



## Carolinah HealthCare System

*James E.S. Hynes*  
Chairman

*Michael C. Tarwater, FACHE*  
Chief Executive Officer

*Joseph G. Piemont*  
President & COO

August 28, 2008

Ms. Victoria McClanahan, Planner  
Medical Facilities Planning Section  
North Carolina Division of Health Service Regulation  
2714 Mail Service Center  
Raleigh, North Carolina 27699-2714

DFS Health Planning  
RECEIVED

AUG 28 2008

MEDICAL FACILITIES  
PLANNING SECTION

**RE: The Petition of Novant Health, Inc., Rowan Health Services Corporation and Rowan Regional Medical for an Adjusted Need Determination of 10 Rehabilitation Beds for Rowan Regional Medical Center**

Dear Ms. McClanahan:

On behalf of Carolinas HealthCare System (CHS), I am providing the attached comments on the petition filed by Novant Health, Inc., Rowan Health Services Corporation and Rowan Regional Medical Center for an adjusted need determination of 10 rehabilitation beds for Rowan Regional Medical Center. Our comments are organized to concisely provide the background and context for review of the petition and specific rationale for denial of the petition.

CHS opposes the petition to add 10 rehabilitation beds to Rowan County and recommends the petition be denied. If you have any questions regarding these comments please do not hesitate to contact us. Thank you for the opportunity to provide these comments.

Sincerely,

F. Del Murphy, Jr.  
Vice President



## Carolinus HealthCare System

### **Comments in Opposition to the Petition of Novant Health, Inc., Rowan Health Services Corporation and Rowan Regional Medical for an Adjusted Need Determination of 10 Rehabilitation Beds for Rowan Regional Medical Center**

**August 28, 2008**

Carolinus HealthCare System (CHS) is providing comments on the petition filed by Novant Health, Inc., Rowan Health Services Corporation and Rowan Regional Medical Center for an adjusted need determination of 10 rehabilitation beds for Rowan Regional Medical Center. Our comments are organized to concisely provide the background and context for review of the petition and specific rationale for denial of the petition.

#### ***Background and Context for Review of the Petition***

The Novant petition has been filed as a result of the current relocation and development (to CMC-Mercy in Charlotte) of the 10 rehabilitation beds that were formerly operated at Rowan Regional Medical Center (Rowan). The 10 beds being relocated to CMC-Mercy originated from a certificate of need that was granted to CHS in 1998. This particular certificate of need authorized CHS to initially locate the beds at Rowan or CMC-Mercy. Please see Attachment 1 for a copy of the certificate of need issued to CHS in 1998. In 1998, CHS determined to initially locate the beds at Rowan. This certificate of need also authorized CHS to relocate the beds to CMC-Mercy from Rowan in the event CHS terminated its management services contract to manage the unit at Rowan. In 1998, representatives at Rowan and CHS agreed to the terms of the management services contract which acknowledged the beds could be relocated to CMC-Mercy in the future. Earlier this year CHS terminated the management services contract. CHS has commenced development of these 10 rehabilitation beds at CMC-Mercy and expects them to be operational at CMC-Mercy in early 2009.

Earlier this summer (June 26, 2008) the three parties to the petition filed a request for a declaratory ruling with the Division of Health Service Regulation (DHSR) to allow for the continued operation of these 10 rehabilitation beds at Rowan. In essence, Rowan now disputes CHS's authority to relocate the beds to CMC-Mercy even though it agreed to such an arrangement in its management services contract with CHS. ***On August 22, 2008, after reviewing all the facts and issues presented by Novant and CHS in the matter, the acting Director of DHSR (Mr. Jeff Horton) denied Novant's request for declaratory ruling.***

### ***Specific Rationale for Denial of the Petition***

- The *Proposed 2009 State Medical Facilities Plan* contains a specific methodology for calculating need for additional inpatient rehabilitation beds. The total beds located in HSA III are currently below the prescribed HSA-wide target occupancy percentage of 80 percent. Based on the state's current need methodology, additional beds for HSA III are not indicated at this time. Rowan will be able to apply for additional inpatient rehabilitation beds when need is evidenced in future years.
- Even if there were a need for 10 additional inpatient rehabilitation beds (which there is not), the need would be for HSA III as a whole, which is the State Health Coordinating Council's (SHCC) inpatient rehabilitation bed planning region, not Rowan County or a specific site within Rowan County.
- On July 15, 2008 CHS, in conjunction with Stanly Regional Medical Center, filed a CON application to construct a new state-of-the-art 40-bed inpatient rehabilitation facility in Concord, Cabarrus County, through the relocation of existing inpatient rehabilitation beds within HSA III. This new facility will be conveniently located in the northeast quadrant of HSA III and will provide significant access to the residents of Rowan County. The proposed 40-bed facility in Cabarrus County is modeled after the 40-bed facility CHS opened in Mt. Holly (CR-Mt. Holly in Gaston County) in late 2007. CR-Mt. Holly has been well received by patients living in and around the southwest quadrant of HSA III, including but not limited to Gaston, Lincoln and Cleveland Counties. In addition, through July 2008 the Mt. Holly facility is operating at 65 percent average occupancy, an indicator of the facility model's success and role as a provider of inpatient rehabilitative care in the region.
- The petitioners state the removal of the 10 beds without allowing their replacement "will result in irreparable harm to the patients of Rowan County." CHS strongly disagrees with the petitioners' statement. In fact, of the 100 counties in North Carolina, 79 counties do not contain any inpatient rehabilitation beds. There are no other petitions filed by any other provider in these 79 counties requesting additional rehabilitation beds. The distribution of facilities and beds across the state is reflected in the map included as Attachment 2.
- The regional nature of inpatient rehabilitation services is further evidenced by the percentage of patients treated in a given facility that reside in the county where the facility is located. CHS analyzed the patient origin data in the North Carolina Discharge Database for each inpatient rehabilitation provider. The average percentage of patients from the same county as the facility is approximately 50.8 percent. Applying the 50.8 percent patient origin percentage to smaller, 10 bed programs such as Rowan demonstrates that fewer than five patients per day would generally originate from Rowan County.

- There is currently an adequate supply of facilities and beds for Rowan County patients to obtain needed rehabilitative care. Available facilities and beds are located in nearby Albemarle, Charlotte, Greensboro, High Point and Winston-Salem.

In summary, CHS opposes the petition to add 10 rehabilitation beds to Rowan County and recommends the petition be denied.

**ATTACHMENT 1**

**Certificate of Need Awarded to CHS in 1998**

# State of North Carolina

## Department Of Health and Human Services Division Of Facility Services Certificate Of Need

Project Identification Number F-4791-93 (Part II) Effective Date October 29, 1998  
FID #923015

Issued to: The Charlotte-Mecklenburg Hospital Authority, d/b/a Carolinas Healthcare System and Mercy Hospital, Inc. a wholly owned subsidiary of CHS, (collectively referred to as "CHS")

The North Carolina Department of Health and Human Services, pursuant to the North Carolina Health Planning and Resource Development Act of 1978, G.S. § 131E-175, et seq., as amended and recodified, G.S. § 131E-175, et seq., hereby finds and certifies that the new institutional health service proposed by the person listed above is consistent with, or as conditioned is consistent with the plans, standards, and criteria prescribed by the Act and the rules and regulations promulgated thereunder. The findings of the Department are attached hereto and incorporated by reference.

This Certificate affords the person listed above the opportunity to proceed with development of the proposed new institutional health service in a manner consistent with the plans, standards, and criteria prescribed by the Act and the rules and regulations promulgated thereunder. This Certificate includes and is limited to:

SCOPE: See Reverse Side

CONDITIONS: See Reverse Side

PHYSICAL LOCATION: Mercy Hospital 2001 Vail Avenue Charlotte, NC 28207 or Rowan Regional Medical Center 612 Mocksville Avenue Salisbury, NC 28144

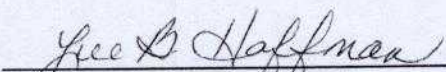
MAXIMUM CAPITAL EXPENDITURE: \$2,399,900

TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: February 1, 1999

This Certificate is limited to the person listed above and is not transferable or assignable. This Certificate may be withdrawn as provided in G.S. § 131E-189, and the rules and regulations promulgated thereunder.

Issuance of this Certificate does not supplant provisions or requirements embodied in codes, ordinances, statutes other than G.S. § 131E-175, et seq., rules regulations or guidelines administered or enforced by municipal, state or federal agencies or the agent thereof.

  
\_\_\_\_\_  
Chief, Certificate of Need Section  
Division of Facility Services

**SCOPE:**

CHS shall develop no more than ten inpatient rehabilitation beds at either Mercy Hospital ("Mercy") or Rowan Regional Medical Center ("Rowan"). In the event the project is developed at Rowan and is required to be licensed and certified as part of Rowan, the CON shall be transferred to Rowan for good cause for the duration of its Management Contract with CHS. However, upon termination of the above mentioned Management Contract, this CON shall authorize development of the ten inpatient rehabilitation beds at Mercy.

**CON CONDITIONS**

1. Carolinas Healthcare System shall materially comply with all of the representations made by it in the documents it submitted to the Certificate of Need Section on October 28, 1998
2. Carolinas Healthcare System shall develop no more than ten inpatient rehabilitation beds.
3. At the request of the Certificate of Need Section, Carolinas Healthcare System shall provide documentation of the types of services provided to patients in the rehabilitation unit in accordance with the data format and reporting requirements that will be formulated by the Agency.
4. Carolinas Healthcare System's approved capital expenditure amount shall be \$2,399,900.

**TIMETABLE**

Construction Contract Awarded	November 1, 1999
25% Construction Completed	December 27, 1999
50% Construction Completed	February 15, 2000
75% Construction Completed	March 28, 2000
Completion of Construction	May 15, 2000
Licensure of Facility	June 1, 2000
Occupancy/offering of services	June 1, 2000
Certification of Facility	June 1, 2000

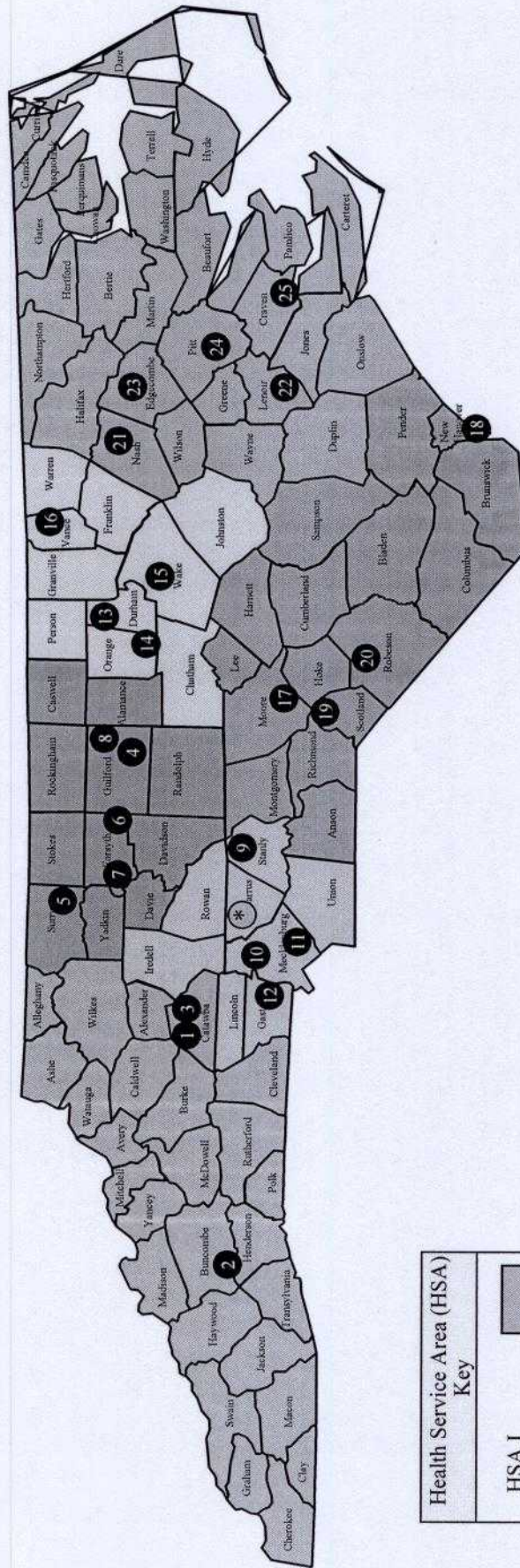
**ATTACHMENT 2**

**Map of North Carolina Rehabilitation Facilities by HSA**



# Attachment 2

## Map of North Carolina Health Service Areas and Rehabilitation Facilities and Beds



Health Service Area (HSA)	Key
HSA I	[Shaded Box]
HSA II	[Shaded Box]
HSA III	[Shaded Box]
HSA IV	[Shaded Box]
HSA V	[Shaded Box]
HSA VI	[Shaded Box]

Proposed CR-NorthEast.

Facility #	Facility	H.S.A.	County	Beds
1	Catawba Valley Medical Center	I	Catawba	20
2	Care Partners Rehabilitation Center	I	Buncombe	80
3	Frye Regional Medical Center	I	Catawba	29
4	High Point Regional	II	Guilford	16
5	Hugh Chatham Memorial Hospital	II	Surry	12
6	North Carolina Baptist Hospitals	II	Forsyth	39
7	Whittaker Rehabilitation Center	II	Forsyth	68
8	Moses Cone Memorial Hospital	II	Guilford	49
9	Stantley Regional Medical Center	III	Stanly	10
10	Carolinas Rehabilitation Center	III	Mecklenburg	119
11	CMC - Levine Children's Hospital	III	Mecklenburg	13
12	Carolinas Rehabilitation Gaston	III	Gaston	40
13	Durham Regional Hospital	IV	Durham	30
14	University of North Carolina Hospitals	IV	Orange	30
15	WakeMed	IV	Wake	84
16	Maria Parham Hospital	IV	Vance	11
17	First-Health Moore Regional Hospital	V	Moore	25
18	New Hanover Regional Medical Center	V	New Hanover	60
19	Scotland Memorial Hospital	V	Scotland	7
20	Southeastern Regional Rehabilitation Center	V	Robeson	78
21	Nash General Hospital	VI	Nash	23
22	Lenoir Memorial Hospital	VI	Lenoir	17
23	Heritage Hospital	VI	Edgecombe	16
24	Pitt County Regional Rehabilitation Center	VI	Pitt	75
25	Craven Regional Medical Center	VI	Craven	20

Note: The ten (10) rehabilitation beds formerly operated at Rowan Regional Medical Center are being developed at CMC-Mercy.  
Source: Proposed 2009 State Medical Facilities Plan.