

PETITION

Petition for Special Need Adjustment for Two Operating Rooms

PETITIONER

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STATEMENT OF REQUESTED ADJUSTMENT

Wilmington Health, PLLC respectfully petitions the State Health Coordinating Council to create an adjusted need determination for two additional operating rooms in New Hanover County in the *2015 State Medical Facilities Plan*.

BACKGROUND

Wilmington Health, the largest private, fully integrated, multispecialty medical group practice in Southeastern North Carolina, has been treating patients for nearly 40 years. Through more than 150 providers, including physicians and advanced care practitioners, Wilmington Health provides comprehensive medical care across multiple specialties and through many services including: audiology, cardiology, clinical pharmacy, clinical research, dermatology, diabetes education, ENT, endocrinology, gastroenterology, hearing aid services, hospitalist services, infectious diseases and travel clinic, infusion center, neurology, nutrition services, occupational health services, oncology/hematology, orthopedic surgery, physical therapy, plastic and reconstructive surgery, podiatry, pulmonology, allergy, rheumatology, robotic surgery, sleep medicine, spinal intervention, general surgery, urology, vascular surgery, and weight management. We provide care to patients in over 20 locations in three counties.

Since 1990, Wilmington Health has operated a licensed single-specialty ambulatory surgical center (ASC) with three gastrointestinal endoscopy rooms. Earlier this year, the practice received a certificate of need to convert its single-specialty ASC to a multi-specialty facility, which will enable the performance of procedures by physicians in the many specialties that are represented at Wilmington Health. That project has just become operational, expanding the types of cases that can be performed in the ASC. However, even as a multispecialty ASC, the facility will lack an operating room. While we recognize that the approval of this petition will not guarantee that the practice can obtain a certificate of need for an operating room, we believe this information is an important part of the background for our petition.

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Wilmington Health has demonstrated a commitment to keeping high quality, low cost healthcare available to all of its patients. As a cornerstone of this commitment, Wilmington Health participates in two Accountable Care Organizations (ACOs), the central goal of which is to lower costs while improving quality of care and the patient experience—goals which parallel those of healthcare reform. Specifically, ACOs are tied to the Affordable Care Act through a provision that allows Medicare to reward participating organizations that improve quality and lower costs for their Medicare population. Essentially, by incentivizing providers to improve quality and reduce costs by offering them a share of the cost savings, providers are more apt to work in a collaborative manner, which ultimately benefits patient care through the increased communication among their providers across the care continuum and the associated more complete health record. Wilmington Health has also partnered with Blue Cross and Blue Shield of North Carolina to form an ACO agreement, thereby expanding access to these benefits to patients of the largest commercial insurer in the state. This was the first insurer-provider ACO in the region.

The success of the practice's ACOs is self-evident. Overall, between 2010 and 2012, Wilmington Health has saved Medicare patients approximately \$34.1 million. Participation in these programs has transitioned Wilmington Health's culture to one that is focused on the health of populations, the reduction of unnecessary expenditures, and the patient experience. It is the success of ACOs such as Wilmington Health that have led the General Assembly and the Governor to consider using ACOs to improve quality while lowering the state's Medicaid budget. As part of the State's desire to improve the effectiveness and efficiency of healthcare, Governor McCrory and Secretary Wos toured Wilmington Health's main clinic earlier this month. A link to the press release on the DHHS website can be found at http://www.ncdhhs.gov/pressrel/2014/2014-07-03_wilmington_health.htm.

For patients cared for in one of our 20 office locations, the data collected through the ACO allows the practice and its providers to track their performance—and understand areas for improvement. While Wilmington Health has done very well in its physician clinics and GI endoscopy ASC, it cannot control facility-driven costs or quality when the surgical cases are performed in other facilities. Having operating rooms in the practice's ASC would extend the benefits of the Wilmington Health ACO to patients that currently must receive surgery in another facility. The costs and charges would be lower than hospital-based care due to the freestanding ASC setting and because of Wilmington Health's ACO participation status, which is unavailable elsewhere in the county.

As stated above, Wilmington Health understands that the addition of operating rooms to its ASC requires a certificate of need and that the approval of this petition does not guarantee the CON approval of any provider. However, given the unique strengths of Wilmington Health, we believe the opportunity to submit an application, which requires a need determination in the *SMFP*, is warranted. Further, the county needs additional operating room capacity in general, which is demonstrated later in this petition.

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History of Operating Room Development in New Hanover County

As additional background information, it is important to consider the history of operating room development in the county. Currently, surgeons at Wilmington Health perform surgery at the hospitals in New Hanover County (both licensed as part of New Hanover Regional Medical Center), as well as the one freestanding ASC in the area. Over the past few years, the number of freestanding (i.e. non hospital-based) operating rooms in the county has actually decreased, as consolidation and changes in ownership has occurred.

Prior to 2004, the only two providers with operating rooms in the county were New Hanover Regional Medical Center and Wilmington SurgCare, with the vast majority of rooms being hospital-based.

2004 SMFP New Hanover County Operating Room Inventory

Facility	Number of Operating Rooms	Percentage of Total Operating Rooms
New Hanover Regional Medical Center	30	83%
<i>Hospital-based Total</i>	30	83%
Wilmington SurgCare	6	17%
<i>ASC-based Total</i>	6	17%

Source: 2004 SMFP

Pursuant to a need determination in the 2004 SMFP, the CON Section awarded four operating rooms to a new provider, Atlantic Surgicenter, based in part on the fact that it proposed “to introduce a new provider of multi-specialty ambulatory surgical services in New Hanover County.” See Agency Findings for Project ID # O-6984-04 at page 59. That facility was eventually developed, bringing a second freestanding ASC to the county.

The 2006 SMFP included a need determination for two additional operating rooms in New Hanover County. The CON Section awarded the operating rooms to Same Day Surgery Center (SDSC), a new provider that proposed a new ASC. In its findings, the Agency recognized that the vast majority of operating rooms in the county (83.7 percent) were owned by a single entity, and that the approval of SDSC “would result in the development of an additional alternative provider of ambulatory surgical services in New Hanover County.” See Agency Findings for Project ID # O-7671-06 at page 85.

Thus, as a result of need determinations and CONs issued in the mid-2000s, New Hanover County had four approved providers with operating rooms, including the hospital and three freestanding ASC providers. As shown in the following table, the number of providers had doubled, and the number of non-hospital based operating rooms had more than doubled.

2008 SMFP New Hanover County Operating Room Inventory

Facility	Number of Operating Rooms	Percentage of Total Operating Rooms
New Hanover Regional Medical Center	32	71%
<i>Hospital-based Total</i>	32	71%
Wilmington SurgCare	7	16%
Atlantic SurgiCenter	4	9%
Same Day Surgery Center*	2	4%
<i>ASC-based Total</i>	13	29%

Source: 2008 SMFP

*Approved but undeveloped

The approved two-room ASC for SDSC was never developed, however. Instead, in 2012, SDSC divested its approved operating rooms to New Hanover Regional Medical Center, which, in 2013, was approved to develop the operating rooms as part of the hospital. In 2012, the hospital also acquired all of Atlantic SurgiCenter¹ and subsequently transferred those operating rooms to the hospital’s license. Thus, the growth in the number of providers and ASCs in the county has been reversed, and the status quo that existed prior to 2004 exists once again today – in fact, as shown below, an even higher percentage of operating rooms are hospital-based than in 2004.

Proposed 2015 SMFP New Hanover County Operating Room Inventory

Facility	Number of Operating Rooms	Percentage of Total Operating Rooms
New Hanover Regional Medical Center	32	71%
Atlantic SurgiCenter	4	9%
Same Day Surgery Center*	2	4%
<i>Hospital-based Total</i>	38	84%
Wilmington SurgCare	7	16%
<i>ASC-based Total</i>	7	16%

Source: Proposed 2015 SMFP

*Approved but undeveloped

Please note that Wilmington Health is neither criticizing these activities nor implying that they are in any way improper. This discussion is important, however, to provide background and an understanding of the history of operating room development in the county. As demonstrated in the next section, these changes have compounded the need for additional operating room capacity in the county.

As shown in the Proposed 2015 SMFP, the two operating rooms that were approved pursuant to the 2006 SMFP still have yet to be developed – nearly a decade later! Now

¹ New Hanover Regional Medical Center had previously owned a minority stake in the ASC.

that these rooms have been approved to be developed in the hospital, it is certainly likely that they will eventually be developed; however, even if they became operational today, that does not mitigate the fact that they have served as placeholders in the past eight *SMFPs*, yet have provided none of the needed capacity in the county. Moreover, **even with the two operating rooms counted in the inventory but not being utilized, there is still a deficit of operating rooms in the county.**

REASON FOR THE REQUESTED ADJUSTMENT

As a large, multi-specialty practice that serves patients from several counties, Wilmington Health is well-aware of the need for additional operating room capacity in New Hanover County. Our physicians treat thousands of patients per year that require surgery, some of whom are referred to other practices, and many of whom receive surgical care from our surgeons in many specialties. As such, Wilmington Health believes there is a need for additional operating room capacity in the county, based on the following reasons:

1. High Utilization of Existing Operating Rooms
2. Population Growth and Aging
3. Long-term Undeveloped Operating Rooms
4. Lack of Alternative Providers
5. Need Under Standard Methodology

High Utilization of Existing Operating Rooms

As discussed above, over the past decade the *SMFP* has shown need determinations for additional operating rooms in New Hanover County multiple times, yet the county's operating rooms continue to be well-utilized. To demonstrate this fact, the following table presents the utilization of the operating rooms in the county over the past five years. The hours per case assumption from the standard methodology was used to calculate total hours (3 hours/inpatient, 1.5 hours/ambulatory).

New Hanover County Operating Room Utilization (Includes Undeveloped ORs)

FFY	IP Cases (Exclud. Dedicated C-Section OR Cases)	IP Hours	Ambulatory Cases	Ambulatory Hours	Total Hours	Total ORs*	Percent Utilization of Threshold^
2009	9,661	28,983	28,485	42,728	71,711	41	93.43%
2010	9,194	27,582	29,174	43,761	71,343	41	92.95%
2011	9,320	27,960	29,451	44,177	72,137	41	93.99%
2012	9,003	27,009	24,932	37,398	64,407	41	83.92%
2013	9,506	28,518	29,139	43,709	72,227	41	94.10%

*Includes 39 existing and two approved (but undeveloped)

^Utilization threshold based on standard hours calculation in Column K of Table 6B: (9 hours x 260 days x .8)

As shown, with the exception of one anomalous year (2012), the operating rooms in New Hanover County have continued to be well-utilized. Further, while the table above mirrors the methodology and inventory in the *SMFP*, a more accurate utilization calculation would assume only 39 operating rooms, since the two rooms awarded in the 2006 *SMFP* were not operational for any of these years. The table below shows the true utilization of the operating rooms that were in service and being used to treat patients.

New Hanover County Operating Room Utilization (Existing ORs Only)

FFY	IP Cases (Exclud. Dedicated C-Section OR Cases)	IP Hours	Ambulatory Cases	Ambulatory Hours	Total Hours	Total Existing ORs	Percent Utilization of Threshold^
2009	9,661	28,983	28,485	42,728	71,711	39	98.22%
2010	9,194	27,582	29,174	43,761	71,343	39	97.72%
2011	9,320	27,960	29,451	44,177	72,137	39	98.81%
2012	9,003	27,009	24,932	37,398	64,407	39	88.22%
2013	9,506	28,518	29,139	43,709	72,227	39	98.93%

^Utilization threshold based on standard hours calculation in Column K of Table 6B: (9 hours x 260 days x .8)

As shown above, operating rooms in New Hanover have operated at nearly 100 percent of existing capacity in every year since 2009, except one. Clearly, when considering the number of operating rooms that are actually available to care for patients, the utilization of operating rooms has been consistently high.

In addition to the utilization of the operating rooms within the county, New Hanover residents also leave the county for surgery. While the exact reasons that drive each of these patients to seek care outside of the county are unknown, the data show that an

unusually high number of patients left the county in 2012, the same year as the anomalous dip in in-county surgical cases. Given that 2012 was also the same year that the previously freestanding ASC, Atlantic SurgiCenter, was converted to hospital-based, it is possible that a greater number of patients left the county as a result of that change. Patient origin data for 2013 has not been made available yet by the Medical Facilities Planning Branch; however, the table below shows that, after declining significantly, the number and percentage of surgical cases leaving the county increased sharply in 2012 – driven by ambulatory cases.

Operating Room Outmigration from New Hanover County

Year	Inpatient Outmigration	Ambulatory Outmigration	Total Outmigration	Percentage of Total IP Cases	Percentage of Total Ambulatory Cases	Percentage of Total Cases
2009	639	814	1,453	11.9%	5.9%	7.6%
2010	625	718	1,343	12.3%	4.2%	6.0%
2011	642	527	1,169	12.4%	3.9%	6.3%
2012	616	785	1,401	12.5%	6.3%	8.0%

While patients should be able to choose where they receive care, given the location of New Hanover County and the lack of available operating rooms in the area – particularly in a freestanding ambulatory setting – Wilmington Health believes that patients may be leaving the county because of the high utilization of the county’s operating rooms and lack of freestanding ambulatory providers.

Population Growth and Aging

The need for additional operating room capacity is further necessitated by the projected population growth in New Hanover County. According to estimates from the North Carolina Office of State Budget and Management (NC OSBM), New Hanover County is projected to grow at a compound annual growth rate (CAGR) of 1.8 percent from 2013 to 2017. This is the sixth highest CAGR projected within the state’s 100 counties and more than double the annual growth projected for North Carolina as a whole.

2013 to 2017 Total Projected Population Growth

	2013	2017	CAGR
New Hanover County	213,876	229,749	1.8%
North Carolina	9,956,488	10,258,255	0.7%

Based on the need determination methodology shown in the *Proposed 2015 SMFP*, New Hanover County is expected to experience 7.4 percent growth in total population over this planning timeframe. This is well above the 3.0 percent growth expected for the state.

While the population growth is a factor in the operating room methodology and is therefore partially responsible for the operating room deficit shown in the *Proposed 2015*

SMFP, the aging of the population and its impact on need is not captured in the methodology. As shown below, the 65 and older population in New Hanover County is projected to grow 4.2 percent while North Carolina’s 65 and older population cohort is projected to grow 3.5 percent.

2013 to 2017 65+ Projected Population Growth

	2013	2017	CAGR
New Hanover County	32,732	38,589	4.2%
North Carolina	1,403,879	1,610,682	3.5%

Additionally, the 65+ population in New Hanover County is expected to increase as a percent of total population, from 15.3 percent in 2013 to 16.8 percent in 2017.

65+ Population as Percent of Total Population

	2013 65+ Population	2013 Total Population	% of Total	2017 65+ Population	2017 Total Population	% of Total
New Hanover County	32,732	213,876	15.3%	38,589	229,749	16.8%
North Carolina	1,403,879	9,956,488	14.1%	1,610,682	10,258,255	15.7%

As a coastal community, the presence of a growing and aging population can be expected. However, since the older population tends to utilize healthcare services at a higher rate than the younger population, this demographic trend will support additional operating room capacity in the county as compared to the state as a whole, and the special need of the coastal community should be addressed.

Long-Term Undeveloped Operating Rooms

As described in the background section above, two operating rooms that were allocated in the 2006 *SMFP* have yet to be developed. Further, although they were approved as dedicated ambulatory surgical rooms to be developed in an ASC, they are now planned for development in as hospital-based rooms, as approved in a declaratory ruling from DHSR². While some may contend that the imminent development of these rooms is reason enough for them to continue serving as placeholders in the methodology, and in fact, as a reason not to approve this petition, Wilmington Health believes that the long-term impact of having needed operating rooms go undeveloped has likely compressed the need for ORs in the county. As discussed in the above analysis, data for 2012 show that an increasing number of patients are leaving the county for ambulatory surgery.

Given the fact that these rooms have gone undeveloped for such a long time, and given that they will not be developed as initially approved (in an ASC), Wilmington Health believes the SHCC should consider this as a factor in allocating additional operating room capacity in the county.

² <http://ncdhhs.gov/dhsr/declrule/2013/06212013SameDaySurgery.pdf>

Lack of Alternative Providers

As discussed above, despite the award of operating rooms to two new providers over the past decade, the county still has only two providers with operating rooms. While the approval of this petition and the subsequent need determination for additional operating rooms would not guarantee that a new provider would be approved in the CON review, the fact that the two previous CON reviews approved new, alternative providers is strong evidence that a new provider may be approved. In essence, the CON Section determined that the providers that should be approved in the past two reviews were those that would best increase access and competition in the market; yet due to the circumstances detailed above, those two alternative providers no longer exist.

While the need for an alternative provider is arguably limited in some cases (i.e. an infinite number of providers is not necessarily the goal and some areas may already have a sufficient number of providers), in this case, where two new providers have been approved in the past decade, only to be consolidated with existing providers, Wilmington Health believes that a clear opportunity exists to expand access through a new provider; however, the only possibility of that is through the approval of this petition, which will allow for a CON review to occur. Further, given Wilmington Health's position as the only ACO in the area, the approval of the petition would allow a unique provider the opportunity to apply for operating rooms for its existing ASC.

Need Under Standard Methodology

The final and perhaps most compelling reason for the proposed adjusted need determination is that even without considering any of the factors discussed above, the standard methodology shows a need for additional operating room capacity in New Hanover County. Specifically, Column T in Table 6B shows a deficit of 0.45 operating rooms in the county. Operating room utilization in New Hanover County is such that it demonstrates a deficit of operating rooms despite the fact that it has two undeveloped operating rooms. Said another way, New Hanover County's 39 existing operating rooms are utilized to such an extent that the *Proposed 2015 SMFP* calculates a need for 41.45 rooms in 2017 or 2.45 more rooms than are operational today. As shown above, operating rooms in New Hanover County have operated at or above 98 percent of capacity for all but one of the last five years. It is reasonable to assume that once the two non-developed operating rooms open that utilization will increase in the county as greater capacity will allow for the greater access for the county's growing population as well as a reduction in patient outmigration. In fact, if the two non-developed operating rooms had been open in 2013 and were utilized at a rate comparable to the other rooms in the county, the *Proposed 2015 SMFP* would show a need for three additional operating rooms in New Hanover County, as shown below.

**New Hanover County Operating Room Need
Assuming Average Utilization for Undeveloped ORs**

FFY	Total Hours*	Growth Factor 2013-2017	2017 Projected Surgical Hours	Projected ORs Needed in 2017	Adjusted Planning Inventory	Projected Operating Room Deficit	Projected Need for New Operating Rooms
2013	75,930	7.42%	81,564	43.57	41	2.57	3

*Total Hours = 72,226 surgical hours from *Proposed 2015 SMFP*, Table 6B plus 3,703 surgical hours assumed for two undeveloped ORs (3703 hours = 2 ORs x average hours per existing OR in 2013 72,226 surgical hours ÷ 39 existing ORs).

^Utilization threshold based on standard hours calculation in Column K of Table 6B: (9 hours x 260 days x .8)

Notwithstanding its two undeveloped operating rooms, New Hanover is one of only three counties in the state that show a deficit of operating rooms, and it is the largest of the deficits by far. It should be noted that one of the other two counties is contiguous Brunswick County, which further strengthens the need in the Wilmington region. Thus, under the standard methodology, if the deficit were only five one-hundredths higher, a need for one additional operating room would be triggered. Although the methodology does not include a rounding rule for a fraction of a deficit such as 0.45, under standard rounding rules, the deficit would indeed be 0.5. The existence of this deficit so close to triggering a need determination, notwithstanding the two non-developed operating rooms discussed above, is a clear indication of the need for additional operating room capacity in New Hanover County.

We understand that the Agency is often hesitant to recommend approval of petitions that would constitute a wholesale departure from the standard methodology; however, we believe that given the deficit that exists under the standard methodology, coupled with the continued high utilization of operating rooms, the aging of the population, the recent decrease in the number of operating rooms in a freestanding ambulatory setting, and the long-term failure to develop two approved operating rooms, the unique and particular circumstances in New Hanover County warrant a special need adjustment.

ADVERSE EFFECTS IF PETITION IS NOT APPROVED

The most obvious adverse effect of failure to approve the petition is that the need for additional capacity in the county would go unmet. Even though the need shown in the standard methodology is less than 0.5 operating rooms, the effective capacity, excluding the two ORs yet to be developed, shows need for more than two rooms. Moreover, without a need determination, an existing ASC, owned by a physician group that performs thousands of outpatient surgeries per year, will be unable to apply for a CON to have the opportunity to integrate those surgeries into its existing ASC. Patients will continue to be denied access to the only ACO in the area, which will limit its potential to further extend savings to patients and payors.

ALTERNATIVES CONSIDERED

Wilmington Health considered three primary alternatives, including maintaining the status quo, petitioning for one additional operating room, and petitioning for two additional operating rooms. As described above, the operating rooms in New Hanover County have been well-utilized for many years. When considering that the two operating rooms yet to be developed will no longer be developed in a freestanding ambulatory setting, the need for additional operating rooms that can be developed in an ASC is clear. The status quo will not provide sufficient access to much-needed surgical capacity, nor will it provide the opportunity for additional capacity to be developed in a freestanding setting.

Wilmington Health also considered petitioning for just one additional operating room. While this would provide some remedy to the high utilization in the service area, it would likely prevent a new provider from proposing to develop the operating rooms. For example, a one-room ASC may be feasible in some rare instances, but the few one-OR ASCs in the state are all underutilized, with the exception of one. The single well-utilized one-OR ASC is a single-specialty ophthalmology facility, and the short, low acuity cases in only one specialty likely contribute to its ability to be more productive. Even the current single-specialty ASC demonstration projects include two operating rooms. While the allocation of one additional operating room would be a superior alternative compared to the status quo in which no additional operating rooms are allocated, we believe that a need determination for two additional operating rooms is the best alternative.

As demonstrated by multiple analyses in this petition, there is a clear need for one additional operating room in New Hanover County. Several factors support the need for two ORs, however, including the fact that two approved operating rooms have gone undeveloped for more than eight years and the fact that the allocation of only one operating room would effectively allow only existing providers to successfully apply for a CON for the allocated OR. Given the long-term high utilization of operating rooms in New Hanover County, the continued population growth and aging, and the decrease in the number of alternative providers in the past few years, Wilmington Health believes that a need determination for two additional operating rooms is warranted.

EVIDENCE THAT THE PROPOSED CHANGE WOULD NOT RESULT IN UNNECESSARY DUPLICATION

Wilmington Health does not believe that the allocation of one or two additional operating rooms in the county would unnecessarily duplicate existing resources. First, there is a need for additional operating room capacity, shown by the deficit in the *Proposed 2015 SMFP*. Next, two operating rooms have gone undeveloped for more than eight years. Even if the SHCC has no methodology to exclude these from the inventory, from a practical perspective, these operating rooms have not been providing capacity in the county, and thus should be excluded from the consideration of capacity as discussed

in this petition. Finally, as shown above, the number of both providers and freestanding operating rooms has declined in the past few years, while ambulatory cases have remained consistent.

EVIDENCE OF CONSISTENCY WITH THE THREE BASIC PRINCIPLES

Wilmington Health believes the petition is consistent with the three basic principles: quality and safety, access and value. First, quality and safety are clearly enhanced with additional operating room capacity, as quality is often more difficult to manage in a service that has outgrown its available capacity. High utilization does not allow for the flexibility needed for urgent and emergency cases. As Wilmington Health's own surgeons can attest, with such high utilization, providers with scheduled elective cases can have those cases delayed or rescheduled for another day if the busy operating room is needed for a more urgent case. This delay in turn also delays care for patients in the surgeon's clinic. In addition, longer hours are required for the operating rooms in order to accommodate the demand for OR time. The later hours are less accommodating to patients and surgeons, and since some cases cannot begin until later in the day, patients be required to be held overnight for observation rather than discharged late in the evening. As such, the additional capacity represented by the operating rooms requested in this petition would alleviate these issues, thereby enhancing the quality and safety for patients in the area.

Access is also promoted, particularly through the allocation of two operating rooms, which will allow (but not guarantee) a new provider to be approved, likely in a freestanding setting. The availability of an alternative location for patients to receive their surgery, particularly in a county which has experienced such a significant decrease in the number of providers, will enhance competition and access to care.

The petition also promotes value. Without a need determination, Wilmington Health cannot apply for an operating room to be developed in its existing ASC. While approval of its CON application would not be guaranteed even if this petition is approved, as a freestanding ASC and as an ACO, Wilmington Health's proposal would provide outstanding value to both patients and payors, through lower costs and charges compared to a hospital setting.

CONCLUSION

Wilmington Health believes that the special circumstances in New Hanover County warrant the need for two additional operating rooms. Specifically:

- The existing operating rooms in New Hanover County are highly utilized and have been consistently for several years;
- Not only is the population growing, as accounted for in the methodology, but the population is also aging faster than the state as a whole, reflecting the older population that tends to live in coastal areas such as Wilmington;

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- Two operating rooms allocated and approved as part of the 2006 *SMFP* have gone undeveloped for eight years;
- In recent years, the number of providers and non-hospital based operating rooms has decreased; and,
- The standard methodology shows a deficit of 0.45 operating rooms, only five hundredths from the number needed to generate the need for one additional operating room; if the two undeveloped operating rooms were providing capacity today, the need would likely be for three additional operating rooms.

These factors contribute to unique circumstances in New Hanover County that require a special need adjustment for two additional operating rooms.

Thank you.