Acute Care Services Committee

Recommendations to the North Carolina State Health Coordinating Council

October 9, 2009

The Acute Care Services (ACS) Committee met on September 23, 2009 to consider Petitions and Comments received in response to Chapters 5 through 8 of the Proposed 2010 State Medical Facilities Plan (SMFP). Material related to this report, such as agency reports on petitions, petitions and comments, revised tables and other documents referred to in this report are included in the material that has been posted to the North Carolina Division of Health Service Regulation's web site for the October 9, 2009 Council Meeting.

Following is an overview of the September 23 Acute Care Services Committee meeting and the Committee's recommendations for the Acute Care Services chapters of the 2010 SMFP. The report is organized by Chapter of the SMFP.

Chapter 5: Acute Care Beds

Acute Care Days Data:

Committee members reviewed a listing of the hospitals with discrepancies between the 2008 Thomson Reuters acute care data and the License Renewal Application acute care data of greater than five percent. The table indicated which data, Thomson Reuters or Licensure, was corrected to reconcile the discrepancy. Eleven hospitals resubmitted their Thomson Reuters data, five hospitals corrected their licensure data and two hospitals, Hoots Memorial Hospital and Sandhills Regional Medical Center have not been able to reconcile their data. The Sheps Center is processing the resubmitted Thomson data and once the processing is complete, the resubmitted data will be forwarded to the Planning Section for inclusion in the 2010 SMFP.

Committee Recommendation - Acute Care Days Data:

If Hoots Memorial Hospital and Sandhills Regional Medical Center are unable to reconcile their data, make a note in the 2010 SMFP indicating that their data were not reconciled.

Petitions:

Four Acute Care Bed petitions were received during the public comment period. The petitioners' requests and the Committee recommendations are summarized below:

Petitioner: Cape Fear Valley Health System

Request:

1. Designating Hoke and Cumberland Counties as one multi-county service area for acute care beds, operating rooms and magnetic resonance imaging ("MRI"), as a result of updating data used to define service areas in accordance with Step 1 of the defined acute care beds and operating room methodologies and
2. Designating Moore County as a single county service area for acute care beds, operating rooms and MRI as a result of using the same updated data.

As rationale for their petition, the petitioner cited 2008 data showing that Cape Fear Valley Health System (Cumberland County) provided more inpatient days of care to Hoke County residents than FirstHealth Moore Regional (Moore County) provided to Hoke county residents

and that more Hoke County residents received surgical services in Cumberland County than in Moore County.

Committee Recommendations Cape Fear Valley Health System:
The Committee recommends denial of the petition and recommends the following:

1. For the 2010 State Medical Facilities Plan, Hoke County will be assigned to Moore and Cumberland counties. This change results in eight two-county service areas:
   - a Cumberland Hoke Multi-county Acute Care Bed Service Area
   - a Cumberland Hoke Multi-county Operating Room Service Area
   - a Moore Hoke Multi-county Acute Care Bed Service Area
   - a Moore Hoke Multi-County Operating Room Service Area
   - a Cumberland Hoke Multi-county Cardiac Catheterization Service Area
   - a Cumberland Hoke Multi-county MRI Service Area
   - a Moore Hoke Multi-county Cardiac Catheterization Service Area
   - a Moore Hoke Multi-County MRI Service Area

2. For the 2010 SMFP, when determining need for operating rooms, Hoke County's population growth will be assigned as follows:
   - Cumberland County will be assigned the proportion of Hoke County's population growth equal to the proportion of Hoke County residents receiving surgical services in Cumberland County in 2008. In 2008, of all Hoke County residents receiving surgical services, 45.72 percent received surgical services in Cumberland County.
   - Moore County will be assigned the proportion of Hoke County's population growth equal to the proportion of Hoke County residents receiving surgical services in Moore County in 2008. In 2008, of all Hoke County residents receiving surgical services, 40.48 percent received surgical services in Moore County.

   Surgical patient origin data for 2008 from the 2009 License Renewal Applications was used to determine the proportion of Hoke County residents receiving services in Cumberland and Moore Counties.

The table below shows how the Cumberland Hoke and the Moore Hoke Multi-county Service Areas' growth rates will be calculated for the 2010 SMFP.

County	July 2008 Projected Population	July 2012 Projected Population	Change	Change Rate
Cumberland	316,945	329,653	12,708	4.01%
Hoke	44,442	49,082	4,640	10.44%
Moore	85,293	91,667	6,374	7.47%
Cumberland	316,945	329,653	12,708	4.01%
Hoke	20,319 (20,319 =45.72% of 44,442)	22,440 (22,440=45.72% of 49,082)	2,121	10.44%
Cumberland Hoke Total	337,264	352,093	14,829	**4.40%**
Moore	85,293	91,667	6,374	7.47%
Hoke	17,990 (17,990=40.48% of 44,442)	19,868 (19,868=40.48% of 49,082)	1,878	10.44%
Moore Hoke Total	103,283	111,535	8,252	**7.99%**

3. In development of the Proposed 2011 SMFP, the Committee recommends reviewing and updating the inpatient days of care and surgical patient origin data to determine if further changes need to be made in the Acute Care Bed and Operating Room Multi-county Services Areas.

4. In development of the Proposed 2011 SMFP, the Committee recommends adopting a change in the methodologies for determining need for Acute Care Beds and Operating Rooms that would require updating and adjusting, as indicated, the Acute Care Bed and Operating Room Multi-county Service Areas every three years thereafter, i.e., in the Proposed 2014 SMFP, Proposed 2017 SMFP, etc.

Petitioner: CMC-Union
Request: An adjusted need determination in the 2010 State Medical Facilities Plan (SMFP) for 25 additional acute care beds in Union County. As rationale for their petition, the petitioner cited Union County's high rate of population growth and CMC-Union's high rate of acute care days growth.
Committee Recommendation: CMC-Union
In recognition of CMC-Union's unique circumstances, the Committee recommends approval of the petition for an adjusted need determination in the 2010 SMFP for 25 additional acute care beds in Union County.

Petitioner: Mission Hospital
Request: An adjustment in Table 5A: Acute Care Bed Need Projections in the Proposed 2010 State Medical Facilities Plan for nine new acute care beds in Buncombe County. As rationale for their petition, the petitioner cited Mission Hospital's high occupancy rate and high patient days growth rate.
Committee Recommendation: Mission Hospital
In recognition of Mission Hospital's unique circumstances, the Committee recommends approval of the petition for an adjusted need determination for nine additional acute care beds in Buncombe County in the 2010 State Medical Facilities Plan.

Petitioner: Town of Holly Springs
Request: A need determination for 42 new acute care beds in Wake County to be identified in Column K of Table 5A: Acute Care Bed Need Projections and in Table 5B: Acute Care Bed Need Determinations of the Proposed 2010 State Medical Facilities Plan (SMFP). As rationale for their petition, the petitioner asserted that the statewide average Inpatient Day Growth Rate, based on total Inpatient days, is too low.
Committee Recommendation: Town of Holly Springs
In support of the Acute Care Bed Need Methodology and the Acute Care Bed Need Methodology Work Group, the Committee recommends denial of the petition for an adjusted need determination for 42 additional acute care beds in Wake County in the 2010 State Medical Facilities Plan.

Additional Committee Recommendation, Chapter 5:
Approve Chapter 5, Acute Care Beds, including updates and corrections to Chapter 5 tables and narrative, as needed.

- *Table 5A has been updated to include the Buncombe County and Union County adjusted need determinations.*
- *Table 5B was also updated.*
- *Additionally, Step 1 of the Acute Care Bed Need Projection Methodology, reflecting the Committee recommendations for the Cape Fear Valley Health System petition, was revised.*

Chapter 6: Operating Rooms

Petitions:

Seven Operating Room petitions were received during the public comment period. The petitions and recommendations are summarized below:

Petitioners:

1. Atlantic Orthopedics, PA
2. Blue Ridge Bone & Joint Clinic
3. Ancillary Care Solutions
4. Southern Surgical Center, LLC
5. North Carolina Orthopaedic Association
   OrthoCarolina
   Greensboro Orthopaedics
   Orthopedic and Hand Specialists
   Blue Ridge Bone & Joint
6. Affordable Health Care Facilities, LLC

Requests:

1. *Atlantic Orthopedics, P.A:* include the New Hanover and Brunswick County service area in the Single Specialty Ambulatory Surgery Demonstration Project in the 2010 State Medical Facilities Plan (SMFP).
2. *Blue Ridge Bone & Joint Clinic:* include in the 2010 North Carolina State Medical Facilities Plan support of a demonstration project for a single specialty, two operating room, orthopedic ambulatory surgical facility in Buncombe County.
3. *Ancillary Care Solutions:* include in the 2010 SMFP support of a demonstration project for a single specialty ambulatory surgical facility located in and to serve the residents of Catawba and Burke counties.
4. *Southern Surgical Center, LLC:* amend the Single Specialty Ambulatory Surgery demonstration project criteria to include the following:
   - Sites must bill as a freestanding Ambulatory Surgery Center, which is not licensed as part of a hospital or other Medicare Part A provider.
   - This lower cost solution should be a permanent feature of the facility.
   - While the current criteria gives "priority" to physician owned enterprises, we still think hospitals should be excluded as applicants.
   - The CON application should include letters of support from surgeons with an existing case volume, and not rely on projections. At least 2,000 cases and letters of support from surgeons who have completed these cases should be included.

- Physicians should be required to "offer" Emergency Room coverage.

5. *North Carolina Orthopaedic Association, et al:* make the following changes to the Single Specialty Ambulatory Surgery demonstration project:
    - Add the following language to the need determination, "Each single specialty ambulatory surgery demonstration project facility shall include two surgical operating rooms and no more than two non-gastrointestinal procedure rooms."
    - Change the criteria "Demonstration projects are encouraged to provide open access to physicians." Replace this with "Applicants are required to provide the proposed medical staff bylaws and the written criteria for extending medical staff privileges at the facility."
    - Add the following criteria, "Applications for the demonstration projects shall provide a calculation of projected savings based on the difference between the Medicare reimbursement ASC (ambulatory surgical center) rates and the HOPD (Hospital Outpatient Department) rates using the specific procedure codes and projected volumes for the proposed project. Projects with the higher projected per case savings are more cost-effective than projects with less cost savings."
    - Include the following: "Facilities will provide annual reports to the Agency showing the facility's compliance with the demonstration project criteria in the State Medical Facilities Plan. The Agency may specify the reporting requirements and reporting format. The Agency will perform an evaluation of each facility…"
    - Add the following statement, "The annual report form for the demonstration project single specialty ASCs will either be included in the 2010 State Medical Facilities Plan or contained in the administrative rules that will be promulgated prior to 2010 CON reviews for the demonstration projects."

6. *Affordable Health Care Facilities, LLC:* revise the Single Specialty Ambulatory Surgery Demonstration Project in the following manner:
    - Permit organizations located in geographic areas in North Carolina, other than the "Charlotte Area," "Triad," and "Triangle" to submit pilot demonstration CON applications.
    - Do not limit the number or type of pilot demonstrations so that a true assessment of improvements in quality, access, and value can be determined in a variety of communities, not limited to the most populous ones in the State of North Carolina.
    - In order to address the concern of rural hospitals and the continued fragility of our nation's health care system in rural areas, the pilot demonstration counties should be limited to:
        Counties with a population of at least 85,000 and one (1) hospital; or
        Counties with a population of at least 125,000 and two (2) or more hospitals
    - Develop an approach that documents cost savings to patients and payers. An integral part of such an approach should be (i) a reimbursement ceiling limit equal to 250% of Medicare allowable reimbursement by CPT code for private payers and (ii) a charge limit to under- and uninsured patients equal to Medicare reimbursement or less by CPT code.
    - Only permit pilot demonstration ASCs in counties where it can be documented that the existing health care facilities are high cost versus the proposed 250% of Medicare

reimbursement by CPT code ceiling limit. All costs for outpatient surgery at these ASCs should be accessible on the Internet, available to patients upon request, and essentially transparent to patients on all levels.

The petitions can be divided into the two broad groups, shown below:
Group 1: Petitions for additional demonstration project sites in different geographic areas

- Atlantic Orthopedics, P.A.;
- Blue Ridge Bone & Joint Clinic; and
- Ancillary Care Solutions

Group 2: Petitions for changes to the criteria for the demonstration project

- Southern Surgical Center, LLC;
- North Carolina Orthopaedic Association, et al; and
- Affordable Health Care Facilities, LLC (criteria change requests include request for additional demonstration project sites in different geographic areas)

Committee Recommendation: Operating Room Petitions 1-6
In support of the Single Specialty Ambulatory Surgery Work Group, the Committee recommends denial of the petitions and development of the Singe Specialty Ambulatory Surgery Work Group Demonstration Project, as published in the 2010 Proposed SMFP.

Petitioner: Novant Health
Request: An adjustment to the definition and criteria for "Chronically Underutilized ORs in Licensed Facilities" as set forth in Step 4(m), Chapter 6, "Operating Rooms", of the Proposed 2010 SMFP, so that at least 36 full months of actual OR case volume data from the provider's Hospital and Ambulatory Licensure Renewal Application is considered in determining whether the ORs are "operating in licensed facilities at less than 40% utilization." Currently, the standard definition in chapter 6, Step 4(m) for "chronically underutilized Licensed Facilities" states, "licensed facilities operating at less than 40% utilization for the past two fiscal years, which have been licensed long enough to submit at least two License Renewal Applications to the Division of Health Service Regulation."
Committee Recommendation: Novant Health
The Committee recommends disapproval of the petition since it is a methodology petition, not an adjusted need determination petition, and therefore, was not filed timely.

Under utilized Operating Rooms
At the May Committee meeting, the Committee discussed the definition of "chronically underutilized operating rooms" used in the Operating Room Need Methodology. Excluding chronically underutilized operating rooms is part of implementing the operating room need projection methodology. (*Note - the OR's in chronically underutilized licensed facilities located in Operating Room Service Areas with more than one licensed facility are excluded from OR need determination projections. Chronically underutilized licensed facilities are defined as licensed facilities operating at less than 40% utilization for the past two fiscal years, which have been licensed long enough to submit at least two License Renewal Applications to the Division of Health Service Regulation.*) Following up on this item at the September Committee meeting, the Committee reviewed data related to ambulatory surgical facilities' utilization rates from time of

initial licensure. The Committee agreed not to change the definition of "chronically underutilized operating rooms" for the 2010 SMFP but to review the definition in the Spring of 2010.

Trauma/Burn Center Case Data
The Committee discussed obtaining Trauma/Burn Center case data from the North Carolina Office of Emergency Medical Services (NC OEMS) reporting system. Obtaining Trauma/Burn Center case data is part of implementing the operating room need projection methodology. (*Note - One OR at each Level I or II Trauma Center and one additional OR at each designated Burn Intensive Care Unit are excluded from the OR inventory when determining need for additional ORs. Consequently, the trauma/burn cases treated at the Level I or II Trauma Centers and designated Burn Intensive Care Units are also excluded when determining need for additional ORs*.) Implementation of NC OEMS' trauma/burn case reporting system has been delayed and the Committee agreed for the 2010 SMFP not to change the way Trauma/Burn Center case data are collected but to follow-up on this item next Spring.

Additional Committee Recommendation, Chapter 6:
Approve Chapter 6, Operating Rooms, including updates and corrections to Chapter 6 tables and narrative, as needed.

- *Steps 1 and 3(d) of the Operating Room Need Projection Methodology, reflecting the Committee recommendations for the Cape Fear Valley Health System petition, have been revised.*
- *Table 6B, showing the new Cumberland Hoke and Moore Hoke Multi-county Operating Room Service Areas and updated data for the new service areas, was excerpted. Service Area changes did not result in need determinations for the new Cumberland Hoke Multi-county Service Area or for the Moore Hoke Multi-county Service Area. However, surpluses for the new Cumberland Hoke and Moore Hoke Multi-county Service Areas are greater than the surpluses for Cumberland County and the Moore Hoke Multi-county Service Area shown in the 2010 Proposed SMFP.*

Chapter 7: Other Acute Care Services
Committee Recommendation, Chapter 7:
Approve Chapter 7, Other Acute Care Services, including updates and corrections to Chapter 7 tables and narrative, as needed.
Table 7E, Solid Organ Transplants, was updated and shows corrected heart transplant data for North Carolina Baptist Hospitals.

Chapter 8: Inpatient Rehabilitation Services
Committee Recommendation, Chapter 8:
Approve Chapter 8, Inpatient Rehabilitation Services, including updates and corrections to Chapter 8 tables and narrative, as needed.