Medical Facilities Planning

Acute Care Services Committee Minutes

September 23, 2009
10:00 am – 12 Noon
Council Bldg. Room 201

MEMBERS PRESENT: Dr. Sandra Greene; Bill Bedsole; Greg Beier; Dr. Dana Copeland; Daniel Hoffmann; Jack, Nichols; Dr. Zane Walsh; Dr. Dan Myers
MEMBERS ABSENT: Dr. Don Bradley; Dr. Lawrence Cutchin
Medical Facilities Planning Section Staff Present: Victoria McClanahan; Floyd Cogley; Kelli Fisk
DHSR Staff Present: Lee Hoffman
Attorney General's Office: Marc Lodge

Standing Agenda	Discussion	Motions	Recommendations/ Actions
Welcome & Introductions	Dr. Greene welcomed members, staff and visitors to the meeting.		
Review of Executive Order No. 10: Ethical Standards for the State Health Coordinating Council	Dr. Greene gave an overview of procedures for Executive Order No. 10 to observe before taking action at the meeting. Dr. Greene asked members to introduce themselves, indicating the entity they represent. She asked members to indicate if they had a conflict, if they needed to declare that they would derive a financial benefit from any matter on the agenda, or if they intended to recuse themselves from voting on any matter. Members commented on their professional and institutional interests. The following disclosures relevant to today's agenda were made: Mr. Beier disclosed that he is employed by Novant Health. Dr. Walsh disclosed that he is an independent contractor for Cape Fear Valley Health System. Mr. Young disclosed that he is an employee of Carolinas HealthCare System. No other members made disclosures relevant to today's agenda.		
Recusals	Three members recused themselves from voting on the following agenda items: Mr. Beier - Novant Health petition, Dr. Walsh - Cape Fear Valley petition Mr. Young - CMC petition No other members recused themselves from voting.		
Approval of minutes from the May 6, 2009 Meeting	Motion to approve the minutes.	Dr. Copeland Mr. Bedsole	Minutes approved
Update on Data Discrepancy Correction	Committee members reviewed a listing of the hospitals with discrepancies between the 2008 Thomson Reuters acute care data and the License Renewal Application acute care data of		If Hoots Memorial Hospital and

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Process	greater than five percent. The table indicated which data, Thomson Reuters or Licensure, was corrected to reconcile the discrepancy. Eleven hospitals resubmitted their Thomson Reuters data, five hospitals corrected their licensure data and two hospitals, Hoots Memorial Hospital and Sandhills Regional Medical Center have not been able to reconcile their data. The Sheps Center is processing the resubmitted Thomson data and once the processing is complete, the resubmitted data will be forwarded to the Planning Section for inclusion in the 2010 SMFP.		Sandhills Regional Medical Center are unable to reconcile their data, make a note in the 2010 SMFP indicating that their data were not reconciled
Cape Fear Valley Health System Petition	Ms. McClanahan reviewed the Agency Report and the petition. Request: 1. Designating Hoke and Cumberland Counties as one multi-county service area for acute care beds, operating rooms and magnetic resonance imaging ("MRI"), as a result of updating data used to define service areas in accordance with Step 1 of the defined acute care beds and operating room methodologies and 2. Designating Moore County as a single county service area for acute care beds, operating rooms and MRI as a result of using the same updated data. As rationale for their petition, the petitioner cited 2008 data showing that Cape Fear Valley Health System (Cumberland County) provided more inpatient days of care to Hoke County residents than FirstHealth Moore Regional (Moore County) provided to Hoke county residents and that more Hoke County residents received surgical services in Cumberland County than in Moore County. The Agency recommended the following: 1. Approval of Cape Fear Valley Health System's petition. Approval of the petition means designating Hoke and Cumberland Counties as one Multi-county service area for acute care beds and operating rooms in the 2010 State Medical Facilities Plan. Additionally, approval of the petition means designating Hoke and Cumberland Counties as one Multi-county service area for MRI and Cardiac Catheterization because the MRI and Cardiac Catheterization Service Areas are defined to be the same as the Acute Care Bed Services Areas. 2. In development of the Proposed 2011 SMFP, the State Health Coordinating Council review and update the inpatient days of care and surgical patient origin data to determine if further changes need to be made in the Acute Care Bed and Operating Room Multi-county Services Areas. 3. In development of the Proposed 2011 SMFP, the SHCC consider adopting a change in the methodologies for determining need for Acute Care Beds and Operating Rooms that would require updating and adjusting, as indicated, the Acute Care Bed and Operating Room Multi-county Service Areas every three years thereafter, i.e., in the Proposed 2014 SMFP, Proposed 2017 SMFP, etc. Discussion: • Uncertainty expressed about the petition being an adjusted need determination petition. • Hoke County is changing and patients appear to be receiving services from two health care		

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	systems. Suggestion that Hoke County be assigned to two service areas to address this.
	• Suggestion that all Multi-county service areas be reviewed for potential sharing.
	• When Multi-county service areas are shared, then opportunity for competing CON applications is created and CON can decide what is best project.
	• Suggestion that 35% be used as the criteria when deciding if a county without a hospital or OR should be shared. That is, if 2 counties with a hospital each serve 35% or more of the residents from a county without a hospital then the county without a hospital will be shared by the 2 counties with a hospital.
	• If Hoke County was shared by Cumberland and Moore Counties then Cumberland and Moore Counties could move healthcare resources into Hoke County but Moore County could not move resources into Cumberland County, and vice versa.
	• For the operating room methodology, Hoke's growth would be split between Cumberland County and Moore County.
	Motion:
	For the 2010 Plan, use the decision rule that if 2 counties with a hospital each serve at least 35% of the residents of a county without a hospital, then the county without a hospital will be in a shared service area.
	• Concern expressed about creating shared service areas outside of Hoke, Moore and Cumberland counties – data was provided for these 3 counties but not for other counties.
	• Concern expressed that this change is setting a precedent and that this change has not been thoroughly worked through the planning process. Suggestion that no shared service areas be created until after all Multi-county service areas have been reviewed. Response was that no adjusted need determination petitions could be approved if precedents were never allowed to be set.
	• Feedback from the audience was requested:
	  ◦ Sandi Godwin (Cape Fear Valley Health System) – in Hoke County, the east side of the county is where the bulk of the population lives and where growth is occurring. The north side of Hoke County is mostly military population.
	  ◦ Noah Huffstetler (Moore Regional Hospital) – there is a CON pending, which if the CON Section approves it, will make this issue moot.
	Dr. Copeland amended his original motion and made the motion shown below:
	Deny the petition and recommend the following:
	• For purposes of the 2010 SMF, Hoke County be assigned as a part of an extended service area for both Moore and Cumberland Counties. That is, the following service areas will be created:
	  ◦ Cumberland Hoke Multi-county Acute Care Bed service area
	  ◦ Cumberland Hoke Multi-county Operating Room service area
		Dr. Copeland
		
		Dr. Copeland
			Dr. Walsh recused himself from voting, all other members were in favor of the motion.

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	• Moore Hoke Multi-county Acute Care Bed service area • Moore Hoke Mutli-county Operating Room service area • For purposes of the operating room need methodology, population growth will be assigned in proportion to the ratio in which patients choose between Cumberland and Moore Counties. • In development of the Proposed 2011 SMFP, the State Health Coordinating Council review and update the inpatient days of care and surgical patient origin data to determine if further changes need to be made in the Acute Care Bed and Operating Room Multi-county Services Areas. • In development of the Proposed 2011 SMFP, the SHCC consider adopting a change in the methodologies for determining need for Acute Care Beds and Operating Rooms that would require updating and adjusting, as indicated, the Acute Care Bed and Operating Room Multi-county Service Areas every three years thereafter, i.e., in the Proposed 2014 SMFP, Proposed 2017 SMFP, etc. • Committee recognizes that this change affects the MRI and cardiac catheterization service areas also.		
CMC-Union	Ms. McClanahan reviewed the Agency Report and the petition. Request: CMC-Union requests an adjusted need determination in the 2010 State Medical Facilities Plan (SMFP) for 25 additional acute care beds in Union County. As rationale for their petition, the petitioner cited Union County's high rate of population growth and CMC-Union's high rate of acute care days growth. Committee Recommendation: CMC-Union The Agency recommended approval of the petition for an adjusted need determination in the 2010 SMFP for 25 additional acute care beds in Union County. Motion: Approve the Agency's recommendation.	Mr. Beier Mr. Bedsole	Mr. Young recused himself from voting, all other members in favor of motion.
Mission Hospitals	Ms. McClanahan reviewed the Agency Report and the petition. Request: An adjustment in Table 5A: Acute Care Bed Need Projections in the Proposed 2010 State Medical Facilities Plan for nine new acute care beds in Buncombe County. As rationale for their petition, the petitioner cited Mission Hospital's high occupancy rate and high patient days growth rate The Agency recommended approval of the petition for nine new acute care beds in Buncombe County. Discussion: • The rationale for setting a minimum need for 20 beds or 10% of a hospital's inventory was to prevent generating very small need determinations over several years. • Buncombe County is noteworthy for its high growth.		

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	• A county specific growth rate is better than a statewide average growth rate to use for projecting days of care. Motion: Approve the Agency's recommendation.	Dr. Walsh Mr. Bedsole	Motion unanimously approved
Town of Holly Springs	Ms. McClanahan reviewed the Agency Report and the petition. Request: A need determination for 42 new acute care beds in Wake County to be identified in Column K of Table 5A: Acute Care Bed Need Projections and in Table 5B: Acute Care Bed Need Determinations of the Proposed 2010 State Medical Facilities Plan (SMFP). As rationale for their petition, the petitioner asserted that the statewide average Inpatient Day Growth Rate, based on total Inpatient days, is too low. The Agency recommended denial of the petition for 42 new acute care beds in Wake County. Discussion: • Feedback from the audience was requested: ◦ Carl Dean (Town of Holly Springs) – Holly Springs has been working since 2001 to build a hospital. When Holly Springs submitted a CON for a hospital, 15,000 people provided letters of support. • All beds recently approved in Wake County have been in response to WakeMed's high utilization. • The only approved beds which are not completed or being developed are the 41 beds recently awarded. Motion: Approve the Agency's recommendation.	Dr. Copeland Mr. Young	2 opposed motion, others voted in favor of motion; motion passed
Update on Acute Care Bed Need Methodology Work Group/Comments	Dr. Greene gave an update on the Acute Care Bed Need Methodology Work Group, noting the following: • The work group focus is on looking at different growth rates, comparing the bed need projections generated using different growth rates to projections generated using the statewide average growth rate. • An HSA specific growth rate was not supported by the work group. • County specific growth rates have potential but need to be further explored. • The next work group meeting will be November 19. • At the meeting, acute care bed need projections will be modeled using 4 years of data for the growth rate (current growth rate used 3 years of data) and alternatives for small county growth rates will be explored.		Next meeting will be November 19, 2009.

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	• Goal is for the work group to develop recommendations before the first ACS Committee meeting in 2010.		
Other Issues Related to Acute Care Beds	None		
Recommendations to the SHCC: Acute Care Beds	Motion to approve the Acute Care Bed need determinations in the 2010 Proposed Plan, as modified by any data updates and by approval of the CMC Union petition for 25 beds in Union County and the Mission Hospital petition for 9 beds in Buncombe County.	Mr. Bedsole Dr. Copeland	Motion unanimously approved
Review/Discussion of OR Petitions, Agency Reports, Comments 1. Atlantic Orthopedics, PA 2. Blue Ridge Bone & Joint Clinic 3. Ancillary Care Solutions 4. Southern Surgical Center, LLC 5. North Carolina Orthopaedic Association, et al 6. Affordable Health Care Facilities, LLC	Ms. McClanahan reviewed the Agency Report and the petitions. Requests: 1. Atlantic Orthopedics, P.A: include the New Hanover and Brunswick County service area in the Single Specialty Ambulatory Surgery Demonstration Project in the 2010 State Medical Facilities Plan (SMFP). 2. Blue Ridge Bone & Joint Clinic: include in the 2010 North Carolina State Medical Facilities Plan support of a demonstration project for a single specialty, two operating room, orthopedic ambulatory surgical facility in Buncombe County. 3. Ancillary Care Solutions: include in the 2010 SMFP support of a demonstration project for a single specialty ambulatory surgical facility located in and to serve the residents of Catawba and Burke counties. 4. Southern Surgical Center, LLC: amend the Single Specialty Ambulatory Surgery demonstration project criteria to include the following: • Sites must bill as a freestanding Ambulatory Surgery Center, which is not licensed as part of a hospital or other Medicare Part A provider. • This lower cost solution should be a permanent feature of the facility. • While the current criteria gives “priority” to physician owned enterprises, we still think hospitals should be excluded as applicants. • The CON application should include letters of support from surgeons with an existing case volume, and not rely on projections. At least 2,000 cases and letters of support from surgeons who have completed these cases should be included. • Physicians should be required to “offer” Emergency Room coverage. 5. North Carolina Orthopaedic Association, et al: make the following changes to the Single Specialty Ambulatory Surgery demonstration project: • Add the following language to the need determination, “Each single specialty ambulatory surgery demonstration project facility shall include two surgical operating rooms and no more than two non-gastrointestinal procedure rooms.” • Change the criteria “Demonstration projects are encouraged to provide open access to physicians.” Replace this with “Applicants are required to provide the proposed medical staff bylaws and the written criteria for extending medical staff privileges at the facility.” • Add the following criteria, “Applications for the demonstration projects shall provide a		

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	calculation of projected savings based on the difference between the Medicare reimbursement ASC (ambulatory surgical center) rates and the HOPD (Hospital Outpatient Department) rates using the specific procedure codes and projected volumes for the proposed project. Projects with the higher projected per case savings are more cost-effective than projects with less cost savings." • Include the following: "Facilities will provide annual reports to the Agency showing the facility's compliance with the demonstration project criteria in the State Medical Facilities Plan. The Agency may specify the reporting requirements and reporting format. The Agency will perform an evaluation of each facility…" • Add the following statement, "The annual report form for the demonstration project single specialty ASCs will either be included in the 2010 State Medical Facilities Plan or contained in the administrative rules that will be promulgated prior to 2010 CON reviews for the demonstration projects." 6. Affordable Health Care Facilities, LLC: revise the Single Specialty Ambulatory Surgery Demonstration Project in the following manner: • Permit organizations located in geographic areas in North Carolina, other than the "Charlotte Area," "Triad," and "Triangle" to submit pilot demonstration CON applications. • Do not limit the number or type of pilot demonstrations so that a true assessment of improvements in quality, access, and value can be determined in a variety of communities, not limited to the most populous ones in the State of North Carolina. • In order to address the concern of rural hospitals and the continued fragility of our nation's health care system in rural areas, the pilot demonstration counties should be limited to: Counties with a population of at least 85,000 and one (1) hospital; or Counties with a population of at least 125,000 and two (2) or more hospitals • Develop an approach that documents cost savings to patients and payers. An integral part of such an approach should be (i) a reimbursement ceiling limit equal to 250% of Medicare allowable reimbursement by CPT code for private payers and (ii) a charge limit to under- and uninsured patients equal to Medicare reimbursement or less by CPT code. • Only permit pilot demonstration ASCs in counties where it can be documented that the existing health care facilities are high cost versus the proposed 250% of Medicare reimbursement by CPT code ceiling limit. All costs for outpatient surgery at these ASCs should be accessible on the Internet, available to patients upon request, and essentially transparent to patients on all levels. The Agency grouped the petitions into 2 broad groups: Group 1: Petitions for additional demonstration project sites in different geographic areas • Atlantic Orthopedics, P.A.; • Blue Ridge Bone & Joint Clinic; and • Ancillary Care Solutions Group 2: Petitions for changes to the criteria for the demonstration project		

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	• Southern Surgical Center, LLC; • North Carolina Orthopaedic Association, et al; and • Affordable Health Care Facilities, LLC (criteria change requests include request for additional demonstration project sites in different geographic areas) The Agency recommended denial of the petitions and development of the Singe Specialty Ambulatory Surgery Work Group Demonstration Project, as published in the 2010 Proposed SMFP. Motion: Approve the Agency's recommendations.	Mr. Beier Dr. Walsh	Motion unanimously approved
Novant Health, Inc.	Ms. McClanahan reviewed the Agency Report and the petition. Request: An adjustment to the definition and criteria for "Chronically Underutilized ORs in Licensed Facilities" as set forth in Step 4(m), Chapter 6, "Operating Rooms", of the Proposed 2010 SMFP, so that at least 36 full months of actual OR case volume data from the provider's Hospital and Ambulatory Licensure Renewal Application is considered in determining whether the ORs are "operating in licensed facilities at less than 40% utilization." Currently, the standard definition in chapter 6, Step 4(m) for "chronically underutilized Licensed Facilities" states, "licensed facilities operating at less than 40% utilization for the past two fiscal years, which have been licensed long enough to submit at least two License Renewal Applications to the Division of Health Service Regulation." The Agency recommended denial of the petition. Motion: Approve the Agency's recommendation and review this issue next Spring.	Dr. Copeland Dr. Walsh	Mr. Beier recused from voting, all other members voted in favor of motion.
Underutilized ORs	• Committee reviewed data Ms. McClanahan presented related to utilization for eight ambulatory surgery centers, licensed since 2002. The data showed that the rate at which ambulatory surgery centers increased their utilization has varied across facilities and that the facilities achieved 40 percent utilization sometime within three years of initial licensure. • The Agency recommended defining chronically underutilized facilities as the following: "Licensed facilities operating at less than 40 percent utilization for the past two fiscal years, which have been licensed long enough to submit at least three (two in current definition) License Renewal Applications to the Division of Health Service Regulation."		The Committee recommended not changing the definition of chronically underutilized OR facilities for the 2010 Plan and reviewing the definition in the Spring of 2010.
Trauma Case Reporting Update/Comment	The Committee discussed obtaining Trauma/Burn Center case data from the North Carolina Office of Emergency Medical Services (NC OEMS) reporting system. Ms. McClanahan reported that implementation of NC OEMS' trauma/burn case reporting system has been delayed.		The Committee agreed for the 2010 SMFP not to change the way Trauma/Burn

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			Center case data are collected but to follow-up on this item next Spring.
Other Issues Related to ORs/Comment	None.		
Recommendations to the SHCC: Operating Rooms	Motion to approve the Operating Room need determinations in the 2010 Proposed Plan, as modified by any data updates.	Dr. Walsh Dr. Copeland	Motion unanimously approved
Other Acute Care Services	Ms. McClanahan reported no petitions or comments were received on Chapter 7 during the summer. A motion to approve Chapter 7, as modified by any data updates, was made.	Mr. Bedsole Mr. Young	Motion unanimously approved
Inpatient Rehabilitation Beds	Ms. McClanahan reported no petitions or comments were received on Chapter 8 during the summer. A motion to approve Chapter 8, as modified by any data updates, was made.	Dr. Walsh Mr. Bedsole	Motion unanimously approved
2010 Acute Care Services Committee Meeting Schedule	Dr. Greene announced the dates for the Acute Care Services Committee for 2010.		
Adjournment	Dr. Greene adjourned the meeting.		