

Acute Care Services Committee
Agency Report for
Adjusted Need Determination Petition Regarding the
Proposed 2011 State Medical Facilities Plan
Cape Fear Valley-Bladen and Cape Fear Valley Healthcare

Petitioners:

Cape Fear Valley-Bladen County Hospital
501 South Poplar Street
Elizabethtown, NC 28337
Attn: Michael Nagowski, CEO
Contact: Sandy T. Godwin
and
Cape Fear Valley Health System
1638 Owen Drive
Fayetteville, NC 28304
Attn: Michael Nagowski, CEO
Contact: Sandy T. Godwin

Request:

The petitioners request an adjusted need determination of 25 acute care beds for a critical access hospital in Bladen County. Furthermore, the petitioners request that Policy AC-5 Replacement of Acute Care Bed Capacity not apply to the replacement of an existing critical access hospital in Bladen County, and that a revised version of Policy AC-5 apply instead. The revised version of the policy would allow observation days, respite care days, and other services provided in a licensed acute care bed to be counted in determining future utilization of acute care beds in a critical access hospital.

Background Information:

In deference to the standard methodology, Chapter Two of the North Carolina 2011 Proposed State Medical Facilities Plan (SMFP) allows persons to petition for an adjusted need determination in consideration of "...unique or special attributes of a particular geographic area or institution..." if they believe their needs are not appropriately addressed by the standard methodology. Typically, adjusted need determination petitions ask that the determinations of need for additional, new beds, services or equipment be increased or reduced. In the Proposed 2011 SMFP there is a determination of no need for new acute care beds in Bladen County. The petitioners explain that this not a request for 25 new, additional beds for Bladen County. Instead, the petition requests that language be inserted into the narrative preceding Table 5B in Chapter Five of the 2011 SMFP stating, in part, that "there is a need for a total of 25 acute care beds to be located in a critical access hospital in Bladen County." As published in Table 5A of the Proposed 2011 SMFP, the projected total number of acute care beds needed for Bladen County in 2013, adjusted for target occupancy, is 13 beds. Cape Fear Valley-Bladen County Hospital (BCH), which is the only hospital in the county and service area, is licensed for 48 acute care beds, resulting in a surplus of 35 beds in the service area. This petition is asking for the total

number of acute care beds needed in Bladen County to be 25 beds, instead of 13 beds as calculated by the standard methodology.

The petition continues with requesting that language be added to the Chapter Five narrative to specify that Policy AC-5 not apply “to the replacement of an existing critical access hospital in Bladen County” and that observation days, respite care days, and other services provided in a licensed acute care bed be used in determining utilization of acute care beds. Proposed Policy AC-5, as presented in the Proposed 2011 SMFP, was the result of changes recommended by the State Health Coordinating Council (SHCC) in response to a petition in March 2010. The proposed policy is as follows, with the SHCC-approved language changes highlighted:

“Proposals for either partial or total replacement of acute care beds (i.e., construction of new space for existing acute care beds) shall be evaluated against the utilization of the total number of acute care beds in the applicant’s hospital in relation to utilization targets found below. For hospitals **not** designated by the Center for Medicare and Medicaid Services as Critical Access Hospitals, in determining utilization of acute care beds, only acute care bed “days of care” shall be counted. For hospitals designated by the Center for Medicare and Medicaid Services as Critical Access Hospitals, in determining utilization of acute care beds, only acute care bed “days of care” **and** swing bed days (i.e., nursing facility days of care) shall be counted in determining utilization of acute care beds. Any hospital proposing replacement of acute care beds must clearly demonstrate the need for maintaining the acute care bed capacity proposed within the application. Additionally, if the hospital is a Critical Access Hospital and swing bed days are proposed to be counted in determining utilization of acute care beds, the hospital shall also propose to remain a Critical Access Hospital and must demonstrate the need for maintaining the swing bed capacity proposed within the application. If the Critical Access Hospital does not propose to remain a Critical Access Hospital, only acute care bed “days of care” shall be counted in determining utilization of acute care beds and the hospital must clearly demonstrate the need for maintaining the acute care bed capacity proposed within the application.” (p. 28)

Facility Average Daily Census	Target Occupancy of Licensed Acute Care Beds
1 – 99	66.7%
100 – 200	71.4%
Greater than 200	75.2%

In addition to this petition, Cape Fear Valley Health System and BCH submitted comments about Proposed Policy AC-5 in which they requested consideration of a new policy specific to critical access hospitals.

Analysis/Implications:

Cape Fear Valley Health System and BCH are petitioning for the total acute care beds needed in Bladen County to be 25 beds, instead of 13 beds as calculated by the standard methodology. Bladen County Hospital is designated as a Critical Access Hospital (CAH). Federal requirements for CAHs are listed in the Centers for Medicare & Medicaid Services (CMS) State

Operations Manual, Requirements for Critical Access Hospitals (Rev. 1, 05-21-04

<http://www.cms.gov/manuals/downloads/som107c02.pdf>). The requirements include a criterion that Critical Access Hospitals “are allowed to have up to 25 inpatient beds that can be used interchangeably for acute or SNF-level care” (page 274). The petitioners state that the “requested adjusted bed need determination will allow BCH to better address State requirements in a Certificate of Need Application for 25 beds based upon the unique circumstances of a CAH, instead of the existing acute care hospital methodology and criteria included in the 2010 SMFP.”

While the Agency can appreciate the petitioner’s position, making the requested adjustment from 13 total beds needed to 25 total beds needed still would result in a surplus of acute care beds in the service area and would not change the determination of no need for new, additional acute care beds in Bladen County. The acute care bed methodology has been examined and reworked, and a revised methodology was included in the Proposed 2011 SMFP. The revised methodology is based on recommendations developed by the Acute Care Services Workgroup and Acute Care Services Committee, and approved by the SHCC. The Agency supports the revised acute care bed methodology, which results in 13 beds needed in Bladen County. Furthermore, other than through Proposed Policy AC-5, the SMFP methodologies do not address the 23 North Carolina CAHs as a separate type of hospital.

The petition includes recommended revisions to Proposed Policy AC-5. As explained in Chapter Two of the 2011 Proposed SMFP,

“Anyone who finds that the North Carolina State Medical Facilities Plan policies or methodologies, or the results of their application, are inappropriate may petition for changes or revisions. Such petitions are of two general types: those requesting changes in basic policies and methodologies; and those requesting adjustments to the need projections... People who wish to recommend changes that may have a statewide effect are asked to contact the Medical Facilities Planning Section staff as early in the year as possible, and to submit petitions no later than **March 3, 2010**. Changes with the potential for a statewide effect are the addition, deletion, and revision of policies and revision of the projection methodologies.”

Changes to the policy currently are under review by the Acute Care Services Committee and the SHCC in response to a 3/3/2010 petition, and were included in the 2011 Proposed SMFP. In accordance with the process outlined in Chapter Two, the SHCC accepted comments about the Proposed 2011 SMFP, including revisions to Policy AC-5, until the deadline of August 2, 2010. The Agency notes that the petitioner submitted comments consistent with this petition regarding Proposed Policy AC-5.

Agency Recommendation:

The petitioner requests that language be inserted into the narrative preceding Table 5B in Chapter Five of the 2011 SMFP stating that “there is a need for a total of 25 acute care beds to be located in a critical access hospital in Bladen County.” This adjustment does not increase or decrease need for new beds in the service area, as is typically requested in adjusted need determinations. If the requested changes were made, the narrative would conflict with the total beds needed in the service area as calculated by the standard methodology, which the Agency supports. In addition, the deadline for submission of petitions about changes in policies that

have a statewide impact has passed. Therefore, the Agency recommends the petition be denied. If desired, the petitioner may submit the policy portion of the petition in the spring of 2011 for consideration of inclusion in the next proposed SMFP.