

April 12, 2010

Dear Workgroup members,

I am pleased to report that staff completed the additional scenarios requested by the Workgroup at our 2/19/2010 meeting. The information posted on the DHSR website contains the results, along with spreadsheets detailing the underlying data used to construct four scenarios. The first three scenarios use variations of a new county based acute care bed growth rate, while the fourth scenario is the current methodology which uses a statewide growth rate. This fourth scenario was done to show the results of updating the 2010 Plan with 2009 Thomson data and the 2007-2009 statewide average growth rate.

The first three scenarios include the following changes in the components of the methodology:

1. Data source: matches Table 5A (acute care days only; excludes psychiatric, substance abuse and rehabilitation; includes outliers and non-NC residents)
2. Historical patient day growth rates: uses 5 years of data (2005-2009) and 4 years of trend
3. Number of projection years: 4 years
4. Calculation method for growth rate factors: county specific growth rate (with no aggregation of counties with small hospitals)

The three scenarios use different target hospital occupancy rates as follows:

**Scenario 1:** *current* hospital occupancy rates (66.7%, 71.4%, 75.2%)

**Scenario 2:** *new* hospital occupancy rates (66.7%, 71.4%, 75.2%, 78% for ADC 400+)

**Scenario 3:** *new* hospital occupancy rates (66.7%, 74%, 77%, 80% for ADC 400+)

Please review the workbook and let us know if you have questions. I look forward to our conference call on April 21, 2010 at 10am. We will be conducting this call from the DeFriese Conference Room on the first floor of the Sheps Center. Feel free to join us there, in person or by phone.

Sandra Greene