Inpatient Rehabilitation

Comments:

Inpatient Rehabilitation Petition: Rex Hoapital

Presentation of:
PETITION FOR ADJUSTED NEED DETERMINATION

Petitioner:
Rex Hospital
4420 Lake Boone Trail
Raleigh, NC 27607

Represented by:
Steve Burriss
Vice President, Ambulatory Care
(919) 784-3181

Good afternoon. My name is Steve Burriss, and I represent Rex Hospital. I appreciate this opportunity to present our request for an adjusted need determination of 16 inpatient rehabilitation beds in Health Service Area IV.

In Rex's view, HSA IV faces a unique set of circumstances regarding access to inpatient rehabilitation services. North Carolina has undergone a tremendous population surge recently and HSA IV is leading that surge. The service area has grown 10.3% since 2005 and this growth is expected to continue for the foreseeable future, increasing 10.5% by 2012 making it the fastest growing service area in the State. Moreover, HSA IV is projected to have an 18% increase in residents over 65 by 2012. Wake County, the HSA's largest county is expected to have a staggering 25% increase in this at risk population.

Currently, HSA IV is the second most populated service area behind HSA II. Yet a comparison shows health service areas with far less population have higher inpatient rehabilitation bed inventories. So even though Health Service Area IV ranks second in terms of population, it ranks fourth in total inpatient rehab beds. In fact, HSA IV has 428,000 more residents than HSA V but 15 fewer beds.

Further examination in our petition shows that Health Service Area IV clearly lags behind the other service areas in terms of a residents–to–beds ratio. Not only does HSA IV have the lowest bed to population ratio, but its ratio is more than 16% below the state average. Also, because its population is growing at a faster rate than the rest of the state, the lack of access only gets worse by 2012, when the service area will be almost 20% below the state average bed to population ratio if beds are not added to the 2009 SMFP.

31 inpatient rehabilitation beds could be added to HSA IV's inventory in order to reach the state average of population to beds. In addition, while the providers in HSA IV may have a total of 155 licensed inpatient rehabilitation beds, the number of staffed beds in use is lower. According to the 2007 and 2008 Hospital Licensure Renewal Applications, two of the four inpatient rehabilitation providers (Durham Regional, Maria Parham) utilized fewer beds than shown in the current inventory for the State Medical Facilities Plan. Utilization based on staffed beds would have resulted in a need determination of 17 beds in 2007 and 10 beds in 2008.

As a full service acute care hospital, Rex cares for a wide range of medical conditions. The analysis based on CMS' designated medical conditions for inpatient rehabilitation included in the written petition demonstrates that Rex has an eligible patient population in place to support at least 16 new inpatient rehabilitation beds. This eligible patient population is only expected to increase as HSA IV grows and Rex adds additional acute care beds in 2009. Rex also anticipates receiving Joint Commission Stroke Center designation and accordingly will see an increase of stroke inpatients in the fall of 2008, a patient population that generally requires inpatient rehabilitation care.

As detailed in the written petition, Rex has a number of attributes that would make it the right choice for the 16 new inpatient rehabilitation beds requested for HSA IV. Based on the analysis presented here, the State Health Coordinating Council could reasonably add as many as 31 inpatient rehabilitation beds in order to match the accessibility in HSA IV to the rest of the state. We conservatively request half that number since Rex could clearly utilize 16 inpatient rehabilitation beds today.

I appreciate this forum to present our views on why we feel HSA IV deserves greater access to inpatient rehabilitation care and why the 800,000 residents of Wake County should have a choice in providers. Thank you for this time today, for listening to our request, and for all your work throughout the year to support health care providers in North Carolina.

CAROLINA
REHABILITATION & SURGICAL ASSOCIATES

Received by
Planning Section
8-27-08
V. McClanahan

August 28, 2008

DFS Health Planning
RECEIVED

AUG 27 2008

Medical Facilities
Planning Section

Elizabeth Brown, Chief
Medical Facilities Planning Section
North Carolina Division of Health Service Regulation
2714 Mail Service Center
Raleigh, North Carolina 27699

RE: Comments on the "Petition filed by Rex Hospital on August 1, 2008 for an Adjustment to the Inpatient Rehabilitation Bed Need Determination in HSA IV"

Dear Ms. Brown:

Thank you for the opportunity to comment on the above-referenced document filed by Rex Hospital to adjust the need determination for Inpatient Rehabilitation Beds in Health Service Area (HSA) IV in the 2009 State Medical Facilities Plan (SMFP). I trust that you will take these comments into consideration during your review of the petition.

In the Findings of Fact for the Certificate of Need Statute (GS 131E-175), the legislature identified several guiding principles aimed at strengthening the health care delivery system in North Carolina and insuring its population of broad access to services. Among these, numbers four and six bear special consideration in the review of this petition.

(4) That the proliferation of unnecessary health service facilities results in costly duplication and underuse of facilities, with the availability of excess capacity leading to unnecessary use of expensive resources and overutilization of health care services.

(6) That excess capacity of health service facilities places an enormous economic burden on the public who pay for the construction and operation of these facilities as patients, health insurance subscribers, health plan contributors, and taxpayers.

Overview

The request filed by Rex Hospital claims unique circumstances in HSA IV and asks the State Health Coordinating Council:

3000 New Bern Avenue . Raleigh, North Carolina 27610 . Phone 919-350-8779 . Fax 919-350-8812
400 Keisler Drive . Cary, North Carolina 27518 . Phone 919-781-9950 . Fax 919-783-9950

to adjust the need determination in HSA IV to show a projected need for 16 inpatient rehabilitation beds in HSA IV in the 2009 SMFP

To support this statement, the request presents a number of factually misleading arguments. An examination of facts shows the request is premature and, if approved, the proposed increase will result in unnecessary health service facilities and excess capacity of health services in HSA IV.

Furthermore, the author did not follow the instructions for writing petitions for adjustments to need determinations outlined on page nine of the 2008 SMFP. The instructions clearly state that the petitioner shall provide "a statement of alternatives to the proposed adjustment that were considered and found not feasible" as well as "a statement of the adverse effects on the population of the affected area that are likely to ensue if the adjustment is not made". This document filed by Rex Hospital includes no such statements. Technically, it is not a complete petition and should not be treated as one.

The following paragraphs demonstrate specific areas where the arguments presented in the document are misleading.

Population Analysis

The author notes on pages 3 and 4 of the document that, when compared to the other HSA's, HSA IV has a disproportionally low number of inpatient rehabilitation beds in relationship to its population. However, the bed to population ratio presented in the table on page 4 of the document tells an incomplete story. It excludes the average utilization of inpatient rehabilitation beds in the various HSA's. This is important. When one examines the average utilization of inpatient rehabilitation beds in other HSA's, it is evident that a HSA's with a higher "bed to population ratio" have significant unused capacity. Please see the table below.

The state average utilization of rehabilitation beds in FY 2007 was only 59.2 percent.

Comparison of Beds Per Capita Rank Ordered by Ratio

Service Area	Bed Inventory	Population		Beds Per 100 Population		Historical FY 2007 Average Utilization
		2008	2012	2008	2012	
HSA V	170	1,323,227	1,392,680	0.1285	0.1221	59.6%
HSA II	184	1,571,044	1,637,229	0.1171	0.1124	51.6%
HSA VI	151	1,345,843	1,383,895	0.1122	0.1091	59.6%
HSA III	192	1,886,310	2,073,900	0.1018	0.0926	62.4%
HSA I	129	1,361,930	1,404,552	0.0947	0.0918	45.2%
HSA IV	155	1,751,935	1,936,342	0.0885	0.0800	75.0%
State Average	**981**	**9,240,289**	**9,828,598**	**0.1062**	**0.0998**	**59.2%**

Sources: Rex document, p. 4; Proposed 2009 SMFP

The HSA III ratio of beds per 1000 population is closest to the state average ratio. However, HSA III utilization was only 62.4 percent in FY 2007. Clearly, the statewide average bed to population ratio is an inappropriate measure of need.

Growing Population Over 65

In this document, Rex notes that in HSA IV, the 65 and over age group is projected to increase by 18 percent from 2008 to 2012. The document also notes, on page 5, that this population increase will enhance in the occurrence of strokes in HSA IV, because the risk of stroke increases with age.

This is, at best, a qualitative argument; the author provided no direct quantitative relationship between the population 65 and over, and need for 16 more acute inpatient rehabilitation beds in the 2009 SMFP for HSA IV.

Need Based on Staffed Beds

Page 6 of the document states that "Rex believes that the capacity of inpatient rehabilitation beds has been overstated for HSA IV. While the providers in HSA IV may have 155 total licensed inpatient rehabilitation beds according to the 2008 and 2009 draft SMFP's, the number of staffed beds actually in use is lower." The document states that if the inpatient rehabilitation bed need methodology was changed, and that it used the number of staffed beds in the HSA as opposed to the number of licensed beds in the HSA, there would be a need for 17 and 10 inpatient rehabilitation beds in HSA IV in the last two years respectively.

This argument contains multiple problems. The deadline for submitting petitions to change basic policies or methodologies in the 2009 SMFP was March 5, 2008. The document submitted by Rex Hospital was for an adjusted need determination in HSA IV, not a change in the need methodology for inpatient rehabilitation beds.

The author fails to acknowledge that the tables on page 6 of the document show that the total number of staffed beds increased from FY 2006 to FY 2007, and the number of rehabilitation beds needed decreased, based on this methodology. The author provides no information to show why this trend would not continue. In fact, the trend will continue. In 2006, WakeMed was approved to add 16 rehabilitation beds; only 10 of those beds are open. The remaining six beds will open in June 2009.

Finally, the tables on page 6 of the Rex document are incomplete. These tables show the average utilization for each facility in HSA IV based on staffed beds; they do not show the average utilization based on licensed beds. Average utilization based on licensed beds shows that the facilities that staffed below their licensed capacity had low average utilization. It appears that,

aside from WakeMed, which is phasing construction, these facilities staffed down to help mitigate the inefficiencies of low patient demand.

FY 2006

Facility	Staffed Beds	Licensed Beds	Days of Care	Utilization Rate Based on Staffed Beds	Utilization Rate Based on Licensed Beds
Durham Regional	20	30	6,869	94.1%	**62.7%**
Maria Parham	7	11	2,084	81.6%	**51.9%**

Sources: Rex document, p. 6; 2007 SMFP; 2008 SMFP

FY 2007

Facility	Staffed Beds	Licensed Beds	Days of Care	Utilization Rate Based on Staffed Beds	Utilization Rate Based on Licensed Beds
Durham Regional	17	30	6,758	108.9%	**61.7%**
WakeMed	78	84	24,006	84.32%	**78.3%**

Sources: Rex document, p. 6; 2007 SMFP; 2008 SMFP

Impact of Medicare Rule on Rehabilitation Utilization Trends

The document states, on pages 6 and 7, that the for many years, CMS attempted to implement what was commonly referred to as the "75 percent rule," in which at least 75 percent of the patients treated by an inpatient rehabilitation facility must fall within a few specific medical conditions. Although the 75 percent rule was never fully implemented, the document asserts that in anticipation of the rule, admissions to inpatient rehabilitation beds declined. However, the document is again incomplete. The CMS rule was phased, and never required more than 60 percent of patients to have these conditions. Additionally, the document fails to acknowledge that inpatient rehabilitation beds in HSA IV have operated under the 60 percent rule for several years. The 60 percent rule was made permanent by the referenced SCHIP Extension Act of 2007. Clearly, The Medicare 75 percent rule presentation is misleading. Any trend changes affected by the rule have already occurred.

Rex Inpatient Rehabilitation Eligible Patient Population

On pages 7 and 8 of the document, the authors provide historical internal data to show that in FY 2008, Rex Hospital had 355 inpatient rehabilitation eligible cases. However, the document again fails to include or acknowledge several important elements.

Presumably FY 2008 has ended. Because the document makes no claim to the contrary, we must assume that all 355 inpatient rehabilitation eligible patients in FY 2008 were referred to existing

rehabilitation beds or nursing homes. The document presents no reason why Rex's future inpatient rehabilitation patients could not continue to be served by existing facilities. In fact, many of these patients may have been served in Rex's own nursing home rehabilitation beds; Rex Convalescent Care, and Rex Apex Rehabilitation.

Please note that the conversion rate calculation shows only patients eligible for referral to rehabilitation. In our experience as admitting rehabilitation unit physicians, about half of the patients referred actually meet the rigorous criteria for admission.

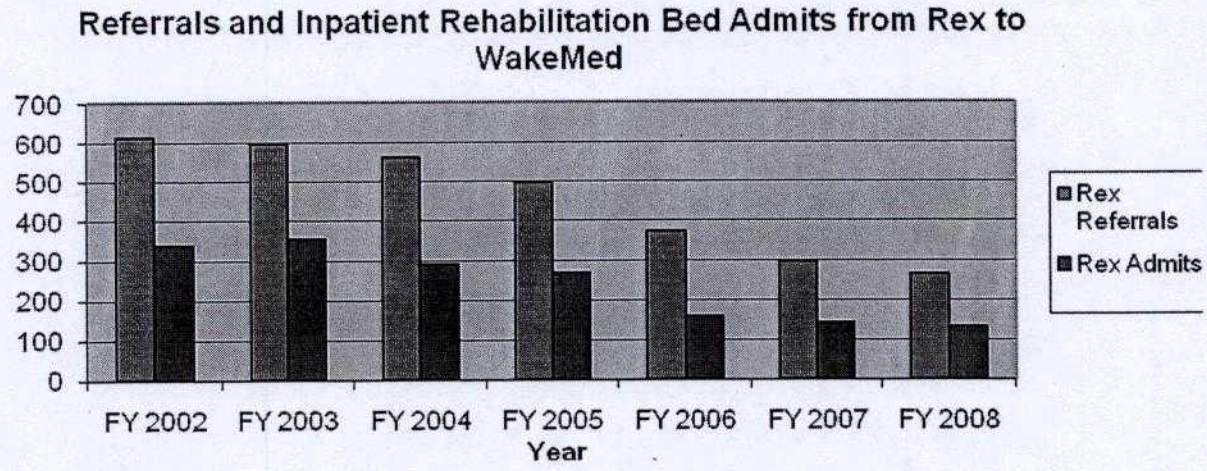
Moreover, data for only one fiscal year are insufficient for policy making. An analysis of Rex patients referred to our practice at WakeMed in our FY 2002 through FY 2008 shows that the number of inpatient rehabilitation referrals and admissions from Rex Hospital has been steadily declining.

Rex Referrals and Admissions to WakeMed Inpatient Rehabilitation Unit

Year	Rex Referrals	Rex Admits
FY 2002	613	338
FY 2003	597	353
FY 2004	563	290
FY 2005	499	266
FY 2006	374	156
FY 2007	296	142
FY 2008 YTD*	198	99
FY 2008 Annualized*	264	132

Source: Historical Data

** Data missing Jul, Aug and Sep 2008*



Data for FY 2008 are annualized.

The data show no evidence of an unmet current or future demand for inpatient rehabilitation beds in HSA IV. The data show no distinction between need for inpatient care and need for nursing home level rehabilitation care. As such, they are an inadequate basis for adding 16 more inpatient rehabilitation beds specifically for Rex Hospital in the 2009 SMFP.

Conclusion

As demonstrated in the paragraphs above, the document filed by Rex Hospital to adjust the need determination for inpatient rehabilitation beds in HSA IV does not provide adequate evidence that health service development permitted by the proposed adjustment would not result in unnecessary duplication of health resources in the area.

The State may find other flaws in the document, as a result of its careful evaluation. We urge you to deny this request as premature and incomplete for serious consideration as a formal petition.

Thank you for your time and attention to our comments. We understand the difficulties presented in these types of reviews and appreciate your attention to details. Should you have any questions, please do not hesitate to call me.

Regards,

Patrick J. O'Brien, MD
President
Carolina Rehabilitation and Surgical Associates, P.A.