

Acute Care Services Committee
Agency Report for
Adjusted Need Determination Petition Regarding the
Proposed 2012 State Medical Facilities Plan
Blue Ridge Bone and Joint Clinic

Petitioner:

Blue Ridge Bone & Joint Clinic
129 McDowell Street
Asheville, NC 28801
Attn: Paul Saenger, MD, President
Stefan Magura, CEO
(828) 281-7129; smagura@brbj.com

Request:

The petitioners request that the North Carolina 2012 State Medical Facilities Plan (SMFP) include a demonstration project for a single specialty, two operating room, orthopedic ambulatory surgical facility in the Buncombe-Madison-Yancey operating room (OR) service area. The petitioners state that having this demonstration project in Buncombe County would provide opportunity to focus on improving quality, cost, and access, and would promote positive competition.

Background Information:

Chapter Two of the North Carolina State Medical Facilities Plan (SMFP) allows persons to petition for an adjusted need determination if they believe their needs are not appropriately addressed by the standard methodology. Blue Ridge Bone and Joint Clinic requests that “the SHCC ... approve a demonstration project for a single specialty, two operating room, orthopedic ambulatory surgical facility in Buncombe County – consistent with the [State Health Coordinating Council’s] approval of the single specialty, surgical facility projects for the Charlotte, Triad and Triangle areas.”

In the fall of 2008, the State Health Coordinating Council (SHCC) convened a Single Specialty Ambulatory Surgery work group, charged with developing “a plan to evaluate and test the concept of single specialty ambulatory surgery centers in North Carolina” (from work group charge). The work group met three times during late 2008 and early 2009 and drafted recommendations outlining criteria for the demonstration project. Revised recommendations were presented to the ACS Committee on May 6, 2009 and to the SHCC on May 27, 2009. The North Carolina 2010 SMFP outlined criteria to be followed for the demonstration project facilities and limited the number of demonstration sites to three.

Thus far, certificates of need have been awarded to (1) Piedmont Outpatient Surgery Center LLC and Stratford Executive Associates LLC to develop a single-specialty ENT ambulatory surgical facility in the Triad area, and to (2) Triangle Orthopaedics Surgery Center to develop a single specialty (orthopaedic) ambulatory surgical facility in the Triangle Area. The certificate of need for a demonstration project in the Charlotte area has yet to be awarded; however, four applications were received for this opportunity.

In Summer 2009 and Summer 2010, this petitioner asked that Buncombe County be added as a site to the Single Specialty Ambulatory Surgery Facility Demonstration Project. The SHCC denied both the 2009 and 2010 petitions, noting the SHCC’s decision to limit the demonstration project to three sites

initially, to “evaluate each facility after each facility has been in operation for five years,” and to consider expanding the number of “...single specialty ambulatory surgical facilities beyond the original three demonstration sites” only if the Agency determines that the demonstration facilities are meeting or exceeding all criteria.

Analysis/Implications

The petitioner states (*page 1, paragraph 2*) that: “The State Health Coordinating Council (SHCC) has recognized the positive impact single specialty ambulatory surgical facilities can have in North Carolina in that the 2010 and the 2011 NCSMFPs include approval for such facilities in the Charlotte, Triad and Triangle areas.” The Agency notes that no conclusions have been drawn, “positive” or “negative,” about the impact of such facilities. Indeed, the purpose of the demonstration project is to test that hypothesis. The Agency also wishes to clarify that the three demonstration project sites were authorized in the 2010 SMFP and **no additional** demonstration sites were authorized in the 2011 SMFP. As noted above, the underlying concept of the demonstration project was to “...evaluate each facility **after each facility has been in operation for five years...**(*emphasis added*).”

This petitioner once again requests a “fourth demonstration project site,” when no data are yet available from the first three sites. The petition asserts that “the current circumstance does not maximize the opportunity for competition which has been shown to, and will, have a positive impact on quality, cost and access.” The Agency notes that “the opportunity for competition” by itself is not a goal of the SMFP and that the anticipated “positive impact on quality, cost and access” has not yet been affirmed.

In considering the Single Specialty Ambulatory Surgery Demonstration Project during 2009, additional demonstration sites were considered. At that time, the SHCC decided to limit the number to three sites. The Agency supports the criteria established for the demonstration project, including the open-ended approach to the specialty services provided. The petitioner has provided information for adding a site for the single specialty, **orthopaedic** ambulatory surgical facility demonstration project in the Buncombe-Madison-Yancey operating room service area. In considering the petition against the criteria set forth in the 2010 SMFP, it appears that some aspects of the proposed demonstration project might fit with established criteria while others may be challenging. The Agency notes that one of the two sites which have already been awarded a certificate of need is a single specialty orthopaedic ambulatory surgical facility (Triangle Area). As soon as that facility is in operation, data will be monitored to assess its effectiveness related to access, value, safety and quality for a five year period.

Agency Recommendation

The Agency urges caution in allowing additional operating rooms for a service area with a projected surplus before data regarding impact can be received and evaluated. Unless current members of the State Health Coordinating Council desire a fourth “demonstration project site,” the Agency recommends that the petition be denied; however, if the SHCC wishes to authorize an additional demonstration site, the Agency recommends that (1) the type of surgical specialty be open for all applicants and (2) that all evaluation criteria from the original Demonstration Project (Table 6D, 2010 SMFP) be applied (with the exception of the “...more than 50 total ambulatory/shared operating rooms...” in the county).