

**Acute Care Committee Agency Report  
Adjusted Need Petition  
for the Pitt/Greene/Hyde/Tyrrell Operating Room Service Area  
in the 2023 State Medical Facilities Plan**

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**Petitioner:**

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Pitt County

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**Request:**

Vidant Medical Center (VMC) requests a special need determination for three operating rooms (OR) in the Pitt/Green/Hyde/Tyrrell (Pitt) service area in the *2023 State Medical Facilities Plan (SMFP or “Plan”)*.

**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. Part of the methodology requires adjustments to reported average case time outliers. In Step 2, the average inpatient and ambulatory case times each facility has reported on its annual License Renewal Application (LRA) are compared to the final case times used in the methodology for the facility in the previous year’s SMFP. If a facility’s reported average case time is more than 10% longer than the previous year’s SMFP final case time, it is replaced by the previous year’s final case time increased by 10%. For facilities that report an average case time more than 20% shorter than the final case time in the previous year’s SMFP, the average case time is replaced by the previous year’s final case time decreased by 20%.

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.

The Pitt service area has a planning inventory of 39 ORs. The service area's 38 licensed ORs are located in two facilities: Vidant SurgiCenter, an ambulatory surgical center which operates all 10 ambulatory ORs, and one hospital, VMC, which operates 28 inpatient/shared ORs. VMC also received CON approval in June 2022 for one additional OR from the 2022 *SMFP* need determination. This OR resulted from the State Health Coordinating Council's (SHCC) approval of VMC's summer 2021 adjusted need petition for one OR in Pitt. The service area shows a surplus of 0.37 ORs in the *Proposed 2023 SMFP*.

### **Analysis/Implications:**

The reason for VMC's summer 2021 petition (during preparation for the 2022 *SMFP*) for one OR was that they had erroneously reported their inpatient case times on the 2018 and 2019 LRAs to an extent that case time adjustments had to be made, and these adjustments were impacting the need determination. According to the Petitioner, during FY 2017 and FY 2018, VMC's operative services management system did not include room set-up and clean-up times correctly, and as a result, the average inpatient and outpatient case times reported on VMC's 2018 and 2019 LRAs are incorrect. At that time, the Petitioner requested that, rather than applying an adjusted ("final") inpatient case time per Step 2 of the methodology to the need calculations, the Agency consider that the use of 188 minutes - the *unadjusted* average inpatient case time VMC reported on its 2021 LRA - would have resulted in a need determination for one OR. Noting "the extenuating, pandemic-related circumstances that might have prevented [the provider's] complete engagement in the planning process during the summer of 2020" and submissions of corrected data in a timely manner, the SHCC approved the Agency's recommendation for an adjusted need determination. However, because we adjusted the need determination instead of replacing the adjusted inpatient case time with the case time reported on the 2021 LRA in the methodology, there remained the potential for future SMFPs to be affected.

As shown in Table 1, while the error in reporting for outpatient case times has not had an impact since the 2021 *SMFP*, the error for inpatient case times has reverberated in subsequent years, and will continue to do so through the development of the 2024 *SMFP*. Specifically, the final case time in the 2022 *SMFP* remained at 150 minutes (despite the adjusted need determination for 1 OR). The following year, the reported inpatient case time of 191 minutes was 27.3% greater than the 2022 *SMFP* final case time. As a result, the reported case time was adjusted down to 165 minutes for use in the methodology in the 2023 *SMFP*. If VMC reports on their 2023 LRA a case time similar to their historically correct case times, then the difference in the final case time for the 2023 *SMFP*, and the LRA-reported case time (estimated at 190 minutes) also will be greater than 10%. Thus, the 2024 *SMFP* final case time again will be a downward adjustment, potentially suppressing a need determination.

**Table 1. Vidant Medical Center Case Times, 2017– 2025 SMFP**

Reporting Year	LRA Year	SMFP Year	Inpatient*			Inpatient****		
			SMFP Final Case Time	Case Time Reported on LRA	Case Time % Difference	SMFP Final Case Time	Case Time Reported on LRA	Case Time % Difference
2015	2016	2017		192.0			192.0	
2016	2017	2018	192.0	192.0		192.0	192.0	
2017	2018	2019	153.6**	114.5	-40.4%	153.6**	114.5	-40.4%
2018	2019	2020	124.0	124.0	-19.3%	124.0	124.0	-19.3%
2019	2020	2021	136.4**	187.0	50.8%	136.4**	187.0	50.8%
2020	2021	2022	150.0**	188.0	37.8%	188.0	188.0	37.8%
2021	2022	2023	165.0**	191.0	27.3%	191.0	191.0	1.6%
2022	2023	2024	181.5**	190.0**	15.2%	190.0	190.0***	-0.5%
2023	2024	2025		190.0	4.7%		190.0	0.0%

\* SMFP Final Case Times are calculated according to the standard OR Need Determination Methodology.

\*\* Case time adjusted due to a reported case time that was more than 10% shorter or 20% longer than the previous year’s SMFP case time.

\*\*\* Hypothetical case time to be reported on the 2023 LRA is an of average case times reported on the 2016, 2017, 2020, 2021 and 2022 LRAs.

\*\*\*\* SMFP Final Case times for the 2022 and 2023 SMFP are the case times reported on the 2021 and 2022 LRA.

In Table 1, we also present the scenario demonstrating the impact of using VMC’s inpatient case times as reported on the 2021 and 2022 LRAs in the need determination methodology calculations. VMC reported an inpatient case time of 188 minutes on their 2021 LRA. Use of that time in the calculations instead of the adjusted case time for the 2022 SMFP would have reduced the case time difference for the *Proposed 2023 SMFP* to 1.6%. In other words, no adjustments to the reported case time would have been needed for the current SMFP. Likewise, If VMC reports a case time similar to their historically correct case times on their 2023 LRA, the difference in the reported case time and the 2023 SMFP final case time will be well under the threshold for an adjustment in case time for the *2024 SMFP*.

The Agency reiterates that it rarely recommends changes to data in Plans that the Governor has already approved. However, given the combination of the extenuating circumstances presented by the COVID-pandemic and the reverberating effects of inaccurate case time data in the OR need determination methodology calculations in this case, the Agency finds an exception may be warranted. If the Agency makes the adjustment proposed in this report, further adjustments to the case times or calculations related to erroneously reported data on the 2018 and 2019 LRAs will not be necessary or considered.

**Agency Recommendation:**

Vidant Medical Center asserts that the Pitt/Greene/Hyde/Tyrrell OR need determination of zero is incorrect due to two years of erroneously reported inpatient average case times. The Agency agrees that if the inpatient case time reported on the 2022 LRA is used rather than the final case time in the OR need determination methodology calculation for the *2023 SMFP*, the result is a need for three ORs in the service area. Further, were the data corrected in the methodology calculations for the *2022 SMFP* and the *2023 SMFP*, there would be no requirement for adjusted need

determinations in subsequent SMFPs. 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 to include a need determination for 3 ORs in the Pitt/Greene/Hyde/Tyrrell service area in the *2023 SMFP*. The Agency further recommends the use of Vidant Medical Center's case times reported on the LRA for the OR need determination methodology calculations in the *2023 SMFP*.