

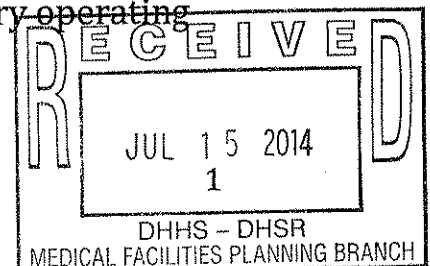
Members of the committee, thank you for the opportunity to speak to you today.

My name is Peter Mangone and I am an orthopaedic surgeon practicing for the last 15 years with Blue Ridge Bone and Joint Clinic in Asheville and Hendersonville, North Carolina. Blue Ridge Bone and Joint Clinic is comprised of 21 physicians who deliver comprehensive orthopedic and musculoskeletal care to Western North Carolina through our affiliations with Mission Hospital and Pardee Hospital as well as our professional relationship with multiple urgent care centers throughout the region. Since 1985 BRBJ physicians have provided comprehensive orthopaedic and musculoskeletal care through office based professional services, inpatient and outpatient surgery, and emergency call coverage. We serve all categories of patients including patients who are indigent. Our physicians have participated in Project Access for many years as well as the Pardee Indigent Clinic system.

As a physician, patient, and citizen of Western North Carolina, I am here today to testify that your committee should approve a single specialty ambulatory surgery center for our area because the current CON regulations are limiting patient choice, limiting patient access, and increasing healthcare cost. This ultimately results in decreased healthcare efficiency for the patient, the doctor, and society. Nowhere is this situation more evident than in the realm of ambulatory surgery in Western North Carolina.

- The existing CON law limits patient choice

Currently patients in Western North Carolina have very limited choice as to where they can receive ambulatory surgery services. The 26 counties that comprise Health Service Area 1 in western North Carolina have a combined total population of 1.68 million people. Those patients have access to only 19 ambulatory operating rooms. The limited patient choice is further amplified when we examine other regions in the state. Mecklenburg County, which has a population of 986,502, has access to 38 licensed ambulatory operating rooms. Wake County, which has a population of 965,833, has access to 24 licensed ambulatory operating rooms located in surgery centers.



If we look at a county comparison of hours of inpatient vs. outpatient surgery, the lack of choice for my patients becomes even more evident. This data is taken from North Carolina Division of Health Services Regulation Medical Facilities Planning section.

Hours of surgery	Type of ORs present	Projected oversupply of ORs	Comparison
Buncombe <ul style="list-style-type: none"> <li>• 36,000 inpt</li> <li>• 43,000 outpt</li> </ul>	21 inpatient 19 ambulatory 13 shared  Total = 53 ORs	3 ORs	<ul style="list-style-type: none"> <li>• <b>16% more outpatient than inpatient hrs. yet</b></li> <li>• <b>10% less ambulatory ORs than inpatient ORs</b></li> </ul>
Mecklenburg <ul style="list-style-type: none"> <li>• 99,000 inpt</li> <li>• 123,000 outpt</li> </ul>	22 inpatient 38 ambulatory 106 shared  Total = 166 ORs	18.8 ORs	<ul style="list-style-type: none"> <li>• <b>23% more outpatient than inpatient hrs. and</b></li> <li>• <b>40% more ambulatory ORs than inpatient ORs</b></li> </ul>
Wake <ul style="list-style-type: none"> <li>• 60,000 inpt</li> <li>• 89,000 outpt</li> </ul>	12 inpatient 24 ambulatory 66 shared  Total = 102 ORs	10.5 ORs	<ul style="list-style-type: none"> <li>• <b>33% more outpatient than inpatient hrs. and</b></li> <li>• <b>50% more ambulatory ORs than inpatient ORs</b></li> </ul>

To summarize, currently the citizens of both Mecklenburg and Wake Counties have significantly greater access to ambulatory surgical services but yet their individual respective populations are each approximately 40 percent smaller than the 26 counties of western North Carolina.

- The existing CON law limits patient access

For the past five years our group, Blue Ridge Bone and Joint, has submitted petitions to the North Carolina State Health Coordinating Council requesting the opportunity to submit a CON application to develop an orthopedic ambulatory surgery center. Our petitions explain that the proposed new surgery center would improve patient access in a region of the state that lacks adequate patient access. The petition also verifies that the proposed surgery center would provide service to all categories of patients, including charity care and Medicaid patients. Each year our petition requests have been denied.

We would request that this committee re-examine the status quo that currently restricts patient options in our region compared to those in other areas of the state.

- The existing CON law increases healthcare cost

Although many with opposing views will try to explain how the healthcare marketplace is different than other business marketplaces, the basic concepts of supply and demand remain unchanged, that is increased consumer choice, even in healthcare. The fewer number of operating rooms and the fewer number of patient options combine to result in higher overall costs.

Unfortunately, the reality is that the current CON law hits the middle class harder than any other group. The indigent often are able to obtain free or reduced healthcare costs through local, state, and federal aid programs. The wealthy can afford to pay higher prices. However, it is the teacher, policeman, fireman, administrative aide, and local small business owner who is most affected by these restrictive laws. Currently outpatient surgical procedures performed in a freestanding ambulatory surgery center cost approximately 40 percent less than the same cases performed in hospitals. For a \$5,000 bill, this results in a cost savings of \$2,000. For the average middle class individual/family still trying to recover from the Great Recession, I do not know anyone who would turn down the opportunity to reduce their healthcare costs by 40%.

The fact is that while there are many complicated and different financial reasons put forth as to why North Carolina should continue the current restrictive CON environment, there is one main financial reason to make it less restrictive – simply put, the cost of surgical services and healthcare will not decrease until more choices and greater supply are introduced into the marketplace.

As a medical provider and small businessman, I can certainly empathize with the difficulties hospitals face in today's healthcare environment. I face those same issues on a daily basis – these include increased overhead, increased regulations, decreased reimbursement, treating patients who don't pay their bills and/or writing off bills for indigent patients, and most recently, the challenges of the Affordable Care Act (both as a doctor and an employer). Unlike the hospital, private practice healthcare providers do not get federal subsidies to help pay for the indigent care and we do not have the benefits of tax-exempt status.

In conclusion, while hospitals do provide a valuable community service, I believe physicians who provide care in those hospitals also provide a unique and valuable service as well. On behalf of my colleagues, I submit to you that the current CON laws are inherently unfair, restrict access and in doing so, decrease patient choice and increase healthcare costs. In light of this fundamental unfairness, Blue Ridge Bone and Joint Clinic requests that you recommend your committee approve Blue Ridge Bone and Joint Clinic's petition for a single specialty ambulatory surgery center too allow the citizens of Western North Carolina access the same lower cost, improved access ambulatory facilities available other citizens of North Carolina.

Thank you for your time, attention and service to our community by volunteering for the SHCC. We appreciate the opportunity of talking directly with committee members.