Talking Points for State Health Coordinating Council March Public Hearing
Tom Siemers, President and CEO, Dosher Hospital
March 1, 2017

- Thank Chairperson Dr. Ullrich and SHCC members
- I am Tom Siemers, President and CEO of Dosher Hospital in Southport, NC, Brunswick County
- Dosher is a critical access hospital with 24/7 emergency room service
- On behalf of Dosher I am submitting a petition that is critical to rural areas, and addresses a missing element in the Plan.
- The requested changes are absolutely consistent with both the CON Statute and the Basic Principles of the State Medical Facilities Plan. I am asking for specific protection for Critical Access Hospitals., which are by definition, rural.
- The statute is very direct

Statutory Findings of Fact, GS 131E-175 (3), (3a), and (4), focus on the importance of equal access to all population groups, access and continued viability <u>of rural populations</u>, and costly underuse of expensive resources. Let me read them:

(3) That, if left to the marketplace to regulate health service facilities and healthcare services, geographical maldistribution of these facilities and services would occur and, further, less than equal access to all population groups, especially those that have traditionally been medically underserved, would result.

(3a) ***"That access to health care services and health care facilities is critical to the welfare of rural North Carolinians, and to the continued viability of rural communities, and that the needs of rural North Carolinians should be considered in the certificate of need review process."***

(4) "That the proliferation of unnecessary health service facilities results in costly duplication an underuse of facilities, with the availability of

excess capacity leading to unnecessary use of expensive resources and overutilization of health services.

This part of the statute is referenced in the Basic Principles of the State Medical Facilities Plan regarding Access

> *"The needs of rural and small communities that are distant from comprehensive urban medical facilities merit special consideration. In rural and small communities, selective competition that captures profitable services may threaten the viability of sole providers of comprehensive care and emergency services. For this reason, methodologies that balance, value, quality and access in urban and rural areas may differ quantitatively. The SHCC planning process will promote access to an appropriate spectrum of health services a t a local level, whenever feasible, under prevailing quality and value standards."*

Observation:

Formulas developed to date by the OR Methodology Work Group favor urban areas. They are not yet consistent with the rural part of the statute and the Basic Principles of the Plan. In fact, from what I can see, the formulas do the opposite, driving surgery towards urban areas.

Consequence

Why am I here? ---Dosher is now facing an unintended consequence of the 2016 Plan.

In Brunswick County, two organizations put in CON applications for – effectively - three OR's that will compete with Dosher in a location that will not serve community. This undermines viability of our small rural critical access hospital. Yet both are in response to a need the Plan.

- Dosher was taken by surprise, we had no need, and we expected one hospital to add one operating room.

- Rounding up in the 2016 Plan took a calculated need for 0.37 rooms, made it one room and generated CON applications for freestanding surgical centers with capacity of three operating rooms when you consider that a procedure room can do surgical procedures.
- That simple rounding could jeopardize the long-term viability of Dosher. Even though we are a critical access hospital, Dosher is not protected. Large well-funded groups can put competing facilities in a distant part of the county adjacent to a large metro area, with the intent of drawing patients away.
- This issue could easily repeat in Brunswick or elsewhere.
- I do not believe that you can generate a methodology, or write an equation that anticipates all of the downside risk to a critical access hospital.
- I am asking that you add a policy and a methodology change: the policy would require applicants proposing to serve counties that have a licensed, operating critical access hospital, to obtain a letter from that critical access hospital indicating that the project will not adversely affect its viability… and
- A methodology change that would prevent addition of operating room capacity in a county with a critical access hospital, if that hospitals operating rooms are not operating at 90 percent capacity.