

DFS Health Planning
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Medical Facilities
PLANNING SECTION

August 1, 2008

Victoria McClanahan, Planner
Division of Health Service Regulation
2714 Mail Service Center
Raleigh, NC 27699-2714

RE: 2009 Proposed State Medical Facilities Plan (SMFP) Request for Comments
Revised Basic Principles Governing the Development of the NC SMFP
Submitted by Novant Health, Inc.

Dear Ms. McClanahan:

In response to the request for comments regarding the draft revised Basic Principles Governing the Development of the State Medical Facilities Plan, on page 2 of the Proposed 2009 SMFP, Novant Health submits the following comments.

General Comments

We agree with the SHCC's recommendation and NCHA's support to establish a Quality, Access, and Value (QAV) workgroup to review and consider the implementation of the Basic Principles. We would like to emphasize that this workgroup include a broad range of providers, especially those who already have experience in collecting and reporting many of the quality and safety measures now required by other agencies and organizations. In addition to hospital planners, physicians and healthcare quality and safety professionals should be included in workgroup discussions.

Any reporting or data collection as mentioned in the draft 2009 plan should be removed until the QAV workgroup has adequately reviewed and defined the QAV measures and developed plans to implement the reporting requirements. As drafted, the plan requires the reporting of data elements that have not yet been identified by the state yet are to be considered in the "formulation and application" of the NC SMFP.

Furthermore, we feel that the QAV workgroup should make a comprehensive review of how other states are accumulating and applying these measures in their state planning, licensure, or Certificate of Need areas. Much, if not all of these reporting elements should be a function of the licensing agency through License Renewal Applications and not conditionally applied to the Certificate of Need application and review process.

Safety and Quality Basic Principle

In addition to the general comments regarding the lack of defined metrics and a reporting policy, the 2009 draft SMFP indicates that any applicant with a 25 percent or greater equity interest must report safety and quality data. We question if a 25 percent ownership share is appropriate since that represents a minority position in which the entity has little or no control over safety or quality measures. Majority ownership would be a suitable indicator for this requirement.

Access Basic Principle

The Certificate of Need Department already has established methods for reviewing charity, underserved and under-compensated access to care. The draft language to adopt standard definitions and verifiable economic measures for charity and under-compensated care is unnecessary and a duplication. This data is already reported for such purposes as, financial statements, IRS, Community Benefit reporting, CMS Medicare and Medicaid reporting, and NC Medicaid Reimbursement Initiative (MRI) determinations. Yet another charity and under-compensated care definition will only create confusion among providers, the public, and the state in determining compliance.

Value Basic Principle

The draft 2009 SMFP statement on page 5 to adjust costs to reflect the disparity for those providers whose costs maybe inflated by disproportionate care to indigent and underfunded patients needs further consideration. Establishing a "state-wide standard that is uniformly reported" could be especially problematic and have unexpected consequences for non-academic or rural providers. The QAV workgroup should be very thorough in determining how this cost adjustment factor is determined and applied in relation to the SMFP.

In summary, Novant Health believes that the Quality, Access and Values elements proposed in the draft 2009 SMFP warrant further research and development before being adopted. A well-rounded QAV workgroup focused on these measures is needed and should be convened as soon as possible to address its implementation.

Thank you for consideration of these comments.

Sincerely,

Lisa L. Griffin
Manager, Certificate of Need
Novant Health, Inc.

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