

**Acute Care Services Committee  
Agency Report  
Adjusted Need Determination Petition to  
Reduce the Need Projection of 82 Acute Care Beds to Zero in the  
Cumberland Service Area  
Proposed 2015 State Medical Facilities Plan**

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***Petitioner:***

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***Request:***

Cape Fear Valley Health System requests that the need determination in Table 5A: Acute Care Bed Need Projections and Table 5B: Acute Care Bed Need Determinations of the North Carolina Proposed 2015 State Medical Facilities Plan (SMFP) for 82 acute care beds in the Cumberland service area be reduced to zero (0) 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 Truven Health Analytics, 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 service area over the past five years. 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.

Chapter Two of the North Carolina Proposed 2015 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. Cape Fear Valley Health System has submitted a petition to lower the projected number of beds needed from 82 to zero in the Cumberland acute care bed service area. The petitioner presents information about recently high acute care bed utilization rates, increased but leveling off population growth in Cumberland County, and the award of certificates of need (CONs) for additional acute care beds in the Cumberland service area, two

new hospitals in Hoke County, and a satellite hospital in northwest Cumberland County near Fort Bragg military base. According to the petitioner, this mix of factors is sufficient to warrant the request to reduce the current need determination for additional acute care beds from 82 to zero in the Cumberland service area.

***Analysis/Implications:***

As shown in Chapter Five of the Proposed 2015 SMFP there are 490 licensed acute care beds in Cumberland County. Certificates of need have been awarded to develop a new hospital in eastern Hoke County to include 41 new acute care beds relocated to Raeford from Cumberland County and to develop a satellite hospital in northern Cumberland County with 65 new acute care beds from the need determination in the 2011 SMFP. Additionally, there is a 2014 Acute Care Bed Need Determination for 34 beds. Thus, there are 99 acute care beds that are CON approved or available for Cumberland County that are yet to be developed, with an anticipated total of 589 licensed beds.

For the Proposed 2015 SMFP, the standard methodology resulted in a need determination of 82 new acute care beds for the Cumberland service area. As described earlier, the methodology projects need for new beds using the growth in utilization of existing beds. Beginning in March of 2011 and through the end of the current data reporting period of September 30, 2013, Cape Fear Valley Medical Center was approved to use 49 temporary licensed acute care beds in addition to the current inventory of 490. It is anticipated that the increase in utilization may be partly a result of the increase in available beds. Table 1 below shows the growth rate of 10.17% in 2011.

<b>Table 1: Cape Fear Valley Medical Center, Acute Days of Care, 2009 to 2013</b>					
	Acute Days Truven 2009	Acute Days Truven 2010	Acute Days Truven 2011	Acute Days Truven 2012	Acute Days Truven 2013
Days of Care	150,096	154,432	170,143	167,794	169,213
Growth Rate		2.89%	10.17%	-1.38%	0.84%

Furthermore, in SMFP's prior to 2013 Cumberland and Hoke counties were one service area. Governor Beverly Perdue in her memorandum dated December 21, 2012 designated Hoke a separate health service area effective January 1, 2013. In addition, one of two CON approved hospital projects was licensed in October 2013 in Hoke County. Information collected for the 2015 License Renewal Applications will begin to generate data about acute care bed utilization in this county. Need for additional beds in the new service area will be calculated using the standard methodology in effect at that time. The current methodology includes incorporation of a graduated target occupancy factor (Step 6 of the methodology) depending on the average daily census of the hospital.

Although the acute care bed methodology does not use population in its calculations, review of predicted population growth in Cumberland is informative. Data from the NC Office of State

Budget and Management (NCOSBM) shows anticipated population growth in the Cumberland County as follows:

<b>Table 2: Total Population for Cumberland and Annual Rate of Change, 2010-2018</b>					
	2010	2012	2014	2016	2018
Cumberland County Population*	327,445	330,215	334,466	338,213	341,957
Annual Rate of Change	N/A	0.85%	1.29%	1.12%	1.11%

\*Military Population data is included in the population totals.

As demonstrated in Table 2 above, the population in Cumberland County is anticipated to grow, but additional data from NCOSBM suggests the growth will be slower than the statewide estimated annual growth rate as seen in Table 3.

<b>Table 3: Total Statewide Population and Annual Rate of Change, 2010-2018</b>					
	2010	2012	2014	2016	2018
Statewide Population	9,574,477	9,762,822	9,956,488	10,156,537	10,360,693
Annual Rate of Change	N/A	1.97%	1.98%	2.01%	2.01%

With the Fort Bragg military base in Cumberland County, it is informative to know the number of veterans living in this county, as well as medical facilities specifically for veterans. According to the United States Department of Veterans Affairs (VA) National Center for Veterans Analysis and Statistics, an estimated 47,298 veterans (non-active military) lived in Cumberland County as of September 2013 (data retrieved from [http://www.va.gov/vetdata/Veteran\\_Population.asp](http://www.va.gov/vetdata/Veteran_Population.asp)).

The Geographic Distribution of VA Expenditures (GDX) Report, 2014, available at <http://www.va.gov/vetdata/>, includes data about the number of veterans from Cumberland County who used VA Health Care Services over a span of nine years. Table 4 provides numbers of patients served by county of patient origin. This information demonstrates increased use of military health care facilities by veterans, a group of people who may be contributing to increased population growth in Cumberland County. Additionally, even a small increase in the utilization of acute care services in this service area may be offset by the increased number of veterans using VA services. As shown in Table 4, since 2007 there has been a small incremental increase each year in the number of veterans from Cumberland County using the VA Health Care services.

<b>Table 4: Number of Unique Patients Who Used Veterans Affairs Health Care Services, by Patient Origin</b>										
	2004	2005*	2006*	2007	2008	2009	2010	2011	2012	2013
Cumberland County	13,306			15,252	15,832	15,901	16,174	16,267	16,907	17,872

\* Data regarding number of unique patients were not provided for 2005 and 2006.

***Agency Recommendation:***

In general, the Agency supports the acute care bed standard methodology; however, development of currently approved and proposed acute care beds and hospital projects in the Cumberland service area over the next year or two will provide opportunity to determine the actual impact of these new resources on future need for additional beds in this health service area. In addition, the veteran population opting to seek care at VA facilities may offset some of the growth in acute care utilization in Cumberland County. Given available information and comments submitted by the August 15, 2014 deadline, and in consideration of factors discussed above, the Agency recommends approval of the petition to reduce the need determination for additional acute care beds from 82 to zero in the Cumberland service area for the North Carolina 2015 SMFP.