
Acute Care Services Committee

Recommendations to the North Carolina State Health Coordinating Council

October 4, 2023

The Acute Care Services Committee (the “Committee”) held its final meeting of the year on September 12, 2023. The following is an overview of the Committee’s recommendations for Acute Care Services, Chapters 5-9, of the *2024 SMFP*.

Chapter 5: Acute Care Hospital Beds

The Agency received three petitions for this chapter.

Alleghany Memorial Hospital petitioned to include an adjusted need determination for three acute care beds in the Alleghany County service area. The Agency received two comments in support of this petition. In 2021, Alleghany Memorial delicensed 38 acute care beds. The facility currently operates three acute care beds and is designated as a critical access hospital. Despite the decrease in the number of licensed beds, the number of days of care and average length of stays at Alleghany Memorial have been similar to utilization data before the COVID-19 pandemic. These data suggest that demand will continue to be above optimal levels for three beds. Since the delicensure of beds, the number of Alleghany residents out-migrating for acute care services has sharply increased. Further, the comments submitted in support of this petition were written by hospital administrators in nearby Wilkes and Surry Counties. They say that Alleghany residents are being transferred from Alleghany Memorial to their facilities, but that these patients could have reasonably received acute care services in Alleghany had there been adequate capacity. The Agency recommended approving this petition, and the Committee concurred.

UNC Hospitals requested that either the SHCC approve an acute care bed adjusted need determination of an unspecified amount in the Durham/Caswell/Warren or “Durham” service area or that the SHCC commit to retaining the 38-acute care bed need determination as reflected in the Proposed 2024 SMFP. The Agency received one letter in opposition to this petition. The Proposed 2024 SMFP has placeholders for 108 beds which include a 40-acute care bed need determination from the 2021 SMFP and a 68-acute care bed need determination from the 2022 SMFP. The Agency issued two CON decisions approving UNC Hospital’s applications to develop 74 of those beds. However, both decisions were appealed and remain in litigation. The need determination for 38 acute care beds in Durham in the Proposed 2024 SMFP is the result of a calculation that includes the non-allocated 108 beds; therefore, the need for additional beds is not being suppressed. In contrast, a larger need determination would be generated if the placeholders were removed. The number of beds again would be about 108

beds. If approved, the petition would result in the addition of over 100 acute care beds to the planning inventory- without evidence of need- when litigation ends, and the beds are allocated. Further, at the facility level, Duke University Hospital is the only hospital of the three in the service area that surpasses its occupancy threshold. Yet, there is no evidence in the petition that the 38-acute care bed need determination is not sufficient to meet demand. The Petitioner's request that the SHCC commit to retaining the 38-acute care bed need determination in the Proposed Plan is based on its concern that the updated data may not support that need in the finalized Plan. Although updated submissions of acute bed days of care data reported to HIDI in the summer can change need determinations after the Proposed Plan is published, Agency staff updated Table 5A with revised days of care data, and the 38-bed need determination was sustained. The Agency is unaware of any other data changes that could alter the need determination. The Agency recommended denial of this petition, and the Committee agreed.

UNC Health Johnston submitted a petition to include an adjusted need determination for 24 acute care beds in Johnston County. The Agency did not receive any comments regarding this petition. UNC Health Johnston has two campuses – one in Smithfield and one in Clayton, and it is the only hospital that operates in Johnston County. In its Petition, UNC Health Johnston stated that the adjusted days of care and the growth rate multiplier used in the acute care bed need methodology calculations were inappropriate for the Johnston County service area because, in part, a program implemented by the Petitioner only temporarily reduced average length of stay, and days of care have since increased. Therefore, the Petitioner asserted that a need determination was being artificially suppressed. The data show that although days of care and average length of stay increased over the last two years, UNC Health Johnston's utilization remained below the thresholds established in the SMFP as it has since 2016. The Petitioner also stated there are over 7,000 days of care being provided for observation patients in acute care beds that are not factored into the need methodology calculations. This data is not collected, nor is it verifiable by the Agency. The projection year for acute care beds in the 2024 SMFP is 2026. Based on an analysis that included the Office of State Budget and Management's population projections for Johnston County, projected acute days of care and target occupancy for UNC Health Johnston, the Agency determined that the hospital would not reach occupancy thresholds for acute care beds until sometime after 2027. Additionally, patient origin data indicated that, about half of all Johnston residents seeking acute care services obtained them outside of Johnston County annually, over the last six years. This occurred whether acute care bed occupancy was at its lowest level of 51% of capacity or at its highest level of 65% of capacity. The Agency recommended denial of the Petition. However, the Chief Medical Officer of UNC Health Johnston shared with the Committee that over-crowding at the emergency departments of both campuses is occurring at both hospital campuses despite adequate staffing. Committee members found this compelling, and they approved the Petition.

Data Updates

Application of the acute care bed need methodology resulted in one change to need determinations since the publication of the Proposed Plan. An update in the reported acute bed days of care reduced the need determination for acute care beds from 90 to 89 beds in the Mecklenburg County service area. Application of the methodology currently results in need determinations totaling 335 acute care beds. They are:

- 9 in Anson
- 26 in Buncombe/Graham/Madison/Yancey
- 31 in Cabarrus
- 38 in Durham/Caswell/Warren
- 89 in Mecklenburg
- 26 in Orange
- 46 in Union
- 70 in Wake

Note that SHCC approval of this Committee's recommendations on Petitions for adjusted need determinations would add need determinations for three beds in the Alleghany service area and 24 beds in the Johnston service area. This would result in need determinations adding a total of 362 acute care beds to the planning inventory.

Chapter 6: Operating Rooms

The Agency received three petitions for this chapter.

Graystone Eye Surgery Center or "Graystone" petitioned for an adjusted need determination for one OR in the Catawba County service area. The Agency received 20 letters in support of this petition. The Proposed 2024 SMFP shows a projected surplus of over 17 ORs in Catawba. Two ambulatory surgical centers and two hospitals operate ten ambulatory ORs in the service area. The two hospitals additionally operate 27 shared ORs. Only Graystone projects a deficit at the facility level in the Proposed Plan. Conversely, Frye Regional Medical Center has a large projected surplus of ORs. In fact, each year since the 2018 SMFP when the current OR need methodology was first implemented, Frye Regional alone has projected a surplus of at least 11 ORs. To explore the possibility of more efficiently using existing ORs, this summer, Graystone approached two facilities that have OR surpluses according to the Proposed 2024 SMFP. They report speaking with administrators of Catawba Valley Medical Center, which has a projected 2.7 OR surplus, and talking with LifePoint, the owner of Frye Regional, which has a 14.8 OR surplus. Although Graystone indicates that the officials of both hospitals are supportive of this petition, attempts to coordinate with these hospitals were unsuccessful. Graystone has increasingly served Catawba residents over the last five years, and patients who reside outside of the service area also have sought services at Graystone at an increasing rate. Graystone's growth in case volume, in surgical hours, and in the population it serves suggests there is a

need for an additional OR. The Acute Care Services Committee voted to approve the Agency's recommendation to approve the petition.

Cape Fear Valley Health System requested an adjusted need determination for one OR for the purpose of training surgical residents in the Cumberland County service area. The Agency received no comments in response to this petition. Earlier this year, the Petitioner and Methodist University entered a partnership to establish a medical school that will include a surgical residence program on the Cape Fear Valley Medical Center campus. In 2017, Cape Fear Valley Health System began accepting residents from Campbell's School of Osteopathic Medicine. Data indicates that since 2017, Cape Fear Valley Medical Center's inpatient and outpatient case times have increased. This supports the Petitioner's assertion that an additional OR would allow the hospital to avoid delays and cancellations for other surgical patients that might occur due to longer surgical case times when residents are being trained. Also, except for a decline in surgical cases at the height of the COVID-19 pandemic, Cape Fear Valley Medical Center's surgical cases have consistently increased. The projection year for ORs in the 2024 SMFP is 2026. According to Cape Fear Valley Medical Center's current case times and its projected number of cases, by 2026, the hospital will perform enough cases to require an additional OR. The Agency recommended approval of this Petition and the Committee agreed.

Carolina Vascular Care requested a special need determination for two additional specialty ambulatory surgical centers dedicated to vascular access in HSA VI. They specify "there is a special need in HSA VI for two operating rooms that can only be located in an ambulatory surgical center dedicated to vascular access procedures." The Agency received 51 letters in support of the petition and one in opposition. Presently, there are two dedicated vascular access ORs in the State, but only one has been performing procedures long enough to submit data representing a full year of operation. The case volume and case time data of this facility suggests that 1.5 dedicated vascular access ORs would be sufficient for the patients in HSA VI. Currently, there is the potential for two vascular access ORs to be developed in HSA VI. One would be the vascular access OR that is slated for HSA VI because of the adjusted need determination in the 2023 SMFP. The second opportunity could result from the CON application by a vascular access provider for a dedicated vascular access OR generated by the standard need determination for two ORs in the 2023 SMFP for the Pitt/Greene/Hyde/Tyrrell service area. However, the Petitioner is concerned that due to the timeframe for the issuance of CON decisions, it risks having to wait until next summer to request an adjusted need determination for a dedicated vascular access OR if its CON application is denied. The Agency found that approving this Petition would allow for the development of four vascular access ORs in HSA VI although the Petition did not provide evidence of demand for that level of capacity. Therefore, the Agency recommended denial of the Petition for an adjusted need determination for two dedicated vascular access ORs in HSA VI and the Committee agreed.

Dental Single Specialty Ambulatory Surgery Demonstration Project

The 2016 SMFP included a demonstration project to examine the feasibility of single-specialty ambulatory surgical facilities dedicated to dental and oral surgery. There are four facilities across the state designed to serve patients requiring sedation for dental and oral surgical procedures. Each one has two ORs. The facilities are:

- Valleygate Dental Surgery Center of Fayetteville
- Valleygate Dental Surgery Center of the Triad, in Greensboro
- Valleygate Dental Surgery Center of Charlotte
- Surgical Center for Dental Professionals, in Raleigh

The general goal of the evaluation was to test the concept of dental single specialty ambulatory surgical centers in terms of value, access to the uninsured, and quality and safety of care. The Agency was tasked with evaluating the demonstration after all facilities had submitted three annual reports. The last report was submitted earlier this year.

One important criterion for the project sites states that at least 3% of total patients served annually be charity care patients and at least 30% be Medicaid recipients. Each facility either met or exceeded the mark for charity care each year, or it increased the proportion of patients who were covered by Medicaid. For all sites over the three years, there were fluctuations in the percentage of patients who were covered by Medicaid. However, at a minimum, the proportion of patients on Medicaid receiving services at all four sites was almost double the requirement. In fact, by the end of the third year, all sites had a Medicaid payer mix of at least 74%. Notably, while the project was not limited to pediatric patients only, almost all patients were under the age of 21, and the majority of those patients were covered by Medicaid.

Quality and safety were measured by the encouragement of health care professionals affiliated with the facility to establish or maintain hospital staff privileges and to begin or continue meeting Emergency Department coverage responsibilities. The majority of dentists and oral surgeons at each site were eligible for hospital privileges, and staff had ED coverage responsibilities.

This demonstration project was a clear success. It has shown it is feasible to open and operate ambulatory surgery facilities for dental procedures targeted at a primarily indigent and young population. It would be reasonable to consider the expansion of single-specialty dental ASFs across the state. Given these results, the Agency recommended that the demonstration be concluded, and the facilities be included in the SMFP on the same basis as all other ambulatory surgical facilities. The Committee approved this recommendation.

Data Updates

The Proposed Plan indicates a need determination for 5 ORs in Wake County. Due to a data revision, there is now a need determined for 4 ORs in Wake. This is the only draft need determination for ORs. However, SHCC approval of this Committee's recommendations on Petitions for adjusted need determinations would create a need for one OR in the Catawba service area, and one OR in the Cumberland County service area.

Chapter 7: Other Acute Care Services

The Agency received no petitions or comments for this chapter. Based on data and information currently available, application of the methodology results in no draft need determinations.

Chapter 8: Inpatient Rehabilitation

The Agency received no petitions or comments for this chapter. Based on data and information currently available, application of the methodology results in no draft need determinations.

Chapter 9: End Stage Renal Disease Dialysis Facilities

The Agency received one petition for this chapter.

Liberty Healthcare and Rehabilitation requested multiple adjusted need determinations for outpatient dialysis stations to be sited within nursing home facilities in 24 counties. The Agency received 11 comments: 1 in support and 10 in opposition to the petitions. Liberty's request for 24 county need determinations equates to 369 outpatient dialysis stations to be located at nursing home facilities. The Petitioner created a methodology that attempts to demonstrate the current nursing home facility need for outpatient dialysis stations using datasets obtained from the Centers for Medicare and Medicaid. At the Agency's request, the Petitioner provided additional data on the number of residents in their nursing homes that receive dialysis services. According to these data, eight petitions are for dialysis stations in counties where the Petitioner's nursing homes have 3 or fewer dialysis patients. Four petitions request dialysis stations in counties where Liberty's nursing homes do not have any residents diagnosed with ESRD or any residents receiving in-center hemodialysis treatment. Three additional petitions are for counties where Liberty does not have a nursing home facility. Furthermore, there is no data indicating that the existing nursing homes in these counties are serving residents receiving dialysis services. As noted in the SMFP, in the summer, the SHCC considers requests based on unique aspects of the service area that the relevant standard need determination calculations do not consider during the summer petition process. The petitions do not make clear that the targeted counties have special characteristics that merit a different approach to assessing their need as compared to any other county in the State. Rather, the petitions seek a change to the need methodology for each county. The approval of a methodology created for outpatient dialysis stations to determine need

at nursing home facilities for dozens of counties also would have a bearing on how need should be assessed for these facilities statewide. Petitions that have a statewide impact are considered during the Spring petition process, rather than the summer petition process. The Committee agreed with the Agency recommendation to deny the Petition.

Data Updates

There are no county need determinations.

Recommendations Related to All Chapters

The Committee recommends approval of Chapters 5 through 9: Acute Care Facilities and Services, with the understanding that staff is authorized to continue making necessary updates to the narratives, tables, and need determinations.