

**Acute Care Committee Agency Report
Adjusted Need Petition
for the Johnston County Operating Room Service Area
in the 2023 State Medical Facilities Plan**

Petitioner:

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Request:

EmergeOrtho requests that the *2023 State Medical Facilities Plan (SMFP or “Plan”)* include two additional operating rooms (OR) in the Johnston County service area.

Background Information:

Chapter Two of the SMFP notes that during the summer, the Agency accepts petitions that “involve requests for adjustments to need determinations in the Proposed SMFP. Petitioners may submit a written petition requesting an adjustment to the need determination in the Proposed SMFP if they believe that special attributes of a service area or institution give rise to resource requirements that differ from those provided by the standard methodologies 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.

The OR need methodology consists of several steps to calculate the number of ORs needed in each service area. Step 3 outlines the standard hours for ORs according to facility type (see Table 1).

Table 1. Standard Hours for Operating Rooms

Facility Type	Standard Hours per Operating Room per Year
Academic Medical Center Teaching Hospitals	1,950
Hospitals reporting more than 40,000 surgical hours	1,950
Hospitals reporting 15,000 to 40,000 surgical hours	1,755
Hospitals reporting less than 15,000 surgical hours	1,500
Separately licensed ambulatory surgical facilities that perform at least 50 percent of their procedures in either ophthalmology or otolaryngology, or a combination of the two specialties	1,312
All separately licensed ambulatory surgical facilities not in Group 5	1,312

Source: *Proposed 2023 SMFP*, p. 50

Another part of the methodology uses population and case times to project the number of ORs needed. In Step 4, a growth factor for each service area is calculated and then multiplied by the surgical hours for each facility in service area to project surgical hours for the projection year. The growth factor is determined by the service area’s population during the reporting year and the projected population for the service area during the projection year. The service area’s growth factor is multiplied by the surgical hours for each facility in the service area to project surgical hours for the projection year and the number of ORs needed for the projected surgical volume.

Also of note is Step 6 of the OR need methodology, which explains need determination thresholds. To summarize, a service area’s deficit is subject to rounding rules that are based on the number of ORs in the service area. For a service area with greater than 10 ORs, fractional deficits less than 0.50 are not rounded to the next highest whole number.

UNC Johnston Health (“Johnston Health”) is the only facility that operates ORs in Johnston County. The hospital has a total of eight shared ORs in its planning inventory. Its two inpatient ORs are dedicated C-section rooms that are not included in the inventory. During FY 2021, Johnston Health reported a total of 8,651.6 surgical hours. This utilization results in a surplus of 1.65 ORs in Johnston County. Thus, the *Proposed 2023 SMFP* indicates there is not a current need for additional ORs in the Johnston County service area.

Analysis/Implications:

One concern raised by the Petitioner is that the number of currently licensed ORs in Johnston County is inadequate to serve its growing population. The Petitioner also notes population growth according to age group. Agency staff reviewed the service area’s historical and projected growth. Historically, each age cohort in Johnston has grown at a higher rate (see Table 2) compared to the State overall.

Table 2. Population Growth by Age, FY 2015 - 2021

		0-17	18-44	45-64	65+	Total
Johnston	FY 2015 - 2021 Avg. Annual Growth Rate	1.26%	3.75%	3.88%	5.61%	3.41%
State	FY 2015 - 2021 Avg. Annual Growth Rate	-0.35%	0.80%	0.39%	3.58%	0.83%

Source: NC Office of State Budget and Management

Further, based on the NC Office of State Budget and Management’s estimates of projected population over the next five years, Johnston’s total population will sustain growth at double the rate of the State’s population (2.22% vs. 1.02%).

As noted in the *Proposed 2023 SMFP*, Johnston’s growth factor is 10.14, which is large in comparison to other service areas across the State. However, a comparison of Johnston’s population growth and growth in surgical cases before the COVID pandemic interrupted trends in growth may be additionally informative. Between FY 2015 and 2019, Johnston’s population grew at a rate of 3.0%. In contrast, the number of surgical cases performed in Johnston’s ORs grew at a rate of 4.5%. This suggests that in this instance, Johnston’s growth factor only partially demonstrates the need there.

According to the Petitioner, another issue is the outmigration of Johnston residents for ambulatory surgical services. Agency staff reviewed trends and found that since FY 2015, annually at least 60% (n = 6,067) of Johnston residents undergoing outpatient surgery have obtained this service outside the service area. Similarly, at least 65% (n = 4,326) of residents receiving inpatient surgical services each year do so outside Johnston.

Altogether, these figures represent an average of surgical patients that leave the area annually. As shown in Table 3, a minimum of 1,596 inpatient cases annually would support two inpatient ORs, and 2,385 outpatient cases would be an appropriate volume for two ambulatory ORs, depending on the type of facility operating the OR.

Table 3. Surgical Cases to Support ORs

	Hospital with < 15,000 Surgical Hours	Hospital with < 15,000 Surgical Hours	Separately Licensed Ambulatory Surgical Facility
	Inpatient	Ambulatory	
Number of ORs	2	2	2
Standard Hours for 1 OR	1,500	1,500	1,312
Standard Hours for 2 ORs	3,000	3,000	2,624
Average Case Times for Facility Group (Hours)*	1.88	1.20	1.10
Minimum Number of Cases for 1 OR	798	1,250	1,193
Minimum Number of Cases for 2 ORs	1,596	2,500	2,385

*Source: *Proposed 2023 SMFP*, p. 51

Agency Recommendation:

The Petitioner has requested an adjusted need determination for two ORs in the Johnston County service area in the *2023 SMFP*. Data indicate that Johnston has, and will continue to experience, high population growth. Further, growth in the number of surgical cases performed in the service area exceeds the rate of growth in the population despite the high percentage of Johnston residents obtaining surgical services outside the service area. The number of surgical cases that are being performed on Johnston residents outside of Johnston is well over the volume that could be supported by two ORs. Thus, given available information and comments submitted by the August 10, 2022 deadline, and in consideration of factors discussed above, the Agency recommends approval of the petition for an adjusted need determination for two operating rooms in the Johnston County service area in the *2023 SMFP*.