

**Acute Care Services Committee
Agency Report
Adjusted Need Petition to
Remove Acute Care Bed Need Determination Orange County in the
2018 State Medical Facilities Plan**

Petitioner:

UNC Hospitals
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Chapel Hill, NC 27514

Contact:

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Request:

The petitioner requests the removal of the need determination in the 2018 SMFP for 36 acute care beds in Orange County.

Background Information:

The standard methodology for projecting need for acute care beds is based on the total number of acute inpatient days of care that hospitals provide to Truven Health Analytics. Truven provides the data to the Cecil G. Sheps Center for Health Services Research for dissemination to DHSR. The number of days of care is projected four years beyond the reporting year, 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 2018 State Medical Facilities Plan (SMFP)* provides that “[a]nyone who finds that the North Carolina State Medical Facilities Plan policies or methodologies, or the results of their application, are inappropriate may petition for changes or revisions. Such petitions are of two general types: those requesting changes in basic policies and methodologies, and those requesting adjustments to the need projections.” The planning process and time allow for submission of petitions requesting adjusted need determinations in the summer. It should be noted that any person might submit a certificate of need (CON) application for a need determination in the Plan. The CON review could be competitive and there is no guarantee that the petitioner would be the approved applicant.

UNC Hospitals (UNCH) is the only acute care provider in Orange County. UNCH operates the main hospital in Chapel Hill as well as a campus in Hillsborough that opened in 2015. The Hillsborough campus was established by relocating beds and operating rooms from the Chapel Hill campus. After the acute care bed need methodology was changed in the 2011 SMFP, Orange County had no need determinations in the 2013 and 2014 SMFPs. However, the last three SMFPs have shown a need for a total of 171 acute care beds in Orange County: 46 beds in 2015; 84 beds in 2016; and 41 beds in 2017. UNCH received CONs to develop all of these beds. Currently, 136 of the 171 beds are still under development.

Analysis/Implications:

The Proposed 2018 SMFP showed a need for 36 acute care beds in Orange County. The refreshed Truven data (received August 14, 2017) showed a decrease in days of care for UNCH. This decrease eliminated the acute care bed deficit in Orange County. The Orange County service area now has a surplus of 11 beds.

Agency Recommendation:

The agency supports the standard methodology for acute care bed need determination. Given available information and comments submitted by the August 10, 2017 deadline date for comments on petitions and comments, and in consideration of factors discussed above, the agency recommends denial of the petition because Orange County will not have a need determination in the final 2018 SMFP.