
Acute Care Services Committee

Recommendations to the North Carolina State Health Coordinating Council

September 29, 2021

The Acute Care Services Committee held its final meeting of the year on September 14. The following is an overview of the Committee's recommendations for Acute Care Services, Chapters 5-9, of the *2022 SMFP*.

Chapter 5: Acute Care Hospital Beds

The Agency received three petitions for this chapter.

Novant Health petitioned to include Novant Mint Hill Medical Center's days of care data (DOC) as reported on their Hospital License Renewal Application in the need determination calculation for Mecklenburg County in the *2022 SMFP*. The Agency received one comment in opposition to this petition. In response to the COVID-19 pandemic, the SHCC approved adjustments to the 2020 acute care bed DOC for the *2022 SMFP*. The Proposed Plan did not include the DOC for Novant Mint Hill in the calculation of Mecklenburg County's need determination because the facility did not have enough historical data for the adjustment calculation. The need methodology uses the DOC that facilities report to the statewide data processor, HIDI. The Agency uses LRA DOC only when there is an unresolvable problem with the HIDI data. When Mint Hill's HIDI DOC are added to the need calculation, Mecklenburg's bed need became 96 - an increase that is more than three times Mint Hill's average daily census. The Agency identified the service area growth rate multiplier (GRM) as the key contributor to the over-representation of Mint Hill's utilization in the resulting bed need. However, when the Agency applied to all Mecklenburg facilities a GRM that does not include Mint Hill's DOC, the need determination totaled 65 beds, which is a more accurate reflection of Mint Hill's contribution to the total acute bed utilization in the county. The Committee agreed with the Agency recommendation to deny the petition

and instead to use HIDI DOC and adjust the growth rate multiplier, which results in an adjusted need determination of 65 acute care beds in the Mecklenburg County service area.

Vidant Medical Center petitioned to remove the need for 43 acute care beds in the Pitt/Greene/Hyde/Tyrrell service area in the *2022 SMFP*. The Agency received no comments regarding this petition. Agency staff were able to confirm the Petitioner's assertion that there is a pattern whereby growth in DOC declines in the first years after newly licensed beds are opened. The swings in the Vidant Medical Center's DOC caused fluctuations in the growth rate multiplier. The most recent example of this pattern is evident in the *Proposed 2022 SMFP*, when the complement of beds added in 2018 was followed by a large drop in DOC growth in 2020. This observation suggests that the growth rate multiplier for the service area in the *Proposed 2022 SMFP* is higher than warranted. Also, over the past five years, Vidant Medical Center has reported an average daily census that falls below the target occupancy threshold, indicating that capacity is sufficient. The Agency recommended approving the Petition, and the Committee concurred.

Duke University Health System petitioned to add 46 beds to the existing need determination, for a total need determination of 91 in Wake County, and to remove the bed need determination in the Durham/Caswell service area in the *2022 SMFP*. The Agency received one comment in opposition to this petition and one comment in support. The Petitioner's request is based on utilization of Duke University Hospital's acute care beds by low-acuity Wake County residents who could be appropriately served in their home service area at a non-academic hospital such as Duke Raleigh Hospital. According to data shared by the Petitioner, the DOC provided to low-acuity Wake County patients equates to 65 acute care beds. The Petition also noted that soon there will be full operation of 27 already-licensed beds with the opening of a new bed tower at Duke Raleigh. Also, Duke would be eligible to apply for the 45 beds from the existing need determination. Together, these beds would be sufficient to serve the low-acuity Wake County residents that out-migrate to Duke University.

The Durham/Caswell service area currently has a need determination for 68 acute care beds. The Petitioner's request to remove the need determination is based on the service area's population growth and the large number of beds added to its inventory over the last five years. A review of the data shows the methodology was applied correctly and no component of the methodology improperly reflects the conditions in the service area. Also, while the utilization by Duke Health System hospitals created the need in the service area, another facility in the service area may be eligible to apply for the beds. The Committee agreed with the Agency's recommendation to deny the Petition.

Data Updates

Data updates since the publication of the Proposed Plan resulted in a few changes to need determinations. Application of the methodology currently results in need determinations for a total of 348 acute care beds. They are:

- 67 in Buncombe/Graham/Madison/Yancey
- 29 in Cumberland County
- 68 in Durham/Caswell Service Area
- 96 in Mecklenburg County
- 43 in Pitt/Greene/Hyde/Tyrrell Service Area
- 45 in Wake County

However, SHCC approval of this Committee's recommendations on Petitions for adjusted need determinations would change the need in Mecklenburg from 96 to 65 beds and remove the need in the Pitt/Greene/Hyde/Tyrrell service area. This would result in a final total of 274 need determinations.

Chapter 6: Operating Rooms

The Agency received four petitions for this chapter.

Pinehurst Surgical Clinic petitioned for an adjusted need determination for two ORs in the Lee County service area in the 2022 SMFP. The Agency

received 11 letters in support of this petition. Both the *2021 SMFP* and the *Proposed 2022 SMFPs* indicated a surplus of ORs in Lee County. Petitioners believe an additional two ORs are needed for an ambulatory surgical center (AMSU) because the quality of the existing seven ORs at Central Carolina Hospital is inadequate to serve the needs of county residents. They also point out the high rate of poverty and large proportion of uninsured patients as a reason for the need for the cost-effective outpatient surgical options that can be provided by an AMSU. The data shows that between 2015 and 2019, there have been notable declines in the numbers of both total outpatient and inpatient surgical cases performed on Lee County residents anywhere in the State. There have also been increases in the proportion of Lee County residents who out-migrate for both outpatient and inpatient surgeries. The conditions in Lee County appear to affect both inpatient and outpatient surgical services, there is a surplus of ORs in Lee County, and there is a high level of residents of low income and without insurance. Thus, the Agency recommended denial of the Petition. The Committee agreed with the Agency recommendation to deny the Petition.

After the Acute Care Services Committee met, Mr. Charles Gregg, the CEO of Pinehurst Surgical Clinic, requested time to address the SHCC. I have decided to allow him 5 minutes to present his response to this petition.

{after Gregg finishes}

Thank you for your remarks. Do any members have any questions for Mr. Gregg or any comments?

{after questions/comments conclude }

Thank you. I will now continue with the Acute Care Services Committee report.

Vidant Medical Center petitioned for an adjusted need determination for one OR in the Pitt/Greene/Hyde/Tyrrell service area in the *2022 SMFP*. The Agency received one comment in opposition to the Petition. According to the Petitioner, Vidant's operative services management system recorded

surgical case times erroneously during the 2017 and 2018 data reporting years. The need methodology adjusts case times using data from previous years. As a result, the calculated OR surpluses in the *2021* and *2022 SMFPs* are based on adjustments that reflect those errors. The Petitioner requested that the *2022 SMFP* use unadjusted average inpatient case time reported on the facility's 2021 LRA. This approach would nullify data in Plans that have already been approved by the Governor, which is something that is very rarely done. However, for Vidant to act in alignment with the annual planning process and to notify the Agency as soon as they had discovered the error, they would have had to submit a petition in the Summer of 2020, at the height of the COVID-19 pandemic. While it is important to recognize that requests for changes to data that impact need determinations must be made during the planning process of the affected SMFP or as soon as the error is noticed, the Agency also recognizes that a strain on administrative resources could have precluded Vidant's immediate response when the error was discovered. The Agency recommended approving the petition, and the Committee agreed.

UNC Rex Hospital petitioned for an adjusted need determination in the *2022 SMFP* for six ORs specifically designated for existing licensed hospitals in the Wake County service area. The Agency received one comment in support of this petition. The Petitioner points out that since the current OR need methodology was first used in the *2018 SMFP*, there have been need determinations for 11 ORs in Wake County. Although OR utilization in Wake hospitals has driven this need, hospitals have only been awarded CONs for two ORs. These CONs were issued through the appeal process. The remaining ORs were awarded to ambulatory surgical centers. Although the Agency does not have access to data regarding the complexity of cases, our data shows that longer case times for ambulatory surgery performed at hospitals has increased. This observation supports the Petitioner's assertion that the practice of shifting outpatient surgical cases to ambulatory surgical center settings in Wake County may result in higher concentrations of complex outpatient cases at hospitals, and consequently, highly utilized ORs. Based on the average number of OR deficits hospitals have experienced since the *2018 SMFP*, it is reasonable that an additional two ORs are needed in Wake rather than six. However, the Agency does not

support specifically designating OR need determinations for a particular type of facility. Therefore, the Committee agreed with the Agency recommendation to deny the Petition and instead add a need determination for two ORs in Wake County.

WakeMed petitioned for an adjusted need determination for one OR for a Level III Trauma Center in Wake County. The Agency received one comment in opposition to the Petition. An assumption of the OR need methodology requires the exclusion of one OR for each Level I and Level II Trauma Center from the need determination calculation, but not for Level III Trauma Centers. When hospital-based ORs were initially included in the OR methodology, the Level I and II trauma centers did not receive an additional OR. North Carolina has six Level III Trauma Centers at licensed acute care hospitals, and two at military hospitals. The Petitioner claims that Level II and Level III centers are operationally equivalent, and thus, Wake County should have an additional OR due to WakeMed Cary's designation as a Level III center. Based on the designation criteria used in North Carolina, Level II centers require more surgical resources than Level III centers. To treat Level IIIs the same as Level IIs would involve revising the need methodology assumption to exclude an OR in each Level III Trauma Center from the need determination calculations, but not adding an OR to the service areas where the Level III centers exist. The Agency recommended denial of the petition, and the Committee concurred.

Dental Single Specialty Ambulatory Surgery Demonstration Project

The *2016 SMFP* included a demonstration project to examine the feasibility of single-specialty ambulatory surgical facilities dedicated to dental and oral surgery. There are now four facilities across the state designed to serve patients requiring sedation for dental and oral surgical procedures. Each one has two ORs. The facilities are:

- Valleygate Dental Surgery Center of Fayetteville
- Valleygate Dental Surgery Center of the Triad, in Greensboro
- Valleygate Dental Surgery Center of Charlotte
- Surgical Center for Dental Professionals, in Raleigh

This year marks the first year that that Valleygate Surgery Center of Charlotte has been in operation for a full federal fiscal year and required to submit annual reports. The remaining facilities submitted their second annual reports.

Before this demonstration project, dental and oral surgeries often were performed in hospitals, which carried high costs and scheduling challenges. An important goal of the demonstration is to show that ambulatory surgical facilities can serve patients more cost-effectively than hospitals and in a more appropriate surgical setting. In particular, the facilities needed to demonstrate that they can serve patients from underserved segments of the population. A primary requirement of the demonstration is that at least of 3% of the patients served each year must be charity care and at least 30% must be Medicaid recipients. In each case, the facilities exceeded these payer mix goals. The proportion of charity care patients ranged from 3% to 5% and the percentage of Medicaid patients ranged from 67% to 89%.

Data Updates

Based on data and information currently available, application of the methodology results in no draft need determinations for operating rooms in any service area. However, SHCC approval of this Committee's recommendations on Petitions for adjusted need determinations would create a need for one OR in the Pitt/Greene/Hyde/Tyrrell service area and two ORs in Wake County.

Chapter 7: Other Acute Care Services

The Agency received no petitions or comments for this chapter. Based on data and information currently available, application of the methodology results in no draft need determinations.

Chapter 8: Inpatient Rehabilitation

The Agency received no petitions or comments for this chapter. Based on data and information currently available, application of the methodology results in no draft need determinations.

Chapter 9: End Stage Renal Disease Dialysis Facilities

The Agency received one petition for this chapter.

Carolina Dialysis requested a correction to Table 9B (ESRD Dialysis Station Need Determinations by Planning Area) for Orange County. Specifically, the Petition requested correcting the inventory from 37 dialysis stations to 41 in Column N of Table 9B, which shows the “Projected Total Available Stations.” The Petition accurately stated that once stations are relocated to the new home training facility currently under development by Carolina Dialysis, Orange County will continue to have 41 dialysis stations: 37 stations at the Carrboro facility, and four stations at the new home training facility. The Petitioner concluded, from this fact, that all 41 stations should remain in the planning inventory for the county need determination. This conclusion is not accurate. Dialysis facilities dedicated to home hemodialysis and peritoneal dialysis training and support services are not included in either the county or facility need methodology. Therefore, consistent with both the facility and county ESRD methodologies, once the CON was applied for, the four dialysis stations approved for relocation to the new home training facility were removed from the inventory of in-center stations. Therefore, no correction is necessary. The Committee agreed with the Agency recommendation to deny the Petition.

Data Updates

There are no county need determinations. Application of the facility need methodology results in a need for 564 stations across 91 facilities. However, this could change as staff continue to refresh data for the final SMFP until the October 1 data cut-off date.

The Committee agreed with the Agency’s recommendations to implement several technical edits to Chapter 9 to clarify information about home training facilities.

Recommendations Related to All Chapters

The Committee recommends that the State Health Coordinating Council approve Chapters 5 through 9, Acute Care Facilities and Services, with the understanding that staff is authorized to continue making necessary updates to the narratives, tables, and need determinations.