

Single-Specialty Ambulatory Surgery Facility Demonstration Project
Annual Evaluation Report Summary
Mallard Creek Surgery Center
Year 3 (5/7/2016 – 5/6/2017)

Mallard Creek Surgery Center received a license in May of 2014 to operate as an ambulatory surgical facility pursuant to the demonstration project in the *2010 State Medical Facilities Plan (Plan)*.

The facility is required to submit an annual report to the Agency showing its compliance with the demonstration project criteria in Table 6D in the *2010 Plan*. The Agency received the third annual report on August 2, 2017 for the time period May 7, 2016 to May 6, 2017. Financial data is provided for 6/1/2016-5/31/2017.

The facility reported that of the 55 physicians practicing at the facility, 19 are non-owners of the practice. All physicians maintained privileges at area hospitals. Of the 29 orthopedic surgeons at Mallard Creek, 19 took ER call at local hospitals. The report lists the hospitals at which each physician has privileges and/or took ER call and the number of night of ER call taken.

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 third year of operation. In the facility's first full year of operation, its total revenue attributed to self-pay and Medicaid was 4.4%. The facility explained that it experienced a delay in receiving authorization from CMS, such that it was only able to begin accepting Medicare patients on December 8, 2014 and Medicaid patients on February 23, 2015. To reflect revenue after receiving authorization to accept Medicare patients, its total revenue attributed to Medicaid and self-pay was 5.9% from January 1, 2015 through May 31 2015. To reflect revenue after receiving authorization to accept Medicaid patients, Mallard Creek submitted total revenue attributed to self-pay and Medicaid 8.4% from March 1, 2015 through May 31, 2015. From June 1, 2015 through May 31, 2016 total revenue attributed to self-pay and Medicaid was 7.3%. From May 8, 2015 through May 7, 2016, (the second full year of licensure), the percentage was 7.0%. From June 1, 2016 through May 31, 2017, the percentage was 7.8%. (Attachment A)

Mallard Creek Surgery Center uses a manual surgical safety checklist adapted from the World Health Organization. The facility reported 99.85% completion. (Attachment B)

The facility established several policies and procedures related to quality assurance, along with a clinical quality measures dashboard. In accordance with Condition 8 on the certificate of need, the facility tracks the required measures (wound infection rate, post-operative infections, post-procedure complications, readmissions, and medication errors) and also tracks 12 additional quality indicators. The report contained information showing negative results on the required measures in less than 0.5% of cases. Issues were noted in the areas of readmissions and post-procedure complications. (Attachment C)

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.

The facility documented that it reported utilization and payment data to the statewide data processor, as required by G.S. 131E-214.2 and the demonstration project criteria in Table 6D of the *2010 Plan*. (Attachment D)

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 *2010 Plan* and the conditions on the certificate of need.

Mallard Creek Surgery Center

7% Worksheet (Approx. CON YR2 - 6/1/15 - 5/31/16)

	Indigent	Medicaid	Self-Pay	Total
A # of Surgical Cases	17	176	176	369
B Average Medicare Allowable Amount per Surgical Case	\$1,749	\$1,749	\$1,749	\$1,749
C Revenue (A x B)	\$29,738	\$307,880	\$307,880	\$645,498
D Revenue Collected (net revenue by payor category)	\$0	\$129,471	\$34,825	\$164,296
E Difference (C - D)	\$29,738	\$178,409	\$273,055	\$481,202
F Total Net Revenue (all payors combined)	\$6,597,531	\$6,597,531	\$6,597,531	\$6,597,531
G Percentage (E / F)	0.5%	2.7%	4.1%	7.3%

7% Worksheet (Approx. CON YR3 - 6/1/16 - 5/31/17)

	Indigent	Medicaid	Self-Pay	Total
A # of Surgical Cases	40	160	160	360
B Average Medicare Allowable Amount per Surgical Case	\$1,944	\$1,944	\$1,944	\$1,944
C Revenue (A x B)	\$77,773	\$311,091	\$311,091	\$699,955
D Revenue Collected (net revenue by payor category)	\$0	\$120,765	\$9,948	\$130,713
E Difference (C - D)	\$77,773	\$190,326	\$301,143	\$569,242
F Total Net Revenue (all payors combined)	\$7,343,231	\$7,343,231	\$7,343,231	\$7,343,231
G Percentage (E / F)	1.1%	2.6%	4.1%	7.8%

Revenue and Expense Statement
Attachment A

Attachment A

		From <u>6/1/15</u> To <u>5/31/16</u>	From <u>6/1/16</u> To <u>5/31/17</u>
# of Surgical Cases		2,309	2,532
	REVENUE		
Net Patient Revenue		\$6,597,533	\$7,343,231
Other Revenue		\$0	\$0
Total Revenue		\$6,597,533	\$7,343,231
	EXPENSES		
	Direct Expenses		
Total Salaries		\$1,396,584	\$1,418,739
Payroll Taxes and Benefits		\$324,132	\$372,703
Medical Supplies		\$1,655,671	\$1,858,505
Other Supplies		\$60,889	\$67,165
Raw Food		\$0	\$0
Other Direct Expenses (specify)		\$0	\$0
Total Direct Expenses		\$3,437,276	\$3,717,112
	Indirect Expenses		
Housekeeping/Laundry		\$38,174	\$40,478
Equipment Maintenance		\$16,659	\$18,600
Building & Grounds Maintenance		\$17,335	\$32,701
Utilities		\$60,276	\$73,677
Insurance		\$14,418	\$20,958
Professional Fees		\$25,064	\$32,539
Interest Expense		\$205,310	\$145,635
Rental Expense		\$451,828	\$459,658
Property and other Taxes (except Income)		\$172,320	\$187,386
Depreciation - Buildings		\$382,489	\$354,283
Depreciation - Equipment		\$483,538	\$306,702
Other Indirect Expenses (specify)		\$1,137,411	\$1,255,414
Total Indirect Expenses		\$3,004,822	\$2,928,031
Total Expenses		\$6,442,098	\$6,645,143
Net Income		\$155,435	\$698,088
Federal & State Income Taxes		\$0	\$0

SURGICAL SAFETY CHECKLIST

Before Patient is Transferred to OR	
<input type="checkbox"/> Report received from pre-op nurse: TIME:	<input type="checkbox"/> Clippers
<input type="checkbox"/> RN Circulator verified consent signed and H&P update	<input type="checkbox"/> SCD's
<input type="checkbox"/> Surgical site marked by surgeon	<input type="checkbox"/> Sage wipes
<input type="checkbox"/> RN Circulator has confirmed all necessary equipment/implants are ready in OR	<input type="checkbox"/> Antibiotics prepared
<input type="checkbox"/> RN Circulator has confirmed rep is available	Pre-op RN:
<input type="checkbox"/> OR ready for patient	

Time Out/Pause	Time:
<p>All team members pause to verify:</p> <ul style="list-style-type: none"> <input type="checkbox"/> correct patient (name and DOB) <input type="checkbox"/> correct procedure <input type="checkbox"/> correct site <input type="checkbox"/> correct position <input type="checkbox"/> all implants are available <input type="checkbox"/> allergies <input type="checkbox"/> all necessary images are displayed <input type="checkbox"/> all sterility indicators have been confirmed <input type="checkbox"/> antibiotic prophylaxis has been given within the last 60 minutes <input type="checkbox"/> any safety concerns are addressed <input type="checkbox"/> fire risk assessment 	<ul style="list-style-type: none"> <input type="checkbox"/> RN <input type="checkbox"/> CST <input type="checkbox"/> MD <input type="checkbox"/> Fellow <input type="checkbox"/> PA <input type="checkbox"/> Private Scrub Tech <input type="checkbox"/> Anesthesia

Before Patient is Transferred to PACU
<input type="checkbox"/> RN confirms with surgeon the name of procedure
<input type="checkbox"/> Sponge and sharp counts are completed and correct
<input type="checkbox"/> Specimens have been correctly labeled to include: patient name and DOB name of specimen including site
<input type="checkbox"/> Any equipment or instrument issues to be addressed?
<input type="checkbox"/> Surgeon, Anesthesia, and RN review key concerns for recovery of patient

By signing below I agree that this process was completed:

RN Circulator:	Date/Time:
RN Circulator: (if relieved)	Date/Time:

Mallard Creek
SURGICAL SERVICES

PATIENT LABEL

Mallard Creek Surgery Center 2016-2017

Attachment J

Month	ASC-6 Surgical Safety Checklist	ASC-7 Volume (total # of cases performed for the month)
16-May	84.6%	191.00
16-Jun	92.9%	185.00
16-Jul	100.0%	189.00
16-Aug	100.0%	227.00
16-Sep	100.0%	165.00
16-Oct	100.0%	197.00
16-Nov	100.0%	220.00
16-Dec	100.0%	249.00
17-Jan	100.0%	180.00
17-Feb	100.0%	198.00
17-Mar	100.0%	221.00
17-Apr	100.0%	194.00
Average	98.1%	2416.00

DHSR Requirements

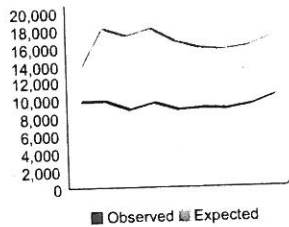
	0	1	1	1	1	2	0	2	0	1	0	0	3	11
Complications	0	1	1	1	2	0	0	2	0	1	0	0	3	11
% by volume	0.0%	0.5%	0.4%	0.4%	1.2%	0.0%	0.0%	0.9%	0.0%	0.6%	0.0%	0.0%	1.5%	0.46%
ReAdmissions	0	0	0	1	2	0	1	1	1	0	1	0	2	8
% by volume	0.0%	0.0%	0.0%	0.4%	1.2%	0.0%	0.5%	0.4%	0.4%	0.0%	0.5%	0.0%	1.0%	0.33%

1 CARE COMPARISON

Facility Performance Dashboard

Mallard Creek Surgery Center
 Year-to-date: October - December, FY 2017
 Data Current as of Q1, 2017

Charges



Charge opportunities

Current	-\$4,608,428
Previous year	-\$7,572,432
2 years prior	-\$3,505,908

Top 10 service lines

Service Line	YTD Encounters	Ranking	Previous year	2 years prior
ORTHOPEDIC SURGERY	626	1	1	1
NEUROSURGERY	24	2	2	3
PODIATRY	21	3	3	2
GENERAL SURGERY	4	4	4	4
EMERGENCY MEDICINE	1	5	0	5
OTHER	1	5	6	0

Primary service area market share

0%

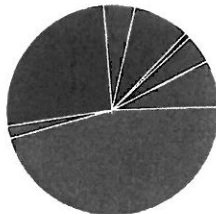
Previous year	0%	0% ▲
2 years prior	0%	0%

Average events per month

226

Previous year	355	123% ▲
2 years prior	159	894% ▲

Payer mix



Payer	YTD	Previous year	2 years prior
Commercial: Blue Cross	46% ▲	37% ▼	51% ▼
Commercial: NOS	2% ▼	3% ▼	7% ▲
Commercial: PPO	26% ▲	21% ▲	9% ▼
Medicaid: NOS	5% ▼	8% ▲	6% ▲
Medicare: NOS (not otherwise)	8% ▼	12% ▲	10% ▲
Other Government Payers: NOS	1% ▲	0%	0% ▼
Self Pay	4% ▼	7% ▲	4% ▲
Worker's Compensation: NOS	7% ▼	10% ▼	13% ▼