

Acute Care Services Committee
Agency Report for
Adjusted Need Determination Petition Regarding the
Proposed 2011 State Medical Facilities Plan
Blue Ridge Bone and Joint Clinic

Petitioner:

Blue Ridge Bone and Joint Clinic
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Request:

The petitioners request that the North Carolina 2011 State Medical Facilities Plan (SMFP) include a demonstration project for a single specialty, two operating room, orthopedic ambulatory surgical facility in the Buncombe-Madison-Yancey operating room (OR) service area. The petitioners state that having this demonstration project in Buncombe County would provide an additional opportunity to focus on improving quality, cost, and access, and would promote positive competition.

Background Information:

In deference to the standard methodology, Chapter Two of the North Carolina 2011 Proposed State Medical Facilities Plan (SMFP) allows persons to petition for an adjusted need determination if they believe their needs are not appropriately addressed by the standard methodology. Blue Ridge Bone and Joint Clinic requests that “the SHCC ... approve a demonstration project for a single specialty, two operating room, orthopedic ambulatory surgical facility in Buncombe County – consistent with the [State Health Coordinating Council’s] approval of the single specialty, surgical facility projects for the Charlotte, Triad and Triangle areas.”

In the fall of 2008 the State Health Coordinating Council (SHCC) convened a Single Specialty Ambulatory Surgery Work Group, and charged the work group with the following:

“Upon the recommendation of the Acute Care Services Committee and as approved by the vote of the State Health Coordinating Council, a single specialty ambulatory surgery workgroup has been appointed by the Chairman. The workgroup consists of members of the Acute Care Services Committee, the SHCC, and staff. The committee is charged to do the following:

- *Develop a plan to evaluate and test the concept of single specialty ambulatory surgery centers in North Carolina*
- *Formulate recommendations regarding the number of sites and potential geographic locations for pilot projects*
- *Identify measures that can be used to evaluate the success of the pilot projects, to include measures of value, access to the uninsured, and quality and safety of care*

- *Recommend how the test sites will be held accountable and responsible in the event they are unsuccessful in meeting target guidelines.”*

The work group met three times during late 2008 and early 2009 and drafted recommendations outlining the criteria for the demonstration project. In drafting recommendations, the work group considered suggestions and feedback from those attending the meetings. The work group presented its recommendations to the Acute Care Services (ACS) Committee on April 8, 2009. The recommendations were then revised, incorporating suggestions made by the ACS Committee members at the April 8 meeting. Revised recommendations were then presented to the ACS Committee on May 6, 2009 and to the SHCC on May 27, 2009.

The work group discussed locations for the demonstration project, and, based on established criteria, recommended three areas of the state: (1) Mecklenburg, Cabarrus and Union counties (Charlotte Area); (2) Guilford and Forsyth counties (Triad); and (3) Wake, Durham and Orange counties (Triangle). Table 6D of the North Carolina 2010 SMFP includes the rationale supporting the choice of locations as follows: “At least one county in each of the groups of counties has a current population greater than or equal to 200,000 and more than 50 total ambulatory/shared operating rooms and at least 1 separately licensed Ambulatory Surgery Center. Locating facilities in high population areas with a large number of operating rooms and existing ambulatory surgery providers prevents the facilities from harming hospitals in rural areas, which need revenue from surgical services to offset losses from other necessary services such as emergency department services.”

Furthermore, criteria for the demonstration left open the specialty area proposed by applicants, and included a program evaluation component after the fifth year of a facility’s operation. “If the Agency determines that the facilities are meeting or exceeding all criteria, the work group encourages the State Health Coordinating Council to consider allowing expansion of single specialty ambulatory surgical facilities beyond the original three demonstration sites” (2010 SMFP). The SHCC approved the demonstration project at its October 2009 meeting, and the project was included in the 2010 SMFP.

As listed in the 2010 SMFP, the due date(s) for certificate of need applications for the demonstration project were March 15, 2010 for the Triad area (two applicants) and July 15, 2010 for the Charlotte area (four applicants), and is November 15, 2010 for the Triangle area application. In accordance with the criteria, project evaluation is a major component of the demonstration project, and will contribute significantly to a consideration of expanding the demonstration project to additional sites.

Analysis/Implications

The petitioner requests that the SHCC approve a demonstration project for a single specialty, two operating room, orthopedic ambulatory specialty facility in the Buncombe-Madison-Yancey service area. In Summer 2009, the petitioner asked that Buncombe County be added as a site to the Single Specialty Ambulatory Surgery Facility Demonstration Project; the SHCC did not approve the 2009 petition.

The Agency supports the criteria for the demonstration project, including the open-ended approach to the specialty services provided and the factors related to facility locations. Additionally, the Agency agrees with the decision to limit the demonstration project to no more

than three sites initially and for the SHCC to consider expanding the project later only if the facilities are meeting or exceeding all program evaluation criteria.

Agency Recommendation

In consideration of the above, the Agency recommends denial of the petition. The Agency looks forward to receiving and reviewing evaluation data from the Single Specialty Ambulatory Surgery Demonstration Project sites.