



To: Medical Facilities Planning Section
NC Division of Health Service Regulation

From: Will Pittman, Director of Strategic Planning and Business
Development, Rex Healthcare

Re: Proposed 2010 State Medical Facilities Plan

Date: July 31, 2009

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JUL 31 2009

Medical Facilities
PLANNING SECTION

Thank you for the opportunity to comment on the Proposed 2010 State Medical Facilities Plan. Rex Healthcare respectfully submits the comments below.

Single Specialty Ambulatory Surgery Center Demonstration Project

Rex understands the State Health Coordinating Council's (SHCC) interest in proposing this demonstration project to determine if such an experiment can positively affect the patients of North Carolina. Although there are very few specific requirements of this project at this time that would enable an evaluation of the project to be deemed a successful outcome, we suspect that the Committee would like to see quality, access, and value promoted. As such, we propose that specific evaluation criteria be developed that allows the SHCC to easily determine throughout the course of this project if the applicants are effectively increasing quality, access, and value. Without specific evaluation criteria it will be impossible to determine if any of the demonstration projects have been successful.

Specifically, we urge the SHCC to require that applicants adhere to the original petition submitted by Affordable Healthcare and meet a minimum requirement of 5% charity care patient load. The current requirement of 7% of total revenues being provided to Medicaid or self pay patients does not fully promote access. The reason is that the current language allows Medicaid patients to supplant the self pay population, thereby allowing the applicant to avoid providing services to those without the ability to pay. To best guarantee that medically underserved populations have access to these facilities, there should be a commitment to provide charity care to 5% of the patient volume.

Rex proposes that the applicant be required to provide payor mix data by surgeon by facility, if necessary, for the year prior to the opening of the single specialty ambulatory surgical facility. Following the opening of the single specialty ambulatory surgical center, the applicant should be required to submit payor mix data by physician, for the cases performed at the ambulatory surgery center, as well as for all cases provided at other facilities on an annual basis. Hopefully, the number of self pay, charity, and Medicaid patients for the surgeons associated with each approved single specialty ambulatory surgical facility will increase once in operation. Rex believes that this payor mix data



will assist in the SHCC's evaluation of the efficacy of the demonstration project.

Rex proposes that a standard system of measuring quality outcomes be implemented that is pertinent to each of the surgical specialties. This will help the SHCC to understand if each project is providing a level of care that could be expected by an objective third party.

Rex proposes that these facilities be evaluated on an annual basis for their compliance with the representations made in their respective CON applications. This will allow for a year by year tracking of the projects' operation against their stated goals and the goals of the SHCC.

Rex proposes that applicants be required to offer an open medical staff to their respective facilities. This should serve to increase patient access to any approved demonstration project's proposed services.

Rex proposes that physician applicants involved in any approved demonstration project establish or maintain privileges at an area hospital and begin or continue meeting emergency department coverage responsibilities.

Rex Healthcare strongly agrees with the North Carolina Hospital Association's (NCHA) position that percentage physician ownership should not be used as decision criteria for the demonstration project. Rex concurs with the NCHA's position that applicants with partial or total physician ownership be considered equally eligible for the demonstration project.

Bed Need Task Force

Rex supports and encourages the bed need task force to meet again for the purposes of reviewing and updating where necessary the methodology for determining acute care beds.

Finally, Rex Healthcare thanks the State Health Coordinating Council, the Acute Care Services Committee, and the Division of Health Service Regulation for the opportunity to comment on the Proposed 2010 State Medical Facilities Plan.