



August 6, 2025

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Re: Response to Atrium Health's Comments on Proposed 2026 SMFP Acute Care Bed Need Determinations

Novant Health respectfully submits this response to the comments filed by Atrium Health regarding the acute care bed need determinations in the Proposed 2026 State Medical Facilities Plan (SMFP). While Atrium characterizes its submission as comments rather than a formal petition, we believe several aspects warrant a clarifying response for the record.

1. Atrium Health Submitted Comments, Not a Petition

Atrium Health has not filed a formal petition for an adjustment to the acute care bed need methodology. As such, its comments do not require formal review or action by the State Health Coordinating Council (SHCC). In accordance with the SMFP development process, the standard for triggering SHCC review remains the submission of a formal petition by the deadline, which was July 23, 2025. Atrium's comments fall outside that scope and are not entitled to any consideration.

2. Atrium Seeks to Influence Need Determinations in Counties Where It Has No Presence

Atrium recommends adjustments that would apply to all 19 counties with an identified bed need in the Proposed 2026 SMFP. Yet Atrium only provides acute care services in seven of those counties. Its attempt to influence need determinations in counties where it has no licensed or approved facilities is inappropriate and unwarranted. Local stakeholders and existing providers in those communities, who are best positioned to assess and respond to local needs, should guide decisions about local capacity, not distant systems without operational experience or investment in the affected counties.

3. Atrium's Excess Bed Inventory Undermines Its Claims

As of August 6, 2025, Atrium Health holds a stockpile of 494 approved and undeveloped acute care beds in Mecklenburg County. This inventory exceeds the total licensed capacity of many hospitals in North Carolina. Atrium's accumulation of unused capacity, combined with its broad recommendation to restrict future need determinations, sends a clear message: Atrium is seeking to limit competitive development opportunities while it struggles to deploy the beds it already controls.

4. Methodologies Cannot Be Changed at This Time of Year

As Atrium Health is well aware, the appropriate process for proposing a change to a need methodology is to file a Spring Petition. If Atrium Health has an issue with how bed needs are calculated, including the

growth rate multiplier, it should file a petition in March 2026. Now is not the time to propose methodology changes, which is essentially what Atrium Health is doing. Summer petitions are supposed to be county or service area specific. Notably, Atrium Health does not go through each of the 19 counties that show a need and explain why each county does not have a need for more beds. Rather, it proposes to take a sledgehammer to the entire need determination because the number of beds needed strikes Atrium Health as being too high relative to past years. This is not an appropriate use of the summer petitioning process.

5. The Cost to Develop Acute Care Beds Is Not Relevant to the Need Methodology

On page 7 of its comments, Atrium Health describes the high cost of developing acute care beds. The SMFP need methodology does not take into account the cost to develop beds. Besides, no provider is compelled to file a CON application for these needed beds. Providers can do their own analysis of the cost and benefits of applying for more beds; the SHCC does not regulate providers' internal decision making processes.

6. The Precedent Atrium Health Cites Is Not Relevant

On pages 7 and 8 of its comments, Atrium Health describes the SHCC's decision to cap the number of ORs needed in any county at 6 for the 2018 SMFP. The OR methodology is different from the bed need methodology. The SHCC last reviewed the bed need methodology for the 2025 SMFP. If interested parties, such as Atrium Health, believe further changes are needed to the acute care bed methodology, they are free to submit petitions in March 2026.

7. Atrium Health's Proposed Revision Is Not Based On Any Methodology

On page 8 of its comments, Atrium Health recommends that the SHCC cap 2026 acute bed needs as follows:

- For small counties (less than 125,000 in population), cap the bed need at 10 percent of licensed beds; and
- For large counties (greater than 125,000 in population), cap the bed need at 5 percent of licensed beds.

These recommendations are not based on any methodology. Rather, they are simply numbers that Atrium Health plugged in. The SMFP planning process is data driven and the result of careful study and analysis, reflecting the input of SHCC members, Agency staff, and interested providers. These "plug" numbers lack that careful study and analysis, and the SHCC should be cautious about "plugging in" numbers that are not supported by any methodology, simply to achieve a particular provider's desired result.

8. Atrium Health's Comments Are Not Consistent With The Basic SMFP Principles of Quality, Access, and Value.

By taking a sledgehammer to the 2026 acute care bed need determinations, Atrium Health does a disservice to the citizens of North Carolina, who are the intended beneficiaries of the SMFP. The summer petitioning process is very deliberate: it is the time to go county-by-county and ask what has been overlooked in the planning process to ensure that all residents of North Carolina have equal opportunity to access high quality, cost effective care. Atrium Health's comments do not do that. Rather, the comments

simply group counties by population size and propose an arbitrary cap based on plug numbers. Atrium Health does not consider how this “recommendation” impacts quality, access, and value. Following Atrium Health’s non-methodological approach undermines the careful work of the SHCC and staff, and could have profoundly negative consequences for millions of people across North Carolina.

In closing, Novant Health respectfully urges the Agency and the SHCC to give no weight to Atrium Health’s comments. Petitions to remove acute care bed need determinations were appropriately submitted by the July 23rd deadline. Atrium Health failed to submit a petition and is therefore not entitled to further consideration. Its attempt to influence the Proposed 2026 SMFP through general comments, particularly those affecting counties where it lacks a presence, falls outside the appropriate process and should not be treated as a substitute for a formal petition.

Thank you for your consideration.

Sincerely,

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Novant Health