



Healthcare Planning and Certificate of Need Section

Acute Care Services Committee Minutes - DRAFT
September 13, 2016
10:00a.m. – 12 Noon
Brown Bldg. Room 104, Raleigh, N.C.

Members Present: Dr. Sandra Greene, Christina Apperson, Dr. Mark Ellis, Representative Donny Lambeth, Stephen Lawler, Dr. Christopher Ullrich
Members Absent: Kenneth Lewis, Dr. Robert McBride
Healthcare Planning Staff Present: Paige Bennett, Elizabeth Brown, Amy Craddock, Tom Dickson, Andrea Emanuel
DHSR Staff Present: Mark Payne, Martha Frisone, Lisa Pittman, Fatima Wilson
Attorney General's Office: Bethany Burgon

Agenda Items	Discussion/Action	Motions	Recommendations/ Actions
Welcome & Introductions	Dr. Greene welcomed members, staff and visitors to the meeting. She acknowledged that the meeting was open to the public; however, discussions, deliberations and recommendations would be limited to members of the Acute Care Services Committee and staff.		
Review of Executive Order No. 46 Ethical Standards for the State Health Coordinating Council	Dr. Greene reviewed Executive Order No. 46 Reauthorizing the State Health Coordinating Council (SHCC) with committee members and explained procedures to observe before taking action at the meeting. Each member of the committee commented on his or her professional and institutional interests.		
Approval of May 3, 2016 Minutes	A motion was made and seconded to approve the May 3, 2016 minutes.	Ms. Apperson Mr. Lawler	Motion approved
Acute Care Hospital Beds – Chapter 5	<p>Chapter 5 - Acute Care Hospital Beds</p> <p>Dr. Greene asked Dr. Craddock to provide an update and review of the hospitals with Truven data discrepancies</p> <p><u>Truven Data Discrepancy Report</u> The agency reconciles the acute days of care reported on the Hospital License Renewal Applications (LRA) submitted to DHSR with the data submitted to Truven Health Analytics. This comparison report is provided for committee review and comment, but</p>		

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	<p>it is not included in Chapter 5 of the SMFP. The agency receives Truven data twice during the year. The initial data is received in the spring, and a preliminary Data Discrepancy report reflecting that information was presented at the May 3rd meeting. The current table uses the “refreshed” Truven data, which was received in August; it incorporates all data changes made by the hospitals, including corrections to Truven and LRA data as a result of the draft discrepancy report. The table presented lists the facilities that still have a greater than $\pm 5\%$ discrepancy between the License Renewal Applications and data submitted to Truven. The preliminary report contained 27 facilities. After corrections and revisions, the current report contains 11, two of which are closed facilities.</p> <p>Dr. Craddock stated there were no petitions for Chapter 5.</p> <p>Dr. Craddock announced that the Agency received notice from two different buyers on two different dates regarding Vidant Pungo Hospital. The Agency determined that each prospective buyer met the requirements for Vidant Pungo Hospital to be designated as a legacy medical care facility. The two prospective buyers have 36 months from the date of their respective notices to acquire and reopen the hospital. One notice was effective May 16, 2016 and the other was effective June 14, 2016.</p> <p>Dr. Craddock noted that Truven data was refreshed and incorporated into Table 5A (Acute Care Bed Need Projections). Refreshed Truven data resulted in two changes to the need determinations presented in the <i>2017 Proposed SMFP</i>.</p> <p>First, refreshed Truven data initially increased the need determination in Durham County from 71 beds in the <i>Proposed SMFP</i> to 135 beds. This change was triggered due to updated data from Duke University Medical Center. Upon notification of this large increase, Duke University Health System staff examined the data further and provided additional input to the Agency. The Agency substituted Duke’s data rather than using the reported days of care by Truven for Duke University Medical Center. As a result, the need determination was recalculated as 96 beds. The Committee expressed support in that they would rather err on putting fewer beds in rather than too many. Second, refreshed Truven data reduced the need determination in Mecklenburg County from 80 beds to 60 beds.</p> <p>The need determination in Orange County remained at 41.</p>		

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	<p><u>Committee Recommendation:</u> A motion was made and seconded to forward Chapter 5, Acute Care Hospital Beds, to the SHCC, with approved changes.</p>	Mr. Lawler Ms. Apperson	Motion Approved
<p>Operating Rooms – Chapter 6</p>	<p>Chapter 6 - Operating Rooms</p> <p>Dr. Craddock provided the following updates on the Single Specialty Ambulatory Surgery Facility Demonstration Project.</p> <p>Single Specialty Ambulatory Surgery Facility Demonstration Project. The three facilities participating in this demonstration project provided annual reports.</p> <p>Piedmont Outpatient Surgery Center in Forsyth County submitted its Year 4 report.</p> <p>Piedmont Outpatient Surgery Center received a license in February 2012. The report covers the period, January 1, 2015-December 31, 2015.</p> <p>The facility reported that of the 12 physicians practicing at the facility, three are not owners of the practice. Eleven physicians both maintained privileges and took ER call at local hospitals.</p> <p>Based on the facility’s information related to the number and payor source of the patients served, the agency was able to verify that the facility’s total revenue attributed to self-pay and Medicaid was at least seven percent. The documentation included in the report revealed that 8.41% of the facility’s revenue was attributed to self-pay and Medicaid.</p> <p>Since initial licensure, the facility has used a surgical safety checklist. This electronic checklist has Pre-OP, Post-OP and Post-anesthesia care unit sections. Staff completed these sections 99%, 98%, and 99% of the time, respectively.</p> <p>In accordance with the Condition 8 of the certificate of need, the facility tracks the four required patient outcome measures. The report contained information showing negative results in less than 0.1% of cases; these cases experienced post-operative infections.</p> <p>An electronic health record (EHR) interface exists between the facility and physicians’ offices.</p>		

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	<p>The facility supplied evidence that it reported utilization and payment data to the statewide data processor, as required by G.S. 131E-214.2 and as a criterion of the 2010 SMFP.</p> <p>Based on the review of the annual report, the agency determined that Piedmont Outpatient Surgery Center materially complies with the demonstration project criteria outlined in the Plan and conditions on the certificate of need.</p> <p>Triangle Orthopaedics Surgery Center in Wake County submitted its Year 3 report.</p> <p>Triangle Orthopaedics Surgery Center received a license in February 2013. The agency received the facility’s report for the time period March 1, 2015 to February 29, 2016.</p> <p>The facility reported that of the 14 physicians practicing at the facility, three are not owners of the practice. All physicians maintained privileges and took ER call at local hospitals.</p> <p>Due to staff turnover and lack of data for March 1, 2015 to July 31, 2015, financial information was provided for August 1, 2015 to July 31, 2016. Based on the facility’s information related to the number and payor source of the patients served, the facility’s total revenue attributed to self-pay and Medicaid was less than the seven percent required by the demonstration project criteria. Documentation showed that 5.12% of revenue was attributed to self-pay and Medicaid patients.</p> <p>Since initial licensure, the facility has used a surgical safety checklist. Daily chart audits verified that 100% of the surgeries used this checklist.</p> <p>In accordance with Condition 8 on the certificate of need, the facility addressed the four required measures for tracking quality assurance and also tracks several additional measures. The report contained information showing overall negative results in less than 0.4% of cases. Issues were noted in the areas of post-operative infections and patient transfer.</p> <p>An EHR interface exists between the facility and physicians’ offices. An additional interface is under development to facilitate coordination of surgery scheduling requests.</p>		

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	<p>The facility supplied evidence that it reported utilization and payment data to the statewide data processor, as required by G.S. 131E-214.2 and as a criterion of the Plan.</p> <p>Based on the review of the annual report, the Agency determined that Triangle Orthopaedics Surgery Center materially complies with all but one of the demonstration project criteria in Table 6D of the <i>2010 Plan</i> and Condition 8 on the certificate of need. The facility did not meet the requirement that at least 7% revenue would be attributed to self-pay and Medicaid patients.</p> <p>Mallard Creek Surgery Center in Mecklenburg County submitted its Year 2 report.</p> <p>Mallard Creek Surgery Center received a license in May of 2014. The agency received the project report for the time period May 7, 2015 to May 6, 2016.</p> <p>The facility reported that of the 63 physicians practicing at the facility, 29 are non-owners of the practice. All physicians maintained privileges at area hospitals and 51 took ER call at local hospitals.</p> <p>Based on the facility's information regarding the number of and payor source of the patients served, the agency was able to verify that the facility's total revenue attributed to self-pay and Medicaid was at least seven percent in its second year of operation. The percentage was 7.0%.</p> <p>Mallard Creek Surgery Center uses a hard-copy surgical safety checklist. The facility reported 100% completion.</p> <p>In accordance with Condition 8 on the certificate of need, the facility tracks the four required patient outcome measures. The report contained information showing negative results on the required measures in approximately 0.3% of cases. Issues were noted in the areas of medication errors and surgical site infections.</p> <p>Mallard Creek Surgery Center does not have electronic health records (EHR). It does, however, use an electronic scheduling system, and scans chart audits to an electronic system daily to back up health records. The facility is in the process of developing an EHR system, but no target date is available.</p>		

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	<p>The facility supplied evidence that it reported utilization and payment data to the statewide data processor, as required by G.S. 131E-214.2 and as a criterion of the 2010 SMFP.</p> <p>Based on the review of the annual report, the agency determined that Mallard Creek Surgery Center materially complies with the demonstration project criteria in Table 6D in the <i>2010 Plan</i> and the conditions on the certificate of need.</p> <p>Dr. Craddock provided additional charts and figures regarding the breakdown of payor sources for the Single Specialty Ambulatory Surgery Facility Demonstration Project. The Committee discussed the accountability of the facilities regarding the requirement of the 7% threshold for self-pay and Medicaid revenue.</p> <p>Motion: Before the next annual evaluation reports are submitted, ask for follow up and more frequent monitoring for those areas that are not in compliance with the expectation. Facilities must submit a written plan to the Healthcare Planning and Certificate of Need Section. Ms. Apperson asked for an amendment to the motion to ask facility representatives to come to the first Acute Care Committee meeting of 2017 to explain their plan of remediation.</p>	Rep. Lambeth Mr. Lawler	Motion approved unanimously, as amended
	<p>One petition was received regarding operating rooms. Dr. Craddock reviewed this petition:</p> <p>Petitioner: Graystone Ophthalmology Associates</p> <p>Graystone Ophthalmology Associates submitted a petition for an adjusted need determination for one operating room (OR) in Catawba County; 21 documents were submitted in support of this petition. Among these, 11 were from either the petitioner or physicians in the practice. One document was submitted in opposition to the petition.</p> <p>The petition discusses several special circumstances in Catawba County to support an adjusted need determination.</p> <p><u>1. Per Capita Ambulatory Surgery Use in Catawba County.</u> The petitioner points out that in 2015, 81% of surgeries performed in Catawba County were ambulatory, compared to 72.3% statewide. The 2015 per capita ambulatory surgery utilization rate for Catawba County was 120.72 per 1,000 population, compared the statewide rate of</p>		

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	<p>64.9 per 1,000. Additional analysis indicates that 23.8% of ambulatory surgeries statewide were performed in ambulatory surgery centers (ASCs) versus hospitals in 2015, compared to 47.6% in Catawba County. This difference is partially an artifact of the existence of an eye surgery center in a county with only three other providers. Because eye surgery centers often have much higher surgical volumes than other types of facilities, they tend to have a much larger share of total procedures in a county with only a few providers.</p> <p><u>2. Catawba County as Regional Hub for Ambulatory Surgery.</u> The petition also provides evidence that a substantial proportion of patients from most of the six contiguous counties go to Catawba County for ambulatory surgical services. The petition also notes that the practice will add four new physicians to the staff by 2017. Annually, Graystone physicians perform an average of 552 procedures each. Under the current methodology, which allows 1.5 hours per ambulatory procedure, this additional number of physicians would require approximately 1.6 ORs. Thus, the petition represents a proactive approach to meeting future needs.</p> <p><u>3. Growth and Aging of Population in Catawba County.</u> The petitioner argued that the growth and aging of the population in Catawba County will require additional surgical capacity. However, the Census data from the State Office of Budget and Management (OSBM) projects that Catawba’s overall population will grow at a slower rate than the state as a whole.</p> <p><u>4. Increase in Ambulatory Surgery Utilization.</u> The Agency report included a comparison of utilization for 2009 (the reporting year for the previous Graystone petition) to the current reporting year (2015). Based on the parameters in the methodology, <u>overall</u> OR utilization at Catawba Valley Medical Center decreased, while utilization at Viewmont Surgery Center increased. (Data for Graystone is not comparable over this period because of the difference in the number of licensed ORs in 2009 and 2015.) Frye Regional Medical Center is an underutilized facility, and as such, is excluded from need determination calculations. Addressing ambulatory utilization only is not straightforward. It is not possible to calculate ambulatory surgery utilization rates for hospitals because these procedures may be performed in shared ORs, where both inpatient and ambulatory procedures may be performed. However, the number of ambulatory procedures at Catawba Valley decreased 21% from 2009 to 2015.</p> <p>The Agency determined that the petitioner presented evidence of continued relatively high utilization, based on the parameters used in the methodology. In addition, new</p>		

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	<p>physicians may result in procedures sufficient to require 1.6 ORs. In sum, the petition demonstrates that Catawba County’s OR utilization patterns may be sufficiently different from the state as a whole to warrant an adjusted need determination. Given available information and comments submitted by the August 12, 2016 deadline for comments on petitions and comments, and in consideration of factors discussed in the agency report, the agency recommends approval of the petition</p> <p>The committee discussed the petition and Agency report. Based on the data presented by the petitioner and in the Agency report, the committee determined that the petitioner did not demonstrate a situation that warranted an adjusted need determination. Sufficient operating room capacity exists in the service area, and the Committee concluded that these resources were not being accessed. Therefore, the committee recommends denial of the petition for one operating room in Catawba County.</p> <p><u>Committee Recommendation:</u> A motion was made and seconded to deny the petition.</p>	Mr. Lawler Ms. Apperson	Motion approved
	<p>Dr. Greene announced the formation of an Operating Room Methodology Workgroup. She and Dr. Ullrich will co-chair the workgroup. Those wishing to volunteer or nominate someone for workgroup membership should submit this information in writing (via email) to Ms. Paige Bennett by September 30, 2016. The scheduled dates for the workgroup meetings were provided at the meeting and will be posted on the Healthcare Planning website.</p> <p>Dr. Craddock reported that updates to data since the release of the <i>2017 Proposed SMFP</i> yielded no changes to need determinations.</p> <p><u>Committee Recommendation:</u> A motion was made and seconded to forward Chapter 6, Operating Rooms</p>	Ms. Apperson Mr. Lawler	Motion approved
Other Acute Care Services - Chapter 7	<p>Chapter 7 - Other Acute Care Services</p> <p>Dr. Craddock stated that Chapter 7 covers Open-Heart Surgery Services, Burn Intensive Care Services, and Transplantation Services. No petitions or comments were received in any of these areas. Updates to data did not result in changes to need determinations.</p>		

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	<p><u>Committee Recommendation:</u> A motion was made and seconded to forward Chapter 7, Other Acute Care Services to the SHCC.</p>	<p>Mr. Lawler Ms. Apperson</p>	<p>Motion approved</p>
<p>Inpatient Rehabilitation Services – Chapter 8</p>	<p>Chapter 8 - Inpatient Rehabilitation Services</p> <p>No petitions or comments were received regarding inpatient rehabilitation services. Updates to data did not result in changes to need determinations.</p> <p><u>Committee Recommendation:</u> A motion was made and seconded to forward Chapter 8, Inpatient Rehabilitation Services to the SHCC.</p>	<p>Ms. Apperson Mr. Lawler</p>	<p>Motion approved</p>
<p>Other Business</p>	<p><u>Committee Recommendation:</u> A motion was made and seconded to authorize staff to update tables and narratives as indicated.</p> <p>Dr. Greene reminded everyone that the next SHCC meeting would be held October 5, 2016 at 10:00 a.m. in Conference Room 104 of the Brown Building.</p>	<p>Rep. Lambeth Ms. Apperson</p>	<p>Motion approved</p>
<p>Adjournment</p>	<p>There being no further business, Dr. Greene called for adjournment.</p>	<p>Ms. Apperson Mr. Lawler</p>	<p>Motion approved</p>