

**Acute Care Services Committee  
Agency Report  
Petition for Change to  
Operating Room Methodology in the  
2018 State Medical Facilities Plan**

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***Petitioner:***

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***Request:***

Cape Fear Valley Medical Center (CFVMC) requests an adjustment to the operating room (OR) methodology such that “the projected growth rate for surgical cases be held constant when population growth is negative.”

***Background Information:***

Chapter Two of the *North Carolina Proposed 2018 State Medical Facilities Plan (SMFP)* provides that “[a]nyone who finds that the North Carolina State Medical Facilities Plan policies or methodologies, or the results of their application, are inappropriate may petition for changes or revisions. Such petitions are of two general types: those requesting changes in basic policies and methodologies, and those requesting adjustments to the need projections.” The annual planning process and timeline allow for submission of petitions requesting adjustments to policies and methodologies in the spring. The planning process and time allow for submission of petitions requesting adjusted need determinations in the summer. It should be noted that any person might submit a certificate of need (CON) application for a need determination in the Plan. The CON review could be competitive and there is no guarantee that the petitioner would be the approved applicant.

An OR Methodology Workgroup was convened by the State Health Coordinating Council (SHCC) in 2016-2017 to review and make recommended changes to the OR need methodology. The SHCC approved the recommendations of the Workgroup at the June 7, 2017 meeting. Therefore, the Proposed 2018 SMFP reflects the new methodology and as standard practice it has been made

available for review during the annual "Public Review and Comment Period." Typically, petitions that request a change to the methodology are considered in the spring. However, this petition is a continuation of the SHCC's work on the OR methodology, since the new OR methodology has not been formally approved by the Governor.

The new need methodology consists of several steps to determine the number of ORs needed in each OR service area. The methodology projects the number of surgical hours by first multiplying the average case times reported by each facility by the hours for inpatient and ambulatory cases for the previous year (data year). This result is then multiplied by the projected population change between the data year and four years beyond the data year (target year). The number of ORs required by the target year is the result of dividing the projected number of surgical hours for the target year by the number of hours per OR per year for each facility based on assumptions used in the SMFP, while accounting for outliers. The final step calculates the number of additional ORs needed by subtracting the projected total number of required ORs from the current OR inventory for each health system in the service area. Deficits for all health systems are summed to obtain the need for ORs in the service area.

The OR Workgroup expressed an interest in making the OR methodology more similar to the acute care bed methodology. The acute care bed need methodology uses inpatient days of care, rather than service area population, as a growth factor used in predicting future bed need. Specifically, the methodology projects no reduction in inpatient days of care when the four-year average annual growth rate in days of care shows a decline. Some of the early models examined in the process of revising the OR methodology used zero population growth in need calculations in service areas where the Census data predicted a population decline, much like the acute care bed methodology. Although this aspect of the methodology made very small differences in surpluses or deficits in some health systems, it made no difference in need determinations. After discussion, the Workgroup considered this change to be unnecessary, especially given the number of other changes recommended for the new methodology. The Workgroup, therefore, decided to leave the population calculation method unchanged from the previous methodology.

***Analysis/Implications:***

The Petitioner proposes that in service areas with a population decline, the methodology should assume a stable population, rather than reduce projected OR utilization based on population decline. To illustrate the effects of the Petitioner's proposed change, data from the 2018 Proposed SMFP shows that the effect of the zero population growth assumption slightly decreased the surplus of ORs in only 21 of 144 surgical facilities (see Table 1). In all but two facilities, the difference was less than or equal to 0.10 of an OR. CFVMC and CarolinaEast Medical center (Craven County) both showed a difference of 0.11 of an OR; these were the greatest differences observed. The proposed adjustment would reduce the CFVMC OR surplus from 1.27 shown in the Proposed 2018 SMFP to 1.16. It is clear that implementing the Petitioner's requested adjustment would not change the need determinations for 2018. Although it is not possible to know with certainty, the adjustment is only likely to change need determinations in future years for service areas that are very close to triggering a need.

**Table 1. OR Surplus and Deficit Differences, Petition and 2018 Proposed SMFP**

<b>County</b>	<b>Facility</b>	<b>Table 6B OR Surplus (-) or Deficit (+)</b>	<b>Proposed OR Surplus (-) or Deficit (+)</b>	<b>Difference in Surplus/ Deficit *</b>
Ashe	Ashe Memorial Hospital	-0.89	-0.88	0.0095
Bertie	Vidant Bertie Hospital	-1.62	-1.61	0.0077
Bladen	Cape Fear Valley-Bladen County Hospital	-1.44	-1.44	0.0000
Chowan	Vidant Chowan Hospital	-2.51	-2.49	0.0170
Columbus	Columbus Regional Healthcare System	-2.82	-2.82	0.0002
Craven	CarolinaEast Medical Center	-8.64	-8.52	0.1119
Cumberland	Fayetteville Ambulatory Surgery Center	-2.51	-2.46	0.0533
Cumberland	Cape Fear Valley Medical Center	-1.27	-1.16	0.1050
Edgecombe	Vidant Edgecombe Hospital	-3.26	-3.24	0.0152
Halifax	Halifax Regional Medical Center	-3.25	-3.17	0.0782
Hertford	Vidant Roanoke-Chowan Hospital	-3.71	-3.70	0.0049
Lenoir	Lenoir Memorial Hospital	-6.29	-6.28	0.0120
Martin	Martin General Hospital	-1.23	-1.22	0.0127
Mitchell	Blue Ridge Regional Hospital	-2.22	-2.22	0.0016
Nash	Nash General Hospital	-5.61	-5.58	0.0283
Richmond	FirstHealth Richmond Memorial Hospital	-1.78	-1.77	0.0066
Robeson	Southeastern Regional Medical Center	-3.41	-3.36	0.0514
Rockingham	Annie Penn Hospital	-2.14	-2.13	0.0054
Rockingham	Morehead Memorial Hospital	-2.85	-2.84	0.0063
Scotland	Scotland Memorial Hospital	-0.17	-0.07	0.0958
Stokes	Pioneer Community Hospital of Stokes	-3.77	-3.76	0.0005

\* A positive number indicates a decrease in the surplus.

***Agency Recommendation:***

The agency supports the new methodology for ORs. The proposed change would make the OR methodology more similar to the acute care bed methodology and would not require significant alterations to calculations. Given available information and comments submitted by the August 10, 2017 deadline date for comments on petitions and comments, and in consideration of factors discussed above, the agency recommends approval of the petition.