

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: May 29, 2026

Findings Date: May 29, 2026

Project Analyst: Yolanda W. Jackson

Co-Signer: Micheala Mitchell

Project ID #: B-12756-26

Facility: AdventHealth Asheville

FID #: 220475

County: Buncombe

Applicants: AdventHealth Asheville, Inc.

Adventist Health System Sunbelt Healthcare Corporation

Project: Change of scope to Project ID #B-12233-22 (develop new acute care hospital) and Project ID #B-12526-24 (develop 26 additional acute care beds) to develop 6 Level III neonatal acute care beds

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.

N/A

AdventHealth Asheville, Inc. and Adventist Health System Sunbelt Healthcare Corporation (collectively referred to as “AdventHealth” or “the applicant”) propose a change of scope for Project ID# B-12233-22 (develop new acute care hospital) and Project ID# B-12526-24 (develop 26 additional acute care beds for a total of 93 acute care beds) to develop six Level III neonatal acute care beds. Upon completion of this project and Project ID# B-12526-24, the applicant will have a total of 93 non-neonatal acute care beds and six neonatal acute care beds at AdventHealth Asheville.

A certificate of need was issued on December 12, 2025, to develop a new 67-bed hospital pursuant to the need determination in the 2022 SMFP with one dedicated C-section OR and

five procedure rooms. On November 21, 2024, the Agency conditionally approved AdventHealth to develop an additional 26 acute care beds, for a total of 93 acute care beds upon completion of Project ID# B-12233-22 and Project ID# B-12526-24. Project ID# B-12526-24 is currently under appeal.

The current application proposes a cost increase of \$2,981,300 over the previously approved capital expenditure for a total combined capital expenditure of \$366,309,968. The increase is required to develop the proposed neonatal acute care beds.

Need Determination

The applicant does not propose to

- develop any beds or services for which there is a need determination in the 2026 SMFP
- acquire any medical equipment for which there is a need determination in the 2026 SMFP
- offer a new institutional health service for which there are any policies in the 2026 SMFP

Policies

There are no applicable policies in the 2026 SMFP. Therefore, Criterion (1) is not applicable to this review.

- (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

The applicant proposes a change of scope for Project ID# B-12233-22 (develop new acute care hospital) and Project ID# B-12526-24 (develop 26 additional acute care beds for a total of 93 acute care beds) to develop six Level III neonatal acute care beds. The proposed neonatal beds will be developed on the third floor of the hospital within the obstetrics unit and support maternity services at the approved hospital facility.

Patient Origin

The 2026 SMFP does not define the service area for neonatal services. In Section C, page 47, the applicant states that the service area for the proposed neonatal beds includes 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 the six neonatal beds at an approved but not yet developed hospital. Therefore, there is no historical patient origin. The following table illustrates projected patient origin.

Neonatal Acute Care Beds	AdventHealth Asheville					
	1st Full FY		2nd Full FY		3rd Full FY	
	CY2029		CY2030		CY2031	
	County	# of Patients	% of Total	# of Patients	% of Total	# of Patients
Buncombe	42	75.8%	64	72.0%	86	70.3%
Graham	1	0.9%	1	1.1%	2	1.2%
Madison	4	7.5%	8	9.6%	13	10.5%
Yancey	3	5.8%	6	7.3%	10	8.0%
Other^	6	10.0%	9	10.0%	12	10.0%
Total	56	100.0%	89	100.0%	122	100.0%

Source: Section C, page 52.

^Other includes >1 percent patient origin from the remaining counties in HSA I and other states.

Note: totals may not foot due to rounding.

In Section C, pages 47–50 and Section Q, pages 102–109, 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’s four-county service area for the proposed neonatal acute beds is based on the service area served by AdventHealth Asheville’s approved acute care and obstetrical services.
- The applicant based its projected patient origin on a review of the CY2024 neonatal inpatient discharges in the service area.
- The applicant excluded diagnosis related group (DRG) 789 (Neonates, Died or Transferred to Another Acute Care Facility) and DRG 790 (Extreme Immaturity or Respiratory Distress Syndrome, Neonate) because these cases typically require higher levels of neonatal intensive care and determined that DRGs 791–793 could be safely accommodated at AdventHealth Asheville.

Analysis of Need

In Section C, pages 38–51, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- **The need for enhanced access to neonatal acute care services in the service area.** The applicant states that between 2013 and 2023, five of the hospitals located in western North

Carolina completely eliminated labor and delivery services and six counties in western North Carolina (Clay, Graham, Yancey, Madison, Polk, and Swain counties) have been without hospital-based delivery services and the county residents must travel outside their county of residence for obstetric care and delivery services.

- **The need for access to an alternate neonatal acute care service in the service area.** The applicant states that Mission Hospital has 51 Level IV neonatal acute care beds and has historically been the only provider of neonatal acute care services in the area. The applicant states that in the most recent nine-month period Mission Hospital has experienced 45 days of neonatal diversion and 50 days of obstetrics diversion which notifies EMS, referring hospitals, and obstetrics practices that Mission Hospital cannot safely admit additional newborns or laboring mothers.
- **Birth statistics for the identified service area.** The applicant states that approximately nine percent of Buncombe County births in 2025 were low birthweight and the proportion of very low birthweight infants in Graham and Yancey counties exceeded the statewide average. The applicant states that low birthweight and very low birthweight infants are more likely to require specialized neonatal monitoring, respiratory support, and other interventions that exceed routine well-baby care and underscore the importance of having appropriately scaled neonatal acute care services available at facilities providing obstetrical care.
- **AdventHealth Asheville and the role of neonatal services.** The applicant states that the proposed neonatal beds at AdventHealth Asheville will allow infants requiring special care to remain co-located with their mothers, improve care coordination between obstetrical and pediatric providers, and reduce unnecessary transfers to other facilities.

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

- The applicant provided data of the projected growth in the population of women of childbearing age in the service area that supports the need for neonatal acute care services at AdventHealth Asheville.
- The applicant provided data that demonstrates that the proportion of low birthweight infants for the period of January–September 2025 in Graham and Yancey counties exceeded the statewide average and low birthweight infants have a higher chance of many complications and support the need for neonatal acute care beds.

Projected Utilization

In Section Q, page 101, on Form C.1b, the applicant provides projected utilization, as illustrated in the following table.

AdventHealth Asheville Projected Utilization Neonatal Services			
	1st Full FY CY2029	2nd Full FY CY2030	3rd Full FY CY2031
Total # of Beds	6	6	6
# of Discharges	56	89	122
# of Patient Days	294	478	663
Average Length of Stay (ALOS)	5.3	5.4	5.4
Occupancy Rate	13.4%	21.8%	30.3%

In Section Q, page 102–107, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

The applicant began by looking at the births for CY2024 in the AdventHealth Asheville service area.

Table 1: AdventHealth Asheville Neonatal Acute Care Bed Service Area: Births, 2024	
County	Total Births
Buncombe	2,226
Graham	61
Madison	183
Yancey	176
Total	2,646

Source: Section Q, page 102; Hospital Industry Data Institute (HIDI).

The applicant quantified neonatal inpatient discharge data for AdventHealth Asheville’s service area.

Table 2: AdventHealth Asheville Neonatal Acute Care Bed Service Area: Neonatal Acute Care Discharges, 2024			
County	Neonatal Discharges*	Births	% of Births
Buncombe	518	2,226	23.3%
Graham	19	61	31.1%
Madison	52	183	28.4%
Yancey	47	176	26.7%
Total	636	2,646	24.0%

Source: Section Q, page 102; HIDI.

*Classified by DRGs 789-793.

Based on the data approximately 24 percent of births in the service area were neonatal DRGs 789–793 that required an acute care inpatient stay, rather than routine newborn care:

- 789 Neonates, Died Or Transferred To Another Acute Care Facility
- 790 Extreme Immaturity Or Respiratory Distress Syndrome, Neonate

- 791 Prematurity With Major Problems
- 792 Prematurity Without Major Problems
- 793 Full Term Neonate With Major Problems

The applicant reviewed the historical neonatal inpatient discharges that originated from the service area to determine which discharges could be appropriately served at AdventHealth Asheville. The applicant excluded DRG 789 and DRG 790 because these cases typically require higher levels of neonatal intensive care. The applicant determined that discharges categorized under DRGs 791–793 could be safely accommodated at AdventHealth Asheville. The applicant identified 498 neonatal discharges originating from the service area in CY2024 that could have been appropriately served by the proposed neonatal beds.

Table 3: AdventHealth Asheville Neonatal Acute Care Bed Service Area: Neonatal Acute Care Discharges, Adjusted Based on Scope of Services for Proposed Project	
County	Total Births
Buncombe	415
Graham	10
Madison	41
Yancey	32
Total	498

Source: Section Q, page 103; HIDI.

The applicant applied the respective population growth rates for females age 15–44 to CY2024 discharges to project future neonatal acute care discharges.

Neonatal Acute Care Bed Service Area: Projected Population, Women Age 15–44					
Year	Buncombe County	Graham County	Madison County	Yancey County	Service Area Total
2026	54,641	1,318	3,770	2,887	62,616
2027	54,978	1,327	3,778	2,894	62,977
2028	55,297	1,332	3,790	2,895	63,314
2029	55,589	1,331	3,818	2,890	63,628
2030	55,879	1,331	3,865	2,898	63,973
2031	56,084	1,326	3,904	2,914	64,228
5-Year CAGR	0.52%	0.12%	0.70%	0.19%	0.51%

Source: Section C, page 48; NC Office of State Budget and Management, Vintage 2024.

Table 4: AdventHealth Asheville Neonatal Acute Care Bed Service Area: Neonatal Acute Care Discharges, Adjusted Based on Scope of Services for Proposed Project						
	2026	2027	2028	2029	2030	2031
Buncombe	419	422	424	426	428	430
Graham	10	10	10	10	10	10
Madison	42	42	42	42	43	43
Yancey	32	32	32	32	32	32
Total	503	506	508	511	513	516

Source: Section Q, page 104.

Note: Totals may not foot due to rounding.

The applicant utilized the same market share assumptions used to project obstetric utilization in Project ID# B-12233-22 and Project ID# B-12526-24 to project neonatal acute care discharges during the first three project years.

Table 5: AdventHealth Asheville Neonatal Acute Care Bed Service Area: Projected Market Share			
County	2029	2030	2031
Buncombe	10.0%	15.0%	20.0%
Graham	5.0%	10.0%	15.0%
Madison	10.0%	20.0%	30.0%
Yancey	10.0%	20.0%	30.0%

Source: Section Q, page 104; Project ID# B-12233-22 and Project ID# B-12526-24.

The applicant applied the annual market share percentages to the projected service area discharges appropriate to be served at AdventHealth Asheville.

Table 6: AdventHealth Asheville Neonatal Acute Care Bed Service Area: Neonatal Acute Care Discharges			
County	2029	2030	2031
Buncombe	42	64	86
Haywood [Graham]	1	1	2
Henderson [Madison]	4	8	13
Madison [Yancey]	3	6	10
Total	50	80	110

Source: Section Q, page 104.

Note: Totals may not foot due to rounding. Brackets represents corrections by project analyst based on table in Section C, page 52 and Table 7 in Section Q, page 106.

The applicant projects 10 percent of neonatal acute care discharges will originate from outside the service area which is consistent with the assumptions in Project ID #B-12233-22 and Project ID# B-12526-24.

Table 7: AdventHealth Asheville Neonatal Acute Care Bed Service Area: Neonatal Acute Care Discharges			
County	2029	2030	2031
Buncombe	42	64	86
Graham	1	1	2
Madison	4	8	13
Yancey	3	6	10
Subtotal	50	80	110
In-Migration 10%*	6	9	12
Total Discharges	56	89	122

Source: Section Q, page 106.

*In-migration includes patients from other North Carolina counties and other states.

Note: Totals may not foot due to rounding.

The applicant utilized the acute care discharges and days of care for the identified patient population by county during CY2024. The applicant applied the respective county-based acute care days to project neonatal acute days of care for the proposed project. The applicant applied the average length of stay (ALOS) annual weighted average for the service area to project days of care for in-migration discharges.

Table 8: Neonatal Acute Care Discharges and Days of Care, CY2024			
County	Discharges	Days	ALOS
Buncombe	415	1,977	4.8
Graham	10	116	11.6
Madison	41	395	9.6
Yancey	32	158	4.9
Total	498	2,646	5.3

Source: Section C, page 106.

Table 9: AdventHealth Asheville Neonatal Acute Care Bed Utilization			
County	2029	2030	2031
Buncombe	202	304	408
Graham	6	12	18
Madison	41	82	124
Yancey	16	32	48
Subtotal	264	430	597
In-Migration 10%*	29	48	66
Total	294	478	663
Occupancy	13.4%	21.8%	30.3%

Source: Section Q, page 106.

Note: Totals may not foot due to rounding.

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

- The applicant used the neonatal acute care discharges for CY2024 and made adjustments based on the scope of services for the proposed project.

- The applicant applied the respective population growth rates for females of childbearing age to project future neonatal acute care discharges.
- The applicant assumes that neonatal acute care discharges will grow in proportion to AdventHealth Asheville's approved obstetric utilization.
- The applicant applied the same market share assumptions used in the previously approved obstetrical projections. The applicant states that the assumptions reflect the expectation that neonatal acute care discharges will follow obstetric deliveries at the same facility and grow in proportion to AdventHealth Asheville's approved obstetric utilization.
- The applicant projects 10 percent of neonatal acute care discharges will originate from outside the service area which is consistent with the assumptions in Project ID# B-12233-22 and Project ID# B-12526-24.

Access to Medically Underserved Groups

In Section C, page 53, the applicant states:

“The proposed neonatal acute care 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.... a significant proportion of AdventHealth Asheville's proposed services will be provided to Medicare, Medicaid, and uninsured patients....

AdventHealth Asheville will be accessible to persons with disabilities, as required by the Americans with Disabilities Act.”

The applications for Project ID# B-12233-22 and Project ID# B-12526-24 were conforming to this criterion and no changes are proposed in this application which would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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 [with disabilities], and other underserved groups and the elderly to obtain needed health care.

NA

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.

CA

The applicant proposes a change of scope for Project ID# B-12233-22 (develop new acute care hospital) and Project ID# B-12526-24 (develop 26 additional acute care beds for a total of 93 acute care beds) to develop six Level III neonatal acute care beds.

In Section E, pages 59–60, 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:

- **Do Nothing/Maintain the Status Quo.** The applicant states that without the Level III neonatal acute care beds, the hospital facility would be constrained in the range of labor and delivery patients it could appropriately serve. The applicant states that infants who develop complications during or after delivery, or who require specialized monitoring and nursing care would require transfer to another hospital with neonatal acute care capacity and separate the infants from their mothers and families at critical moments of care. The applicant states that the transfer of neonatal patients to facilities outside the local community disrupts continuity of care and can complicate care coordination. Therefore, this is a less effective alternative.
- **Convert Approved Acute Care Beds to Neonatal Acute Care Beds.** The applicant states that an alternative is to convert a portion of the approved acute care beds at the hospital to neonatal acute care beds. The applicant states that the approved acute care beds are necessary to meet projected demand for medical, surgical, and obstetrical inpatient services within the service area. The applicant states that the approved 93 acute care beds are projected to operate at a 72.8 percent occupancy rate during the third full fiscal year of operation and that this level of utilization reflects a hospital operating within a range that requires sufficient reserve capacity to safely accommodate normal day-to-day variability, seasonal fluctuations in demand, and episodic surges in inpatient and observation utilization. Additionally, the applicant states that neonatal acute care beds are highly specialized and cannot be created simply by redesigning existing acute care beds. The applicant states that the development of neonatal beds requires specialized space, equipment, and immediate proximity to obstetrical services. Therefore, this is a more costly and less effective alternative.

On page 60, the applicant states that its proposal is the most effective alternative because the proposed development of Level III neonatal acute care beds ensures safe deliveries, reduces avoidable neonatal transfers, and improves continuity of care for mothers and infants across 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 review criteria. Therefore, the application can be approved.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application 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 and Project ID# B-12526-24. Where representations conflict, the certificate holder shall materially comply with the last made representation.**
- 2. The certificate holder shall develop no more than six Level III neonatal beds upon completion of this project. This project would bring the total number of acute care beds for AdventHealth Asheville to 99 acute care beds, inclusive of non-neonatal beds, upon completion of this project, Project ID# B-12233-22 and Project ID# B-12526-24.**
- 3. Upon completion of this project, Project ID# B-12233-22, and Project ID#B-12526-24, AdventHealth Asheville shall be licensed for no more than 99 acute care beds including the six Level III neonatal 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 December 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 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.**
- (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

The applicant proposes a change of scope for Project ID# B-12233-22 (develop new acute care hospital) and Project ID# B-12526-24 (develop 26 additional acute care beds for a total of 93 acute care beds) to develop six Level III neonatal acute care beds.

Capital and Working Capital Costs

In Section Q, page 110, on Form F.1b, the applicant provides a summary of the capital cost approved in Project ID # B-12233-22 and Project ID# B-12526-24, the changes proposed in this application, and the new total projected capital cost as shown in the table below.

	Previously Approved Capital Cost Project ID# B-12233-22 and Project ID# B-12526-24	Capital Cost for this Project Project ID# B-12756-26	New Total Capital Cost
Purchase Price of Land	\$22,865,218	\$0	\$22,865,218
Site Preparation	\$14,565,750	\$0	\$14,565,750
Construction/Renovation Contracts	\$245,634,000	\$1,846,800	\$247,480,800
Architect/Engineering Fees	\$11,025,000	\$125,000	\$11,150,000
Medical Equipment	\$24,973,000	\$600,000	\$25,573,000
Non-Medical Equipment	\$9,180,000	\$233,500	\$9,413,500
Furniture	\$5,333,700	\$34,000	\$5,367,700
Consultant Fees	\$75,000	\$0	\$75,000

CON Filing Fee	\$50,000	\$0	\$50,000
Contingency	\$29,627,000	\$142,000	\$29,769,000
Total Capital Costs	\$363,328,668	\$2,981,300	\$366,309,968

In Section Q, page 117, the applicant provides the assumptions used to project the capital cost increase. The applicant states that the capital cost for the proposed project includes costs associated with development of the proposed neonatal acute care beds on the third floor of AdventHealth Asheville. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant states that architect and engineering fees reflect expenditures and contractual obligations to bring all construction and upfit to completion and are based on the architect’s construction cost estimate and AdventHealth’s recent experience developing other major projects.
- In Exhibit K.5-3, the applicant provides the architect’s cost certification letter for the proposed neonatal beds project.
- The applicant states that the costs for all medical equipment, furnishings, and technology have been estimated based on AdventHealth’s experience with several other recent comparable acute care projects.

In Section F, page 69, the applicant projects that working capital will increase as a result of the proposed project as shown in the following table from Section F, page 69. In Section Q, pages 117–120, the applicant provides the assumptions and methodology used to project the working capital needs of the project.

New total estimated start-up costs	\$10,314,954
New total estimated initial operating costs during initial operating period	\$16,748,893
New total working capital	\$27,063,848
Previously approved total working capital	\$20,711,080
Difference	\$6,352,768

Availability of Funds

In Section F, pages 68–69, the applicant states that the capital cost will be funded with Adventist Health System Sunbelt Healthcare Corporation’s accumulated reserves.

In Exhibit F.5-2, the applicant provides a letter dated January 30, 2026, from the Southeast Region Chief Financial Officer for Adventist Health System Sunbelt Healthcare, stating that AdventHealth is able to fund the capital cost and any additional working capital from existing accumulated cash reserves.

In Exhibit F.5-2, the applicant provides a copy of the audited financial statements for AdventHealth for the year ending December 31, 2024, demonstrating that adequate funds are available.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project based on the following:

- The applicant provides a letter from the appropriate AdventHealth official committing the accumulated reserves for developing the proposed project.
- The applicant provides financial statements to demonstrate that adequate funds are available for 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 Section Q, page 112, on Form F.2b, the applicant projects that operating costs will exceed revenues in the first three fiscal years following completion of the proposed neonatal beds project. However, on Form F.2b, page 111, the applicant projects that revenues will exceed operating costs in the third full fiscal year following completion of the project for all services. Both tables are shown below.

AdventHealth Asheville (Neonatal Acute Care Services)	1st Full FY	2nd Full FY	3rd Full FY
	CY2029	CY2030	CY2031
Total Patient Days (Form C.1b)	294	478	663
Total Gross Revenue	\$437,365	\$714,744	\$980,833
Total Net Revenue	\$270,293	\$449,018	\$611,646
Total Net Revenue per Patient Days	\$919	\$939	\$923
Total Operating Costs	\$1,308,298	\$1,383,436	\$1,456,709
Total Operating Costs per Patient Days	\$4,450	\$2,894	\$2,197
Net Income	(\$1,038,005)	(\$934,418)	(\$845,063)

AdventHealth Asheville (All Services)	1st Full FY	2nd Full FY	3rd Full FY
	CY2029	CY2030	CY2031
Total Gross Revenue	\$211,708,282	\$423,676,896	\$600,032,112
Total Net Revenue	\$59,214,109	\$117,739,973	\$166,618,532
Total Operating Costs	\$84,802,433	\$125,107,241	\$159,878,089
Net Income	(\$25,588,325)	(\$7,367,268)	\$6,740,444

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 117–120, of the application. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant identifies the sources of data used to project revenues and expenses.
- The applicant demonstrates that the hospital’s acute care beds as a whole will be profitable despite neonatal beds net losses during the first three fiscal years following completion of the proposed project.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

The applicant proposes a change of scope for Project ID# B-12233-22 (develop new acute care hospital) and Project ID# B-12526-24 (develop 26 additional acute care beds for a total of 93 acute care beds) to develop six Level III neonatal acute care beds.

The 2026 SMFP does not define a service area for neonatal services. In Section G, page 72, the applicant identifies the proposed service area as Buncombe, Graham, Madison, and Yancey counties. Facilities may also serve residents of counties not included in their service area.

Based on a review of license renewal applications for hospitals in the applicant’s four-county service area, Mission Hospital in Buncombe County is the only hospital that operates neonatal beds in the service area. Mission Hospital operates 51 Level IV neonatal beds.

Facility	NICU Level	Number of Beds	Inpatient Days of Care
Mission Hospital	IV	51	12,941

Source: FFY2025 data from Mission Hospital’s 2026 Hospital License Renewal Application.

In Section G, page 72, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved neonatal bed services in Buncombe, Graham, Madison, and Yancey counties. The applicant states:

“The only existing neonatal intensive care services in the service area are located at Mission hospital and are designed to provide higher-acuity Level IV care. The proposed neonatal acute care beds will complement, rather than duplicate, these services by enabling appropriate local care for moderate-acuity neonatal patients

while preserving established referral pathways for infants requiring the highest level of care. In addition, the NICU beds at Mission operated over 80% capacity during FFY2024.

The proposed UNC neonatal project in Buncombe County (Project ID #B-012708-25) defines service areas that exclude Graham and Yancey Counties ...The proposed neonatal acute care beds at Weaverville are specifically designed to serve these underserved rural populations and to reduce avoidable neonatal transfers, improve continuity of care, and allow mothers and infants to remain together during critical periods of care.”

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:

- The only existing neonatal acute care beds in the service area are at Mission Hospital and are designed to provide higher-acuity Level IV care.
- The applicant’s proposal will serve as an alternative to the highly utilized neonatal beds located at Mission Hospital in Buncombe County.
- The applicant adequately demonstrates that the proposed neonatal beds are needed in addition to the existing and approved neonatal beds in the service area.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

The applicant proposes a change of scope for Project ID# B-12233-22 (develop new acute care hospital) and Project ID# B-12526-24 (develop 26 additional acute care beds for a total of 93 acute care beds) to develop six Level III neonatal acute care beds.

In Section Q, page 115, on Form H, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Position	1st Full FY CY2029	2nd Full FY CY2030	3rd Full FY CY2031
Registered Nurses	8.49	8.54	8.60
Lactation Consultant	0.22	0.31	0.38

Respiratory Therapist	0.01	0.02	0.02
Total	8.72	8.87	9.00

The assumptions and methodology used to project staffing are provided in Section Q, page 117. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b.

The applicant does not propose changes to the methods used to recruit or fill new positions and its proposed training and continuing education programs to what was approved in Project ID # B-1233-22 and Project ID # B-12526-24.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services because the applicant proposes to add staff necessary for the provision of the neonatal acute care services and otherwise proposes no changes to staffing projections as approved in Project ID # B-1233-22 and Project ID # B-12526-24.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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

The applicant proposes a change of scope for Project ID# B-12233-22 (develop new acute care hospital) and Project ID# B-12526-24 (develop 26 additional acute care beds for a total of 93 acute care beds) to develop six Level III neonatal acute care beds.

The applications for Project ID# B-12233-22 and Project ID# B-12526-24 were 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

The applicant does not 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, the applicant does not 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.

- (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

The applicant is not an HMO. 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

The applicant proposes a change of scope for Project ID# B-12233-22 (develop new acute care hospital) and Project ID# B-12526-24 (develop 26 additional acute care beds for a total of 93 acute care beds) to develop six Level III neonatal acute care beds.

In Section K, page 81, the applicant states that the project involves constructing 3,084 square feet of new space. Line drawings are provided in Exhibit K.5-1.

On page 82, 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 states that integrating the neonatal unit within the approved hospital footprint allows it to leverage shared infrastructure, staffing, efficiencies, and proximity to obstetrical services.
- The applicant states that it has engaged experienced architects to develop a design that reflects best practices while remaining cost-conscious.

On pages 82–83, 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 based on the following:

- The applicant states that developing the proposed neonatal beds within the footprint of the approved hospital and leveraging existing infrastructure, shared services, and clinical support services maximizes economies of scales.
- The applicant states that reimbursement for neonatal services will continue to be governed by Medicare, Medicaid, and commercial payor contracts, and it does not anticipate changes to the established charge structures as a result of the proposed project.
- The applicant states that the project may reduce overall system costs by decreasing avoidable transfers, duplicative services, and prolonged lengths of stay at higher-cost tertiary facilities.

On page 83, 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

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;

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;

NA

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

The application proposes a change of scope for Project ID# B-12233-22 and Project ID# B-12526-24. Project ID# B-12233-22 and Project ID# B-12526-24 were found conforming to this criterion and no changes are proposed in this application which would affect those determinations.

- (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

The application proposes a change of scope for Project ID# B-12233-22 and Project ID# B-12526-24. Project ID# B-12233-22 and Project ID# B-12526-24 were found conforming to this criterion and no changes are proposed in this application which would affect those determinations.

- (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

The applicant proposes a change of scope for Project ID# B-12233-22 (develop new acute care hospital) and Project ID# B-12526-24 (develop 26 additional acute care beds for a total of 93 acute care beds) to develop six Level III neonatal acute care beds.

Project ID# B-12233-22 and Project ID# B-12526-24 were found conforming to this criterion and no changes are proposed in this application which would affect those determinations.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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

The applicant proposes a change of scope for Project ID# B-12233-22 (develop new acute care hospital) and Project ID# B-12526-24 (develop 26 additional acute care beds for a total of 93 acute care beds) to develop six Level III neonatal acute care beds.

The 2026 SMFP does not define a service area for neonatal services. In Section G, page 72, the applicant identifies the proposed service area as Buncombe, Graham, Madison, and Yancey counties. Facilities may also serve residents of counties not included in their service area.

Based on a review of license renewal applications for hospitals in the applicant’s four-county service area, Mission Hospital is the only hospital that operates neonatal beds in the service area. Mission Hospital operates 51 Level IV neonatal beds.

Facility	NICU Level	Number of Beds	NICU Days of Care
Mission Hospital	IV	51	12,941

Source: FFY2025 data from Mission Hospital’s 2026 Hospital License Renewal Application.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 93, the applicant states:

“The proposed neonatal acute care beds will not divert patients from other providers offering higher-acuity neonatal intensive care services, nor will they replicate services

already widely available in the local service area. Instead, the neonatal beds will allow AdventHealth Asheville to provide appropriate care to newborns delivered at its facility who require more than routine newborn services, while preserving established referral pathways for higher-acuity cases.

Accordingly, the proposed scope change does not increase market concentration, does not reduce patient choice, and does not negatively affect competition. Rather, it supports the same pro-competitive effects identified in the previously approved applications by enabling AdventHealth Asheville to function as a complete, viable alternative for maternity and newborn care in the acute care service area.”

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 93–94, the applicant states:

“The neonatal beds will be developed within the footprint of the approved 93-bed acute care hospital in Weaverville, utilizing planned hospital infrastructure and shared clinical support services. Integrating neonatal services into the approved facility is therefore a cost-effective solution.

The project also promotes system-wide cost effectiveness by reducing avoidable neonatal transfers to higher-cost tertiary facilities outside the service area. Transfers often require specialized transport teams, ambulance or air transport, and additional stabilization services, all of which increase costs for families and payors.”

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

Regarding the impact of the proposal on quality, in Section N, page 94, the applicant states:

“The proposed neonatal acute care beds will enhance the quality of care for newborns by reducing disruptions in care and improving clinical continuity. Currently, infants born at facilities without neonatal acute care capacity may require transfer to another hospital when complications arise. Transfers introduce handoffs, delays, and separation of mothers and infants during critical periods of care, which can adversely affect clinical outcomes and family experience.

Providing Level III neonatal acute care beds on-site at AdventHealth Asheville will allow infants requiring special care to remain co-located with their mothers, supported by coordinated obstetrical and neonatal teams. This model supports timely intervention, improved communication among clinicians, and family-centered care.

AdventHealth Asheville will also benefit from 24/7 obstetrical coverage, including on-site OB/GYN hospitalists who are trained to manage obstetrical emergencies and support high-risk deliveries. The presence of dedicated hospital-based obstetrical providers improves response times, reduces delays in emergent care, and supports high-quality outcomes for mothers and newborns.”

See also Sections 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 94, the applicant states:

“The proposed neonatal acute care beds will enhance access to high-quality neonatal services for medically underserved populations in Buncombe, Graham, Madison, and Yancey Counties. These counties include rural and economically vulnerable populations that face transportation barriers and limited access to specialized neonatal services.

AdventHealth Asheville will continue to serve all patients regardless of ability to pay and will not discriminate on the basis of race, ethnicity, age, disability, religion, or payment source. Existing policies governing access for Medicaid, Medicare, uninsured, and underinsured patients will apply equally to neonatal services ... Charity care and financial assistance policies will remain unchanged ...

By reducing the need for transfers and providing neonatal acute care closer to home, the proposed project improves access for medically underserved families who may otherwise face significant financial, logistical, and emotional barriers to care.”

See also Section L and C 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

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

The applicant proposes a change of scope for Project ID# B-12233-22 (develop new acute care hospital) and Project ID# B-12526-24 (develop 26 additional acute care beds for a total of 93 acute care beds) to develop six Level III neonatal acute care beds.

In Section O, page 95, the applicant identifies the hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of three of this type of facility located in North Carolina.

In Section O, page 96, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care 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 three facilities, 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.

NA

The applicant proposes to develop six Level III neonatal beds. The Criteria and Standards for Level IV Neonatal Intensive Care Services, promulgated in 10A NCAC 14C .1403, do not apply to a proposal to develop Level III neonatal beds. Therefore, there are no administrative rules applicable to this proposal.