

**Acute Care Committee Agency Report
Adjusted Need Petition
for the Lee County Operating Room Service Area
in the 2022 State Medical Facilities Plan**

Petitioner:

Pinehurst Surgical Clinic
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Contact:

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Request:

Pinehurst Surgical Clinic requests a special need determination for two ORs in the Lee County 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....” Any person may 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.

The Lee County service area has one inpatient and six shared licensed ORs, which are all located at Central Carolina Hospital. The service area showed a surplus of 2.17 ORs in the *2021 SMFP*. In the *Proposed 2022 SMFP*, the service area showed a surplus of 4.15 ORs.

Analysis/Implications:

In support of its request, the Petitioner points to the outmigration of Lee County residents for outpatient surgical services and declining OR utilization at Central Carolina Hospital despite Lee

County’s fast-growing aging population. According to the Petitioner, outmigration and under-utilization are due to OR staffing shortages, lack of competition to stimulate quality services, and poor access due to high rates of poverty and high rates of uninsured residents. The Petitioner believes adding an ambulatory surgery center (AMSU) in the Lee County service area would address these problems.

Agency staff reviewed trends in outpatient surgical cases and found that the overall number of outpatient surgeries performed on Lee County residents anywhere in the State declined by almost 23% between the 2015 and 2019 data reporting years (Table 1). During this time period, there were also declines both in the number of Lee County residents receiving outpatient surgical services in Lee County and in the number of Lee County residents seeking these services elsewhere. However, the proportion of outpatient surgical cases performed on Lee County patients that were done outside of the service area has grown at an annual rate of 6.3%.

Table 1. Trends in Outpatient Surgical Cases, Lee County Residents, FY 2015 - 2019

Lee County Patients	Data Reporting Year					CAGR	Total % Change
	2015	2016	2017	2018	2019		
Receive Services in Lee County	2,530	1,869	1,968	1,752	1,334	-14.8%	-47.3%
Out-migrate to Other Service Areas	2,896	2,536	2,386	2,557	2,853	-0.4%	-1.5%
Total	5,426	4,405	4,354	4,309	4,187	-6.3%	-22.8%
% outmigration	53.4%	57.6%	54.8%	59.3%	68.1%	6.3%	27.7%

Source: NC DHSR Patient Origin Reports, 2015 - 2019 Data

Data trends also show that declines in inpatient surgical cases are occurring overall in Lee County. As shown in Table 2, inpatient surgical cases among Lee County residents have decreased by over 30%. Further, there are increases in the number of Lee County residents who out-migrate to other providers for inpatient surgical services (9%). Of all the Lee County patients receiving inpatient surgical services, a growing percentage of them out-migrate (CAGR = 3%).

Table 2. Trends in Inpatient Surgical Cases, Lee County Residents, FY 2015 – 2019

Lee County Patients	Data Reporting Year					CAGR	Total % Change
	2015	2016	2017	2018	2019		
Receive Services in Lee County	626	463	564	528	436	-8.6%	-30.4%
Out-migrate to Other Service Areas	1,472	1,515	1,574	1,416	1,610	2.3%	9.4%
Total	2,098	1,978	2,138	1,944	2,046	-0.6%	-2.5%
% outmigration	70.2%	76.6%	73.6%	72.8%	78.7%	2.9%	12.2%

Source: NC DHSR Patient Origin Reports, 2015 - 2019 Data

Patient origin data for 2015 – 2019 data reporting years indicates that, on average, about a quarter of all Lee County resident outpatient and inpatient surgical cases were performed in Moore County (26% and 25%, respectively). Since the adoption of the current OR need methodology in the *2018 SMFP*, the methodology has shown a surplus of between 5.26 and 7.30 ORs in Moore County.

Agency Recommendation:

Pinehurst Surgical Clinic asserts that the addition of two ORs in Lee County in an AMSU setting would alleviate barriers to quality outpatient surgical services in that service area. However, the data shows dramatic declines in the numbers of both total outpatient and inpatient surgical cases performed on Lee County residents in Lee County. The data also shows increases in out-migration in terms the proportion of both total outpatient and inpatient cases performed on Lee County residents. Further, there are OR surpluses in Lee County and in Moore County, where there is a strong pattern of Lee County resident outmigration for surgical services. Since conditions in Lee County appear to affect both inpatient and outpatient surgical services and there is adequate OR inventory in Lee County, the Agency believes the addition of ORs in an AMSU setting will not fully address the Petitioner’s concerns. The Agency also believes a partnership between the Petitioner and Central Carolina Hospital would be more beneficial. Given available information and comments submitted by the August 11, 2021 deadline, and in consideration of factors discussed above, the Agency recommends denial of the petition to include a need determination for 2 ORs in the Lee County service area in the *2022 SMFP*.