



Novant Health Economic Impact and Community Benefit Study

NOVEMBER 2024



Center for Healthcare Economics and Policy

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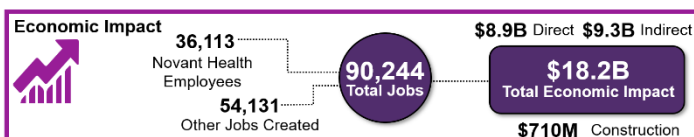
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I. Executive Summary – Novant Health Economic Impact Study

NOVANT HEALTH ECONOMIC IMPACT STUDY

Novant Health, Inc. ("Novant Health") employs 40,000 team members and is an integrated network of more than 850 locations, including 19 hospitals, more than 700 physician clinics and urgent care centers, outpatient facilities, and imaging and pharmacy services. Providing access to health services for local communities across North Carolina and South Carolina, Novant Health is an important driver of employment and economic activity. The study uses standard economic modeling techniques to quantify Novant Health's economic impact in North Carolina, South Carolina and their metropolitan areas, and quantifies its community benefit activities in a combination of traditional metrics such as charity care and broader metrics such as healthcare initiatives.

Economic Impact

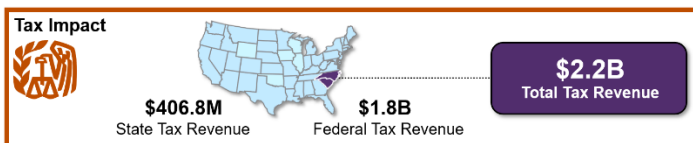


Novant Health directly employed 36,113 people and supported another 54,131 jobs across North Carolina and South Carolina.*

Jobs: Charlotte (35,097) • Winston-Salem-Greensboro-High Point (18,932) • Wilmington (17,522) • North Carolina (85,321) • Charleston (2,203) • Hilton Head (2,061) • South Carolina (4,923)

Novant Health generated \$8.9 billion of economic activity and supported \$9.3 billion of additional output leading to a \$18.2 billion impact to the economy in these two states.

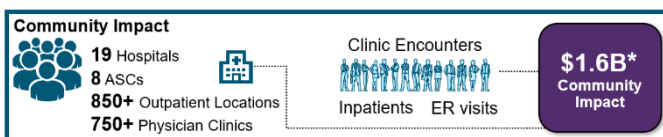
Economic Activity: Charlotte (\$7.3B) • Winston-Salem-Greensboro-High Point (\$3.6B) • Wilmington (\$3.6B) • North Carolina (\$17.0B) • Charleston (\$540.2M) • Hilton Head (\$514.9M) • South Carolina (\$1.2B)



Novant Health generated over \$406.8 million for state and local governments through tax revenue, and nearly \$1.8 billion at the federal level.

Total Tax Revenue: Charlotte (\$849.3M) • Winston-Salem-Greensboro-High Point (\$479.9M) • Wilmington (\$403.8M) • North Carolina (\$2.1B) • Charleston (\$49.0M) • Hilton Head (\$42.4M) • South Carolina (\$109.5M)

Community Impact



Novant Health delivered over \$1.61 billion in community benefits in 2023.*

Nearly 80% (\$1.2B) of benefits were unreimbursed care, with a further \$43 million committed to health professional education and \$7 million in community health improvement services.

In 2023, Novant Health provided care with 6.8 million physician clinic visits and nearly 156,000 inpatient discharges in North Carolina.

Total Inpatient Discharges (NC): Charlotte (66,603) • Winston-Salem-Greensboro-High Point (45,621) • Wilmington (42,921) • North Carolina (155,145)

Novant Health's South Carolina operations include three hospitals, 27 physician clinics, 52 urgent care clinics, 20 physical therapy clinics, two ambulatory surgery centers (ASCs) and one freestanding emergency room that expand patient access to healthcare services.



* FTI Consulting estimated Novant Health's impact in North Carolina for 2023 and estimated annualized impact in South Carolina for 2024; community benefit estimates are North Carolina only for 2023.

II. Introduction

A. Scope of Report and Analyses

Novant Health commissioned the Center for Healthcare Economics and Policy (“the Center”)* to undertake a quantitative evaluation and qualitative assessment of the health system’s economic impact for each of the states of North Carolina and South Carolina (and combined), and three metropolitan regions in North Carolina – the Winston-Salem-Greensboro-High Point Metropolitan Statistical Areas (MSAs), the Charlotte MSA and the Wilmington MSA – and two metropolitan regions in South Carolina – the Charleston MSA and the Hilton Head MSA.¹ In 2016 and 2019, the Center conducted economic impact studies of Novant Health for the state of North Carolina and two metropolitan regions.²

For this study, the Center conducted a series of analyses to evaluate the total economic impact of Novant Health in North Carolina and South Carolina. These analyses include:

- Input-output (“I/O”) analysis to quantify the economic impact of Novant Health’s operations and construction expenditures;
- Quantitative assessment of the range and volume of services provided by Novant Health facilities and personnel; and
- Evaluation of the community services and charitable care offered by Novant Health.

ECONOMIC IMPACT: The study presents the economic and functional impact of Novant Health with regard to healthcare services, the populations and patients served (including Medicare and Medicaid populations), and the healthcare delivery system within North Carolina and South Carolina and five metropolitan statistical areas. The economic impact of Novant Health is examined through an assessment of its operation and construction activities in terms of the direct, indirect and induced employments, payrolls, operating revenue and capital expenditures. Novant Health is a major employer in the regions in which it operates and a significant consumer of locally produced goods and services. Novant Health makes investments and expenditures to sustain and enhance the locations and scope of services involved in the provision of care, which stimulate the economy by employing workers in the construction sector, and by supporting local businesses that produce building materials and other important intermediate goods.

COMMUNITY BENEFIT: This study extends the assessment of community benefits in traditional economic impact studies to include broader benefits to communities from a health system’s activities and initiatives. This study draws on data from the North Carolina Healthcare Association (NCHA) and internal and public Novant Health materials to develop traditional measures of community benefits that Novant Health provides to local and regional areas, and to examine Novant Health’s broader activities and investments aimed at improving health outcomes, reducing disparities, enhancing access and equity, or addressing social determinants of health across the communities served by Novant Health. The assessment seeks to provide substantive insights as well as measures of the impact of efforts underway to

* The Center for Healthcare Economics and Policy is a business unit within the Economics segment of FTI Consulting, Inc. (For more information, see <https://www.ftichep.com>.) The views and opinions presented are solely those of the authors and the Center for Healthcare Economics and Policy and do not necessarily reflect the views of FTI Consulting, Inc., its management, its subsidiaries, its affiliates, its other professionals, or other organizations with which the authors are or have been affiliated. This report makes use of internal Novant Health data and information provided to the Center, public data sets, and IMPLAN software and data and relies on their accuracy, and internal calculations in the IMPLAN software and data.

¹ The “Winston-Salem-Greensboro-High Point MSA” refers to the combined MSAs of Winston-Salem MSA and Greensboro-High Point (NC) MSA; the “Charlotte MSA” refers to the Charlotte-Concord-Gastonia (NC) MSA; the “Charleston MSA” refers to the Charleston-North Charleston (SC) MSA; and the “Hilton Head MSA” refers to the Hilton Head Island-Bluffton-Port Royal MSA in SC. See below for listing of the counties included in these areas. This study uses U.S. Census 2020 MSA delineation; see “OMB BULLETIN NO. 23-01,” Office of Management and Budget (July 21, 2023) <https://www.whitehouse.gov/wp-content/uploads/2023/07/OMB-Bulletin-23-01.pdf>. (accessed July 2024). (There are three Novant Health’s media MSAs in SC, including Charleston, Hilton Head and Hardeeville that involve Savannah GA media. The Charleston and Hilton Head MSAs are also Census MSAs and the city of Hardeeville is in the Hilton Head MSA.)

² The Center applied standard methodologies to estimate the economic impact of Novant Health for North Carolina and two metropolitan areas of Greensboro-Winston-Salem-High Point and Charlotte-Concord; using Combined Statistical Areas (CSAs) for these metropolitan areas in 2016 and 2019. See, “The Economic Impact of Novant Health in North Carolina,” Center for Healthcare Economics and Policy (July 2016), https://www.ftichep.com/wp-content/uploads/2024/11/FTI-Center-2016-Novant-Health-Impact-Study_July-5-2016.pdf and “Novant Health Economic Impact & Community Benefit Study,” Center for Healthcare Economics and Policy (May 2019), <https://www.ftichep.com/wp-content/uploads/2023/12/2019-Novant-Health-Impact-Study.pdf>.

support community benefit across the communities served by Novant Health. Due to the recent acquisition of three South Carolina hospitals in February 2024, a comprehensive evaluation of their community benefit impact is not yet feasible. This study highlights Novant Health’s ongoing programs and initiatives that support specific populations in South Carolina and outlines the system’s plans for extending these efforts.

HEALTH SYSTEMS, ACCESS, AND PATIENT-DRIVEN CARE: The study examines Novant Health’s approach to healthcare transformation – including systemwide best practices and strategic investments in infrastructure, service capacity expansions, workforce, innovative technologies, community partnerships and patient-driven services – including services to improve care accessibility and affordability for the health system’s communities. Healthcare systems can provide a more extensive geographic reach and ability to offer a network of hospitals, clinics, and physicians to serve current and future patients. They are also positioned to adopt and advance value-driven payment models.³ Health systems can facilitate widespread adoption of clinically integrated care pathways and protocols, providing the necessary infrastructure and systems to support improved quality and best practices.⁴ Novant Health strives to be at the forefront of national efforts to enhance care coordination and has numerous initiatives in progress.

B. Overview of Novant Health

Novant Health Inc. (“Novant Health”) is a not-for-profit, integrated healthcare system serving patients and communities primarily in North Carolina and South Carolina.⁵ Novant Health operates a comprehensive healthcare system across North Carolina and South Carolina, including 19 hospitals with over 3,700 licensed beds (**Table 1**), over 700 physician clinics, 40,000 team members serving 75 specialties, six hospital-based outpatient surgery centers, eight ambulatory surgery centers⁶ and over 850 outpatient locations, including 26 diagnostic imaging centers⁷, 16 outpatient rehabilitation centers, and urgent and express care locations.⁸ In addition, Novant Health also operates one inpatient rehabilitation facility and one free-standing emergency department.⁹ These facilities provide access to care for patients throughout North Carolina and South Carolina, including the major metropolitan centers of Charlotte, Winston-Salem-Greensboro-High Point, Wilmington, Charleston and Hilton Head MSAs (**Figure 1**).¹⁰

³ Deparle, N.A., et al., “The Evolving Role of Hospitals and Health Systems.” USC Schaeffer (2024), <https://healthpolicy.usc.edu/research/role-of-hospitals-and-health-systems/>.

⁴ Recent research indicates that larger health systems average higher quality performance than small health systems in a composite of Healthcare Effectiveness Data and Information Set (HEDIS) measures, including cancer screening, chronic condition management, readmission measures, and inpatient measures. Sherry et al. (2022) examines the quality of care provided by small size systems and large size systems and finds that the quality is positively associated with the system size. Tisamarie Sherry et al., “Is Bigger Better? A Closer Look at Small Health Systems in the United States,” *Medical Care* 60, no. 7 (2022): 504-511, <https://pmc.ncbi.nlm.nih.gov/articles/PMC9186448/pdf/nihms-1793521.pdf>. See also, e.g., Wenke Hwang, Jongwha Chang, Michelle LaClair, and Harold Paz, “Effects of integrated delivery system on cost and quality,” *American Journal of Managed Care* 19 (2013) no. 5, 175-84, <https://www.ajmc.com/view/effects-of-integrated-delivery-system-on-cost-and-quality>.

⁵ Novant Health also provides management to Ashe Memorial Hospital in Ashe County in NC. See South Carolina Jobs-Economic Development Authority, “Health Care Facilities Revenue Bonds (Novant Health Obligated Group) Series 2024A,” (April 30, 2024). (accessed July 2024).

⁶ Novant Health has six outpatient surgery centers that are hospital-based and eight ambulatory surgery centers including freestanding ones. See South Carolina Jobs-Economic Development Authority, “Health Care Facilities Revenue Bonds (Novant Health Obligated Group) Series 2024A,” (April 30, 2024). (accessed July 2024).

⁷ 26 imaging centers did not include mobile units. Imaging centers were integrated into the joint venture of Novant Health, therefore, they are not included in the economic impact analysis. See “Novant Health Enterprises and TPG Create New National Imaging Center Management Company,” *Business Wire* (2023) <https://www.businesswire.com/news/home/20230121005056/en/Novant-Health-Enterprises-and-TPG-Create-New-National-Imaging-Center-Management-Company>. (accessed July 2024). See also, Novant Health, “Company,” (2024). <https://www.novanthealth.org/about/company/>.

⁸ Internal documents and data provided by Novant Health.

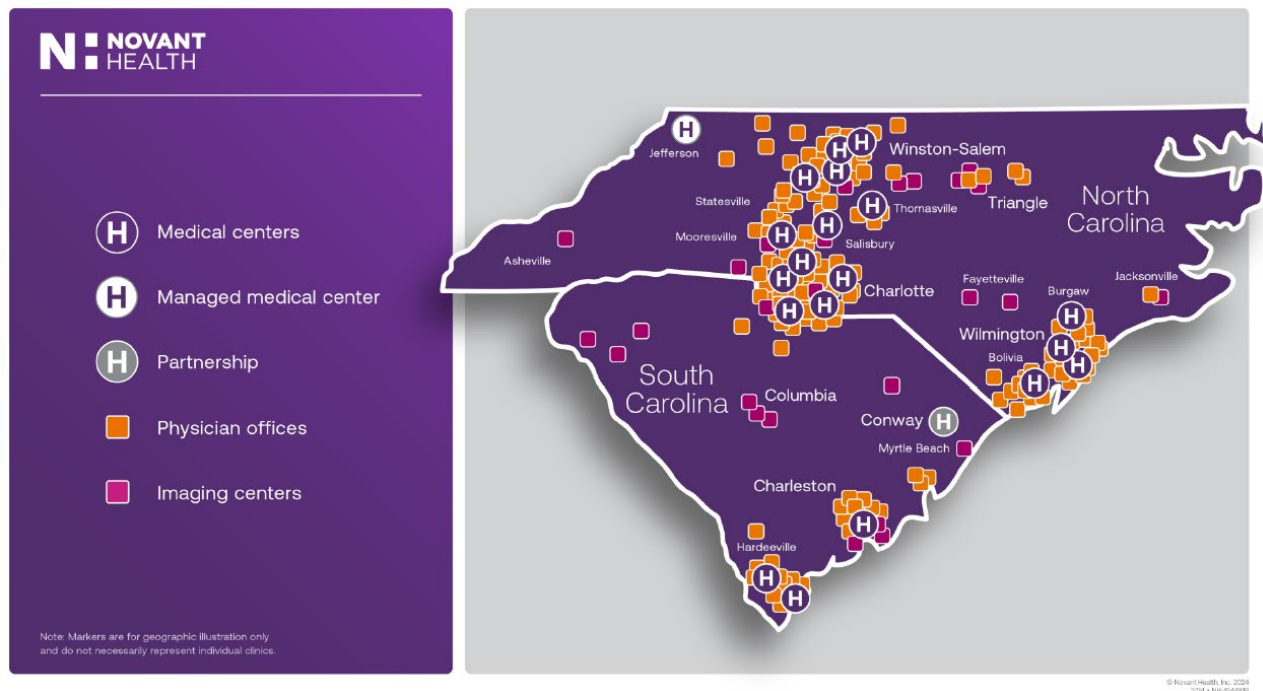
⁹ Novant Health, “Location,” (2024). <https://www.novanthealth.org/services/rehabilitation/locations/> (accessed July 2024).

¹⁰ MSAs referenced here include: the Charlotte-Concord-Gastonia, NC-SC MSA; the Winston-Salem-Greensboro-High Point, NC MSAs; the Wilmington, NC MSA; the Charleston-North Charleston, SC MSA; and the Hilton Head Island-Bluffton-Port Royal, SC MSA.

Table 1: Novant Health Hospitals in North Carolina and South Carolina

Hospital Name	MSA(s)	County	State	Licensed Beds
Novant Health Presbyterian Medical Center	Charlotte-Concord-Gastonia	Mecklenburg	NC	576
Novant Health Huntersville Medical Center	Charlotte-Concord-Gastonia	Mecklenburg	NC	139
Novant Health Matthews Medical Center	Charlotte-Concord-Gastonia	Mecklenburg	NC	157
Novant Health Charlotte Orthopedic Hospital	Charlotte-Concord-Gastonia	Mecklenburg	NC	58
Novant Health Mint Hill Medical Center	Charlotte-Concord-Gastonia	Mecklenburg	NC	36
Novant Health Ballantyne Medical Center	Charlotte-Concord-Gastonia	Mecklenburg	NC	36
Novant Health Rowan Medical Center	Charlotte-Concord-Gastonia	Rowan	NC	266
Novant Health Thomasville Medical Center	Winston-Salem-Greensboro-High Point	Davidson	NC	146
Novant Health Clemmons Medical Center	Winston-Salem-Greensboro-High Point	Forsyth	NC	36
Novant Health Forsyth Medical Center	Winston-Salem-Greensboro-High Point	Forsyth	NC	859
Novant Health Medical Park Hospital	Winston-Salem-Greensboro-High Point	Forsyth	NC	22
Novant Health Kernersville Medical Center	Winston-Salem-Greensboro-High Point	Forsyth	NC	50
Novant Health Brunswick Medical Center	Wilmington	Brunswick	NC	74
Novant Health New Hanover Regional Medical Center	Wilmington	New Hanover	NC	800
Novant Health New Hanover Orthopedic Hospital	Wilmington	New Hanover	NC	94
Novant Health Pender Medical Center	Wilmington	Pender	NC	86
East Cooper Medical Center	Charleston-North Charleston	Charleston	SC	140
Hilton Head Medical Center	Hilton Head Island-Bluffton-Port Royal	Beaufort	SC	93
Coastal Carolina Medical Center	Hilton Head Island-Bluffton-Port Royal	Jasper	SC	44

Figure 1 shows Novant Health’s multistate presence.

Figure 1: Novant Health Facilities

As part of its mission to provide convenient access to healthcare services that patients need, Novant Health operates multiple facilities with specialized services. These include, but are not limited to the Novant Health Derrick L. Davis Cancer Institute, the Maya Angelou Women’s Health & Wellness Center, and an Advanced Comprehensive Stroke Center at Novant Health Forsyth Medical Center;¹¹ the Martin Truex Jr. Foundation Children’s Emergency Services

¹¹ Novant Health, “Forsyth Medical Center,” (2024) <https://www.novanthealth.org/locations/medical-centers/forsyth-medical-center/>.

Center at Novant Health Huntersville Medical Center¹²; the Novant Health Wallace Cancer Institute at Novant Health Rowan Medical Center¹³; Novant Health Cardiology and associated services at Novant Health Kernersville Medical Center¹⁴; an oncology unit with surgical robotics, Novant Health Hemby Children’s Hospital, and its St. Jude Affiliate Clinic at Novant Health Hemby Children’s Hospital¹⁵; the Chest Pain Center and recognized primary stroke care center at Novant Health Thomasville Medical Center¹⁶; Betty H. Cameron Women’s & Children’s Hospital, Novant Health New Hanover Behavioral Health Hospital, and New Hanover Rehabilitation Hospital at Novant Health New Hanover Regional Medical Center¹⁷; and the Imaging and Novant Health Rehabilitation Center at Novant Health Pender Medical Center¹⁸. Many brick and mortar facilities, including urgent care centers and community hospitals, enhance Novant Health’s ability to bring high-quality care closer to members of smaller communities in North Carolina and South Carolina and expand primary care services and other specialties to patients in harder-to-reach areas.

Novant Health operates with a service mission of improving the health of the communities it serves “one person at a time.”¹⁹ Novant Health provided over \$1.61 billion of community benefit in North Carolina in 2023, and was a leader among nonprofit health systems in North Carolina in 2022 for community benefit spending, including its financial assistance and outreach services. Community benefit spending includes the cost of programs serving patients, local citizens, and uninsured individuals across communities and to those historically lacking access to care. Each Novant Health hospital conducts a Community Health Needs Assessment (CHNA) to identify critical health issues in its communities. These prioritize health issues and Novant Health works with community members to develop Community Benefit Implementation Plans (CBIP) with initiatives to address community needs.²⁰ **Section IV** examines in detail Novant Health’s community benefits and community outreach initiatives.

Novant Health is currently expanding or constructing new facilities to extend the reach of its healthcare delivery system and services:²¹

- Novant Health Forsyth Medical Center completed the renovation of its maternity care and initiated a \$400 million multiphase construction project to expand with a critical care tower.
- Novant Health Ballantyne Medical Center, a newly opened hospital, is now providing medical services to local residents.
- Novant Health Kernersville Medical Center completed installment of a new heart and vascular lab and is now open to the community.
- Novant Health Matthews Medical Center finished the structural building phase of its critical care tower.
- Novant Health Mint Hill Medical Center spent \$45 million on the expansion of its current emergency department to serve growing demands of the community.
- A recently installed inpatient rehabilitation unit opened at Novant Health Charlotte Orthopedic Hospital to serve the needs of patients with heart failure, neurological issues or other needs.

¹² Novant Health, “Huntersville Medical Center,” (2024) <https://www.novanthealth.org/locations/medical-centers/huntersville-medical-center/>.

¹³ Novant Health, “Rowan Medical Center,” (2024) <https://www.novanthealth.org/locations/medical-centers/rowan-medical-center/>.

¹⁴ Novant Health Cardiology, a Department at the Kernersville Medical Center (<https://www.novanthealth.org/locations/clinics/cardiology-kernersville/>); there are specialized clinics or facilities on the campus such as for vascular care or those offering advanced care. See, Lillian Johnson, “Novant Health is bringing better heart care to the ‘heart of the Triad.’ The Winston-Salem-based health system is opening its recently installed heart and vascular lab at the Kernersville Medical Center on April 11,” (April 2023) <https://www.bizjournals.com/triad/news/2023/04/07/novant-health-opens-heart-vascular-kernersville.html> (accessed July 2024).

¹⁵ Novant Health, “Hemby Children’s Hospital,” (2024) <https://www.novanthealth.org/locations/medical-centers/hemby-childrens-hospital/>.

¹⁶ Novant Health, “Thomasville Medical Center,” (2024) <https://www.novanthealth.org/locations/medical-centers/thomasville-medical-center/>.

¹⁷ Novant Health, “New Hanover Regional Medical Center,” (2024) <https://www.novanthealth.org/locations/medical-centers/new-hanover-regional-medical-center/>.

¹⁸ Novant Health, “Pender Medical Center,” (2024) <https://www.novanthealth.org/locations/medical-centers/pender-medical-center/>.

¹⁹ See, Novant Health Foundation, (2024) <https://supportnovanthealth.org/> and data and information in Section IV below.

²⁰ Novant Health, “Community Health Needs,” (2024) <https://www.novanthealth.org/about/our-impact/community-health-needs/>.

²¹ The economic impact analysis considers data on recent construction activity and investments in its estimates of economic impact (see Section III). Novant Health, “Harnessing expertise to create a healthier future, 2023 Annual Report,” (2023) https://www.novanthealth.org/globalassets/buttons-and-documents-ctaslinks/documents-pdfs/nh1570914_2023annualreport_digital_june25_24_final.pdf?ver=muug3pEPjAZIXvRDatEBFw%3d%3d×tamp=1656083606295 (accessed July 2024).

- Novant Health Pender Medical Center was added in 2023 and Novant Health has committed \$50 million to improving the facilities and recruiting professionals.
- Three Novant Health-GoHealth Urgent Care Centers opened in Black Mountain and Asheville in North Carolina; in addition, an independent surgical clinic, Novant Health Surgical Partners, opened in Asheville providing patients with access to advanced medical services.

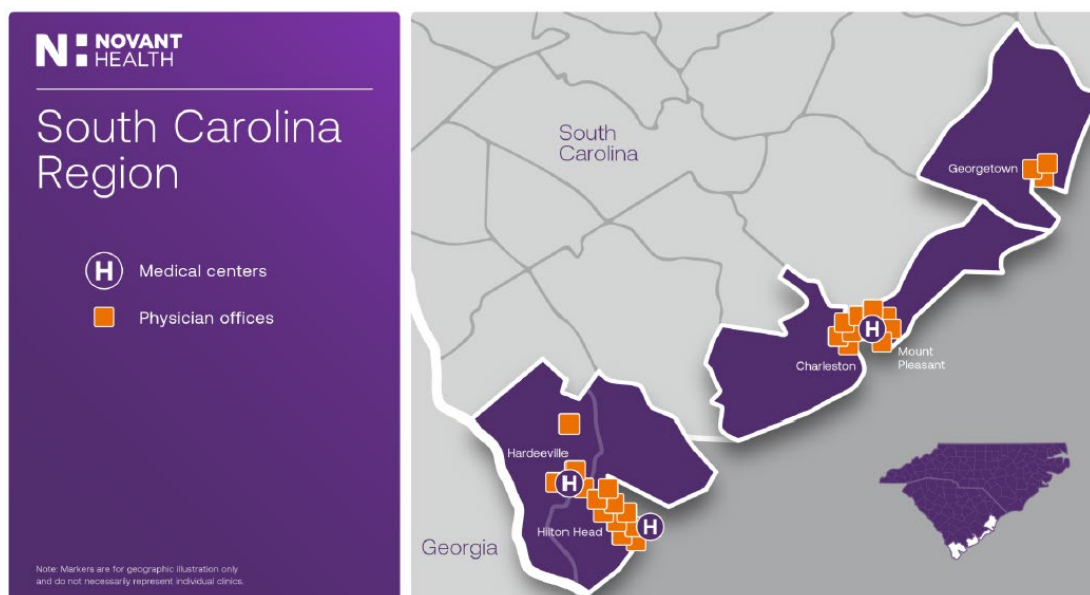
In addition to expansion of the healthcare delivery system, Novant Health has undertaken efforts to expand roles in healthcare industry leadership and growth, and enhanced access to and affordability of care; **Section V** provides overview and further discussion of these topics.²²

Expansion in South Carolina

In February 2024, Novant Health completed its acquisition of three hospitals, 27 physician clinics, two ASCs, and one freestanding emergency department in South Carolina from Tenet Healthcare Corporation. Novant Health's service area includes five counties in the Charleston MSA and the Hilton Head MSA.²³ Novant Health now operates East Cooper Medical Center in the Charleston MSA, Hilton Head Medical Center and Coastal Carolina Medical Center in the Hilton Head MSA. Novant Health expanded its healthcare delivery in South Carolina by its purchase of UCI Medical Affiliates, Inc. in November with 52 Doctors Care (urgent care) locations and 20 physical therapy clinics across many communities.²⁴

Figure 2 shows the map of Novant Health's presence in South Carolina.²⁵

Figure 2: Novant Health Facilities in South Carolina



²² Novant Health, "Harnessing expertise to create a healthier future, 2023 Annual Report", (2023) https://www.novanthealth.org/globalassets/buttons-and-documents-ctaslinks/documents-pdfs/nh1570914_2023annualreport_digital_june25_24_final.pdf?ver=muug3pEPjAZIXvRDatEBFw%3d%3d×tamp=1656083606295 (accessed July, 2024).

²³ Novant Health operates in Berkeley County, Charleston County, Dorchester County, Beaufort County and Jasper County in South Carolina.

²⁴ Novant Health closed on the purchase of UCI Medical Affiliates, Inc. (UCI) from BlueCross BlueShield of South Carolina in early November 2024; the purchase includes 52 Doctors Care and 20 Progressive Physical Therapy clinics, with nearly 200 physicians and advanced practice providers. See, "Novant Health completes purchase of UCI Medical Affiliates Inc., becomes largest urgent care provider in South Carolina and adds 20 physical therapy clinics," Novant Health (November 4, 2024), <https://www.novanthealth.org/newsroom/releases-20241101>; Hayley DeSilva, "Novant Health Completes UCI Medical Purchase," Modern Healthcare (November 4, 2024), <https://www.modernhealthcare.com/mergers-acquisitions/novant-health-uci-medical-affiliates-sale-bcbs-south-carolina>.

²⁵ Internal documents and data provided by Novant Health; map as of October 2024.

III. Economic Impact of Novant Health in North Carolina and South Carolina

A. Economic Impact of Health Systems

Hospitals and health systems with their wide array of facilities and resources play lead roles in many local communities, creating a major source of economic activity and employment. Hospitals purchase goods and services from other businesses which creates additional economic activity in the community.²⁶ According to the American Hospital Association and the most recent data,²⁷ hospitals spent nearly \$1.3 trillion on goods and services from other businesses in 2022 and paid \$839 billion on wages and salaries in 2023.²⁸ They had the highest employment in the U.S. as of 2022.²⁹ In 2020 in North Carolina, North Carolina Healthcare Association (“NCHA”) estimated that 268,000 hospital jobs stimulated 247,000 jobs, paying a total of more than \$29 billion in wages.³⁰ According to data from the U.S. Bureau of Labor Statistics, job growth in healthcare was the second strongest for years 2012-2022 at a 1.7% annual rate, and healthcare is projected to be the strongest area of employment growth between years 2023-2033 at a 1.0% annual rate.³¹ Healthcare-related jobs are among the fastest growing occupations in the U.S. Bureau of Labor Statistics projections made in 2024, where half of jobs ranking in the top 10 are healthcare-related.³²

Quantification of the economic impact of a healthcare system such as Novant Health in North Carolina and South Carolina involves an assessment of its delivery of care through hospitals, outpatient clinics, rehabilitation facilities, diagnostic imaging centers, surgery centers, physician offices, administrative and corporate offices, and other resources used in the provision of care. Novant Health is a major employer, particularly in North Carolina, and a significant consumer of locally produced goods and services. In addition, investments and expenditures made by Novant Health to sustain or extend the provision of care across locations and services in the future stimulate the economy now by employing workers in the construction sector, and by supporting local businesses that produce building materials and other important intermediate goods.

B. Implementation of Economic Impact Analysis

This report utilizes standard input-output (I/O) modeling to quantify the various levels of economic impacts resulting from the activities of Novant Health.³³ I/O modeling provides a means to account for the different sizes of industries

²⁶ Hospitals contribute to the local economy by direct employment and good and services purchase. See American Hospital Association, “Hospitals Are Cornerstones in Their Communities Infographic,” (2024) <https://www.aha.org/infographics/2024-06-13-hospitals-are-cornerstones-their-communities-infographic>. Hospitals create a “ripple effect” in the local community by generating the economic activities that extends beyond their immediate operations, such as the spending in the good and services. See, American Hospital Association, “Hospitals Are Economic Anchors in Their Communities,” (2017) <https://www.aha.org/statistics/2018-03-29-hospitals-are-economic-anchors-their-communities#:~:text=With%20these%20%E2%80%99Cripple%20effects%E2%80%9D%20included,%242.8%20trillion%20in%20economic%20activity.> (accessed July 2024).

²⁷ Ibid.

²⁸ American Hospital Association, “America’s Hospitals and Health Systems Continue to Face Escalating Operational Costs and Economic Pressures as They Care for Patients and Communities,” (2024) <https://www.aha.org/costsofcares>.

²⁹ United States Census Bureau, “County Business Patterns Data,” (2022) <https://www.census.gov/programs-surveys/cbp/data.html> (accessed July 2024).

³⁰ North Carolina Healthcare Association, “The Economic Contributions of North Carolina’s Health Systems and Hospitals,” (December 2022) https://www.ncha.org/wp-content/uploads/2022/12/NCHA_Economic_Impact_Report_22-1.pdf (accessed July 2024).

³¹ Authors calculated the growth rate of jobs in healthcare industry based on employment projection data. See Bureau of Labor Statistics, “Employment Projections: 2022-32 Summary, Table 2.1,” Occupational Outlook Handbook (2023). <https://www.bls.gov/emp/tables/employment-by-major-industry-sector.htm> (accessed July 2024).

³² Bureau of Labor Statistics, “Employment Projections: Fastest Growing Occupations 2022-32,” Occupational Outlook Handbook (2024) <https://www.bls.gov/ooh/fastest-growing.htm>.

³³ Developed by Nobel Prize winner Wassily Leontief in the mid-1900s, I/O modeling takes into account that changes in demand for the output of one industry will have impacts throughout an economy, causing changes in demand for other linked industries. See R. Bess, and Z. Ambargis, “Input-Output Models for Impact Analysis: Suggestions for Practitioners Using RIMS II Multipliers,” U.S. Bureau of Economic Analysis (March 2011) <https://www.bea.gov/system/files/papers/WP2012-3.pdf> (accessed July 2024).

and their specific multipliers, allowing for meaningful estimations of the indirect and induced impacts set out in the schematic in the Technical Appendix.³⁴

This report uses the IMPLAN (“Impact analysis for PLANning”) economic modeling software from MIG (“Minnesota IMPLAN Group”) to quantify the operational and construction impacts of Novant Health. IMPLAN is a software package for regional I/O modeling and economic forecasting that was developed in a 1979 collaboration between the USDA Forest Service and the University of Minnesota. The software package uses publicly provided data to generate complete estimates of the values of the direct, indirect, and induced impacts for key economic indicators, including employment, labor income, value added, output, and tax revenues shown in the Technical Appendix.³⁵ The IMPLAN economic modeling software has been used in a number of applications, including the evaluation of economic impact of general acute care hospitals on state and local economies.³⁶

C. Economic Impact Analysis Using IMPLAN Software

Expenditures on or by Novant Health during calendar year 2023 and 2024 are the primary inputs for the assessment of the economic impact of Novant Health in North Carolina and South Carolina using the I/O model, respectively. In particular, estimation of operational impact uses expenditures on healthcare services at Novant Health, while the estimation of construction impact uses Novant Health capital expenditures on construction projects.

Novant Health provided the Center with proprietary data and publicly available documents to inform the economic impact analysis and to use as inputs into the I/O model. Internal strategic planning documents from Novant Health provided other data such as annual capital expenditures on construction projects. This study also provides customization of the IMPLAN model to incorporate supplementary inputs. The Center added employee head counts and employee compensation numbers to provide more complete estimates of the total economic impact calculations. **Table 2** provides a state-level summary of Novant Health inputs to the IMPLAN model. These include net operating revenues; salaries, wages and benefits; and capital expenditures for construction for Novant Health hospitals, surgery centers, outpatient and rehabilitation centers, physician offices, imaging centers, and administrative and corporate offices in North Carolina and South Carolina. Employment headcount was estimated by converting the number of FTEs employed by Novant Health in each geography to total headcount, using the sector-specific conversion ratio provided by IMPLAN. FTI Consulting applied a conversion ratio of 0.947 for Sector 490 (Hospital Sector), meaning one employee/headcount is equivalent to 0.947 FTE.³⁷ Since Novant Health facilities in South Carolina have been part of Novant Health’s operations for only seven months, there is currently no capital expenditure data available for a comprehensive assessment. However, Novant Health is pursuing construction investments in the region. To measure the annual economic impact brought by Novant Health in South Carolina, the net operating revenue and salaries, wages and benefits in South Carolina were annualized using available 2024 data from January to July YTD. This provides a basis on which to estimate the combined impact of Novant Health in North Carolina and South Carolina using the same IMPLAN model inputs and parameters.

³⁴ The I/O modeling technique permits economists in a structured way to identify and track the flow of expenditures between households, businesses and governments in a defined locality or geographic area and to estimate the overall impact of specific activities. Underlying I/O models are location- and industry-specific matrices based on estimates of the strength and magnitude of the relationship between each pair of industries in the economy. The model tracks dollars exchanged between agents in the local economy, thereby estimating the value of economic activity generated by a particular industry within a predefined geographic area. Although I/O modeling has limitations, it has been implemented by academic economists, public policy experts, governments and businesses in a number of different industries to estimate economic impacts.

³⁵ These data come from the U.S. Bureau of Labor Statistics (Covered Employment and Wages program, Consumer Expenditure Survey), the U.S. Bureau of Economic Analysis (Regional Economic Information System program, Benchmark I/O Account of the U.S.), the U.S. Census Bureau (County Business Patterns program, Decennial Census and Population Surveys, Economic Censuses and Surveys) and the U.S. Department of Agriculture (USDA Census). The data are compiled at the zip-code level and can be combined at the county level to specify unique and substantive geographic units of analysis. See “IMPLAN Data Sources,” IMPLAN, http://implan.com/index.php?option=com_content&view=article&id=250 (accessed July 2024).

³⁶ The use of IMPLAN modeling is a common technique to estimate the economic impacts of healthcare providers within a defined geography. State hospital associations have used IMPLAN modeling to estimate the impact of the acute care hospital industry on economic indicators.

³⁷ IMPLAN, “IMPLAN to FTE & Income Conversions,” (2017) <https://support.implan.com/hc/en-us/articles/115002782053-IMPLAN-to-FTE-Income-Conversions>. (accessed July 2024).

Table 2: State-Level Inputs to IMPLAN Model, 2023 or 2024

Impact Type	North Carolina (2023)	South Carolina (2024)
Employment Headcount	34,309	1,803
Net Operating Revenue	\$8,254,202,000	\$652,827,086
Salaries, Wages & Benefits	\$4,253,912,000	\$211,478,995
Capital Expenditure for Construction	\$ 373,886,907	\$ -

IMPLAN uses the inputs from **Table 2** to estimate industry-specific impacts that reflect each industry's unique supply and demand chains and needs. The model uses the North American Industry Classification System (NAICS) to attribute appropriate industry-specific multiplier values.³⁸ Novant Health provides a range of services across the healthcare spectrum, and it was necessary to match each Novant Health activity to a specific industry NAICS code for the IMPLAN model. **Table 3** groups the services offered by Novant Health into the eight corresponding NAICS codes used in the analysis.

Table 3: Types of Novant Health Facilities and Associated North American Industrial Classification System (NAICS) Codes³⁹

Novant Facility Type	NAICS Definition	NAICS Code
Pharmacy	Pharmacies and Drug Stores	456110
Corporate Offices	Corporate, Subsidiary, and Regional Managing Offices	551114
Physician Offices/Medical Groups	Office of Physicians (except Mental Health Specialists)	621111
Ambulatory Surgical Centers	Freestanding Ambulatory Surgical and Emergency Centers	621493
Rehabilitation Facilities	Rehabilitation Hospitals, Alcoholism and Drug Addiction	622210
Imaging Centers	Diagnostics Imaging Centers	621512
Acute Care Hospitals	General Medical and Surgical Hospitals	622110
Home Care of Elderly, Medical	Home Care of Elderly, Medical	621610

The Center estimated the economic impacts of Novant Health's activities on seven distinct geographies: the state of North Carolina, the Winston-Salem-Greensboro-High Point MSAs, the Charlotte MSA, the Wilmington MSA, the state of South Carolina, the Charleston MSA and the Hilton Head MSA.⁴⁰ For each of these geographies, the Center recalculated the IMPLAN inputs from **Table 2** using relevant data from only the specific Novant Health facilities that operate within that geography.

³⁸ NAICS was developed under the auspices of the Office of Management and Budget (OMB), and adopted in 1997 to replace the Standard Industrial Classification (SIC) system. It was developed jointly by the U.S. Economic Classification Policy Committee (ECPC), Statistics Canada, and Mexico's Instituto Nacional de Estadística y Geografía, to allow for a high level of comparability in business statistics among the North American countries. The 2012 NAICS comprises 19,255 six-digit codes, categorized into 20 over-arching sector groupings. See U.S. Census website at <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2012> (accessed July 2024).

³⁹ NAICS is reviewed every five years for updates. The most recent version of NAICS was updated in 2022. See Office of Management and Budget, "NAICS Update Process Fact Sheet," Office of Management and Budget, https://www.census.gov/naics/reference_files_tools/NAICS_Update_Process_Fact_Sheet.pdf. (accessed July 2024).

⁴⁰ According to U.S. Census 2020 population estimates, the Charlotte-Concord-Gastonia, NC-SC MSA has a population of 2,805,115 and the Winston-Salem-Greensboro-High Point MSAs has a population of 1,485,472. This study uses U.S. Census 2020 MSA delineation. In 2020 MSA delineation, one county is newly included in the Charlotte-Concord-Gastonia MSA: Anson County. The Winston-Salem-Greensboro-High Point MSAs includes eight North Carolina counties: Guilford, Randolph, Rockingham, Davidson, Davie, Forsyth, Stokes, and Yadkin County. The Charlotte-Concord-Gastonia MSA includes eight North Carolina counties: Anson, Cabarrus, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, and Union County. Three South Carolina counties are included in the Charlotte-Concord-Gastonia CSA definition. However, these three counties are omitted from the analyses in this report in order to present impacts unique to the state of North Carolina. See "OMB BULLETIN NO. 23-01," Office of Management and Budget (July 21, 2023). <https://www.whitehouse.gov/wp-content/uploads/2023/07/OMB-Bulletin-23-01.pdf>. (accessed July 2024).

D. Results of Economic Impact Analysis

1. Summary of the Economic Impact in North Carolina

Table 4 summarizes the results of the Center’s economic impact analysis for the state of North Carolina. The results show that 85,321 jobs, more than \$7.5 billion in labor income, and more than \$17 billion in output are attributable to the activities (operations and construction) of Novant Health in 2023. These impacts extend beyond the boundaries of the Charlotte MSA, the Winston-Salem-Greensboro-High Point MSAs, and the Wilmington MSA, and affecting populations in rural areas. In the Charlotte MSA, Novant Health’s activities generated 35,097 jobs and \$7.3 billion in output; in Winston-Salem-Greensboro-High Point MSAs, Novant Health’s activities generated 18,932 jobs and \$3.6 billion in output. In the Wilmington MSA, Novant Health’s activities generated 17,522 jobs and \$3.6 billion in output. Outside of the three major North Carolina MSAs, Novant Health’s activities in other areas of North Carolina generated 13,770 jobs and \$2.6 billion in output. Further detail on the two types of impacts in each of the metropolitan regions is provided in subsequent sections below.

Table 4: Summary of Economic Impact of Novant Health in North Carolina, 2023

Impact Type	Employment	Labor Income	Value Added	Output	State & Local Tax Revenue	Federal Tax Revenue
State of North Carolina						
Total Impact	85,321	\$ 7,507,366,408	\$ 10,116,163,458	\$ 17,038,989,581	\$ 386,449,040	\$ 1,665,331,692
Operation Impact	80,640	\$ 7,222,713,926	\$ 9,720,425,082	\$ 16,329,070,372	\$ 370,850,474	\$ 1,606,039,782
Construction Impact	4,682	\$ 284,652,482	\$ 395,738,376	\$ 709,919,209	\$ 15,598,565	\$ 59,291,910
Charlotte-Concord-Gastonia MSA						
Total Impact	35,097	\$ 3,355,886,406	\$ 4,464,071,003	\$ 7,322,968,227	\$ 154,625,208	\$ 694,707,771
Operation Impact	33,300	\$ 3,231,171,605	\$ 4,293,552,137	\$ 7,038,847,959	\$ 148,610,540	\$ 670,381,566
Construction Impact	1,797	\$ 124,714,801	\$ 170,518,866	\$ 284,120,268	\$ 6,014,667	\$ 24,326,205
Winston-Salem-Greensboro-High Point MSAs						
Total Impact	18,932	\$ 1,859,510,972	\$ 2,267,783,218	\$ 3,596,983,976	\$ 74,179,026	\$ 405,676,181
Operation Impact	17,306	\$ 1,761,944,860	\$ 2,143,601,017	\$ 3,380,579,011	\$ 69,975,202	\$ 386,194,295
Construction Impact	1,626	\$ 97,566,112	\$ 124,182,201	\$ 216,404,965	\$ 4,203,824	\$ 19,481,886
Wilmington MSA						
Total Impact	17,522	\$ 1,490,193,304	\$ 2,026,952,232	\$ 3,564,724,044	\$ 68,676,369	\$ 335,090,992
Operation Impact	16,882	\$ 1,453,796,430	\$ 1,977,502,439	\$ 3,476,551,303	\$ 66,879,492	\$ 327,660,955
Construction Impact	640	\$ 36,396,874	\$ 49,449,793	\$ 88,172,741	\$ 1,796,878	\$ 7,430,037

2. Economic Impact of Novant Health in North Carolina

Operational Impact

Table 5 shows that in 2023, the operations of all Novant Health’s North Carolina facilities collectively generated \$16 billion in total economic impact for the state and created 80,640 total jobs.⁴¹ Novant Health generated direct output of \$7.9 billion leading to an indirect output of \$3.6 billion and an induced effect of \$4.9 billion. In addition, it is estimated that Novant Health’s operations in the state contributed \$371 million to state and local tax revenues and

⁴¹ The Direct Impact entries for Employment, Labor Income, and Output represent Novant Health’s employee headcount, salaries, wages and benefits, and net operating revenues in North Carolina. Value Added and Tax revenues are estimated by the IMPLAN model for Direct Impacts.

\$1.6 billion to federal tax revenues.⁴² Novant Health's North Carolina operations positively affected a variety of industries, as shown in **Table 6**. Most notable among these were hospitals, physician offices, management of companies and enterprises, and employment services.

Table 5: Economic Impact of Novant Health Operations in North Carolina, 2023

Impact Type	Employment	Labor Income	Value Added	Output	State & Local Tax Revenue	Federal Tax Revenue
Direct Effect	34,309	\$ 4,427,844,584	\$ 5,015,290,532	\$ 7,880,272,029	\$ 124,634,540	\$ 941,463,422
Indirect Effect	19,648	\$ 1,279,968,645	\$ 1,888,242,095	\$ 3,599,331,658	\$ 84,711,106	\$ 292,704,045
Induced Effect	26,682	\$ 1,514,900,697	\$ 2,816,892,454	\$ 4,849,466,685	\$ 161,504,828	\$ 371,872,315
Total Effect	80,640	\$ 7,222,713,926	\$ 9,720,425,082	\$ 16,329,070,372	\$ 370,850,474	\$ 1,606,039,782

Table 6: Top 10 Industries Affected by Novant Health Operations in North Carolina, 2023

Sector	Description	Employment	Labor Income	Value Added	Output
490	Hospitals	21,102	\$ 2,142,895,587	\$ 2,722,653,504	\$ 5,762,731,483
483	Offices of physicians	9,210	\$ 1,526,246,594	\$ 1,680,843,073	\$ 2,102,273,497
469	Management of companies and enterprises	6,480	\$ 852,901,486	\$ 894,050,305	\$ 385,723,722
472	Employment services	3,587	\$ 164,810,509	\$ 241,777,106	\$ 414,441,320
447	Other real estate	3,056	\$ 45,962,756	\$ 246,747,408	\$ 629,129,475
509	Full-service restaurants	2,506	\$ 66,531,115	\$ 109,991,971	\$ 221,426,382
510	Limited-service restaurants	1,773	\$ 40,129,194	\$ 69,012,059	\$ 170,395,602
462	Management consulting services	1,269	\$ 104,461,696	\$ 126,995,388	\$ 206,784,015
511	All other food and drinking places	1,106	\$ 37,626,692	\$ 58,231,763	\$ 92,273,106
406	Retail - Food and beverage stores	824	\$ 25,575,430	\$ 38,965,376	\$ 68,129,135

Construction Impact

The construction activity of Novant Health in North Carolina shown in **Table 7** generated large economic impact in the state of North Carolina in 2023. Novant Health contributed a direct effect of nearly \$374 million in construction expenditures, leading to an indirect impact of more than \$143 million and an induced impact of roughly \$193 million. As reflected in **Table 8**, Novant Health's construction activities also affected employment in the construction, real estate, restaurant, and employment services industries.

Table 7: Economic Impact of Novant Health Construction Activity in North Carolina, 2023

Impact Type	Employment	Labor Income	Value Added	Output	State & Local Tax Revenue	Federal Tax Revenue
Direct Effect	3,039	\$ 182,409,572	\$ 213,607,788	\$ 373,886,907	\$ 5,372,078	\$ 34,531,154
Indirect Effect	582	\$ 42,067,095	\$ 70,254,261	\$ 143,465,273	\$ 3,811,025	\$ 9,989,735
Induced Effect	1,061	\$ 60,175,815	\$ 111,876,327	\$ 192,567,029	\$ 6,415,463	\$ 14,771,021
Total Effect	4,682	\$ 284,652,482	\$ 395,738,376	\$ 709,919,209	\$ 15,598,565	\$ 59,291,910

⁴² "Novant Health is classified as a nonprofit organization pursuant to Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on revenue earned from its tax-exempt purposes. Novant Health also operates various for-profit subsidiaries which operate in service lines that are complementary to Novant Health's tax-exempt purpose. Income from activities that are determined by IRS regulations to be unrelated to the tax-exempt purposes as well as income from activities of for-profit subsidiaries of the Company are subject to federal and state taxation." See Novant Health, "Novant Health, Inc. and Affiliates Notes to Consolidated Financial Statements December 31, 2023 and 2022," (March 29, 2024) <https://www.novanthealth.org/globalassets/buttons-and-documents-ctaslinks/documents-pdfs/novant-health-inc-and-affiliates-2023-audited-financial-report.pdf>.

Table 8: Top 10 Industries Affected by Novant Health Construction Activity in North Carolina, 2023

Sector	Description	Employment	Labor Income	Value Added	Output
50	Construction of new healthcare structures	3,039	\$ 126,753,373	\$ 213,607,788	\$ 373,886,907
447	Other real estate	77	\$ 1,159,790	\$ 6,226,240	\$ 15,874,984
509	Full-service restaurants	65	\$ 1,724,397	\$ 2,850,844	\$ 5,739,074
472	Employment services	65	\$ 2,966,199	\$ 4,351,415	\$ 7,458,962
510	Limited-service restaurants	63	\$ 1,430,614	\$ 2,460,295	\$ 6,074,640
417	Truck transportation	48	\$ 2,486,841	\$ 4,713,723	\$ 10,507,696
396	Wholesale - Other durable goods merchant wholesalers	45	\$ 3,740,312	\$ 6,920,296	\$ 15,153,363
490	Hospitals	40	\$ 3,646,804	\$ 4,467,801	\$ 8,160,622
483	Offices of physicians	40	\$ 3,610,469	\$ 4,052,047	\$ 6,004,785
406	Retail - Food and beverage stores	33	\$ 1,013,112	\$ 1,543,524	\$ 2,698,779

3. Economic Impact of Novant Health in the Charlotte Metropolitan Statistical Area

Operational Impact

The Charlotte MSA includes eight North Carolina counties: Anson, Cabarrus, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, and Union. Novant Health operates seven hospitals in the MSA: Novant Health Presbyterian Medical Center, Novant Health Huntersville Medical Center, Novant Health Matthews Medical Center, Novant Health Charlotte Orthopedic Hospital, Novant Health Mint Hill Medical Center, Novant Health Ballantyne Medical Center, and Novant Health Rowan Medical Center. The MSA also includes a freestanding emergency department, two endoscopy centers, and 80 physician offices.⁴³

In 2023, net operating revenues were approximately \$3.5 billion for Novant Health in the Charlotte MSA. These revenues generated \$1.7 billion of indirect output impact and roughly \$1.9 billion of induced output impact. The total impact on employment created by the presence of Novant Health in the MSA was a gain of 33,300 jobs in several related industries, as shown in **Table 9** and **Table 10**, respectively.

Table 9: Economic Impact of Novant Health Operations in the Charlotte MSA, 2023

Impact Type	Employment	Labor Income	Value Added	Output	State & Local Tax Revenue	Federal Tax Revenue
Direct Effect	15,094	\$ 1,980,275,178	\$ 2,218,853,305	\$ 3,479,737,324	\$ 50,234,571	\$ 391,062,356
Indirect Effect	8,571	\$ 643,117,473	\$ 951,128,999	\$ 1,708,408,415	\$ 38,512,890	\$ 138,871,696
Induced Effect	9,634	\$ 607,778,955	\$ 1,123,569,833	\$ 1,850,702,220	\$ 59,863,079	\$ 140,447,514
Total Effect	33,300	\$ 3,231,171,605	\$ 4,293,552,137	\$ 7,038,847,959	\$ 148,610,540	\$ 670,381,566

Table 10: Top 10 Industries Affected by Novant Health Operations in the Charlotte MSA, 2023

Sector	Description	Employment	Labor Income	Value Added	Output
490	Hospitals	8,004	\$ 813,604,901	\$ 1,061,129,334	\$ 2,397,410,705
483	Offices of physicians	4,891	\$ 765,023,070	\$ 839,868,413	\$ 1,010,834,537
469	Management of companies and enterprises	2,955	\$ 393,248,650	\$ 415,909,021	\$ 183,224,899
472	Employment services	1,425	\$ 76,230,369	\$ 110,496,428	\$ 179,090,079
447	Other real estate	1,231	\$ 26,227,853	\$ 119,646,427	\$ 273,700,578
509	Full-service restaurants	1,012	\$ 28,638,450	\$ 49,897,508	\$ 94,875,355
510	Limited-service restaurants	655	\$ 15,951,434	\$ 28,758,809	\$ 66,231,773
462	Management consulting services	496	\$ 49,235,863	\$ 60,778,811	\$ 91,988,208
511	All other food and drinking places	463	\$ 17,370,153	\$ 29,001,442	\$ 43,259,237
445	Insurance agencies, brokerages, and related activities	345	\$ 34,496,360	\$ 48,567,559	\$ 113,978,428

⁴³ See South Carolina Jobs-Economic Development Authority, "Health Care Facilities Revenue Bonds (Novant Health Obligated Group) Series 2024A," (April 30, 2024).

Construction Impact

The construction activity of Novant Health in the Charlotte MSA created the additional \$284 million in output shown in **Table 11**. Novant Health achieved a direct output impact of \$159 million, subsequently leading to an indirect output impact of \$52 million and an induced output impact of nearly \$73 million. These activities are estimated to have led to more than \$6 million in state and local tax revenue and more than \$24 million in federal tax revenue. **Table 12** describes the corollary impacts on related industries in the area.

Table 11: Economic Impact of Novant Health Construction Activity in the Charlotte MSA, 2023

Impact Type	Employment	Labor Income	Value Added	Output	State & Local Tax Revenue	Federal Tax Revenue
Direct Effect	1,215	\$ 84,086,283	\$ 98,569,422	\$ 159,152,877	\$ 2,268,687	\$ 15,057,410
Indirect Effect	203	\$ 16,698,421	\$ 27,726,708	\$ 52,137,400	\$ 1,389,290	\$ 3,739,597
Induced Effect	380	\$ 23,930,097	\$ 44,222,736	\$ 72,829,991	\$ 2,356,690	\$ 5,529,199
Total Effect	1,797	\$ 124,714,801	\$ 170,518,866	\$ 284,120,268	\$ 6,014,667	\$ 24,326,205

Table 12: Top 10 Industries Affected by Novant Health Construction Activity in the Charlotte MSA, 2023

Sector	Description	Employment	Labor Income	Value Added	Output
50	Construction of new healthcare structures	1,215	\$ 59,389,842	\$ 98,569,422	\$ 159,152,877
447	Other real estate	27	\$ 573,175	\$ 2,614,715	\$ 5,981,365
509	Full-service restaurants	24	\$ 685,398	\$ 1,194,186	\$ 2,270,631
510	Limited-service restaurants	23	\$ 549,155	\$ 990,070	\$ 2,280,140
472	Employment services	22	\$ 1,164,370	\$ 1,687,763	\$ 2,735,487
417	Truck transportation	19	\$ 1,108,234	\$ 1,963,121	\$ 4,208,584
396	Wholesale - Other durable goods merchant wholesalers	16	\$ 1,539,219	\$ 2,798,656	\$ 5,727,445
483	Offices of physicians	15	\$ 1,497,201	\$ 1,676,542	\$ 2,422,119
406	Retail - Food and beverage stores	12	\$ 423,595	\$ 652,949	\$ 1,085,324
421	Couriers and messengers	11	\$ 247,185	\$ 533,484	\$ 669,520

4. Economic Impact of Novant Health in the Winston-Salem-Greensboro-High Point MSAs

Operational Impact

The Winston-Salem-Greensboro-High Point MSAs includes eight North Carolina counties: Guilford, Randolph, and Rockingham, located in Greensboro-High Point MSA, and Davidson, Davie, Forsyth, Stokes and Yadkin, located in Winston-Salem MSA. Five hospitals operated by Novant Health are in these MSAs: Novant Health Clemmons Medical Center, Novant Health Forsyth Medical Center, Novant Health Medical Park Hospital, Novant Health Thomasville Medical Center, and Novant Health Kernersville Medical Center. The largest acute care facility in the Novant Health system by number of beds, Novant Health Forsyth Medical Center, is located in the Winston-Salem-Greensboro-High Point MSAs, along with Novant Health's corporate and administrative headquarters. These MSAs also include three ambulatory surgery centers, three outpatient imaging sites, and over 210 physician offices.

In 2023, net operating revenues were more than \$2.5 billion for Novant Health in the Winston-Salem-Greensboro-High Point MSAs. These revenues generated \$2.4 billion of direct output impact, bringing an indirect output impact of \$438 million and an induced output impact of more than \$535 million. The total impact on employment created by the presence of Novant Health in the MSA was a gain of 17,306 jobs in a number of related industries, as shown in **Table 13** and **Table 14**, respectively.

Table 13: Economic Impact of Novant Health Operations in the Winston-Salem-Greensboro-High Point MSAs, 2023

Impact Type	Employment	Labor Income	Value Added	Output	State & Local Tax Revenue	Federal Tax Revenue
Direct Effect	11,600	\$ 1,448,604,965	\$ 1,613,399,275	\$ 2,406,860,018	\$ 39,413,028	\$ 310,692,848
Indirect Effect	2,580	\$ 146,486,694	\$ 216,469,038	\$ 438,457,253	\$ 11,012,025	\$ 33,791,946
Induced Effect	3,125	\$ 166,853,201	\$ 313,732,703	\$ 535,261,740	\$ 19,550,150	\$ 41,709,501
Total Effect	17,306	\$ 1,761,944,860	\$ 2,143,601,017	\$ 3,380,579,011	\$ 69,975,202	\$ 386,194,295

Table 14: Top 10 Industries Affected by Novant Health Operations in the Winston-Salem-Greensboro-High Point MSAs, 2023

Sector	Description	Employment	Labor Income	Value Added	Output
490	Hospitals	6,092	\$ 617,786,009	\$ 771,527,530	\$ 1,566,045,844
483	Offices of physicians	3,232	\$ 485,295,767	\$ 534,564,141	\$ 786,954,191
469	Management of companies and enterprises	2,712	\$ 345,310,134	\$ 350,273,330	\$ 99,717,785
472	Employment services	504	\$ 18,653,731	\$ 27,421,047	\$ 51,700,227
447	Other real estate	359	\$ 4,570,551	\$ 26,648,096	\$ 71,573,293
509	Full-service restaurants	309	\$ 7,775,914	\$ 11,843,596	\$ 25,567,259
510	Limited-service restaurants	240	\$ 5,348,300	\$ 8,622,165	\$ 22,327,892
511	All other food and drinking places	138	\$ 4,756,548	\$ 6,809,771	\$ 11,065,940
444	Insurance carriers, except direct life	113	\$ 8,544,158	\$ 22,358,204	\$ 61,555,190
462	Management consulting services	108	\$ 7,363,708	\$ 10,030,152	\$ 16,791,090

Construction Impact

The construction activity by Novant Health in the Winston-Salem-Greensboro-High Point MSAs, shown in **Table 15** and **Table 16**, created economic impact of \$216 million, in which the direct output impact is \$162 million. Novant Health's 2023 construction investments in the MSA contributed approximately \$98 million in labor income. Similarly, Novant Health's construction activity positively contributed to state, local and federal tax revenues.

Table 15: Economic Impact of Novant Health Construction Activity in the Winston-Salem-Greensboro-High Point MSAs, 2023

Impact Type	Employment	Labor Income	Value Added	Output	State & Local Tax Revenue	Federal Tax Revenue
Direct Effect	1,351	\$ 81,250,426	\$ 94,843,349	\$ 162,316,363	\$ 2,381,398	\$ 15,468,863
Indirect Effect	99	\$ 6,864,310	\$ 11,563,917	\$ 23,773,367	\$ 714,552	\$ 1,650,250
Induced Effect	177	\$ 9,451,376	\$ 17,774,935	\$ 30,315,235	\$ 1,107,874	\$ 2,362,774
Total Effect	1,626	\$ 97,566,112	\$ 124,182,201	\$ 216,404,965	\$ 4,203,824	\$ 19,481,886

Table 16: Top 10 Industries Affected by Novant Health Construction Activity in the Winston-Salem-Greensboro-High Point MSAs, 2023

Sector	Description	Employment	Labor Income	Value Added	Output
50	Construction of new healthcare structures	1,351	\$ 55,152,075	\$ 94,843,349	\$ 162,316,363
490	Hospitals	14	\$ 1,257,474	\$ 1,534,322	\$ 2,820,031
510	Limited-service restaurants	12	\$ 264,240	\$ 425,990	\$ 1,103,140
447	Other real estate	10	\$ 131,529	\$ 766,864	\$ 2,059,696
509	Full-service restaurants	10	\$ 259,235	\$ 394,844	\$ 852,366
417	Truck transportation	10	\$ 607,555	\$ 1,106,289	\$ 2,268,338
396	Wholesale - Other durable goods merchant wholesalers	10	\$ 742,195	\$ 1,392,054	\$ 3,165,289
472	Employment services	9	\$ 342,939	\$ 504,121	\$ 950,480
483	Offices of physicians	7	\$ 747,265	\$ 820,696	\$ 1,172,900
405	Retail - Building material and garden equipment and supplies stores	7	\$ 336,579	\$ 669,193	\$ 963,412

5. Economic Impact of Novant Health in the Wilmington Metropolitan Statistical Area

Operational Impact

The Wilmington MSA includes three North Carolina counties: Brunswick, New Hanover, and Pender. Novant Health operates four hospitals in this MSA: Novant Health Brunswick Medical Center, Novant Health New Hanover Regional Medical Center, Novant Health New Hanover Orthopedic Hospital and Novant Health Pender Medical Center. The MSA also includes one orthopedic hospital, a freestanding emergency department, and numerous outpatient imaging sites.

In 2023, net operating revenues were more than \$2.1 billion for Novant Health in the Wilmington MSA. These revenues generated nearly \$2.0 billion of direct output impact, leading to an indirect output impact of \$628 million and an induced output impact of \$857 million. The total impact on employment created by the presence of Novant Health in this MSA was a gain of 16,882 jobs in a number of related industries, as shown in **Table 17** and **Table 18**, respectively.

Table 17: Economic Impact of Novant Health Operations in the Wilmington MSA, 2023

Impact Type	Employment	Labor Income	Value Added	Output	State & Local Tax Revenue	Federal Tax Revenue
Direct Effect	7,607	\$ 997,891,308	\$ 1,183,674,629	\$ 1,990,805,687	\$ 24,930,317	\$ 217,283,900
Indirect Effect	4,102	\$ 198,650,218	\$ 300,424,622	\$ 628,477,741	\$ 13,959,114	\$ 45,978,272
Induced Effect	5,173	\$ 257,254,903	\$ 493,403,188	\$ 857,267,875	\$ 27,990,061	\$ 64,398,783
Total Effect	16,882	\$ 1,453,796,430	\$ 1,977,502,439	\$ 3,476,551,303	\$ 66,879,492	\$ 327,660,955

Table 18: Top 10 Industries Affected by Novant Health Operations in the Wilmington MSA, 2023

Sector	Description	Employment	Labor Income	Value Added	Output
490	Hospitals	6,634	\$ 680,997,635	\$ 866,821,588	\$ 1,727,367,427
483	Offices of physicians	814	\$ 254,431,470	\$ 269,665,401	\$ 264,705,894
447	Other real estate	758	\$ 8,999,263	\$ 47,123,837	\$ 141,924,479
472	Employment services	676	\$ 22,779,470	\$ 34,495,034	\$ 67,035,053
509	Full-service restaurants	595	\$ 16,309,980	\$ 24,582,819	\$ 51,054,929
469	Management of companies and enterprises	525	\$ 72,060,630	\$ 74,172,465	\$ 24,887,568
510	Limited-service restaurants	361	\$ 8,508,073	\$ 13,522,956	\$ 34,152,998
462	Management consulting services	341	\$ 17,953,868	\$ 22,932,599	\$ 44,356,329
511	All other food and drinking places	253	\$ 7,042,346	\$ 10,308,781	\$ 18,085,118
470	Office administrative services	204	\$ 9,758,710	\$ 3,720,147	\$ 13,949,807

Construction Impact

The construction activity by Novant Health in the Wilmington MSA, shown in **Table 19** and **Table 20** created significant economic impact of \$88 million. Novant Health's 2023 construction investments in the MSA contributed more than \$36 million in labor income. Novant Health's construction resulted in almost \$1.8 million in state and local tax revenue, and \$7.4 million in federal tax revenue.

Table 19: Economic Impact of Novant Health Construction Activity in the Wilmington MSA, 2023

Impact Type	Employment	Labor Income	Value Added	Output	State & Local Tax Revenue	Federal Tax Revenue
Direct Effect	444	\$ 25,940,507	\$ 30,162,630	\$ 52,417,666	\$ 703,688	\$ 4,849,693
Indirect Effect	63	\$ 3,862,507	\$ 6,634,809	\$ 13,767,363	\$ 374,694	\$ 929,520
Induced Effect	133	\$ 6,593,861	\$ 12,652,354	\$ 21,987,712	\$ 718,495	\$ 1,650,825
Total Effect	640	\$ 36,396,874	\$ 49,449,793	\$ 88,172,741	\$ 1,796,878	\$ 7,430,037

Table 20: Top 10 Industries Affected by Novant Health Construction Activity in the Wilmington MSA, 2023

Sector	Description	Employment	Labor Income	Value Added	Output
50	Construction of new healthcare structures	444	\$ 17,062,963	\$ 30,162,630	\$ 52,417,666
447	Other real estate	11	\$ 132,088	\$ 691,669	\$ 2,083,124
509	Full-service restaurants	9	\$ 259,153	\$ 390,602	\$ 811,224
510	Limited-service restaurants	8	\$ 193,869	\$ 308,141	\$ 778,227
472	Employment services	7	\$ 227,430	\$ 344,397	\$ 669,276
396	Wholesale - Other durable goods merchant wholesalers	6	\$ 516,027	\$ 944,676	\$ 2,028,744
417	Truck transportation	6	\$ 286,857	\$ 581,432	\$ 1,274,702
490	Hospitals	6	\$ 660,554	\$ 804,304	\$ 1,336,263
483	Offices of physicians	6	\$ 492,931	\$ 540,212	\$ 821,563
406	Retail - Food and beverage stores	5	\$ 156,896	\$ 235,886	\$ 411,652

6. Summary of the Economic Impact in South Carolina

Table 21 summarizes the results of the Center's economic impact analysis for the state of South Carolina. The results show that 4,923 jobs, more than \$387 million in labor income, and nearly \$1.2 billion in output are attributable to the activities (operations) of Novant Health. In the Charleston MSA, Novant Health's activities generated 2,203 jobs and \$540 million in output; in the Hilton Head MSA, Novant Health's activities generated 2,061 jobs and roughly \$515 million in output. Further detail on the impact in each of the regions is provided in subsequent sections below.⁴⁴

Table 21: Summary of Economic Impact of Novant Health in South Carolina, 2024

Impact Type	Employment	Labor Income	Value Added	Output	State & Local Tax Revenue	Federal Tax Revenue
State of South Carolina						
Total Impact	4,923	\$ 387,715,698	\$ 572,881,420	\$ 1,192,022,354	\$ 20,316,287	\$ 89,196,512
Operation Impact	4,923	\$ 387,715,698	\$ 572,881,420	\$ 1,192,022,354	\$ 20,316,287	\$ 89,196,512
Charleston-North Charleston MSA						
Total Impact	2,203	\$ 182,730,590	\$ 264,689,218	\$ 540,159,561	\$ 8,729,067	\$ 40,281,759
Operation Impact	2,203	\$ 182,730,590	\$ 264,689,218	\$ 540,159,561	\$ 8,729,067	\$ 40,281,759
Hilton Head Island-Bluffton-Port Royal MSA						
Total Impact	2,061	\$ 165,657,093	\$ 235,702,158	\$ 514,948,983	\$ 6,641,714	\$ 35,752,521
Operation Impact	2,061	\$ 165,657,093	\$ 235,702,158	\$ 514,948,983	\$ 6,641,714	\$ 35,752,521

⁴⁴ If the economic impact of South Carolina were assessed as if it were 2023, the total output for South Carolina, the Charleston MSA, and the Hilton Head MSA is \$1.16B, \$526M and \$502M, respectively.

7. Economic Impact of Novant Health in South Carolina

Operational Impact

Table 22 shows that in 2024, the operations of all Novant Health's South Carolina facilities collectively are estimated to generate nearly \$1.2 billion in total economic impact for the state and created 4,923 total jobs.⁴⁵ In addition, it is estimated that Novant Health's operations in the state contributed more than \$20 million to state and local tax revenues, and \$89 million to federal tax revenues. Novant Health's South Carolina operations positively affected a variety of industries, as shown in **Table 23**. Most notable among these were hospitals, physician offices, real estate, and employment services.

Table 22: Economic Impact of Novant Health Operations in South Carolina, 2024

Impact Type	Employment	Labor Income	Value Added	Output	State & Local Tax Revenue	Federal Tax Revenue
Direct Effect	1,803	\$ 225,234,050	\$ 290,391,250	\$ 652,827,086	\$ 5,670,144	\$ 49,518,171
Indirect Effect	1,732	\$ 94,525,461	\$ 144,269,309	\$ 297,310,516	\$ 6,164,303	\$ 22,214,466
Induced Effect	1,387	\$ 67,956,186	\$ 138,220,861	\$ 241,884,753	\$ 8,481,841	\$ 17,463,875
Total Effect	4,923	\$ 387,715,698	\$ 572,881,420	\$ 1,192,022,354	\$ 20,316,287	\$ 89,196,512

Table 23: Top 10 Industries Affected by Novant Health Operation Activity in South Carolina, 2024

Sector	Description	Employment	Labor Income	Value Added	Output
490	Hospitals	1,185	\$ 124,844,305	\$ 179,050,496	\$ 524,125,958
483	Offices of physicians	528	\$ 75,851,388	\$ 81,172,186	\$ 75,840,765
472	Employment services	324	\$ 11,304,978	\$ 16,373,927	\$ 31,947,675
447	Other real estate	224	\$ 2,960,109	\$ 17,952,514	\$ 45,991,238
509	Full-service restaurants	176	\$ 4,534,681	\$ 7,937,514	\$ 15,707,021
487	Medical and diagnostic laboratories	149	\$ 15,899,502	\$ 32,701,304	\$ 43,661,907
510	Limited-service restaurants	107	\$ 2,331,274	\$ 4,229,867	\$ 10,305,682
462	Management consulting services	100	\$ 7,042,582	\$ 8,684,194	\$ 14,990,949
469	Management of companies and enterprises	91	\$ 9,228,162	\$ 10,618,265	\$ 19,159,868
511	All other food and drinking places	81	\$ 2,464,854	\$ 4,274,764	\$ 6,751,052

8. Economic Impact of Novant Health in the Charleston Metropolitan Statistical Area

Operational Impact

The Charleston MSA includes three South Carolina counties: Berkeley, Charleston, and Dorchester. East Cooper Medical Center is the hospital operated by Novant Health in this MSA. The MSA also includes imaging centers and physician offices, as well as two ambulatory surgery centers.

In 2024, net operating revenues were more than \$282 million at Novant Health in the Charleston MSA. These revenues generated \$144 million of indirect output impact and \$113 million of induced output impact. The total impact on employment created by the presence of Novant Health in this MSA was a gain of 2,203 jobs in a number of related industries, as shown in **Table 24** and **Table 25**, respectively.

⁴⁵ The Direct Impact entries for Employment, Labor Income, and Output represent Novant Health's employee headcount, salaries, wages and benefits, and net operating revenues in South Carolina. Value Added and Tax revenues are estimated by the IMPLAN model for Direct Impacts.

Table 24: Economic Impact of Novant Health Operations in the Charleston MSA, 2024

Impact Type	Employment	Labor Income	Value Added	Output	State & Local Tax Revenue	Federal Tax Revenue
Direct Effect	784	\$ 100,772,491	\$ 124,661,668	\$ 282,447,086	\$ 2,434,372	\$ 21,154,038
Indirect Effect	802	\$ 48,147,658	\$ 73,361,661	\$ 144,482,727	\$ 2,737,746	\$ 10,864,937
Induced Effect	617	\$ 33,810,441	\$ 66,665,889	\$ 113,229,748	\$ 3,556,950	\$ 8,262,784
Total Effect	2,203	\$ 182,730,590	\$ 264,689,218	\$ 540,159,561	\$ 8,729,067	\$ 40,281,759

Table 25: Top 10 Industries Affected by Novant Health Operation Activity in the Charleston MSA, 2024

Sector	Description	Employment	Labor Income	Value Added	Output
490	Hospitals	476	\$ 51,001,158	\$ 73,157,981	\$ 219,650,551
483	Offices of physicians	280	\$ 39,631,130	\$ 42,759,365	\$ 38,923,742
472	Employment services	142	\$ 5,228,258	\$ 7,805,328	\$ 14,644,687
447	Other real estate	107	\$ 1,768,139	\$ 9,790,620	\$ 23,169,526
509	Full-service restaurants	74	\$ 2,363,596	\$ 4,119,848	\$ 7,389,990
462	Management consulting services	49	\$ 3,866,630	\$ 4,643,292	\$ 7,715,553
486	Outpatient care centers	48	\$ 4,219,320	\$ 5,456,446	\$ 20,097,948
511	All other food and drinking places	46	\$ 1,563,913	\$ 2,714,108	\$ 4,117,784
469	Management of companies and enterprises	44	\$ 3,168,920	\$ 3,961,421	\$ 8,076,981
510	Limited-service restaurants	44	\$ 1,062,640	\$ 1,912,566	\$ 4,394,186

9. Economic Impact of Novant Health in the Hilton Head Metropolitan Statistical Area

Operational Impact

The Hilton Head MSA includes two South Carolina counties: Beaufort and Jasper. Novant Health operates two hospitals in this area: Hilton Head Medical Center and Coastal Carolina Medical Center. The region also has one freestanding emergency department and a number of physician practices.⁴⁶

In 2024, net operating revenues were more than \$339 million for Novant Health in the Hilton Head MSA. These revenues generated over \$102 million of indirect output impact and nearly \$73 million of induced output impact. The total impact on employment created by the presence of Novant Health in the MSA was a gain of 2,061 jobs in a number of related industries, as shown in **Table 26** and **Table 27**, respectively.

Table 26: Economic Impact of Novant Health Operations in the Hilton Head MSA, 2024

Impact Type	Employment	Labor Income	Value Added	Output	State & Local Tax Revenue	Federal Tax Revenue
Direct Effect	919	\$ 113,229,571	\$ 143,567,023	\$ 339,168,000	\$ 2,600,661	\$ 24,113,269
Indirect Effect	699	\$ 31,973,763	\$ 48,565,037	\$ 102,601,535	\$ 1,767,762	\$ 6,878,801
Induced Effect	444	\$ 20,453,758	\$ 43,570,098	\$ 73,179,448	\$ 2,273,292	\$ 4,760,450
Total Effect	2,061	\$ 165,657,093	\$ 235,702,158	\$ 514,948,983	\$ 6,641,714	\$ 35,752,521

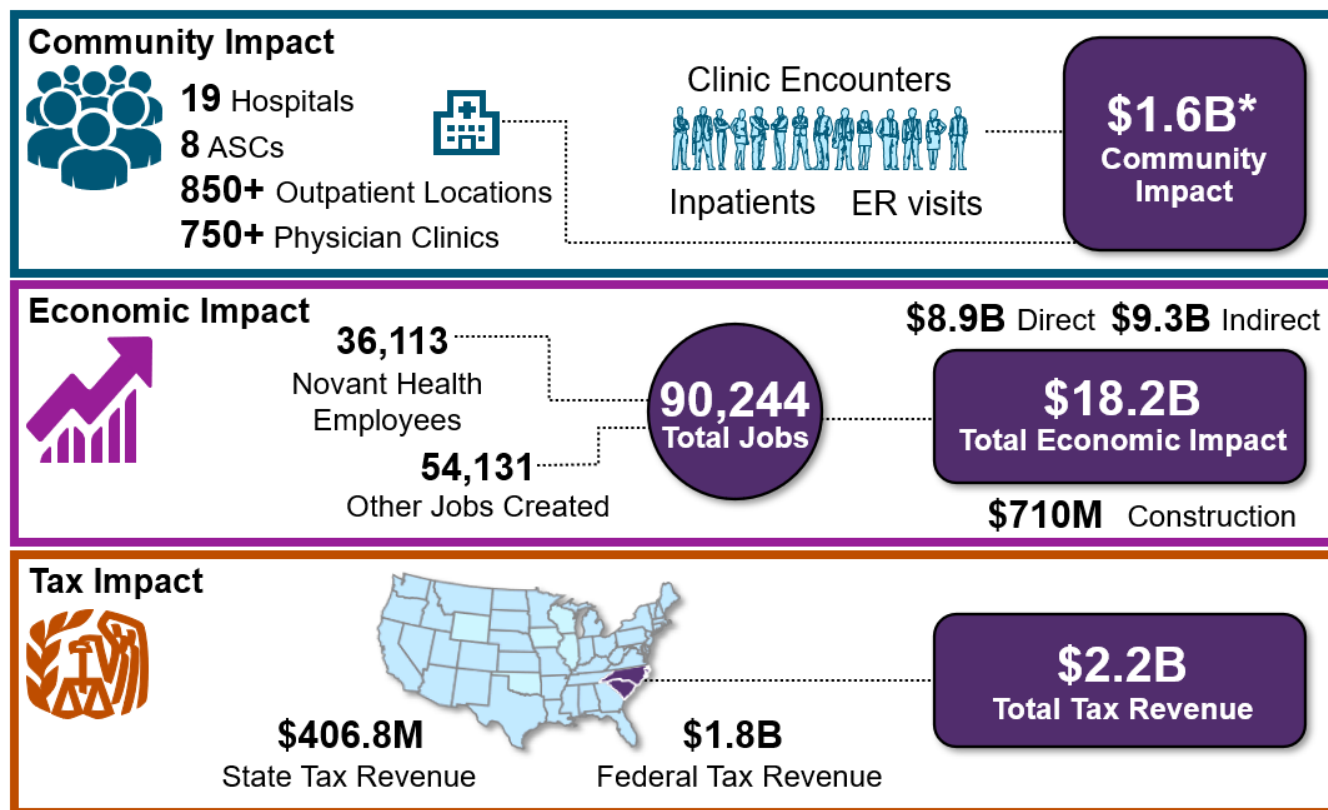
⁴⁶ Internal data and document provided by Novant Health.

Table 27: Top 10 Industries Affected by Novant Health Operation Activity in the Hilton Head MSA, 2024

Sector	Description	Employment	Labor Income	Value Added	Output
490	Hospitals	706	\$ 73,471,270	\$ 105,396,969	\$ 303,737,046
483	Offices of physicians	241	\$ 35,267,769	\$ 38,878,021	\$ 35,672,393
472	Employment services	108	\$ 2,582,962	\$ 4,135,904	\$ 9,314,365
447	Other real estate	95	\$ 1,720,936	\$ 9,211,223	\$ 21,087,066
509	Full-service restaurants	75	\$ 2,126,601	\$ 3,687,633	\$ 7,014,936
462	Management consulting services	56	\$ 2,957,008	\$ 4,108,832	\$ 7,598,242
469	Management of companies and enterprises	42	\$ 2,709,727	\$ 3,400,630	\$ 7,345,662
455	Legal services	39	\$ 2,256,500	\$ 4,724,415	\$ 7,276,827
511	All other food and drinking	33	\$ 926,659	\$ 1,633,381	\$ 2,628,419
510	Limited-service restaurants	32	\$ 798,061	\$ 1,418,521	\$ 3,240,193

E. Summary of Economic Impact Analysis⁴⁷

The combined results show that 90,244 jobs, roughly \$7.9 billion in labor income, and more than \$18 billion in output are attributable to Novant Health activities (operations and construction) in North Carolina based on 2023 data combined with Novant Health activities (operations) in South Carolina using 2024 data.⁴⁸ The state impact exceeds the sum of MSAs due to additional areas and counties in each state that are not part of an MSA.

Impact of Novant Health in North Carolina and South Carolina

⁴⁷ The "Community Benefit Impact" is derived in Section IV. The "Economic Impact" and "Tax Impact" include the impact from both North Carolina and South Carolina. The number of clinic encounters, inpatients, and ER visits are North Carolina only. See Novant Health, "Company" (2024) <https://www.novanthealth.org/about/company/>.

⁴⁸ The combined economic impact and total tax revenue are potentially conservative estimates since the analysis does not include net operating revenues from areas outside North Carolina and South Carolina.

IV. Community Benefits for North Carolina and South Carolina

A. Overview of FTI Consulting Approach for Assessment of Community Benefits

Novant Health tasked the FTI Consulting's Center with evaluating the community benefits of Novant Health to supplement the economic impact analysis and better to understand the potential broader effect of the health system in the community. Hospital community benefit assessments typically encompass standard measures of community benefits provided by nonprofit hospitals activities to improve health outcomes in the communities they serve, and may include broader initiatives and activities. Standard community benefit measures used in estimating community benefits include measures of financial assistance and unreimbursed care and activities to promote health outcomes.⁴⁹

Traditional community benefits assessments typically arise in the requirements of nonprofit hospitals in the United States to maintain tax-exempt status, with specific requirements and measures for community benefits defined by the IRS at the federal level or by states.⁵⁰ While North Carolina law does not require nonprofit hospitals to provide community benefits, it requires them to report community benefits to receive tax-exempt financing authorization.⁵¹ North Carolina hospitals and health systems report their community benefit activities to the North Carolina Healthcare Association (NCHA), which publishes community benefits reports online. Similar to the approach taken in American Hospital Association studies of community benefits, the NCHA notes that community benefits include measures of charity care,⁵² graduate medical education, cost of covering costs that Medicare and Medicaid do not cover, and population health and research. The NCHA includes information on provision of essential services to patients regardless of their ability to pay, promotion of community wellness and access to care through outreach programs, researching and innovating to improve health outcomes, pursuing health equity, supporting the well-being of the healthcare workforce, protecting community during public health emergencies and ensuring access to care 24/7.⁵³

The NCHA tracks 10 specific hospital-defined priorities for total community benefits (**Table 28**): 1) charity care, 2) unreimbursed costs for treating Medicare patients, 3) unreimbursed costs for treating Medicaid patients, 4) unreimbursed costs for treating patients in other means-tested government programs that measure the eligibility of individuals or families based on their income against a pre-determined threshold, 5) community health improvement services and community benefit operations, 6) unreimbursed health professions education costs, 7) subsidized health services losses, 8) unreimbursed research costs, 9) cash and in-kind contributions to community groups and 10)

⁴⁹ See e.g., Community Benefit Connect, "What Is Community Benefit?" https://www.communitybenefitconnect.org/about-us/about_what-is/. (accessed July 2024).

⁵⁰ See Internal Revenue Service, "Charitable Hospitals - General Requirements for Tax-Exemption Under Section 501(c)(3)," <https://www.irs.gov/charities-non-profits/charitable-hospitals-general-requirements-for-tax-exemption-under-section-501c3> (accessed July 2024) which describes the specific reporting requirements and categories that comprise community benefit measures. The American Hospital Association conducts periodic studies of community benefit, and released results in October 2023 of a report with estimates of community benefit activity by tax-exempt hospitals using data from the 2020 Tax-Exempt Hospitals' Schedule H Community Benefit Reports (Form 990). The report's estimated benefits using the IRS categories including financial assistance, community-building activities, bad debt and shortfalls in Medicare. The American Hospital Association study reported estimates of approximately \$130 billion in total benefits with these specific types of measures based on 2020 data for the hospitals in the study. The report also noted that hospitals and health systems' community benefits activities include programs and services specifically designed to address current and future health needs of communities they serve. These initiatives may include efforts in housing support, access to healthy food, health education, screenings, transportation, vaccination clinics, and other programs that address social determinants of health. See, American Hospital Association, "Tax-exempt Hospitals Provided Nearly \$130 Billion in Total Benefits to their Communities," (October 2023) <https://www.aha.org/system/files/media/file/2023/10/Results-from-2020-Tax-Exempt-Hospitals-Schedule-H-Community-Benefit-Reports.pdf>.

⁵¹ The Hilltop Institute, "Hospital Community Benefit State Profile North Carolina 2013," (June 2016). https://hilltopinstitute.org/wp-content/uploads/hcbp/hcbp_docs/HCBP_CBL_NC.pdf. (accessed July 2024).

⁵² The NCHA defines "charity care" as "This source comes from either free or discounted care directed toward the community's poor who cannot pay for hospital services. Patients are eligible if they qualify under the hospital's financial assistance policy." See North Carolina Healthcare Association, "The Economic Contributions of North Carolina's Health Systems and Hospitals," (December 2022) https://www.ncha.org/wp-content/uploads/2022/12/NCHA_Economic_Impact_Report_22.pdf at p. 12. The NCHA requires that all North Carolina hospitals report statistics on this measure and report the "Estimated Costs of Treating Charity Care Patients" in their community benefit reports. See, e.g., North Carolina Healthcare Association, "2023 North Carolina Hospital Community Benefits Report - Novant Health Ballantyne Medical Center," https://www.ncha.org/wp-content/plugins/custom_community_benefit_table/uploads/2023/NovantHealthBallantyneMedicalCenter.pdf. (accessed July 2024). Measures of "charity care" reported in Section IV B use the NCHA definition and data. The term "financial assistance" for patients meeting some specific need criteria and the term "charity care" are often used interchangeably in the literature on community benefits as are financial assistance and charity care policies.

⁵³ See North Carolina Healthcare Association, "The State of Healthcare in North Carolina 2022 IMPACT Report," (2023). <https://www.ncha.org/wp-content/uploads/2023/01/NCHA-2022-Impact-Report.pdf>. (accessed July 2024).

community building activity costs.⁵⁴ South Carolina law does not require nonprofit hospitals to provide community benefits, and has different obligations for hospitals or healthcare facilities related to indigent care.⁵⁵

Table 28: 10 Community Benefit Measures Defined by NCHA

Community Benefit Measures	
1	Charity care
2	Unreimbursed costs for treating Medicare patients
3	Unreimbursed costs for treating Medicaid patients
4	Unreimbursed costs for treating patients in other means-tested government programs
5	Community health improvement services and community benefit operations
6	Unreimbursed health professions education costs
7	Subsidized health services losses
8	Unreimbursed research costs
9	Cash and in-kind contributions to community groups
10	Community building activity costs

In addition to these traditional categories, the definition of community benefit has broadened in recent years to account for activities that seek to address the impact of social determinants of health on outcomes and health disparities between sub-populations.⁵⁶ Programs that address social determinants of health, encourage greater access to healthcare for historically disadvantaged populations, or reduce health disparities are reflected in a broader approach for demonstrating qualitatively or for quantifying community benefits.⁵⁷ This expanded scope of factors is reflected in the framing of major national health initiatives such as **Healthy People 2030**, which expands prior population health models and measures to include improvements in physical, social and economic environments; efforts to close gaps such as health disparities, health equity, and health literacy; use of evidenced based interventions to address physical, mental and social dimensions; efforts to improve access to public health and clinical care; and methods for informing and encouraging collaborative activities and shared responsibility for success.⁵⁸

Hospitals and health systems play a significant role in addressing the many drivers of poor health in their communities to improve health outcomes, with increasing recognition of health system roles in addressing the impact of social factors at both the individual and community levels. Health systems programs and initiatives increasingly include initiatives aimed at these broader goals, in cross-sector collaboration and partnerships with leading community organizations.⁵⁹

⁵⁴ See e.g., North Carolina Healthcare Association, “2023 North Carolina Hospital Community Benefits Report - Novant Health Ballantyne Medical Center,” https://www.ncha.org/wp-content/plugins/custom_community_benefit_table/uploads/2023/NovantHealthBallantyneMedicalCenter.pdf. See also general guidelines, North Carolina Healthcare Association, “Community Benefits and Financial Assistance Information,” <https://www.ncha.org/community-benefits-listings/>. (accessed July 2024).

⁵⁵ South Carolina has had some requirements related to indigent care by hospitals for certain Certificate of Need (CON) applications. See, The Hilltop Institute, “Hospital Community Benefit State Profile South Carolina 2013,” (June 2016) https://www.hilltopinstitute.org/wp-content/uploads/hcbp/hcbp_docs/HCBP_CBL_SC.pdf. (accessed July 2024). However, as of May 2023, the Certificate of Need law changed such that a CON is required for new hospital construction or expansion of hospital beds, with some exemptions yet only until January 1, 2027 when the law sunsets. See, for description, South Carolina Department of Health and Environmental Control “Partial Repeal of Certificate of Need Program Act 20 (Effective May 16, 2023),” <https://dph.sc.gov/sites/scdph/files/media/document/CON-DHEC-Board-Presentation-Jun-8-2023.pdf>.

⁵⁶ See e.g., National Academies of Sciences, Engineering, and Medicine. 2022. “Models for Population Health Improvement by Health Care Systems and Partners: Tensions and Promise on the Path Upstream: Proceedings of a Workshop.” Washington, DC: The National Academies Press. <https://doi.org/10.17226/26059>. See also American Hospital Association, “Tax-exempt Hospitals Provided Nearly \$130 Billion in Total Benefits to their Communities,” (October 2023). <https://www.aha.org/guidesreports/2023-10-09-results-2020-tax-exempt-hospitals-schedule-h-community-benefit-reports>. (accessed July 2024).

⁵⁷ See e.g., Horwitz, et al., “Quantifying Health Systems’ Investment In Social Determinants Of Health, By Sector, 2017–19,” *Health Affairs* (2020) 39:2. <https://doi.org/10.1377/hlthaff.2019.01246>.

⁵⁸ See Figure 1.1 the Healthy People 2030 Framework Graphic. The consensus reports and activities of Healthy People 2030 also include core measures for many factors in addition to health conditions called “Leading Health Indicators” (LHIs). National Academies of Sciences, Engineering, and Medicine. 2020. *Leading Health Indicators 2030: Advancing Health, Equity, and Well-Being*. Washington, DC: The National Academies Press. <https://doi.org/10.17226/25682>.

⁵⁹ A recent study provides a comprehensive assessment of health system and hospital activities. “Social determinants of health (SDOH) refer to the “conditions in which people are born, grow, live, work, and age.” SDOH have an outsized effect on the health outcomes of individuals and communities, above and beyond formal medical care. For this

The Center assessed the community benefits Novant Health has contributed to local and regional areas using statistics and evidence from NCHA and public and internal materials from Novant.⁶⁰ The evaluation specifically focused on Novant Health's impact on the community through 1) its investment on financial assistance and unreimbursed care costs, 2) total community benefit spending within local and regional communities and 3) identifying Novant Health's community benefit programs that seek to improve health, reduce disparities, improve access equity or address social determinants of health. Novant Health's expansion to include three South Carolina hospitals in February 2024 is too recent to allow for a comprehensive evaluation of their community benefits impact. As a result, this report summarizes available information in **Section IV-C** below on Novant Health's existing programs and initiatives that serve specific populations in South Carolina, and plans to enhance these efforts moving forward.

The Center used NCHA specific statistics and data to quantify the scope and magnitude of Novant Health's reported financial assistance programs and unreimbursed care. As noted in more detail below, Novant Health's neonatal intensive care units, critical care units, cancer treatment centers, emergency rooms and other essential medical programs treat everyone, regardless of the person's ability to pay.⁶¹ This report also examines other activities of Novant Health as reported in NCHA and other sources. These include Novant Health programs that support early childhood development, enhance workforce development, enhance higher education readiness in the medical and health sciences careers, increase access to health services through addressing social determinants of health, promote healthy behaviors, build safe and healthy neighborhood, and increase food security in the community.⁶² Several examples of Novant Health activity are included in NCHA reports. For example, Novant Health telepsychiatry program in North Carolina delivers mental healthcare through models, such as connecting students in crisis with licensed professionals via videoconference. This program, launched in June 2021 with the support of a three-year, \$400,000 grant from The Duke Endowment, helps students receive timely care and avoid unnecessary emergency room visits, allowing them to remain in school.⁶³ As hospitals across the state are prioritizing the recruitment and retention of nurses in response to the nationwide nursing shortage, Novant Health New Hanover Regional Medical Center hired 117 nursing school graduates in 2022, to expand those actively working at the hospital.⁶⁴ Novant Health's proactive collaboration with community health workers to bridge the gap between patients and the healthcare system has also been recognized by the NCHA.⁶⁵ **Section IV-C** below provides a more detailed assessment.

B. Evaluation and Review of Data on Community Benefit Programs

The Novant Health system offers four patient financial assistance programs: Financial assistance for low income patients, discounts for the uninsured, catastrophic discounts, and flexible payment plan.⁶⁶ Novant Health's financial assistance policy is among the most generous in the state. Free care is offered to uninsured patients whose household

reason, healthcare organizations such as hospitals are facing new requirements to screen patients for their individual health-related social needs and invest in improving SDOH in the communities where they are located. In this study, we investigated what approaches nonprofit hospitals use to address both patients' health-related social needs [HRSN] and community-level SDOH, and present data from a national sample of 613 hospitals. We found that 44% of hospital programs addressed patients' health-related social needs, while 56% addressed community-level SDOH, such as improving economic conditions or investing in local schools. The most common programs to address community-level SDOH were aimed at increasing social support and improving local infrastructure such as housing, parks, and transportation. Stronger policies and regulation may be necessary to encourage hospitals to invest in improving community-level SDOH above and beyond addressing individual patients' health-related social needs." Berkeley Franz, et. al., "A national overview of nonprofit hospital community benefit programs to address the social determinants of health," *Health Affairs Scholar* 1 no. 6 (December 2023), <https://doi.org/10.1093/haschl/qxad078>.

⁶⁰ North Carolina Healthcare Association discloses the annual community benefits and charity care costs of each hospital in North Carolina. See the North Carolina Healthcare Association's "Community Benefits and Financial Assistance Information," <https://www.ncha.org/community-benefits-listings/>. (accessed July 2024).

⁶¹ Novant Health, "Patients and Visitors," <https://www.novanthealth.org/about/our-commitment/diversity/patients-and-visitors/#:~:text=Charity%20care,the%20person's%20ability%20to%20pay>. (accessed July 2024). Also since 2013, Novant Health began offering multi-year interest-free payment plans through ClearBalance. In the same year, Novant expanded access to interest-free plans from hospital bills to physician practices. By 2015, all of its patients on payment plans were converted to the interest-free plan. Karen Garloch, "Charlotte hospitals offer interest-free payment plans," *The Charlotte Observer* (January 7, 2015), <http://www.charlotteobserver.com/living/health-family/article9254330.html>. (accessed July 2024).

⁶² Novant Health, "Investing in Our Communities," <https://www.novanthealth.org/about/our-commitment/community/>. (accessed July 2024).

⁶³ Ibid.

⁶⁴ Ibid.

⁶⁵ North Carolina Healthcare Association, "Novant Health's Community Health Workers: Bridging Barriers to Care," <https://nchealthcare.org/novant-healths-community-health-workers-bridging-barriers-to-care/>. (accessed July 2024).

⁶⁶ Ibid. This section relies on data and information reported in NCHA or health system reports, and uses the specific measures for "charity care."

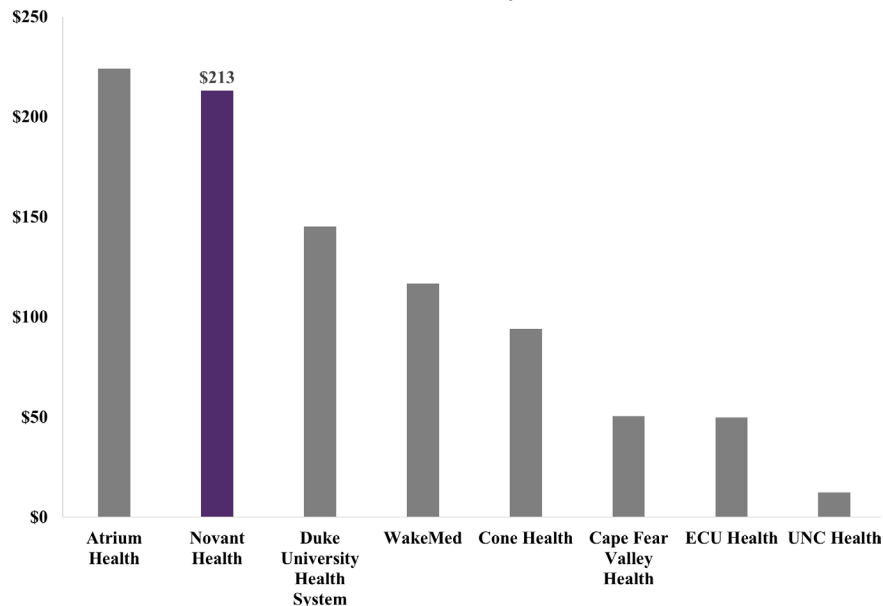
income is at or below 300% of the federal poverty level without substantial liquid assets.⁶⁷ For a family of four, per the 2023 Federal Poverty Guidelines, this represents an annual income of \$90,000 (**Table 29**). Most uninsured patients who come to Novant Health for “essential” care receive it at no cost.

Table 29: 2023 Federal Poverty Level Guidelines

Household/ Family Size	2023 Federal Poverty Guidelines	300% of the FPG
1	\$14,580	\$43,740
2	\$19,720	\$59,160
3	\$24,860	\$74,580
4	\$30,000	\$90,000
5	\$35,140	\$105,420
6	\$40,280	\$120,840
7	\$45,420	\$136,260
8	\$50,560	\$151,680

To determine its reported measures of charity care and community benefits provided, Novant Health hospitals follow an “internal cost-to-charge ratio approach” that is specified by the NCHA Community Benefits Guidelines.⁶⁸ In 2022, Novant Health incurred roughly \$213 million in charity care in North Carolina, which was the second largest amount in the state behind Atrium Health (**Figure 3**).⁶⁹ Novant Health’s large charity care contribution is in part attributable to a robust financial assistance policy, which results in a higher proportion of direct charity care as opposed to bad debt.⁷⁰

Figure 3: Charity Care Provided by Not-For-Profit Health Systems in North Carolina in 2022, in millions



⁶⁷ Novant Health, “Financial Assistance for the Uninsured,” <https://www.novanthealth.org/globalassets/buttons-and-documents-ctaslinks/documents-pdfs/patient-charity-care-policy-2021.pdf>. (accessed July 2024).

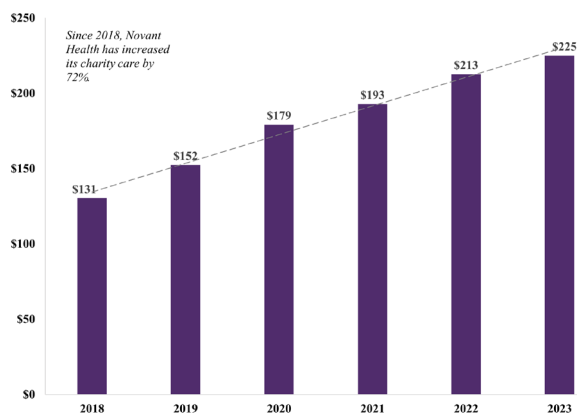
⁶⁸ North Carolina Healthcare Association discloses the annual community benefits and charity care costs of each hospital in North Carolina. See 2022 hospital community benefits reports at North Carolina Hospital Association, “Community benefits and financial information,” <https://www.ncha.org/community-benefits-listings/>. (accessed July 2024).

⁶⁹ Carolinas HealthCare System changed its name to Atrium Health in February 2018. See “Charlotte-based Atrium Health takes next step in its transition,” Charlotte Business Journal (December 6, 2018), <https://www.bizjournals.com/charlotte/news/2018/12/06/charlotte-based-atrimum-health-takes-next-step-in.html>. (accessed July 2024). Internal documents and data provided by Novant Health.

⁷⁰ Note that all the comparative figures and descriptions (i.e. comparing charity care or community benefit spending for Novant with other health systems in North Carolina) are from 2022 NCHA, as the 2023 NCHA is incomplete, while all the internal trend figures and descriptions (i.e. Novant Health’s historical spendings on charity care or community benefit) come from Novant internal documents.

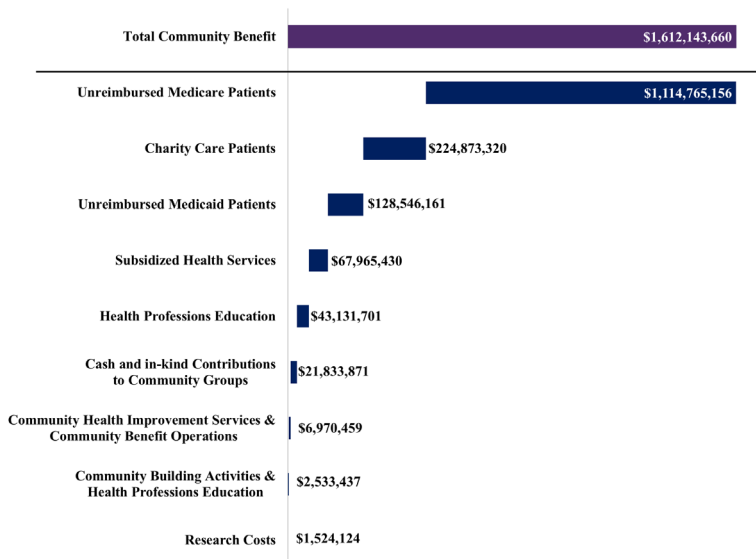
As **Figure 4** illustrates, there continues to be substantial growth in Novant Health's provision of charity care since 2018 as reported for this measure in NCHA data. Between 2018 and 2023, Novant Health increased its charity care spending by approximately 72%.⁷¹ This high growth rate is at least partially a reflection of the health system's financial assistance policy. Reported measures of charity care increased from 2020 to 2023 with an average annual growth rate of 13%.⁷²

Figure 4: Charity Care Provided by Novant Health since 2018, in millions



Charity and unreimbursed care are both components of Novant Health's reported measures of systemwide spending in North Carolina toward community benefits, as displayed in **Figure 5**.⁷³ In 2023, Novant Health provided approximately \$225 million of charity care to those residents of North Carolina that the system regards as historically lacking access to care, comprising over 14% of its total community benefits spending.⁷⁴ In addition, in North Carolina, Novant Health provided over \$1.2 billion of uncompensated care to individuals with Medicare and Medicaid coverage and patients from other government programs, comprising nearly 80% of its total community benefits spending.⁷⁵

Figure 5: Total Community Benefits at Novant Health in North Carolina in 2023



⁷¹ Increased spending between 2018-2023 is reported to estimate the growth and impact of greater community investment since the FTI Consulting Economic Impact report in 2019.

⁷² Calculated based on community benefits report from the North Carolina Hospital Association; and using standard metrics and measures.

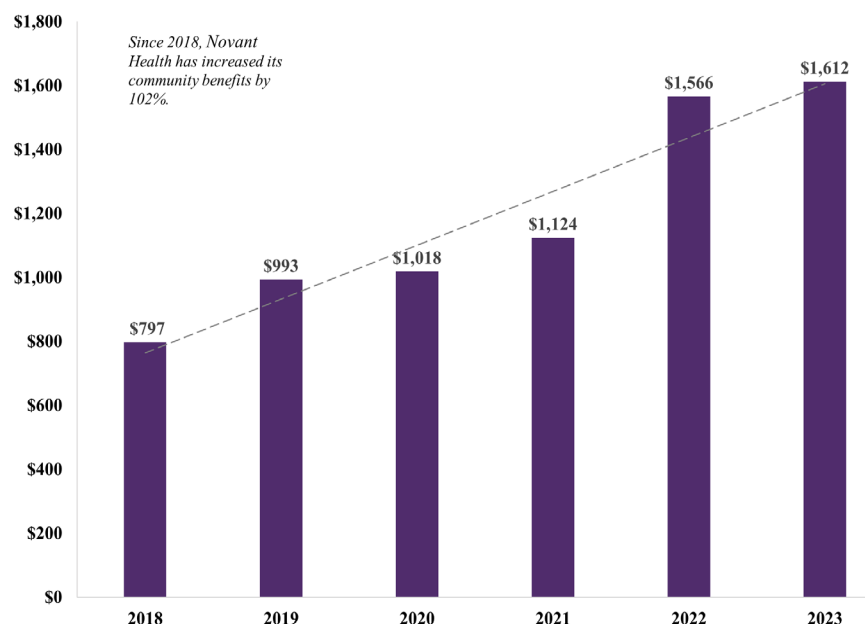
⁷³ See, e.g., North Carolina Healthcare Association, "2023 North Carolina Hospital Community Benefits Report - Novant Health Ballantyne Medical Center," https://www.ncha.org/wp-content/plugins/custom_community_benefit_table/uploads/2023/NovantHealthBallantyneMedicalCenter.pdf. See also general guidelines, North Carolina Healthcare Association, "Community Benefits and Financial Assistance Information," <https://www.ncha.org/community-benefits-listings/>. (accessed July 2024).

⁷⁴ Novant Health's total community benefit as reported to the North Carolina Hospital Association. See, e.g., North Carolina Healthcare Association, "2023 North Carolina Hospital Community Benefits Report - Novant Health Ballantyne Medical Center," https://www.ncha.org/wp-content/plugins/custom_community_benefit_table/uploads/2023/NovantHealthBallantyneMedicalCenter.pdf. See also general guidelines, North Carolina Healthcare Association, "Community Benefits and Financial Assistance Information," <https://www.ncha.org/community-benefits-listings/>. (accessed July 2024).

⁷⁵ Internal documents and data provided by Novant Health.

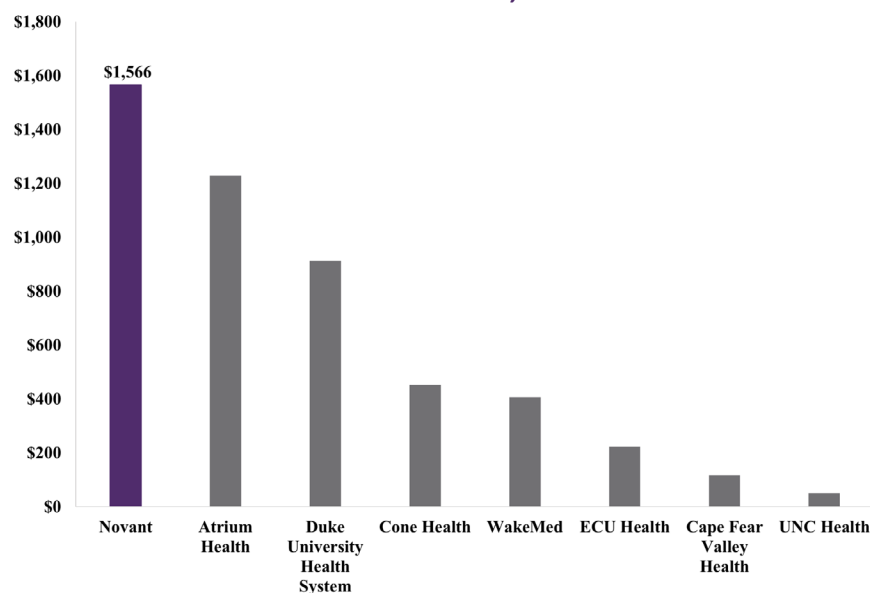
Figure 6 shows the significant growth of Novant Health’s investment in community benefits. In 2023, Novant Health spent over \$1.6 billion in community benefits, a 102% increase from \$797 million in 2018.⁷⁶

Figure 6: Community Benefits Provided by Novant Health Since 2018, in millions



Novant Health supports a wide variety of community programs and initiatives.⁷⁷ Novant Health ranks the highest in terms of community benefit investments among North Carolina not-for-profit health systems in 2022. **Figure 7** shows that in 2022, Novant Health’s provision of community benefits in North Carolina totaled approximately \$1.6 billion.

Figure 7: Community Benefits Provided by Not-For-Profit Health Systems in North Carolina in 2022, in millions



⁷⁶ Internal documents and data provided by Novant Health.

⁷⁷ Novant Health, “Community Impact Report 2022,” <https://www.novanthealth.org/globalassets/buttons-and-documents-ctaslinks/documents-pdfs/nh1355264-pr-community-benefit-report-2022.pdf?ver=JYeKLix9-Ju5518iLlb5Rw%3d%3d×tamp=1656086569983>. (accessed July 2024).

C. Review of Community Benefit Programs in North Carolina

The Center reviewed Novant Health's community benefit programs and health initiatives that serve specific populations and communities in North Carolina and South Carolina. Hospitals and health systems play a significant role in addressing the many drivers of poor health in their communities to improve health outcomes with initiatives aimed at drivers of health including both medical and upstream social factors.⁷⁸

We note that Novant Health was identified as a **Healthy People 2030 Champion** by the HHS Office of Disease Prevention and Health Promotion (ODPHP) by employing the **Healthy People Framework** in several major initiatives including "best practice" alerts and efforts to align best practices with objectives and leading indicators such as food insecurity in active screening and interventions; by its significant activity to reduce heart failure readmission rates with successful interventions by mid-year 2023 to lower readmission rates for black patients and to close gaps; and Novant Health's efforts to enhance breast cancer screening, establish advisory groups, and develop quantifiable goals.⁷⁹

This section summarizes additional Novant Health's community benefit programs that provide examples and measures of impact of commitment to investments in improving health, reducing disparities, improving access, and addressing social determinants of health.

- Novant Health invested in two new **Community Care Cruisers** in both the Wilmington⁸⁰ and the Charlotte MSAs⁸¹ in 2023. The goal of these Cruisers is to improve access to primary care, preventive care, screenings, and vaccines, with a focus on health equity. The mobility of these cruisers enables them to reach communities and individuals where they are most needed and provide translation services on-site, further reducing barriers to accessing healthcare. The existing Community Care Cruisers made significant progress in 2022, including providing free biometric screenings to over 1,700 patients in North Carolina, vaccinating nearly 1,400 minority children in Charlotte, and increasing access to food for 680 families in North Carolina.⁸²
- Novant Health teamed up with Naval Medical Center Camp Lejeune, UNC Health, and the University of North Carolina at Chapel Hill School of Medicine to bring in more trained psychiatrists to North Carolina, where roughly 1.5 million adults had a mental health condition and where psychiatrists were in shortage. A civilian-military residency program was designed in 2023 and will be initiated at Novant Health New Hanover Regional Medical Center and at Naval Medical Center Camp Lejeune in 2024. The goal will be to provide additional seven training spots.⁸³ This program will widen patients' access to mental healthcare in eastern North Carolina.⁸⁴
- Novant Health launched the **Community Health Worker** program in 2019, seeking to address health inequity in care delivery and provide patients with timely access to health services along with community health workers' support. Community health workers' role is to advance healthcare delivery to patients, especially those who are socially vulnerable, by assisting patients to schedule their appointments, providing suggestions for both non-clinical and clinical needs, and connecting patients to the resources they need in the community. According to Novant information, the program reached over more than 1,200 patients and made 5,700 connections to community resources in 2022. The program led to an estimated 33% decrease in ED utilization, 75% increase in the first 30 days of intervention among high-risk COPD patients at Rowan Medical Center and Presbyterian Medical Center.

⁷⁸ According to Dr. David Henao, Senior Strategy Execution Manager, Novant Health uses Healthy People 2030 as a benchmark to measure itself against national and population-level data. "At Novant Health, our goal is to be a national leader in health equity and to leverage best practices and tools to provide remarkable care," says Dr. Henao. See "Novant Health: Using Healthy People 2030 Objectives to Center Health Equity." <https://health.gov/news/202310/novant-health-using-healthy-people-2030-objectives-center-health-equity>. (accessed October 2024).

⁷⁹ See e.g., Berkeley Franz, et. al., "A national overview of nonprofit hospital community benefit programs to address the social determinants of health," *Health Affairs Scholar* 1 no. 6 (December 2023), <https://doi.org/10.1093/haschl/qxad078> and sources cited therein.

⁸⁰ <https://www.novanthealth.org/newsroom/novant-health-to-deploy-first-community-care-cruiser-in-the-wilmington-area>.

⁸¹ <https://www.novanthealth.org/newsroom/novant-health-deploys-second-community-care-cruiser-in-the-charlotte-area>.

⁸² Ibid.

⁸³ Novant Health, "Psychiatry Residency," <https://www.novanthealth.org/medical-education/nhrmc/psychiatry-residency/>. (accessed July 2024).

⁸⁴ Novant Health, "Harnessing expertise to create a healthier future, 2023 Annual Report", https://www.novanthealth.org/globalassets/buttons-and-documents-ctaslinks/documents-pdfs/nh1570914_2023annualreport_digital_june25_24_final.pdf?ver=muug3pEPjAZjXvRDatEBFw%3d%3d×tamp=1656083606295. (accessed July 2024).

Additionally, 41% of patients in the program demonstrated improved medication adherence, and efforts by Novant Health community health workers were estimated to have reduced ED visits by 2.5 visits per patient per year.⁸⁵

- Novant Health made efforts to meet needs across the state, including for populations historically lacking access.
 - OB/GYNs and pediatricians at Novant Health received training to eliminate bias that could lead to poor health outcomes for **minority women and their babies**.
 - Novant Health recently opened the first and only **primary care center**, Novant Health Today's Adult Primary Care, in the 27105 ZIP code within eastern Forsyth County to meet ongoing patients' needs in an area where patients encounter difficulties in accessing local primary care physicians.⁸⁶ The location now offers a comprehensive three-in-one care facility, which also includes Novant Health Today's Woman OB/GYN and Novant Health Today's Pediatrics — two clinics that have served the surrounding community for decades.⁸⁷
 - Novant Health provided **several trainings to nurses in rural areas**, including Sexual Assault Nursing Examiner (SANE) training, to improve their expertise and capability to serve the local community. A violence intervention program was launched at Novant Health New Hanover Regional Medical Center to support victims of community violence and help them post-event with needed resources.
 - Novant Health collaborated with Young Men's Christian Association (YMCA) of Northwest North Carolina⁸⁸ to improve **young people's** access to care by offering integrated wellness programs at 17 YMCA branches across seven counties.⁸⁹
 - Novant Health launched the Senior Food Security project targeting **minority seniors** with diabetes or hypertension who are food insecure, aiming to provide access to healthy food. The project consists of three programs, including Emergency Food Packs for all Novant Health patients with emergent food need, Eat Well Produce Prescription Card for targeted population in Mecklenburg County, and Medically Tailored Meals in Forsyth County, benefiting more than 660 patients in the community.
 - Novant Health launched a **Barbershop Initiative** in 2017, which has been delivering health education to local residents and providing free health screenings, including glucose screening, cholesterol screening, screening for hypertension and offering vaccines to community members in the local barbershops.⁹⁰ Since its launch, 15 barbershop initiative screening events have been completed, with 30 volunteers and six barbershops in Wilmington involved.⁹¹
 - In partnership with the **American Heart Association (AHA)**, Novant Health launched a three year health initiative to reduce **heart disease and stroke** risk factors in multiple regions of North Carolina through events, such as a virtual summit for hypertension management, nutrition education classes for community health workers and provision of healthy food, engaging with 175,000 local residents.⁹² **Section V** provides more details on this partnership and its impact.

⁸⁵ Vizient, "Community Health Worker model improves quality care, reduces ED utilization and length of stay," (February 2024) <https://newsroom.vizientinc.com/en-US/releases/stories-community-health-worker-model-improves-quality-care-reduces-ed-utilization-and-length-of-stay>.

⁸⁶ Novant Health, "Novant Health invests in tomorrow with major expansion of Winston-Salem clinic," <https://www.novanthealth.org/healthy-headlines/novant-health-invests-in-tomorrow-with-major-expansion-of-winston-salem-clinic>. (accessed July 2024).

⁸⁷ Novant Health, "Novant Health expands beloved neighborhood clinic in east Winston-Salem, adds new services to multispecialty care location," (May 2024). <https://www.novanthealth.org/newsroom/novant-health-expands-beloved-neighborhood-clinic-in-east-winston-salem-adds-new-services-to-multispecialty-care-location>.

⁸⁸ Novant Health, "Novant Health and YMCA of Northwest North Carolina launch strategic partnership, align community wellness programs," <https://www.novanthealth.org/newsroom/novant-health-and-ymca-of-northwest-north-carolina-launch-strategic-partnership-align-community-wellness-programs>. (accessed July 2024).

⁸⁹ Novant Health, "Harnessing expertise to create a healthier future, 2023 Annual Report", https://www.novanthealth.org/globalassets/buttons-and-documents-ctaslinks/documents-pdfs/nh1570914_2023annualreport_digital_june25_24_final.pdf?ver=muug3pEPjAZjXvRdatEBFw%3d%3d×tamp=1656083606295. (accessed July 2024).

⁹⁰ Novant Health, "A glucose screening and a haircut?" (September 2023). <https://www.novanthealth.org/healthy-headlines/a-glucose-screening-and-a-haircut>. (accessed July 2024).

⁹¹ Novant Health, "Community Impact Report 2022," <https://www.novanthealth.org/globalassets/buttons-and-documents-ctaslinks/documents-pdfs/nh1355264-pr-community-benefit-report-2022.pdf?ver=JYeKLiX9-Ju5518iIb5Rw%3d%3d×tamp=1656086569983>. (accessed July 2024).

⁹² <https://www.novanthealth.org/newsroom/releases-20230920>.

D. Preliminary Review of Community Benefit Programs in South Carolina

This study includes a preliminary overview of information on Novant Health’s community benefit and outreach activities in South Carolina, including efforts to provide improved access to care for specific populations. For example, partnering with Ochsner, Novant Health opened a 65 Plus – Okatie clinic in the Hilton Head area, serving people over 65 with chronic conditions such as arthritis and diabetes. Senior patients can receive customized health services, wellness resources and assistance on insurance usage at the clinic. This innovative clinic illustrates how Novant Health seeks to support community wellness in South Carolina.⁹³ Novant Health’s efforts in South Carolina also include investments such as expanded community contributions, donations and financial assistance and investments in community healthcare programs. All three Novant Health hospitals in South Carolina participate in the South Carolina Quality Achievement Program (QAP), which seeks to improve healthcare outcomes for the Healthy Connections™ population.⁹⁴ Additionally, the Hilton Head and Coastal Carolina medical centers support various community initiatives, including educational seminars, health screenings, medical coverage for local events and healthcare classes for new and expecting parents.

Looking forward, Novant Health aims to improve healthcare by enhancing access to safe, high-quality care for the community served by its hospitals, outpatient facilities and clinics in South Carolina. Novant Health’s efforts include hospital renovations and expansions of primary care centers and additional physicians and nurses, with a focus on meeting local community needs to make progress on access, high-quality care, and personal connection in the region.⁹⁵

⁹³ Novant Health, “Ochsner and Novant Health 65 Plus – Okatie Now Open,” (February 2024) <https://www.novanthealth.org/newsroom/ochsner-and-novant-health-65-plus-okatie-now-open>.

⁹⁴ Healthy Connection is the Medicaid program in South Carolina. See South Carolina Department of Health and Human Services, “Healthy Connections Medicaid” (2024) <https://www.scdhhs.gov/>.

⁹⁵ Novant Health, “Novant Health expands into South Carolina, building on bedrock of exceptional hospital care,” (February 2024) <https://www.novanthealth.org/healthy-headlines/novant-health-expands-into-south-carolina-building-on-bedrock-of-exceptional-hospital-care>.

V. Novant Health's Contributions as a Major Healthcare System to Communities

As the primary organizational structure in healthcare delivery across many aspects of care, healthcare systems play an important role in serving the needs of their populations and transforming healthcare delivery to address emerging challenges. Dynamic, large, and organized health systems tend to prioritize improved health outcomes and access, cost-effectiveness and quality care for patients. An increasing number of general acute care hospitals are now part of larger systems. As of 2022, 76% of the 4,718 general acute care hospitals in the United States were affiliated with one of 640 health systems.⁹⁶ The number of hospitals affiliated with health systems increased by 23% between 2005 and 2020.⁹⁷

These systems tend to have a broader reach across regions, offering a comprehensive care network encompassing hospitals, outpatient facilities, and physician practices to serve both current patient populations and to meet future needs, and positioned to implement and promote value-based payment models.⁹⁸ Regional healthcare providers, operating across one or two states, deliver care to nearly half (47%) of inpatients nationally. These systems serve large patient populations – averaging around 60,000 discharges annually – and operate at a larger scale – averaging over 1,200 beds across multiple hospitals including both community hospitals and one or more major tertiary hospitals.⁹⁹

To optimize healthcare delivery, health systems actively implement technologies, data-driven insights, new care coordination strategies, clinically integrated networks and aligning care at the *system level* to more effectively meet the healthcare needs of their local communities. Health systems can provide for common adoption of clinical integration of care pathways and protocols, with supporting infrastructure and systems that can provide for improved quality and best practices.¹⁰⁰ U.S. health systems directly invested more than \$2.5 billion in addressing social determinants of health, including housing, employment, education and food security between 2017 and 2019.¹⁰¹ More than half of U.S. health systems are recognized as Age-Friendly Health Systems providing safe and evidence-based care to the aging population.¹⁰²

This section focuses on and develops information on two key aspects of Novant Health's role as a regional health system - the **dynamic role in delivering care** and commitment to **increasing access and affordability of care**.

A. Dynamic Role of Novant Health as a Health System

Novant Health is an integrated healthcare system with operations across multiple regions and two states, encompassing 19 medical centers and a network of over 2,000 physicians in North Carolina and South Carolina.¹⁰³ By adopting a systemwide approach across its network of facilities, Novant Health has positioned itself as an industry leader to drive healthcare transformation. Novant Health aspires to deliver high-quality care to its patients, team

⁹⁶ Results are based on analysis done by the Center for Healthcare Economics and Policy, FTI Consulting, using AHRQ Compendium of U.S. Health Systems database, 2022.

⁹⁷ Only 1,656 of 5,139 community hospitals are not part of a system as of 2020. American Hospital Association Trendwatch Chartbook, 2021.

⁹⁸ Deparle, N.A., et al., "The Evolving Role of Hospitals and Health Systems." USC Schaeffer (2024), <https://healthpolicy.usc.edu/research/role-of-hospitals-and-health-systems/#:~:text=Hospitals%20and%20health%20systems%20should%20provide%20equitable%20quality%20healthcare%20within,for%20health%20promoting%20social%20services.>

⁹⁹ Results are based on analysis done by the Center for Healthcare Economics and Policy, FTI Consulting, using AHRQ Compendium of Health Systems, 2022, and American Hospital Association. "Annual Survey Database 2022".

¹⁰⁰ Larger health systems average higher quality performance than small health systems in a composite of Healthcare Effectiveness Data and Information Set (HEDIS) measures, including cancer screening, chronic condition management, readmission measures, and inpatient measures. Sherry et al. (2022) examines the quality of care provided by small size systems and large size systems and finds that the quality is positively associated with the system size. Tisamarie Sherry et al., "Is Bigger Better? A Closer Look at Small Health Systems in the United States," Medical Care 60, no. 7 (2022): 504-511. See also, e.g., Wenke Hwang, Jongwha Chang, Michelle LaClair, and Harold Paz, "Effects of integrated delivery system on cost and quality," American Journal of Managed Care 19 (2013) no. 5, 175-84.

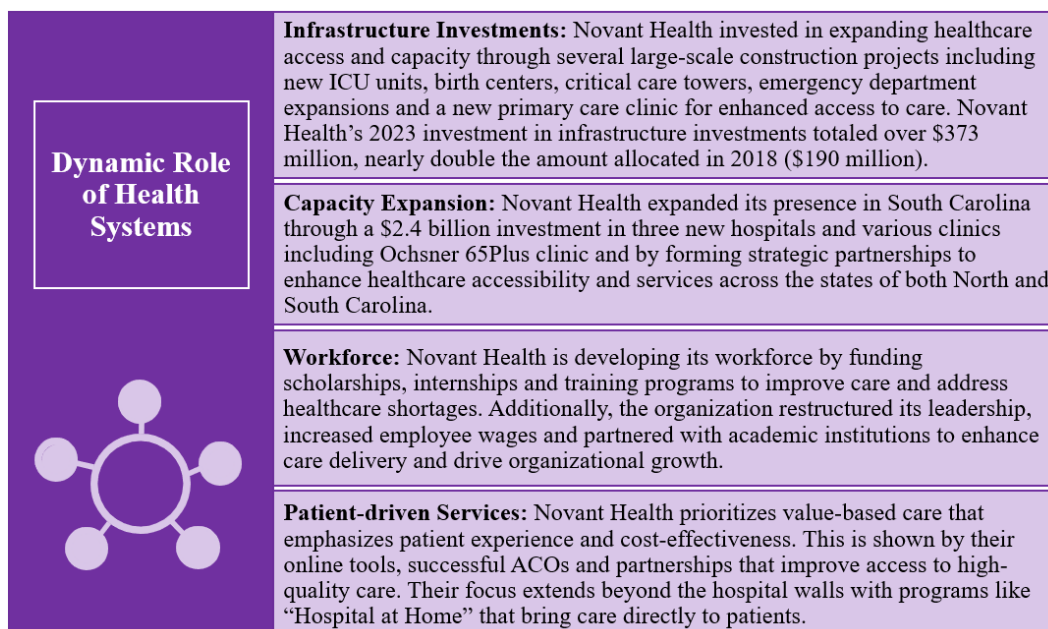
¹⁰¹ Horwitz, L. I., et al., "Quantifying Health Systems' Investment in Social Determinants of Health, By Sector, 2017–19," Health Affairs 39, no. 2 (2020): 192-198. (accessed July 2024).

¹⁰² American Hospital Association Center For Health Innovation, "Age-Friendly Health Systems," <https://www.aha.org/center/age-friendly-health-systems>. (accessed July 2024).

¹⁰³ <https://www.novanthealth.org/about/company/>. Novant Health's South Carolina locations and physician network expanded further with its very recent closure of the UCI Medical Affiliates, Inc. (UCI) transaction including urgent care and other locations; see above (<https://www.novanthealth.org/newsroom/releases-20241101>).

members and communities served.¹⁰⁴ Based on information provided, this vision centers on delivering high-quality care across the health system network, and involves several systemwide best practices and strategic initiatives, including developments in infrastructure, expansions in service capacity, and investing in workforce and patient-driven services, and summarized in the graphic below. This section provides a detailed overview of Novant Health’s activities in each of these four areas.

Figure 8: Novant Health as a Dynamic Health System



1. Infrastructure Investments

Novant Health is investing in expanding healthcare access and capacity through several large-scale construction projects. This includes expansions at Novant Health Forsyth and Kernersville Medical Centers in the Winston-Salem-Greensboro-High Point MSAs, the completion of Novant Health Ballantyne Medical Center in the Charlotte MSA and transforming Pender Medical Center in the Wilmington MSA into a full-service hospital. Novant Health’s 2023 investment in infrastructure investments totaled over \$373 million, nearly double the amount allocated in 2018 (\$190 million).

Inpatient Infrastructure:

Novant Health Forsyth Medical Center in Winston-Salem (Winston-Salem-Greensboro-High Point MSAs) has been building a new critical care tower as part of a \$400 million multiphase construction project launched in 2019, expected to be completed in early 2025. The five-story, 193,000-square-foot tower will include 59 critical care rooms, 36 medical-surgical rooms, an innovative procedure room, and remodeled surgical services department.¹⁰⁵ Forsyth Medical Center also enhanced maternity care during this multiphase renovation – including a new obstetrics emergency department, renovated labor and delivery unit, a modern mother-baby unit, and a Neonatal Intensive Care Unit (NICU).¹⁰⁶

Novant Health Kernersville Medical Center in Kernersville (Winston-Salem-Greensboro-High Point MSAs) expanded in 2021 costing \$55 million. The project included doubling the ICU capacity from four to eight patient rooms, allowing for more diagnostic testing and bedside procedures, a new heart and vascular lab, a modern birthing center with private

¹⁰⁴ <https://www.novanthealth.org/about/>. Section V uses information provided by Novant Health or public sources; and relies on their accuracy.

¹⁰⁵ <https://www.novanthealth.org/newsroom/novant-health-vannoy-construction-top-out-new-critical-care-tower-at-novant-health-forsyth-medical-center>.

¹⁰⁶ <https://www.novanthealth.org/newsroom/novant-health-forsyth-medical-center-completes-final-phase-of-maternity-care-renovation>.

delivery rooms and hydrotherapy tubs designed for patient comfort, and new interactive digital tools to improve patient communication and care.¹⁰⁷ As the final expansion phase, Kernersville Medical Center's new birth center opened in 2024, staffed by experienced labor and delivery specialists, offering various amenities.¹⁰⁸

Novant Health Matthews Medical Center in Matthews (Charlotte MSA) is building a four-story, 150,000 square-foot tower, and a 50,000 square-foot critical care tower with 174 beds to meet the needs of the growing community. The tower will include new surgical suites, endoscopy suites, a post-anesthesia care unit, an ambulatory care unit, three cardiac suites, and an intensive care unit, and is expected to be completed in summer 2025.¹⁰⁹

Novant Health Ballantyne Medical Center, a new 168,181-square-foot, 36-bed community hospital in Charlotte (Charlotte MSA), opened in June 2023, providing convenient access to emergency and inpatient services, diagnostic and surgical care, maternity care, and specialty care.¹¹⁰

Novant Health and Pender County will invest \$50 million to transform **Pender Medical Center** (Wilmington MSA) into a full-service community hospital within five years, expanding services through increased staffing, improved facilities, and new programs.¹¹¹

Novant Health Mint Hill Medical Center in Mint Hill (Charlotte MSA) is expanding its emergency department to accommodate the community's growth and rising patient volume. The \$45 million project, expected to complete in fall 2025, will double the size of the existing department, adding 19 rooms and will include treatment rooms, trauma rooms, behavioral health rooms, and hybrid procedural space for radiology and cardiology.¹¹²

Outpatient Infrastructure:

Novant Health opened a new primary care clinic, **Novant Health Today's Adult Primary Care**, in east Winston-Salem (Winston-Salem-Greensboro-High Point MSAs) in 2024 to improve access to care in an area regarded as historically lacking access to care. Building upon its women's and children's services, the new clinic will offer primary care for the entire family.¹¹³

In **Novant Health Ballantyne Medical Center** (Charlotte MSA), an adjoining on-site 57,509-square-foot medical office building provides patients with convenient access to outpatient imaging and specialty care services including cancer, breast health, women's health, and orthopedics.¹¹⁴

Novant Health Brunswick Medical Center (Wilmington MSA) in Bolivia opened a new 34,000-square-foot medical office building to improve access to healthcare services in the growing Brunswick County. The two-story building offers various specialties including heart and vascular services, family medicine, urology, surgical care, and an infusion center.¹¹⁵

Other Novant Health operated clinics include Southeastern Spine Institute's Ambulatory Surgery Center (Charleston MSA), Mount Pleasant Outpatient Surgery Center (Charleston MSA), Novant Health Surgical Partners (Asheville MSA), Novant Health-GoHealth Urgent Care Centers (Asheville MSA), Novant Health Michael Jordan Family Medical Clinics (Charlotte MSA, Wilmington MSA), Novant Health 65 Plus – Okatie Clinic (Hilton Head MSA).

¹⁰⁷ <https://www.novanthealth.org/newsroom/novant-health-kernersville-medical-center-completes-icu-expansion>.

¹⁰⁸ <https://www.novanthealth.org/newsroom/a-promise-delivered-novant-health-kernersville-medical-center-opens-new-birth-center>.

¹⁰⁹ <https://www.novanthealth.org/newsroom/releases-20231003>.

¹¹⁰ <https://www.novanthealth.org/newsroom/novant-health-ballantyne-medical-center-holds-ribbon-cutting-will-bring-new-services-to-community>.

¹¹¹ <https://www.novanthealth.org/newsroom/pender-county-commissioners-secure-50-million-commitment-from-novant-health-to-improve-health-care-across-pender-county>.

¹¹² <https://www.novanthealth.org/newsroom/releases-20231006>.

¹¹³ <https://www.novanthealth.org/newsroom/novant-health-breaks-ground-on-east-winston-salem-expansion-adds-primary-care-to-multispecialty-clinic>.

¹¹⁴ <https://www.novanthealth.org/newsroom/novant-health-ballantyne-medical-center-holds-ribbon-cutting-will-bring-new-services-to-community>.

¹¹⁵ <https://www.novanthealth.org/newsroom/novant-health-brunswick-medical-center-adds-access-with-new-medical-office-building>.

2. Capacity and Service Expansion

Novant Health recently expanded its regional health system beyond North Carolina to serve additional populations with three new hospitals and related clinics and physicians in South Carolina. This \$2.4 billion investment includes **East Cooper Medical Center** (Charleston MSA), **Hilton Head Medical Center** (Hilton Head MSA), **Coastal Carolina Medical Center** (Hilton Head MSA), several physician clinics and an outpatient center. This represents a significant expansion for Novant Health and is expected to benefit the communities in South Carolina.¹¹⁶ The recent closure of the UCI Medical Associates, Inc. transaction expands Novant Health's scope and type of locations across South Carolina with the addition of 52 Doctors Care and 20 physical therapy clinics.¹¹⁷

In partnership with clinicians and others, Novant Health is engaged in broadening surgical care and clinic access to the local communities across North and South Carolina.

- Novant Health expanded its outpatient surgery services in the Charleston MSA with two centers, Southeastern Spine Institute's Ambulatory Surgery Center and Mount Pleasant Outpatient Surgery Center.¹¹⁸
- **Novant Health Surgical Partners** in the Asheville MSA, a newly opened surgical clinic in partnership with local surgeons, provided local residents with advanced surgery and colonoscopy services.¹¹⁹
- In the Asheville MSA, Novant Health partnered with GoHealth to open three **Novant Health-GoHealth Urgent Care Centers**, providing high-quality and convenient outpatient services to patients in Western North Carolina.¹²⁰
- Novant Health collaborated with Ochsner Health to open a **"65 Plus" clinic** (Hilton Head MSA), offering personalized health services to seniors.¹²¹
- Novant Health and **Conway Medical Center** (Myrtle Beach-Conway-North Myrtle Beach MSA) formed a strategic partnership to expand access to healthcare services across the Grand Strand and Pee Dee areas, including Georgetown and Horry counties.¹²² These partnerships strengthen Novant Health's presence in South Carolina.

3. Workforce

Novant Health has made substantial investments in the healthcare workforce aiming to improve the overall quality and efficacy of care. Novant Health plans to invest \$10 million over the next five years to **increase Wilmington's healthcare workforce through scholarships**, nurse training and simulation programs.¹²³ Additionally, Novant Health's **"Bridges to Healthcare" program** offers paid internships to North Carolina high school students, introducing them to healthcare careers (21 students graduated in fall 2023).¹²⁴

Novant Health received a \$1.5 million grant from the **Golden LEAF Foundation** to establish a rural physician training program in **Pender County**, which aims to increase access to healthcare by training family medicine residents in a rural setting. The goal is to encourage these physicians to practice in rural areas after completing their training. The program is a collaboration between Novant Health Pender Medical Center (Wilmington MSA) and Black River Health Services, and is expected to create over 30 new jobs in the healthcare sector. By investing in this initiative, Novant Health and its partners hope to improve healthcare outcomes and address the physician shortage in rural communities.¹²⁵

¹¹⁶ <https://www.novanthealth.org/newsroom/releases-20240201>.

¹¹⁷ See, <https://www.novanthealth.org/newsroom/releases-20241101>.

¹¹⁸ <https://www.novanthealth.org/newsroom/novant-health-partners-with-clinicians-to-grow-its-charleston-area-network-of-surgical-services>.

¹¹⁹ Ibid.

¹²⁰ Novant Health, "Harnessing expertise to create a healthier future, 2023 Annual Report", (2023), https://www.novanthealth.org/globalassets/buttons-and-documents-ctaslinks/documents-pdfs/nh1570914_2023annualreport_digital_june25_24_final.pdf?ver=muug3pEPjAZjXvRDatEBfw%3d%3d×tamp=1656083606295 (accessed July, 2024).

¹²¹ Ibid.

¹²² Ibid.

¹²³ <https://www.novanthealth.org/newsroom/releases-20231218-6898595>.

¹²⁴ <https://www.novanthealth.org/newsroom/bridges-to-healthcare-novant-health-celebrates-21-graduates>.

¹²⁵ <https://www.novanthealth.org/newsroom/the-golden-leaf-foundation-awards-novant-health-1-5-million-for-new-rural-family-medicine-residency>.

Novant Health introduced **new C-Suite positions** strategically to drive organizational growth and advance innovation. Specifically, Novant Health restructured its executive team, creating new C-Suite roles including the chief operating officer and chief administrative officer, to drive strategic growth, digital innovation, and improved patient care.¹²⁶

Novant Health also partnered with **UNC Health, UNC School of Medicine, and Naval Medical Center Camp Lejeune** to establish a **new psychiatric residency program**. This four-year program aims to address the critical shortage of psychiatrists in southeastern North Carolina.¹²⁷

Novant Health **increased its minimum wage** to \$17, nearly \$10 more per hour than the state imposed minimum wage,¹²⁸ impacting over 4,400 employees and totaling a \$100 million investment. This increase follows previous minimum wage hikes by Novant Health over the past six years, reflecting its commitment to a living wage and investment in their communities.¹²⁹

4. Patient-Driven Services

Novant Health seeks to prioritize patient-driven care inclusive of a value-based approach. This includes efforts to design systems around patient experience, such as in-home care, and participation in new care models. Novant Health's value-driven care strategy aims to optimize patient outcomes while managing costs effectively.

Novant Health's two **accountable care organizations (ACOs)**, Novant Health ACO (North Carolina) and New Hanover Regional Medical Center's ACO, Physician Quality Partners (Wilmington MSA), were recognized for high-quality performance by the Centers for Medicare & Medicaid Services' (CMS) Medicare Shared Savings Program (MSSP).¹³⁰ They achieved a combined savings of more than \$27 million for CMS in which Novant Health ACO generated a total savings of over \$22.8 million.¹³¹ Physician Quality Partners covers over 18,500 patients in North Carolina, bringing in more than \$4.7 million savings in MSSP.¹³²

Novant Health and Privia Health formed a joint venture to launch **Privia Medical Group – North Carolina**. This new group will support independent providers in transitioning to value-based care through a clinically integrated network. Privia Health will provide technology and resources to reduce administrative burden for providers and improve patient care.¹³³

Novant Health launched a new program called **"Hospital at Home" in the Coastal region in the Wilmington MSA**. It is live at Novant Health's New Hanover Regional Medical Center in Wilmington NC. This program allows eligible patients to receive hospital-level care – including daily visits from a doctor (virtually), vital sign monitoring and 24/7 access to a registered nurse – at home.¹³⁴ Additionally, community paramedics visit patients at home twice a day. This model is particularly suitable for patients with chronic condition flare-ups, those recovering from surgery with a short hospital stay requirement or those needing lower-risk care. The program received \$2.7 million and is financially supported by the New Hanover Regional Medical Center Foundation with the expectation of serving up to 12 patients daily.

¹²⁶ <https://www.novanthealth.org/newsroom/novant-health-taps-c-suite-talent-for-new-roles-leans-into-new-era-of-healthcare-and-digital-advancements>.

¹²⁷ <https://www.novanthealth.org/newsroom/novant-health-unc-and-military-to-launch-psychiatric-residency-program-to-train-more-physicians-in-coastal-north-carolina>.

¹²⁸ <https://www.labor.nc.gov/workplace-rights/employee-rights-regarding-time-worked-and-wages-earned/minimum-wage-nc>.

¹²⁹ <https://www.novanthealth.org/newsroom/novant-health-increases-minimum-wage-for-team-members-systemwide>.

¹³⁰ <https://www.novanthealth.org/newsroom/novant-health-accountable-care-organizations-rank-first-and-second-in-north-carolina-for-quality-performance>.

¹³¹ Ibid.

¹³² https://www.wilmingtonbiz.com/health_care/2024/03/01/wilmington_health_expands_aco_activity/25344#:~:text=Novant%20Health%20absorbed%20the%20ACO,no%20covers%20about%2018%2C500%20patients.

¹³³ <https://www.novanthealth.org/newsroom/privia-health-and-novant-health-enterprises-form-strategic-partnership>,

<https://www.ama-assn.org/practice-management/payment-delivery-models/how-novant-privia-partnership-can-boost-physician>.

¹³⁴ <https://www.novanthealth.org/newsroom/novant-health-launches-hospital-at-home-program-to-transform-the-patient-experience-while-ensuring-safe-care>.

B. Novant Health's Role in Increasing Access and Affordability of Care

This study examines activities and investments by Novant Health to make healthcare more accessible and affordable for residents across its communities. Novant Health's approach to increasing healthcare affordability and accessibility includes expanding current services and creating new clinics, utilizing leading-edge technologies to enhance care and partnering with local organizations to address social factors that hinder healthcare access. These are summarized in the graphic below and evaluated in more detail in this section.

Figure 9: Access and Affordability of Care at Novant Health



1. Expanding Access to Quality Care

Novant Health seeks to enhance healthcare accessibility and quality across North Carolina and South Carolina, including through innovative expansions in medical services, community outreach efforts, and partnerships with local organizations.

Expanding Current Locations:

Novant Health Pender Medical Center (Wilmington MSA) expanded surgical and procedural care options in Burgaw, North Carolina, as part of a larger effort to improve healthcare access for Pender County residents.¹³⁵ Novant Cancer Institute recently expanded its treatment services in Kernersville and Greensboro (Winston-Salem-Greensboro-High Point MSAs) to offer the latest advancements in radiation therapy, medical oncology, and surgical care for patients.¹³⁶ Coastal Carolina Medical Center (Hilton Head MSA) in Hardeeville, South Carolina, which joined Novant Health in February 2024, also expanded its surgical services by opening a new operating room and acquiring a robotic surgical system. This expansion will enhance the hospital's capability to perform surgical care, particularly general, urological and gynecological surgeries for the community.¹³⁷

¹³⁵ <https://www.novanthealth.org/newsroom/novant-health-pender-medical-center-expands-access-to-surgical-specialties>.

¹³⁶ <https://www.novanthealth.org/newsroom/novant-health-cancer-institute-expands-access-to-care-for-patients-in-kernersville-and-greensboro>.

¹³⁷ <https://www.novanthealth.org/newsroom/coastal-carolina-hospital-opens-new-operating-room-to-advance-surgical-care>.

New Locations:

Novant Health is expanding its reach by opening new clinics that offer a variety of healthcare services across North Carolina and South Carolina. Novant Health opened the first Ochsner Novant Health 65 Plus – Okatie clinic in the Hilton Head MSA to serve the growing elderly population, providing medical care services, including comprehensive primary care, treatment of chronic conditions, nutritional support and health coaching, as well as wellness programs.¹³⁸ Recently, Novant Health opened a new spine clinic in Mount Airy, North Carolina, where their team of experts offer non-operative and surgical for chronic back pain.¹³⁹ Novant Health also opened a new adult primary care clinic in the Winston-Salem-Greensboro-High Point MSAs to provide convenient and high-quality care to residents near Davidson County,¹⁴⁰ and a new neuroscience institute at Novant Health New Hanover Regional Medical Center (Wilmington MSA), now the region's only center offering 24-hour neurological care.¹⁴¹

New Ways of Expanding Care:

Novant Health has enhanced its care delivery network through innovative care models such as hospital at home, advanced Epic EHR and Michael Jordan clinics.

- Novant Health recently launched a new **Hospital at Home** program in coastal North Carolina, with 12 patients served daily at maximum. This program offers traditional hospital care, such as daily virtual doctor visits and 24/7 nursing, directly at patients' homes.¹⁴²
- Novant Health is a leader in use of technologies in North Carolina by offering advanced two-way text messaging for patients through their Epic electronic health record system. This innovative service, powered by **Epic's Hello World platform**, allows patients in Charlotte and Winston-Salem to receive appointment reminders, manage MyChart accounts, receive billing notifications and even get prescription refills – through convenient text messages, eliminating the need for internet access.¹⁴³
- Novant Health opened three medical clinics in Charlotte and Wilmington, the **Novant Health Michael Jordan Family Medical Clinics**, in partnership with Michael Jordan to provide accessible and vital healthcare services. The clinics provide comprehensive primary care services to socially disadvantaged people, including uninsured or underinsured patients.¹⁴⁴ In 2023, the two Novant Health Family Medical clinics in Charlotte served more than 9,000 patient visits and achieved improved outcomes, including a 42% reduction in hospital admissions and a 29% reduction in ER and urgent care visits.¹⁴⁵

Health Initiatives and Programs: Heart Disease and Other Initiatives

This study examined Novant Health numerous health initiatives and programs that seek to improve the well-being of its communities. Most notably among these, **the American Heart Association (AHA) and Novant Health** announced a three-year health initiative to reduce **heart disease and stroke** risk factors. This program spans the Charlotte, Piedmont, Triad and Cape Fear regions of North Carolina and involves improving blood pressure and nutrition security, benefiting 175,000 local residents.¹⁴⁶

¹³⁸ <https://www.novanthealth.org/newsroom/ochsner-and-novant-health-65-plus-okatie-now-open>.

¹³⁹ <https://www.novanthealth.org/newsroom/novant-health-opens-new-spine-clinic-in-mount-airy>.

¹⁴⁰ <https://www.novanthealth.org/newsroom/novant-health-expands-access-to-adult-primary-care-services-with-new-clinic-near-davidson-county>.

¹⁴¹ <https://www.novanthealth.org/newsroom/novant-health-new-hanover-regional-medical-center-opens-neurosciences-institute-expands-access-to-advanced-stroke-brain-and-spine-care-in-wilmington>.

¹⁴² <https://www.novanthealth.org/newsroom/novant-health-launches-hospital-at-home-program-to-transform-the-patient-experience-while-ensuring-safe-care>.

¹⁴³ <https://www.novanthealth.org/newsroom/increasing-equitable-access-to-care-novant-health-one-of-the-first-health-systems-in-nc-to-launch-a-new-text-messaging-service-with-epic>.

¹⁴⁴ <https://www.novanthealth.org/newsroom/novant-health-and-michael-jordan-expand-vital-community-clinic-model-to-wilmington>.

¹⁴⁵ Internal documents and data provided by Novant Health.

¹⁴⁶ <https://www.novanthealth.org/newsroom/releases-20230920>; https://www.yesweekly.com/news/statewide-health-initiative-set-to-improve-chronic-disease-risk-factors/article_37db0012-5bd5-11ee-a06f-1305d5032770.html#google_vignette; Internal documents provided by Novant Health.

Heart disease is the No. 1 leading cause of death in North Carolina and stroke is the fifth leading cause of death in the state, according to the Centers for Disease Control and Prevention National Center for Health Statistics.¹⁴⁷ Moreover, hypertension is the most common health condition among U.S. adults and approximately half of U.S. adults with hypertension have at least one other health condition such as high cholesterol, diabetes, or coronary heart disease.¹⁴⁸

Specifically, the American Heart Association initiative held a virtual hypertension summit attended by over 300 North Carolinians. It also launched a community-based program in Charlotte to address hypertension serving 2,500+ residents, with nutrition education via **Healthy for Life** reaching nearly 5,000 individuals. Social media efforts garnered over 126,000 engagements.¹⁴⁹ Given cardiovascular disease is the leading cause of death for women in the United States, Novant Health established **Go Red for Women**, led by Ashley Perrott, MD, (senior physician executive at Novant Health Community Health & Wellness Institute) and Mousumi Andersen, MD, (interventional cardiologist with Novant Health Heart & Vascular Institute), to raise awareness among women about heart disease risk factors.¹⁵⁰

Novant Health received multiple awards and accreditations from the American Heart Association and American College of Cardiology for their cardiovascular and stroke care.¹⁵¹

Novant Health New Hanover Regional Medical Center
(Wilmington MSA) is recognized by Centers for Disease Control and Prevention (CDC) as a Million Hearts® Health System for its contributions to building healthy communities, optimizing care, and focusing on health equity.

	Building Healthy Communities: Novant Health New Hanover Regional Medical Center provides workplace wellness programs to its employees, including zero copayment on all medications for common chronic conditions (i.e., hypertension, diabetes), an onsite fitness center, and an onsite staff health clinics.
	Optimizing Care: Novant Health New Hanover Regional Medical Center has improved cardiovascular health by adopting proven strategies, such as prescribing antithrombotic for secondary prevention to over 90% appropriate patients, achieving a significant improvement in hypertension control.
	Focusing on Health Equity: Novant Health New Hanover Regional Medical Center improved its services to priority populations by providing transportation services for patients who lack health access as well as training community health workers on hypertension management.

Source: Million Hearts, “Spotlight: Novant Health New Hanover Regional Medical Center,” July 2024.

Other Novant Health initiatives include:

- **Novant Health and Humana** launched a health initiative, Medically Tailored Meals, in the Winston-Salem-Greensboro-High Point MSAs aiming to improve Forsyth County senior residents’ well-being and to promote health equity. The initiative was supported by community health workers and Care Connections embedded care managers

¹⁴⁷ https://www.yesweekly.com/news/statewide-health-initiative-set-to-improve-chronic-disease-risk-factors/article_37db0012-5bd5-11ee-a06f-1305d5032770.html#google_vignette.

¹⁴⁸ Data on hypertension and chronic diseases conditions and their impact sourced from FTI Center research as reflected in “Action Brief - Hypertension Control: A Vital Business Investment,” National Alliance of Healthcare Purchaser Coalitions (2024). (Accessed October 2024). https://www.nationalalliancehealth.org/wp-content/uploads/National-Alliance-Hypertension-Action-Brief_09.24FINAL.pdf and further developed in the “Budget Impact Model to Estimate the Cost of Hypertension for Employers,” FTI Consulting (2023). Note: Estimates from the hypertension budget impact model developed for the CDC Foundation by FTI Consulting’s Center for Healthcare Economics and Policy. For broader impact of hypertension control on populations, and interventions, see also <https://www.ftichep.com/hypertensiontools/>.

¹⁴⁹ American Heart Association, “2024 Mission Impact Report - North Carolina,” AHA (July 2024). (accessed July 2024).

¹⁵⁰ <https://newsroom.heart.org/local-news/novant-health-co-chairs-lead-2024-25-go-red-for-women-movement>.

¹⁵¹ <https://www.novanthealth.org/newsroom/novant-health-garners-national-recognition-for-its-excellence-in-heart-and-stroke-care>.

and partnered with five Novant Health Medical Group clinics, including Novant Health Adult Primary Care-Miller Street, Novant Health Forsyth Internal Medicine, Novant Health Pfafftown Family Medicine, Novant Health Salem Family Medicine and Novant Health Adult Primary Care-Waughtown. They provided free screening for food security annually to minority seniors who lack access to healthy food, reaching over 165 patients. Participants were offered 15 meals per week for 12 weeks. 158 patients were enrolled in the program for entire 12 weeks.¹⁵² Minority seniors with diabetes and high blood pressure were the target population of this initiative.¹⁵³

- Novant Health has been part of the **Village HeartBEAT** initiative for seven years, which was launched in Charlotte to reduce risks of cardiovascular diseases, and resulted in screenings for 748 people among which 20% were uninsured.¹⁵⁴
- Recognizing that food insecurity affects 1 in 8 North Carolinians, Novant Health created the **Novant Health Nourishes** initiative. Novant Health hospitals screened patients for food insecurity, providing emergency food packs to those in need.¹⁵⁵

2. Addressing Needs of Specific Populations

Novant Health is actively involved in providing healthcare solutions and resources to specific populations, including maternal health, pediatric care and care to rural communities. Novant Health aims to improve health outcomes and overall access to care, ensuring more equitable and efficient healthcare delivery systems across various demographics.



Maternal Health: Novant Health offers a variety of resources to the community, including prenatal education, support groups, and outpatient breastfeeding clinics. Novant Health opened a new, larger breast health center named after Agnes Weisiger, a breast cancer survivor and longtime supporter of Novant Health, in Charlotte. The \$15 million facility is designed to increase early breast cancer detection with a modern layout, improved parking, and increased capacity for mammograms.¹⁵⁶ To combat rising maternal mortality, Novant Health is launching a three-pronged attack to locally-expand access to quality prenatal care, address social determinants of health, and train staff to reduce unconscious bias to improve outcomes for all mothers and babies.¹⁵⁷

Two Novant Health hospitals in Charlotte were recognized as America's Best Maternity Hospitals 2023 by Newsweek – Novant Health Presbyterian Medical Center received the highest ranking of five ribbons, the only Charlotte hospital to achieve this, and Novant Health Huntersville Medical Center received four ribbons. This recognition extends to other Novant Health facilities as well – Novant Health Forsyth Medical Center (Winston-Salem-Greensboro-High Point MSAs) received five ribbons; Novant Health New Hanover Regional Medical Center (Wilmington MSA) received four ribbons.¹⁵⁸



Children's Health: Novant Health increased access to pediatric specialty care for children and families in southeastern North Carolina. By partnering with UNC Health, they have expanded services to Jacksonville and Brunswick County. This expansion includes a wider range of pediatric specialties, such as neurology, endocrinology, surgery, urology and hematology, in addition to existing services like gastroenterology and cardiology. The goal is to provide more convenient care options for families living outside of Wilmington. As a result of this expansion, Novant Health is seeing a significant increase in pediatric patients in

¹⁵² Internal document provided by Novant Health.

¹⁵³ <https://www.novanthealth.org/newsroom/novant-health-teams-up-with-humana-to-help-north-carolinians-overcome-health-challenges>.

¹⁵⁴ Novant Health, "Community Impact Report 2022," Novant Health (2023), <https://www.novanthealth.org/globalassets/buttons-and-documents-ctaslinks/documents-pdfs/nh1355264-pr-community-benefit-report-2022.pdf?ver=JYeKLix9-Ju5518iLib5Rw%3d%3d×tamp=1656086569983>.

¹⁵⁵ <https://www.novanthealth.org/newsroom/novant-health-launches-novant-health-nourishes-campaign-to-address-food-insecurity>.

¹⁵⁶ <https://www.novanthealth.org/newsroom/releases-20240126>.

¹⁵⁷ <https://www.novanthealth.org/newsroom/novant-health-announces-new-three-tiered-strategy-to-address-disparities-in-maternal-and-infant-health>.

¹⁵⁸ <https://www.novanthealth.org/newsroom/newsweek-names-novant-health-presbyterian-medical-center-as-charlottes-only-5-ribbon-hospital-for-maternity-care>.

Jacksonville, with a reduction in travel time for families. They plan to continue growing their pediatric specialty care services in the region.¹⁵⁹

Novant Health also opened a new after-hours clinic in Charlotte specifically for children. The clinic offers convenient evening and weekend appointments for common childhood illnesses and injuries. Services include treatment for colds, flu, ear infections, minor injuries and basic procedures. The clinic aims to provide families with a more accessible and cost-effective option for non-emergency pediatric care.¹⁶⁰

Novant Health New Hanover Regional Medical Center (Wilmington MSA), specifically its Betty H. Cameron Women's & Children's Hospital, was recognized as one of the Best Hospitals for Pediatrics by Money magazine.¹⁶¹



Population Aged 65plus: Ochsner and Novant Health partnered to open the first clinic in Ridgeland, South Carolina (Hilton Head MSA), specifically designed to cater to the needs of the growing elderly population.¹⁶² The clinic provided the personalized medical services to seniors including treatment of chronic conditions and health coaching.¹⁶³



Rehab and Mental Health: Novant Health opened a new 10-bed inpatient rehabilitation unit at Novant Health Charlotte Orthopedic Hospital (Charlotte MSA), offering specialized care for patients recovering from various medical conditions, including heart failure, stroke, and orthopedic surgeries. The unit provides physical, occupational, and speech therapy, along with a state-of-the-art rehab gym and a simulated living space to aid in patient recovery and transition back home.¹⁶⁴

3. Initiatives Around Intentional Innovation

Novant Health seeks to be at the forefront of healthcare technology innovation, by offering the most up-to-date healthcare technology and treatments in North Carolina and South Carolina. This section summarizes several initiatives.



AI Technology Advancements: Novant recently adopted an online platform called Viz.ai, which utilizes AI technology to synchronize and speed up stroke care. Viz.ai is on the smartphone of every Novant Health stroke specialist and used to upload images of stroke patients' brain scans. This technology significantly reduces the time required to log in to platforms to access patient images, allowing doctors at any location to retrieve quickly and review scans of stroke patients. This could save lives in time-critical strokes, especially for those lacking nearby specialists.¹⁶⁵ Novant Health plans to continue utilizing AI technology to enhance patient care as technology evolves. Currently, an AI platform is set to deploy in late 2024, which will assist Novant Health clinics across North Carolina in better predicting and diagnosing lung cancer. The goal is for this technology to serve as a second set of eyes for radiologists as they analyze reports, making the diagnosis and treatment process easier for patients.¹⁶⁶



Cancer Technology Advancements: In 2024, Novant Health Forsyth Medical Center (Winston-Salem-Greensboro-High Point MSAs) became one of the few providers in North Carolina to offer enhanced radiation treatments for patients with brain and prostate cancer. This technology targets multiple brain cancer cells simultaneously, improving patient comfort and reducing treatment side effects. For

¹⁵⁹ <https://www.novanthealth.org/newsroom/releases-20231010>.

¹⁶⁰ <https://www.novanthealth.org/newsroom/novant-health-opens-new-pediatric-after-hours-clinic-in-charlotte>.

¹⁶¹ <https://www.novanthealth.org/newsroom/novant-health-new-hanover-regional-medical-center-named-a-best-hospital-for-pediatrics>.

¹⁶² <https://www.novanthealth.org/newsroom/ochsner-and-novant-health-65-plus-okatie-now-open>.

¹⁶³ <https://www.novanthealth.org/newsroom/ochsner-health-novant-health-announce-partnership-to-expand-patient-centered-senior-care>.

¹⁶⁴ <https://www.novanthealth.org/newsroom/novant-health-opens-first-inpatient-rehabilitation-unit-in-charlotte>.

¹⁶⁵ <https://www.novanthealth.org/healthy-headlines/supercharged-stroke-care-how-forsyth-medical-center-got-so-fast>.

¹⁶⁶ <https://www.novanthealth.org/newsroom/novant-health-deploys-robotics-and-ai-for-faster-lung-cancer-diagnosis-and-treatment>.

prostate cancer patients, the technology allows real-time tumor treatment with higher doses, resulting in faster treatment sessions and less frequent visits, which enhances the overall patient experience.¹⁶⁷ Novant Health in partnership with Agnes B. and Edward I. Weisiger Sr., also provides their patients with state-of-the-art lung cancer biopsy technology, improving both time for diagnoses and patient comfort.¹⁶⁸



Other Technology Advancements: Novant Health seeks to provide relief for patients with a debilitating neurological condition called essential tremor. The new technology, called MR-guided focused ultrasound, uses noninvasive techniques to suppress tremors, allowing patients the opportunity to continue their everyday lives without the concern of tremors.¹⁶⁹ Novant Health recently introduced a new treatment for patients with atrial fibrillation. This new treatment technology, called pulsed field ablation, involves using pulsed electrical fields sent through a catheter to treat misfiring cardiac tissue in the heart, with the goal of permanently correcting the patient's irregular heartbeat. Having this new minimally invasive treatment will improve both the comfort of patients and the symptoms of atrial fibrillation.¹⁷⁰

VI. Conclusion

Novant Health is a major integrated health delivery system in North Carolina and South Carolina, comprised of 19 hospitals with over 3,700 licensed beds, more than 700 physician clinics and urgent care centers, eight ambulatory surgery centers, six hospital-based outpatient surgery centers and over 850 outpatient locations, including 26 diagnostic imaging centers, 16 outpatient rehabilitation centers, and urgent and express care locations. In 2023, Novant Health provided services for over 155,000 inpatient discharges systemwide.

Novant Health's operations have generated significant economic benefits for local communities in North Carolina and South Carolina. The total economic impact of operational and construction expenditures across the two states generated \$18.2 billion in output, supported 90,244 jobs and contributed \$2.2 billion in tax revenues. Novant Health's economic activity also benefited other industry sectors, such as real estate, restaurants, food and beverage services, management consulting services, transportation, wholesale trade and others.

Novant Health is a leading contributor of community benefit in North Carolina. In 2023, Novant Health invested a total of over \$1.6 billion and \$225 million in overall community benefits and in financial assistance respectively. In 2022, Novant Health ranked among the top health systems in North Carolina for its provision of these community benefits as measured by standard community benefit metrics.

Novant Health focuses on providing high-quality patient care and improving community health. The health system has invested in expanding access and capacity, developing its workforce, and emphasizing patient-centered services. Novant Health has contributed to improving access to care for local communities through initiatives such as reducing heart disease and stroke risk factors in partnership with the American Heart Association, addressing the needs of specific populations like seniors and children, and implementing AI technologies to enhance medical care.

¹⁶⁷ <https://www.novanthealth.org/healthy-headlines/novant-healths-approach-to-treatment-is-on-the-leading-edge-of-healthcare-and-technology>.

¹⁶⁸ <https://www.novanthealth.org/newsroom/novant-health-deploys-robotics-and-ai-for-faster-lung-cancer-diagnosis-and-treatment>.

¹⁶⁹ <https://www.novanthealth.org/healthy-headlines/life-without-shaking-essential-tremor-treatment-is-life-changing>.

¹⁷⁰ <https://www.novanthealth.org/newsroom/novant-health-heart-vascular-institute-brings-next-generation-of-afib-treatment-to-local-patients>.

Appendix

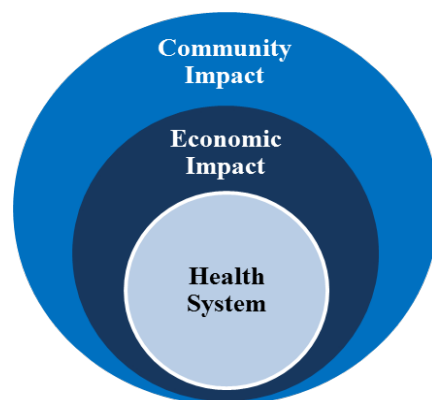
A. Structure of Report and Analyses

The delivery of healthcare services by a health system, such as Novant Health in a state (e.g., North Carolina), directly involves thousands of employees and staff (e.g., physicians, nurses, and numerous other professionals), expenditures on goods and services, and construction of facilities to provide access for thousands of patients and patient families in a large number of communities across the state. These activities, in turn, have additional and significant impacts on the economies of the state in which the health system operates. In addition to economic impacts, the health system may also have broader community impacts—including providing access to services, charitable and uncompensated care, and programs to benefit communities. **(Figure A-1)**

Economic Impact. Healthcare service delivery by the health system and its investments in constructing new facilities create positive economic impacts by generating jobs and tax revenues for the residents of the state, directly as well as indirectly. Expenditures and investments also have secondary impacts on local economies, including stimulating demand for goods and services. For the impact of Novant Health, the Center applied rigorous and proven empirical techniques to quantify the economic impact of Novant Health’s healthcare services activities (operations and construction) on employment, revenues, and taxes in North Carolina and its operational economic impact in South Carolina. This report makes use of internal Novant Health data and information provided to the Center, public data sets, and IMPLAN software and data; and relies on the accuracy of these and the data and internal calculations in the IMPLAN model software.

Community Impact. The provision of healthcare services and programs affects the broader community. Novant Health makes available a wide range of inpatient and outpatient services without regard to a patient’s ability to pay. Novant Health also has various health initiatives for local communities, targeting specific populations including the elderly and patients with hypertension. This study makes use of data and information provided to the Center by Novant Health, as well as public data and information, including from public sources on community benefits that report data based on standard methodologies. The Center compiled data and information and estimated the amount of financial assistance that Novant Health provides to the residents of North Carolina, using the NCHA charity care measure, and evaluated the total amount of community benefit and investments that Novant Health makes in its communities in North Carolina. The Center reviewed and summarized the community benefit programs and health initiatives launched by Novant Health in North Carolina and South Carolina.

Figure A-1: A Health System’s Impact on the State



B. Conceptualization of Economic Impact Analysis

The sources of a health system’s economic impact can be deconstructed into three main categories:

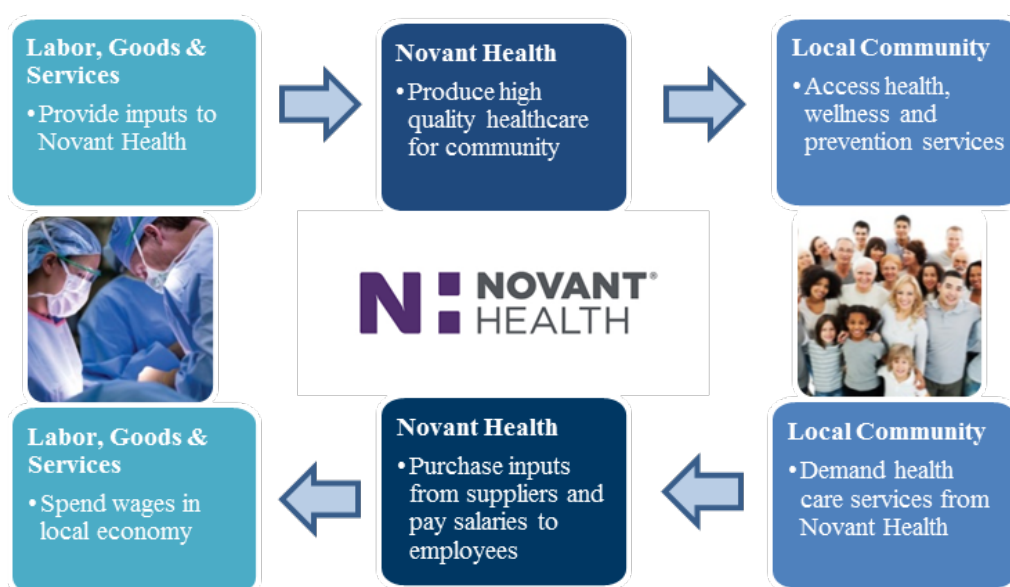
- **Labor.** The most significant component in a health system’s healthcare delivery process is its workforce.
- **Goods.** A health system purchases an extensive array of healthcare technologies, instruments, equipment, and other goods and supplies to deliver healthcare services to patients.
- **Services.** A health system also utilizes a number of services to provide care for its patients.

C. Economic Impacts of Novant Health's Provision of Healthcare Services

The analyses quantify the economic impacts of two distinct but interrelated activities representing two major areas where Novant Health impacts the communities that it serves. First, the report identifies and estimates the **operational impacts** resulting from Novant Health's actual provision of healthcare services. Second, it estimates the **construction impacts** resulting from Novant Health's investments in healthcare facilities.

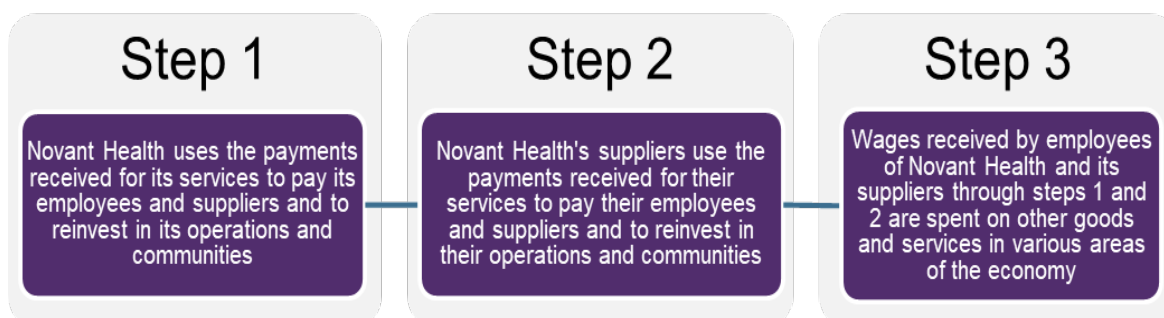
Quantifying the impacts of these economic activities requires taking into consideration the interrelationships between consumers, businesses and households in an economy. The production of healthcare services involves the flow of intermediate goods and services from households and producers to Novant Health and then to the end-consumer. As these goods and services move forward through the supply chain, equivalent expenditures move backward through the demand chain (**Figure A-2: Movement of Goods, Services, and Expenditures through Novant Health's System**).

Figure A-2: Movement of Goods, Services, and Expenditures through Novant Health's System



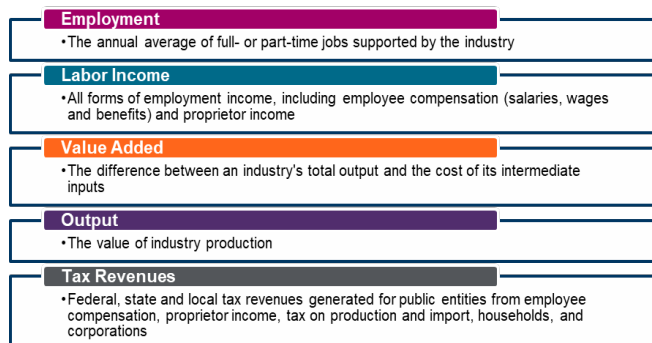
By tracking and quantifying the flow of expenditures, this report estimates the total impact of Novant Health's operations and construction investments on the economy of North Carolina and the total impact of its operations in South Carolina. **Figure A-3** shows how expenditures made through the demand chain impact the economy.

Figure A-3: How Expenditures at Novant Health Affect the Economy



Steps 1 through 3 in **Figure A-3** correspond to three distinct types of economic impacts. These impacts are direct, indirect and induced. Each of these impact types is measured using five key economic indicators: (i) employment, (ii) labor income, (iii) value added, (iv) output and (v) tax revenues (**Figure A-4**).

Figure A-4: Key Economic Impact Indicators¹⁷¹



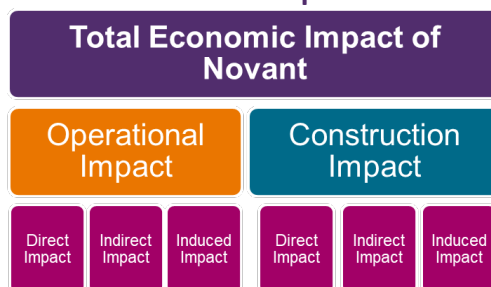
Direct. Direct economic impacts consist of the employment, labor income, value added, output, and tax revenues generated by Novant Health's provision of healthcare services and construction activities. The expenditures made by Novant Health for its employees and suppliers, as outlined in Step 1 of **Figure A-3** on the previous page, create these direct impacts.

Indirect. Indirect economic impacts consist of the employment, labor income, value added, output and tax revenues generated by Novant Health's suppliers. The demand for intermediate goods and services and associated expenditures involve a broader supply chain, passing upstream through several industries within a local economy. Step 2 in **Figure A-3** on the previous page corresponds with the indirect impacts generated by the activities of Novant Health in North Carolina and South Carolina.

Induced. Induced economic impacts consist of the employment, labor income, value added, output and tax revenues generated by consumption from employees paid by Novant Health or by its suppliers. These impacts occur as employees of Novant Health and its suppliers spend their income in their communities, stimulate the local economy and thereby recirculate incomes received. Step 3 in **Figure A-3** on the previous page corresponds to the induced impacts facilitated by the presence of Novant Health.

Each type of impact has an associated **multiplier effect**, accounting for the fact that each linked industry that is affected by expenditures has links to other industries. In the economic model, expenditures made for Novant Health services effectively circulate within the local economy until stored as savings, absorbed as taxes or paid to producers outside of the community. Multiplier effects scale-up the impacts, according to industry specificities, to capture the net effect of each impact. **Figure A-5** illustrates the interrelationships among the types of impacts described in this section and relates them back to the overall economic impact of Novant Health.

Figure A-5: Total Economic Impact of Novant Health



¹⁷¹ Frances Day, "Principles of Impact Analysis & IMPLAN Applications," IMPLAN Group LLC, 16905 Northcross Dr., Suite 120, Huntersville, NC 28078, www.IMPLAN.com (accessed July 2024).

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FTI Consulting's Center for Healthcare Economics and Policy applies cutting-edge economics and quantitative methods to assist clients in developing and implementing market-based solutions across a wide spectrum of healthcare activity. We use economic and financial modeling in developing evidence-based strategies to address go-to-market opportunities, fundamental changes in healthcare demand, and delivery within a system or community.

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