

North Carolina State Health Coordinating Council
c/o Medical Facilities Planning Section
Division of Health Service Regulation
2714 Mail Service Center
Raleigh, NC 27699-2714

Re: Cape Fear Valley Health System Petition for an Adjusted Need Determination to Remove the Need for Fixed Cardiac Catheterization Equipment in Cumberland County in the *Final 2017 SMFP*

I. Petitioner

Michael Nagowski
President
Cape Fear Valley Health System
P.O. Box 2000
Fayetteville, NC 28302-2000
stgodwin@capefearvalley.com

Sandy Godwin
Executive Director of Corporate Planning
Cape Fear Valley Health System
P.O. Box 2000
Fayetteville, NC 28302-2000
stgodwin@capefearvalley.com

II. Requested Adjustment

Cape Fear Valley Health System (CFVHS) requests an adjusted need determination to remove the need allocation for one additional fixed cardiac catheterization equipment in Cumberland County in the *Final 2017 State Medical Facilities Plan (Final 2017 SMFP)*.

Chapter 9, Cardiac Catheterization, should be changed as follows:

Table 9Y: Fixed Cardiac Catheterization Equipment Need Determination
(Proposed for Certificate of Need Review Commencing in 2017)

Cardiac Catheterization Service Area	Shared Fixed Cardiac Catheterization Equipment Need Determination*	Certificate of Need Application Due Date**	Certificate of Need Beginning of Review Date
Cumberland	0	NA	NA

*Need determinations shown in this document may be increased or decreased during the year pursuant to Policy GEN-2 (see Chapter 4).

**Application due dates are absolute deadlines. The filing deadline is 5:30 p.m. on the application due date. The filing deadline is absolute (see Chapter 3).

III. Reasons for Proposed Adjustment

Cardiac catheterization volume at CFVMC continues to increase, as shown in the following table. As a result, the methodology in the Annual SMFP generated a need determination for another cardiac catheterization unit in Cumberland County in the *Proposed 2017 SMFP*.

Cape Fear Valley Medical Center Cardiac Catheterization Total Cases*

	FFY 2013	FFY 2014	FFY 2015	FFY 2016 Oct-May Annualized
Total Cardiac Cath	2,993	3,768	4,144	4,430

Source: SMFPs; 2016 CFVHS DSS

*Unweighted

However, the SMFP cardiac catheterization methodology is based upon a single county service area and does not take into account the impact of the developing cardiac catheterization services in Harnett County, at Harnett Health which is managed by CFVMC.

The *2016 State Medical Facilities Plan* identified a need for a new shared fixed cardiac catheterization unit in Harnett County and an additional fixed cardiac catheterization unit in Cumberland County. Harnett Health submitted a CON for the unit in Harnett County for the May 1, 2016 CON application review cycle. Harnett Health's application was the only application received, and no comments in opposition to the application were submitted. Harnett Health and CFVHS expect an approval on this CON Application by the end of July, as the Application was granted an expedited review.

The Harnett Health need was based upon a special need petition submitted by Harnett Health and it will be the first unit located in Harnett County. Residents of Harnett County historically have sought cardiac catheterization services in Fayetteville, Raleigh and Pinehurst as illustrated in the following market share table.

Harnett County Cardiac Catheterization Equipment Market Share

Facility	FY 2013	FY 2014	FY 2015 Q1 -Q3
Cape Fear Valley Medical Center	16.4%	15.6%	24.2%
Central Carolina Hospital	3.0%	2.1%	2.0%
Duke Raleigh	0.6%	0.2%	0.6%
Duke Regional Hospital	0.0%	0.0%	0.4%
Duke University Medical Center	4.0%	3.6%	3.3%
First Health Moore Regional Hospital	14.8%	13.6%	14.3%
Johnston Medical Center-Smithfield	1.6%	0.5%	3.3%
Rex Healthcare	12.0%	16.2%	17.1%
University of North Carolina Hospitals	5.9%	4.9%	4.1%
WakeMed	40.0%	41.3%	28.6%
WakeMed Cary	1.1%	1.0%	0.9%
All Other	0.5%	0.9%	1.1%
Total Diagnostic and Interventional	100.0%	100.0%	100.0%

Source: Truven Data

As shown in the previous table, there is not one dominant provider for cardiac catheterization for residents of Harnett County; however, Cape Fear Valley Medical Center (CFVMC) meets the need for a significant portion of the population. Once the new cardiac catheterization unit at Harnett Health becomes operational in 2017, Harnett Health and CFVHS expect a significant number of Harnett County residents currently seeking care at CFVMC will choose to remain in Harnett County. This will impact the utilization of cardiac catheterization services at CFVMC.

The *2016 State Medical Facilities Plan* also identified a need for a new fixed cardiac catheterization unit in Cumberland County, as previously noted. CFVHS will be submitting a CON Application for a fourth cardiac catheterization unit to meet the need identified for Cumberland County for the September 1, 2016 CON application review cycle.

As stated in the *2016 State Medical Facilities Plan*, "It is further determined that fixed and mobile cardiac catheterization equipment and services shall only be approved for development on hospital sites." CFVHS' two hospitals, CFVMC and Highsmith Rainey Specialty Hospital, are the only licensed acute care hospitals located in Cumberland County. Therefore, CFVHS will be the only applicant for this additional unit of cardiac catheterization equipment.

In projecting utilization for the CON to be submitted by CFVHS in August, both the increasing population in the service area and the shift of cardiac catheterization volume from CFVMC to Harnett Health are being taken into consideration. The resulting CFVMC volume reflects a need for only four cardiac catheterization units in Cumberland County as shown in the following table.

CFVMC Projected Cardiac Catheterization Equipment Need

	FFY 2016 Annualized	Weighted Population Growth Rate Ages 55+	FFY 2017	FFY 2018	PY 1 FFY 2019	PY 2 FFY 2020	PY 3 FFY 2021
Projected Cardiac Catheterization Volume	4,430	2.0%	4,520	4,612	4,707	4,803	4,901
Potential Volume Shifted to Harnett		90%		-370	-644	-824	-840
Projected Adjusted CFVMC Cardiac Catheterization Volume				4,242	4,062	3,979	4,061
Therapeutic Cardiac Catheterization					1,764	1,728	1,764
Diagnostic Cardiac Catheterization					2,298	2,251	2,297
Weighted Cardiac Catheterization Procedures					5,386	5,276	5,384
Cardiac Cath Equipment Needed @ 1,200 Procedures Per Room					4.5	4.4	4.4
CFVMC Cardiac Catheterization Room Inventory					4.0	4.0	4.0
Additional Need Rounded to SMFP Standards					0.5	0.4	0.4

While not guaranteed, CFVHS does expect its application for a fourth cardiac catheterization unit to be approved. The approval of these two CON applications, one in Harnett County, and one in Cumberland County in the CFVMC Service Area, will result in a net increase in cardiac catheterization equipment of two new cardiac catheterization units. Once approved these two cardiac catheterization units are expected to be operational in 2017 (Harnett Health) and 2018 (CFVMC). CFVHS believes that cardiac catheterization capacity in the CFVHS Service Area, which includes Harnett County, will be sufficient to meet the demand at that time as illustrated in the above table.

CFVHS respectfully requests that the need for an additional cardiac catheterization unit in Cumberland County be removed from the *Proposed 2017 SMFP* until the impact of the new unit in Harnett County is determined.

IV. Statement of Adverse Effects on the Population if the Adjustment is Not Made

CFVHS believes the addition of the fifth cardiac catheterization unit in Cumberland County, currently identified as a need determination in the *Proposed 2017 SMFP*, will have an adverse effect on both providers and consumers if it is not adjusted.

First, CFVHS will be applying for the additional cardiac catheterization unit identified as needed in Cumberland County in the *2016 SMFP*. With the additional capacity resulting from the addition of a fourth unit, and the new unit in Harnett County, CFVHS does not see the need for an

additional unit so soon as discussed above. CFVHS does not desire to increase unnecessary capacity through the acquisition of a fifth cardiac catheterization unit. It should also be noted that the *Proposed 2017 State Medical Facilities Plan* states, "It is further determined that fixed and mobile cardiac catheterization equipment and services shall only be approved for development on hospital sites."

CFVHS' two hospitals, CFVMC and Highsmith Rainey Specialty Hospital, are the only licensed acute care hospitals located in Cumberland County, and therefore, they are the only potential applicants for this additional unit of cardiac catheterization equipment. It would not make sense to include a need determination for additional cardiac catheterization equipment when the only potential applicant for that equipment does not foresee at the present time a need for the additional equipment.

Second, the acquisition of unnecessary cardiac catheterization equipment may impact the costs associated with providing cardiac catheterization services in Cumberland County.

V. Alternatives considered

Because of available capacity on the existing cardiac catheterization units plus the new unit in Harnett County, the only logical alternative is to avoid creating an unnecessary need determination for one (1) unit of fixed cardiac catheterization equipment in Cumberland County in the *2017 State Medical Facilities Plan*.

This alternative resulted in the submission of this petition for an adjusted need determination in Cumberland County.

VI. Duplication of Health Resources

Adjusting the need determination for one (1) unit of fixed cardiac catheterization equipment in Cumberland County will most assuredly not result in duplication of health services in the area, but rather would avoid the duplication of health services from being proposed.

VII. Consistency with SMFP Basic Principles

The proposed adjustment is consistent with these basic principles in that safety and quality, access and value, all of which are associated with the existing provision of cardiac catheterization services in Cumberland County, will not be impacted. Based on the expected expansion of cardiac catheterization capacity in Harnett and Cumberland County, adjusting the need determination will eliminate the possible duplication of services, which would help maintain cardiac catheterization volumes at the existing provider location and would eliminate the expenses associated with acquiring and operating an additional cardiac catheterization unit in the service area.

1. Safety and Quality Basic Principle

The State of North Carolina recognizes the importance of systematic and ongoing improvement in the quality of health services. Providing care in a timely manner is a key component of assuring safety and quality care to the citizens of Cumberland Service Area and southeastern North Carolina. Emerging measures of quality address both favorable clinical outcomes and patient satisfaction, while safety measures focus on the elimination of practices that contribute to avoidable injury or death and the adoption of practices that promote and ensure safety.

2. Access Basic Principle

Although a need in the *2016 SMFP* does not guarantee Harnett Health a Certificate of Need, the hospital has an excellent track record of serving all persons and the application was not contested by any other provider. It is anticipated that the application will be approved the end of July. CFVHS manages Harnett Health and believes that the opening of this facility provides improved access to the residents of Harnett County currently seeking care at CFVMC. As a result, CFVHS does not believe a fifth cardiac catheterization unit is not needed at CFVMC at time. Both CFVHS and Harnett Health have a long history of providing care for the uninsured and the underinsured as evidenced in their annual licensure renewal applications.

The impact of economic barriers is twofold. First, individuals without insurance, with insufficient insurance, or without sufficient funds to purchase healthcare will often require public funding to support access to regulated services. CFVHS and Harnett Health are the safety net providers for patients in Harnett and Cumberland Counties regardless of income or insurance. Neither provider has any barriers to care for the uninsured and the underinsured.

3. Value Basic Principle

The SHCC defines health care value as maximum health care benefit per dollar expended. Disparity between demand growth and funding constraints for health care services increases the need for affordability and value in health services. Measurement of the cost component of the value equation is often easier than measurement of benefit. Cost per unit of service is an appropriate metric when comparing providers of like services for like populations. The cost basis for some providers such as CFVHS and Harnett Health may be inflated by disproportionate care to indigent and underfunded patients.

Measurement of benefit is more challenging. Standardized safety and quality measures, when available, can be important factors in achieving improved value in the provision of health services. CFVHS participates in a variety of benchmark programs to compare the use of inpatient and outpatient resources to other hospitals and uses this information to improve processes and decrease costs wherever possible.

VIII. Conclusion

CFVHS believes that the addition of a shared fixed cardiac catheterization unit in Harnett County and the addition of a fourth cardiac catheterization unit at CFVMC, resulting in a total of five cardiac catheterization units in the two counties, will meet the need identified in the *Proposed 2017 SMFP* for a fifth cardiac catheterization unit in Cumberland County. Therefore, CFVHS requests that the need for a fifth cardiac catheterization unit in Cumberland County be removed from the *Proposed 2017 SMFP*.