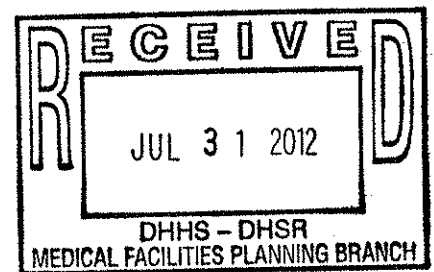


**Cape Fear Valley Health System
Petition for an Adjustment
to the Acute Care Bed Need Determination
in the Proposed 2013 SMFP**



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: Cape Fear Valley Health System's Petition for an Adjustment to the Acute Care Bed Need Determination in the *Proposed 2013 SMFP* to remove the need for 119 Acute Care Beds in the Cumberland/Hoke Service Area, North Carolina.

I. Petitioner

Michael Nagowski
President and Chief Executive Officer
Cape Fear Valley Health System
P.O. Box 2000
Fayetteville, NC 28302-2000
Attention: Sandy Godwin, Executive Director of Corporate Planning
stgodwin@capefearvalley.com

II. Requested Adjustment

Cape Fear Valley Health System (CFVHS) is submitting this petition for an adjustment to Table 5A: Acute Care Bed Need Projections and Table 5B: Acute Care Bed Need Determinations in the *Proposed 2013 State Medical Facilities Plan (SMFP)* to show a reduction in bed need from **119** acute care beds to **0** acute care beds for the Cumberland/Hoke Service Area. The *Proposed 2013 State Medical Facilities Plan* currently identifies a need for **119** additional acute care beds in Cumberland/Hoke Service Area.

III. Reasons for Proposed Adjustment

Cumberland County and Hoke County have experienced significant population growth during the last ten years. Much of that growth was directly associated with the military and the Base Reassignment that occurred during that time. The population growth essentially has flattened in the last couple of years and in fact was not as large as originally projected.

Since 2004, Cape Fear Valley Medical Center has received CON approval to develop 202 additional acute care beds to meet this increasing demand as reflected in Attachment 1. Of the 202 additional acute care beds CON approved for Cape Fear Valley Health System, 96 have been developed¹ and currently are operational; 41 acute care beds are under development as a full service community hospital in Hoke County (CON Project I.D. # N-8499-10); and, 65 beds were

¹ The CFVMC Pavilion opened in 2008 with 90 acute care beds which included 44 new SMFP acute care beds and 46 acute care beds (converted from LTCH to Acute) transferred from Highsmith Rainey Specialty Hospital and six patient rooms within existing units at CFVMC have been converted to acute care beds.

recently approved for a new community hospital in northern Cumberland County (CON Project I.D. # M-8689-11).

There also is a CON under review for 28 additional beds at CFVMC as a result of bed need in the 2012 SMFP. That's 230 new acute care beds that have been developed or will be developed in Cumberland/Hoke since the first approval was received in 2004.

Cape Fear Valley Health System is requesting the adjusted bed need determination based upon the following factors.

1. Acute Care Bed Methodology Growth Rate for Cumberland County

The Acute Care Bed Need Methodology utilizes facility specific growth rates. This means that the bed need reflected in the Proposed 2013 SMFP was generated solely by CFVMC, since CFVMC is the only acute care provider in the service area.

Average growth at CFVMC over the last five years has been high, 5.64% as reflected in the proposed plan. However this growth reflects two years of significant growth when CFVMC opened new acute care beds. In 2008, CFVMC opened the Pavilion with 90 new acute care beds adding acute care bed capacity. As a result, the acute care growth rate peaked in 2008 at 6.0% as reflected in Attachment 2. This is an expected occurrence when new acute care beds are brought online as the beds were developed because there was a demand in the market.

In March of FFY 2011, CFVMC was approved to begin operating 49 additional temporary licensed beds. A temporary licensed bed is a special approval received from the DHSR Licensure Section which allows hospitals to operate over their licensed acute care capacity when occupancy levels are consistently above 90%. CFVMC has received approval from DHSR continually for the last 16 months for 49 temporary licensed beds as reflected in Attachment 3. As a result of this additional capacity, growth at CFVMC peaked again; the most current annual growth rate from FFY 2010 to FFY 2011 for CFVMC was 10.1% as shown in Attachment 2.

Because the growth rate used in the acute care bed need methodology for Cumberland/Hoke reflects CFVMC's average growth, the Cumberland County growth rate for the last five years utilized in the *2013 SMFP* includes both of these "peaks" in utilization resulting in the 5.64% growth utilized in the methodology. CFVMC believes these "peaks" skew the average and as a result the 5.64% growth rate is overstated and does not reflect future growth accurately.

2. Population Growth

The impact of the Base Realignment and Closure Act (BRAC)² passed by Congress in November 2005 has been felt throughout the CFVMC Service Area. Population growth in southern Cumberland County, Hoke County, and southern Harnett County has impacted the utilization of

² The Base Realignment and Closure Act passed by Congress in November 2005 resulted in the relocation of Forces Command (FORSCOM) and the U S Army Reserve Command (USARCOM) from Fort McPherson to Fort Bragg by 2011. This move resulted in 4,644 additional military positions and 1,722 additional Department of Defense civilian positions to Fort Bragg or 6,366 total positions. Including family members, it is estimated that 18,169 people relocated to the region.

CFVMC, and led to expansion of inpatient beds at CFVMC, and the development of Hoke Community Medical Center in Hoke County.

While the current BRAC process to realign military bases has come to an end the expected overall impact was not as large as originally expected, as described in a recent article in the Fayetteville Observer included in Attachment 4. Substantial benefits have been realized in the region; however, the in-migration to the region of defense contractors has not yet happened. The original expectation of BRAC was that "most of the projected growth in population related to BRAC will result from job creation for military contractors in addition to the significant military construction spending." That growth has not yet been realized. Therefore, while it is expected that the population will continue to grow; the growth rate will be lower and the growth will occur over a longer timeframe.³

3. CFVMC 49 Temporary Licensed Beds

CFVMC currently is operating 49 temporary licensed beds as discussed above. The availability of this additional acute care bed capacity resulted in the peak in utilization for the most current year.

4. Bed Allocations Under Development

CFVHS currently has 134 new acute care beds proposed and/or under development in the Cumberland/Hoke service area.

- 65 acute care beds in Cumberland County
- 41 bed acute care hospital in Hoke County in
- 28 additional beds at CFVMC as a result of bed need in the 2012 SMFP.

This total includes the 28 beds which are currently the subject of a competitive review. CFVHS assumes they will be awarded to CFVMC. While new beds in the market are a result of the SMFP planning process and should result in meeting demand in the market as recent acute care bed additions have, the actual impact is not known until beds become operational. As a result, CFVHS reviews the need for approved beds under development and new beds on a continual basis. Recent analysis completed by CFVHS shows that based upon projected growth rates and the impact of issues identified in this Petition, bed need in Cumberland County will flatten out between 2012 and 2015 as reflected below in response #5. Therefore, CFVHS is hesitant to add 119 additional beds to the 134 acute care beds proposed and/ or under development, at this time.

5. Two New Hospitals in Hoke County

In addition to the CFVHS Hoke Community Hospital under development, there is another 8 bed hospital under development in Hoke County. This brings the total new acute bed capacity developed, under development, or under CON review in Cumberland/Hoke since 2008 to 238 acute care beds of which 96 are operational and 114 are under development. The two new hospitals in Hoke County will be operational in 2013 and 2014, based upon current schedules and community announcements. This will impact the need for acute care beds in Cumberland County.

³ <http://www.fayobserver.com/articles/2012/01/29/1151310?sac=Local Attachment 4>

- a) Hoke Community Medical Center, is a CFVHS facility under construction in Hoke County. It is expected that a significant volume of patient days from CFVMC will shift to Hoke Community Medical Center when opened which will impact utilization at CFVMC.
- b) Hoke County becomes it own service area when one hospital becomes operational which will be as early as 2013. Therefore, the patient volume associated with Hoke County will be removed from the methodology for Cumberland County.

The utilization of these two new hospitals will impact the need for acute care beds in Cumberland County.

6. Cape Fear Valley Medical Center Acute Care Utilization

Utilization at CFVMC has been flat in 2012. For the first eight months of this fiscal year patient days were flat. Patient days are almost exactly where CFVMC patient days were a year ago as reflected in Attachment 5. Therefore, in one year the growth rate in the *2014 SMFP* methodology, will be considerably less than 5.64% included in the *Proposed 2013 SFMP* it will be around 4% if the trend remains flat, and this still includes the peak growth from 2010 to 2011. It should be noted that without the peak utilization years which accompanied opening new acute care beds, the growth rate for CFVMC is around 3%.

In the recent CON Application submitted by CFVMC utilized a very conservative weighted population growth rate to project future bed need. Using this growth rate, CFVMC took into consideration limited growth in utilization at CFVMC from 2011 to 2012 and the future impact of opening Hoke Community Medical Center and Cape Fear Valley North.

Cape Fear Valley Medical Center Projected 2015 Utilization

CFVMC Projected Acute Care Patient Days	Current	Projected			
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
CFVMC Projected Interim and Future Patient Days (Includes volume to be shifted to CFV North Volume and HCMC)	170,061	172,494	174,963	177,466	180,005
Projected Growth Rate (CFV 28 Bed CON Application)		1.43%	1.43%	1.43%	1.43%
ADC	465.9	472.6	479.3	486.2	493.2
Occupancy Rate	95.1%	96.4%	97.8%	87.0%	79.0%
Projected Bed Need @ 78% (SMFP Planning Target)	597	606	615	623	632
Licensed Bed Capacity (Includes All Licensed, Approved and Proposed Acute Care Beds)	490	490	490	559	624
Additional Bed Need	107	116	125	64	8

Source: CFVHS CON Application for 28 Additional Acute Care Beds submitted to the CON Section on June 15, 2012

As shown above table, projected utilization for 2015 showed a need for only 8 additional acute care beds in comparison to the 119 included in the *Proposed 2013 SMFP*.

7. Revised State Acute Care Bed Need Methodology

The 2011 SMFP included adjustments to the acute care bed need methodology, one of which was utilization of a 78% target planning occupancy rate for larger hospitals such as CFVMC. This was the result of an Acute Care Bed Need Work Group. However, there was considerable discussion regarding whether the target planning occupancy for large hospitals should be higher, at 80% or even 85%. Cape Fear Valley Medical Center has operated its 490 licensed acute care beds plus the 49 temporary licensed acute care beds at 86% occupancy for the last twelve months and continues to study the question regarding maximum target occupancy in a transitioning healthcare system. With the substantial cost of adding an acute care bed, CFVHS does not want to encourage the development of unnecessary expensive assets in the Cumberland/Hoke Service Area at this time.

8. Healthcare Reform

Healthcare reform activities included in The Patient Protection and Affordable Care Act of 2010 include primary care homes, expanded insurance coverage for the uninsured, and payment penalties for hospital readmissions to mention just a few items. However, the impact of The Patient Protection and Affordable Care Act of 2010 is still unknown. Due to the recent decision from the Supreme Court the PPACA will move forward. However, the result of the upcoming Presidential and Congressional election is unknown. Therefore, what will remain of The Patient Protection and Affordable Care Act of 2010 or its full impact on inpatient care provided by Cape Fear Valley Medical Center is unknown.

The impact of Healthcare reform law concerning readmission rates may impact Cape Fear Valley Medical Center's utilization. Federal Healthcare reform legislation has established a reduction in payment for preventable readmission days beginning in FY2013⁴. The Centers for Medicare and Medicaid Services (CMS) will implement a value-based reimbursement mechanism to reduce Medicare payments for hospitals that experience higher-than-risk-adjusted 30-day readmission rates for preventable readmissions and hospital acquired conditions (HACs). Beginning FY2013, CMS will be using measures for heart attack, heart failure, and pneumonia as the basis for this penalty adjustment⁵. The list of conditions will be expanded in FY2015 to include chronic obstructive pulmonary disease and several cardiac and vascular surgical procedures. The number of 30-day readmissions a hospital has in a given year will be assessed and compared to the number of readmissions that are to be expected in any given hospital. Providers in the highest quartile will have all of their inpatient PPS payments reduced by 1 percent⁶. CFVMC has implemented several processes to decrease readmission rates and continues to review ways to impact this metric.

The Patient Protection and Affordable Care Act of 2010 will cover an additional 30 million people in the United States but will still leave 20 million uninsured. It will take several years for healthcare reform to take full effect. During this time, communities will struggle with patients

⁴ Lubell, J. (2010). Hospitals cry foul. *Modern Healthcare*, May 31, 2010.

⁵ Averill, R, McCullough, E, Hughes, J, Goldfield, N, & Vertrees, J., et al. (2009). Redesigning the Medicare inpatient PPS to reduce payments to hospitals with high readmission rates. *Health Care Financing Review*, 30(4), 1-15.

⁶ Mulvany, C. (2010). Healthcare reform: the good, the bad, and the transformational. *Healthcare financial management*, (June), 52-59

who will remain uncovered by Medicaid and private insurance. Core safety net providers typically include public hospitals, community health centers, and local health departments, as well as special service providers such as AIDS and school-based clinics. In some communities, teaching and community hospitals like CFVMC, private physicians, and ambulatory care sites fill the role of core safety net providers.

The Acute Care Committee has discussed the unknown impact of The Patient Protection and Affordable Care Act of 2010 and changing trends in inpatient acute care services at the last two Acute Care Committee meetings. This Petition is consistent with the discussions held by the Acute Care Committee.

IV. Duplication of Health Resources

Cape Fear Valley Medical Center is the only hospital located in Cumberland/Hoke Service Area and serves as referral center for surrounding counties. Because of Cape Fear Valley Medical Center's unique situation, there will not be a duplication of services. A duplication of services suggests that there would be an excess of services within the market. The data and the narrative provided demonstrates that while there is an identified need for additional acute care beds in Cumberland/ Hoke Service Area in the *Proposed 2013 SMFP* there are 134 beds in the area not yet developed and other circumstances in the market which make removing the need for 119 additional beds from the *Proposed 2013 SMFP* is the most reasonable health planning decision.

V. Consistency with SMFP Basic Principles

The petition is consistent with the provisions of the Basic Principles of the State Medical Facilities Plan.

1. Safety and Quality Basic Principle

The State of North Carolina recognizes the importance of systematic and ongoing improvement in the quality of health services. Providing care in a timely manner is a key component of assuring safety and quality care to the citizens of Cumberland/Hoke Service Area and western North Carolina. Emerging measures of quality address both favorable clinical outcomes and patient satisfaction, while safety measures focus on the elimination of practices that contribute to avoidable injury or death and the adoption of practices that promote and ensure safety. Providing appropriate care in the appropriate setting works to assure quality care. Cape Fear Valley Medical Center participates in a variety of nationally recognized metrics addressing these criteria, including programs at both the federal and state levels. CFVMC has participated in the North Carolina Hospital Quality Performance Report since initiation and has continually improved quality scores since 2007. The proposed adjusted need determination for Cumberland/Hoke Service Area is consistent with this basic principle as it will result in continued provision of care in an appropriate setting in a timely manner.

2. Access Basic Principle

Equitable access to timely, clinically appropriate and high quality health care for all the people of North Carolina is a foundation principle for the formulation and application of the North

Carolina State Medical Facilities Plan. The formulation and implementation of the North Carolina State Medical Facilities Plan seeks to reduce all of these types of barriers to timely and appropriate access. The first priority is to ameliorate economic barriers and the second priority is to mitigate time and distance barriers. The SMFP is developed annually as a mechanism to assure the availability of necessary health care services to a population. The proposed adjustment will not negatively impact access to inpatient services for residents of Cumberland and Hoke counties as previously discussed.

The impact of economic barriers is twofold. First, individuals without insurance, with insufficient insurance, or without sufficient funds to purchase healthcare will often require public funding to support access to regulated services. Cape Fear Valley Medical Center has long been recognized as the safety net for patients regardless of income or insurance in south central North Carolina. As the tertiary provider for south central North Carolina, Cape Fear Valley Medical Center has no barriers to care for the uninsured and the underinsured.

3. Value Basic Principle

The SHCC defines health care value as maximum health care benefit per dollar expended. Disparity between demand growth and funding constraints for health care services increases the need for affordability and value in health services. Measurement of the cost component of the value equation is often easier than measurement of benefit. Cost per unit of service is an appropriate metric when comparing providers of like services for like populations. The cost basis for some providers such as Cape Fear Valley Medical Center, one of the top five providers of inpatient Medicaid days in North Carolina, may be inflated by disproportionate care to indigent and underfunded patients.

Measurement of benefit is more challenging. Standardized safety and quality measures, when available, can be important factors in achieving improved value in the provision of health services. Cape Fear Valley Medical Center participates in a variety of benchmark programs to compare the use of inpatient and outpatient resources to other large to learn from like hospitals and decrease costs wherever possible.

In addition, if the proposed bed need adjustment for Cumberland/Hoke Service Area is approved, the substantial cost of adding an unneeded acute care bed in the Cumberland/Hoke Service Area will be avoided.

VI. Summary

For all of these reasons, Cape Fear Valley Health System believes that removing the 119 bed need for Cumberland/Hoke County from the *Proposed 2013 SMFP* is the most reasonable health planning option at this time. CFVHS believes that a better understanding of the impact of the beds under development and the impact of health care reform is needed. Further, this action is consistent with discussions held by members of the SHCC Acute Care Committee at the April and May meetings of the Acute Care Committee regarding the impact of ongoing changes in health care.

The Petitioners request that the State Health Coordinating Council adjust the need determination as requested. Therefore, the Petitioners specifically request a specific adjustment in the *Proposed 2013 SMFP* approving their request to:

Adjust Table 5A: Acute Care Bed Need Projections for Cumberland/Hoke Service Area to remove 119 additional acute care beds in Column K. and to delete the need for acute care beds in Cumberland/Hoke in Table 5B: Acute Care Bed Need Determinations in the *Proposed 2013 State Medical Facilities Plan (SMFP)*.

Thank you for consideration of the Petition.

ATTACHMENT 1

**Cape Fear Valley Health System
Acute Care Bed Need Additions**

Since 2004, CFVMC has received CON approval to develop 202 additional acute care beds to meet the increasing demand in the market. The following table illustrates the timeframe for approval of these changes in bed capacity, the most recent of which was in 2012.

**Cape Fear Valley Medical Center
Changes in Acute Care Bed Capacity**

Approved Beds		CON Project ID
FY05	46	M-7096-04
FY06	44	M-7093-04 & cost overrun M-7436-05
FY07	25	M-7616-06
FY08	22	M-7926-07
FY12	65	M-8689-11
Total CFVHS New Acute Care Beds	202	
Beds Developed	96	
Beds Under Development	106	41 beds shifted to Hoke Community Medical Center under N-8499-10 and 65 beds from M-8689-11

Source: Hospital records.

Of the 202 additional acute care beds CON approved for Cape Fear Valley Health System, 96 have been developed¹ and currently are operational; 41 acute care beds are under development as a full service community hospital in Hoke County (CON Project I.D. # N-8499-10); and, 65 beds were recently approved for a new community hospital in northern Cumberland County (CON Project I.D. # N-8689-11).

There also is a CON under review for 28 additional beds at CFVMC as a result of bed need in the 2012 SMFP. That's 230 new acute care beds that have been developed or will be developed in Cumberland/Hoke since the first approval was received in 2004.

¹ The CFVMC Pavilion opened in 2008 with 90 acute care beds and six patient rooms within existing units at CFVMC have been converted to acute care beds.

ATTACHMENT 2

CFVMC Historical Patient Days						
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Five Yr Avg Annual Growth Rate 07-11
Patient Days (Excludes Normal Newborn, Psy, Rehab, Substance Abuse)	136,755	145,017	150,096	154,432	170,061	
Annual Growth Rate		6.0%	3.5%	2.9%	10.1%	5.6%
Admissions	27,113	28,846	29,108	29,287	31,468	
Annual Growth Rate		6.4%	0.9%	0.6%	7.4%	3.8%
ADC	374.7	397.3	411.2	423.1	465.9	
ALOS	5.04	5.03	5.16	5.27	5.40	
Licensed Bed Capacity	397	487	490	490	490	
Licensed and Approved Bed Capacity	509	531	531	531	531	
Annual Growth Rate		6.0%	3.5%	2.9%	10.1%	5.6%
Occupancy Licensed Beds	94.4%	81.6%	83.9%	86.3%	95.1%	
Occupancy Licensed and Approved Beds	73.6%	74.8%	77.4%	79.7%	87.7%	
Occupancy Licensed, plus 49 Temporary Licensed Beds					80.3%	

Source: SMFP; Proposed 2013 SMFP Thomson Days

Note: CFVMC has operated with a DHSR approved 10% temporary increase in licensed acute care beds, (49 additional acute care beds) continually since March 2011.

ATTACHMENT 3



Attachment 3

**North Carolina Department of Health and Human Services
Division of Health Service Regulation
Acute and Home Care Licensure and Certification Section
2712 Mail Service Center v Raleigh, North Carolina 27699-2712**

Beverly Eaves Perdue, Governor
Lanier M. Cansler, Secretary
Drexdal Pratt, Director

<http://www.ncdhhs.gov/dhsr>

Azzie Y. Conley, Chief
Phone: 919-855-4620
Fax: 919-715-3073

March 7, 2011

Mr. Michael Nagowski, CEO
Cape Fear Valley Medical Center
P O Box 2000
Fayetteville, NC 28461

RE: Approval for Temporary Increase in Licensed Acute Care Beds

Dear Mr. Nagowski:

This letter is in response to your correspondence of March 3, 2011, requesting a temporary bed increase of a total of 49 beds. Based on review of the information you submitted, the request to temporarily activate the sum total of 49 additional beds is approved, effective March 3, 2011, through May 2, 2011.

It should be noted that this determination is based solely on the facts represented by you and that any change in the facts as represented would require further consideration by this Agency and a separate determination. Should you have questions, please do not hesitate to contact me at the above number.

Sincerely,

Azzie Y. Conley

Azzie Y. Conley, RN,

cc: Section Chief, Certificate of Need (via email)
Section Chief, Construction (via email)
Sandy Godwin, Executive Director of Planning

/AYC





**North Carolina Department of Health and Human Services
Division of Health Service Regulation
Acute and Home Care Licensure and Certification Section
2712 Mail Service Center v Raleigh, North Carolina 27699-2712**

Beverly Eaves Perdue, Governor
Lanier M. Cansler, Secretary
Drexdal Pratt, Director

<http://www.ncdhs.gov/dhsr>

Azzie Y. Conley, Chief
Phone: 919-855-4620
Fax: 919-715-3073

May 2, 2011

Mr. Michael Nagowski, CEO
Cape Fear Valley Medical Center
P O Box 2000
Fayetteville, NC 28461

RE: Approval for Temporary Increase in Licensed Acute Care Beds

Dear Mr. Nagowski:

This letter is in response to your correspondence of April 26, 2011, requesting a temporary bed increase of a total of 49 beds. Based on review of the information you submitted, the request to temporarily activate the sum total of 49 additional beds is approved, effective May 2, 2011 through July 1, 2011.

It should be noted that this determination is based solely on the facts represented by you and that any change in the facts as represented would require further consideration by this Agency and a separate determination. Should you have questions, please do not hesitate to contact me at the above number.

Sincerely,

Azzie Y. Conley

Azzie Y. Conley, RN,

cc: Section Chief, Certificate of Need (via email)
Section Chief, Construction (via email)
Sandy Godwin, Executive Director of Planning

/AYC





**North Carolina Department of Health and Human Services
Division of Health Service Regulation
Acute and Home Care Licensure and Certification Section
2712 Mail Service Center v Raleigh, North Carolina 27699-2712**

Beverly Eaves Perdue, Governor
Lanier M. Conner, Secretary
Drexel Pratt, Director

<http://www.ncdhhs.gov/dhsr>

Azzie Y. Conley, Chief
Phone: 919-855-4620
Fax: 919-715-3073

June 30, 2011

Mr. Michael Nagowski, CEO
Cape Fear Valley Medical Center
P O Box 2000
Fayetteville, NC 28461

RE: Approval for Temporary Increase in Licensed Acute Care Beds

Dear Mr. Nagowski:

This letter is in response to your correspondence of June 29, 2011, requesting a temporary bed increase of a total of 49 beds. Based on review of the information you submitted, the request to temporarily activate the sum total of 49 additional beds is approved, effective July 1, 2011 through August 30, 2011.

It should be noted that this determination is based solely on the facts represented by you and that any change in the facts as represented would require further consideration by this Agency and a separate determination. Should you have questions, please do not hesitate to contact me at the above number.

Sincerely,

Azzie Y. Conley

Azzie Y. Conley, RN,

cc: Section Chief, Certificate of Need (via email)
Section Chief, Construction (via email)
Sandy Godwin, Executive Director of Planning

/AYC





North Carolina Department of Health and Human Services
Division of Health Service Regulation
Acute and Home Care Licensure and Certification Section
2712 Mail Service Center v Raleigh, North Carolina 27699-2712

Beverly Eaves Perdue, Governor
Lanier M. Causler, Secretary
Drexdal Pratt, Director

<http://www.ncdhs.gov/dhsr>

Azzie Y. Conley, Chief
Phone: 919-355-4620
Fax: 919-715-3073

August 31, 2011

***AMENDED**

Mr. Michael Nagowski, CEO
Cape Fear Valley Medical Center
P O Box 2000
Fayetteville, NC 28461

RE: Approval for Temporary Increase in Licensed Acute Care Beds

Dear Mr. Nagowski:

This letter is in response to your correspondence of August 30, 2011, requesting a temporary bed increase of a total of 49 beds. Based on review of the information you submitted, the request to temporarily activate the sum total of 49 additional beds is approved, effective *September 1, 2011 through *October 31, 2011.

It should be noted that this determination is based solely on the facts represented by you and that any change in the facts as represented would require further consideration by this Agency and a separate determination. Should you have questions, please do not hesitate to contact me at the above number.

Sincerely,

Azzie Y. Conley

Azzie Y. Conley, RN,

cc: Section Chief, Certificate of Need (via email)
Section Chief, Construction (via email)
Sandy Godwin, Executive Director of Planning

/AYC





North Carolina Department of Health and Human Services
Division of Health Service Regulation
Acute and Home Care Licensure and Certification Section
2712 Mail Service Center v Raleigh, North Carolina 27699-2712

Beverly Eaves Perdue, Governor
Lanier M. Cansler, Secretary
Drexdal Pratt, Director

<http://www.ncdhhs.gov/dhsr>

Azzie Y. Conley, Chief
Phone: 919-855-4620
Fax: 919-715-3073

November 1, 2011

Mr. Michael Nagowski, CEO
Cape Fear Valley Medical Center
P O Box 2000
Fayetteville, NC 28461

RE: Approval for Temporary Increase in Licensed Acute Care Beds

Dear Mr. Nagowski:

This letter is in response to your correspondence of October 27, 2011, requesting a temporary bed increase of a total of 49 beds. Based on review of the information you submitted, the request to temporarily activate the sum total of 49 additional beds is approved, effective November 1, 2011 through December 31, 2011.

It should be noted that this determination is based solely on the facts represented by you and that any change in the facts as represented would require further consideration by this Agency and a separate determination. Should you have questions, please do not hesitate to contact me at the above number.

Sincerely,

Azzie Y. Conley

Azzie Y. Conley, RN,

cc: Section Chief, Certificate of Need (via email)
Section Chief, Construction (via email)
Sandy Godwin, Executive Director of Planning

/AYC





**North Carolina Department of Health and Human Services
Division of Health Service Regulation
Acute and Home Care Licensure and Certification Section
2712 Mail Service Center v Raleigh, North Carolina 27699-2712**

Beverly Eaves Perdue, Governor
Lanier M. Cansler, Secretary
Drexdal Pratt, Director

<http://www.ncdhhs.gov/dhsr>

Azzie Y. Conley, Chief
Phone: 919-855-4620
Fax: 919-715-3073

December 29, 2011

Mr. Michael Nagowski, CEO
Cape Fear Valley Medical Center
P O Box 2000
Fayetteville, NC 28461

RE: Approval for Temporary Increase in Licensed Acute Care Beds

Dear Mr. Nagowski:

This letter is in response to your correspondence of December 22, 2011, requesting a temporary bed increase of a total of 49 beds. Based on review of the information you submitted, the request to temporarily activate the sum total of 49 additional beds is approved, effective January 1, 2012 through March 1, 2012.

It should be noted that this determination is based solely on the facts represented by you and that any change in the facts as represented would require further consideration by this Agency and a separate determination. Should you have questions, please do not hesitate to contact me at the above number.

Sincerely,

Azzie Y. Conley

Azzie Y. Conley, RN,

cc: Section Chief, Certificate of Need (via email)
Section Chief, Construction (via email)
Sandy Godwin, Executive Director of Planning

/AYC





**North Carolina Department of Health and Human Services
Division of Health Service Regulation
Acute and Home Care Licensure and Certification Section
2712 Mail Service Center v Raleigh, North Carolina 27699-2712**

Beverly Eaves Perdue, Governor
Lanier M. Cansler, Secretary
Drexel Pratt, Director

<http://www.ncdhhs.gov/dhsr>

Azzie Y. Conley, Chief
Phone: 919-855-4620
Fax: 919-715-3073

February 23, 2012

Mr. Michael Nagowski, CEO
Cape Fear Valley Medical Center
P O Box 2000
Fayetteville, NC 28461

RE: Approval for Temporary Increase in Licensed Acute Care Beds

Dear Mr. Nagowski:

This letter is in response to your correspondence of February 23, 2012, requesting a temporary bed increase of a total of 49 beds. Based on review of the information you submitted, the request to temporarily activate the sum total of 49 additional beds is approved, effective March 2, 2012 through May 1, 2012.

It should be noted that this determination is based solely on the facts represented by you and that any change in the facts as represented would require further consideration by this Agency and a separate determination. Should you have questions, please do not hesitate to contact me at the above number.

Sincerely,

Azzie Y. Conley

Azzie Y. Conley, RN,

cc: Section Chief, Certificate of Need (via email)
Section Chief, Construction (via email)
Sandy Godwin, Executive Director of Planning

/AYC





North Carolina Department of Health and Human Services
Division of Health Service Regulation
Acute and Home Care Licensure and Certification Section
2712 Mail Service Center v Raleigh, North Carolina 27699-2712

Beverly Eaves Perdue, Governor
Albert A. Della, Acting Secretary
Drexdal Pratt, Division Director

<http://www.ncdhhs.gov/dhsr>

Azzie Y. Conley, Chief
Phone: 919-855-4620
Fax: 919-715-3073

May 4, 2012

Mr. Michael Nagowski, CEO
Cape Fear Valley Medical Center
P O Box 2000
Fayetteville, NC 28461

RE: Approval for Temporary Increase in Licensed Acute Care Beds

Dear Mr. Nagowski:

This letter is in response to your correspondence of April 25, 2012, requesting a temporary bed increase of a total of 49 beds. Based on review of the information you submitted, the request to temporarily activate the sum total of 49 additional beds is approved, effective May 2, 2012 through July 1, 2012.

It should be noted that this determination is based solely on the facts represented by you and that any change in the facts as represented would require further consideration by this Agency and a separate determination. Should you have questions, please do not hesitate to contact me at the above number.

Sincerely,

Azzie Y. Conley

Azzie Y. Conley, RN,

cc: Section Chief, Certificate of Need (via email)
Section Chief, Construction (via email)
Sandy Godwin, Executive Director of Planning

/AYC





**North Carolina Department of Health and Human Services
Division of Health Service Regulation
Acute and Home Care Licensure and Certification Section
2712 Mail Service Center v Raleigh, North Carolina 27699-2712**

Beverly Eaves Perdue, Governor
Albert A. Delia, Acting Secretary
Drexdal Pratt, Division Director

<http://www.ncdhhs.gov/dhsr>

Azzie Y. Conley, Chief
Phone: 919-855-4620
Fax: 919-715-3073

July 2, 2012

Mr. Michael Nagowski, CEO
Cape Fear Valley Medical Center
P O Box 2000
Fayetteville, NC 28461

RE: Approval for Temporary Increase in Licensed Acute Care Beds

Dear Mr. Nagowski:

This letter is in response to your correspondence of **June 27, 2012**, requesting a temporary bed increase of a total of 49 beds. Based on review of the information you submitted, the request to temporarily activate the sum total of 49 additional beds is approved, effective **July 2, 2012** through **August 31, 2012**.

It should be noted that this determination is based solely on the facts represented by you and that any change in the facts as represented would require further consideration by this Agency and a separate determination. Should you have questions, please do not hesitate to contact me at the above number.

Sincerely,

Azzie Y. Conley

Azzie Y. Conley, RN,

cc: Section Chief, Certificate of Need (via email)
Section Chief, Construction (via email)
Sandy Godwin, Executive Director of Planning

/AYC



ATTACHMENT 4

fayobserver.com

Published: 06:14 AM, Mon Jan 30, 2012

BRAC's promise of new development, jobs slow to come to Cape Fear region

By Drew Brooks
Staff writer

For years, business and community leaders surrounding Fort Bragg have used BRAC as a buzzword for growth.

But months after the process to realign military bases came to an end, many of BRAC's lofty expectations remain unfulfilled in Cumberland County and the Cape Fear region.

Around Fort Bragg, three business parks - two in Fayetteville and another in Spring Lake - were supposed to be the heart of a thriving defense industry.

Today, those parks are largely undeveloped.

While area leaders continue to tout the substantial benefits that base realignment has brought to the region, some acknowledge that the gains have failed to live up to the pre-BRAC hype.

Economists at North Carolina State University and the University of North Carolina at Chapel Hill say many of the counties bordering Fort Bragg had unrealistic expectations of BRAC's impact - expectations that were further dampened by a nationwide recession.

Michael Walden, a professor at N.C. State, and John D. Kasarda, a professor at UNC, said the belief that defense contractors would fill business parks around Fort Bragg immediately after BRAC was a fallacy.

Economic development simply doesn't happen that quickly, they said.

"There's always a lag. This is not at all surprising," Kasarda said. "You may see movement in a year or so, but BRAC won't fully manifest itself for another five to 10 years."

Walden, meanwhile, warned that further BRAC gains may be delayed or derailed by cuts in the defense budget, which have yet to be fully detailed by the federal government.

In a budget preview presented Thursday, Defense Secretary Leon Panetta outlined a plan to save \$259 billion in the next five years by combining a 100,000-troop reduction with cuts to personnel costs and the retirement of aging planes and ships.

Panetta said the Department of Defense plans to eliminate at least eight combat brigades and will ask Congress for an additional round of base realignment.

On Fort Bragg, officials have already responded to the looming budget cuts by eliminating more than 400 civilian jobs, including gate guards and ground maintenance workers, and replacing them with active-duty soldiers.

The region's dependence on the military may prove to be a hindrance if cuts are too deep, Walden said.

"You want to have a diverse economy," he said. "You don't want to have a one-company town."

The cornerstone of the BRAC moves - the new headquarters for Forces Command and U.S. Army Reserve Command - has brought about 2,800 high-paying jobs to Fort Bragg.

But so far, the headquarters has failed to attract anywhere near the 1,000 defense contractors that leaders of a BRAC task force predicted would follow "to maintain their close proximity to key Army decision-makers."

Partly as a result, the county's three new military business parks have gone largely unfilled.

The Freedom Center, a planned 37-acre park in Spring Lake, is in limbo after the town in December cut ties with the developers who had agreed to buy the property in 2009 but failed to complete the deal.

The land remains covered in dense pine, although one defense contractor, RLM Communications, has built two buildings on 10 acres next door.

That's a far cry from what the Gentry Group's partners, Rocky Keim of Raleigh and Bob Stafford of Southern Pines, predicted when they pitched their proposed military park to Spring Lake officials. Back then, they said



Staff photo by Raul R. Rubiera

The All American Military Business Park, which is south of Fort Bragg, has only one tenant on

Attachment 4

they planned to invest tens of millions of dollars over five years to develop the park. Instead, they never invested a dime.

South of Fort Bragg, the All-American Military Business Park has just one tenant on its 215-acre tract, which is three times the size of Cross Creek Mall.

The development, owned by Dohn and Nancy Broadwell, was handcuffed by restrictions caused by traffic on nearby Sante Fe Drive. A broker for the property said road improvements are under way that could allow building permits to be issued for the park.

For now, the Partnership for Defense Innovation's Research and Development Lab is the park's only tenant, but the Fayetteville-Cumberland County Chamber of Commerce said there is continued interest from potential tenants.

The third military business center, Patriot Park, is the most developed. The mixed-use development on Andrews Road includes a residential area, a Fayetteville fire station and the River Landing Center, home to defense contractor The Logistics Co.

Only three lots are still for sale in the development.

BRAC promises remain unfulfilled in other areas, as well.

Population estimates released in 2006 had Cumberland County growing to nearly 400,000 by 2013 as a result of base realignment. The state's most recent estimates place the county's population at slightly more than 325,000.

The county, which was expected to receive the bulk of civilian jobs tied to the BRAC movement, has a high unemployment rate now - 9.5 percent in November - than the 9.2 percent rate in November 2009, the figure used in a January 2010 study on BRAC's impact by Fayetteville State University and the University of North Carolina at Pembroke.

Part of the reason is that instead of moving to Cumberland County, thousands of newcomers bought homes in the up-and-coming rural areas of Hoke and Harnett counties near Fort Bragg.

One of those communities, Anderson Creek in Harnett County, has expanded to a total of 600 homes, with about 70 percent owned by service members.

The development, where home prices average \$300,000, sits on 1,700 acres and could one day hold as many as 4,000 families, according to Lee Handsel, vice president of sales and marketing.

Last year was the development's best, Handsel said, and 12 homes already have been sold since the start of this year.

But not even those lofty numbers have quite lived up to expectations.

"BRAC was a good help for us," Handsel said. "But we, like everyone, were hoping for more."

One of the developers of Anderson Creek, David Levinson, had previously said he believed the community would be at capacity by 2013.

"As soon as BRAC's through, we're through," Levinson said in 2009. "We have 1,000 people living here now. We'll have 10,000 in a few years."

While sales are still brisk, they are thousands short of the development's full potential with less than two years to spare on Levinson's goal.

Despite the unfulfilled expectations in some areas, BRAC continues to be an economic juggernaut for the Cape Fear region.

Since 2009 - largely because of the recession, BRAC and the impact war has had on Fort Bragg - Fayetteville has been among the nation's leaders in a number of economic indicators, including:

- Personal income grew by 5.5 percent in the Fayetteville metro area, the biggest gain in North Carolina and nearly double the national average, according to the U.S. Bureau of Economic Analysis. Most of Fayetteville's income gains were classified as military earnings.
- The Fayetteville metro area's per capita income rose from near the bottom in the state in 1999 to the second highest a decade later, surpassing Raleigh-Durham and Charlotte.
- Fayetteville's economy grew 4.1 percent in 2010, well above the national average, according to the U.S. Bureau of Economic Analysis.
- Between 2007 and 2009, the economies of U.S. metropolitan areas shrank by an average of 2.8 percent. Of 366 metro areas, only 76 saw growth. Fayetteville ranked 24th among them, growing by 8 percent to \$14.6 billion in 2009.

"Compared to other metropolitan areas in the state, Fayetteville has held up very well over the recession," said Walden, the N.C. State economist. "There's been very little job loss. That's unique to the large metro areas."

BRAC's influence can be felt in other ways, as well.

Attachment 4

At the Fort Bragg Regional Alliance, the organization tasked with predicting BRAC's effects and planning for them, board Chairman Tim McNeill can count off a list of achievements.

McNeill said a direct flight from Fayetteville to Washington, federal and state funding for major highway and road projects, and an influx of retail and commercial development in Hoke and Harnett counties are all wins made possible by BRAC and efforts by groups such as the Alliance, formerly known as the BRAC Regional Task Force.

McNeill, a Harnett County commissioner, has watched firsthand as the southwest corner of his county has boomed in recent years.

Local economic leaders have stressed that it's too soon to issue a verdict on BRAC.

"The perfect storm exists here," said Doug Peters, president and chief executive officer of the Fayetteville-Cumberland County Chamber of Commerce. "When all the conditions are in your favor, you have what we have. I don't think we've seen all that we're going to see."

Peters acknowledged the development delays at the military business parks, but he said many defense contractors have leased office space and are waiting out the recession and impending budget cuts before committing to their own buildings.

"They are doing a whole lot more with less," Peters said. "As the economy continues to improve, I think you're going to see more growth happen."

Greg Taylor, executive director of the Alliance, said major contractors such as Booz Allen Hamilton and Raytheon have already set up shop near Fort Bragg, and interest from other companies is starting to increase.

He said the region could expect to see the full impact of having Forces Command and Army Reserve Command at Fort Bragg within a decade, based on past BRAC changes.

Peters believes most of BRAC's expectations have been fulfilled, noting such homegrown contractors as The Logistics Co., K3 Enterprises at Festival Park Plaza and Worldwide Language Resources in the old Public Works Commission building on Hay Street.

"A lot of local companies are, in fact, growing here," he said, adding that mainstays such as Goodyear and Eaton Corp. are not tied to the defense industry but also have added jobs in recent years.

Peters stressed that in economic development, results are not always immediate.

"We're running this marathon called economic development, and everyone is waiting for a sprinter to cross the finish line," Peters said. "But there is no finish line. It's not an overnight process."

McNeill said the Alliance, funded by taxpayer money from an 11-county region, will continue to live on as a leader in resolving BRAC-related issues, such as insufficient roads and overburdened schools.

It will prepare for the possibility of another round of base realignment, if upcoming budget cuts call for such a thing, he said.

"A lot of people had misconceptions on how BRAC was going to happen," McNeill said. "But for the region, it been a blessing. We've kept people employed. There's a lot of successes that people can point to."

Staff writer Drew Brooks can be reached at brooksd@fayobserver.com or 486-3567.

Recommend : 12

ATTACHMENT 5

CFVMC Acute Care Utilization (Excludes HRSH, Gen Nur, Rehab & Psych)

	FY10						FY11						Most Current Six Months
	June	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
Days	30	31	31	30	31	30	31	31	28	31	30	31	
Admissions	12,507	13,259	13,797	13,078	14,000	12,931	14,199	14,644	13,658	14,919	14,252	14,837	86,509
ALOS	2,420	2,488	2,558	2,427	2,659	2,511	2,663	2,636	2,496	2,697	2,446	2,642	15,580
ADC	5.17	5.33	5.39	5.39	5.27	5.15	5.33	5.56	5.47	5.53	5.83	5.62	5.55
	416.9	427.7	445.1	435.9	451.6	431.0	458.0	472.4	487.8	481.3	475.1	478.6	475.3
	FY11						FY12						
Days	30	31	31	30	31	30	31	31	28	31	30	31	
Admissions	14,205	15,199	13,976	12,989	13,915	13,637	14,642	14,890	13,307	15,159	13,803	13,869	85,670
ALOS	2,529	2,660	2,802	2,727	2,763	2,623	2,710	2,724	2,572	2,749	2,555	2,543	15,853
ADC	5.62	5.71	4.99	4.76	5.04	5.20	5.40	5.47	5.17	5.51	5.40	5.45	5.40
	473.5	490.3	450.8	433.0	448.9	454.6	472.3	480.3	458.9	489.0	460.1	447.4	468.1
	Variance												
Days	1,698	1,940	179	(89)	(85)	706	443	246	(351)	240	(449)	(968)	(839)
Admissions	109	172	244	300	104	112	47	88	76	52	109	(99)	273
ALOS	0.45	0.38	(0.41)	(0.63)	(0.23)	0.05	0.07	(0.09)	(0.30)	(0.02)	(0.42)	(0.16)	(0.15)
ADC	56.6	62.6	5.8	(3.0)	(2.7)	23.5	14.3	7.9	(12.1)	7.7	(15.0)	(31.2)	(7.2)

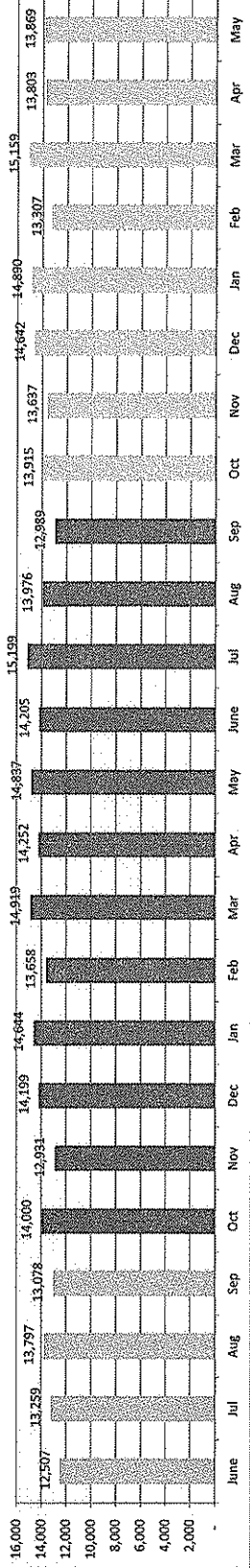
Data Source: Census Report/sheps tab

CFVMC Acute Care (Excludes HRSH, Gen Nur, Rehab & Psych)

	FY10			FY11			FY12					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
Days	13,259	13,797	13,078	14,000	12,991	14,199	14,644	13,658	14,919	14,252	14,837	15,199
Admissions	2,420	2,558	2,427	2,659	2,511	2,662	2,636	2,496	2,697	2,446	2,642	2,529
ALOS	5.2	5.3	5.4	5.3	5.1	5.8	5.6	5.5	5.5	5.8	5.6	5.7
ADC	416.9	427.7	445.1	435.9	431.0	458.0	472.4	487.8	481.3	475.1	478.6	490.3

Data Source: Census Report/sheeps tab

Days



ADC

