DFS Health Planning
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Medical Facilities
Planning Section

Representative William Wainwright
Chairman, North Carolina State Health Coordinating Council
C/o Medical Facilities Planning Section
Division of Health Service Regulation
2714 Mail Service Center
Raleigh, NC 27699-2714

Re: Comment on Petition for Support of a Demonstration Project For A Single Specialty, Two Operating Room, Orthopedic Ambulatory Surgical Facility in Buncombe, Madison and Yancey County

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The following is a submission of comments regarding the Petition to the 2011 State Medical Facilities Plan regarding an additional single specialty ambulatory surgery demonstration project:

On December 30, 2009, Governor Beverly Purdue signed the 2010 North Carolina Medical Facilities plan that included a ***Single Specialty Ambulatory Surgery Facility Demonstration Project*** that will award two operating rooms in the Charlotte area, two operating rooms in the Triangle area and two operating rooms in the Triad area.

On page 85 of the 2010 SMFP, (attached) it states that "The Agency will evaluate each facility after it has been in operation for five years. If the agency determines that the facilities are meeting or exceeding all criteria, the work group encourages the SHCC to consider allowing expansion of single specialty ambulatory surgical facilities beyond the original three demonstrations sites."

The stipulated time period of five years of operation has not elapsed and the Agency has therefore neither conducted nor completed the evaluation of the demonstration project. The SHCC is encouraged to ensure that the Agency completes the review of the demonstration project in accordance with the established criteria and timeline before consideration of expanding the number of locations of single specialty ambulatory surgery centers.

Attachment

Table 6D: Single Specialty Ambulatory Surgery Facility Demonstration Project

CRITERIA	CRITERIA BASIC PRINCIPLE AND RATIONALE
Establish a special need determination for three new separately licensed single specialty ambulatory surgical facilities with two operating rooms each, such that there is a need identified for one new ambulatory surgical facility in each of the three following service areas: • Mecklenburg, Cabarrus, Union counties (Charlotte Area) • Guilford, Forsyth counties (Triad) • Wake, Durham, Orange counties (Triangle)	*Value* At least one county in each of the groups of counties has a current population greater than or equal to 200,000 and more than 50 total ambulatory/shared operating rooms and at least 1 separately licensed Ambulatory Surgery Center. Locating facilities in high population areas with a large number of operating rooms and existing ambulatory surgery providers prevents the facilities from harming hospitals in rural areas, which need revenue from surgical services to offset losses from other necessary services such as emergency department services.
In choosing among competing demonstration project facilities, priority will be given to facilities that are owned wholly or in part by physicians.	*Value* Giving priority to demonstration project facilities owned wholly or in part by physicians is an innovative idea with the potential to improve safety, quality, access and value. Implementing this innovation through a demonstration project enables the State Health Coordinating Council to monitor and evaluate the innovation's impact.
Each demonstration project facility shall provide care to the indigent population, as described below: The percentage of the facility's total collected revenue that is attributed to self-pay and Medicaid revenue shall be at least seven percent, which shall be calculated as follows: The Medicare allowable amount for self-pay and Medicaid surgical cases minus all revenue collected from self-pay and Medicaid cases divided by the total collected revenues for all surgical cases performed in the facility. Following are examples of the calculation of self pay and Medicaid revenue: If Medicare allows \$300 for a surgical procedure and a self-pay patient pays the facility \$0, then \$300 is considered self-pay revenue. If Medicare allows \$300 for a surgical procedure and a self-pay patient pays the facility \$50, then \$250 is considered self-pay revenue.	*Access* Requiring service to indigent patients promotes equitable access to the services provided by the demonstration project facilities.

CRITERIA	CRITERIA BASIC PRINCIPLE AND RATIONALE
If Medicare allows $300 for a surgical procedure and Medicaid pays the facility $225, then $75 is considered Medicaid revenue. Demonstration project facilities shall report utilization and payment data to the statewide data processor as required by G.S. 131E-214.2. The Agency will monitor compliance with indigent care requirements by analyzing payment data submitted by the facilities.	
Demonstration project facilities shall complete a "Surgical Safety Checklist (adapted for use in the US)" before each surgery is performed. Note: "Surgical Safety Checklist is based on the WHO Surgical Safety Checklist developed by: World Health Organization" Each demonstration project facility shall develop a system to measure and report patient outcomes to the Agency for the purpose of monitoring the quality of care provided in the facility. If patient outcome measures are available for a facility's particular surgical specialty, the facility shall identify those measures and may use them for reporting patient outcomes. If patient outcome measures are not available, the facility shall develop its own patient outcome measures that will be reported to the Agency. Demonstration project facilities shall submit annual reports to the Agency regarding the results of patient outcome measures. Examples of patient outcome measures include: wound infection rate, post-operative infections, post-procedure complications, readmission, and medication errors.	*Safety and Quality* Implementing a system for measuring and reporting quality promotes identification and correction of quality of care issues and overall improvement in the quality of care provided.
Demonstration project facilities are encouraged to develop systems that will enhance communication and ease data collection, for example, electronic medical records that support interoperability with other providers.	*Safety and Quality, Access, Value* Electronic medical records improve the collection of quality and access to care data and collecting data is the first step in monitoring and improving quality of care and access. Interoperability facilitates communication among providers, enhancing care coordination.
Demonstration project facilities are encouraged to provide open access to physicians.	*Access* Services will be accessible to a greater number of surgical patients if the facility has an open access policy for physicians.

CRITERIA	CRITERIA BASIC PRINCIPLE AND RATIONALE
Physicians affiliated with the demonstration project facilities are required to establish or maintain hospital staff privileges with at least one hospital and to begin or continue meeting Emergency Department coverage responsibilities with at least one hospital, with the following caveat: This requirement has to be available to the physicians and not denied based upon charges that physicians are engaging in competitive behavior by providing services at a facility that is perceived to be in competition with the hospital if it so happens that the CON is issued to an organization other than the hospital. Additionally, physicians affiliated with the demonstration project facilities are required to provide annually to the Agency data related to meeting their hospital staff privilege and Emergency Department coverage responsibilities. Specific data to be reported, such as number of nights on call, will be determined by the Agency.	*Safety and Quality* Encouraging physicians to establish or maintain hospital staff privileges and to begin or continue meeting Emergency Department coverage responsibilities helps prevent a decrease in the quality of the overall healthcare system resulting from lack of resources.
Facilities shall obtain a license no later than two years from the date of issuance of the certificate of need, unless this requirement is changed in a subsequent State Medical Facilities Plan.	*Access and Value* Timely project completion increases access to services and enhances project value.
The Single Specialty Ambulatory Surgery Work Group values the collective wisdom of the North Carolina Hospital Association and the North Carolina Medical Society and requests that the two organizations work together to assist the demonstration project facilities in developing quality measures and increasing access to the underserved.	*Safety and Quality, Access and Value* Collaboration between the North Carolina Hospital Association and the North Carolina Medical Society in an effort to develop quality measures and increase access to the underserved promotes all three Basic Principles.
Facilities will provide annual reports to the Agency showing the facility's compliance with the demonstration project criteria in the State Medical Facilities Plan. The Agency may specify the reporting requirements and reporting format. The Agency will perform an evaluation of each facility at the end of the first calendar year the facility is in operation and will perform an annual evaluation of each facility thereafter. The Agency may require corrective action if the Agency determines that a facility is not meeting or is not making good progress toward meeting the demonstration project criteria.	*Safety and Quality, Access, Value* Timely monitoring enables the Agency to determine if facilities are meeting criteria and to take corrective action if facilities fail to meet criteria. This ensures that all three Basic Principles are met by the demonstration project facilities.

CRITERIA	CRITERIA BASIC PRINCIPLE AND RATIONALE
The Agency will evaluate each facility after each facility has been in operation for five years. If the Agency determines that the facilities are meeting or exceeding all criteria, the work group encourages the State Health Coordinating Council to consider allowing expansion of single specialty ambulatory surgical facilities beyond the original three demonstration sites. The Agency may require corrective action if the Agency determines that a facility is not meeting or is not making good progress toward meeting the demonstration project criteria. If the Agency determines that a facility is not in compliance with any one of the demonstration project criteria, the Department, in accordance with G.S. 131E-190, "may bring an action in Wake County Superior Court or the superior court of any county in which the certificate of need is to be utilized for injunctive relief, temporary or permanent, requiring the recipient, or its successor, to materially comply with the representations in its application. The Department may also bring an action in Wake County Superior Court or the superior court of any county in which the certificate of need is to be utilized to enforce the provisions of this subsection and G.S. 131E-181(b) and the rules adopted in accordance with this subsection and G.S. 131E-181(b)."	