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North Carolina Hospital Association

August 1, 2011

State Health Coordinating Council
North Carolina Division of Health Service Regulation ☐
Medical Facilities Planning Section ☐
2714 Mail Service Center ☐
Raleigh, NC 27699-2714

DFS Health Planning
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AUG 01 2011

Medical Facilities
PLANNING SECTION

Re: Comments on Policy AC-3

Dear Representative Wainwright and Members of the Council:

The North Carolina Hospital Association submits the attached recommendations as comment to the Proposed 2012 State Medical Facilities Plan.

Two petitions submitted to the State Health Coordinating Council earlier this year are related to Policy AC-3, which allows for exemption from provisions of the SMFP for certain Academic Medical Center Teaching Hospital projects. Since the filing of those petitions, The NCHA Board of Trustees established a committee of its members, including representatives from the petitioners, to recommend improvements to Policy AC-3. The Committee worked to propose a revised policy that supports the unique missions of Academic Medical Centers, but that is also limited to uniquely "academic" projects, and which provides adequate clarity and accountability to ensure that scope. That Committee unanimously adopted the attached recommended Policy AC-3 and submitted it to the NCHA Board of Trustees, which unanimously approved it on July 29 for consideration by the State Health Coordinating Council.

We request that the State Health Coordinating Council consider this proposal in its deliberations on Policy AC-3, and we thank you for your consideration.

Please feel free to contact me if you have questions.

Sincerely,

Mike Vicario
NCHA Vice-President of Regulatory Affairs

Cc: Bill Pully, NCHA President
John Young, NCHA SHCC Representative

POLICY AC-3: EXEMPTION FROM PLAN PROVISIONS FOR CERTAIN ACADEMIC MEDICAL CENTER TEACHING HOSPITAL PROJECTS

A. Projects for which certificates of need are sought by academic medical center teaching hospitals may qualify for exemption from the need determinations of this document. The Medical Facilities Planning Section shall designate as an Academic Medical Center Teaching Hospital any facility whose application for such designation demonstrates the following characteristics of the hospital:

1. Serves as a primary teaching site for a school of medicine and at least one other health professional school, providing undergraduate, graduate and postgraduate education.
2. Houses extensive basic medical science and clinical research programs, patients and equipment.
3. Serves the treatment needs of patients from a broad geographic area through multiple medical specialties.

B. Exemption from the provisions of need determinations of the North Carolina State Medical Facilities Plan shall be granted to projects submitted by Academic Medical Center Teaching Hospitals designated prior to January 1, 1990 provided the projects are necessary to meet one of the following unique academic medical needs:

- 1.a. Necessary to complement a specified and approved expansion of the number or types of students, residents or faculty that are specifically required for an expansion of students or residents, as certified by the head of the relevant associated professional school; the applicant must provide documentation that the project is consistent with any relevant standards, recommendations, or guidance from specialty education accrediting bodies or
- b. With respect to the acquisition of equipment, is necessary to accommodate the recruitment or retention of a full-time faculty member who will devote a substantial amount of his or her time to teaching (including teaching within the clinical setting), research, administrative or other academic responsibilities within the academic medical center teaching hospital or medical school.
2. Necessary to accommodate patients, staff or equipment for a specified and approved expansion of research activities, as certified by the head of the entity sponsoring the research; and including, to the extent applicable, documentation pertaining to grants, funding, accrediting or other requirements, and any proposed clinical application of the asset; or
3. Necessary to accommodate changes in requirements of specialty education accrediting bodies, as evidenced by copies of documents issued by such bodies.

C. A project submitted by an Academic Medical Center Teaching Hospital under this Policy that meets one of the above conditions shall demonstrate that the Academic Medical Center Teaching Hospital's teaching or research need for the proposed project cannot be achieved effectively at any non-Academic Medical Center Teaching Hospital provider which currently offers and has capacity within the service for which the exemption is requested and which is within 20 miles of the Academic Medical Center Teaching Hospital.

The AMC Teaching Hospital shall include in its application an analysis of the cost, benefits and feasibility of engaging that provider in a collaborative effort that achieves the academic goals of the project as compared with the CON application proposal. The AMC shall also provide a summary of a discussion or documentation of its attempt to engage the provider in discussion regarding its analysis and conclusions.

In reviewing the CON application, the Department shall also consider available capacity in any similar assets within 20 miles that are under the control of the applicant or the associated professional school and the impact of unique teaching or research needs on utilization of that capacity. The Department may request additional information and opinions from the AMC Teaching Hospital or any other person or organization (s) who may be affected by the use of the policy.

D. For each of the first five years of operation the approved applicant shall submit a detailed description of how the project achieves the academic requirements of the appropriate Section(s) of Policy AC-3 Section B as proposed in the CON application.

E. Applicants who are approved for Policy AC-3 projects after (*insert effective date of this policy*) must report all Policy AC-3 assets (including beds, operating rooms and equipment) on the appropriate annual license renewal application or registration form for the asset. The information to be reported for the Policy AC-3 assets shall include: (1) inventory or number of units of AC-3 CON approved assets (including all beds, operating rooms and equipment); (2) the annual volume of days, cases or procedures performed for the reporting year on the Policy AC-3 approved asset; and (3) the patient origin by county. Neither the assets under (1) above nor the utilization from (2) above shall be used in the annual SMFP need determination formulas, but both the assets and the utilization will be available for informational purposes to users of the SMFP. The Department may include AC-3 approved assets (and affiliated volumes) in the need determination formulas if they no longer meet the academic purpose described in their original CON application and a new CON is approved under the process described in G below.

F. This policy does not apply to a proposed project or the portion thereof that is based solely upon the inability of the SMFP methodology to accurately project need for the proposed service(s), due to documented differences in patient treatment times that are attributed to education or research components in the delivery of patient care or to differences in patient acuity or case mix that are related to the applicant's academic mission. However, the applicant may submit a petition pursuant to the SMFP Petitions for Adjustments to Need Determinations process to meet that need or portion thereof.

G. Policy AC-3 projects are required to materially comply with representations made in the CON application regarding academic based need. If an asset originally developed or acquired pursuant to Policy AC-3 is no longer used for research and/or teaching, the AMC shall apply for a new CON.