Healthcare Planning and Certificate of Need Section

State Health Coordinating Council Minutes
May 25, 2016
10:00 a.m. – 12 Noon
Brown Building Room 104, Raleigh, North Carolina

Members Present: Dr. Christopher Ullrich; Trey Adams; Christina Apperson; Peter Brunnick; Jim Burgin; Stephen DeBiasi; Dr. Mark Ellis; Dr. Sandra Greene; Kurt Jakusz; Valarie Jarvis; Dr. Lyndon Jordan; Stephen Lawler; Ken Lewis; James Martin, Jr.; Dr. Robert McBride; Denise Michaud; Dr. Jeffrey Moore; Dr. Prashant Patel; Dr. T.J. Pulliam
Members Absent: Senator Ralph Hise; Kelly Hollis; Representative Donny Lambeth; Brian Lucas; Dr. Jaylan Parikh;
Healthcare Planning Staff Present: Shelley Carraway; Paige Bennett; Elizabeth Brown; Amy Craddock; Patrick Curry; Tom Dickson; Kelli Fisk **DHSR Staff Present:** Mark Payne; Martha Frisone; Julie Halatek; Gloria Hale; Celia Inman; Mike McKillip; Fatima Wilson
Attorney General's Office: June Ferrell; Derrick Hunter; Bethany Burgon

Agenda Items	Discussion/Action	Motions	Recommendations/ Actions
Welcome & Announcements **Introductions**	Dr. Ullrich welcomed council members, staff and visitors to the second meeting of the planning cycle for the *N.C. 2017 State Medical Facilities Plan (SMFP)*. He acknowledged this meeting was open to the public but was not a public hearing. Dr. Ullrich stated that the focus of the meeting was to hear recommendations from the Acute Care Services, Technology & Equipment and Long-Term and Behavioral Health Committees of the State Health Coordinating Council (SHCC) for the incorporation of policies, assumptions, need methodologies and preliminary need determination projections for the *Proposed 2017 State Medical Facilities Plan*. Dr. Ullrich asked the council members and staff for a brief introduction.		
Review of Executive Order No. 46 Reauthorizing the State Health Coordinating Council	Dr. Ullrich gave an overview of the procedures to observe before taking action at the meeting, as outlined in Executive Order 46. Dr. Ullrich inquired if any member had a conflict of interest, needed to declare if they were deriving a financial benefit from any agenda matter, or if any members intended to recuse themselves from voting on any agenda item.		

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Approval of Minutes from March 2, 2016	A motion was made and seconded to approve the minutes of March 2, 2016 as presented.	Dr. Pulliam Mr. Adams	Motion approved
Approval of Minutes from April 8, 2016	A motion was made and second to approve the minutes of April 8, 2016 as presented.	Dr. Pulliam Dr. Greene	Motion approved
Recommendations from Acute Care Services Committee	Dr. Greene provided the report for the Acute Care Services Committee. Dr. Greene noted the Committee met twice after the March Council meeting, first on April 12th and again on May 3rd. Topics reviewed and discussed at the April 12th meeting included: • Current Acute Care Services policies and methodologies; and • Clarification of wording in the operating room methodology. Topics reviewed and discussed at the May 3th meeting included: • Preliminary drafts of need projections generated by the standard methodologies in the Acute Care Services chapters; • A comparison between Licensure and Truven Health Analytics data; and • Presentation of new acute care bed and operating room service areas. There were no petitions or comments related to any of the Acute Care Services chapters. In all chapters, inventories have been updated based on available information and include placeholders where applicable. All inventories and need determinations are subject to change. The Committee authorized staff to update narratives, tables, and need determinations for the Proposed 2017 Plan, as updates are received. The following is an overview of the Committee's recommendations for Acute Care Services (Chapters 5 through 8) for the Proposed 2017 State Medical Facilities Plan:		

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	Chapter 5: Acute Care Hospital Beds • The Committee reviewed and discussed the policies, methodology, and assumptions for acute care beds. • Licensure and Truven Health Analytics acute days of care were reviewed for discrepancies exceeding ±5%. Staff will work with the Sheps Center, Truven, and the hospitals during the summer to improve discrepant data. Staff will notify the Committee if need projections change. • Committee members reviewed draft Tables 5A, 5B, and 5C. The standard methodology, which uses Truven Health Analytics acute care days of care, indicated a need for a total of 196 acute care beds: ▪ 71 additional acute care beds in the Durham County service area ▪ 80 additional acute care beds in the Mecklenburg County service area ▪ 45 additional acute care beds in the Orange County service area **Chapter 6: Operating Rooms** • The Committee reviewed and discussed the methodology and assumptions for operating rooms. • The Committee proposed clarifying the wording of the methodology, such that both the operating rooms and number of procedures in underutilized facilities will be removed from the planning inventory when calculating need determinations. • The Committee was also informed that the Governor approved the SHCC's recommendation to remove from the 2016 SMFP the need for one OR in Rowan County. This information also was provided to the full SHCC. As a result, the placeholder for this need determination has been removed from the planning inventory presented in Table 6A.		

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	• The Committee reviewed Tables 6A, 6B, and 6C. At the time of the May 3rd Acute Care Services Committee meeting, application of the methodology resulted in need determinations for four ORs. Since the meeting, data updates and corrections have resulted in current need determinations for **three** ORs in the following Service Areas: ▪ 1 OR in Davie County ▪ 1 OR in Moore County ▪ 1 OR in New Hanover County • The Committee also reviewed the Endoscopy Room Inventory in Table 6E. The updated table has been posted for this meeting. **Chapter 7: Other Acute Care Services** • The Committee reviewed the policy and methodologies for open-heart surgery services, burn intensive care services, and bone marrow and solid organ transplantation services. • Staff presented draft Tables 7A, 7C, 7E and 7F. There are no need determinations for these services at this time. **Chapter 8: Inpatient Rehabilitation Services** • The Committee reviewed the methodology and assumptions for Inpatient Rehabilitation Services, as well as a draft of Table 8A. • Application of the standard methodology indicated no need for additional inpatient rehabilitation beds in the state at this time. **Committee Recommendation Regarding Acute Care Services:** The Committee recommends acceptance of the Acute Care Bed Services policies, service areas, methodology and assumptions, and draft tables, with the understanding that staff will make updates as needed. In addition, references to dates will be advanced one year, as appropriate.		

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	A motion was made and second to accept the Acute Care Services report as presented.	Dr. Pulliam Mr. Lewis	Motion approved
Recommendations from Long-Term & Behavioral Health Committee	Dr. Pulliam provided the report for the Long-Term and Behavioral Health Committee. The Long-Term and Behavioral Health (LTBH) Committee met twice after the March Council meeting, first on April 8th and again on May 6th. The topics reviewed and discussed at the April 8th meeting included: • Current Long-Term and Behavioral Health policies and methodologies. • A proposed nursing home need methodology and changes to nursing home policies. • The inclusion of 150 Behavioral Health inpatient beds. • An agency recommendation for a methodology change in psychiatric inpatient services. • Proposed language changes in Chapters 15, 16 and 17. The topics reviewed and discussed at the May 6th meeting included: • Preliminary drafts of need projections generated by the standard methodologies in the LTBH chapters. • A new inventory table for Chapter 11. The following is an overview of the Committee's recommendations for the Long-Term and Behavioral Health Services Chapters, Chapters 10-17, of the Proposed 2017 State Medical Facilities Plan (SMFP). There were no petitions and no comments received related to any of the chapters. The committee authorized staff to update narratives, tables, and need determinations for the Proposed 2017 Plan, as updates are received.		

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	Chapter 10: Nursing Care Facilities
	A summary of the proposed changes from the Nursing Home Workgroup and supporting documentation were presented and shared with the full SHCC at the March 2nd, 2016 meeting. At the LTBH Committee meeting on April 8th, 2016 the Committee unanimously voted to make the following changes to the nursing home need methodology:
	
	• One use rate (no age groups) calculated by county with annual change rate projection of 36 months;
	• Smoothing of average change rate applied to each county with substitution of the state rate at ½ standard deviation (SD) above and below the mean;
	• Vacancy factor applied to bed utilization summary (95%);
	• For need determinations, use of the higher between the median occupancy rate among all facilities in a county or the county weighted average; and
	• Alignment of all exclusions for beds and occupancy.
	• One hundred percent exclusion for Continuing Care Retirement Communities (NH-2) beds.
	• Maximum bed need for each service area of 150 beds.
	• Policies (Chapter 4)
	  o Elimination of NH-1, NH-3, NH-4, and NH-7
	  o Wording changes to NH-2, NH-6, and NH-8
	
	Application of the new methodology *initially resulted in a draft need determination for Washington County of 20 nursing care beds*. However, this need determination is the result of beds in Washington County being excluded from the inventory because they were originally moved from Tyrrell County. Despite the beds being transferred and licensed for many years, the placeholders have never been removed. Removing them eliminates the need in Washington County. There is a similar placeholder in Camden County affecting Pasquotank and Currituck Counties. The Committee voted unanimously to remove all bed transfer placeholders, thus resulting in no draft need determination for additional nursing care beds, at this time.		

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	Chapter 11: Adult Care Homes Application of the methodology based on data and information currently available results in the following draft need determinations: ▪ Greene County, 20 Adult Care Home beds; ▪ Jones County, 30 Adult Care Home beds; and ▪ Washington, 10 Adult Care Beds. The Committee voted and approved a new table entitled Table 11D: Inventory of Nursing Homes with Six or Less Licensed Adult Care Beds. **Chapter 12: Home Health Services** Application of the methodology based on data and information currently available results in a draft need determination for Mecklenburg County for one new Medicare-certified Home Health Agency or Office at this time. **Chapter 13: Hospice Services** Application of the methodologies based on data and information currently available results in the following draft need determinations. • **Hospice Home Care** Application of the methodology based on data and information currently results in two draft need determinations at this time; one need determination for Cumberland County and one need determination for Durham County for a new home hospice office. Need determinations are subject to change. • **Hospice Inpatient Bed** Application of the proposed revised methodology based on data and information currently available results no draft need determinations at this time. Need determinations are subject to change.		

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	Chapter 14: End-Stage Renal Disease Dialysis Facilities Inventories of dialysis facilities and current utilization rates along with need determinations for new dialysis facilities will be presented in the North Carolina Semiannual Dialysis Report (SDR) for July 2016 on July 1st. This report will be available on the DHSR website. **Chapter 15: Psychiatric Inpatient Services** The Committee voted to recommend a change to the methodology. This change removes the 20% reduction in projected days of care for child/adolescent beds from the need determination calculations. Application of the revised methodology based on data and information currently available results in the following draft need determinations: ▪ Child Psychiatric Inpatient Beds – a total of 125 beds; o Alliance Behavioral Healthcare LME-MCO, 36 beds; o Cardinal Innovations Healthcare Solutions LME-MCO, 19 beds; o Eastpointe LME-MCO, 36 beds; o Partners Behavioral Health Management LME-MCO, 1 bed; o Sandhills Center LME-MCO, 18 beds; and o Smoky Mountain Center LME-MCO, 15 beds. ▪ Adult Psychiatric Inpatient Beds – a total of 38 beds; o Alliance Behavioral Healthcare LME-MCO, 23 beds; and o Sandhills Center LME-MCO, 15 beds. **Recommendations Related to Psychiatric Inpatient Services:** The Committee recommends eliminating Step 2 of the need determination methodology for inpatient psychiatric beds for children and adolescents. The proposed change eliminates the 20% reduction in projected days of care used when calculating unmet bed need.		

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	The Committee also recommends changes to the language throughout the SMFP, where appropriate, to reflect consistent usage of "people first" terminology. For example, rather than using the term "mentally ill," the text would use the term "people with a mental disorder." Finally, the committee has a recommendation regarding the inclusion of behavioral health inpatient beds authorized under Session Law 2015-241. This recommendation pertains to both Chapters 15 and 16. The General Assembly authorized $25 million for the creation of up to 150 new behavioral health inpatient treatment beds. This funding represents a portion of the proceeds of the sale of the Dorothea Dix Hospital property. Development of these beds will not require a Certificate of Need, but the beds will be required to adhere to all licensure rules and procedures, during and after development. Therefore, the Committee recommends that all beds created under S.L. 2015-241 that become licensed under categories currently covered by the CON Law be included in the inventory and in the need determination methodology in the same manner as other beds in Chapters 15 and 16 of the SMFP. **Chapter 16: Substance Abuse Inpatient & Residential Services (Chemical Dependency Treatment Beds)** Application of the methodology based on data and information currently available results in the following draft need determinations: ▪ **Child/Adolescent Chemical Dependency Treatment Beds;** o Central Region, 17 beds. There was no need determination for adult beds anywhere in the state. **Recommendations Related to Substance Abuse Inpatient & Residential Services:** Like Chapter 15, the Committee recommends proposed changes throughout the SMFP to reflect consistent usage of "people first" terminology. In addition, the committee recommends incorporation of terminology from the DSM-5, whereby the term "substance use disorder" is used instead of other terms, such as "substance abuse" or "addiction."		

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	<u>Chapter 17: Intermediate Care Facilities for Individuals with Intellectual Disabilities</u> Application of the methodology based on data and information currently available results in **no draft need determinations** at this time. **Recommendations Related to ICF/IID Facilities** As with Chapters 15 and 16, the Committee recommends making language changes to the text throughout the SMFP to reflect consistent usage of "people first" terminology. **Recommendation for the Long-Term and Behavioral Health Services Chapters, Chapters 10-17 for the Proposed 2017 SMFP:** The Committee recommends that the current assumptions and methodology be accepted as presented for the Long-Term and Behavioral Health Services Chapters, Chapters 10-17, for the Proposed 2017 Plan, and that references to dates be advanced one year, as appropriate. Also, staff is authorized to update narratives tables and need determinations as new and corrected data are received The Committee recommended that the current assumptions and methodology be accepted for the *Proposed 2017 Plan*. The Committee further recommended accepting the draft tables and need projections, with the understanding that staff would make updates as needed. In addition, references to dates would be advanced one year, as appropriate. A motion was made and second to approve the Long Term-Behavioral Health Committee report.	Mr. Brunnick Dr. McBride	Motion approved
Recommendations from Technology & Equipment Committee	Dr. Ullrich provided the Technology & Equipment Committee report, which contained the committee's recommendations for consideration by the North Carolina State Health Coordinating Council (SHCC) in preparation of the *Proposed 2017 State Medical Facilities Plan (SMFP)*. The Technology and Equipment Committee met on March 30, 2016 and April 27, 2016. Topics reviewed and discussed included: • Current policies, assumptions, and methodologies for Lithotripsy, Gamma Knife, Linear Accelerators, Positron Emission Tomography (PET) Scanners, Magnetic		

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	Resonance Imaging (MRI) Scanners and Cardiac Catheterization Equipment for the Proposed 2017 State Medical Facilities Plan (SMFP); • Preliminary drafts of need projections generated by the standard methodologies; • One petition requesting a new policy for MRI Scanners; • One petition requesting changes to the methodology for Cardiac Catheterization; • One petition requesting changes to the methodology for Lithotripsy; and • Policy TE-3: Plan Exemption for Fixed Magnetic Resonance Scanners. The following is an overview of the Committee's recommendations for consideration by the North Carolina State Health Coordinating Council (SHCC) in preparation of Chapter 9 - Technology and Equipment, for the Proposed 2017 Plan. The report is organized by equipment section of Chapter 9 of the SMFP. **Chapter 9: Lithotripsy** There was one petition and three comments on this Section of this Chapter. ***Petitioner:*** Hampton Roads Lithotripsy, LLC ***Request:*** Hampton Roads Lithotripsy, LLC requests that the *North Carolina 2017 State Medical Facilities Plan (SMFP)* include a new policy regarding lithotripsy. ***Comments:*** Three comments were received which were in opposition. ***Committee Recommendation:*** The discussion during the Committee meeting included lithotripter inventory, capacity, and this year's need determination as detailed in the 2016 State Medical Facilities Plan. The members also discussed geographical distribution of sites as outlined in the agency's report. The Committee voted unanimously to recommend denying the petition.		

Agenda Items	Discussion/Action	Motions	Recommendations/ Actions
	• Application of the methodology based on data and information currently available results in no need determination for lithotripsy services in the statewide service area at this time. **Chapter 9: Gamma Knife** There were no petitions or comments on this Section of this Chapter. • Based on data and information currently available, no draft need determinations have been identified at this time. **Chapter 9: Linear Accelerators** There were no petitions or comments on this Section of this Chapter. • Application of the methodology based on data and information currently available results in no draft need determinations at this time. **Chapter 9: Positron Emission Tomography (PET) Scanners** There were no petitions or comments on this Section of this Chapter. • Application of the methodology based on data and information currently available results in one draft need determination for HSA IV. This is an update from the information initially presented at the April 27th Committee meeting. Duke Raleigh Hospital, with 4 linear accelerators exceeding 12,500 ESTV procedures, generated a need through the Methodology Part 2. **Chapter 9: Magnetic Resonance Imaging (MRI) Scanners:** There was one petition on this Section of this Chapter. ***Petitioner:*** Cape Fear Valley Health System ***Request:*** [Cape Fear Valley Health System] CFVHS requests the SHCC continue its discussion regarding fixed MRI in community hospitals and requests that a new policy,		

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	Policy TE-3: Fixed MRI Scanners in Community Hospitals be included in the 2017 *State Medical Facilities Plan*. ***Comments:*** Four comments were received on this petition. ***Committee Recommendation:*** Members of the Committee acknowledged the recent history of petitions related to MRI capacity for small hospitals located in counties without fixed MRI scanners. Discussions included the number of procedures required to break even on a machine, the need for MRI capabilities for emergency services, and the development of additional services lines requiring MRI scans. There was consensus that the methodology provided a barrier to obtaining MRI scanners. Members suggested the threshold may be too high for small counties. The Committee voted unanimously to recommend to deny the petition. Dr. Ullrich, Chair, requested staff develop a policy to present at the second committee meeting in April (see Policy TE-3 below). Policy TE-3: Plan Exemption for Fixed Magnetic Resonance Imaging Scanners**:** *Qualified applicants may apply for a fixed magnetic resonance imaging scanner (MRI).* *To qualify, the health service facility proposing to acquire the fixed MRI scanner shall demonstrate in its certificate of need application that it is a licensed North Carolina acute care hospital with emergency care coverage 24 hours a day, seven days a week and is located in a county that does not currently have an existing or approved fixed MRI scanner, as reflected in the inventory in the applicable State Medical Facilities Plan.* *The applicant shall demonstrate that the proposed fixed MRI scanner will perform at least 850 weighted MRI procedures during the third full operating year.* *The performance standards in 10A NCAC 14C .2703 would not be applicable.* *The fixed MRI scanner must be located on the hospital's "main campus" as defined in 131E-176-(14n)a.*		

Agenda Items	Discussion/Action	Motions	Recommendations/ Actions
	This policy was developed by staff at the request of the Technology and Equipment Committee and was presented at the April 27th Committee meeting. ***Committee Recommendation:*** The Committee discussed the 850 threshold and had further conversation about the breakeven for a machine. Members expressed support of counties with no fixed MRI scanner obtaining the equipment through a policy. The committee recommends including Policy TE-3 in the Proposed 2017 Plan. • Application of the methodology based on data and information currently available, results in two need determination for fixed MRI scanners in Lincoln and Mecklenburg Counties at this time. **Chapter 9: Cardiac Catheterization Equipment** There was one petition with two comments to this petition received on this Section of this Chapter. ***Petitioner:*** UNC Rex Healthcare ***Request:*** The petitioner requests that the methodology for determining need for cardiac catheterization equipment in North Carolina be revised for the 2017 State Medical Facilities Plan. Specifically, the petitioner requests changes to steps 5 and 6 of the Cardiac Catheterization Methodology 1 so that "The number of units of fixed cardiac catheterization equipment needed is calculated for each hospital, and a need determination is generated irrespective of surpluses at other hospitals in the service area" with the exception of hospitals under common ownership, where the "surpluses and deficits would be totaled." ***Comments:*** Two comments were received about this petition – both were in opposition. ***Committee Recommendation:*** The Committee discussed the recent history of the petitions for both methodology changes and adjusted need determinations. Using data from the most recent SMFP, changes to the methodology, as outlined in the petition, would impact only Rex Healthcare, the petitioner. Since the current methodology produces very few need determinations and over the years the adjusted need		

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	determination process has been used successfully in special situations, the committee recommended denying the petition. • Application of the methodology based on data and information currently available, results in one need determination for fixed cardiac catheterization equipment in Cumberland County at this time. **Recommendations:** The Committee recommends the current assumptions, methodologies and draft tables for lithotripsy, gamma knife, linear accelerators, PET scanners, MRI Scanners, and cardiac catheterization equipment be accepted for the Proposed 2017 Plan. References to dates will be advanced one year, as appropriate. Also, the Committee authorized staff to update all narratives, tables and need determinations for the Proposed 2017 Plan as new and corrected data are received. Need determinations are subject to change. **Other Recommendations** The Committee authorized staff to update all narratives, tables and need determinations for the *Proposed 2017Plan* as new and corrected data are received. **Committee Recommendations** The Committee recommended that the current assumptions and methodology and draft tables be accepted for the *Proposed 2017 Plan*. Dr. Ullrich stated that the committee authorized staff to update all narratives, tables and need determinations for the *Proposed 2017 SMFP* as new and corrected data are received. In addition, references to dates would be advanced one year, as appropriate. After the report presentation, Council members discussed the proposed policy TE-3. One discussion topic included the number of eligible counties. Dr. Ullrich indicated using this policy was a voluntary business decision and he did not expect many applicants. Other topics included the ability for a lower cost entrant to use the policy. Dr. Ullrich explained		

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	the committee's concerns with patients having access to MRI for acute evaluations and inpatient access. A motion was made and seconded to approve the Technology & Equipment Committee report.	 Mr. Lawler Ms. Apperson	 Motion approved
Adoption of the N.C. Proposed 2017 State Medical Facilities Plan	Dr. Ullrich asked for a motion to adopt the *Proposed 2017 State Medical Facilities Plan*, and authorize staff to update narrative, tables, data changes and results or effects of such changes in the *Plan*. Dr. Ullrich entertained a motion to allow staff to continue making changes to inventory and corrections or data as it is received, as well as make non-substantive edits to narratives.	Dr. Patel Mr. Adams Mr. Burgin Dr. Greene	Motion approved Motion approved
Review of Public Hearing Schedule	Mr. Payne reviewed the six public hearings, dates and locations that they would take place beginning on July 12, 2016 with the final public hearing on July 28, 2016. Mr. Payne stated the July 28, 2016 public hearing would take place in the same room as this meeting of the SHCC.		
Review of Remaining SHCC Meeting Schedule	Dr. Ullrich reviewed the dates for the upcoming committee meetings. He stated the Technology and Equipment Committee will meet on September 14th, Long-Term-Behavioral Health will meet on September 9th, and Acute Care will meet on September 13th. He stated these meetings will begin at 10:00 am and held at the Brown Building. Dr. Ullrich stated the SHCC will have a one-hour conference call on September 7nd beginning at 10:00 am and the last SHCC meeting for 2015 will be on October 5th beginning at 10:00 am in the Brown Building.		
Adjournment	There being no further business, Dr. Ullrich asked for a motion to adjourn the meeting.	Dr. McBride Mr. Burgin	Motion approved