

North Carolina State Health Coordinating Council
c/o Medical Facilities Planning Section
Division of Health Service Regulation
2714 Mail Service Center
Raleigh, NC 27699-2714

Re: Cape Fear Valley Health System Petition for Adjusted Need Determination for One Additional Operating Room in Cumberland County

I. Petitioner

Michael Nagowski
President
Cape Fear Valley Health System
P.O. Box 2000
Fayetteville, NC 28302-2000
stgodwin@capefearvalley.com

Sandy Godwin
Executive Director of Corporate Planning
Cape Fear Valley Health System
P.O. Box 2000
Fayetteville, NC 28302-2000
stgodwin@capefearvalley.com

II. Requested Change

Cape Fear Valley Health System (CFVHS) requests an Adjusted Need Determination for one additional operating room in the Cumberland County Operating Room Service Area in the 2018 State Medical Facilities Plan.

III. Reasons for Proposed Adjustment

The Campbell University Jerry M. Wallace School of Osteopathic Medicine enrolled its inaugural class in August 2013 and Cape Fear Valley Health System (CFVHS) began accepting residents in five residency programs from Campbell in July 2017. CFVMC (Cape Fear) is already a teaching hospital. Cape Fear has a long history providing medical education, working with the Southern Regional Area Health Education Center in Fayetteville (SR-AHEC). For many years, CFVMC has been participating in Family Medicine training and has historically trained about 24 full-time equivalent residents (“FTEs”) in a given year. Its association with Campbell, however, is projected to result in the addition of approximately 230 FTEs in new programs by completion of Phase 2. In 2017 Cape Fear admitted a total of 32 residents in five residency programs. This is anticipated to grow to 157 residents in 7 residency programs in Phase 1, by 2022. Details of the new residency programs beginning in 2017 at Cape Fear are included in Attachment 1.

Cape Fear's teaching faculty provides "hands-on" experience while educating the physicians of tomorrow. Our teaching faculty members are clinically active physicians who are committed to providing the best possible learning experience for our trainees. Each of our teaching faculty strives to provide a patient-centric, evidence-based medicine educational experience. Residents will be given primary patient care responsibility with faculty readily available to teach and mentor them throughout their training.

Patient-centric teaching that emphasizes practice-based learning, evidence-based medicine, and the importance of professionalism and effective interpersonal communication skills will be used throughout the program whether at one of our hospitals, the ambulatory care site, or affiliated institutions.

The General Surgical Residency Program began in July 2017 with four residents. This will increase to a total of 20 residents by 2022. In addition, CFVMC is working with Womack Medical Center in Fayetteville and we also will be training surgical residents in oral maxillofacial surgery and podiatry. As a result of the addition and growth of the surgical residency programs, Cape Fear needs additional surgical capacity as discussed in additional detail below.

A. Collaboration with Campbell Medical Center

The Campbell University Jerry M. Wallace School of Osteopathic Medicine, located in rural Harnett County, enrolls students from all 100 North Carolina counties in undergraduate and graduate level programs, including law, pharmacy, business, education, and divinity. Students come to Campbell from all socioeconomic backgrounds and then often return to work and serve in the communities they call home.

Campbell University began addressing health care issues in 1985 with the establishment of the nationally acclaimed School of Pharmacy, which was the first new pharmacy school founded in the United States in more than 35 years. In addition to offering the Doctor of Pharmacy program, the school offers undergraduate and graduate programs in Clinical Research and Pharmaceutical Sciences. In 2009, the name was formally changed from the School of Pharmacy to the College of Pharmacy & Health Sciences to provide additional health science programs, including the Physician Assistant program (2011), a Master of Public Health degree (2012), Doctor of Physical Therapy degree (2014), and Nursing (2014).

Partnerships have been established with medical facilities across the state. While several regional hospitals are working with Campbell University residents, only Cape Fear has added a general surgery residency. The following hospitals currently provide Affiliate Residency Programs for Campbell in a variety of specialties:

- Cape Fear Valley Regional Medical Center (Cumberland County)
- Betsy Johnson Regional Hospital (Harnett County)
- Central Harnett Hospital (Hartnett County)
- First Health Moore Regional (Moore County)

- Novant Health Huntersville Medical Center (Mecklenburg County)
- Sampson Regional Medical Center (Sampson County)
- Southeastern Regional Medical Center (Robeson County)
- Wayne Memorial (Wayne County)

The Jerry M. Wallace School of Osteopathic Medicine will make a significant impact on the health and well-being of North Carolinians. With enrollment at 150 students per year, Campbell is the second largest medical school in the state. The residency match process for the inaugural class of 2017 was just completed, and 53% of residents will train in the primary care specialties of family medicine, general internal medicine, pediatrics, and obstetrics and gynecology. Many osteopathic physicians fill a critical need for physicians by practicing in rural and medically underserved communities.

The new Residency Programs at Cape Fear began in July 2017. The following summarizes the residency programs added and the expected number of students in the residency programs by 2022. Details are included in Attachment 2.

- General Surgery – 20 residency slots
- Obstetrics and Gynecology – 16 residency slots
- Internal Medicine – 45 residency slots
- Emergency Medicine – 16 residency slots
- Transitional Care – 26 residency slots
- Pediatrics – 18 residency slots
- Psychiatry – 16 residency slots

Cape Fear values its collaborative relationship with the Campbell University Jerry M. Wallace School of Osteopathic Medicine and is working to assure that residents have access to all the tools needed for a thorough and rich education. Surgical capacity at Cape Fear surgical facilities in Cumberland County currently is well utilized. The addition, in certain situations, of medical staff may be less productive as clinicians because of time spent in teaching surgical residents as discussed in a recent article in *Health Affairs*.¹ Further the potential for increased surgical times in the operating rooms and increased costs associated with providing health services in a teaching hospital has been documented. As a result of the additional and future growth of the surgical residency programs, Cape Fear is requesting additional surgical capacity in Cumberland County to assure that we have sufficient capacity for teaching our future surgeons AND that teaching our future surgeons does not result in delays and cancellations for other surgical patients at Cape Fear.

B. CFVMC Rural Reclassification – Designation as Rural Referral Center to Enable Expansion of Residency Programs

¹ UNCOVERING THE HIGH COSTS OF TEACHING HOSPITALS by Frank A. Sloan and Joseph Valvona
<http://content.healthaffairs.org/> by *Health Affairs* on June 28, 2017 by HW Team

Cape Fear’s collaboration with the Jerry M. Wallace School of Osteopathic Medicine began several years ago, prior to the admission of the first medical student. In order, to become a viable residency program for Campbell, Cape Fear had many steps to achieve, including a rural reclassification². The only way to receive GME funding was for Cape Fear Valley to reclassify as a Rural Hospital, as expansion of residency slots in urban markets has been frozen by CMS, and all available urban slots in North Carolina are filled by the existing North Carolina medical schools/teaching hospitals. However, CMS has encouraged the development of rural residency programs by providing GME funding for rural programs.

Cape Fear worked with the Centers for Medicare and Medicaid (CMS) to become designated as a rural referral center. This path was pursued to take advantage of available residency slots for rural hospitals. In September 2016, Cape Fear Valley Medical Center (CFVMC) was designated as a rural referral center as reflected in Attachment 3. It should also be noted that the North Carolina General Assembly also worked with Cape Fear to support the conversion of CFVMC to a rural referral center.

C. Current and Projected OR Utilization and OR Need

Surgical services at CFVHS surgical facilities in Cumberland County have been operating at or near SMFP target utilization for several years as shown in the following table.

CFVHS Cumberland County - Historical Surgical Utilization

	2017 SMFP Methodology				2018 SMFP Methodology			
	2014	2015	2016	2017	2014	2015	2016	2017
CFVMC	88.8%	78.9%	77.6%	79.7%	84.1%	73.1%	70.3%	71.9%
Highsmith	36.9%	65.1%	61.3%	76.9%	51.4%	79.2%	84.5%	108.7%
Combined	77.9%	76.6%	74.9%	79.2%	78.1%	74.0%	72.4%	77.3%

Source: SMFP OR Need Methodology Capacity Definitions

Utilization of the operating rooms at CFVMC and Highsmith Rainey has fluctuated up and down during the last several years as surgical capacity and volumes shifted to CFV Hoke, which opened in 2015. Utilization however, continues to remain high as shown in the previous table. In 2017 surgical utilization will exceed the 75% target utilization identified in the Proposed 2018 SMFP. CFVHS annualized surgical data for the first nine months in FFY 2017 to estimate the impact of the positive surgical growth from 2016 to 2017 would have on operating room need using the new operating room need methodology included in the Proposed 2018 SMFP.

² Rural Reclassifications are governed by Section 1886(d)(8)(E) of the Social Security Act (the “Act”), enacted by Section 401 of the 1999 Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act, which was included in the Consolidated Appropriations Act for 2000 (P.L. 106-113). This statutory provision has been implemented in regulation at 42 C.F.R. § 412.103.

**Proposed 2018 Methodology with FFY 2017 Estimated Surgical Volumes
And CFVHS FFY 2016 OR Case Times**

FFY 2017 Inpatient Cases (9 Months Data Annualized)		Inpatient Time Per Case – Minutes (2016 Data)
CFVMC	6,608	138
Highsmith	91	97
FFY 2017 Outpatient Cases (9 Months Data Annualized)		Outpatient Time Per Case Minutes (2016 Data)
CFVMC	5,435	111
Highsmith	3,415	112
Total Time Hours		
CFVMC	25,253	
Highsmith	6,522	
Operating Room Capacity - Number of ORs		
CFVMC	15	
Highsmith	3	
	18	
Operating Room Capacity - Available Hours per OR		
CFVMC	2,340	
Highsmith	2,000	
75% of Capacity		
CFVMC	1,755	
Highsmith	1,500	
OR Need at 75% of Capacity		
CFVMC	14.39	
Highsmith	4.35	
OR Deficit / Surplus		
CFVMC	-0.61	
Highsmith	1.35	
Total	0.74	
Rounded	1.0	

Source: CFVHS Internal FFY 2017 Surgical Data; Proposed 2018 SMFP OR Need Methodology

As shown in the previous table, using FFY 2017 data in the new methodology results in the need for one additional operating room in Cumberland County. Adding the general surgery residency program at CFVMC also is expected to increase surgical case time for both inpatient and outpatients surgical time.

The following table shows surgical case times for North Carolina hospitals with general surgical residency programs³.

³ CFVMC attempted to identify existing general surgery residencies in NC by reviewing hospital websites and by discussion with State Health Planning Staff. This list may not be complete.

Time per Case at Teaching Hospitals 2016-2017 General Surgery Residencies

Surgical Facility	General Surgery Residency Slots	Hours per Day	Days per Year	Time per Case Inpt	Time per Case Outpt
UNC	52	10.3	260	234	137
Duke	46	10.8	246	267.7	135
Vidant (ECU)	33	9.8	251	192	134
NCBH (Wake Forest)	39	10.52	253	238.9	117.3
CMC	30	11.6	253	199.6	104
New Hanover	16	9.75	260	162	115
Wake – Included with UNC		10.82	256	193.96	129.6
Average Overall				212.6	124.6

Source: Medical School and hospital websites; 2017 LRAs

As shown in the previous table the average inpatient time per case for teaching hospitals with general surgery residencies is 212.6 minutes and the average outpatient time per case for teaching hospitals with general surgery residencies is 124.6 minutes per case. To estimate the impact of adding 20 new surgical residents at CFVMC over the next four years, CFVMC utilized average time per case reported by New Hanover Medical Center in the 2017 LRA. New Hanover has 16 general surgical residents which is the closest to the proposed 20 general surgical residents at CFVMC and has the lowest surgical time of those reported above. The following table estimates future operating rooms needed at CFVMC using FFY 2017 surgical volumes and New Hanover Regional Medical Center surgical case times for inpatient and outpatient surgical cases.

**Proposed 2018 Methodology with FFY 2017 Estimated Surgical Volumes and
Estimated Time Change for Residency Program**

FFY 2017 Inpatient Cases		Inpatient Time Per Case – Minutes (2016 Data)
CFVMC	6,608	162
Highsmith	91	97
Total	6,699	
FFY 2017 Outpatient Cases		Outpatient Time Per Case Minutes (2016 Data)
CFVMC	5,435	115
Highsmith	3,415	112
Total	8,850	
Total Time Hours		
CFVMC	28,253	
Highsmith	6,522	
Operating Room Capacity		
Number of ORs		
CFVMC	15	
Highsmith	3	
Total	18	
Capacity One Operating Room		
CFVMC	2,340	
Highsmith	2,000	
75% of Capacity		
CFVMC	1,755	
Highsmith	1,500	
OR Need at 75% of Capacity		
CFVMC	16.10	
Highsmith	4.35	
OR Deficit / Surplus		
CFVMC	1.10	
Highsmith	1.35	
Total	2.45	

Source: CFVHS Internal FFY 2017 Surgical Data; Proposed 2018 SMFP OR Need Methodology

As shown in the previous table, when surgical case times are adjusted to reflect the most conservative surgical time estimate for a North Carolina hospital with a surgical residency and FFY 2017 data, CFVHS surgical locations in Cumberland County generate a need for two additional operating room. Therefore, the need for an additional operating room is between one and two.

CFVHS considered asking for an adjusted need determination for two operating rooms. However, since the impact of the residency program on surgical case times is not yet known,

Cape Fear decided to be conservative and ask for just one additional operating room now. In addition, one additional operating room is needed quickly to meet the needs of surgeons and general surgery residents. CFVMC has space available which can quickly be converted to an operating room assuming CFVMC is approved for the additional OR making the development of one OR more expeditious at this time. Finally, if surgical times escalate rapidly in the next year or two as expected, the new OR methodology should drive additional need.

While the new operating room need methodology proposes that a need for two operating rooms be identified before showing a need for new operating rooms in the SMFP. CFVHS is requesting that this requirement be waived due to the special needs reflected in this Petition. CFVHS is requesting the need for one operating room in Cumberland County be reflected in the 2018 SMFP. This would allow CFVHS to apply for a CON to expand surgical services in 2018 such that surgical capacity will be available in 2020 to meet the needs of the new surgical residency. It is important that any new operating room in Cumberland County be available for the residents at CFVMC and that they are available soon.

Note that this analysis does not project surgical volume in Cumberland County into the future per the Proposed 2018 SMFP OR Need Methodology. The OR Need Methodology utilizes negative population growth in Cumberland County to project future volume. CFVHS believes this step in the methodology penalizes surgical facilities experiencing growth in surgical services even while population in the market is decreasing. For example, both CFVMC and Highsmith Rainey have experienced growth in surgical services. Some of the increase in surgical volume is due to recapturing surgical market share that previously had left the county. Using a negative population growth decreases surgical projections, which is unreasonable in a market where surgical growth is positive. Further the use of negative population growth is not consistent with the Acute Care Bed Need Methodology which holds volumes constant when a service area has negative inpatient growth.

One of the most substantive changes made in the OR Need Methodology in the Proposed 2018 SMFP is the change made to calculate operating room deficits and surpluses separately for each health system. In doing so, the SHCC recognizes the unique attributes of surgical facilities and their utilization. This change is consistent with the Acute Care Bed Need Methodology which also plans need for additional acute care beds calculating acute care bed deficits and surpluses separately for each health system. CFVHS is submitting another Petition to the SHCC requesting a change to the OR Need Methodology, requesting that the projected growth rate for surgical cases be held constant when the population growth is negative. This change would make the OR Need Methodology's treatment of a negative growth rate consistent with the Acute Care Bed Need Methodology's treatment of a negative growth rate.

D. Need for Physicians in Rural North Carolina

Community need assessments were completed by CFVHS in 2016 in each of the counties served by CFVHS. Numerous common findings about the six-county region CFVHS serves were

identified. For example, the assessments found CFVHS has strong collaborations with community organizations, and its ongoing community health activities positively affect the region. However, the assessment also found that the region has many significant needs which CFVHS could address. These include increasing patient motivation and compliance, helping with obesity and mental health problems, and addressing the need for more access to physicians.

In response to their communities' needs, CFVHS established the new residency program for the training of physicians in collaboration with Campbell. The development of the residency program will affect the CFVHS service area in a variety of ways, both economic and non-economic. Prior to pursuing this commitment, CFVHS utilized EMSI⁴ to quantify the economic impacts the residency program would have in the six-county CFVHS service area.

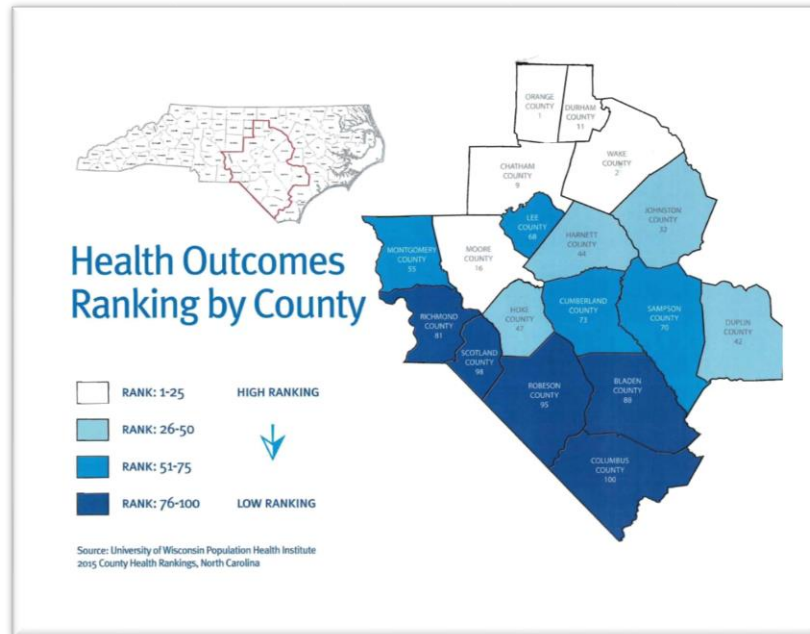
Spending from a new residency program creates impacts on the CFVHS service area economy in a variety of ways. The initial residency program investments will involve the construction and renovation of buildings, providing short-run capital spending impacts. Once the construction is complete, the new capacities they provide will allow CFVMC to serve the physician resident population it would otherwise not be able to serve. The completed program will create new jobs for additional employees, and will increase the day-to-day operational supply chain purchases from local businesses. This provides a steady stream of long-run spending impacts year after year. Lastly, as the residents who would otherwise not have been served finish the program and stay to practice in the region, they create long-run benefits within the CFVHS service area.

The added capacities created by the residency program will help CFVMC respond to the needs of a growing economy and demand for physicians. The added capacity will create additional physicians who otherwise would not have been served by CFVMC. Physicians will begin to accrue in 2022, five years after the residency program is established. By 2027, the final year of the analysis, a total of 1,494 physicians will have been produced as a result of the residency program based upon estimates made by EMSI reflected in Attachment 1. Many of these physicians will remain in the region upon completing the program; 51% of residents go into practice within 50 miles of their residency location.⁵ The additional physicians trained will go a long way in addressing the current shortage of physicians and allowing more patients to be served. This will add significant healthcare capacity, and, furthermore, the added earnings and increased productivity of these physicians will create long-run impacts across the regional economy.

The counties of southeastern North Carolina are ranked very low in health outcomes as shown in the following graphic.

⁴ EMSI is a leading national provider of both medical information and risk management services for thousands of clients in multiple lines of business, providing a wide variety of valuable information services to customers to mitigate risk and make informed decisions.

⁵ Source: 2011 Survey of Final Year Medical Residents Merritt Hawkins



As shown in the previous graphic, five rural counties in southeastern North Carolina rank in the worst 25 counties for health outcomes, three of which are in the CFVHS Service Area. Four other rural counties, including Cumberland, are in the lower 50% when ranked for health outcomes. A larger version of this graphic is included in Attachment 1. These counties suffer from severe primary care and specialty care physician shortages. In North Carolina, 25% of all counties, including many in southeastern North Carolina, do not have:

- OB/Gyns
- General Surgeons
- Pediatricians
- Psychiatrists.

As a result, the counties of southeastern North Carolina have distinct health disparities by disease and by health outcomes.

IV. Statement of Adverse Effects on the Population if the Adjustment is Not Made

Rural residents choose to stay home for their health care whenever possible. Unfortunately, many rural residents across North Carolina must travel for basic health services due to the lack of physicians in local communities. The proposed additional operating room will be instrumental in training general surgeons in the new CFVHS general surgery residency program. As discussed above, 51% of physicians remain close to the location where they are trained.

Again, it is important to realize that the proposed adjustment will not impact other surgical providers across North Carolina. The adjustment will allow CFVMC to expand surgical services for surgical residents in south-central and south-east North Carolina.

V. Options for Operating Room Development in Cumberland County

A. Maintain the Status Quo

Operating rooms at CFVMC are currently operating at nearly 80% of capacity; 79.7% based upon the 2017 SMFP operating room need methodology and 71.9% based upon the proposed operating room methodology in the 2018 SMFP using FFY 2017 data. Combined surgical utilization at CFVHS facilities in Cumberland County also is very high; 79.2% based upon the 2017 SMFP operating room need methodology and 77.3% based upon the proposed operating room methodology in the 2018 SMFP based upon FFY 2017 data. As reflected in the discussion above, current and projected utilization is reaching capacity limitations. CFVMC needs additional surgical capacity to meet the needs of its new general surgical residency program.

B. Move ORs from Highsmith Rainey or CFV North

As shown above, the three remaining operating rooms at Highsmith are currently very highly utilized. Two of these OR currently are designated to relocate to CFV North, a new community hospital in northern Cumberland County, in the future. Therefore, Highsmith does not have operating rooms available to relocate. Further, moving operating rooms within surgical facilities within CFVHS surgical facilities within Cumberland County does not increase the total operating room capacity available.

C. Partner with Fayetteville Surgery Center

Fayetteville Ambulatory Surgery Center (FASC) is a freestanding ambulatory surgery center with 11 operating rooms in Cumberland County operated by Surgical Care Affiliates (SCA). CFVHS is a minority owner in FASC and supports the need for a freestanding ambulatory surgery center in Cumberland County. FASC is the largest provider of outpatient surgical care in Cumberland County and is a valuable community asset providing low cost surgical services for the residents of Cumberland County and the rural counties in the CFVHS service area. FASC has available capacity to meet the needs of Cumberland County residents appropriate for surgical care in a freestanding outpatient setting. Utilization in FFY 2016 was around 60% based upon the new Operating Room Need Methodology capacity definitions included in the Proposed 2018 SMFP.

With changes in technology, anesthesia and other pharmaceuticals, the trend in surgical care is shifting patients from an inpatient setting to an outpatient setting. It is not reasonable to consider decreasing the number of outpatient surgery operating rooms in freestanding settings and the additional operating room requested is needed for teaching in inpatient settings as well as outpatient settings. Therefore, It would not be a cost-effective alternative for residents of Cumberland County to decrease the number of freestanding ambulatory surgical operating room.

D. Pursue a Special Need Adjustment

The proposed Adjusted Need Determination for one additional operating room in Cumberland County will allow CFVMC to apply for a new operating room to address the capacity demands associated with the new general surgery residency. In addition, with only one operating room identified as needed, the chance that there will be an applicant other than CFVMC for the one operating room is considerably less, increasing CFVMC's chances of receiving CON approval and implementing the project quickly.

CFVHS considered asking for an adjusted need determination for two operating rooms. However, since the impact of the residency program on surgical case times is not yet known, CFVHS decided to be conservative and only ask for just one additional operating room. In addition, one additional operating room is needed quickly to meet the needs of surgeons and general surgery residents. CFVMC has space available which can quickly be converted to an operating room assuming CFVMC is approved for the additional OR. Developing one OR is more expeditious at this time. Finally, if surgical times escalate rapidly in the next year or two as expected, the new OR methodology should drive additional need.

VI. Duplication of Health Resources

The addition of an operating room in Cumberland County will not result in a duplication of health resources in the county. Fayetteville Ambulatory Surgery Center (FASC) is the only other provider of surgical services in the county and has 11 operating rooms in a freestanding ASC setting. FASC has available capacity. Utilization was around 60% in FFY 2016 based upon the Operating Room Need Methodology included in the Proposed 2018 SMFP. However, as discussed above, the need for an additional operating room is justified to meet the expanded need for operating room capacity resulting from CFVHS's collaboration with the Jerry M. Wallace School of Osteopathic Medicine at Campbell University. An additional operating room at Cape Fear will provide educational opportunities for both inpatient and outpatient surgery and will not negatively impact utilization at FASC.

In addition, a second freestanding ASC will be opening in 2018, a Dental ASC with two dental operating rooms will open as a result of the Dental Demonstration Project included in the 2016 SMFP. While some surgical volume from CFVHS may shift to the dental ASC, the volume shifting will not impact the need at CFVHS for an additional operating room as discussed in this Petition.

As documented above, surgical case times at teaching institutions are greater than surgical case times at non-teaching institutions. When the CFVMC case time is adjusted to reflect the impact of adding surgical residents at CFVMC, an additional operating room is needed in Cumberland County. Further, the new methodology in the Proposed 2018 SMFP plans at a health system level. Therefore, the proposed adjustment would not result in a duplication of existing services.

VII. Consistency with SMFP Basic Principles

The petition is consistent with the provisions of the Basic Principles of the *State Medical Facilities Plan*.

A. Safety and Quality Basic Principle

The State of North Carolina recognizes the importance of systematic and ongoing improvement in the quality of health services. Emerging measures of quality address both favorable clinical outcomes and patient satisfaction, while safety measures focus on the elimination of practices that contribute to avoidable injury or death and the adoption of practices that promote and ensure safety. Providing appropriate care in the appropriate setting works to assure quality care for patients. As a result of the Affordable Care Act, quality, transparency and accountability in community hospitals is more important than ever. In the future payment will be based upon quality measures and community hospitals are moving rapidly to assure high quality, cost effective care. As stated above, one of the goals of CFVHS's medical education program is to provide patient-centric teaching that emphasizes practice-based learning, evidence-based medicine, and the importance of professionalism and effective interpersonal communication skills.

B. Access Basic Principle

Equitable access to timely, clinically appropriate and high-quality health care for all the people of North Carolina is a foundation principle for the formulation and application of the *North Carolina State Medical Facilities Plan*. The formulation and implementation of the *North Carolina State Medical Facilities Plan* seeks to reduce all of those types of barriers to timely and appropriate access. The first priority is to ameliorate economic barriers and the second priority is to mitigate time and distance barriers. The *SMFP* is developed annually as a mechanism to assure the availability of necessary health care services to a population.

Residents of southeastern North Carolina have inadequate access to medical professionals. The population to physician ratio for the counties in the CFVHS service area is significantly greater than other areas in North Carolina. The proposed adjustment will impact the training of additional surgeons in the service area and will improve geographic access surgeons for residents in rural communities. Approval of this Petition will allow improved access to basic general surgical services as it is well documented that 51% of physicians choose locations in or near the community where they were trained when deciding where to practice.

C. Value Basic Principle

The SHCC defines health care value as maximum health care benefit per dollar expended. Disparity between demand growth and funding constraints for health care services increases the need for affordability and value in health services. Measurement of the cost component of

the value equation is often easier than measurement of benefit. Cost per unit of service is an appropriate metric when comparing providers of like services for like populations.

Campbell University approached CFVHS to provide residency slots for their students. As discussed above, CFVHS pursued the opportunity and became designated as a rural referral center for the sole purposes of expanding the residency programs offered from two programs to nine programs, including a new general surgery residency program. As a result, the proposed adjustment will allow CFVMS to train additional surgeons in southeastern North Carolina in hopes that they will remain in southeastern North Carolina to provide care locally in a lower cost community hospital when clinically trained. CFVHS believes the proposed adjustment will help to maximize health care benefit per dollar expended.

VIII. Conclusion

The proposed adjustment of **one additional operating room in Cumberland County** in the 2018 SMFP will allow CFVMS to apply for a new operating room to meet the needs of its new surgical residency program. Currently CFVHS operating rooms in Cumberland County are well utilized and current capacity is not sufficient to meet the needs of the planned surgical residents. Letters of support for the Petition are included in Attachment 4.



July 24, 2017

Christopher Ullrich, M.D.
Chairman
North Carolina State Health Coordinating Council
Health Planning and Certificate of Need Section
North Carolina Division of Facilities Services
809 Ruggles Drive
Raleigh, NC 27603

Re: Adjusted Need Petition for One Operating Room in Cumberland County

Dear Dr. Ullrich:

I am the Dean and Chief Academic Officer at Campbell University Jerry M. Wallace School of Osteopathic Medicine located in rural Harnett County. Campbell University enrolls students from all 100 North Carolina counties in undergraduate and graduate level programs, including law, pharmacy, business, education, and divinity. Students come to Campbell from all socioeconomic backgrounds and then often return to work and serve in the communities they call home.

Campbell University began addressing health care issues in 1985 with the establishment of the nationally acclaimed School of Pharmacy, which was the first new pharmacy school founded in the United States in more than 35 years. In addition to offering the Doctor of Pharmacy program, the school offers undergraduate and graduate programs in Clinical Research and Pharmaceutical Sciences. In 2009, the name was formally changed from the School of Pharmacy to the College of Pharmacy & Health Sciences to provide additional health science programs, including the Physician Assistant program (2011), a Master of Public Health degree (2012), Doctor of Physical Therapy degree (2014), and Nursing (2014).

The Jerry M. Wallace School of Osteopathic Medicine was established in 2013 and will make a significant impact on the health and well-being of North Carolinians. Approximately 60% of practicing osteopathic physicians practice in the primary care specialties of family medicine, general internal medicine, pediatrics, and obstetrics and gynecology. Many osteopathic physicians fill a critical need for physicians by practicing in rural and other medically underserved communities. With enrollment at 160 students per year, Campbell is the second largest medical school in the state.

Cape Fear began accepting residents in five new residency programs from Campbell this month. Two of our new residency programs at Cape Fear; general surgery and OBGYN; will impact future utilization of the operating rooms at Cape Fear. Beginning this month, we have four general

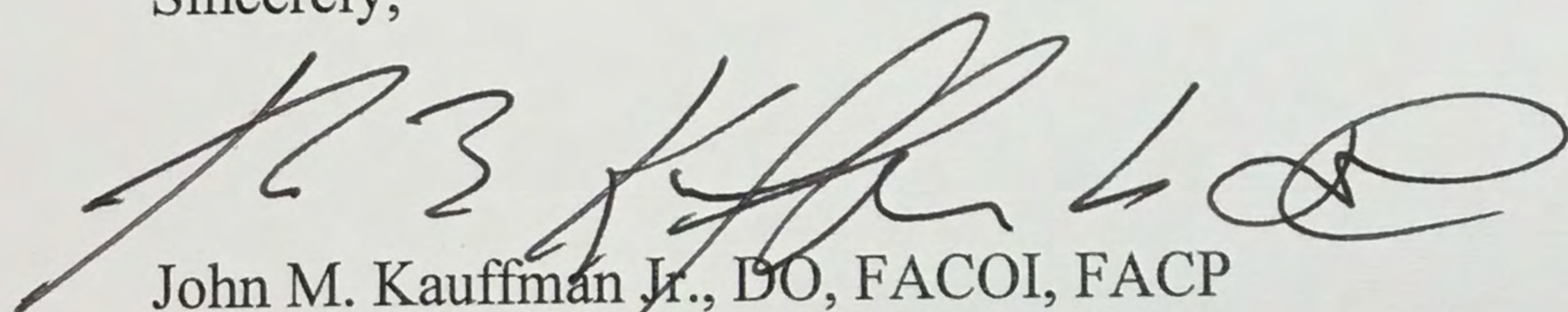
surgery residents and three OBGYN residents at Cape Fear. This is expected to increase to 20 General Surgery residents and 16 OBGYN residents by 2020.

Teaching in the operating rooms at Cape Fear Valley will increase surgical case times. That is a given. We just do not know at this point how much case times will increase. Cape Fear's operating rooms currently are well utilized and additional capacity is needed. We support their petition for an additional operating room. This will assure that sufficient capacity is available for teaching AND that teaching our future surgeons does not result in delays and cancellations for other surgical patients at Cape Fear.

While the full impact of our new program is unknown, we do know that the medical school at Campbell and the residency program at CFVMC will have a real and significant impact, producing new physicians in south central and southeastern North Carolina.

We at Campbell University support Cape Fear Valley's request that a need for one additional operating room in Cumberland County be reflected in the 2018 SMFP. This would allow CFVHS to apply for a CON to expand surgical services in 2018 such that surgical capacity will be available in 2020 to meet the needs of our surgical residents. It is important that any new operating room in Cumberland County be available for the residents at CFVMC and that they are available soon.

Sincerely,



John M. Kauffman Jr., DO, FACOI, FACP
Dean and Chief Academic Officer



July 24, 2017

Christopher Ullrich, M.D., Chairman
North Carolina State Health Coordinating Council
Health Planning and Certificate of Need Section
North Carolina Division of Facilities Services
809 Ruggles Drive
Raleigh, NC 27603

Re: Adjusted Need Petition for One Operating Room in Cumberland County

Dear Dr. Ullrich:

I am the Chief Executive Officer of the Cape Fear Valley Health System. Cape Fear Valley Health System is a non-profit, community-owned health system, which includes Cape Fear Valley Medical Center, Highsmith Rainey Specialty Hospital, CFV Bladen Hospital, and CFV Hoke Hospital.

CFVHS is submitting an Adjusted Need Determination for one additional operating room in Cumberland County. Our Petition is based upon the development of two new surgical residency programs at CFVHS, which began this month in collaboration with the Campbell University Jerry M. Wallace School of Osteopathic Medicine. We are excited and enthusiastic about our collaborative effort with Campbell, and as documented in our Petition we expect our residency programs to growth substantially in the next five years.

CFVHS is requesting the need for one operating room in Cumberland County be reflected in the 2018 SMFP. This would allow CFVHS to apply for a CON to expand surgical services in 2018 such that surgical capacity will be available in 2020 or sooner to meet the needs of the new surgical residency. It is important that any new operating room in Cumberland County be available for the residents at CFVMC and that they are available soon.

This project will promote cost-effective approaches, expand health care services to the medically underserved, and enhance quality health care services by providing more efficient health care services to the patient population served by Cape Fear Valley Health System.

As a non-profit, community-owned health system Cape Fear Valley Health System invests its profits back into the facility and community it serves and is committed to patients and their families – not to stakeholders. In keeping with its non-profit mission, physicians and employees at CFVMC, CFV Bladen, CFV Hoke, and now at Harnett Health, provide medical services, regardless of one's ability to pay.

Our vision is to improve the quality of every life we touch. Our Mission is providing exceptional healthcare for all patients.

Please convey to the State Health Coordinating County, my enthusiastic support of this project.

Sincerely,

Michael Nagowski
Chief Executive Officer
Cape Fear Valley Health System

July 24, 2017

Christopher Ullrich, M.D.
Chairman
North Carolina State Health Coordinating Council
Health Planning and Certificate of Need Section
North Carolina Division of Facilities Services
809 Ruggles Drive
Raleigh, NC 27603

Re: Adjusted Need Petition for One Operating Room in Cumberland County

Dear Dr. Ullrich:

I am Vice President of Medical Education for Cape Fear Valley Health System and Regional Assistant Dean for Campbell University, Jerry M. Wallace School of Osteopathic Medicine.

The Campbell University Jerry M. Wallace School of Osteopathic Medicine enrolled its inaugural class in August 2013. Cape Fear began accepting residents in five new residency programs from Campbell this month. Two of our new residency programs; general surgery and OBGYN; will impact future utilization of the operating rooms at Cape Fear. Beginning this month, we have four general surgery residents and three OBGYN residents. This is expected to increase to 20 General Surgery residents and 16 OBGYN residents by 2020.

We are already a teaching hospital. Currently we work with the Southern Regional AHEC training approximately 24 Family Medicine residents each year. Our association with Campbell is projected to add 230 resident slots annually by completion of Phase 2. In addition, CFVMC is working with Womack Medical Center in Fayetteville and we will be training other surgical residents in oral maxillofacial surgery and podiatry.

All of these programs will increase utilization in the operating rooms at Cape Fear. Cape Fear operating rooms are well utilized. We are asking for an additional operating room to assure that we have sufficient capacity for teaching AND that teaching our future surgeons does not result in delays and cancellations for other surgical patients at Cape Fear.

While the full impact of our new program is unknown, we do know that the medical school at Campbell and the residency program at CFVMC will have a real and significant impact, producing new physicians in south central and southeastern North Carolina.

Cape Fear Valley Health System is submitting a Petition for an adjusted need determination for one additional operating room in Cumberland County. This Petition is consistent with the basic principles of the SMFP and will promote cost-effective approaches, expand health care services to the medically underserved, and encourage quality health care services by providing more efficient health care services to the patient population served by Cape Fear Valley Health System.

Please convey to the State Health Coordinating County, my enthusiastic support and that of my colleagues for this Petition.

Sincerely,



Donald Maharty, MD
Vice President of Medical Education for Cape Fear Valley Health System
Regional Assistant Dean for Campbell University, Jerry M. Wallace
School of Osteopathic Medicine.



Christopher Ullrich, M.D.
Chairman
North Carolina State Health Coordinating Council
Health Planning and Certificate of Need Section
North Carolina Division of Facilities Services
809 Ruggles Drive
Raleigh, NC 27603

Re: Adjusted Need Petition for One Operating Room in Cumberland County

Dear Dr. Ullrich:

I am the Vice President, Chief Nursing Officer at Cape Fear Valley Medical Center (CFVMC). In this role, I am responsible for the day to day operations at CFVMC.

Cape Fear Valley Health System is submitting a Petition for an adjusted need determination for one additional operating room in Cumberland County. Our Petition is based upon the development of two new surgical residency programs at CFVHS, which began this month in collaboration with the Campbell University Jerry M. Wallace School of Osteopathic Medicine. We already have residents working and learning in our surgical suite, and we look forward to assuring the best possible educational experience for them. I have responsibility for the day to day operation of surgical services at CFVHS. The proposed Petition, if approved will allow us submit a CON for a new operating room which will improve our ability to meet the educational needs of our residents and the surgical needs of patients from our six-county service area.

This Petition is consistent with the basic principles of the SMFP and will promote cost-effective approaches, expand health care services to the medically underserved, and encourage quality health care services by providing more efficient health care services to the patient population served by Cape Fear Valley Health System.

Please convey to the State Health Coordinating County, my enthusiastic support and that of my colleagues for this Petition.

Sincerely,

Susan Dees, RN
Vice President, Chief Nursing Officer
Cape Fear Valley Health System