

Acute Care Services Committee  
Agency Report for  
Adjusted Need Determination Petition Regarding the  
Proposed 2011 State Medical Facilities Plan  
Mission Hospital

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*Petitioner:*

Mission Hospital  
428 Biltmore Ave.  
Asheville, NC 28801  
Attn: Brian D. Moore, Director, Strategic Planning

*Request:*

Mission Hospital specifically requests that the need determination in Table 5A: Acute Care Bed Need Projections and Table 5B: Acute Care Bed Need Determinations of the Proposed 2011 State Medical Facilities Plan (SMFP) for 69 acute care beds in the Buncombe-Yancey-Madison service area be reduced to 51 acute care beds.

*Background Information:*

The standard methodology for projecting need for acute care beds is based on the total number of acute inpatient days of care provided by each hospital, as obtained from the Thomson Reuters database by the Cecil G. Sheps Center for Health Services Research. The number of days of care is advanced by four years based on a growth rate representing the average annual historical percentage change in total inpatient days for each county over the past five years (i.e., four intervals of change). The projected midnight average daily census for the target year is then adjusted by target occupancy factors, which increase as the Average Daily Census increases. Surpluses or deficits are determined by comparing the projected bed need to the current inventory of licensed plus pending acute care beds.

The State Health Coordinating Council (SHCC) formed the Acute Care Bed Need Methodology Work Group, later renamed to the Acute Care Services Work Group, in October 2008 and charged the work group with evaluating the acute care bed methodology and developing recommendations. The charge to the work group was expanded in late 2009 to include development of a methodology to define multi-county service areas (for counties with no hospitals) for acute care bed needs and operating rooms. The work group consisted of provider representatives and Council members, and met four times between February 2009 and April 2010. The work group and the Acute Care Services Committee recommended in part, and the SHCC accepted at its 5/26/2010 meeting, using the following target occupancy rates in the acute care bed need methodology:

Average Daily Census (ADC)	Target Occupancy Rate
ADC = 1-99	66.7%
ADC = 100-200	71.4%
ADC >200 and <=400	75.2%
ADC >400	78.0%

The approved recommendations included not changing the target occupancy rates used in State Medical Facilities Plan (SMFP) Policy AC-4: Reconversion to Acute Care, and SMFP Policy AC-5: Replacement of Acute Care Bed Capacity, and not changing the target occupancy rates the Certificate of Need (CON) Section uses when evaluating acute care bed CON applications. Members of the work group noted at the 4/21/2010 phone conference that changes could be considered through the petition process if providers thought the need determinations calculated with the new methodology did not meet local needs.

In deference to the standard methodology, Chapter Two of the North Carolina 2011 Proposed 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. Mission Hospital has submitted a petition to lower the number of beds needed in the Buncombe- Madison-Yancey Acute Care Bed service area.

*Analysis/Implications:*

In its 4/21/2010 deliberations, the Acute Care Services Work Group considered three scenarios in which target occupancy rates were different for each, and a fourth scenario using the methodology from the 2010 SMFP. One scenario used an 80% occupancy rate for hospitals with an average daily census higher than 400. Stating concern that 80% may be too high, the work group recommended a target occupancy rate of 78% for hospitals with an average daily census higher than 400 with the acknowledgement that providers could submit summer petitions for fewer or more beds than the number calculated by the proposed methodology.

As pointed out by the petitioner, each of the methodologies considered by the work group results in a need for acute care beds in the Buncombe-Madison-Yancey service area, including the 2010 SMFP methodology. An 80% target occupancy rate results in a need determination of 51 beds in the Buncombe-Madison-Yancey service area. The service area contains just one hospital, Mission Hospital, which uses an 80% target occupancy rate for strategic planning. The Agency agrees with the petitioner that an 80% target occupancy rate is realistic for the region.

*Agency Recommendation:*

The Agency supports the standard methodology and the Acute Care Services Work Group. However, in consideration of the above, the Agency has determined that Mission Hospital has demonstrated its "...unique or special attributes", which "are not appropriately addressed by the standard methodology." The Agency recommends approval of Mission Hospital's petition to reduce the need determination for additional acute care beds from 69 to 51 in the Buncombe-Madison-Yancey multi-county service area in the 2011 SMFP.