

May 6, 2020

**VIA ELECTRONIC MAIL (DHSR.SMFP.Petitions-Comments@dhhs.nc.gov)**

State Health Coordinating Council, Long-Term and Behavioral Health Committee  
North Carolina Department of Health and Human Services

2701 Mail Service Center  
Raleigh, NC 27699-2701

Dear Committee Members and Healthcare Planning & Certificate of Need Section Staff:

On behalf of the three largest free-standing psychiatric hospitals in North Carolina, we are writing to provide comments to the April 2020 presentation on the “Review of Psychiatric and Substance Use Disorder Bed Need Methodologies in the State Medical Facilities Plan.”

In North Carolina, Universal Health Services (“UHS”) subsidiaries own and operate three free-standing psychiatric hospitals comprising 432 beds: Brynn Marr Hospital in Jacksonville, Holly Hill Hospital in Raleigh, and Old Vineyard Behavioral Health Services in Winston-Salem.

**Brynn Marr Hospital (Jacksonville)** provides mental health services for adults and adolescents. Brynn Marr is currently licensed for 60 child/adolescent psychiatric beds and 12 adult psychiatric beds. Brynn Marr also operates 12 substance use disorder beds for adults. Brynn Marr also has residential treatment beds not subject to the CON process.

**Holly Hill Hospital (Raleigh)** offers behavioral health services to children, adolescents and adults and is a leader in psychiatric and addictive disease treatment. Holly Hill’s ability to individualize care is further enhanced through the separation of its campuses. Each campus is designed with features specific to providing top-quality treatment for the age group it houses. The Adult Campus has 197 psychiatric beds and its child and adolescent campus, opened in 2014, has 60 beds. Holly Hill also operates 28 substance use disorder beds for adults. The creation of the children’s campus also included a significant expansion in capacity. Holly Hill also has an adult partial hospitalization program.

**Old Vineyard Behavioral Health Services (Winston-Salem)** provides intensive and individualized mental health treatment and behavioral health treatment to help adolescents and adults, while providing a relaxing and comforting environment for patients, families, and staff. Old Vineyard is currently licensed for 156 acute psychiatric beds and 8 substance use disorder beds.

In 2019, our three facilities provided acute psychiatric and substance use disorder care to thousands of North Carolinians. Our hospitals perform specific patient outcomes measurement as an additional method to determine effectiveness of its treatment programs. Our parent company is the first in the industry to place such a significant emphasis on outcomes measurement to show that our programs improve the lives of those it treats. All of our hospitals meet or exceed all patient-care regulatory standards and requirements, including those set by Medicare and Medicaid. Our hospitals continue to receive extraordinarily high marks on individual patient and family surveys.

Many complicated factors have combined to cause the lack of sufficient capacity of beds to meet the growing needs of North Carolina. These factors include: low and decreasing reimbursement for these services, a federal law that generally prohibits the use of Medicaid fee-for-service dollars to serve Medicaid adults between the ages of 22 and 64, and the closure of state facilities. UHS has advocated for a sustainable reimbursement that will allow hospitals to provide acute psychiatric care. As for the federal law, in July 2016, CMS released its Medicaid and CHIP Managed Care Final Rule (CMS-2390-F) that now permits states to make a monthly capitation payment to the managed care plan for an enrollee, ages 22–64, that has a short terms stay in an Institution for Mental Disease ("IMD") facility, such as Brynn Marr, Holly Hill and Old Vineyard. UHS has advocated for this amendment and one of its facilities, Holly Hill, has participated in a pilot project that demonstrated the efficacy of allowing these individuals to be served in an IMD facility. UHS has been working to ensure that this recent federal change to the IMD exclusion is adopted in North Carolina through the Local Management Entities/Managed Care Organizations.

We appreciate the efforts the staff have made to review the current methodologies and consider alternative methodologies. UHS agrees that it is necessary to have methodologies that ensure an adequate supply of these beds and provide some predictability to operators of these beds. We also believe that changes to the methodologies that would provide more flexibility and better address needs are warranted.

UHS's hospitals serve North Carolinians across the State. The current methodologies, however, assume that hospitals only serve patients in their catchment area. The Committee should consider methodological changes that would provide more flexibility to the geographical restrictions, including broadening the service areas and allowing hospitals to apply for need determinations in adjacent service areas.

In addition to the proposals presented by staff, the Committee should also consider whether the distinction between child beds and adult beds is necessary or helpful. The CON law does not create such a distinction.

The issues raised in the staff presentation and this letter warrant further discussion and analysis. It is critical that the SHCC adopt methodologies that address the behavioral health needs of North Carolina in a predictable and sustainable manner.

Sincerely,

Kevin Patton  
Regional Vice President