient access and overall cost savings for the healthcare system."

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use the remaining operating rooms will be adequately met following completion of the project because the applicant adequately demonstrates how OSCA will maintain the same level of surgical services without reducing access to services. OSCA will continue to offer surgical services by using the vacated room as a procedure room and/or expand hour of operation.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion for all the reasons described above.
- The applicant adequately demonstrates that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described above.

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care hospital. The applicant proposes a COS/COR for Project ID #B-12233-22 (develop a new 67-bed acute care hospital) to develop no more than 26 additional acute care beds pursuant to the 2024 SMFP need determination for a total of 93 acute care beds upon completion of this project and Project ID# B-12233-22.

The applicant does not propose to reduce a service, eliminate a service, or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

(4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

C – All Applications

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds. The applicant proposes to add 26 new acute care beds to Mission Hospital, pursuant to the 2024 SMFP need determination, for a total of 759 acute care beds upon project completion.

In Section E, pages 107-109, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

Maintain Status Quo-The applicant states that maintaining the status quo is not a feasible alternative based on the existing lack of bed capacity resulting in the need to turn away patient transfer requests. Moreover, there is a greater demand for Mission Hospital's advanced and tertiary care, which further demonstrates the need for additional bed capacity. The applicant projects that the service area counties and the surrounding region will continue to grow based on population growth and aging, which will worsen the facility's existing capacity constraints.

Build a Separate 26-Bed Free-Standing Hospital in Buncombe County-The applicant indicated that building a 26-bed free-standing hospital would not be an effective alternative. The applicant states that based on the hospital's historical utilization, the project would involve developing ICU beds and advanced care med/sure beds which would require specialized resources and staff. Additionally, the cost to build a separate building and duplicate the hospital's infrastructure would not make it a cost-effective alternative. The applicant states that the project would also require relocating Mission Hospital's highly utilized operating rooms because there is no identified need for operating rooms in the service area. Furthermore, small community hospitals tend to have a lower occupancy rate, as demonstrated by the existing, lower acuity community hospitals in the service area. The applicant states that this would not fully meet the acute care bed need identified in the 2024 SMFP.

Expansion of Mission Hospital to Accommodate New Acute Care Beds-The applicant states that this alternative was deemed not a viable option at this time because to expand the existing tower to accommodate the 26 acute beds would be costly and time consuming.

On page 109, the applicant states that its proposal is the most effective alternative because the applicant's proposal to convert existing, unlicensed observation beds to acute care beds would be the most cost effective and timeliest alternative.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital. The applicant proposes to develop a new acute care hospital with no more than 26 acute care beds pursuant to the 2024 SMFP need determination.

In Section E, pages 101-102, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

Develop the Project at a Different County in the Service Area-The applicant states that other locations within the service area did not meet the criteria for a cancer-focused hospital with better geographical accessibility.

Do Not Develop the Project-The applicant states that this alternative was rejected because not developing the project would not meet the need for a cancer-focused acute care hospital in the service area.

On page 101, the applicant states that its proposal is the most effective alternative because of the geographical accessibility the proposed facility will provide while meeting the needs of the growing elderly population and addressing the cancer incident rates in the service area.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care bed hospital. The applicant proposes a COS/COR for Project ID #B-12233-22 (develop a new 67-bed acute care hospital) to develop no more than 26 additional acute care beds pursuant to the 2024 SMFP need determination for a total of 93 acute care beds upon completion of this project and Project ID# B-12233-22.

In Section E, pages 79-81, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

Develop a Different Number of Additional Acute Care Beds-The applicant states that based on AdventHealth's historical acute care patient days of care during FY2023, developing less than 26 acute care needs would not meet the acute care need of service area residents. Additionally, the applicant is proposing to develop a 93-bed hospital to include the proposed 26 acute care beds. The applicant states that developing a small hospital with only 26 acute care beds would not accommodate patients during times when demand for acute care spikes.

Develop 26 Acute Care Beds at Another Geographic Location-The applicant states that developing the 26 acute care beds in another geographic location would require to develop the proposed hospital in another location other than Weaverville or develop a micro-hospital with 26 acute care beds. The applicant states that Weaverville has already been determined to serve the identified population and enhance access for those residing in the service area counties. Additionally, the applicant states that developing a small 26-bed hospital is not an effective alternative for the need determination in the 2024 SMFP because of the limited scope of services that can be provided.

Maintain the Status Quo-The applicant states that maintaining the status would allow Mission Hospital to expand its control of acute care beds in the service area and limit patient choice.

On pages 79-81, the applicant states that its proposal is the most effective alternative because the applicant's proposal will enhance competition and access to acute care services in the service area counties.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

(5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C – All Applications

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds. The applicant proposes to add 26 new acute care beds to Mission Hospital, pursuant to the 2024 SMFP need determination, for a total of 759 acute care beds upon project completion.

Capital and Working Capital Costs

In Section Q, page 156, the applicant projects the total capital cost of the project, as shown in the table below.

Construction/Renovation contract	$1,169,000
Architect/Engineering Fees	$186,000
Furniture	$38,000
Consultant Fees	$35,000
Other (Contingency, Misc.)	$193,000
Total	**$1,621,000**

In Section Q, page 157, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant explains the capital cost line items provided on Form F.1a and provides supporting documentation in Exhibits F-1.2, and K-3.1.

- The applicant projects 15% contingency costs and the cost for other miscellaneous items such as permits, 3rd party construction inspections/certifications, and environmental testing.

In Section F, page 112, the applicant states that there will be no start-up costs or initial operating expenses because Mission Hospital is an existing operating facility.

In Section F, page 110, the applicant states that the capital cost will be funded by MH Mission Hospital, LLLP.

In Exhibit F-2.1, the applicant provides a letter dated June 7, 2024, from the Chief Financial Officer for HCA Healthcare's National Group stating that HCA Healthcare has sufficient accumulated reserves to fund the projected capital cost and is committed to providing the funding to develop the proposed project.

Exhibit F.2-2 includes a copy of HCA's financial statements for the year ending December 31, 2023, documenting adequate cash and assets to fund all the capital needs of the proposed project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

Mission Hospital Acute Care Beds (Adult Inpatient, Med/Surg, and ICU)	1st Full FY CY 2026	2nd Full FY CY 2027	3rd Full FY CY 2028
Total Patient Days	210,621	214,520	218,491
Total Gross Revenues (Charges)	$4,352,586,062	$4,787,811,137	$5,266,557,560
Total Net Revenue	$863,666,869	$950,026,902	$977,289,755
Total Net Revenue per Patient Day	$4,101	$4,429	$4,473
Total Operating Expenses (Costs)	$596,411,564	$617,920,843	$640,289,776
Total Operating Expenses per Patient Day	$2,832	$2,880	$2,931
Net Profit	**$267,255,305**	**$332,106,059**	**$336,999,979**

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
- The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.

Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital. The applicant proposes to develop a new acute care hospital with no more than 26 acute care beds pursuant to the 2024 SMFP need determination.

In Section Q, page 199, the applicant projects the total capital cost of the project, as shown in the table below.

Purchase Price of Land	$16,500,000
Closing Costs	$545,000
Site Preparation	$10,365,874
Construction/Renovation contract	$148,657,286
Landscaping	$1,312,715
Architect/Engineering Fees	$14,906,376
Medical Equipment	$17,807,965
Non-Medical Equipment	$9,845,391
Furniture	$5,386,095
Consultant Fees (consulting, legal, acoustical, energy, wayfinding)	$500,000
Other (Contingency)	$23,648,638
Total	**$249,475,340**

In Section Q, page 200, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the applicant's explanation of the capital cost line items provided on Form F.1a. The applicant provides supporting documentation in Exhibits F-1.1 and F-1.2.

In Section F, pages 104-106, the applicant projects that start-up costs will be $4,453,356 and initial operating expenses will be $5,762,076 for a total working capital of $10,215,432. On page 106, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The applicant assumes a 6-month initial operating period when operating expenses are expected to exceed revenues based on the time to obtain Medicare certification.
- Startup-costs are projected based on the cost of salaries and training prior to the opening of the facility.

Availability of Funds

In Section F, page 103, the applicant states the entire projected capital expenditure of $249,475,340 will be funded with Novant Health, Inc.'s accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated June 11, 2024, from the Senior Vice President, Operational Finance & Revenue Cycle for Novant Health Inc., stating that Novant Health, Inc. will fund the projected capital and working capital cost of the project through accumulated reserves. Exhibit F.2-2 includes a copy of Novant Health, Inc. and Affiliates Financial Statements for the year ending December 31, 2023. As of December 31, 2023, Novant Health, Inc. and Affiliates had adequate cash and assets to fund capital and working capital needs of the proposed project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2, the applicant projects that revenues will exceed operating expenses in the second and third full fiscal years following completion of the project, as shown in the table below.

NH Asheville Medical Center	1st Full FY	2nd Full FY	3rd Full FY
	CY 2029	CY 2030	CY 2031
Total Patient Days	6,854	6,914	6,976
Total Gross Revenues (Charges)	$181,685,831	$188,741,881	$196,193,488
Total Net Revenue	$43,872,461	$51,120,858	$53,138,985
Average Net Revenue per Patient Days	$6,401	$7,394	$7,617
Total Operating Expenses (Costs)	$48,701,775	$50,691,431	$52,053,597
Average Operating Expense per Patient Day	$7,106	$7,332	$7,462
Net Profit/Loss	**(4,829,315)**	**$429,426**	**$1,085,388**

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care hospital. The applicant proposes a COS/COR for Project ID #B-12233-22 (develop a new 67-bed acute care hospital) to develop no more than 26 additional acute care beds pursuant to the 2024 SMFP need determination for a total of 93 acute care beds upon completion of this project and Project ID# B-12233-22.

Capital and Working Capital Costs

In Section Q, page 151, the applicant projects the total capital cost of the project, as shown in the table below.

AdventHealth Asheville Capital Cost			
	Previously Proposed # B-12233-22	**New Combined Total Projected Capital Cost**	**Difference (B-12526-24)**
Purchase Price of Land	$18,000,000	$22,865,218	$4,865,218
Site Preparation	$10,000,000	$14,565,750	$4,465,750
Construction/Renovation Contract	$173,500,000	$245,634,000	$72,134,000
Architect/Engineering Fees	$9,500,000	$11,025,000	$1,525,000
Medical Equipment	$23,000,000	$24,973,000	$1,973,000
Non-Medical Equipment	$7,000,000	$9,180,000	$2,180,000
Furniture	$3,000,000	$5,333,700	$2,333,700
Consultant Fees	$75,000	$75,000	$0
Other (CON filing fee)	$50,000	$50,000	$0
Contingency	$10,000,000	$29,627,000	$19,627,000
Total Capital Cost	**$254,125,000**	**$363,328,668**	**$109,203,668**

In Section Q, page 165, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the applicant's explanation of the capital cost line items provided on Form F.1a. and its experience with similar projects. The applicant provides supporting documentation in Exhibit K.5-2.

In Section F, page 89, the applicant projects that start-up costs will be $5,205,430 and initial operating expenses will be $15,505,650 for a total working capital of $20,711,080; a $400,292 decrease from the previously proposed working capital cost. On page 90, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The applicant projects the new working capital cost based on the change to the project timetable, the increase in the number acute care beds proposed, and the revised acute care projected utilization.
- On Form F.2b, the applicant includes a net operating loss during the first and second project year which is consistent with an initial start-up period of 24 months.

Availability of Funds

In Section F, page 88, the applicant states that the entire projected capital expenditure of $109,203,663 will be funded with Adventist Health System's accumulated reserves.

In Exhibit F.2, the applicant provides a letter dated June 13, 2024, from the Southeast Region Chief Financial Officer for AdventHealth, stating its commitment to fund the projected capital and working capital cost through accumulated reserves to develop the proposed project.

Exhibit F.2 includes a copy of AdventHealth's consolidated balance sheets for the year ending December 31, 2023, documenting adequate cash and assets to fund all the capital and working capital needs of the proposed project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the third full fiscal year following completion of the project, as shown in the table below.

AdventHealth Asheville	1st Full FY	2nd Full FY	3rd Full FY
	FY 2028	FY 2029	FY 2030
Total Patient Days	8,948	17,627	24,703
Total Gross Revenues (Charges)	$163,558,086	$330,819,456	$468,831,242
Total Net Revenue	$46,706,315	$94,192,758	$133,448,706
Total Net Revenue per Patient Days	$ 5,220	$ 5,344	$ 5,402
Total Operating Expenses (Costs)	$72,276,249	$103,511,466	$127,266,169
Total Operating Expenses per Patient Days/Procedures/Cases	$8,077	$5,872	$5,152
Net Profit/Loss	**($25,569,934)**	**($9,318,708)**	**$6,182,537**

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.

(6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C – All Applications

The 2024 SMFP includes a need determination for 26 acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area.

On page 31, the 2024 SMFP defines the service area for acute care beds as *"... the single or multicounty grouping shown in Figure 5.1."* Figure 5.1, on page 36, shows Buncombe County as a multicounty acute care bed service area. Thus, the service area for this facility consists of Buncombe, Graham, Madison, and Yancey counties. Facilities may also serve residents of counties not included in their service area.

Table 5A on page 37 of the 2024 SMFP shows that Mission Hospital is the only facility in Buncombe County with acute care beds.

As of the date of this decision, there are 733 existing and approved acute care beds located at one facility operated by one provider, as illustrated in the following table.

Buncombe/Graham/Madison/ Yancey Multicounty Service Area Acute Care Beds	
Facility	**Existing Beds**
Mission Hospital	733
Buncombe/Graham/Madison/Yancey Multicounty Service Area Total	**733**

Source: 2024 LRA, SMFP

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds. The applicant proposes to add 26 new acute care beds to Mission Hospital, pursuant to the 2024 SMFP need determination, for a total of 759 acute care beds upon project completion.

Section G, page 119, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care services in Buncombe/Graham/Madison/Yancey multicounty service area. The applicant states:

> *"The 2024 SMFP indicated a need for 26 acute care beds in Buncombe, Graham, Madison and Yancey Counties. For this reason, the proposed project will not result in*

an unnecessary duplication of the existing or approved health service facilities located in the proposed service area that provide the same service. Mission's utilization alone drove this need as there are no other providers of acute care services in the four (4)-county planning area of Buncombe, Graham, Madison and Yancey Counties. Furthermore, across Mission's 19-county service area, with the exception of Angel Medical Center's 1-bed deficit, there are no other providers that show a need for additional acute care beds. It is reasonable to conclude that the juxtaposition of significant bed availability in the region against Mission's high utilization is due to the lower level of care offered at the smaller community hospitals."

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- There is a need determination in the 2024 SMFP for the proposed acute care beds.
- The applicant is the only provider of acute care hospital services in the multicounty service area.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing and approved acute care beds. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital. The applicant proposes to develop a new acute care hospital with no more than 26 acute care beds pursuant to the 2024 SMFP need determination.

In Section G, page 113, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care services in Buncombe/Graham/Madison/Yancey multicounty service area. The applicant states:

"The proposed project will not result in an unnecessary duplication of the existing of approved health service facilities located in the proposed service area because:

1. *There is a need determination in the 2024 SMFP for the proposed acute care beds in addition to the existing and approved acute care beds in the service area.*

2. *The proposed location will enhance access to specialized cancer care.*

3. *Area physicians find the staffing at Mission Health inadequate for some cancer patients and are referring these patients to hospitals outside the service area. NH Asheville will provide adequate staffing and allow these patients to receive care in the service area."*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- There is a need determination in the 2024 SMFP for the proposed 26 acute care beds.
- The applicant provides information to explain why it believes the proposal to develop a cancer-focused hospital will not unnecessarily duplicate existing or approved acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area.
- The applicant adequately demonstrates that the proposed acute care beds is needed in addition to the existing or approved acute care beds. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care hospital. The applicant proposes a COS/COR for Project ID #B-12233-22 (develop a new 67-bed acute care hospital) to develop no more than 26 additional acute care beds pursuant to the 2024 SMFP need determination for a total of 93 acute care beds upon completion of this project and Project ID# B-12233-22.

In Section G, page 92, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care services in Buncombe/Graham/Madison/Yancey multicounty service area. The applicant states:

> *"The proposed 26 additional acute care beds at AdventHealth Asheville will not unnecessarily duplicate any existing or approved health service capabilities or facilities in the identified service area. The 2024 SMFP has identified a need for 26 additional acute care beds in the multi-county service area because acute care*

utilization in the service area is projected to exceed the capacity of the existing acute care hospital in Buncombe County.

…

AdventHealth Asheville will offer patients a patient-friendly, community-based alternative to Mission's enormous tertiary care hospital located on a congested campus. AdventHealth Asheville will be more convenient to patients in terms of traffic and ease of access compared to Mission's existing acute care services."

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- There is a need determination in the 2024 SMFP for the proposed 26 acute care beds.
- The applicant provides information to explain how the proposed AdventHealth Asheville will provide a convenient and accessible alternative for acute care services.
- The applicant adequately demonstrates that the proposed acute care beds is needed in addition to the existing or approved acute care beds.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

(7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C – All Applications

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds. The applicant proposes to add 26 new acute care beds to Mission Hospital, pursuant to the 2024 SMFP need determination, for a total of 759 acute care beds upon project completion.

In Section Q, page 167, the applicant provides current and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Mission Hospital				
Position	Current	Projected		
	As of 12/31/2023	1st Full FY CY 2026	2nd Full FY CY 2027	3rd Full FY CY 2028
Inpatient Registered Nurses	623.9	649.3	661.3	673.6
Inpatient Certified Nurse Aides/Techs	262.0	272.7	277.7	282.9
Inpatient Nursing Unit Management	38.6	40.2	40.9	41.7
Inpatient Nursing Unit Support	5.8	6.0	6.1	6.3
Patient Care Contract Labor	507.4	507.4	507.4	507.4
Nursing Admin	348.6	348.6	348.6	348.6
Certified Registered Nurse Anesthetists	16.1	16.4	16.6	16.7
Emergency Care	95.4	97.4	98.3	99.2
Trauma Care	27.7	27.7	27.7	27.7
Surgical Services	430.1	438.8	442.9	447.0
Procedural Services	119.7	122.1	123.2	124.4
Central Sterile Supply	50.3	51.3	51.8	52.3
Pathologists	15.7	16.1	16.2	16.4
Laboratory	87.0	88.7	89.5	90.4
Radiology/Imaging	147.9	150.8	152.2	153.6
Pharmacy	136.1	138.9	140.2	141.5
Physical Therapy	36.2	36.9	37.2	37.6
Speech Therapy	13.2	13.5	13.6	13.7
Audiology	0.9	0.9	0.9	0.9
Occupational Therapy	29.1	29.7	30.0	30.3
Respiratory Therapy	98.5	100.5	101.5	102.4
Housekeeping/Environmental Services	154.5	157.6	159.1	160.6
Food and Nutrition Services	133.1	135.8	137.1	138.4
Security	35.9	35.9	35.9	35.9
Information Services	27.8	27.8	27.8	27.8
Maintenance/Engineering	61.3	61.3	61.3	61.3
Administration	14.0	14.0	14.0	14.0
Business office	4.3	4.3	4.3	4.3
Case Management	57.1	58.3	58.8	59.3
Patient Transport	25.6	25.6	25.6	25.6
Patient Relations	30.1	30.7	31.0	31.3
Quality and Risk	11.7	11.7	11.7	11.7
Other	100.6	100.6	100.6	100.6
Total	**3,746**	**3,818**	**3,851**	**3,885**

The assumptions and methodology used to project staffing are provided in Section Q, pages 166-167. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 121-124, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant adequately demonstrates its history of recruiting qualified clinical staff and other healthcare professionals in high demand.
- The applicant adequately demonstrates its initiatives to fill positions during healthcare staff shortages.
- The applicant adequately describes the training and continuing education programs in place.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital. The applicant proposes to develop a new acute care hospital with no more than 26 acute care beds pursuant to the 2024 SMFP need determination.

In Section Q, page 212, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

NH Asheville Medical Center			
Position	Projected		
	1st Full FY	2nd Full FY	3rd Full FY
	CY 2029	CY 2030	CY 2031
CRNAs	7.0	7.0	7.0
Registered Nurses	66.6	72.4	72.4
Surgical Technicians	10.6	10.6	10.6
Aides/Orderlies	18.4	19.2	19.9
Clerical Staff	12.8	12.8	12.8
Laboratory Technicians	13.2	13.2	13.2
Radiology Technologists	18.5	18.5	18.5
Pharmacists	4.8	4.8	4.8
Pharmacy Technicians	4.8	4.8	4.8
Physical Therapists	0.9	1.0	1.0
Physical Therapists Assistant	0.8	1.0	1.0
Speech Therapists	0.4	0.5	0.5
Occupational Therapists	0.8	1.0	1.0
Respiratory Therapists	4.8	4.8	4.8
Social Workers	4.0	4.8	4.8
Medical Records	1.0	1.0	1.0
Central Sterile Supply	4.0	4.0	4.0
Materials Management	2.0	2.0	2.0
Maintenance/Engineering	3.0	3.0	3.0
Administrator	23.8	23.8	24.8
Director of Nursing	1.0	1.0	1.0
Other (Public Safety)	10.6	10.6	10.6
Total	**213.8**	**221.8**	**223.5**

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q. In Section H, pages 117-121, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant adequately demonstrates Novant Health's established history of recruiting qualified staff and its training and continuing education programs.
- The applicant adequately documents the number of FTEs it projects will be needed to offer the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care hospital. The applicant proposes a COS/COR for Project ID #B-12233-22 (develop a new 67-bed acute care hospital) to develop no more than 26 additional acute care beds pursuant to the 2024 SMFP need determination for a total of 93 acute care beds upon completion of this project and Project ID# B-12233-22. In Section Q, Form H, the applicant provides a table showing projected staffing for the proposed hospital through the first three years of operation.

The application for Project ID# B-12233-22 was found conforming to this criterion and no changes are proposed in this application which would affect that determination.

(8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C – All Applications

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds. The applicant proposes to add 26 new acute care beds to Mission Hospital, pursuant to the 2024 SMFP need determination, for a total of 759 acute care beds upon project completion.

Ancillary and Support Services

In Section I, page 125, the applicant identifies the necessary ancillary and support services for the proposed services. On page 125, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I-1.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available because Mission Hospital is an existing provider of acute care services with ancillary and support services already on place.

Coordination

In Section I, page 126, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in

Exhibit C.4-1. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant is an existing acute care provider in the multicounty service area with established patient transfer arrangements with other healthcare providers in the state.
- In Exhibit C.4-1, the applicant provides letters of support from local health care and social service providers.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital. The applicant proposes to develop a new acute care hospital with no more than 26 acute care beds pursuant to the 2024 SMFP need determination.

In Section I, pages 122-123, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 122-123, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibits C-1.3 through C-1.10 and Exhibits I-1 and 1-2. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The proposed facility will part of Novant Health, an existing healthcare system who has experience providing ancillary and support services at its other facilities in North Carolina.
- The applicant provides letters from providers stating their commitment to provide the necessary ancillary and support services to NH Asheville.

Coordination

In Section I, pages 123-127, the applicant describes its efforts to develop relationships with other local health care and social service providers and provides supporting documentation in Exhibits C-1 and Exhibits 1-2.1 through 1-2.3. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- Novant Health will leverage its existing agreements and partnerships that will be extended to NH Asheville.
- In Exhibit C-1.3 through C-1.10, the applicant provides letters of support from local health care providers and community members.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care hospital. The applicant proposes a COS/COR for Project ID #B-12233-22 (develop a new 67-bed acute care hospital) to develop no more than 26 additional acute care beds pursuant to the 2024 SMFP need determination for a total of 93 acute care beds upon completion of this project and Project ID# B-12233-22.

The application for Project ID# B-12233-22 was found conforming to this criterion and no changes are proposed in this application which would affect that determination.

(9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA – All Applications

None of the applicants project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, none of the applicants project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

(10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO.

In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:

(i) would be available under a contract of at least 5 years duration;
(ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
(iii) would cost no more than if the services were provided by the HMO; and
(iv) would be available in a manner which is administratively feasible to the HMO.

NA – All Applications

None of the applicants are HMOs. Therefore, Criterion (10) is not applicable to this review.

(11) Repealed effective July 1, 1987.

(12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

C – All Applications

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds. The applicant proposes to add 26 new acute care beds to Mission Hospital, pursuant to the 2024 SMFP need determination, for a total of 759 acute care beds upon project completion.

In Section K, page 129, the applicant states that the project involves renovating 7,601 square feet of existing space. Line drawings are provided in Exhibit K-2.1.

On pages 129-130, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant can develop the proposed 26 acute care beds cost-effectively by converting existing observation beds to critical and acute care beds.
- The applicant is proposing to include cost-effective and energy efficient measures in design of the project.

On page 130, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services because the 26 acute care beds will alleviant bed capacity constraints that have resulted in service delays and limited patient transfers from other providers.

On page 130, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans and provides supporting documentation in Exhibit K-3.2.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital. The applicant proposes to develop a new acute care hospital with no more than 26 acute care beds pursuant to the 2024 SMFP need determination.

In Section K, page 130, the applicant states that the project involves constructing 161,402 square feet of new space. Line drawings are provided in Exhibit K-1.

On pages 131-133, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibits K-4.1 through K-4.4. The site appears to be suitable for the proposed based on the applicant's representations and supporting documentation.

In Section E, page 101 and Section K, pages 130-131, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant considered the alternative of developing the facility elsewhere and found that it did not meet the criteria for a cancer-focus hospital with better geographical access.
- The applicant provides a certified cost estimate from the architect, documenting the cost to develop the proposed facility.
- The applicant details proposals to use sustainable strategies in developing the facility.

On page 131, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services because the applicant states that the project costs will be spread across projected utilization and the Novant Health healthcare system.

On page 131, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans and provides supporting documentation in Exhibit B-21.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care hospital. The applicant proposes a COS/COR for Project ID #B-12233-22 (develop a new 67-bed acute care hospital) to develop no more than 26 additional acute care beds pursuant to the 2024 SMFP need determination for a total of 93 acute care beds upon completion of this project and Project ID# B-12233-22.

In Section K, page 103, the applicant states that the project involves constructing 270,204 square feet of new space. Line drawings are provided in Exhibit K.5-1.

On pages 106-108, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibit K.5-4. The site appears to be suitable for the proposed based on the applicant's representations and supporting documentation.

On page 104, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based. The applicant states that it would work with architects to incorporate a cost-effective plan to develop the additional 26 acute care beds based on the design and construction cost of similar projects, cost data, and the architect's experience.

On page 104, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services. The applicant states that the cost to develop the project is consistent with meeting the need for the additional 26 acute care beds, fostering competition, and improving access to acute care services.

On pages 104-105, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

(13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and … persons [with disabilities], which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

(a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C – Mission Hospital
NA – All Other Applications

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds

In Section L, page 133, the applicant provides the historical payor mix during CY2023 for the proposed services, as shown in the table below.

Mission Hospital Historical Payor Mix CY2023	
Payor Category	**Percent of Total**
Self-Pay	2.5%
Charity Care	2.8%
Medicare*	52.4%
Medicaid*	16.6%
Insurance*	21.5%
TRICARE	0.3%
Other (Worker's Comp and Other Gov)	3.9%
Total	**100.0%**

*Including any managed care plans.

In Section L, page 134, the applicant provides the following comparison.

Mission Hospital	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	54.7%	51.7%
Male	45.3%	48.3%
Unknown	NA	NA
64 and Younger	52.0%	78.4%
65 and Older	48.0%	21.6%
American Indian	1.2%	0.6%
Asian	0.4%	1.5%
Black or African American	6.0%	6.1%
Native Hawaiian or Pacific Islander	0.2%	0.2%
White or Caucasian	89.8%	82.7%
Other Race	0.0%	8.9%
Declined / Unavailable	2.4%	0.0%

*The percentages can be found online using the United States Census Bureau's QuickFacts which is at: https://www.census.gov/quickfacts/fact/table/US/PST045218. Just enter in the name of the county.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital.

NH Asheville is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care hospital.

AdventHealth Asheville is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

(b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and persons with disabilities to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C – Mission Hospital
NA-All Other Applications

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 135, the applicant states:

> *"Mission Hospital is not under a federal obligation to provide uncompensated care. However, Mission Hospital and the HCA Mission Health System have several policies relating to financial assistance, including a Charity Financial Assistance Policy for uninsured and underinsured…"*

In Section L, page 137, the applicant states that during the 18 months immediately preceding the application deadline, patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina. On page 137, the applicant states:

> *"On 2/24/2024, Mission Hospital received a complaint from Disability Rights North Carolina alleging that a patient was being subjected to abuse related to unlawful mechanical restraint. Records were supplied to Disability Rights North Carolina on 2/26/2024. Additionally, North Carolina Department of Health and Human Services (DHHS) reviewed this patient's record during a recent hospital survey that concluded on May 23, 2024. No opportunities for improvement were identified regarding the care of this patient by DHHS. No additional actions are required at this time."*

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital.

NH Asheville is not an existing facility. Therefore Criterion (13b) is not applicable review.

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care hospital.

AdventHealth Asheville is not an existing facility. Therefore Criterion (13b) is not applicable review.

(c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

C – All Applications

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds

In Section L, pages 137-138, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

Mission Hospital Projected Payor Mix 3rd Full FY, CY 2028		
Payor Category	**Entire Facility**	**Acute Care Beds**
Self-Pay	2.5%	1.9%
Charity Care	2.8%	2.8%
Medicare*	52.4%	57.8%
Medicaid*	16.6%	11.5%
Insurance*	21.5%	20.3%
TRICARE	0.3%	0.2%
Other (Worker's Comp and Other Gov)	3.9%	5.5%
Total	**100.0%**	**100.0%**

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 2.5% of total services and 1.9% of acute care services will be provided to self-pay patients, 2.8% of total services and 2.8% of acute care services to charity care patients, 52.4% of total services and 57.8% of acute care services to Medicare patients, and 16.6% of total services and 11.5% of acute care services to Medicaid patients.

On page 138, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- Projected payor mix is based on the historical mix in CY 2023.
- The applicant states it does not expect any significant changes to payor mix to the facility or to acute care services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital.

In Section L, pages 138-139, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project. The applicant identifies the 3rd full fiscal year as CY 2021; however, the Project Analyst assumes that this is a typographical error. The applicant identifies the 3rd full fiscal year in Section Q.

NH Asheville Projected Payor Mix 3rd Full FY, CY 2031		
Payor Category	**Entire Facility**	**Inpatient Services**
Self-Pay^	7.9%	2.3%
Medicare*	46.3%	56.5%
Medicaid*	14.1%	9.8%
Insurance*	29.9%	28.4%
Workers Compensation	0.2%	0.0%
Other (Champus, Other Federal, VA)	1.6%	3.1%
Total	**100.0%**	**100.0%**

^On page 140 of the application, the applicant assumes that all self-pay patients receive charity care and does not include it as a payor category.
*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 7.9% of NH Asheville total services and 2.3% of inpatient services will be provided to self-pay patients, 46.3% of total services and 56.5% of inpatient services

to Medicare patients and 14.1% of total services and 9.8% of inpatient services to Medicaid patients.

On pages139-140, the applicant provides the assumptions and methodology used to project payor mix during the three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported. The applicant projects payor mix based on the historical payor mix of patients who received inpatient and outpatient surgical and non-surgical services by NHSPB during CY 2023 and chemotherapy and inpatient acute leukemia patients served by MCC physicians for 12 months ending June 2023. The applicant assumes that the MCC patients will be served at NH Asheville because Mission Hospital stopped offering these services in 2023. The applicant projects a shift of outpatient surgical and non-surgical patients from Mission Hospital's emergency department to the proposed NH Asheville emergency department. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion based on the analysis stated above.

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care hospital. The application for Project ID# B-12233-22 was found conforming to this criterion and no changes are proposed in this application which would affect that determination.

(d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C – All Applications

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds
In Section L, page 139, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital.
In Section L, page 143, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care hospital.
In Section L, page 113, the applicant adequately describes the range of means by which patients will have access to the proposed services.

(14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C – All Applications

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds. The applicant proposes to add 26 new acute care beds to Mission Hospital, pursuant to the 2024 SMFP need determination, for a total of 759 acute care beds upon project completion.

In Section M, pages 140-142, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit M-1.1. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes based on Mission Hospital's existing and established medical residency/fellowship programs and agreements with clinical education programs.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital. The applicant proposes to develop a new acute care hospital with no more than 26 acute care beds pursuant to the 2024 SMFP need determination.

In Section M, page 144, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit H-2.1. The applicant adequately demonstrates that health professional training programs in the area have will have access to the facility for training purposes based on the following:

- The applicant states it will work to extend its existing agreements with health education programs at other Novant Health facilities to NH Asheville.
- In Exhibit H-2.1, the applicant provides a list of health professional training programs with which it has existing agreements with at its other facilities.
- The applicant states that Novant Health is working to establish a relationship with Blue Ridge Community College.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care hospital. The applicant proposes a COS/COR for Project ID #B-12233-22 (develop a new 67-bed acute care hospital) to develop no more than 26 additional acute care beds pursuant to the 2024 SMFP need determination for a total of 93 acute care beds upon completion of this project and Project ID# B-12233-22.

The application for Project ID# B-12233-22 was found conforming to this criterion and no changes are proposed in this application which would affect that determination.

(15) Repealed effective July 1, 1987.
(16) Repealed effective July 1, 1987.
(17) Repealed effective July 1, 1987.
(18) Repealed effective July 1, 1987.

(18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C – All Applications

The 2024 SMFP includes a need determination for 26 acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area.

On page 31, the 2024 SMFP defines the service area for acute care beds as *"... the single or multicounty grouping shown in Figure 5.1."* Figure 5.1, on page 36, shows Buncombe County as a multicounty acute care bed service area. Thus, the service area for this facility consists of Buncombe, Graham, Madison, and Yancey counties. Facilities may also serve residents of counties not included in their service area.

Table 5A on page 37 of the 2024 SMFP shows that Mission Hospital is the only facility in Buncombe County with acute care beds.

As of the date of this decision, there are 733 existing and approved acute care beds located at one facility operated by one provider, as illustrated in the following table.

Buncombe/Graham/Madison/ Yancey Multicounty Service Area Acute Care Beds	
Facility	**Existing Beds**
Mission Hospital	733
Buncombe/Graham/Madison/Yancey Multicounty Service Area Total	**733**

Source: 2024 LRA, SMFP

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds. The applicant proposes to add 26 new acute care beds to Mission Hospital, pursuant to the 2024 SMFP need determination, for a total of 759 acute care beds upon project completion.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 143, the applicant states:

"Mission Hospital anticipates that the proposed services will have limited to no direct effect on competition for the high-acuity beds that are most needed in the service area. As the region's tertiary services referral center - like other tertiary referral centers across the state, including Novant New Hanover Regional Medical Center, Duke University Medical Center and Cape Fear Medical Center - Mission Hospital is the sole provider of many highly specialized services in its service area… Competition at the region's smaller hospitals is for lower acuity services that typically are characterized by lower lengths of stay and lower case complexity…Mission Hospital has the highest case mix index in the region. The advanced and complex services that Mission provides are often not elective services for which patients and providers have the ability to compare and choose from multiple providers, especially in a geographically large, mostly rural region. This is the very definition of tertiary services.

…

Through the proposed project, Mission will increase available ICU and specialized med/surg bed capacity to continue to meet the needs of patients transferred to Mission Hospital for high acuity services while simultaneously supporting its community partners at smaller, rural hospitals to treat patients in their own local communities when possible. As such, the project will foster positive competition and collaboration with surrounding facilities."

Regarding the impact of the proposal on cost effectiveness, in Section N, page 144, the applicant states:

"Mission has focused on providing high quality care while maintaining affordability, which demonstrates its commitment to maximizing healthcare value in delivering the acute care services it provides to all patients, including medically underserved groups. Mission proposes to bring the 26 beds online relatively quickly – compared to projects requiring new construction - in order to impact the existing and significant demand for acute care services and current capacity constraints. The relatively low cost of renovating the units in question makes this a cost-effective alternative to address the immediate acute care need."

See also Sections B, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, pages 144-145, the applicant states:

"Mission Hospital is dedicated to ensuring quality care and patient safety. Every year, Mission receives recognition by accrediting bodies and ranking organizations for outstanding performance in various clinical metrics. Specifically, the proposed project will serve to expand access to care by addressing capacity constraints. This will enhance quality of care by impacting timely access to acute care, including tertiary services, decreasing wait time for acute care bed availability, and ensuring the necessary bed capacity for Mission to accept transfers from its regional referral system. See the response

to GEN-3 Basic Principles in Section B for greater detail and documentation of Mission's current patient care quality and safety policies for the proposed project. Further details about Mission Hospital's quality, safety, and utilization management programs are included in Section O."

See also Sections B and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 145, the applicant states:

"Mission serves a large amount of underserved and uninsured individuals. Western North Carolina residents are disproportionately covered by Medicare and/or Medicaid, or are uninsured, compared to most regions of the state and nation. In fact, approximately 24.6 percent of Mission's inpatient days are for self-pay, charity or Medicaid patients as reported on its 2023 Licensure Renewal Application. Another 53.4 percent of patient days are covered by Medicare. Mission provides robust financial assistance to individuals with no insurance, high-deductible insurance, or co-insurance plans without sacrificing quality of service-- just as it has historically done in order to meet the health care needs of low-income individuals.

...

Mission already demonstrates its service to all patients, regardless of gender, race, or ability to pay, by being one of the leading providers of indigent and charity care to patients seeking services in the region and will continue serve in this role. The approval of this project will allow Mission to continue serving all patient populations."

See also Sections L and B of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

1) The proposal is cost effective because the applicant adequately demonstrated: 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 projected revenues and operating costs are reasonable.
2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past
3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital. The applicant proposes to develop a new acute care hospital with no more than 26 acute care beds pursuant to the 2024 SMFP need determination.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 145, the applicant states:

> *NH Asheville will improve competition for acute care services in Western North Carolina. Despite AdventHealth's recent approval for a new 67-bed community hospital, Mission Hospital will remain the dominant provider of acute care services in Buncombe County and all Western North Carolina. Area residents will benefit from having three acute care hospitals...*
>
> *Because NH Asheville will be a cancer-focused hospital, it will not unnecessarily duplicate existing services…Mission Hospital's ability to provide comprehensive cancer care has been questioned by the North Carolina Attorney General, by local residents, and by local press. Cancer patients are being referred to hospitals out of the service area because Mission does not have adequate staffing to provide the quality of care local physicians demand for their patients."*

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 146-148, the applicant states:

> *"This project will not increase the cost to patients or payors for the inpatient services provided by NH because reimbursement rates are set by the federal government and commercial insurers. The capital expenditure for this project is necessary to ensure that Western North Carolina residents have access to high-quality cancer care, surgical care, and acute care services.*
> *…*
>
> *In addition to having lower prices, NH has charity care and uninsured discount policies that will improve access to healthcare for Western North Carolina residents. NH Asheville will operate under NH's Charity Care policy and other policies that promote equitable access to care. Uninsured patients with an annual family income less than or equal to 300% of the Federal Poverty level will not get a bill. For example, under the*

NH Charity Care policy, a family of four with income at or below $93,600 and no health insurance will not receive a bill for care received at NH Asheville."

See also Sections B, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, pages 149-152, the applicant states:

"Quality at NH is derived from its commitment to excellence in all aspects of care throughout the healthcare system. Highly skilled and compassionate teams provide high-quality care at the organization, using advanced technology, treatment protocols, and carefully outlined safety and quality assurance standards based on the tenets that care is patient-centered, safe, timely, effective, efficient, and equitable.

NH strives to deliver high-quality care in every facility and service line. NH has an ongoing commitment to identify opportunities for improvement, accomplish change, and work together to reduce risks to patients and improve outcomes. NH Asheville follows NH's policies and methods to reduce risks and improve outcomes for patients."

See also Sections B, C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 152, the applicant states:

"As previously stated, NH will continue to have a policy to provide services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved. NH's financial assistance policy will apply to the proposed services."

See also Sections L and B of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

1) The proposal is cost effective because the applicant adequately demonstrated: 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 projected revenues and operating costs are reasonable.
2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.
3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care hospital. The applicant proposes a COS/COR for Project ID #B-12233-22 (develop a new 67-bed acute care hospital) to develop no more than 26 additional acute care beds pursuant to the 2024 SMFP need determination for a total of 93 acute care beds upon completion of this project and Project ID# B-12233-22.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 116, the applicant states:

> *"In Project ID #B-12233-22, AdventHealth described the manner in which AdventHealth Asheville will have a positive effect on competition in the acute care service area. The proposed project to add 26 acute care beds to AdventHealth Asheville will not have a negative effect on competition in the acute care service area. Rather the proposed project will further enhance competition in the service area.*
>
> *According to the Federal Trade Commission, competition in health care markets benefits consumers because it helps contain costs, improve quality, and encourage innovation. Similarly, the 2024 SMFP states the State Health Coordinating Council recognizes the importance of balanced competition and market advantage to encourage innovation, insofar as those innovations improve safety, quality, access, and value in health care delivery."*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 117, the applicant states:

> *"As the hospital increases its capacity from 67 to 93 beds, it can spread fixed costs (such as administrative expenses, facility maintenance, and technology investments) over a larger number of patients. This reduces the average cost per patient, making the hospital more cost competitive. With greater overall capacity and larger nursing units, AdventHealth Asheville can accommodate more patients with higher acuity, further enhancing access for service area residents."*

See also Sections B, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, pages 116-117, the applicant states:

> *"Expanding a provider that has fewer acute care beds compared to another dominant provider can significantly enhance competition within the service area. This increased competition is likely to compel all healthcare providers to improve the quality of their services and lower their costs to attract and retain patients.*
>
> *The presence of an expanded provider, as AdventHealth Asheville proposes in this application, can shift market dynamics, breaking up monopolistic or oligopolistic structures. This shift encourages all providers to be more responsive to market demands, including those related to service quality, patient satisfaction, and cost-effectiveness. This ultimately promotes a more efficient, equitable, and patient-centered healthcare system."*

See also Sections B and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 117, the applicant states:

> *"With greater overall capacity and larger nursing units, AdventHealth Asheville can accommodate more patients with higher acuity, further enhancing access for service area residents."*

See also Sections L and B of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

1) The proposal is cost effective because the applicant adequately demonstrated: 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 projected revenues and operating costs are reasonable.
2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past
3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

(19) Repealed effective July 1, 1987.

(20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C – All Applications

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds. The applicant proposes to add 26 new acute care beds to Mission Hospital, pursuant to the 2024 SMFP need determination, for a total of 759 acute care beds upon project completion.

In Section Q, page 168, the applicant identifies the acute care hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of six of this type of facility located in North Carolina.

In Section O, pages 149-150, the applicant states that, during the 18 months immediately preceding the submittal of the application, Memorial Mission Hospital and Asheville Surgery center has been cited for immediate jeopardy on December 1, 2023. As of June 11, 2024, the facility was determined to be back in compliance with CMS. The applicant provided supporting documentation in Exhibit O-5.1. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care had not occurred in any of these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all six facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital. The applicant proposes to develop a new acute care hospital with no more than 26 acute care beds pursuant to the 2024 SMFP need determination.

In Section Q, page 218, the applicant identifies the acute care hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 18 of this type of facility located in North Carolina.

In Section O, page 157, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to immediate jeopardy had not occurred in any of these facilities. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care had not occurred in any of these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all 18 facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care hospital. The applicant proposes a COS/COR for Project ID #B-12233-22 (develop a new 67-bed acute care hospital) to develop no more than 26 additional acute care beds pursuant to the 2024 SMFP need determination for a total of 93 acute care beds upon completion of this project and Project ID# B-12233-22.

In Section Q, page 164, the applicant identifies the acute care hospital located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of one of this type of facility located in North Carolina.

In Section O, page 120, the applicant states that, *"AdventHealth is not aware of any determinations by DHSR of immediate jeopardy at its existing NC acute care hospital in the 18 months preceding this application."* According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care had not occurred in this facility. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at the facility, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

G.S. 131E-183(b): The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C – All Applications

The Criteria and Standards for Acute Care Beds promulgated in 10A NCAC 14C .3800 are applicable to this review. The application is conforming to all applicable criteria, as discussed below.

10 NCAC 14C .3803 PERFORMANCE STANDARDS

An applicant proposing to develop new acute care beds in a hospital pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:

(1) document that it is a qualified applicant;

-C- **Mission Hospital.** In Section B, page 26, the applicant adequately documents that it is a qualified applicant. The discussion regarding persons who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.

-C- **NH Asheville.** In Section B, page 23, the applicant adequately documents that it is a qualified applicant. The discussion regarding persons who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.

-C- **AdventHealth Asheville.** In Section B, page 24, the applicant adequately documents that it is a qualified applicant. The discussion regarding persons who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.

(2) provide projected utilization of the existing, approved, and proposed acute care beds for the applicant hospital during each of the first three full fiscal years of operation following completion of the project;

-C- **Mission Hospital**. In Section Q, Form C.1b, page 155, the applicant provides projected utilization of all existing, approved, and proposed acute care beds for the applicant hospital system during each of the first three full fiscal years of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

-C- **NH Asheville**. In Section Q, Form C.1b, page 161, the applicant provides projected utilization of all existing, approved, and proposed acute care beds for the applicant hospital system during each of the first three full fiscal years of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

-C- **AdventHealth Asheville**. In Section Q, Form C.1b, page 124, the applicant provides projected utilization of all existing, approved, and proposed acute care beds for the applicant hospital system during each of the first three full fiscal years of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

(3) project an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage;

-C- **Mission Hospital**. In Section Q, Form C.1b, page 155, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the first three full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

-C- **NH Asheville**. In Section Q, Form C.1b, page 161, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the first three full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

-C- **AdventHealth Asheville**. In Section Q, Form C.1b, page 124, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the first three full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

(4) provide projected utilization of the existing, approved, and proposed acute care beds for the hospital system during each of the first three full fiscal years of operation following completion of the project;

-C- **Mission Hospital**. In Section Q, Form C.1b, page 155, the applicant provides projected utilization of the existing, approved, and proposed acute care beds for the hospital system during each of the first three full fiscal years of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Mission Hospital Acute Care Beds Interim and Projected Utilization				
	Interim Partial Year	**PY 1**	**PY2**	**PY 3**
	7/1/25-12/31/25	**CY 2026**	**CY 2027**	**CY 2028**
# of Beds	759	759	759	759
# of Admissions	21,734	43,826	44,545	45,279
# of Patients Days	121,647	245,331	249,425	253,597
Average Length of Stay (ALOS)	5.6	5.6	5.6	5.6
Occupancy Rate	87.8%	88.6%	90.0%	91.5%

-C- **NH Asheville**. In Section Q, Form C.1b, page 161, the applicant provides projected utilization of the existing, approved, and proposed acute care beds for the hospital system during each of the first three full fiscal years of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

NH Asheville Medical Center Projected Utilization				
	Partial FY	**1st Full FY**	**2nd Full FY**	**3rd Full FY**
	Dec 2028	**CY 2029**	**CY 2030**	**CY 2031**
# of Beds	26	26	26	26
# of Discharges	84	1,018	1,026	1,036
# of Patients Days	566	6,854	6,914	6,976
ALOS	6.7	6.7	6.7	6.7
Occupancy Rate	71.6%	72.2%	72.9%	73.5%

-C- **AdventHealth Asheville**. In Section Q, Form C.1b, page 124, the applicant provides projected utilization of the existing, approved, and proposed acute care beds for the hospital system during each of the first three full fiscal years of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

AdventHealth Asheville Acute Care Beds Projected Utilization			
	1st Full FY	**2nd Full FY**	**3rd Full FY**
	FY 2028	**FY 2029**	**FY 2030**
# of Beds	93	93	93
# of Discharges	2,247	4,373	6,120
# of Patients Days	8,948	17,627	24,703
ALOS	4.0	4.0	4.0
Occupancy Rate	26.4%	51.9%	72.8%

(5) project an average occupancy rate of the existing, approved, and proposed acute care beds for the hospital system during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage of:

(a) 66.7 percent if the ADC is less than 100;
(b) 71.4 percent if the ADC is 100 to 200;
(c) 75.2 percent if the ADC is 201 to 399; or
(d) 78.0 percent if the ADC is greater than 400; and

-C- **Mission Hospital**. In Section Q, Form C.1b, page 155, the applicant projects an occupancy rate of 91.5% for all existing, approved, and proposed acute care beds in the hospital system during the third full fiscal year of operation following completion of the project. The discussion

regarding projected utilization and performance standards found in Criterion (3) is incorporated herein by reference.

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-C- **NH Asheville**. In Section Q, Form C.1b, page 161, the applicant projects an occupancy rate of 73.5% for all existing, approved, and proposed acute care beds in the hospital system during the third full fiscal year of operation following completion of the project. The discussion regarding projected utilization and performance standards found in Criterion (3) is incorporated herein by reference.

-C- **AdventHealth Asheville**. In Section Q, Form C.1b, page 124, the applicant projects an occupancy rate of 72.8% for all existing, approved, and proposed acute care beds in the hospital system during the third full fiscal year of operation following completion of the project. The discussion regarding projected utilization and performance standards found in Criterion (3) is incorporated herein by reference.

(6) provide the assumptions and methodology used to project the utilization and occupancy rates required in Items (2), (3), (4), and (5) of this Rule.

-C- **Mission Hospital**. In Section Q, pages 82-91, the applicant provides the assumptions and methodology used to project the utilization and occupancy rates required in Items (2), (3), (4), and (5) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

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-C- **NH Asheville**. In Section Q, pages 162-193, the applicant provides the assumptions and methodology used to project the utilization and occupancy rates required in Items (2), (3), (4), and (5) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

-C- **AdventHealth Asheville**. In Section Q, pages 128-150, the applicant provides the assumptions and methodology used to project the utilization and occupancy rates required in Items (2), (3), (4), and (5) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1) and the 2024 SMFP, no more than 26 acute care beds may be approved for Buncombe/Graham/Madison/Yancey Multicounty Service Area in this review. Because the three applications in this review collectively propose to develop 78 additional acute care beds, all the applications cannot be approved. Therefore, after considering all the information in each application and reviewing each application individually against all applicable statutory and regulatory review criteria, the Project Analyst conducted a comparative analysis of the proposals to decide which proposal should be approved.

Below is a brief description of each project included in this review.

- Project ID #B-12518-24/**Mission Hospital**/Add 26 acute care beds to the existing hospital
- Project ID # B-12520-24/**NH Asheville**/Develop a new acute care hospital with 26 acute care beds
- Project ID # B-12526-24/**AdventHealth Asheville/**Develop a new acute care hospital with 93 acute care beds (COS/COR for Project ID # B-12233-22, Develop a 67-bed hospital)

Conformity with Statutory and Regulatory Review Criteria

An application that is not conforming or conforming as conditioned with all applicable statutory and regulatory review criteria cannot be approved. All applications are conforming to all applicable statutory and regulatory review criteria. Therefore, regarding this comparative factor, all applications are equally effective alternatives.

Scope of Services

Generally, the application offering the greater scope of services is the more effective alternative with regard to this comparative factor.

Mission Hospital, NH Asheville, and **AdventHealth Asheville** all applied for acute care beds in this review. However, the applications differ in the types of services they propose to offer. **Mission Hospital** is a tertiary care hospital. **Novant Health Asheville** and **AdventHealth Asheville** are proposing smaller community hospitals that do not propose to offer all the same types of acute care bed services as **Mission Hospital.** Therefore, **Mission Hospital** is the more effective alternative with respect to this comparative factor and **Novant Health Asheville** and **AdventHealth Asheville** are less effective alternatives with respect to this comparative factor.

Geographic Accessibility (Location within the Service Area)

As of the date of this decision, there are 733 existing and approved acute care beds located at one facility operated by one provider, as illustrated in the following table.

Buncombe/Graham/Madison/ Yancey Multicounty Service Area Acute Care Beds	
Facility	**Existing Beds**
Mission Hospital	733
Buncombe/Graham/Madison/Yancey Multicounty Service Area Total	**733**

Source: 2024 LRA

The following table illustrates where in the service area the existing and approved acute care beds are or will be located.

Facility	Total Acute Care Beds*	Address	Location
Mission Hospital	759	509 Biltmore Avenue, Asheville	Central Buncombe County
NH Asheville	26	455 Long Shoals, Arden	Southern Buncombe County
AdventHealth Asheville	93	Intersection US 70E/I-26, Weaverville	Northern Buncombe County

*If all requested acute care beds are approved.

Mission Hospital proposes to add 26 acute care beds at its existing facility in Asheville in the central part of Buncombe County. **AdventHealth Asheville** proposes to develop acute care beds in Weaverville in the northern part of Buncombe County where there are currently no existing acute care beds. **NH Asheville** proposes to develop 26 acute care beds in Arden in the southern part of Buncombe County where there are currently no existing acute care beds. Therefore, **AdventHealth Asheville** and **NH Asheville** are more effective alternatives with regard to geographic accessibility and **Mission Hospital** is a less effective alternative.

Access by Service Area Residents

The 2024 SMFP defines the service area for acute care beds as *"... the single or multicounty grouping shown in Figure 5.1."* Figure 5.1, on page 36, shows Buncombe County as a multicounty acute care bed service area. Thus, the service area for this facility consists of Buncombe, Graham, Madison, and Yancey counties. Facilities may also serve residents of counties not included in their service area. Generally, regarding this comparative factor, the application projecting to serve the largest number of service area residents is the more effective alternative based on the assumption that residents of a service area should be able to derive a benefit from a need determination for additional acute care beds in the service area where they live.

The following table illustrates access to acute care inpatient services by service area residents during the third full fiscal year following project completion.

Projected Acute Care Inpatient Services to Multicounty County Service Area Residents 3rd Full FY			
Applicant	**Total Patients**	**# Multicounty Service Area Patients**	**% Multicounty Service Area Patients**
Mission Hospital	45,279	25,112	55.5%
NH Asheville	1,036	568	54.8%
AdventHealth Asheville	6,120	5,507	90.0%

Sources: Project ID #B-12518-24 p.46, Project ID #B-12520-24 p.45, Project ID #B-12526-24 p.70

The acute care bed need determination methodology is based on utilization of all patients that utilize acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area and is not only based on patients originating from the Buncombe/Graham/Madison/Yancey multicounty service area. **Mission Hospital** is a Level II trauma center and a tertiary care center. As such, the hospital receives referrals for specialty and subspecialty care from providers throughout the region. **NH Asheville** and **AdventHealth Asheville** propose smaller community hospitals with fewer specialized care offerings, therefore the Agency determined that a comparison of the applications with regards to access by residents of the Buncombe/Graham/Madison/Yancey multicounty service area would be of little value. Therefore, the result of this analysis is inconclusive.

Access by Underserved Groups

Underserved groups are defined in G.S. 131E-183(a)(13) as follows:

> *"Medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons* [with disabilities]*, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority."*

For access by underserved groups, applications are compared with respect to two underserved groups: Medicare patients and Medicaid patients. Access by each group is treated as a separate factor.

Projected Medicaid

The following table compares projected access by Medicaid patients in the third full fiscal year following project completion for each facility. Generally, the application projecting to serve a larger percentage of Medicaid patients is the more effective alternative for this comparative factor.

Services to Medicaid Patients: Acute Care Inpatient Services 3rd Full FY			
	Medicaid Gross Revenue	**Total Gross Revenue**	**Medicaid % of Total Gross Revenue**
Mission Hospital*	$605,161,553	$5,266,557,560	11.5%
NH Asheville	$9,641,891	$98,749,037	9.8%
AdventHealth Asheville	$11,654,263	$243,325,264	4.8%

Source: Form F.2 for each applicant.

*In Section Q, page 161, the applicant states, *"Mission is providing financial projections for the service lines that are impacted by the proposed project, which specifically include inpatient only adult med/surg beds and adult ICU beds."*

As shown in the table above, **Mission Hospital** projects the highest percentage of services for Medicaid patients. Based on the differences in the level of care and types of services at **Mission Hospital** and the two small community hospitals proposed by **NH Asheville** and **AdventHealth Asheville**, the Agency determined it could not make a valid comparison of all three applications for purposes of evaluating which application was more effective with regard to this comparative factor.

However, the Agency determined a valid comparison could be made between the two applications for small community hospitals submitted by **NH Asheville** and **AdventHealth Asheville**. Therefore, regarding access by Medicaid patients with respect to the two proposals for small community hospitals, the application submitted by **NH Asheville** is the more effective alternative.

Projected Medicare

The following table compares projected access by Medicare patients in the third full fiscal year following project completion for each facility. Generally, the application projecting to serve a larger percentage of Medicare patients is the more effective alternative for this comparative factor.

Services to Medicare Patients: Acute Care Inpatient Services 3rd Full FY			
	Medicare Gross Revenue	**Total Gross Revenue**	**Medicare % of Total Gross Revenue**
Mission Hospital*	$3,045,062,572	$5,266,557,560	57.8%
NH Asheville	$55,762,271	$98,749,037	56.5%
AdventHealth Asheville	$174,322,090	$243,325,264	71.6%

Source: Form F.2 for each applicant.

*In Section Q, page 161, the applicant states, *"Mission is providing financial projections for the service lines that are impacted by the proposed project, which specifically include inpatient only adult med/surg beds and adult ICU beds."*

As shown in the table above, **AdventHealth Asheville** projects the highest percentage of services for Medicare patients. Based on the differences in the level of care and types of services at **Mission Hospital** and the two small community hospitals proposed by **NH Asheville** and **AdventHealth Asheville**, the Agency determined it could not make a valid comparison of all three applications for purposes of evaluating which application was more effective with regard to this comparative factor.

However, the Agency determined a valid comparison could be made between the two applications for small community hospitals submitted by **NH Asheville** and **AdventHealth Asheville**. Therefore, regarding access by Medicare patients with respect to the two proposals for small community hospitals, the application submitted by **AdventHealth Asheville** is the more effective alternative.

Competition (Access to a New or Alternate Provider)

The following table illustrates the existing and approved providers located in the service area. Generally, the introduction of a new provider in the service area would be the most effective alternative based on the assumption that increased patient choice would encourage all providers in the service area to improve quality or lower costs in order to compete for patients. However, the expansion of an existing provider that currently controls fewer acute care beds than another provider would also presumably encourage all providers in the service area to improve quality or lower costs in order to compete for patients.

As of the date of this decision, there are 733 existing and approved acute care beds located at one facility operated by one provider, as illustrated in the following table.

Buncombe/Graham/Madison/ Yancey Multicounty Service Area Acute Care Beds	
Facility	**Existing Beds**
Mission Hospital	733
Buncombe/Graham/Madison/Yancey Multicounty Service Area Total	**733**

Source: 2024 LRA

If **Mission Hospital's** application is approved, **Mission Hospital** would control all of the 759 existing and approved acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area.

Therefore, with regard to patient access to a new or alternate provider, the applications submitted by **NH Asheville** and **AdventHealth Asheville** are more effective alternatives, and the application submitted by **Mission Hospital** is the less effective alternative.

Projected Average Net Revenue per Patient Admission/Discharge

The following table compares projected average net revenue per admission/discharge for acute care inpatient services in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average net revenue per patient admission/discharge is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor.

Average Net Revenue for Acute Care Inpatient Services per Patient Admission/Discharge 3rd Full FY			
Applicant	**Total # Admissions/ Discharges**	**Net Revenue**	**Average Net Revenue per Admission/Discharge**
Mission Hospital*	38,113	$977,289,755	$25,642
NH Asheville	1,036	$27,686,876	$26,725
AdventHealth Asheville	6,120	$74,049,634	$12,100

Source: Forms C and F.2 for each applicant

*In Section Q, page 161, the applicant states, *"Mission is providing financial projections for the service lines that are impacted by the proposed project, which specifically include inpatient only adult med/surg beds and adult ICU beds."*

As shown in the table above, **AdventHealth Asheville** projects the lowest average net revenue per admission/discharge in the third full fiscal year operation. Based on the differences in the level of care and types of services at **Mission Hospital** and the two small community hospitals proposed by **NH Asheville** and **AdventHealth Asheville**, the Agency determined it could not make a valid comparison of all three applications for purposes of evaluating which application was more effective with regard to this comparative factor.

However, the Agency determined a valid comparison could be made between the two applications for small community hospitals submitted by **NH Asheville** and **AdventHealth Asheville**. Therefore, regarding the average net revenue per admission/discharge in the third full fiscal year of operation with respect to the two proposals for small community hospitals, the application submitted by **AdventHealth Asheville** is the more effective alternative.

Projected Average Operating Expense per Patient Admission/Discharge

The following table compares projected average operating expense per acute care inpatient services admission/discharge in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average operating expense per admission/discharge is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor or a more cost-effective service.

Average Operating Expense per Patient Admission/Discharge for Acute Care Inpatient Services 3rd Full FY			
Applicant	**Total # of Patient Admission/Discharge**	**Operating Expenses**	**Average Operating Expense per Patient Admission/Discharge**
Mission Hospital*	38,113	$640,289,776	$16,800
NH Asheville	1,036	$34,882,999	$33,670
AdventHealth Asheville	6,120	$80,029,172	$13,076

Source: Forms C and F.2 for each applicant

*In Section Q, page 161, the applicant states, *"Mission is providing financial projections for the service lines that are impacted by the proposed project, which specifically include inpatient only adult med/surg beds and adult ICU beds."*

As shown in the table above, **AdventHealth Asheville** projects the lowest average operating expenses per admission/discharge in the third full fiscal year operation. Based on the differences in the level of care and types of services at **Mission Hospital** and the two small community hospitals proposed by **NH Asheville** and **AdventHealth Asheville**, the Agency determined it could not make a valid comparison of all three applications for purposes of evaluating which application was more effective with regard to this comparative factor.

However, the Agency determined a valid comparison could be made between the two applications for small community hospitals submitted by **NH Asheville** and **AdventHealth Asheville.** Therefore, regarding the average operating expense per admission/discharge in the third full fiscal year of operation with respect to the two proposals for small community hospitals, the application submitted by **AdventHealth Asheville** is the more effective alternative.

Summary

The following table lists the comparative factors and indicates whether each application was more effective, less effective or equally effective for each factor. The comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	Mission Hospital	NH Asheville	AdventHealth Asheville
Conformity with Statutory and Regulatory Review Criteria	Equally Effective	Equally Effective	Equally Effective
Scope of Services	**More Effective**	Less Effective	Less Effective
Geographic Accessibility (Location within the Service Area)	Less Effective	**More Effective**	**More Effective**
Access by Service Area Residents	Inconclusive	Inconclusive	Inconclusive
Access by Medicaid Patients	Inconclusive	Inconclusive	Inconclusive
Access by Medicare Patients	Inconclusive	Inconclusive	Inconclusive
Competition (Access to a New or Alternate Provider)	Less Effective	**More Effective**	**More Effective**
Projected Average Net Revenue per Patient Admission/Discharge	Inconclusive	Inconclusive	Inconclusive
Projected Average Operating Expense per Patient Admission/Discharge	Inconclusive	Inconclusive	Inconclusive

All applications are conforming to all applicable statutory and regulatory review criteria, and thus all applications are approvable standing alone. However, collectively they propose a total of 78 acute care beds, but the need determination is for only 26 acute care beds. Therefore, only 26 acute care beds can be approved.

As shown in the table above, **Mission Hospital** was determined to be a more effective alternative for the following factor:

- Scope of Services

As shown in the table above, **NH Asheville** was determined to be a more effective alternative for the following two factors:

- Geographic Accessibility (Location within the Service Area)
- Competition (Access to a New or Alternate Provider)

As shown in the table above, **AdventHealth Asheville** was determined to be a more effective alternative for the following two factors:

- Geographic Accessibility (Location within the Service Area)
- Competition (Access to a New or Alternate Provider)

Therefore, the applications submitted by **NH Asheville** and **AdventHealth Asheville** are more effective alternatives than the application submitted by **Mission Hospital**.

With regard to a comparison between the two applications for small community hospitals submitted by **NH Asheville** and **AdventHealth Asheville**, **AdventHealth Asheville** was determined to be the more effective alternative for the following additional factors:

- Access by Medicare patients
- Projected average net revenue per admission/discharge
- Projected average operating expense per admission/discharge

NH Asheville was determined to be the more effective alternative for the following additional factor:

- Access by Medicaid patients

Conclusion

G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of acute care beds that can be approved by the Healthcare Planning and Certificate of Need Section. Approval of all applications submitted during this review would result in acute care beds in excess of the need determination for the Buncombe/Graham/Madison/Yancey multicounty service area.

All three applications are individually conforming to the need determination in the 2024 SMFP for 26 acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area as well as individually conforming to all review criteria.

Based upon the independent review of each application and the Comparative Analysis, the following application is approved:

Project ID #B-12526-24 / AdventHealth Asheville / Develop a new 93-bed acute care hospital

And the following applications are denied:

Project ID #B-12518-24/Mission Hospital/Add 26 acute care beds
Project ID #B-12520-24 / Novant Health Asheville Medical Center / Develop a new 26-bed acute care hospital

Project ID #B-12526-24, AdventHealth Asheville is approved subject to the following conditions.

1. **AdventHealth Asheville, Inc. and Adventist Health System Sunbelt Healthcare Corporation (hereinafter certificate holder) shall materially comply with all representations made in this application and the representations in Project ID# B-12233-22. Where representations conflict, the certificate holder shall materially comply with the last made representation.**

2. **The certificate holder shall develop no more than 26 new acute care beds at AdventHealth Asheville, pursuant to the 2024 SMFP need determination, for a total of 93 acute care beds upon completion of this project and Project ID# B-12233-22.**

3. **Upon completion of this project and Project ID# B-12233-22, AdventHealth Asheville shall be licensed for no more than 93 acute care beds.**

4. **Progress Reports:**

   a. **Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: https://info.ncdhhs.gov/dhsr/coneed/progressreport.html.**

   b. **The certificate holder shall complete all sections of the Progress Report form.**

   c. **The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**

   d. **The first progress report shall be due on October 1, 2025.**

5. **The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**

6. **The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**

7. **The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**