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North Carolina Hospital Association

August 1, 2008

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DFS Health Planning
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Medical Facilities
PLANNING SECTION

RE: NCHA Comments – Basic Principles Governing the SMFP

Dear Ms. McClanahan:

Thank you for the opportunity to comment on the important work of the State Health Coordinating Council in revising the Basic Principles of the State Medical Facilities Plan (SMFP).

Basic Principles Restated

NCHA thanks the group for its excellent work in updating the Principles on Quality, Access and Value to represent the status of healthcare delivery in North Carolina today. These revisions better reflect current improvements in the status and standardization of quality measurement, the need to improve access to all services by increasing numbers of medically underserved patients who receive services, and the complexities providers face when addressing these challenges in an increasingly cost sensitive environment. The Principles' recognition of the need to measure the value that full service providers offer to communities when compared to specialty providers is an important concept that the workgroup has appropriately included.

Implementation Process

In our review of the Basic Principles, we noted that some incorporate a series of recommended steps to implement the recommendations of the workgroup. (*Examples include the submission of safety and patient satisfaction data for CON applicants and related entities and the development of standardized metrics and definitions in quality and uncompensated care*) We find these recommendations to be potentially helpful and have additional suggestions below for activities that may help materialize the SHCC vision that is incorporated in these Principles. However we also believe that these "action steps" will need further development and will continually evolve in the future, and therefore should be removed from the SMFP's written statement of the principles and considered separately, perhaps as a part of the annual planning process. This work could be initiated by the group that was recently charged with reviewing the current document and making recommendations for implementation of the Basic Principles.

NCHA supports the SHCC decision to establish a workgroup to review and consider the implementation of the Basic Principles. We also support the inclusion of DHSR representatives on the workgroup, as their

input will be helpful in advising members in the use of tools such as CON Criteria and Standards, application forms, and certificate of need conditions that can facilitate implementation of the Basic Principles.

- **Quality Principle**

In the development of any CON regulations that pertain to the use of quality metrics, NCHA supports the QAV workgroup recommendation to use only publicly available, standardized measures for quality and safety. The draft principle currently states "*applicants without prior quality and safety performance records ... must include in their application specific and detailed plans documenting how quality and safety standards and metrics will be met...*" New applicants should also be required to report their performance on any quality metrics that may exist in their current operations and that are related to the provision of health care services.

NCHA agrees that that clinical outcome and safety measures should be *evidence based and objective*. We also believe that they should be comparable so as to promote their practical use in evaluation of CON applications and to ensure compliance with representations made in CON applications. Information on additional measures of quality across providers can be found on CMS in the Physician Quality Reporting Initiative at <http://www.cms.hhs.gov/pqri/>, the National Committee for Quality Assurance at <http://www.ncqa.org/>, and the Governor's Quality Initiative at <http://www.ncgqi.org/provider.htm>

- **Patient Satisfaction**

NCHA agrees with the draft Principle requirement that "Patient satisfaction measures should be quantifiable." NCHA further suggests that a patient satisfaction and improvement system that is *benchmarked against peers* will be more valuable to prospective patients and those who will review reports.

- **Access Principle**

As with the other basic principles, all CON awardees, licensed and unlicensed, should be required to report annually on their compliance with the access measures that were proposed in the CON application. These annual reports should be made available to the public to better enforce compliance.

Accountability/Reporting

As the SHCC moves forward with implementation of the Basic Principles, NCHA requests that accountability for reporting of quality, access and value measures be considered a critical component of the process. Reporting should be required of all CON awardees, regardless of licensure status. This information should be collected through conditional requirements to the CON. Posting specific information on the DHSR website would enable full disclosure of each facility's performance in specific categories related to quality, access and value.

CON applicants with a documented history of service accessibility to the medically underserved should not be penalized if higher costs resultant from these activities are evident in a CON application. Likewise the costs related to quality improvement activities and programs should be recognized as valid costs of doing business in a CON application review.

With this process the SHCC has taken important steps to communicate its rationale for the health planning decisions it makes to the healthcare community and to the general public, while also establishing a strong foundation for the decisions it will make in allocating healthcare resources in the future.

Thank you for the opportunity to comment on this process, and please feel free to contact me if I can answer any questions.

Sincerely,

A handwritten signature in cursive script that reads "Mike Vicario".

Mike Vicario, Vice-President of Regulatory Affairs
North Carolina Hospital Association