



August 10, 2017

North Carolina Division of Health Service Regulation
Healthcare Planning and Certificate of Need Section
2704 Mail Service Center
Raleigh, NC 27699-2704

Attn: NC State Health Coordinating Council

Dear Dr. Ullrich and Members of the Council:

Thank you for the opportunity to provide comments on petitions and comments submitted to the State Health Coordinating Council. NCHA provides the following comments pertaining to the Acute Care Services petitions to the Proposed 2018 State Medical Facilities Plan.

Graystone Ophthalmology Associates:

The petition requests need for one additional surgical operating room (OR) in the Catawba County service area in the 2018 State Medical Facilities Plan (SMFP). The need methodology was developed this year by the Operating Room Methodology Workgroup, and uses provider-reported case times to determine utilization of existing capacity for each provider. The methodology is based on variables that are more closely related to specific provider types and their operations, and also includes a mechanism to mitigate excessive changes (more than 10%) in the reported case times. Graystone's petition argues that re-calculating the average case time and overriding that adjustment factor would result in a need determination.

NCHA supports the work of the Operating Room Methodology Workgroup and the need methodology found in the Proposed 2018 SMFP. That need methodology indicates a surplus in capacity, and NCHA does not support the Graystone petition for an additional operating room in Catawba County.

Wilmington Health, PLLC:

Wilmington Health has petitioned for a need determination for two operating rooms in Onslow County. The Proposed SMFP indicates that Onslow County has a surplus of 3.3 operating rooms.

The petition reports that approximately one-quarter of outpatient surgery cases performed on County patients occurred in the freestanding ASCs closest to Onslow County, and that half of those were performed in New Hanover County freestanding and hospital-based settings. However the figures are not linked to specific types of surgery, locations, or need for hospital backup. It is not reasonable to assume that the ambulatory surgery cases in the counties listed in the petition are transferable to an ambulatory surgery center, or to assume that the projected number of patients would out-migrate to such a center in New Hanover County.

There may also be an unintended consequence of permitting new centers without a need determination. North Carolina now has a proposed need methodology that seeks to identify need based on the capabilities and characteristics of different providers. In this instance we believe the



committee should consider these variables and disapprove this request to override that need methodology. NCHA does not support the petition for an adjustment to the need determination in Onslow County.

University Surgery Center, dba Mallard Creek Surgery Center

Mallard Creek Surgery Center petitions for changes to two of the criteria found in the Single Specialty Ambulatory Surgical Facility Demonstration Project in the 2010 State Medical Facilities Plan.

Each demonstration project facility shall provide care to the indigent population, as described below:

The percentage of the facility's total collected revenue that is attributed to self-pay and Medicaid revenue shall be at least seven percent, which shall be calculated as follows: The Medicare allowable amount for self-pay and Medicaid surgical cases minus all revenue collected from self-pay and Medicaid cases divided by the total collected revenues for all surgical cases performed in the facility.

Mallard Creek requests that the above mentioned "seven percent" percentage be reduced to five percent. The access to care criterion, included in 2010 SMFP's Single Specialty Ambulatory Surgery Facility Demonstration Project, was developed by a committee of the State Health Coordinating Council that included representatives from the ambulatory surgery care provider community. NCHA supports Mallard Creek Surgery Center's efforts to provide care to the medically underserved and to increase its community benefit. However, NCHA does not believe that the 7% figure is unreasonable, and notes that the other Single Specialty Ambulatory Surgery Demonstration Projects have maintained compliance with the requirement. NCHA does not support lowering the threshold below the 7% figure.

Mallard Creek Surgery Center has also requested that revenue from procedures that do not yet have a Medicare allowable amount or are not currently ASC approved by Medicare be removed from the denominator used to determine the above mentioned 7% figure. It may be reasonable to consider making an adjustment to the formula so that providers are not held to a potentially unattainable standard.

UNC Hospitals: Petition to Remove the Acute Care Bed Need Determination for Orange County

The petition requests that the need determination for additional beds in Orange County be removed from the 2018 SMFP. UNC Hospitals has demonstrated that need determinations in recent years, along with the additional beds now being built in both the Chapel Hill and Hillsborough, will meet the need for inpatient services through 2022, and that postponing the need determination for another year will provide more time to make progress on developing these additional beds. NCHA supports the petition.



Wake Forest Baptist Health: Petition for reduction in the operating room need determination in Forsyth County

The petition requests a reduction in the Forsyth County operating room need determination from 6 to 4 operating rooms. The request is based on the claim that two ambulatory surgery centers, The Plastic Surgery Center of North Carolina and the WFBH Outpatient Surgery Center – Clemmons, are part of the same health system as North Carolina Baptist Hospital, and should therefore be reflected as such in the inventory and need methodology. NCHA supports a review of the assumptions of the methodology and related inventories to determine whether the components of a “health system” are accurately reflected and the number of operating rooms needed is consistent with the intentions of the need methodology.

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

Sincerely,

Mike Vicario
Vice-President of Regulatory Affairs