

**Comments Regarding the Certificate of Need Application  
Filed by UNC Hospitals Blue Ridge Road MOB  
CON Project No. J-11534-18**

**Submitted by: WakeMed Health & Hospitals  
July 31, 2018**

**Overview**

A certificate of need application was filed on June 15, 2018 for the July 1, 2018 review cycle by UNC Hospitals to renovate a medical office building (MOB) located at 2801 Blue Ridge Road in Raleigh in Wake County. The proposed project will move some of UNC's hospital-based pediatric physician specialist services, along with associated pediatric ancillary services, from their current Chapel Hill location in Orange County to Raleigh. The UNC application also proposes to wholly relocate its pediatric non-oncology infusion clinic out of its current location in Chapel Hill to Wake County in the same MOB facility.

The following comments will demonstrate that this application should not be approved, as it does not conform to all applicable certificate of need Review Criteria found in N.C.G.S. §131E-183.

**Review Criterion 3**

*The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.*

UNC maintains that the pediatric services in the proposed project “will be closer for 75 percent of UNC Children’s patients”, but the historic and proposed patient origin data provided in Section C do not bear out this claim. According to tables on Application pages 33-34 and 35, it is evident that less than one-half of UNC Specialty Children’s Clinics’ total patients will have improved geographic access due to the proposed project. The highest proportion of current and projected patients originate in Wake County, where UNC already has a pediatric services presence. UNC Hospitals also operates hospital-based pediatric specialty clinics in Wilmington. See the table below.

<b>Approximate Distances to Raleigh and Chapel Hill from UNC Pediatric Specialty Clinics Patient Origin Counties</b>				
<b>County</b>	<b>Percent of Current/ Projected Total Patients</b>	<b>Approx. Miles to Raleigh (from county seat)</b>	<b>Approx. Miles to Chapel Hill (from county seat)</b>	<b>Closer to UNC Peds Services with Proposed Project?</b>
Wake	26.3%	NA	28	Yes
Orange	7.9%	28	NA	No
Cumberland	7.1%	64	73	Partially
Alamance	6.6%	58	32	No
Durham	4.6%	25	11	No
Johnston	3.8%	30	59	Partially
Harnett	3.6%	31	51	Partially
Moore	3.1%	61	54	No
Guilford	3.1%	77	51	No
Chatham	2.8%	34	17	No
Onslow	2.1%	119	148	Partially
Robeson	2.0%	95	124	Partially
Wayne	1.5%	53	81	Partially
Randolph	1.4%	72	53	No
New Hanover	1.4%	153	162	No
Sampson	1.3%	65	93	Partially
Hoke	1.2%	87	81	No
Richmond	1.1%	98	92	No
Franklin	1.1%	31	55	Partially
Nash	1.0%	47	73	Partially
Other	13.9%	?	?	No

Source: Google maps, using road mileage from county seat to Raleigh or Chapel Hill

Since UNC’s application does not provide patient origin details for historical or projected patients in the County category of “Other,” those patients cannot be assumed to be closer to Raleigh and would therefore not be included in the supposed 75 percent of patients who might benefit by closer proximity to the proposed project.

It is not all clear that the proposed project will be closer to 75 percent of UNC pediatric patients, as the application suggests. In reality, the proposed project will only incrementally improve geographic access to UNC Pediatric Specialty services for residents of some counties. Because UNC already offers pediatric specialist services in Raleigh, the net impact of the proposed project will have little improvement in accessibility for patients already closer to Raleigh than to Chapel Hill. For patients in outlying counties such as Richmond and Robeson, both of which are more than 90 miles from either location, the difference in road mileage to Chapel Hill or Raleigh is not significant.

Despite the supposed improvement in geographic access, the proposed patient origin is identical to historic patient origin, which does not seem reasonable. What is also unclear from the patient origin tables in Section C is whether the data includes patient origin for *all* UNC Pediatric Specialty Services, or only for the services affected by the proposed project.

For these reasons, the UNC application does not conform to Review Criterion 3.

#### **Review Criterion 4**

*Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.*

The application described two alternatives to the proposed project: maintaining the status quo and developing the project at a different location. On Application page 56, UNC dismisses the status quo by stating that its campus "...simply does not have sufficient room to grow given its highly congested site."

The explanation for developing the project at a different location did not include any discussion of why the project could not be developed at a location more proximate to the UNC Hospitals main campus, where most of UNC's hospital-based pediatric specialists are based. It is unclear why UNC did not explore the option of relocating pediatric services to its Hillsborough campus, which is located only 12 miles from Chapel Hill and where UNC Health Care has made a substantial investment. Rather, the application depicted only the Raleigh location as a possibility.

In considering how to best meet the needs of pediatric patients in Wake County and in the counties surrounding Wake County, UNC failed to consider any alternatives in providing pediatric specialty services that would involve coordination and collaboration with existing pediatric specialist services. Existing providers are currently providing such services at multiple locations in Wake County.

UNC filed a second CON application for the July 1, 2018 review cycle (Project No. J-11535-18), to renovate a MOB in Chapel Hill, only a few miles from UNC Hospitals and adjacent to Interstate 40. The Chapel Hill MOB will also relocate some UNC's hospital-based outpatient departments to an off-campus location. However, pediatric services were not included in this application. It is unclear why UNC did not describe this location as an alternative to the project described in J-11534-18.

UNC did not fully consider the alternatives to the proposed project, and is not conforming with Review Criterion 4.

## Review Criterion 6

*The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.*

In Section G, UNC acknowledges existing and approved acute care hospitals in Wake County (omitting WakeMed North Hospital), but provides no description of inpatient and outpatient pediatric services available in the County. UNC states it is “not aware of a public data source which indicates if a hospital provides hospital-based physician services.” However, there are many “public data sources” that were readily and easily available to UNC, and UNC should have used these sources to identify and list existing inpatient and outpatient pediatric physician services located in Wake County that are currently providing the same services that UNC’s CON application proposes to offer in Wake County. Such readily available data sources include:

- The North Carolina Medical Board database of licensed physicians;
- The membership directory of the Children’s Hospital Association, which UNC Hospitals is a member, as well as two other major children’s hospitals offering services in Wake County and in the Research Triangle area (WakeMed Children’s and Duke Children’s);
- The Internet, where search engines provide users with easy and immediate access and a vast array of information about the location and types of all pediatric health services in Wake County;
- The North Carolina Patient Data System, administered by Truven Health Analytics (an IBM Watson company), a public data source in which all North Carolina hospitals are mandated to participate, and which UNC Hospitals has demonstrated its access to and familiarity with in many CON projects.

Wake County is not an underserved area for pediatric services, nor is UNC Hospitals the only provider of pediatric specialist services in Wake County. In fact, there are two other well-known children’s hospitals, WakeMed Children’s and Duke Children’s, with extensive service offerings provided in Wake County. One of these children’s hospitals currently offers more pediatric specialist services in Wake County than does UNC. Both of these children’s hospitals are already currently offering a vast array of pediatric specialist services from offices located in Wake County, comprehensively including: outpatient services, inpatient services, and dedicated 24/7 pediatric emergency services. In Wake County, by comparison, UNC Children’s offers only outpatient services. Further, the combined sum of existing comprehensive pediatric services offered in Wake County by these two other well-known children’s hospitals greatly exceed UNC’s limited single location of outpatient pediatric offices in the county.

Data for FY 2017 from Truven Health Analytics show that 3 facilities provide nearly 90 percent of hospital-based outpatient services to pediatric patients originating in Wake County. See the following table.

<b>FY 2017 Hospital-Based Outpatient Volumes by Facility for Wake County Pediatric Patients (Age 0-17)</b>		
<b>Facility</b>	<b>Cases</b>	<b>Percent of Total</b>
Duke University Med Ctr	9,514	39.1%
UNC Hospitals	7,717	31.7%
WakeMed Raleigh Campus	4,404	18.1%
Rex Healthcare	962	4.0%
WakeMed Cary Hospital	622	2.6%
Duke Raleigh Hosp	463	1.9%
WakeMed North Hospital	266	1.1%
NC Specialty Hospital	152	0.6%
WFU Baptist Med Center	61	0.3%
Duke Regional Hospital	61	0.3%
Carolinas Medical Center	46	0.2%
Johnston Health Clayton	11	0.0%
New Hanover Regional M.C.	11	0.0%
UNC Hospitals-Hillsborough Campus	9	0.0%
Vidant Medical Center	9	0.0%
Johnston Medical Center	9	0.0%
Wilson Medical Center	5	0.0%
FirstHealth Moore Rgnl	5	0.0%
Central Carolina Hospital	4	0.0%
Nash Hospitals	3	0.0%
Harnett Health Betsy Johnson Hosp	3	0.0%
Maria Parham Med Ctr	3	0.0%
Mission Hospital	3	0.0%
Vidant Duplin Hospital	2	0.0%
High Point Regional Hosp	2	0.0%
Central Harnett Hospital	1	0.0%
Novant Health Huntersville Med Ctr	1	0.0%
Lenoir Memorial Hospital	1	0.0%
Vidant Edgecombe Hospital	1	0.0%
CHCS Northeast	1	0.0%
Park Ridge Hospital	1	0.0%
Moses H Cone Mem Hospital	1	0.0%
<b>Grand Total</b>	<b>24,354</b>	<b>100.0%</b>

Source: Truven Health Analytics

WakeMed’s and Duke’s combined hospital-based pediatric services volumes of Wake County residents are nearly double that of UNC’s. UNC provides no evidence that the proposed project will not be duplicative of existing pediatric physician services in Wake County. Therefore, the project is nonconforming with Review Criterion 6.

### **CON Review Criterion 8**

*The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.*

In Section I, the UNC application discusses how the proposed project will be coordinated with the existing health system, although the descriptions are vague. On Application pages 72-73, UNC states that “the MOB clinics will establish a relationship with the Wake County school district to provide school nurses and other staff with instructions on administering medications in school...”, but includes no correspondence either to or from the Wake County Public School System expressing interest or intent in such services.

The application includes no description of how the project will be coordinated with existing academic and community-based providers of pediatric services in Wake County. For instance, WakeMed currently provides nearly all the pediatric services described in J-11534-18, yet there is no discussion of how services and resources could be coordinated to avoid duplication and to develop synergy within the community. It would appear from the application that UNC’s intent is to serve its own patients in Wake County.

UNC does not adequately describe how services that remain at the on-campus Chapel Hill location will be able to adequately serve its patients in the future. There is no evidence provided that the proposed project will be coordinated with Wake County’s health system. For these reasons, the project is not conforming with Review Criterion 8.

### **Summary**

The UNC Hospitals CON application in J-11534-18 is not fully conforming with all applicable Review Criteria. The project will not substantially improve access to pediatric outpatient services in Wake County and will be duplicative of existing resources. Further, the applicant did not consider all alternatives or describe efforts to coordinate with Wake County’s existing health services. For these reasons, the proposed project should not be approved.