

**Acute Care Committee Agency Report
Adjusted Need Petition
for the Pitt/Greene/Hyde/Tyrrell Acute Care Bed Service Area
in the 2022 State Medical Facilities Plan**

Petitioner:

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Request:

Vidant Medical Center (VMC or “Vidant”) requests removal of the acute bed need determination for the Pitt/Greene/Hyde/Tyrrell service area in the 2022 State Medical Facilities Plan (SMFP or “Plan”).

Background Information:

Chapter Two of the 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 need projections during the comment period for the proposed SMFP in the summer. This includes petitions for adjustments based on a belief that “unique or special attributes of a particular geographic area or institution give rise to resource requirements that differ from those provided by application of the standard planning procedures and policies....” 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.

Due to the impacts of COVID-19, the State Health Coordinating Committee (SHCC) approved an adjustment to the calculation of projected inpatient acute days of care (DOC) for the Acute Care Bed Need Methodology in the *2022 SMFP*. Accordingly, each facility’s 2020 DOC were adjusted by using calculations that included the facility’s number of DOC for the months of March, April, May and June during the years of 2017, 2018 and 2019 (Steps 2 – 3, p. 35, *Proposed 2022 SMFP*). For FY 2020, VMC reported 221,484 DOC, but that number was adjusted to 241,836 DOC.

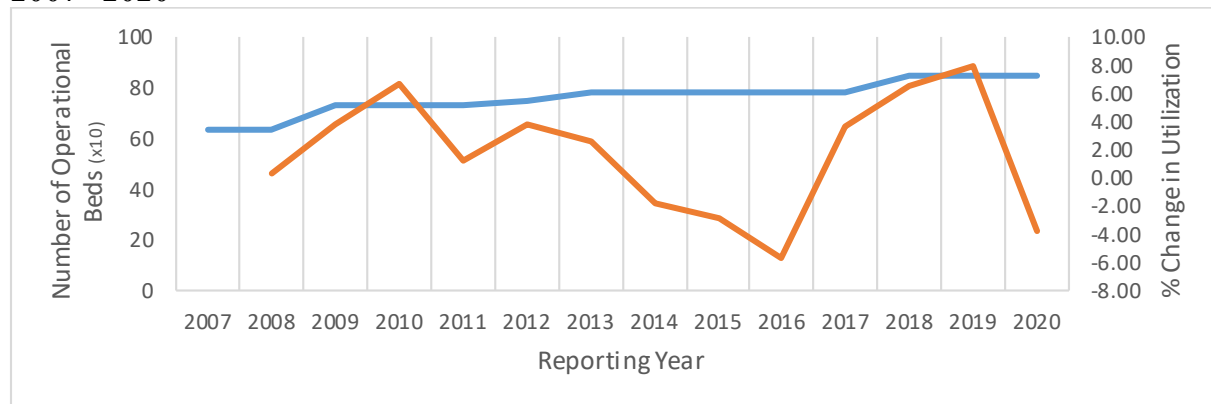
Steps 4 -8 of the acute care bed need methodology (*Proposed 2022 SMFP*, pp. 35- 36) describe the calculation of each Service Area Growth Rate Multiplier (GRM) for projecting inpatient DOC. To calculate the GRM, the percentage change in inpatient DOC over the previous five reporting years is used to determine each service area’s GRM. When the multiplier is positive, it is compounded for four years of growth and multiplied by the current year’s reported inpatient DOC to calculate the projected DOC. The projected DOC is then divided by 365.25 and adjusted by an occupancy factor to project the surplus or deficit of beds for each facility in the service area.

Vidant Medical Center is the only hospital in the service area. The hospital is licensed for 847 acute care beds and CON-approved for 85 additional acute care beds. Based on the current methodology, the Pitt/Greene/Hyde/Tyrrell service area shows a need determination of 43 acute care beds in the *Proposed 2022 SMFP*.

Analysis/Implications:

Agency staff examined data shared by the Petitioner on the number of operational acute care beds at VMC, bed utilization, and annual percent changes in DOC. The Petitioner asserts that growth in DOC declines, in the first years after new beds are opened. For example, after a 4-7% growth in FY 2009 and FY 2010 DOC, the growth slowed to 1% two years after an additional 100 beds were added to operations in FY 2009. Similarly, when a total of 48 beds were added to operations at VMC between FY 2012 and 2013, the number of DOC dropped from FY 2013 onward until it had decreased to a total of 10% by FY 2016 (see Figure 1).

Figure 1. Vidant Medical Center Operational Beds and Percent Change in Utilization, FY 2007 - 2020



Source: Vidant Medical Center 2008 – 2021 License Renewal Applications

The service area GRM has fluctuated as a result of swings in VMC’s DOC. The acute care need calculations used the DOC data for FY 2016 – FY 2020 to compute the GRM in the *Proposed 2022 SMFP*. As noted by the Petitioner, a significant portion of the uptick in DOC occurred after the addition of the 65 beds in FY 2018. Subsequently, even though VMC’s reported 2020 DOC were adjusted upward in response to COVID-19 impacts, there was a precipitous drop in growth that is consistent with the pattern described above. This observation suggests that a GRM of 1.0356 in the *2022 SMFP* and a resulting 43 bed need determination for the service area is higher than warranted.

Over the past five years, VMC has reported an average daily census (ADC) ranging from 577.0 to 605.1 (see Table 1). The target occupancy percentage for facilities with an ADC greater than 400 is 78%. Vidant’s utilization tends to fall below the target occupancy threshold.

Table 1. Vidant Medical Center Trends in Reported Average Daily Census, FY 2016 – FY 2020

Data Year	Reported ADC	Licensed Beds	Utilization (%)
2020	605.1	847	71.4
2019	676.3	847	79.8
2018	618.8	847	73.1
2017	578.3	782	74.0
2016	577.0	782	73.8

Source: Vidant Medical Center 2017-2021 Hospital License Renewal Applications

Agency Recommendation:

Vidant Medical Center is requesting to remove the need for 43 acute care beds in the Pitt/Greene/Hyde/Tyrrell /Greene service area. In this service area, the operation of new beds leads to the artificial elevation of the GRM, thereby increasing the chances for a need determination. According to VMC’s reported ADC, utilization tends to stay below target occupancy thresholds, suggesting that the hospital does not need additional beds to maintain optimal operations. Thus, given available information and comments submitted by the August 11, 2021 deadline, and in consideration of factors discussed above, the Agency recommends approval of the petition to remove the need for 43 inpatient acute care beds in the Pitt/Greene/Hyde/Tyrrell /Greene service area the *Proposed 2022 SMFP*.