

Agency Report

Basic Principles Revision

8.22.08

Overview

A Quality, Access and Value (QAV) work group, tasked with rewriting the Basic Principles Governing the Development of the State Medical Facilities Plan, was convened in the spring of 2008. The charge to the Work Group was as follows:

To propose a restatement of the basic principles governing the development of the State Medical Facilities Plan.

Guidelines and Considerations:

- 1) Changes in the health care environment require emphasis on quantification, accountability, and interrelatedness of the basic principles, with particular attention to emerging standardized quality measures. The core governing principles must be retained, but with some adjustment of emphasis: promote high quality health care services as measured by outcomes and satisfaction, promote equitable access to health care services for all North Carolina's people, and promote high value practices that will maximize the health care benefit gained for resources expended.
- 2) The detailed restatement of these principles should define a process in which these goals are achieved through a competitive health care market, in which successful providers prevail by offering the best balance of quality, access and value to North Carolina's health care consumers.
- 3) The restatement of the basic principles should be unambiguous and with sufficient clarity to enable the basic principles to reliably serve as a reference guideline for the SHCC when it considers any policy or methodology inclusion, elimination, and/or modification.

The work group, chaired by Dr. Dana Copeland, met four times and through careful and thorough consideration of each Basic Principle in relation to the many and varied changes which have occurred in the health care environment since the Basic Principles were first published, did an outstanding job of producing a draft revision of each Basic Principle.

The draft revised Basic Principles were presented to the full State Health Coordinating Council (SHCC) at the May 28, 2008 SHCC meeting. As recommended by the SHCC at that meeting, given the complexity of implementing the revised Basic Principles, their importance to the SMFP, and the need for public comment, a new QAV work group was authorized to continue to refine the revised Basic Principles. Additionally, the SHCC recommended publishing the revised Basic Principles in the Proposed 2009 North

Carolina State Medical Facilities Plan with a note requesting comments. These recommendations were made in order to continue to move forward with meeting the charge to the QAV work group.

Summary of the Comments Received During the Public Comment Period

During the public comment period, the Division of Health Service Regulation received comments from the following five commenters.

- Mike Vicario with the North Carolina Hospital Association
- Lisa Griffin with Novant Health
- Michael Freeman with Wake Forest University Baptist Medical Center
- Mary Beck with University of North Carolina Health Care
- Sue Collier with University Health Systems

Some salient points gleaned from the comments are shown below:

- Appointment a separate work group for each principle.
- Each revised Basic Principles consists of two parts: a principle and action steps.
- Action items related to the Principles must be included in policies or rules in order to be enforceable.
- Instructions and actions steps for the SHCC in development of the SMFP are different from policies and rules that can be applied in making decisions in reviewing CON applications.
- There must be consistency among the revised principles and applicable policies, rules, and criteria.
- Balancing access and cost: Providers with higher costs resulting from providing access to the underserved should not be penalized for those higher costs in a competitive CON review.
- Recognition should be given to the unique nature of rural providers and academic medical centers.
- Measures, including patient satisfaction measures, should be standardized, objective, comparable.
- Data on CON holders' compliance with measures should be publicly available.
- Not all CON applicants will have data to measure. What is the best way to compare CON applicants who are able to provide data with those CON applicants who are unable to provide data?

Agency Recommendations

The Agency appreciates the QAV work group's efforts, the support of the SHCC in this endeavor and the comments received during the public comment period. Further, the Agency looks forward to participating in continuing to move toward the goal of meeting the QAV work group charge. Based on review of the revised Basic Principles and the comments received during the public comment period, the Agency makes the following six recommendations:

1. Review and consider the comments received during the public comment period as the process of meeting the work group charge continues.
2. Separate the revised Basic Principles into two parts:
 - a. For each Basic Principle, a broad principle statement, intended to guide decision making relative to formulation and implementation of the SMFP. Include these principle statements in Chapter 1 of the SMFP under “Basic Principles Governing Development of the Plan”.
 - b. An action plan for specific application of the Principles. This action plan will include an outline of tasks to be accomplished, entities responsible for the tasks, and anticipated completion dates. The action plan for the Principles will be combined with action plans for other initiatives of the SHCC, such as the Operating Room Work Group recommendations, in a separate document “New Initiatives and Implementation Strategies”. This document, which will reflect all activities of the SHCC to be undertaken in the development of future SMFPs, will be maintained by the Planning Section and will be made available to the SHCC members and the public.
3. Add a step 5. to the “Instructions for Writing Petitions” sections in Chapter 2 of the SMFP. Suggested wording for the new step is as follows:
 5. “Evidence that the requested adjustment is consistent with the three Basic Principles Governing the Development of the SMFP: Safety and Quality, Access and Value.”
4. Appoint ad hoc work groups, staffed by a Planner and assisted by a representative from the CON Section, responsible for a set of tasks in the action plan. Find and appoint to the work groups individuals with healthcare quality measurement expertise. These experts will be responsible for suggesting metrics and for designing, if needed, any systems for tracking the measures.
5. Update Policy Gen 3 to make the policy consistent with the revised Basic Principles and related tasks in the action plan. The current Policy Gen 3 was developed before the QAV work group was established and, as such, is not accordant with the revised Basic Principles and separate action plan. Updating Policy Gen 3 will ensure that the policy reflects the robust evolutionary nature of the Revised Basic Principles.
6. The Agency anticipates that completion of the tasks necessary to implement the revised Basic Principles will occur in steps over the next several years. Also, measurement of compliance with the revised Basic Principles is expected to become more robust as the indicators of Safety and Quality, Access and Value evolve. For these reasons, the Agency recommends that flexibility is built into the structure of the action plans for implementation of the revised Basic Principles, so that the SHCC may readily adapt and strengthen the implementation of the revised Basic Principles as the environment changes.