

**Acute Care Services Committee  
Agency Report  
Adjusted Need Determination Petition for  
Removal of Need Determination for Twenty-Four Acute Care Beds  
Proposed 2013 State Medical Facilities Plan**

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***Petitioner:***

Vidant Medical Center  
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***Contact:***

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***Request:***

Vidant Medical Center (VMC) requests that the need determination in Table 5A: Acute Care Bed Need Projections and Table 5B: Acute Care Bed Need Determinations of the North Carolina Proposed 2013 State Medical Facilities Plan (SMFP) for 24 acute care beds in the Pitt-Greene-Hyde County service area be reduced to zero acute care beds.

***Background Information:***

The standard methodology for projecting need for acute care beds is based on the total number of acute inpatient days of care provided by each hospital, as obtained from the Truven Health Analytics (formerly Thomson Reuters) database by the Cecil G. Sheps Center for Health Services Research. The number of days of care is advanced by four years based on a growth rate representing the average annual historical percentage change in total inpatient days for each county over the past five years (i.e., four intervals of change). The projected midnight average daily census for the target year is then adjusted by target occupancy factors, which increase as the average daily census increases. Surpluses or deficits are determined by comparing the projected bed need to the current inventory of licensed plus pending acute care beds.

Chapter Two of the North Carolina 2013 Proposed SMFP allows persons to petition for an adjusted need determination in consideration of "...unique or special attributes of a particular geographic area or institution..." if they believe their needs are not appropriately addressed by the standard methodology. Vidant Medical Center has submitted a petition to eliminate the projected need for acute care beds in the Pitt-Greene-Hyde acute care bed service area.

***Analysis/Implications:***

In late 2009 and in 2010, an Acute Care Services work group examined several aspects of the acute care bed methodology, including growth rates of acute care days of care. The work group

recommended to the Acute Care Services Committee a change from using the statewide growth rate to a county-specific growth rate in the methodology. The committee and the State Health Coordinating Council approved the recommendation at their May 2010 meetings, and the North Carolina 2011 SMFP contained a revised acute care bed methodology. Minutes from work group and committee meetings noted that data issues could occur in conjunction with changes in the numbers of acute care beds, but the petition process could be used to adjust need if and when warranted.

In this situation, the petitioner explains that VMC added 116 new acute care beds through award of several certificates of need. "FY2010 was the first full year of operation of the 100 new acute care inpatient beds at VMC." Opening the large number of new beds led to increased utilization for that year. Vidant Medical Center "believes the 6.5% change in acute care days [for Pitt-Greene-Hyde service area] from FY09-10 is due to a one-time, unique event and is inconsistent with historical growth trends. Therefore, VMC believes the 'County Growth Rate Multiplier' applied to the Pitt/Greene/Hyde service area is not representative of future growth." The petitioner requests that additional beds needed be lowered from 24 beds, as calculated by the current methodology, to zero beds by using the county growth rate from FY 07-08 through FY 10-11, excluding FY 09-10, instead of FY 07 through FY 11. "VMC believes the proposed adjustment more accurately represents the projected growth in inpatient days and inpatient acute care bed need."

The proposal is to reduce the need determination from 24 to zero by excluding the change between FY09 and FY10 for the Pitt-Greene-Hyde service area, and calculating the average percent change using a four-year time period and not five years. The calculation would result in no need for additional acute care beds for the Pitt-Greene-Hyde service area. The Agency acknowledges the impact of opening 100 new beds between January 2009 and October 2009 was related to "being able to meet the pent-up demand" for acute care bed days of care and was a one-time event. Furthermore, the North Carolina 2012 SMFP includes a need determination for 65 additional acute care beds in the Pitt-Greene-Hyde service area, with a Certificate of Need application due date of November 15, 2012. Therefore, the Agency can see benefit in reducing the need determination from 24 to zero for 2013, and agrees with the petitioner's logic used to arrive at zero.

***Agency Recommendation:***

In general, the Agency supports the acute care bed standard methodology; however, given information and comments submitted by the 8/17/2012 deadline, and in consideration of the above, the Agency has determined that Vidant Medical Center has demonstrated that unique or special circumstances exist in the service area, which "are not appropriately addressed by the standard methodology." The Agency recommends approval of Vidant Medical Center's petition to reduce the need determination for additional acute care beds from 24 to zero in the Pitt-Greene-Hyde multi-county service area for the North Carolina 2013 SMFP.