

Agency Report

Novant Health, Inc.

Petition for Methodology Change

Petition 2 – Operating Room Petition:

Novant Health, Inc.
2085 Frontis Plaza Blvd.
Winston-Salem, NC 27103
Attn: Barbara Freedy, Director, CON

Request:

The petitioner requests 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.”

Background Information

Chapter 2 of the Plan allows petitioners to recommend changes that may have a statewide effect early each calendar year. According to the Plan, “Changes with the potential for a statewide effect are the addition, deletion, and revision of policies and revision of the projection methodologies.” The change recommended by this petitioner would be a revision of the operating room need projection methodology, which, if approved, has the potential to have a statewide effect.

Underutilized operating rooms were first excluded from the Operating Room (OR) Need Determination methodology in the 2008 State Medical Facilities Plan (SMFP). This change to the OR Need Determination methodology was recommended by the 2007 Operating Room Work Group and after approval by the State Health Coordinating Council and the Governor, this change was included in the 2008 SMFP and subsequent SMFPs.

Analysis/Implications

The table on the following page lists eight recently licensed ambulatory surgery facilities (top row) and shows each facility’s utilization as reported on their license renewal applications. As the table shows, license renewal applications cover the period from October 1 – September 30 and facilities are licensed throughout the year (initial licensure date shown on fifth row). Thus, the amount of time a facility has been licensed when each renewal application is submitted will vary. Review of the table shows that seven of the eight recently licensed ambulatory surgery facilities reached 40 percent or greater utilization (bolded) sometime between submission of the first and the third license renewal application.

Recently Licensed Ambulatory Surgery Facilities

(License Renewal Application Period is from October 1 through September 30)

	Carolinas Surgery Center Randolph	Asheville Eye Surgery Center	Surgery Center of Pinehurst	Gateway	Presbyterian Surgery Center at Ballantyne	Viewmont	Atlantic Surgicenter	Mebane Ambulatory Surgery Center
Number of Operating Rooms	8	1	6	4	3	3	4	3
Capacity (Hours)	14,976	1,872	11,232	7,488	5,616	5,616	7,488	5,616
Facility Initial Licensure Date	10.8.2002	3.1.2004	1.17.2006	1.23.2006	8.9.2007	9.20.2007	11.15.2007	6.17.2008
~ Number of Months of Case Volume First License Renewal Application	12	7	8	8	2	.33	10	3
Utilization First License Renewal Application	6.0%	68.7%	31.1%	33.7%	1.9%	0.5%	19.3%	1.6%
~ Number of Months of Case Volume Second License Renewal Application	24	19	20	20	14	12.33	22	15
Utilization Second License Renewal Application	20.9%	198.3%	59.1%	94.3%	16.9%	51.5%	46.4%	40.0%
~ Number of Months of Case Volume Third License Renewal Application	36	33	32	32	26	24.33	N/A	N/A
Utilization Third License Renewal Application	61.2%	236.8%	63.5%	114.9%	27.3%	74.3%	N/A	N/A

Agency Recommendation

The Agency agrees with the petitioner's request to increase the period of time necessary for a facility to be licensed before the facility is considered underutilized. However, for consistency with the original definition, the Agency recommends that chronically underutilized licensed facilities in Step 4(m), Chapter 6, "Operating Rooms" be defined as follows:

- (m) "...Chronically underutilized licensed facilities are defined as 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 ~~two~~ three License Renewal Applications to the Division of Health Service Regulation."