



Remarkable People. Remarkable Medicine.

July 31, 2009

Ms. Elizabeth K. Brown, Chief
North Carolina Department of Health & Human Services
Medical Facilities Planning Section
2714 Mail Service Center
Raleigh, North Carolina 27699-2714

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JUL 31 2009

Medical Facilities
PLANNING SECTION

RE: Novant Health, Inc. Comments in Support of the Operating Room Need Determination (3 New General Use ORs) For Wake County as Proposed in the Draft 2010 State Medical Facilities Plan

Dear Ms. Brown:

The purpose of this letter is to convey Novant Health's comments in support of the Need Determination for three Wake County general use Operating Rooms (ORs) as recently proposed in the 2010 State Medical Facilities Plan (SMFP). The FFY 2008 data in Table 6B of the proposed 2010 SMFP shows:

- Utilization of surgical facilities¹ in Wake County increased 7.4% from 2007 to 2008, well over the annual Wake County population growth rate used to calculate future operating room need;
- Inpatient surgical utilization in Wake County increased 3.6% from 2007 to 2008; and,
- Outpatient surgical utilization in Wake County increased 10.3% from 2007 to 2008.

Based on the application of the OR Need method in the proposed 2010 SMFP, there is clearly a need for these three new ORs in Wake County. Due to continuing population increases in Wake County and ongoing in-migration from surrounding counties to Wake County's hospital-based and freestanding ambulatory surgical programs, the need for operating rooms is expected to increase and will continue to grow.

The current 2010 SMFP OR Need Methodology takes into account chronically underutilized and "grandfathered" operating rooms so that the need for new ORs is not artificially suppressed by excess OR capacity in a given county or OR service area.

In addition, the need for three general use ORs in Wake County is not diminished by the special need determination for two single specialty outpatient ORs specified in Chapter 6 of the proposed 2010 SFMP for Wake, Orange and Durham Counties. These demonstration project ORs are uniquely different from the need determination for three new ORs, because of the defined demonstration project criteria in the proposed 2010 SMFP which require that the two demonstration project ORs:

- (1) are outpatient ORs only, creating no new inpatient OR capacity;
- (2) are single rather than multi-specialty ORs;
- (3) define a preference for physician or physician joint venture applicants;
- (4) have a pre-determined payor mix to maximize access for the medically underserved;
- (5) require demonstration project ASC surgeons to maintain hospital medical staff privileges;
- (6) submit annual reports to the state on access, patient safety, and quality outcomes; and
- (7) have a Certificate of Need that may expire or be relinquished after five years.

These single-specialty ASC demonstration project criteria proposed are different from and in addition to the CON application requirements related to the Wake County need determination for three general use

¹ Measured by weighted surgical hours for Wake County from 2007 to 2008

Comments Regarding Three New Wake County ORs in the Proposed 2010 SMFP
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ORs found in the CON Criteria and Standards for Surgical Services and Operating Rooms at 10A NCAC.14C.2100. For the three new general use ORs that are the subject of the need determination in Chapter 6 of the proposed 2010 SMFP: applicant can propose either inpatient, dedicated outpatient, or both types of ORs combined; the applicant can propose a freestanding or hospital-based setting for the ORs or a combination of these settings; the applicant can seek approval for multi-specialty ORs, either inpatient or outpatient; and the applicant has greater flexibility in customizing access for the medially underserved, patient safety, and quality measures.

Wake County has most recently only generated new ORs through the petition process² even though it is one of the fastest growing counties and the second most populous county in the state. Wake County has experienced explosive growth over the last 25 years. From 1980 through 2000 the U.S. Census Bureau estimates that Wake County grew by more than 326,500 persons. In only 20 years (1980-2000), Wake County more than doubled its total population. That is more persons than the combined total of 246,701 people Wake County added during the 80 years from 1900-1980.³ This is further evidence of the need for the three new ORs in Wake County as set forth in the proposed 2010 SMFP.

The following table shows Wake County projected population for July 2008 through July 2015 as determined by the NC OSBM NC Office of State Budget & Management).⁴

Wake County Population

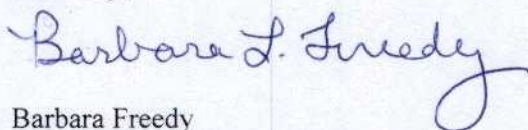
Year	2008	2009	2010	2011	2012	2013	2014	2008-2014 CAGR
Population	864,582	900,342	935,933	971,522	1,007,113	1,042,702	1,078,293	3.75%

Source: North Carolina Office of State Budget and Management (data accessed on July 14, 2009)

The previous table shows aggregate growth of 213,711 Wake County residents, which is approximately 25% during the years from 2008 through 2014. It also projects a healthy 3.75% compound annual growth rate over the next seven years. The NC OSBM projects Wake County will have a population of 1,612,144 in July 2029.⁵ Therefore, the identification of the need for these three new general use ORs is long overdue and will greatly enhance the provision of local surgical services to the residents of Wake County.

We appreciate this opportunity to express Novant Health's support of the Wake County OR Need Determination, for three new general use ORs, in the proposed 2010 SMFP. Please contact me with any questions or if you need more information.

Sincerely,



Barbara Freedy
Director, Certificate of Need
Financial Planning & Analysis
Novant Health, Inc.

File: Comments for Draft 2010 SMFP Wake OR.FINAL.07.27.09.doc

² See Chapter 6 in the 2008 SMFP and in the proposed 2010 SMFP.

³ <http://www.wakegov.com/planning/population/population.htm>

⁴ http://www.osbm.state.nc.us/ncosbm/facts_and_figures/socioeconomic_data/population_estimates/county_projections.shtm

⁵ http://www.osbm.state.nc.us/ncosbm/facts_and_figures/socioeconomic_data/population_estimates/demog/countytotals_2020_2029.html