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 SLEEP CENTER

March 16, 2009

Mr. Michael C. Tarwater
 Chairman
 Acute Care Services Committee
 State Health Coordinating Council

Ms. Victoria McClanahan
 Planner
 Medical Facilities Planning Section
 Division of Health Services Regulation
 2714 Mail Service Center
 Raleigh NC 27699-2714

RE: Demonstration Project for Six ASCs Proposed for the 2010 SMFP by Southern Surgical Center, LLC (SSC)

Dear Mr. Tarwater and Ms. McClanahan:

Thank you for this opportunity to comment on the petition submitted to the State Health Coordinating Council (SHCC) by Southern Surgical Center, LLC for a demonstration project to allow six free-standing ambulatory surgical centers (ASCs):

1. The SHCC has already responded to a 2008 petition to establish demonstration ASC facilities in North Carolina through a workgroup appointed by the SHCC in its October, 2008 meeting. The plans from the work of that group will be known by the first SHCC meeting in May of this year.
2. North Carolina CON laws are embraced by each county in the state. The SSC petition ignores 94 other counties in its arguments; no consideration of need was made in its petition.
3. The SSC petition proposes free-standing ASCs in counties where the current methodology shows an excess of operating rooms.
4. The petition states on page 4 of its document that "competition for patients is very fierce in many areas of the state" and on page 2 each applicant/surgeon must have demonstrated at least 2,000 cases. Two or three physician owners demonstrating outpatient surgery at this case level will have a severe financial impact on existing providers by redirecting patients for the benefit of "ASC rates."

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5. The workgroup is considering that 7% of collections represent Medicaid and indigent/charity for the demonstration ASCs and that measure is also presented on page 2 of the SSC petition. Our System's 2008 Medicaid and indigent/charity percentages were greater than 30%. A demonstration ASC with a guideline of 7% allowance for Medicaid and indigent/charity by default limits patient access and contradicts the lower rate arguments.

For reasons stated above, we believe that the SSC petition should be denied. The SHCC has responded in a timely manner by fostering the current ASC demonstration workgroup.

Thank you for your consideration of these comments.

Cordially,

Sandy Godwin
 Executive Director of Corporate Planning
 Cape Fear Valley Health System