

Public Hearing Presentation
Brown Building, 801 Biggs St. Raleigh NC
August 1, 2012

Good afternoon. My name is Robert McBride. I am a board-certified orthopedic surgeon and President of OrthoCarolina. With more than 117 highly trained physicians, OrthoCarolina is one of the largest, most comprehensive orthopedic practices in the nation. OrthoCarolina is submitting a petition request for an adjusted need determination for sixteen skilled nursing beds to be used in conjunction with an existing or approved orthopedic ambulatory surgical facility located in Mecklenburg County.

Across the United States, joint replacement surgery is increasingly being performed in ambulatory surgical facilities. New surgical techniques and anesthetics, along with more advanced rehabilitation protocols, allow patients to utilize the ambulatory surgery center with much lower risk and much lower post-operative complications than hospitals. This arrangement has proven to be more cost effective as compared to a hospital admission. In our petition we identify ten ambulatory surgery centers that are routinely performing total joint replacement procedures. Some of the ambulatory surgery centers in other states have established small hotel-like rehabilitation and nursing facilities that are licensed and operated as skilled nursing facilities. The Orthopaedic & Sports Institute of Fox Valley and its surgery center in Appleton, Wisconsin opened a Recovery Inn that is specifically designed for patients undergoing rehabilitation following joint replacement. This is the model for post surgical recovery care that we believe will be of great benefit to the citizens of North Carolina.

Multiple factors justify our request:

Demand for partial and total joint replacement surgery has increased dramatically in recent years due to changes in technology and demographics. The US Agency for Healthcare Research and Quality reports joint replacement for 620,192 knees and 284,708 hips in 2009. The number of knee replacements has risen 144 percent for men

and 157 percent for women from 1997 to 2009. The growth has been even faster for those under 65, more than tripling over the same period.

Over the years, we have experienced high growth for joint replacement procedures. OrthoCarolina surgeons performed approximately 4,195 partial and total joint replacement surgeries, excluding revisions, during the previous year. We predict that at least 15 percent of this number of patients would be good candidates for joint replacement procedures in an ambulatory surgery facility based on the patient's health history, type of procedures and insurance coverage.

Our request for an adjusted need determination is consistent with Policy NH-8: Innovations in Nursing Facility Design which states that nursing facilities shall pursue innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of the patients.

Joint replacement surgery performed in an ambulatory surgery facility, combined with admission to the skilled nursing facility, is expected to save 30 to 40 percent as compared to a hospital admission for the same procedure. The facility would also be able to accept and provide rehabilitation services to Medicare patients who have a three day hospital stay following their joint replacement procedure in the hospital.

Our petition also requests that the administrative rules 10A NCAC 14C.1102 (b) that requires the facility to reach 90 percent occupancy in the second year of operation be deemed not applicable for the sixteen requested nursing facility beds because the census will fluctuate during the week and patient lengths of stay will be much shorter than those in traditional nursing and rehabilitation facilities.

This petition request is for specialized skilled nursing beds that are different than any of the existing nursing facility beds in Mecklenburg County. The beds will be utilized only by orthopedic ambulatory surgical patients and some orthopedic hospital patients who

have had three day hospitalizations prior to being admitted to the nursing facility beds. The requested adjustment would not cause unnecessary duplication because no skilled nursing facilities have thus far been developed in North Carolina to provide coordinated rehabilitative care with an orthopedic ambulatory surgical facility. OrthoCarolina requests an allocation of sixteen nursing facility beds, which represents only 0.52 percent of the total capacity of the inventory in Mecklenburg County. The requested adjusted need determination is an innovative model of care that has proven successful in facilities throughout the country.

If the petition request is denied, several adverse effects are predicted. Residents of Mecklenburg County will lack access to outpatient total joint ambulatory surgery in coordination with the recovery center's nursing facility beds. Although nursing facility beds are available in Mecklenburg County, most of these are in high demand to serve long term patients with a broad array of diagnoses. A second adverse effect is that healthcare costs for total joint procedures and hospital inpatient days of care will remain at the current high levels with no competitive pressure to hold down charges. Without the approval of the adjusted need determination, some patients from North Carolina may choose to utilize ambulatory surgery facilities in other states or counties that offer total joint surgery in ambulatory surgery centers and lower cost post-surgical care facilities.

In summary, OrthoCarolina believes that the State Health Coordinating Council supports innovative healthcare proposals to enhance access, quality and cost savings. Approval of the petition request for sixteen nursing facility beds will improve patient access to high quality and affordable joint replacement ambulatory surgery and post-surgical recovery.

Thank you. I would be happy to answer any questions you may have.