



August 17, 2012

Ms. Nadine Pfeiffer, Branch Manager
North Carolina Division of Health Service Regulation
Medical Facilities Planning Branch
2714 Mail Service Center
Raleigh, North Carolina 27699-2714

Re: Comment re: OrthoCarolina Petition

Dear Ms. Pfeiffer:

NCHA wishes to comment on a petition submitted by OrthoCarolina for an additional 16 bed nursing beds to be located in Mecklenburg County. The petition proposes a planned rehabilitation and recovery unit, to be located in a skilled nursing facility, for patients who have had total joint replacement surgery.

NCHA believes that the scope and nature of the petition warrants serious discussion and consideration by the State Health Coordinating Council and DHSR staff. The petition's proposal to develop new skilled nursing beds for a short term, largely non-Medicare or Medicaid population represents a significant change from the SMFP's current policies for nursing home beds, as does its request for relaxation of the existing certificate of need rule on occupancy expectations (10 NCAC 14C.1102 (b)). The potential impact on existing sites of orthopedic surgery and acute rehabilitation services would also likely be of concern to members of both the Long Term and Behavioral Health and Acute Care Services Committees. This petition should therefore be addressed as a policy directed petition submitted during the winter cycle and reviewed by both committees.

The petition proposes what it states is a less costly alternative for surgery. The petition also includes at least two reasons why it may be able to provide surgery at a lower cost.

1. One of OrthoCarolina's current patient selection criteria includes insurance coverage. If only insured patients are seen in the applicant's facility, the center would not face the additional cost of caring for the uninsured. These costs are borne by hospitals and are subsequently reflected in higher charges to insured patients.
2. OrthoCarolina includes other patient selection criteria that, while based on patient safety considerations, also represent a lower cost segment of the overall population needing total joint surgery. The petition indicates that only 15-20% of patients needing surgery would be potential candidates to have it in this setting. So only the healthiest patients, and therefore the least costly, would qualify to have their procedure in the proposed ASC/SNF setting.

In both instances it is evident that the petition's claim for a significantly lower cost is based on a business model that provides care to less sick and better insured patient population. The petitioner's claim for significant cost savings must be reviewed in this context.



Step 4 of the SMFP's "Instructions for Writing Petitions for Adjustments to Need Determinations" requires that Petitions for adjustments to need determinations provide evidence that the proposal would not result in unnecessary duplication of health services in the area. According to the 2013 Proposed State Medical Facilities Plan, Mecklenburg County has a surplus of 658 nursing beds and the petition represents a duplication of these existing services. The petitioner has not discussed why a partnership with an existing nursing facility was not considered.

Thank you for the opportunity to comment. Please feel free to contact me at 919.677.4233 if you have questions.

Sincerely,

Mike Vicario
Vice-President of Regulatory Affairs