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# Acute Care Services Committee

## Recommendations to the North Carolina State Health Coordinating Council

May 29, 2013

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(Revised May 29, 2013 following SHCC Meeting)

The Acute Care Services Committee met twice after the March Council meeting, first on April 10<sup>th</sup> and again on May 8<sup>th</sup>.

Topics reviewed and discussed at the April 10<sup>th</sup> meeting included:

- Current Acute Care Services policies and methodologies;
- An update on the acute care hospital beds need methodology workgroup;
- Discussion and recommendation for the petition filed for operating room services; and
- Discussion of the reactivation of the Quality, Value, Access Committee.

Topics reviewed and discussed at the May 8<sup>th</sup> meeting included:

- Preliminary drafts of need projections generated by the standard methodologies in the Acute Care Services chapters;
- Service Areas review and update for Acute Care Hospital Beds and Operating Rooms;
- Licensure/Truven Health Analytics data comparison;
- Recommendations for clarifying language in the operating room methodology; and,
- Single Specialty AMSU Demonstration Project Report for Piedmont Outpatient Surgery Center.

The following is an overview of the Committee's recommendations for the Acute Care Services Chapters 5 through 8 of the Proposed 2014 State Medical Facilities Plan (SMFP):

### **Chapter 5: Acute Care Hospital Beds**

- The Committee reviewed and discussed policies, methodology and assumptions for acute care beds. There were no petitions or comments related to this chapter.
- The Committee discussed a bed need analysis using data from the 2004-2013 SMFPs. Using Wake County for the discussion, it was noted that there was an uptick in the growth rate in 2011. In 2011, the methodology was changed from using a statewide growth rate to a county growth rate. While some members felt there was not enough data to determine the impact of beds opening in a county on that county's growth rate, discussion ensued on issues which included a county's growth rate being effected from a repositioning of patients who are using new beds who were served elsewhere; growth rates and bed need given changes in health care reimbursement; concern regarding bed need related to demographics, changes in practice patterns and health care reform; the inclusion of quality, value and access in the planning

process; the liberalization of adjusted need determination petition approvals; and clarification of the awarded but unopened beds in the methodology. After further discussion, the members were in favor of the initiation of a work group to look further into the need methodology, however, no action was taken.

- Licensure and Truven Health Analytics acute days of care were reviewed for discrepancies exceeding +/- 5%. Staff will work with the Sheps Center and the hospitals during the summer to improve discrepant data, and will notify the Committee if need projections change.
- For the Proposed 2014 State Medical Facilities Plan, the acute care service areas were reviewed and updated and the following multi-county service areas have been determined:
  - The Durham/Caswell, Cherokee/Clay, Buncombe/Graham/Madison/Yancey, Vance/Warren, Halifax/Northampton, Craven/Jones/Pamlico, Beaufort/Hyde, Hertford/Gates service areas remain unchanged.
  - Yancey will now be divided between Buncombe/Graham/Madison/Yancey and Mitchell/Yancey Service Areas. Mitchell will no longer be a single county service area.
  - Tyrrell will no longer be in a multi-county service area with Chowan. Tyrrell will be in the Pitt/Greene/Hyde/Tyrrell service area. Chowan will become a single county service area.
  - Graham will no longer be in a multi-county service area split between Buncombe/Graham/Madison/Yancey and Jackson. Jackson will become a single county service area.
  - Gates will no longer be in a multi-county service area divided between Hertford/Gates and Pasquotank/Camden/Currituck/Gates/Perquimans. Gates will be in a multi-county service area with only Hertford.
- Committee members reviewed draft Tables 5A, 5B, and 5C. The standard methodology, which uses Truven Health Analytics acute care days of care, indicates a need for additional acute care beds in the following service areas: 126 beds in Cumberland, 51 beds in Moore, 85 beds in Pitt-Greene-Hyde-Tyrrell, and 26 beds in Stokes.
- As indicated in Governor Perdue's 2013 State Medical Facilities Plan approval letter preceding the Table of Contents, the determination of need in the 2013 State Medical Facilities Plan and subsequent Plans, for Hoke County and Cumberland County, will reflect no need for acute care bed services until one of the two approved hospitals in Hoke County is licensed, in order that a more accurate determination can be made regarding the need of Hoke County residents. Therefore, Cumberland County will be footnoted in Table 5A and shown with no need in Table 5B.
- The committee discussed Stokes County. There was a -66.28% discrepancy between Licensure and Truven Health Analytics acute days. This discrepancy created an artificial need determination for Stokes County. The committee voted to take out this need determination. Therefore, Stokes will have a footnote in Table 5A and shown with no need in Table 5B.

- Committee members discussed the idea of instituting a one-year moratorium on acute care beds due to the shortfall of Medicaid in the state.

### **Committee Recommendation for Chapter Five:**

The Committee recommends accepting the Acute Care Bed policies, methodology and assumptions as well as accepting the draft tables with the understanding that staff will make updates as needed. In addition, references to dates will be advanced one year, as appropriate. The Committee recommends taking out the need determination for Stokes County in the Proposed 2014 Plan due to discrepant data and removing the need for Cumberland County in response to the letter from former governor Beverly Perdue in the 2013 SMFP reflecting the need to be zero until a hospital is licensed in Hoke County.

### **Chapter 6: Operating Rooms**

- The Committee reviewed and discussed the methodology and assumptions for operating rooms.
- There was one petition discussed regarding OR services.

Petitioner: MedCapital Advisors, LLC

Request: “The request was for Certificate of Need (CON) and licensure exceptions to be applied to all ambulatory surgical facilities regardless of medical/surgical specialty and that orthopedic surgery, ophthalmology, urology, OB/GYN general surgery, and other medical/surgical specialties be allowed to develop and operate single specialty ambulatory surgical facilities, not subject to the requirements of CON and state licensure, equally as plastic surgery, oral maxillofacial surgery, and otolaryngology (ENT) do presently”.

Comments: Seven comments were submitted opposing the petition.

Committee Recommendation: The petition was deemed outside the purview of the SHCC and consequently denied. However, the members of the Acute Care Committee would like to express concern about the ramifications of the legislation referenced in the petition that would remove the health planning and CON process from ambulatory surgery facilities. The potential impact of such a change is far reaching. Studies have shown that increasing ambulatory surgical centers without regard for need would increase utilization and cost for overall health care services. While the current CON and planning process is not perfect, we should continue to build on our current system and processes and work towards improvements in quality, access, and value.

- There was discussion about the reactivation of the subcommittee focused on Quality, Access and Value. The benefits of having this committee would be to ensure the core

governing principles are retained, but with some adjustment of emphasis: promote high quality health care services as measured by outcomes and satisfaction, promote equitable access to health care services for all North Carolina's people, and promote high value practices that will maximize the health care benefit gained for resources expended. Due to staff limitations, the committee believed that seeking outside resources to lead the charge would be beneficial to the SHCC.

- For the Proposed 2014 State Medical Facilities Plan, the OR service areas have been reviewed and updated and the following multi-county service areas have been determined:
  - The Cherokee/Clay, Jackson/Graham/Swain, Buncombe/Madison/Yancey, Vance/Warren, Halifax/Northampton, Craven/Jones/Pamlico, and Beaufort/Hyde service areas remain unchanged.
  - Caswell will no longer be in a multi-service area with Person. Caswell will be in the Alamance/Caswell service area. Person will become a single county service area.
  - Hyde will be divided in a multi-county service area between Pitt/Greene/Hyde and Beaufort/Hyde.
- The Committee reviewed a recommendation regarding proposed language for Step 3d of the methodology which included a table explaining the assignment of Hyde County's population growth to the Pitt-Greene-Hyde and Beaufort-Hyde operating room service areas.
- The Committee reviewed draft Table 6A, 6B & 6C, Operating Room inventory and need determination. Application of the standard methodology indicates there is no need at this time.
- The Committee reviewed Table 6E: Endoscopy Room Inventory.
- The Committee was also given the Single Specialty AMSU Demonstration Project Report for Piedmont Outpatient Surgery Center satisfying the criteria in the Plan for the submission of an annual report to demonstrate the facility's compliance with the project criteria.
  - The first year's project report was received by the agency on April 18, 2013 for the time period of March 1, 2012 to March 1, 2013.
  - The report revealed that of the ten physicians practicing at the facility, one was not an owner of the practice. They sought other physicians for their facility. All the physicians maintained privileges at local hospitals and took ER call at local hospitals.
  - By the submission of information related to the number of and payor source of the patients they served, the agency was able to verify that 12.36% the facility's total revenue attributed to self-pay and Medicaid, which exceeded the required seven percent.
  - The surgical safety checklist that had been used since the initial licensure of the facility was revised based on the WHO Surgical Safety Checklist developed by the

- World Health Organization and implemented in June of 2012. Daily chart audits revealed 99.9% of the surgeries had used this checklist.
- The facility addressed the required measures for tracking Quality Assurance and they even tracked additional measures. They established four committees to assist with quality assurance activities.
  - There is an electronic health record interface between the facility and physicians' offices. They have recently purchased a new electronic health record system which will allow the transfer of laboratory results as well.
  - Based on the review of their annual report submitted to the agency, it was determined Piedmont Outpatient Surgery Center had not demonstrated substantial compliance with the demonstration project criteria outlined in the Plan and the Certificate of Need due to the failure of the facility to report utilization and payment data to the statewide processor. In discussion with the facility administrator, it was revealed they had not been submitting this information because of a misinterpretation of the requirement. The facility has signed a contract with Truven Health Analytics as of May 10<sup>th</sup> for submission of this data.

**Committee Recommendation for Chapter Six:**

The Committee recommends denying the petition submitted by MedCapital Advisors. The committee also recommends reinstating the Quality, Access and Value Committee as a sub-committee of the SHCC and to seek alternate resources to move forward. The Committee further recommends accepting the operating room methodology and assumptions, with no changes other than the language revision for Step 3 of the methodology.

**Chapter 7: Other Acute Care Services**

- No petitions or comments were received related to other acute care services in Chapter Seven. The Committee reviewed the policy, methodologies and assumptions for open-heart surgery services, burn intensive care services, and bone marrow and solid organ transplantation services. Staff presented draft Tables 7A, 7B, 7C, 7D, 7E and 7F, and noted that there were no need determinations for additional services at this time.

**Committee Recommendation for Chapter Seven:**

The Committee recommends accepting the policies, methodology and assumptions for other acute care services in Chapter Seven. The Committee further recommends accepting the draft tables and need projections, with the understanding that staff will make updates as needed.

**Chapter 8: Inpatient Rehabilitation Services**

- No petitions or comments were received related to Inpatient Rehabilitation Services. The Committee reviewed the methodology and assumptions for Inpatient Rehabilitation Services, as well as a draft of Table 8A and 8B. Application of the standard methodology

indicated no need for additional inpatient rehabilitation beds in the state.

**Committee Recommendation for Chapter Eight:**

The Committee recommends accepting the methodology and assumptions for Inpatient Rehabilitation Services. The Committee further recommends accepting draft tables and need projections, with the understanding that staff will make updates as needed.

**Other Action**

The Committee authorized staff to update narratives, tables and need determinations for the Proposed 2014 Plan as updates are received.