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MEDICAL FACILITIES
PLANNING SECTION

August 12, 2011

The Honorable William L. 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: Response to Duke University Health System Petition for Adjusted Need
Determination for 20 Inpatient Rehabilitation Beds in HSA IV in 2012 SMFP**

Dear Chairman Wainwright:

Carolina Rehabilitation & Surgical Associations (CRSA), a physical medicine and rehabilitation medical practice based in Wake County, would like to express its opposition to the petition filed by Duke University Health System requesting an adjusted need determination of 20 inpatient rehabilitation beds for HSA IV in the 2012 State Medical Facilities Plan (SMFP).

CRSA believes the Duke petition should be denied for a number of reasons:

- First, the petition represents a *change in need methodology* for inpatient rehabilitation beds, which should be addressed prior to development of the annual proposed State Medical Facilities Plan. Given that inpatient rehabilitation is a regional service and is allocated by HSA, the petition has the potential for statewide impact.
- Second, Duke is requesting an adjusted need determination for the 2012 SMFP before the full utilization impact of 14 beds allocated to HSA IV in the 2011 SMFP is known. Indeed, the certificate of need decision for these beds was made very recently and the CON has not yet been issued. Given recent changes in admission criteria for rehabilitation patients, it is not clear how many additional beds will be needed in HSA IV in future years. Trends nationally indicate a decline in utilization since the 2010 Federal Regulations were implemented. Allocating a large number of inpatient rehab beds to HSA IV before previously allocated beds have been awarded, much less made operational, is unreasonable.
- Third, Duke's alternate methodology holds the 2007-2010 average annual growth rate of 4.44% per year constant and carries it forward through 2014. However, simply carrying forth the most recent 3-year average annual growth rate may *overstate* future need for rehab beds. The growth rate in utilization from 2007-2010 is likely due to pent-up demand for inpatient rehab services; in past years, this 3-year average annual growth rate has been somewhat lower.

Chairman William L. Wainwright

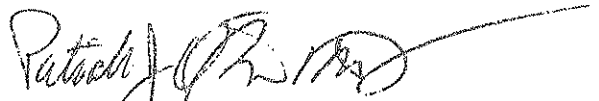
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The delay in developing inpatient rehabilitation projects, described by Duke on page 2 of its petition, is inherent for all projects involving construction or significant renovation of existing space. Further, virtually all competitive CON projects, regardless of type, are fraught with delays resulting from litigation.

In the 2006 SMFP, HSA IV had a planning inventory of 163 inpatient rehabilitation beds; in the 2011 SMFP, the current planning inventory is 155 beds. HSA IV's overall inpatient rehabilitation utilization has grown in recent years in part because fewer rehab beds are in service.

In summary, CRSA respectfully requests that the State Health Coordinating Council deny the Duke petition. In addition to the points made above, the State may find other flaws in the request, as a result of its careful evaluation. Thank you for your consideration of these comments. Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick J. O'Brien", with a long horizontal flourish extending to the right.

Patrick J. O'Brien, M.D.

President

Carolina Rehabilitation & Surgical Associates