

Single-Specialty Ambulatory Surgery Facility Demonstration Project
Annual Evaluation Report Summary
Piedmont Outpatient Surgery Center
Year 5 (1/1/2016 – 12/31/2016)

Piedmont Outpatient Surgery Center (POSC) received a license in February 2012 to operate as an ambulatory surgical facility pursuant to the demonstration project in the *2010 State Medical Facilities Plan (Plan)*. This report is the final report that POSC is required to submit as part of the Demonstration Project.

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 fifth annual report on April 15, 2017 for the time period January 1, 2016 to December 31, 2016.

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. The report lists the number of nights of ER call taken and the hospitals at which each one took call. (Attachment A)

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. The documentation included in the report revealed that 10.79% of the facility's revenue was attributed to self-pay and Medicaid patients. This percentage reflects a continued increase that began in Year 4, after successive decreases after the first three year of operation (12.36% in Year 1, 11.65% in Year 2, 7.25% in Year 3, and 8.41% in Year 4). (Attachments B and C)

The facility uses a surgical safety checklist adapted from the World Health Organization. Initially, the facility used paper records, but transitioned to electronic records (EHR) during Year 2. After the transition to EHR the checklist was split into Pre-OP, Post-OP and Post-anesthesia care unit (PACU) sections. During Year 5, staff completed these sections 99.91%, 99.95%, and 100% of the time, respectively. (Attachment D)

The facility established four committees to track quality assurance, in accordance with Condition 8 on the certificate of need. In addition to tracking the required measures (wound infection rate, post-operative infections, post-procedure complications, readmissions, and medication errors), the facility also tracks six additional patient outcome measures. The report contained information showing negative results in very few cases. (Attachment E)

An EHR interface exists between the facility and physicians' offices. The EHR system was implemented in 2015 and is designed specifically for surgical centers. The report provided a detailed explanation of the operation of this system. (Attachment F)

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. (Attachment G)

Based on the review of the annual report, the Agency determined that POSC materially complies with the demonstration project criteria in Table 6D in the *2010 Plan* and the conditions on the certificate of need. In addition, the Agency determined that POSC has met all reporting requirements of the Demonstration Project.

Physician Responsibilities

Piedmont Outpatient Surgery Center has 12 surgeons who operate at the ASC. Nine of the twelve are physician owners. All 12 of the surgeons have maintained hospital staff privileges with at least one hospital in the Novant Health facilities. All twelve of the surgeons have admitting privileges, however only 11 of the 12 physicians provide coverage in the emergency department.

Attachment A

Call Cvg	Britt	Harper	Inman	Maxwell	McGuirt	Potts	Scurry	Shealy	Wagoner	Willis	Bogard	Total
January	4	2	2	2	4	2	5	1	4	2	3	31
February	2	2	4	4	2	4	1	2	3	5	0	29
March	5	5	2	2	2	5	2	5	1	2	0	31
April	2	2	2	4	4	1	4	2	4	2	3	30
May	4	2	4	2	2	2	3	2	2	6	2	31
June	2	5	2	2	2	2	5	4	4	2	0	30
July	2	3	2	5	2	4	2	2	3	3	3	31
August	5	2	5	2	5	2	1	2	2	5	0	31
September	2	4	2	4	2	2	4	4	3	3	0	30
October	4	5	2	1	1	5	3	4	2	1	3	31
November	3	1	6	5	0	2	3	4	2	4	0	30
December	4	1	2	2	7	1	4	2	5	1	2	31
Total	39	34	35	35	33	32	37	34	35	36	16	366

Care to Self-Pay and Medicaid Patients

Pursuant to the material representations made in the CON application and the conditions imposed on the CON certificate, the facility is required to demonstrate that the Medicare allowable amount for self-pay and Medicaid surgical cases minus all revenue collected from self-pay and Medicaid surgical cases was at least *seven percent of the total revenue* collected for all surgical cases performed in the facility. The completed attached Form A (Revenue and Expense Statement) and Form B (7% Worksheet) is attached to this report.

Attachment B

Piedmont Outpatient Surgery Center
Mix Report

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Level of Detail: Payer Group
Dates of Service: 1/1/2016 - 12/31/2016
Order By: Case Count

Payer Group	# Cases	% Cases	Charges	Adjustments	Collected Revenues
Medicaid	839	34.37%	3,497,966.61	2,946,709.42	\$551,257.19
Commercial	1332	54.57%	7,193,946.02	2,848,487.63	\$4,345,458.39
Medicare	240	9.83%	1,988,420.12	1,769,901.94	\$218,518.18
TRUE SELF PAY	16	0.66%	85,983.38	65,317.50	\$20,665.88
HEALTHCARE ACCESS	7	0.29%	43,109.09	43,109.09	\$0.00
Workers Comp	2	0.08%	8,115.41	3,931.18	\$4,184.23
CHARITY	5	0.20%	17,748.72	17,748.72	\$0.00
Totals	2441	100.00%	12,835,289.35	7,695,205.48	\$5,140,083.87

Revenue and Expense Statement		1/1/16 To 12/31/2016
# of Surgical Cases		2,441.00
REVENUE		
Gross Patient Revenue (charges)		
Self Pay/ Indigent/ Charity		146,841.19
Medicare / Medicare Managed Care		1,988,420.12
Medicaid		3,497,966.61
Commercial Insurance		7,193,946.02
Managed Care		0.00
Other (Specify) (Worker's Comp)		8,115.41
Total		12,835,289.35
Deductions from Gross Patient Revenue (adjustments)		
Charity Care/Self-Pay		126,175.31
Bad Debt		78,125.68
Medicare Contractual Adjustment		1,769,901.94
Medicaid Contractual Adjustment		2,946,709.42
Other Contractual Adjustments		2,774,293.13
Total Deductions from Patient Revenue		7,695,205.48
Net Patient Revenue		5,140,083.87
Other Revenue (Patient Service & Study Revenue)		21,752.74
Total Revenue		5,161,836.61
EXPENSES		
Direct Expenses		
Salaries - Personnel		1,146,346.96
Benefits		103,595.16
Total Salaries		1,249,942.12
Payroll Taxes		89,624.91
Payroll processing		3,927.99
Medical Supplies		855,377.20
Pharmacy Supplies		74,262.81
Office Supplies		10,198.37
Other Direct Expenses (specify)		
Total Direct Expenses		2,283,333.40
Indirect Expenses		
Patient Refunds		91,278.56
Accounting Services		19,750.00

Housekeeping/Laundry	59,275.50
Coffee & Condiments	3,764.98
Equipment Maintenance	46,007.86
Computer Maintenance	40,518.05
Building & Grounds Maintenance	21,617.31
Utilities	56,980.02
Telephone	2,864.18
Postage & Freight	3,550.35
Insurance	11,400.38
Electronic data Filing	2,334.00
Advertising	1,266.00
Other Outsource Services	4,708.73
Patient Nutrition	5,062.56
Professional Fees	525.00
Dues & Licenses	10,774.95
Dues & Publications	1,329.00
Travel & CME	8,700.05
Continuing Ed	1,941.99
Meals & Entertainment	4,570.27
Medical Gas	8,183.40
Flowers & Gifts	513.81
Waste Disposal	4,508.07
Rental Expense	287,357.32
Security Services	0.00
Property and other Taxes (except income)	45,168.60
Bank service Charges	44,325.34
Amorization	8,229.58
Depreciation	212,025.89
Other Asset Expense	21,442.22
Interest Expense	31,956.36
Misc	5,445.04
Total Indirect Expenses	1,067,375.37
Total Expenses	3,350,708.77
Net Income	1,811,127.84
Federal & State Income Taxes	

Attachment C

	7% Worksheet	Self-Pay	Medicaid	Total
A	# of Surgical Cases	28.00	839.00	867.00
	Average Medicare Allowable Amount per Surgical Case	1,177.99	1,303.25	
B		32,983.72	1,093,426.75	
C	Revenue (A x B)			
	Revenue Collected (net revenue by payor category)	20,665.88	551,257.19	
D		12,317.84	542,169.56	554,487.40
E	Difference (C - D)			
F	Total Net Revenue (all payors combined)			5,140,083.87
G	Percentage (E / F)			10.79%

Surgical Safety Checklist

In 2015 POSC had all Electronic Health Records. The EHR has a surgical safety checklist (see attached examples). This surgical safety checklist began pre-operatively and ended in the post-operative phase. The EHR surgical safety checklist is a preloaded safety checklist that was provided by the software. Attached is an example of the checklist. POSC's goal is to have the percentage be 100%. All cases had a surgical safety checklist attached to them. The EHR split the surgical safety checklist into three sections Pre-op, Post-op, and PACU. Overall, the Pre-op completed the checklist 99.91% of the time. The OR completed the list 99.95% of the time, and the PACU completed the list 100% of the time. Supporting documentation is provided (see attached documents). The information is a product of our QA committee's daily chart audits. These chart audits ensure that all requirements are met by the staff. If mistakes are found, immediate education is given to the staff.

Patient Outcomes

Piedmont Outpatient Surgery Center has several ways to measure and report patient outcomes. First, we have several different committees which ensure safety and positive patient outcomes. These committees are the Infection Control Committee, Safety Committee, Quality Assurance Committee, and Peer Review Committee. Each committee has at least one physician member and one staff member. The Quality Assurance Committee also has one non-owner physician member. Post-op infections are reported by the physicians to the Infection Control Committee. There were no reports of post-op infections in 2016. Physicians code post-op infections to a 998.59 code. A report can be pulled for this code to ensure proper reporting. Any deviations from standards of care that could result in harm to the patient are reported to the Safety Committee. These items can include faulty equipment, and wrong site, wrong surgery, wrong physician. There were no incidents of wrong site surgery, no medication errors, and no equipment errors. The Peer Review Committee is made up of two nursing staff members and three physicians, one is a board member, one is the medical director, and one is a physician who is not an owner of the facility. The members of this committee perform chart audits for the physicians and for the staff. The nursing staff members perform chart audits and narcotic log audits. A monthly report is sent to the nursing supervisor and the administrator. The physician peer review committee members audit charts to make sure that the diagnosis matches the procedure that was performed, ensure proper discharge criteria was met before discharge, and perform chart audits on any cases that have negative patient outcomes. All three of these committees report to the Quality Assurance Committee. There are several different ways that data is collected and delivered to the Quality Assurance Committee. One, there is a transfer log that is kept to record any patient transfers to a hospital. There is another log book that tracks a readmit to surgery within a 48 hour time frame. Finally, a monthly data spreadsheet is kept to collect data while auditing. Chart audits are completed for 100% of patient records and spreadsheets are kept to collect the data. This spreadsheet is attached to provide supporting documentation of the facility's process. Peer review audits are completed for 25% of the nursing charts and 5% of the physician charts. If there are deviations from our normal standard of care the nursing supervisor and administrator speak directly to the employee to decrease the chance of a repeat occurrence. Items audited are as follows: medical record completion, surgical safety checklist, antibiotic timing, hair removal, post-operative infection rate, readmit to surgery within 48 hours, number of transfers, number of medication errors, hair removal, number of equipment failures resulting in harm of the patient, patient falls, patient burns, wrong site, wrong procedure, wrong implant, wrong patient, wrong surgeon, number of unexpected complications, cardiac/respiratory arrest, hemorrhage/excessive bleeding, nausea and/or vomiting (Where two interventions are given in the PACU, do not count medications given in the OR), and blood pressure requiring intervention.

Patient Outcomes		
Outcome Name	Number	Percentage
Wound-Infection Rate	0	0.25%
Readmissions w/n 48 hours	5	0.25%
Transfers		
Emergency	1	0.05%
Observation Only	3	0.15%
Medication Errors	0	0.00%
Post-Procedure Complications		
Nausea & Vomitting	13	0.65%
Increased BP	3	0.15%
Return to OR from PACU	2	0.10%
Bleeding Requiring Afrin	0	0.00%
Wrong Site Surgery	0	0.00%
Near Miss	0	0.00%
Patient Falls	0	0.00%
Patient Burns	0	0.00%
Equipment Failure resulting in Harm to the Patient	0	0.00%

Interoperability with Other Providers

In 2015 Piedmont Outpatient Surgery Center used EHR/Practice Management software that was built for surgical centers. This software is called Vision EHR/Vision Core from SourceMedical. This system is fully integrated. It pulls data for billing, for coding, for the ASCA monitoring project as well as generates reports, keeps inventory, manages credentialing, and calculates cost per case. This system helped convert our facility to 95% paperless because the practice management portion speaks to the EHR portion. It has the capability to pull demographic information from the physician office on scheduled procedures, send scheduling information electronically, check eligibility electronically, and allow electronic claims submission. Furthermore, when a patient is scheduled the surgeon receives a note in his Op-Note folder that an Op-Note needs to be completed on the surgery. When the note is completed it is dropped into the patient's chart. These Op-Notes can be electronically faxed to referring physicians' offices. Eventually the EHR will have the capability to pull lab and pathology information into the chart for electronic signing from the physician. Furthermore, the EHR will be able to pull vital signs from patient care monitors and gas readings from the anesthesia machines as well. POSC went live with this EHR June 2013.

Attachment G

Report to Statewide Data Processor

Pursuant to the material representations made in your application and the conditions imposed on the CON certificate, the facility is required to submit utilization and payment data to the statewide data processor as required by G.S. 131E-214.2. Did the facility submit utilization and payment data to the statewide data processor during the reporting period? Piedmont Outpatient Surgery Center sends statewide reports to Truven, the statewide data processor. The reports submitted are attached.

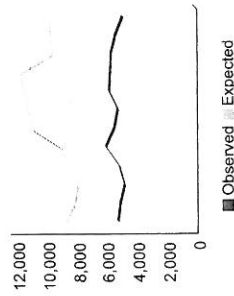
1 CARE COMPARISON

Facility Performance Dashboard

Piedmont Outpatient Surgery Center

Year-to-date: October - September, FY 2016
Data Current as of Q4, 2016

Charges



Charge opportunities

Current	-\$2,883,999
Previous year	-\$2,796,137
2 years prior	-\$1,634,119

Top 10 service lines

Service Line	YTD Encounters	Ranking	Previous year	2 years prior
OTOLARYNGOLOGY	2,348	1	1	1
GENERAL SURGERY	88	2	2	2
DERMATOLOGY	28	3	5	4
PLASTIC SURGERY	24	4	3	3
OPHTHALMOLOGY	10	5	4	5
PULMONARY	4	6	9	7
ORAL SURGERY	3	7	6	6
GASTROENTEROLOGY	3	7	6	7
ORTHOPEDIC SURGERY	2	9	8	7
DIAGNOSTIC RADIOLOGY	1	10	0	0
CARDIOTHORACIC	1	10	0	0

Primary service area market share

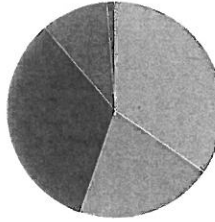
0%

Previous year	0%
2 years prior	0%

Average events per month

209

Previous year	185
2 years prior	164



Payer

Commercial: Blue Cross	35%
Commercial: NOS	20%
Medicaid: NOS	34%
Medicare: NOS (not otherwise)	10%
No value submitted/Not stated	1%
Self Pay	0%
Worker's Compensation: NOS	0%

YTD	35%
Previous year	36%
2 years prior	34%

YTD	20%
Previous year	24%
2 years prior	28%

YTD	34%
Previous year	31%
2 years prior	31%

YTD	10%
Previous year	7%
2 years prior	6%

YTD	1%
Previous year	1%
2 years prior	0%

YTD	0%
Previous year	1%
2 years prior	1%

YTD	0%
Previous year	0%
2 years prior	0%