Received-Healthcare Planning
7/25/2017

Wake Forest Baptist Health
Petition for Adjustment to the Proposed 2018 SMFP
Forsyth County Operating Room Need Determination
July 25, 2017

1. **Name, Address, Email Address, and Phone Number of Petitioner:**

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2. **Statement for the Proposed Adjustment**

Wake Forest Baptist Health ("WFBH") requests that an adjustment be made to the 2018 State Medical Facilities Plan ("SMFP") need determination for operating rooms ("ORs") in Forsyth County, by reducing the need for ORs from six (6) to four (4).

3. **Reasons for the Proposed Adjustment**

The Proposed 2018 SMFP need methodology for ORs differs from previous years and is based upon recommendations from the SHCC's Operating Room Methodology Workgroup (the "Workgroup"). The new methodology is summarized below:

- Facilities are grouped by the total number of surgical hours derived from data reported on the License Renewal Application.
- Operating room deficits and surpluses are calculated separately for each health system.
- Availability and utilization assumptions are based on the group to which the facility is assigned.
- Need determination calculations use case times reported by the facility, adjusted for outliers.
- When a need is calculated, the minimum need determination is two operating rooms. The maximum operating room need determination in a single service area is six.

The Proposed 2018 SMFP goes on to define "health system" to include all licensed health service facilities with operating rooms located in the same service area that are owned by:

- the same legal entity (i.e., the same individual, trust or estate, partnership, corporation, hospital authority, or the State or political subdivision, agency or instrumentality of the State); or
- the same parent corporation or holding company; or
- a subsidiary of the same parent corporation or holding company; or
- a joint venture in which one or more of the participants in the joint venture owns a licensed health service facility with operating rooms located in the same service area.

Based upon this methodology, North Carolina Baptist Hospital ("NCBH"), which is part of the WFBH health system, has been assigned to Group 1, under Step 4 of the Proposed 2018 SMFP OR need methodology since it is an Academic Medical Center Teaching Hospital. In its initial recommendations to the SHCC, the Workgroup found that there were a total of 48 ORs in the WFBH health system, based upon 45 existing and approved ORs[1] at NCBH and three ORs approved to be developed in Clemmons known as WFBH Outpatient Surgery Center – Clemmons ("OSCC").[2] See Attachment 1, SMFP Operating Room Tables 6A-6B presented at the May 2, 2017 Acute Care Services Committee meeting. Although not specifically discussed, Table 6A also implicitly recognized that the three ORs approved for OSCC would be relocated from the Plastic Surgery Center of North Carolina ("PSCNC") ambulatory surgical center.

The Workgroup and Agency staff properly found that NCBH and OSCC are part of the same health system, as defined in the Proposed 2018 SMFP. NCBH is a subsidiary of Wake Forest University Baptist Medical Center ("WFUBMC"). OSCC is owned by Wake Forest Ambulatory Ventures, LLC ("WFAV"), in which Wake Forest University Health Sciences ("WFUHS") holds a controlling interest. WFUHS, like NCBH, is a subsidiary of WFUBMC. In addition, although never mentioned in the Proposed 2018 SMFP, WFUHS owns the PSCNC ambulatory surgical center. See Attachment 2, 2017 License issued to WFUHS to operate PSCNC. Thus, both the existing and proposed ambulatory surgical centers are part of the same health system as NCBH.

However, at the June 7, 2017 SHCC meeting, the Acute Care Services Committee recommended increasing the need determination for Forsyth County from four to six ORs. See Attachment 3, Acute Care Services Committee Recommendations to the North Carolina State Coordinating Council June 7, 2017. Attachment 3 states that this update and others were based on "corrections and updates to the tables" made following the Committee's May 2, 2017 meeting. This recommendation was accepted by the SHCC. See Attachment 4, pertinent portions of the Proposed 2018 SMFP.

A review of Tables 6A and 6B of the Proposed 2018 SMFP shows that OSCC is no longer grouped with NCBH as part of one health system. Rather, the OSCC ORs are grouped with the PSCNC ORs. For need determination purposes, Table 6B reports an adjusted planning inventory for the two facilities of zero. Further, the end of Table 6B appears to explain the reasons why these ORs are not counted in the SMFP inventory.

> *Plastic Surgery Center of North Carolina is an underutilized facility that is relocating all ORs to Clemmons Medical Park Ambulatory Surgical Center, which is under development. As such, no ORs or placeholders are included in the need determination calculations for these facilities.*

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[1] The seven approved ORs included in the need determination were awarded to NCBH for a Policy AC-3 project. The Proposed 2018 SMFP need determination now counts Policy AC-3 ORs in determining service area need. In addition, NCBH has two trauma/burn ORs which are excluded from the SMFP need determination.

[2] This is the name WFBH intends to use for the new ambulatory surgical center. It is referenced in the CON issued to WFAV and in the Proposed 2018 SMFP as Clemmons Medical Park Ambulatory Surgical Center. See Attachments 4 and 6.

NCBH believes that the failure to include these three ORs results in an overstatement of the Forsyth County OR need. As shown in Attachment 2, whether the PSCNC ORs are underutilized or not, they are part of the WFBH health system, and should be counted in determining WFBH's future need for additional ORs.

Further, while those ORs are currently underutilized at PSCNC, those ORs will not be underutilized once they are relocated to OSCC. In order for the CON Section to approve the WFAV CON application and issue a CON for the OSCC ambulatory surgical center, WFAV was required to demonstrate to the CON Section that *all three ORs* to be relocated to the facility would be needed pursuant to the requirements of N.C. Gen. Stat. §131E-183(a)(3) and the Performance Standards in 10A NCAC 14C.2103. In particular, the Performance Standards require the applicant to demonstrate that by the third year of operation, the number of case hours in its proposed ORs will exceed 1,872 hours per OR per year. WFAV made that demonstration, projecting that OSCC would have 4,716 case hours by the third year of operation. See Attachment 5, pertinent portions of WFAV Supplemental Settlement Information.[3] The CON Section concluded that this projection was reasonable, and a CON was issued to WFAV effective January 19, 2012. See Attachment 6, CON issued to WFAV for Project I.D. #G-1608-10. According to its most recent Progress Report filed with the CON Section, WVAV projects that the facility will be licensed and operational on January 1, 2018. See Attachment 7, July 18, 2017 Progress Report (without attachments).[4] On this date PSCNC will cease operating as a licensed facility. Therefore, on the date the 2018 SMFP becomes effective, there will be no chronically underutilized licensed ambulatory surgical center in Forsyth County.

Table 6B of the Proposed 2018 SMFP projects a need for 6.65 additional ORs in Forsyth County by 2020. Since OSCC is expected to be licensed at the beginning of 2018, that facility's third year of operation will be 2020. Because the CON Section has already found that OSCC's projected utilization of 4,716 case hours for year three justified a need for three ORs, it is reasonable to assume that OSCC's ORs will fulfill the SMFP's identified need in 2020 for those three ORs.

The need identified in the Proposed 2018 SMFP for six ORs is based solely upon the existing and projected utilization of ORs in the WFBH health system, particularly only at NCBH. The information contained in the Proposed 2018 SMFP regarding NCBH's existing and approved ORs, combined with WFAV's projected third year utilization for the OSCC ambulatory surgical center, demonstrate that there is not a need for six ORs in Forsyth County. Because the SMFP need methodology caps the number of new ORs in any one service area to six ORs, the need determination is rounded down to six ORs in Table 6C. If the three ORs currently licensed to PSCNC which will be relocated to OSCC are included as part of WFBH's health system, the need would be reduced from 6.65 to 3.65 = four ORs. WFBH believes that this is a more accurate reflection of the true need for ORs in Forsyth County in the 2018 SMFP.

[3] The WFAV application was initially disapproved by the CON Section, but was approved following a settlement.

[4] WFAV's previous Progress Report (which is also included in Attachment 7), also projected that the facility would be open by January 1, 2018. WFAV inadvertently failed to include the licensure date. By law, the license would have to be issued by the State before the facility could begin operation. See N.C. Gen. Stat. §131E-147(a).

A. Statement of the Adverse Effects on the Population

This proposal will have no adverse effects on the Forsyth County population. The proposed adjustment will reflect the true need for ORs in Forsyth County, rather than an artificially high need determination which is not justified. If this proposal is not accepted, it is also possible that interested parties could undergo the expense to prepare and file CON applications, only to have their applications denied because the utilization projections were not deemed reasonable when compared to historical utilization in Forsyth County.

B. Statement of the Alternatives Considered

The only alternative considered by WFBH was to do nothing, that is, accept the projected need determination in the Proposed 2018 SMFP. That alternative would not resolve the problem that the Proposed 2018 SMFP overstates the need for ORs in Forsyth County.

4. The Project Will Not Result in an Unnecessary Duplication of Services

As explained above, WFBH's proposal will *prevent* an unnecessary duplication of services in Forsyth County. This is especially true where, as here, the data for Novant Health, the only other health system in Forsyth County whose ORs and cases are included in the SMFP need determination currently shows a *surplus* of almost seven ORs.

5. The Project is Consistent with the Three Basic Principles Governing the Development of the SMFP: Safety and Quality, Access and Value

A. Safety and Quality

WFBH agrees with the SMFP's recognition of "the importance of systematic and ongoing improvement in the quality of health services". The requested reduction of the need determination for ORs in Forsyth County is consistent with this principle. Improvements in quality of services are furthered when healthcare providers are not expending funds for services which are not needed. Approval of this petition will promote safety and quality because it will enable existing and approved surgical resources to be fully developed and utilized before additional unnecessary ORs are developed.

B. Access

WFBH also fully supports the principle of "equitable access to timely, clinically appropriate and high quality health care for all the people of North Carolina." WFBH provides high quality inpatient and outpatient services that regularly and routinely serve indigent and medically underserved patients. WFBH subsidizes services to indigent and medically underserved patients by providing $5.3 million a year to support the Downtown Health Plaza operating in eastern Winston Salem. Downtown Health Plaza provides more than 62,000 visits per year to more than 20,000 patients of which more than 30% are uninsured.

In addition, a primary reason why PSCNC's current ORs are underutilized is because it is a single-specialty ambulatory surgical center, whose physician operators limit their practice to elective, private pay cosmetic surgery. As set forth in its CON, WFAV was approved to develop a multi-specialty, accredited ambulatory surgical center facility, which will serve a much broader group of patients, including the medically underserved. That facility will be open in only a few months. OSCC's ORs, together with the other existing and approved ORs in Forsyth County and the four additional ORs which WFBH proposes to be included in the 2018 SMFP, will provide ample access to surgical services in the service area.

C. Value

WFBH supports the SMFP's definition of "health care value" as "the maximum health care benefit per dollar expended." In this case, health care value will be achieved through the efficient use of the existing and approved ORs in Forsyth County. With the exception of NCBH's ORs, surgical services in Forsyth County are already underutilized. The addition of six more ORs, when NCBH's and OSCC's projected utilization demonstrate that only four are needed, would result in further underutilization. Health care value will not be maximized by permitting the development of unnecessary ORs which likely will have negative financial implications on existing facilities.

Conclusion

While WFBH generally supports the need methodology developed by the Workgroup and adopted by the SHCC, it appears that the chronic underutilization of PSCNC has created a "loophole" in the methodology, whereby the need generated by WFBH is overstated, because neither PSCNC's ORs nor its cases are counted in the need determination, despite the fact that PSCNC is part of WFBH's health system under the Proposed 2018 SMFP definitions. Further, OSCC is not yet open and has no historical utilization. As a result, three ORs that are approved to be developed by WFAV and will be licensed and operational at the same time the 2018 SFMP becomes effective, are not considered in determining the future need for ORs in Forsyth County.

By way of contrast, five ORs approved to be relocated from Rex Hospital to Rex Surgery Center of Wakefield (three ORs) and Rex Hospital Holly Springs (two ORs) *are* included as part of the UNC Health Care health system Wake County inventory, for determining the need for additional ORs in Wake County. See Attachment 4, Tables 6A and 6B. It makes no sense to *exclude* the underutilized ORs at PSCNC and the approved OSCC facility from WFBH's inventory when determining Forsyth County need, while *including* more fully utilized ORs at Rex Hospital and two approved facilities in UNC Health Care's inventory when determining Wake County need.

For all of these reasons, WFBH respectfully requests that the need determination for six additional operating rooms in Forsyth County be reduced, resulting in a need determination of a total of four additional operating rooms for Forsyth County in the 2018 SMFP.

INDEX:
WAKE FOREST BAPTIST HEALTH PETITION TO SHCC
JULY 25, 2017

Table 6A: Operating Room Inventory and Grouping (Combined Data for Hospitals and Ambulatory Surgical Facilties)

Case Data for 10/1/2015 through 9/30/2016 as reported on the 2017 Hospital and Ambulatory Surgical Facility License Renewal Applications

A	B	C	D	E	F	G	H	I	J	K	L	M
Service Area	**License**	**Facility**	**Inpatient ORs**	**Ambulatory ORs**	**Shared ORs**	**Excluded C-Section ORs**	**Excluded Trauma/ Burn ORs**	**CON Adjustments**	**CONs for Excluded C-Section ORs**	**Total Surgical Hours for Grouping**	**Group**	**Standard Hours per OR Per Year**
Dare Total			**1**	**2**	**2**	**-1**	**0**	**1**	**0**			
Davidson	H0027	Lexington Medical Center	0	0	4	0	0	0	0	3,900.2	4	1,500.0
Davidson	H0112	Novant Health Thomasville Medical Center	1	0	5	-1	0	0	0	4,790.4	4	1,500.0
Davidson Total			**1**	**0**	**9**	**-1**	**0**	**0**	**0**			
Davie		2017 SMFP Need Determination	0	0	0	0	0	1				
Davie	H0171	Davie Medical Center	0	0	2	0	0	0	0	2,450.1	4	1,500.0
Davie Total			**0**	**0**	**2**	**0**	**0**	**0**	**0**			
Duplin	H0166	Vidant Duplin Hospital	0	0	3	0	0	0	0	1,878.3	4	1,500.0
Duplin Total			**0**	**0**	**3**	**0**	**0**	**0**	**0**			
Durham	AS0041	James E. Davis Ambulatory Surgical Center	0	8	0	0	0	0		5,369.7	5	1,312.5
Durham	H0015	Duke University Hospital	6	9	50	0	-1	0	0	127,452.4	1	1,950.0
Durham	H0233	Duke Regional Hospital	2	0	13	-2	0	0	0	20,805.2	3	1,755.0
Duke University Health System Total			***8***	***17***	***63***	***-2***	***-1***	***0***	***0***			
Durham	H0075	North Carolina Specialty Hospital	0	0	4	0	0	0	0	10,296.0	4	1,500.0
Durham Total			**8**	**17**	**67**	**-2**	**-1**	**0**	**0**			
Edgecombe	H0258	Vidant Edgecombe Hospital	1	0	5	-1	0	0	0	2,634.2	4	1,500.0
Edgecombe Total			**1**	**0**	**5**	**-1**	**0**	**0**	**0**			
Forsyth	H0209	Novant Health Forsyth Medical Center	5	6	24	-2	0	2	0	51,607.3	2	1,950.0
Forsyth	H0229	Novant Health Medical Park Hospital	0	0	12	0	0	-2	0	18,039.6	3	1,755.0
Novant Health Total			***5***	***6***	***36***	***-2***	***0***	***0***	***0***			
Forsyth		Clemmons Medical Park Ambulatory Surgical Center	0	0	0	0	0	3				
Forsyth	H0011	North Carolina Baptist Hospital	4	0	36	0	-2	7	0	96,822.9	1	1,950.0
Wake Forest Baptist Health Total			***4***	***0***	***36***	***0***	***-2***	***10***	***0***			
Forsyth	AS0021	Plastic Surgery Center of North Carolina	0	3	0	0	0	-3		507.0	5	1,312.5
Forsyth	AS0134	Piedmont Outpatient Surgery Center**	0	2	0	0	0	0		1,927.4	6	1,312.5
Forsyth Total			**9**	**11**	**72**	**-2**	**-2**	**7**	**0**			
Franklin		Same Day Surgery Center	0	0	0	0	0	2				
Franklin	H0261	Franklin Medical Center (closed)	0	0	3	0	0	-1				
Franklin Total			**0**	**0**	**3**	**0**	**0**	**1**	**0**			
Gaston	AS0037	CaroMont Specialty Surgery	0	6	0	0	0	0		2,381.5	5	1,312.5
Gaston	H0105	CaroMont Regional Medical Center	5	8	9	-4	0	0	0	19,367.1	3	1,755.0
Gaston Total			**5**	**14**	**9**	**-4**	**0**	**0**	**0**			
Granville	H0098	Granville Health System	0	0	3	0	0	0	0	2,059.2	4	1,500.0
Granville Total			**0**	**0**	**3**	**0**	**0**	**0**	**0**			

Table 6B: Projected Operating Room Need for 2020

A	B	C	D	E	F	G	H	I	J	K	L	M	N
Service Area	**License**	**Facility**	**Inpatient Cases**	**Final Inpatient Case Time**	**Ambulatory Cases**	**Final Ambulatory Case Time**	**Total Estimated Surgical Hours**	**Growth Factor**	**Projected Surgical Hours for in 2020**	**Projected Surgical ORs Required in 2020**	**Adjusted Planning Inventory**	**Projected OR Deficit/ Surplus (Surplus shows as a "-")**	**Service Area Need**
Cumberland	AS0006	Fayetteville Ambulatory Surgery Center	-	0.0	11,803	57.0	11,213	-0.62	11,143	8.49	11	-2.51	
Cumberland Total													0
Dare	AS0053	Sentara Kitty Hawk Ambulatory Surgery Center	-	0.0	860	30.0	430	3.81	446	0.00	2	-2.00	
Dare	H0273	The Outer Banks Hospital	294	108.9	1,228	72.6	2,019	3.81	2,096	1.40	3	-1.60	
Dare Total													0
Davidson	H0027	Lexington Medical Center	784	120.0	2,294	61.0	3,900	1.91	3,975	2.65	4	-1.35	
Davidson	H0112	Novant Health Thomasville Medical Center	582	90.2	3,955	59.4	4,790	1.91	4,882	3.25	5	-1.75	
Davidson Total													0
Davie		2017 SMFP Need Determination									1	-1.00	
Davie	H0171	Davie Medical Center	-	0.0	2,911	50.5	2,450	2.35	2,508	1.67	2	-0.33	
Davie Total													0
Duplin	H0166	Vidant Duplin Hospital	482	81.4	1,243	59.1	1,878	0.00	1,878	1.25	3	-1.75	
Duplin Total													0
Durham	AS0041	James E. Davis Ambulatory Surgical Center	-	0.0	5,164	62.4	5,370	6.75	5,732	4.37	8	-3.63	
Durham	H0015	Duke University Hospital	17,151	267.7	22,642	135.0	127,452	6.75	136,051	69.77	64	5.77	
Durham	H0233	Duke Regional Hospital	3,765	212.0	2,981	131.2	19,822	6.75	21,159	12.06	13	-0.94	
Duke University Health System Total										***86.19***	***85***	***1.20***	
Durham	H0075	North Carolina Specialty Hospital	1,629	153.2	3,606	90.0	9,567	6.75	10,213	6.81	4	2.81	
Durham Total													4
Edgecombe	H0258	Vidant Edgecombe Hospital	761	96.0	1,644	51.7	2,634	-0.87	2,611	1.74	5	-3.26	
Edgecombe Total													0
Forsyth	H0209	Novant Health Forsyth Medical Center	9,262	168.0	17,706	87.0	51,607	4.02	53,680	27.53	35	-7.47	
Forsyth	H0229	Novant Health Medical Park Hospital	871	214.8	8,665	103.0	17,994	4.02	18,716	10.66	10	0.66	
Novant Health Total										***38.19***	***45***	***-6.81***	
Forsyth		Clemmons Medical Park Ambulatory Surgical Center	-	0.0	-	0.0	0	4.02	-	0.00	3	-3.00	
Forsyth	H0011	North Carolina Baptist Hospital	14,534	238.9	19,925	117.3	96,823	4.02	100,712	51.65	45	6.65	
Wake Forest Baptist Health Total										***51.65***	***48***	***3.65***	
Forsyth	AS0021	Plastic Surgery Center of North Carolina	-	0.0	169	180.0	507	4.02	527	0.00	0	0.00	
Forsyth Total													4
Franklin		Same Day Surgery Center	-	0.0	-	0.0	0	4.84	-	0.00	2	-2.00	
Franklin	H0261	Franklin Medical Center (closed)	-	0.0	-	0.0	0	4.84	-	0.00	2	-4.00	

Table 6C: Operating Room Need Determination

(Proposed for Certificate of Need Review Commencing in 2018)

It is determined that the Operating Room Service Areas listed in the table below needs additional operating rooms as specified.

Operating Room Service Area	Operating Room Need Determination*	Certificate of Need Application Due Date**	Certificate of Need Beginning Review Date
Buncombe	2	To be determined	To be determined
Durham	4	To be determined	To be determined
Forsyth	4	To be determined	To be determined
Mecklenburg	12	To be determined	To be determined
New Hanover	1	To be determined	To be determined
Orange	6	To be determined	To be determined
Pitt	1	To be determined	To be determined
Wake	7	To be determined	To be determined
It is determined that there is no need for additional operating rooms anywhere else in the state and no other reviews are scheduled.			

* Need determination 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).

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

Effective January 01, 2017, license is issued to

Wake Forest University Health Sciences

to operate an ambulatory surgical clinic known as

Plastic Surgery Center Of North Carolina

located at 2901 Maplewood Ave
Winston Salem, Forsyth County, North Carolina.

This license is issued subject to the statutes of the State of North Carolina, is not transferable and shall expire midnight December 31, 2017.

Facility ID: 953413
License Number: AS0021

Surgical Operating Rooms: 3
Endoscopy Rooms: 0

Authorized by:

Secretary, N.C. Department of Health and Human Services

Director, Division of Health Service Regulation

ATTACHMENT 2

Acute Care Services Committee
Recommendations to the North Carolina State Health Coordinating Council
June 7, 2017

The Acute Care Services Committee met twice this year, first on April 4 and again on May 2.

Topics reviewed and discussed at the April 4 meeting included:

- Current Acute Care Services policies and methodologies;
- Review of recommendations from the Operating Room Methodology Workgroup;
- A Change to Policy AC-3, based on the recommendation of the Operating Room Methodology Workgroup;
- Adherence to strict deadlines for accepting comments to petitions; and
- A presentation by Triangle Orthopaedics Surgery Center.

Topics reviewed and discussed at the May 2 meeting included:

- Preliminary drafts of need projections generated by the standard methodologies in the Acute Care Services chapters;
- A comparison between Licensure and Truven Health Analytics data;
- Presentation of data pertaining to the new operating room methodology.

Comments were received regarding the revision of the operating room methodology. In addition, there was one petition related to Chapter 6.

The Committee authorized staff to update narratives, tables, and need determinations for the Proposed 2018 SMFP, as updates are received.

The following is an overview of the Committee's recommendations for Acute Care Services (Chapters 5 through 8) for the Proposed 2018 SMFP.

Chapter 5: Acute Care Hospital Beds

- The Committee reviewed and discussed the policies, methodology, and assumptions for acute care beds.

- Licensure and Truven Health Analytics acute days of care were reviewed for discrepancies exceeding ±5%. Staff will work with the Sheps Center, Truven, and the hospitals during the summer to improve discrepant data. Staff will notify the Committee if need projections change.

- Committee members reviewed draft Tables 5A, 5B, and 5C. At the time of the meeting, calculations resulted in a need determination of 93 acute are beds. North Carolina Baptist Hospital notified the Agency of errors in their Truven data. They requested that the Committee substitute days of care from the License Renewal Application in the Proposed 2018 SMFP with the expectation that the refreshed Truven data will be corrected for the final 2018 SMFP. This substitution removed the draft need in Forsyth County originally reported at the May 2 meeting. Since the meeting, data updates and corrections added needs in Moore and Orange Counties and adjusted the need in Mecklenburg County, for a total draft need determination of 90 acute care beds:
  - **32 additional acute care beds in the Mecklenburg County service area**
  - **22 additional acute care beds in the Moore County service area**
  - **36 additional acute care beds in the Orange County service area**

Chapter 6: Operating Rooms

- At last year's meeting in September, the Committee noted that Triangle Orthopaedics Surgery Center was not in compliance with one of the requirements of the Single Specialty Ambulatory Surgery Facility Demonstration Project. The facility did not meet the requirement that at least 7% revenue would be attributed to self-pay and Medicaid patients. As a result, the Agency directed the facility to provide payer mix data more frequently and to describe their activities and plans to achieve the 7% requirement. As requested, Triangle Orthopaedics reported back at the April 2017 meeting. The payer mix reports showed that the facility has been achieving the 7% requirement and that activities designed to achieve and maintain this level are ongoing.

- There was one petition for Chapter 6. The Agency received two letters of support for this petition. The Agency received one comment after the deadline, which the Committee voted not to accept and voted to reiterate adherence to the comment deadlines. The Agency did not consider this comment when preparing its report.

  Petitioner: J. Arthur Dosher Memorial Hospital

  Request: The petitioner made two requests. The first request was the addition of Policy AC – 7. This policy would require an applicant for one or more operating rooms in a service area with a critical access hospital to obtain a letter from that hospital stating that the proposed ORs would not have an adverse impact on its ability to provide essential services. The second request was to dispense with the standard rounding of fractional OR deficits in service areas with a critical access hospital unless the critical access hospital reports at least 90% utilization of its OR capacity, based on the new OR methodology assumptions.

Committee Recommendation: The Agency's analysis showed that the unique characteristics of Brunswick County made the circumstances described in the petition unlikely to exist anywhere else in the state. Spring petitions are intended to address policies and methodologies with the potential for a statewide impact. The summer petition process would be the appropriate avenue by which to address Dosher Hospital's concerns. The Committee voted to deny the petition; the vote was 3 in favor of denial, 1 opposed.

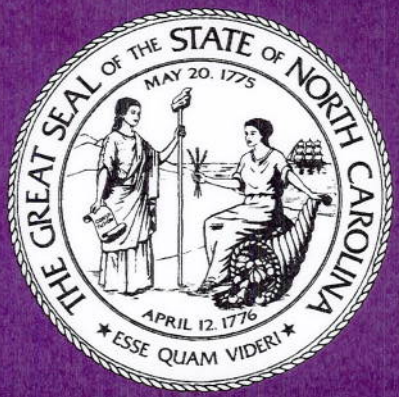
The Committee approved a motion to have the staff study and review issues surrounding the provision of surgical services in Brunswick County and report back at the next meeting. The staff provided a report at the May 2 meeting that showed the certificates of need issued in rural counties, the pattern of surgical procedures in Brunswick County since 2011, and current need determinations in the Brunswick County service area.

- The Committee reviewed and discussed the changes recommended by the Operating Room Methodology Workgroup and by Healthcare Planning staff. The Committee voted to make the following changes to the methodology and assumptions:
  - Group facilities by the total number of surgical hours derived from data reported on the License Renewal Application.
  - Calculate operating room deficits and surpluses separately for each health system.
  - Base availability and utilization assumptions on the group to which the facility is assigned.
  - Need determination calculations use case times reported by the facility, adjusted for outliers.
  - When a need is calculated, the minimum need determination is two operating rooms. The maximum operating room need determination in a single service area is six. These changes will be evaluated after the first year of implementation of the new methodology.
  - Revise Policy AC-3 to include in the inventory and need determination calculations all operating rooms approved under this policy and their associated procedures, regardless of the date of approval.
- Staff added a table in the methodology section of the narrative to show the average inpatient and ambulatory case times by group. This information is important for the CON application process.
- The Committee reviewed Tables 6A, 6B, and 6C. At the time of the May 2 Acute Care Services Committee meeting, the new methodology resulted in a need determination for 28 ORs. Since that meeting, corrections and updates to the tables resulted in **need determinations for 30 ORs:**
  - **2 ORs in Buncombe County**
  - **4 ORs in Durham County**

2018

STATE HEALTH COORDINATING COUNCIL

PROPOSED STATE MEDICAL FACILITIES PLAN



Health Service Regulation
HEALTH AND HUMAN SERVICES

North Carolina Department of Health and Human Services
Division of Health Service Regulation

ATTACHMENT
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Chapter 6:

Operating Rooms

CHAPTER 6
OPERATING ROOMS

Summary of Operating Room Inventory and Utilization
"Operating room" is defined in G.S. 131E-76(6a) as "…a room used for the performance of surgical procedures requiring one or more incisions and that is required to comply with all applicable licensure codes and standards for an operating room." In the spring of 2017, the combined inventory of operating rooms in hospitals and ambulatory surgical facilities in North Carolina consisted of 155 dedicated inpatient surgery rooms, including 96 dedicated C-Section rooms, 293 dedicated ambulatory surgery rooms and 930 shared operating rooms. Data from the 2017 Hospital and Ambulatory Surgical Facility License Renewal Applications indicated that of the total reported surgical cases, excluding C-Section cases, 72.4 percent of the cases were ambulatory cases and 27.6 percent of the cases were inpatient cases.

Changes from the Previous Plan
Several substantive changes to the Operating Room methodology have been incorporated into the North Carolina Proposed 2018 State Medical Facilities Plan. The changes are summarized below:

- Facilities are grouped by the total number of surgical hours derived from data reported on the License Renewal Application.
- Operating room deficits and surpluses are calculated separately for each health system.
- Availability and utilization assumptions are based on the group to which the facility is assigned.
- Need determination calculations use case times reported by the facility, adjusted for outliers.
- When a need is calculated, the minimum need determination is two operating rooms. The maximum operating room need determination in a single service area is six. These changes will be evaluated after the first year of implementation of the new methodology.

The inventory and case data have been updated and references to dates have been advanced by one year, as appropriate.

Assumptions of the Methodology
For the purposes of the operating room methodology, a "health system" includes all licensed health service facilities with operating rooms located in the same service area that are owned by:

1. the same legal entity (i.e., the same individual, trust or estate, partnership, corporation, hospital authority, or the State or political subdivision, agency or instrumentality of the State); or
2. the same parent corporation or holding company; or
3. a subsidiary of the same parent corporation or holding company; or
4. a joint venture in which one or more of the participants in the joint venture owns a licensed health service facility with operating rooms located in the same service area.

For the Proposed 2018 State Medical Facilities Plan, when a need is calculated, the minimum need determination for operating rooms is set to two, after rounding. In addition, the maximum operating room need determination in a service area in a single year will not exceed six, regardless of the deficit calculated. The Agency will reevaluate these two adjustments in 2018 to recommend whether to continue them.

Certificate of Need applications for new operating rooms are not restricted to the entity(ies) that generated the deficits.

Sources of Data
Data on the number of cases and procedures for the North Carolina Proposed 2018 State Medical Facilities Plan were taken from the "2017 Hospital License Renewal Application" and the "2017 Ambulatory Surgical Facility License Renewal Application" as submitted to the Acute and Home Care Licensure and Certification Section of the Division of Health Service Regulation. *(Note: For the North Carolina Proposed 2018 State Medical Facilities Plan, one operating room for each Level I and Level II trauma center and one operating room for each designated burn intensive care unit are excluded in Table 6B.)*

Inventory data for the North Carolina Proposed 2018 State Medical Facilities Plan were compiled by staff based on License Renewal Applications, supplemented with data from the most recent licenses issued by the Acute and Home Care Licensure and Certification Section and with project approval letters from Certificate of Need.

Population data by county for 2016 and 2020 were obtained from the North Carolina Office of State Budget and Management.

Methodology for Projecting Operating Room Need
The following narrative describes the assumptions and methodology used in determining the operating room inventory and in projecting need for additional operating room capacity. The objective of the methodology is to arrive at a reasonable assessment of the adequacy of current resources for performing surgery, compared with an estimate of need for additional capacity.

Step 1 – Delineation of Service Areas
Definitions:
Single county operating room service area: A county with at least one licensed facility with one or more operating rooms.

Multicounty operating room service area: A group of counties including:

- one or two counties with at least one licensed facility with at least one operating room **and**;
- one or more counties with no licensed facility with at least one operating room.

All counties are either single county operating room service areas or are part of a multicounty operating room service area. A multicounty operating room service area may consist of multiple counties with no licensed facility with at least one operating room grouped with either one or two counties, each of which has at least one licensed facility that includes at least one operating room.

The three most recent years of available surgical patient origin data are combined and used to create the multicounty operating room service areas. These data are updated and reviewed every three years. The operating room service areas are then updated, as indicated by the data. The first update occurred in the North Carolina 2011 State Medical Facilities Plan. The following decision rules are used to determine multicounty operating room service area groupings:

a. Counties with no licensed facility with at least one operating room are grouped with the single county where the largest proportion of patients had surgery, as measured by number of surgical cases, unless:

   (1) Two counties with licensed facilities with at least one operating room each provided surgical services to at least 35 percent of the residents who received surgical services, as measured by number of surgical cases.

b. If a.(1) is true, then the county with no licensed facility with at least one operating room is grouped with both the counties which provided surgical services to at least 35 percent of the residents who received surgical services, as measured by number of surgical cases.

A county lacking a licensed facility with at least one operating room becomes a single county operating room service area upon licensure of a facility with at least one operating room in that county. If a certificate of need is issued for development of a facility with at least one operating room in a county lacking a facility with at least one operating room, the operating room(s) for which the certificate of need has been issued will be included in the inventory of operating rooms in that county's multicounty operating room service area until those operating rooms are licensed.

In 2006, in response to an adjusted need determination petition, the State Health Coordinating Council added Swain County to the Jackson-Graham multicounty operating room service area. This created a multicounty operating room service area that included two counties that have licensed facilities with at least one operating room and one county lacking a licensed facility with at least one operating room.

An operating room's service area is the operating room planning area in which the operating room is located. The operating room planning areas are the single and multicounty groupings shown in Figure 6.1.

Step 2 – Inventory of Operating Rooms ***(Columns D through J, Table 6A)***

a. In each operating room service area, list the number of operating rooms by type, and sum them for each health system by summing the following for all licensed hospitals and ambulatory surgical facilities:
   (1) Number of Inpatient Operating Rooms *(Column D)*
   (2) Number of Ambulatory Operating Rooms *(Column E)*
   (3) Number of Shared Operating Rooms *(Column F)*

b. For each facility:
   (1) Exclude the number of dedicated C-Section operating rooms as summed from the Hospital License Renewal Application. *(Column G)*
   (2) Exclude one operating room for each Level I and Level II Trauma Center and one additional operating room for each designated Burn Intensive Care Unit. *(Column H)*
   (3) List the number of operating rooms *(Column I)* and C-Section operating rooms *(Column J)* for which certificates of need have been issued or settlement agreements signed but operating rooms were not licensed/delicensed as of September 30 of the reporting year. *(Columns I and J)*

c. Enter placeholders for need determinations from previous plans that are pending certificate of need review. *(Columns I and Column J)*

Step 3 – Determine Each Facility's Adjusted Case Times

a. For each facility, compare the "Average 'Case Time' in Minutes" for inpatient and ambulatory cases on the annual License Renewal Application to its average case time used in the methodology in the previous year's State Medical Facilities Plan. *(Note: For the 2018 State Medical Facilities Plan only, compare the case time reported on the 2017 License Renewal Application to the case time reported on the 2016 License Renewal Application.)*

(1) If either the inpatient or ambulatory case time is more than 10% longer than the previous year's case time, then the "Adjusted Case Time" is the reported case time plus 10%.
(2) If either the inpatient or ambulatory case time is more than 20% shorter than the previous year's case time, then the Adjusted Case Time is the reported case time minus 20%.
(3) If neither of the above situations occurs, then the Adjusted Case Time is the average case time(s) reported on the License Renewal Application.

Step 4 – Group Facilities *(Columns K through M, Table 6A)*

a. For each hospital, multiply the total inpatient surgical cases reported in the "Surgical Cases by Specialty Area" table on the annual Hospital License Renewal Application by the inpatient average case time from Step 3. Then divide by 60 to obtain the total inpatient surgical hours.

b. For each facility, multiply the total ambulatory cases reported in the Surgical Cases by Specialty Area table on the annual License Renewal Application by the ambulatory average case time from Step 3. Then divide by 60 to obtain the total ambulatory surgical hours.

c. Add the total inpatient and ambulatory surgical hours together to obtain each facility's "Total Surgical Hours for Grouping." *(Column K)*

d. Assign each facility to a group based on the following criteria *(Column L):*

Group	Facility Type
1	Academic Medical Center Teaching Hospitals
2	Hospitals reporting more than 40,000 surgical hours
3	Hospitals reporting 15,000 to 40,000 surgical hours
4	Hospitals reporting less than 15,000 surgical hours
5	Separately licensed ambulatory surgical facilities that perform at least 50% of their procedures in either ophthalmology or otolaryngology, or a combination of the two specialties.
6	All separately licensed ambulatory surgical facilities not in group 5.

e. For purposes of the State Medical Facilities Plan, the average operating room is anticipated to be staffed based on its group membership and utilized at least 75 percent of the available time. Assumptions regarding hours per day and days per year of availability are shown in the table below. Multiply the Hours per Day by the Days Per Year. Then multiply by 75% to obtain the "Standard Hours per Operating Room per Year." *(Column M)*

Group	Hours per Day	Days per Year	Standard Hours per Operating Room per Year
1	10	260	1,950.0
2	10	260	1,950.0
3	9	260	1,755.0
4	8	250	1,500.0
5	7	250	1,312.5
6	7	250	1,312.5

Step 5 – Project Future Operating Room Requirements Based on Growth of Operating Room Hours *(Columns D through K, Table 6B)*

a. Determine the utilization rate for each licensed facility providing surgical services and exclude from all further calculations the operating rooms and corresponding procedures in chronically underutilized licensed facilities located in operating room service areas with more than one licensed facility. Do not exclude operating rooms in facilities located in service areas where all facilities are chronically underutilized. Chronically underutilized licensed facilities are defined as licensed facilities operating at less than 40 percent utilization for the past two fiscal years, which have been licensed long enough to submit at least three License Renewal Applications to the Division of Health Service Regulation.

b. For Groups 2 through 6, use the Adjusted Case Time (Step 3) to calculate the average (mean) inpatient and ambulatory case times for each group. If this average exceeds one standard deviation above the mean case time for its group, substitute the value equivalent to the mean plus one standard deviation of the Adjusted Case Time to obtain the "Final Inpatient Case Time" *(Column E)* and "Final Ambulatory Case Time" *(Column G)*, as applicable. Otherwise use the Adjusted Case Time (Step 3). Facilities that perform no surgical procedures in the category being calculated are excluded from the calculations. For the Proposed 2018 State Medical Facilities Plan, the average Final Inpatient and Ambulatory Case Times for each group are as follows:

Group	Average Final Inpatient Case Time in Minutes	Average Final Ambulatory Case Time in Minutes
1	230.8	131.3
2	173.3	106.7
3	175.6	106.6
4	114.0	72.8
5	--	45.0
6	--	70.3

c. For each facility, multiply the inpatient surgical cases reported on the License Renewal Application *(Column D)* by the average inpatient case time from Step 5-b, and multiply the ambulatory surgical cases reported on the License Renewal Application *(Column F)* by the average ambulatory case time from Step 5-b. Sum these amounts for each facility to obtain the "Total Adjusted Estimated Surgical Hours." *(Column H)*

d. For purposes of these need projections, the number of surgical hours is anticipated to increase or decrease in direct proportion to the change in the general population of the operating room service area. Calculate the "Growth Factor" based on each service area's projected population change between the "data year" (2016) and the "target year" for need projections (2020) using population figures from the North Carolina Office of State Budget and Management. *(Column I: Growth Factor = 2020 Service Area Population minus 2016 Service Area Population, then divided by the 2016 Service Area Population.)*

e. Multiply each facility's Total Adjusted Estimated Surgical Hours *(Column H)* for the most recent fiscal year by each service area's Growth Factor *(Column I)*. Then add the product to the Total Adjusted Estimated Surgical Hours to determine the "Projected Surgical Hours for 2020." *([Column H x Column I] + Column H = Column J)*

f. Divide each facility's Projected Surgical Hours for 2020 by the Standard Hours per Operating Room per Year (based on group assignment) to determine the "Projected Surgical Operating Rooms Required in 2020." *(Column J, Table 6B ÷ Column M, Table 6A = Column K, Table 6B)*

Step 6 – Determination of Health System Deficit/Surplus *(Columns L - M, Table 6B)*

a. Sum the operating rooms, adjustments, and exclusions for each facility to obtain the "Adjusted Planning Inventory." *(Column L)*

b. Subtract the Adjusted Planning Inventory from the Projected Surgical Operating Rooms Required in 2020 to obtain the surpluses and deficits for each facility. *(Note: In Column M, projected deficits appear as positive numbers indicating that the methodology projects that more operating rooms will be needed in 2020 than are in the current inventory.)* Then sum the deficits and surpluses for each facility in each health system to arrive at the "Projected Operating Room Deficit or Surplus." *(Column K – Column L = Column M)*

Step 7 – Determination of Service Area Operating Room Need *(Column N, Table 6B)*

a. Round the health system deficits according to the rounding rules, below:

If a health system located in an operating room service area with more than 10 operating rooms in the Adjusted Planning Inventory has a projected fractional deficit of 0.50 or greater, round the deficit to the next highest whole number. For each health system in an operating room service area with more than 10 operating rooms and a projected deficit less than 0.50 or in which there is a projected surplus, there is no need.

If a health system located in an operating room service area with six to 10 operating rooms in the Adjusted Planning Inventory has a projected fractional deficit of 0.30 or greater, round the deficit to the next highest whole number. For each health system in an operating room service area with six to 10 operating rooms and a projected deficit less than 0.30 or in which there is a projected surplus, there is no need.

If a health system located in an operating room service area with five or fewer operating rooms in the Adjusted Planning Inventory has a projected fractional deficit of 0.20 or greater, round the deficit to the next highest whole number. For each health system in an operating room service area with five or fewer operating rooms and a projected deficit less than 0.20 or in which there is a projected surplus, there is no need.

b. Add all rounded health systems deficits. Then adjust for any placeholders for need determinations in previous State Medical Facilities Plans to calculate the "Service Area Need." *(Column N)*

c. For the Proposed 2018 State Medical Facilities Plan, the Service Area Need must be at least two to show an Operating Room Need Determination in Table 6C. If the Service Area Need is greater than six, then the Operating Room Need Determination in Table 6C is equal to six.

Table 6A: Operating Room Inventory and Grouping (Combined Data for Hospitals and Ambulatory Surgical Facilties)

Case Data for 10/1/2015 through 9/30/2016 as reported on the 2017 Hospital and Ambulatory Surgical Facility License Renewal Applications

A	B	C	D	E	F	G	H	I	J	K	L	M
Service Area	**License**	**Facility**	**Inpatient ORs**	**Ambulatory ORs**	**Shared ORs**	**Excluded C-Section ORs**	**Excluded Trauma/ Burn ORs**	**CON Adjustments**	**CONs for Excluded C-Section ORs**	**Total Surgical Hours for Grouping**	**Group**	**Standard Hours per OR Per Year**
Davidson	H0112	Novant Health Thomasville Medical Center	1	0	5	-1	0	0	0	4,790.4	4	1,500.0
Davidson Total			**1**	**0**	**9**	**-1**	**0**	**0**	**0**			
Davie		2017 SMFP Need Determination	0	0	0	0	0	1	0	-	-	-
Davie	H0171	Davie Medical Center	0	0	2	0	0	0	0	2,450.1	4	1,500.0
Davie Total			**0**	**0**	**2**	**0**	**0**	**1**	**0**			
Duplin	H0166	Vidant Duplin Hospital	0	0	3	0	0	0	0	1,878.3	4	1,500.0
Duplin Total			**0**	**0**	**3**	**0**	**0**	**0**	**0**			
Durham	AS0041	James E. Davis Ambulatory Surgical Center	0	8	0	0	0	0	0	5,369.7	5	1,312.5
Durham	H0015	Duke University Hospital *	6	9	50	0	-1	0	0	127,452.4	1	1,950.0
Durham	H0233	Duke Regional Hospital	2	0	13	-2	0	0	0	20,805.2	3	1,755.0
Duke University Health System Total			***8***	***17***	***63***	***-2***	***-1***	***0***	***0***	-	-	-
Durham	H0075	North Carolina Specialty Hospital	0	0	4	0	0	0	0	10,296.0	4	1,500.0
Durham Total			**8**	**17**	**67**	**-2**	**-1**	**0**	**0**			
Edgecombe	H0258	Vidant Edgecombe Hospital	1	0	5	-1	0	0	0	2,634.2	4	1,500.0
Edgecombe Total			**1**	**0**	**5**	**-1**	**0**	**0**	**0**			
Forsyth		Clemmons Medical Park Ambulatory Surgical Center	0	0	0	0	0	3	0	-	-	-
Forsyth	AS0021	Plastic Surgery Center of North Carolina	0	3	0	0	0	-3	0	507.0	5	1,312.5
Clemmons Medical Park Ambulatory Surgical Center Total			***0***	***3***	***0***	***0***	***0***	***0***	***0***	-	-	-
Forsyth	H0209	Novant Health Forsyth Medical Center	5	6	24	-2	0	2	0	51,607.3	2	1,950.0
Forsyth	H0229	Novant Health Medical Park Hospital	0	0	12	0	0	-2	0	18,039.6	3	1,755.0
Novant Health Total			***5***	***6***	***36***	***-2***	***0***	***0***	***0***	-	-	-
Forsyth	AS0134	Piedmont Outpatient Surgery Center **	0	2	0	0	0	0	0	1,927.4	6	1,312.5
Forsyth	H0011	North Carolina Baptist Hospital *	4	0	36	0	-2	7	0	96,822.9	1	1,950.0
Forsyth Total			**9**	**11**	**72**	**-2**	**-2**	**7**	**0**			
Franklin		Same Day Surgery Center	0	0	0	0	0	2	0	-	-	-
Franklin	H0261	Franklin Medical Center (closed)	0	0	3	0	0	-1	0	-	-	-
Franklin Total			**0**	**0**	**3**	**0**	**0**	**1**	**0**			
Gaston	AS0037	CaroMont Specialty Surgery	0	6	0	0	0	0	0	2,381.5	5	1,312.5
Gaston	H0105	CaroMont Regional Medical Center	5	8	9	-4	0	0	0	19,367.1	3	1,755.0
Gaston Total			**5**	**14**	**9**	**-4**	**0**	**0**	**0**			
Granville	H0098	Granville Health System	0	0	3	0	0	0	0	2,059.2	4	1,500.0
Granville Total			**0**	**0**	**3**	**0**	**0**	**0**	**0**			
Guilford	AS0152	Premier Surgery Center	0	2	0	0	0	0	0	0.0	6	1,312.5
Guilford	H0052	High Point Regional Health	3	0	8	-1	0	0	0	10,965.4	4	1,500.0

Table 6A: Operating Room Inventory and Grouping (Combined Data for Hospitals and Ambulatory Surgical Facilties)

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A	B	C	D	E	F	G	H	I	J	K	L	M
Service Area	**License**	**Facility**	**Inpatient ORs**	**Ambulatory ORs**	**Shared ORs**	**Excluded C-Section ORs**	**Excluded Trauma/ Burn ORs**	**CON Adjustments**	**CONs for Excluded C-Section ORs**	**Total Surgical Hours for Grouping**	**Group**	**Standard Hours per OR Per Year**
Union	AS0120	Presbyterian SameDay Surgery Center-Monroe (closed)	0	1	0	0	0	0	0	-	-	-
Union Total			**2**	**3**	**6**	**-2**	**0**	**1**	**0**			
Vance	H0267	Maria Parham Medical Center	0	0	5	0	0	0	0	4,862.9	4	1,500.0
Vance/Warren Total			**0**	**0**	**5**	**0**	**0**	**0**	**0**			
Wake		Rex Hospital Holly Springs	0	0	0	0	0	3	1	-	-	-
Wake		Rex Surgery Center of Wakefield	0	0	0	0	0	2	0	-	-	-
Wake	AS0129	Rex Surgery Center of Cary	0	4	0	0	0	0	0	3,659.8	6	1,312.5
Wake	H0065	Rex Hospital	3	3	24	-3	0	-5	0	46,560.4	2	1,950.0
UNC Health Care Total			***3***	***7***	***24***	***-3***	***0***	***0***	***1***	-	-	-
Wake	AS0137	Capital City Surgery Center	0	8	0	0	0	0	0	6,932.9	6	1,312.5
Wake	H0199	WakeMed	8	0	20	-4	-1	0	0	47,497.6	2	1,950.0
Wake	H0276	WakeMed Cary Hospital	2	0	9	-2	0	0	0	6,992.2	4	1,500.0
WakeMed Total			***10***	***8***	***29***	***-6***	***-1***	***0***	***0***	-	-	-
Wake		Surgical Center for Dental Professionals **	0	0	0	0	0	2	0	-	-	-
Wake	AS0029	Blue Ridge Surgery Center	0	6	0	0	0	0	0	3,918.0	5	1,312.5
Wake	AS0034	Raleigh Plastic Surgery Center	0	1	0	0	0	0	0	551.1	6	1,312.5
Wake	AS0142	Triangle Orthopaedics Surgery Center **	0	2	0	0	0	0	0	3,203.1	6	1,312.5
Wake	AS0143	Raleigh Orthopaedic Surgery Center	0	4	0	0	0	0	0	5,272.4	6	1,312.5
Wake	AS0155	Holly Springs Surgery Center	0	0	0	0	0	3	0	-	-	-
Wake	H0238	Duke Raleigh Hospital	0	0	15	0	0	0	0	35,150.7	3	1,755.0
Wake Total			**13**	**28**	**68**	**-9**	**-1**	**5**	**1**			
Washington	H0006	Washington County Hospital	0	0	2	0	0	0	0	-	-	-
Washington Total			**0**	**0**	**2**	**0**	**0**	**0**	**0**			
Watauga	H0077	Watauga Medical Center	1	0	6	-1	0	0	0	10,541.4	4	1,500.0
Watauga Total			**1**	**0**	**6**	**-1**	**0**	**0**	**0**			
Wayne	H0257	Wayne Memorial Hospital	1	2	10	-1	0	1	0	11,409.5	4	1,500.0
Wayne Total			**1**	**2**	**10**	**-1**	**0**	**1**	**0**			
Wilkes	H0153	Wilkes Regional Medical Center	1	1	4	-1	0	0	0	4,412.3	4	1,500.0
Wilkes Total			**1**	**1**	**4**	**-1**	**0**	**0**	**0**			
Wilson	AS0005	Eastern Regional Surgical Center	0	4	0	0	0	0	0	801.5	5	1,312.5
Wilson	AS0007	Wilson OB-GYN	0	1	0	0	0	0	0	46.5	6	1,312.5
Wilson	H0210	Wilson Medical Center	1	0	9	-1	0	0	0	4,371.0	4	1,500.0
Wilson Total			**1**	**5**	**9**	**-1**	**0**	**0**	**0**			
Yadkin	H0155	Yadkin Valley Community Hospital (closed)	0	0	2	0	0	0	0	-	-	-

Table 6B: Projected Operating Room Need for 2020

A	B	C	D	E	F	G	H	I	J	K	L	M	N
Service Area	License	Facility	Inpatient Cases	Final Inpatient Case Time	Ambulatory Cases	Final Ambulatory Case Time	Total Adjusted Estimated Surgical Hours	Growth Factor	Projected Surgical Hours for 2020	Projected Surgical ORs Required in 2020	Adjusted Planning Inventory	Projected OR Deficit/ Surplus (Surplus shows as a "-")	Service Area Need
Stokes Total													0
Surry	H0049	Hugh Chatham Memorial Hospital	843	114.0	2,881	68.0	4,867	0.00	4,867	3.24	5	-1.76	
Surry	H0184	Northern Hospital of Surry County	733	120.0	2,408	90.0	5,078	0.00	5,078	3.39	4	-0.61	
Surry Total													0
Swain	H0069	Swain Community Hospital	0	0.0	0	0.0	0.0	4.02	0	0.00	1	-1.00	
Swain Total													0
Transylvania	H0111	Transylvania Regional Hospital	327	107.0	2,130	51.0	2,394	3.68	2,482	1.65	4	-2.35	
Transylvania Total													0
Union		2017 SMFP Need Determination	0	0.0	0	0.0	0.0	7.21	0	0.00	1	-1.00	
Union	AS0132	Union West Surgery Center	0	0.0	2,744	30.0	1,372	7.21	1,471	1.12	2	-0.88	
Union	H0050	Carolinas HealthCare System Union	1,453	127.6	4,987	68.2	8,759	7.21	9,390	6.26	6	0.26	
Carolinas HealthCare System Total										***7.38***	***8***	***-0.62***	
Union	AS0120	Presbyterian SameDay Surgery Center-Monroe (closed) *	0	0.0	0	0.0	0.0	7.21	0	0.00	0	0.00	
Union Total													0
Vance	H0267	Maria Parham Medical Center	833	114.0	2,772	71.0	4,863	0.11	4,868	3.25	5	-1.75	
Vance Total													0
Wake		Rex Surgery Center of Wakefield	0	0.0	0	0.0	0.0	8.67	0	0.00	2	-2.00	
Wake		Rex Hospital Holly Springs	0	0.0	0	0.0	0.0	8.67	0	0.00	3	-3.00	
Wake	AS0129	Rex Surgery Center of Cary	0	0.0	3,786	58.0	3,660	8.67	3,977	3.03	4	-0.97	
Wake	H0065	Rex Hospital	8,557	154.0	13,026	113.3	46,560	8.67	50,599	25.95	22	3.95	
UNC Health Care Total										***28.98***	***31***	***-2.02***	
Wake	AS0137	Capital City Surgery Center	0	0.0	6,123	67.9	6,933	8.67	7,534	5.74	8	-2.26	
Wake	H0199	WakeMed	8,507	191.6	9,918	123.0	47,498	8.67	51,618	26.47	23	3.47	
Wake	H0276	WakeMed Cary Hospital	2,914	84.7	4,132	41.8	6,992	8.67	7,599	5.07	9	-3.93	
WakeMed Total										***37.28***	***40***	***-2.72***	
Wake		Surgical Center for Dental Professionals ***											
Wake	AS0029	Blue Ridge Surgery Center	0	0.0	7,344	32.0	3,918	8.67	4,258	3.24	6	-2.76	
Wake	AS0034	Raleigh Plastic Surgery Center *	0	0.0	334	90.1	502	8.67	545	0.42	1	-0.58	
Wake	AS0142	Triangle Orthopaedics Surgery Center ***	0	0.0	2,261	85.0	3,203	8.67	3,481				
Wake	AS0143	Raleigh Orthopaedic Surgery Center	0	0.0	3,766	84.0	5,272	8.67	5,730	4.37	4	0.37	
Wake	AS0155	Holly Springs Surgery Center	0	0.0	0	0.0	0.0	8.67	0	0.00	3	-3.00	
Wake	H0238	Duke Raleigh Hospital	4,389	206.0	10,855	111.0	35,151	8.67	38,200	21.77	15	6.77	
Wake Total													6

Table 6B: Projected Operating Room Need for 2020

A	B	C	D	E	F	G	H	I	J	K	L	M	N
Service Area	**License**	**Facility**	**Inpatient Cases**	**Final Inpatient Case Time**	**Ambulatory Cases**	**Final Ambulatory Case Time**	**Total Adjusted Estimated Surgical Hours**	**Growth Factor**	**Projected Surgical Hours for 2020**	**Projected Surgical ORs Required in 2020**	**Adjusted Planning Inventory**	**Projected OR Deficit/ Surplus (Surplus shows as a "-")**	**Service Area Need**
Dare	AS0053	Sentara Kitty Hawk Ambulatory Surgery Center *	0	0.0	860	30.0	430	3.81	446	0.00	0	0.00	
Dare	H0273	The Outer Banks Hospital	294	108.9	1,228	72.6	2,019	3.81	2,096	1.40	3	-1.60	
Dare Total													0
Davidson	H0027	Lexington Medical Center	784	120.0	2,294	61.0	3,900	1.91	3,975	2.65	4	-1.35	
Davidson	H0112	Novant Health Thomasville Medical Center	582	90.2	3,955	59.4	4,790	1.91	4,882	3.25	5	-1.75	
Davidson Total													0
Davie		2017 SMFP Need Determination	0	0.0	0	0.0	0.0	2.35	0	0.00	1	-1.00	
Davie	H0171	Davie Medical Center	0	0.0	2,911	50.5	2,450	2.35	2,508	1.67	2	-0.33	
Davie Total													0
Duplin	H0166	Vidant Duplin Hospital	482	81.4	1,243	59.1	1,878	0.00	1,878	1.25	3	-1.75	
Duplin Total													0
Durham	AS0041	James E. Davis Ambulatory Surgical Center	0	0.0	5,164	62.4	5,370	6.75	5,732	4.37	8	-3.63	
Durham	H0015	Duke University Hospital **	17,151	267.7	22,642	135.0	127,452	6.75	136,051	69.77	64	5.77	
Durham	H0233	Duke Regional Hospital	3,765	212.0	2,981	131.2	19,823	6.75	21,160	12.06	13	-0.94	
Duke University Health System Total										***86.19***	***85***	***1.20***	
Durham	H0075	North Carolina Specialty Hospital	1,629	150.4	3,606	90.0	9,491	6.75	10,132	6.75	4	2.75	
Durham Total													4
Edgecombe	H0258	Vidant Edgecombe Hospital	761	96.0	1,644	51.7	2,634	-0.87	2,611	1.74	5	-3.26	
Edgecombe Total													0
Forsyth		Clemmons Medical Park Ambulatory Surgical Center	0	0.0	0	0.0	0.0	4.02	0	0.00	0	0.00	
Forsyth	AS0021	Plastic Surgery Center of North Carolina*	0	0.0	169	180.0	507	4.02	527	0.00	0	0.00	
Clemmons Medical Park Ambulatory Surgical Center Total ****										***0.00***	***0***	***0.00***	
Forsyth	H0209	Novant Health Forsyth Medical Center	9,262	168.0	17,706	87.0	51,607	4.02	53,680	27.53	35	-7.47	
Forsyth	H0229	Novant Health Medical Park Hospital	871	214.8	8,665	103.0	17,994	4.02	18,716	10.66	10	0.66	
Novant Health Total										***38.19***	***45***	***-6.81***	
Forsyth	AS0134	Piedmont Outpatient Surgery Center ***	0	0.0	2,514	46.0	1,927	4.02	2,005				
Forsyth	H0011	North Carolina Baptist Hospital **	14,534	238.9	19,925	117.3	96,823	4.02	100,712	51.65	45	6.65	
Forsyth Total													6
Franklin		Same Day Surgery Center	0	0.0	0	0.0	0.0	4.84	0	0.00	2	-2.00	
Franklin	H0261	Franklin Medical Center (closed)	0	0.0	0	0.0	0.0	4.84	0	0.00	2	-2.00	
Franklin Total													0
Gaston	AS0037	CaroMont Specialty Surgery	0	0.0	3,866	37.0	2,381	3.78	2,471	1.88	6	-4.12	
Gaston	H0105	CaroMont Regional Medical Center	4,207	116.1	8,691	77.0	19,295	3.78	20,024	11.41	18	-6.59	

Table 6B: Projected Operating Room Need for 2020

A	B	C	D	E	F	G	H	I	J	K	L	M	N
Service Area	License	Facility	Inpatient Cases	Final Inpatient Case Time	Ambulatory Cases	Final Ambulatory Case Time	Total Adjusted Estimated Surgical Hours	Growth Factor	Projected Surgical Hours for 2020	Projected Surgical ORs Required in 2020	Adjusted Planning Inventory	Projected OR Deficit/ Surplus (Surplus shows as a "-")	Service Area Need
Washington	H0006	Washington County Hospital	0	0.0	0	0.0	0.0	-2.53	0	0.00	2	-2.00	
Washington Total													0
Watauga	H0077	Watauga Medical Center	1,022	136.0	4,045	92.1	8,527	4.42	8,904	5.94	6	-0.06	
Watauga Total													0
Wayne	H0257	Wayne Memorial Hospital	2,495	103.5	7,207	59.2	11,410	2.50	11,695	7.80	13	-5.20	
Wayne Total													0
Wilkes	H0153	Wilkes Regional Medical Center	807	100.2	3,009	61.1	4,412	0.00	4,412	2.94	5	-2.06	
Wilkes Total													0
Wilson	AS0005	Eastern Regional Surgical Center	0	0.0	1,374	35.0	802	2.86	824	0.63	4	-3.37	
Wilson	AS0007	Wilson OB-GYN	0	0.0	93	30.0	47	2.86	48	0.04	1	-0.96	
Wilson	H0210	Wilson Medical Center	828	90.0	3,129	60.0	4,371	2.86	4,496	3.00	9	-6.00	
Wilson Total													0
Yadkin	H0155	Yadkin Valley Community Hospital (closed)	0	0.0	0	0.0	0.0	-1.33	0	0.00	2	-2.00	
Yadkin Total													0
Grand Total			254,961		669,049								30

* Underutilized facility, excluded from need determination calculations.

** Duke University Hospital has 16 licensed operating rooms (ORs) approved under Policy AC-3 (CON # J-008030-07). North Carolina Baptist Hospital has a certificate of need (G-008460-10) for 7 ORs under Policy AC-3. These 23 ORs are counted when determining OR need.

*** This is a single-specialty ambulatory surgery demonstration project that is in the inventory, but is not counted in Table 6B.

**** Plastic Surgery Center of North Carolina is an underutilized facility that is relocating all ORs to Clemmons Medical Park Ambulatory Surgical Center, which is under development. As such, no ORs or placeholders are included in the need determination calculations for these facilities.

Underutilized Facilities

AS0062	Cleveland Ambulatory Services	Cleveland	H0248	Davis Regional Medical Center	Iredell
AS0053	Sentara Kitty Hawk Ambulatory Surgery Center	Dare	AS0050	Iredell Surgical Center	Iredell
AS0021	Plastic Surgery Center of North Carolins	Forsyth	H0193	Highlands-Cashiers Hospital	Macon
H0073	Kindres Hospital	Guilford	H0265	Sandhills Regional Medical Center	Richmond
H0287	FirstHealth Moore Regional Hospital - Hoke Campus	Hoke	AS0120	Presbyterian Same Day Surgery Center-Monroe	Union
			AS0034	Raleigh Plastic Surgery Center	Wake

Table 6C: Operating Room Need Determination

(Proposed for Certificate of Need Review Commencing in 2018)

It is determined that the Operating Room Service Areas listed in the table below need additional operating rooms as specified.

Operating Room Service Area	Operating Room Need Determination*	Certificate of Need Application Due Date**	Certificate of Need Beginning Review Date
Buncombe	2	To be determined	To be determined
Durham	4	To be determined	To be determined
Forsyth	6	To be determined	To be determined
Mecklenburg	6	To be determined	To be determined
Orange	6	To be determined	To be determined
Wake	6	To be determined	To be determined
It is determined that there is no need for additional operating rooms anywhere else in the state and no other reviews are scheduled.			

* 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).

Wake Forest Ambulatory Ventures, LLC
Supplemental Settlement Information in Response to Required State Agency Findings
Project ID # G-8608-10

Wake Forest Ambulatory Ventures, LLC provides the following supplemental settlement information to address the issues raised in the Required State Agency Findings.

Background

The Required State Agency Findings found the Wake Forest Ambulatory Ventures, LLC ("WFAV") application non-conforming with Criteria 3, 4, 5, 6, 8, 18a and certain rules. However, the vast majority of the findings of non-conformity related to WFAV's proposed need methodology under Criterion 3. In light of the issues raised by the Agency regarding that methodology, WFAV has developed a revised methodology to demonstrate need for the proposed project as well as to support its original methodology.

The response below addresses each of the criteria with which the WFAV application was found non-conforming. The Agency's specific findings are provided in bold text, followed by WFAV's response in plain text.

CRITERION 3

OPERATING ROOMS[1]

Agency Findings, p. 24
Based on historical data for NCBH, the CAGR for inpatient surgical cases from FY 2006 to FY 2010 was 3.0%. However, the number of inpatient surgical cases decreased by 4.45% between FY 2009 to FY 2010. Additionally, LRA data for NCBH shows a decrease of 5.2% from FFY 2009 to FFY 2010. The applicant does not provide an explanation for this decrease or explain why it would be reasonable to assume that inpatient surgical cases will increase in the near future. Thus, the applicant's projected growth rates for inpatient surgical cases of 4.5% and 5.0% during the interim and project years, respectively, are unsupported. Consequently, the applicant's conclusion that NCBH will need 53 ORs by 2017 is also unsupported.

WFAV Response

WFAV proposes to relocate the three operating rooms - ambulatory surgical facility - owned by Wake Forest University Health Sciences (WFUHS) and formerly known as the Plastic Surgery Center of North Carolina (PCSNC) to a new facility in Clemmons, North Carolina. Further, the application proposes to convert the operating rooms' designation from single to multi-specialty

[1] Pages 24-25 of the Agency Findings contain a summary of the bases for the Agency's findings under Criterion 3. For ease of reference, WFAV has referred to that summary to address these findings, and has not repeated the prior discussion of that summary.

ATTACHMENT
5

Spine							
Dr. Guo	453	483	512	543	575	610	646
Sub-total	**453**	**483**	**512**	**543**	**575**	**610**	**646**
Sports Medicine							
Dr. Curl	**169**	**175**	**175**	**175**	**175**	**175**	**175**
Dr. Poehling	300	308	317	326	335	344	354
Sub-total	469	483	492	501	510	519	529
GRAND TOTAL[7]	**2214**	**2566**	**2670**	**2780**	**2896**	**3017**	**3144**

**Projected volume for Dr. Curl, Dr. Evans and Dr. Guo has been reduced below the Advisory Board rate. Dr. Curl has reduced his case load over the last few years and will only operate on a part-time basis; therefore his cases are projected to remain flat;. Dr. Guo is expected to perform 70% of his outpatient surgeries at the West Campus Outpatient surgery center and 30% at the Clemmons ASC. Dr. Evans is expected to retain a portion of her volume in the main NCBH ORs.*

Step 10: Determine the number of ORs needed in Clemmons by FY 2017 by applying State methodology to the projected case volumes

Projected Surgery Case Volumes for the first Three Years of Operation FY2015, FY 2016 and FY 2017

Year	Amb Cases	Amb Case Time	Total Amb Case Hours	Hours per OR Per Year	Projected ORs needed in 2017
INTERIM YEARS					
FY 2012	2,566	1.5	3,848	1,872	**2.06**
FY 2013	2,670	1.5	4,005	1,872	**2.14**
FY 2014	2,780	1.5	4,170	1,872	**2.23**
PROJECT YEARS					
FY 2015	2,896	1.5	4,343	1,872	**2.32**
FY 2016	3,017	1.5	4,525	1,872	**2.42**
FY 2017	3,144	1.5	4,716	1,872	**2.52**

This analysis results in an operating room need of 2.52 ORs by FY 2017 (Project Year 3) to accommodate the surgical specialties selected for relocation and growth in Clemmons. As specified in this Question (a) (1) (A), for a positive difference of 0.5 or greater, the need is the next highest whole number for fractions of 0.5 or greater. A total of 3

[7] These numbers are conservative as the WFBH Department of Orthopaedic Surgery plans to recruit an additional podiatrist as soon as one is identified and not later than FY 13; the Department of Orthopaedic Surgery will also recruit an additional Sports Medicine surgeon in FY 2015.

STATE OF NORTH CAROLINA

Department of Health and Human Services
Division of Health Service Regulation

CERTIFICATE OF NEED

for

Project Identification Number #G-8608-10

FID #101058

ISSUED TO: **Wake Forest Ambulatory Ventures, LLC**
Medical Center Boulevard
Winston-Salem, NC 27157

Pursuant to N.C. Gen. Stat. § 131E-175, et. seq., the North Carolina Department of Health and Human Services hereby authorizes the person or persons named above (the "certificate holder") to develop the certificate of need project identified above. The certificate holder shall develop the project in a manner consistent with the representations in the project application and with the conditions contained herein and shall make good faith efforts to meet the timetable contained herein. The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by N.C. Gen. Stat. § 131E-176(16)e. The certificate holder shall not transfer or assign this certificate to any other person except as provided in N.C. Gen. Stat. § 131E-189(c). This certificate is valid only for the scope, physical location, and person(s) described herein. The Department may withdraw this certificate pursuant to N.C. Gen. Stat. § 131E-189 for any of the reasons provided in that law.

SCOPE: **Wake Forest Ambulatory Ventures, LLC shall relocate ambulatory surgical facility (ASF) with 3 operating rooms from Winston-Salem to Clemmons and convert the ASF from single specialty to multispecialty/ Forsyth County**

CONDITIONS: **See Reverse Side**

PHYSICAL LOCATION: **Clemmons Medical Park Ambulatory Surgery Center**
2310 Bay Meadows Court
Clemmons, NC 27103

MAXIMUM CAPITAL EXPENDITURE: $8,006,599

TIMETABLE: **See Reverse Side**

FIRST PROGRESS REPORT DUE: **June 30, 2012**

This certificate is effective as of the 19th day of January, 2012

Craig R. Smith
Chief, Certificate of Need Section
Division of Health Service Regulation

ATTACHMENT
6

CONDITIONS:

1. Wake Forest Ambulatory Ventures, LLC shall materially comply with all representations made in the certificate of need application and all supplemental information submitted to the Agency on January 4, 2012 and January 13, 2012. in those instances where the representations in the supplemental information differ from those in the application, the applicant shall materially comply with the representations in the later document.

2. Wake Forest Ambulatory Ventures, LLC shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Section VIII of the application or that would otherwise require a certificate of need.

3. Wake Forest Ambulatory Ventures, LLC shall construct a multi-specialty ambulatory surgical facility that shall be licensed for no more than three (3) ambulatory surgical operating rooms and no procedure rooms.

4. Wake Forest Ambulatory Ventures, LLC shall construct no more than three (3) rooms in the facility that meet licensure requirements for an operating room under either the hospital or ambulatory surgical facility rules.

5. Wake Forest Ambulatory Ventures, LLC shall meet all criteria to receive accreditation of the ambulatory surgical facility from JCAHO, AAAHC or a comparable accreditation authority within two years following completion of the facility.

TIMETABLE:

Completion of Preliminary Drawings	January 1, 2013
Completion of Final Drawings and Specifications	May 1, 2013
Approval of Final Drawings and Specifications by the Construction Section, DHSR	August 1, 2013
Contract Award (Notice to Proceed)	August 1, 2013
25% Completion of Construction	October 15, 2013
50% Completion of Construction	January 1, 2014
75% Completion of Construction	March 15, 2014
Completion of Construction	June 1, 2014
Occupancy/Offering of service(s)	July 1, 2014

Certificate of Need
Progress Report Form

County:	Forsyth	**Date of Progress Report:**	March 21, 2017
Facility:	Clemmons Medical Park ASC	**Facility ID #:**	101058
Project ID #:	G-8608-10	**Effective Date of Certificate:**	January 19, 2012

Project Description: Relocate ambulatory surgical facility (ASF) with 3 ORs from Maplewood Ave. in Winston-Salem to Clemmons and convert the ASF from single specialty to multispecialty.

A. Status of the Project

1. Describe in detail the steps taken to complete the project since the CON was issued or since the last progress report was submitted. Inadequate responses to this question will result in the certificate holder being asked to redo the progress report.

Wake Forest Ambulatory Ventures (WFAV) remains committed to the development of this project. Work completed since the last progress report submission includes:

- Site fence installation
- Sediment pond installation
- Ground clearing
- Construction trailer delivery and set-up
- Establishment of a Medical Executive Committee
- Scheduling of meetings with surgeons to determine equipment and instrumentation needs

WFAV has entered into a lease agreement with SMP Clemmons, LLC. SMP Clemmons, LLC will foster the costs associated with the construction and exterior signage of Clemmons Medical Park ASC. WFAV will be responsible for the purchase of equipment, furniture, cabling, interior signage and related expenses. To date, no capital has been expended by WFAV. Copies of the lease agreements are attached to this progress report.

2. Identify all changes to this project approved after the issuance of the certificate, including:

a. Cost Overruns and/or Changes of Scope (Include the Project ID #s);
b. Material Compliance determinations; and
c. Declaratory Rulings

Not applicable.

3. If the project is not going to be developed exactly as approved (including the previously approved changes identified in #2 above), describe all differences between the project as approved and the project as currently proposed. Such changes include, but are not limited to, changes in the:

ATTACHMENT
7

a. Site;
b. Design of the facility;
c. Number or type of beds to be developed;
d. Medical equipment to be acquired;
e. Proposed charges; and
f. Capital cost of the project.

Not applicable.

4. Pursuant to N.C. Gen. Stat. § 131E-181(d), the Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) cannot determine that a project is complete until *"the health service or the health service facility for which the certificate of need was issued is licensed and certified and is in material compliance with the representations made in the certificate of need application."* To document that new or replacement facilities, new or additional beds or dialysis stations, new or replacement equipment or new services have been licensed and certified, provide copies of correspondence from the appropriate sections within the Agency and the Centers for Medicare and Medicaid Services (CMS).

B. Timetable

1. Complete the following table. The first column must include the timetable dates found on the certificate of need. If the Agency has previously authorized an extension of the timetable in writing, you may substitute the dates from that letter in the first column.

2. Are you requesting a timetable extension? ☐ Yes X No If the answer is yes, enter your proposed completion dates in the third column of the table below. Proposed completion dates are contingent upon Agency approval.

3. Explain the reason(s) for the delay in development:

This project was delayed from its original development plan due to financial losses that resulted from business disruption associated with the installation of a system-wide electronic medical record.

PROJECT MILESTONES	Projected completion date from certificate	Actual completion date	Proposed completion date*
	Month/day/year	Month/day/year	Month/day/year
Obtained funds for the project			
Final drawings and specifications sent to Construction, DHSR	July 1, 2013	December 29, 2016	July 1, 2016
Final drawings approved by Construction, DHSR			
Acquisition of land/facility			
Construction contract executed	Sept. 1, 2013	March 6, 2017	September 1, 2016
25% completion of construction	Nov. 1 , 2013		November 1, 2016
50% completion of construction	Jan. 1, 2014		January 1, 2017
75% completion of construction	Mar 1, 2014		Mar 1, 2017
Completion of construction	May 1, 2014		May 1, 2017
Ordering of medical equipment	Jan. 1, 2014		Jan 1, 2018
Operation of medical equipment	Jan. 1, 2014		Jan 1, 2018
Occupancy/offering of services	June 1, 2014		Jan 1, 2018
Licensure			
Certification			

*Proposed completion dates are contingent upon Agency approval.

C. **Medical Equipment Projects – If the project involves the acquisition of any of the following equipment: 1) major medical equipment as defined in N.C. Gen. Stat. § 131E-176(14o); 2) the specific equipment listed in G.S. 131-176(16); or 3) equipment that creates a diagnostic center as defined in N.C. Gen. Stat. § 131E-176(7a), provide the following information for each piece or unit of equipment: 1) manufacturer; 2) model; and 3) date acquired.**

Not applicable.

D. **Capital Expenditure**

1. **What is the total approved capital cost of the project indicated on the certificate of need?** $8,006,599

2. **Complete the table below and provide supporting documentation, which may include:**

   a. **Copies of executed contracts and purchase orders. If you previously provided them, you do not need to provide another copy.**
   b. **If applicable, copies of the Contractors Application for Payment [AIA G702] with Schedule of Values [AIA G703].**

	Capital Expense Since Last Report	Total Cumulative Capital Expenditure
Purchase Price of Land		
Closing Costs		
Site Preparation		
Construction/Renovation Contract(s)		
Landscaping		
Architect / Engineering Fees		
Medical Equipment		
Non-Medical Equipment		
Furniture		
Consultant Fees (specify)		
Financing Costs		
Interest during Construction		
Other (specify)		
Total Capital Cost	$0	$0

3. **What is the projected remaining capital expenditure required to complete the project?** $8,006,599

4. **Will the total actual capital cost of the project exceed 115% of the approved capital expenditure on the certificate of need? If yes, explain the reasons for the difference.**

   Not applicable.

E. **Certification – The undersigned hereby certifies that the responses to the questions in this progress report and the attached documents are correct to the best of his or her knowledge and belief. In addition, I acknowledge that incomplete progress report forms will not be accepted and must be resubmitted upon notification from the Agency Project Analyst.**

Signature: Lynn S Pitman

Name and Title: Lynn S. Pitman, Associate Vice President of Strategic and Business Planning

Telephone Number: 336-716-1046

Email address: lpitman@wakehealth.edu

Certificate of Need
Progress Report Form

County:	Forsyth	**Date of Progress Report:**	July 18, 2017
Facility:	Clemmons Medical Park ASC	**Facility ID #:**	101058
Project ID #:	G-8608-10	**Effective Date of Certificate:**	January 19, 2012

Project Description: Relocate ambulatory surgical facility (ASF) with 3 ORs from Maplewood Ave. in Winston-Salem to Clemmons and convert the ASF from single specialty to multispecialty.

A. Status of the Project

1. **Describe in detail the steps taken to complete the project since the CON was issued or since the last progress report was submitted. Inadequate responses to this question will result in the certificate holder being asked to redo the progress report.**

. Work completed since the last progress report submission includes:

- Site retention pond and storm drainage developed
- Site utilities installed
- Erection of all structural steel and metal roof deck
- Concrete slab on grade installation
- Exterior metal stud framing and sheathing installed
- 50% complete interior metal stud framing
- Ordering/fabrication of major mechanical and electrical systems equipment

2. **Identify all changes to this project approved after the issuance of the certificate, including:**

   a. **Cost Overruns and/or Changes of Scope (Include the Project ID #s);**
   b. **Material Compliance determinations; and**
   c. **Declaratory Rulings**

   Not applicable.

3. **If the project is not going to be developed exactly as approved (including the previously approved changes identified in #2 above), describe all differences between the project as approved and the project as currently proposed. Such changes include, but are not limited to, changes in the:**

   a. **Site;**
   b. **Design of the facility;**
   c. **Number or type of beds to be developed;**
   d. **Medical equipment to be acquired;**
   e. **Proposed charges; and**
   f. **Capital cost of the project.**

   Not applicable.

4. **Pursuant to N.C. Gen. Stat. § 131E-181(d), the Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) cannot determine that a project is complete until *"the health service or the health service facility for which the certificate of need was issued is licensed and certified and is in material compliance with the representations made in the certificate of need application."* To document that new or replacement facilities, new or additional beds or dialysis stations, new or replacement equipment or new services have been licensed and certified, provide copies of correspondence from the appropriate sections within the Agency and the Centers for Medicare and Medicaid Services (CMS).**

Not applicable

B. Timetable

1. **Complete the following table. The first column must include the timetable dates found on the certificate of need. If the Agency has previously authorized an extension of the timetable in writing, you may substitute the dates from that letter in the first column.**

2. **Are you requesting a timetable extension? ☐ Yes X No If the answer is yes, enter your proposed completion dates in the third column of the table below. Proposed completion dates are contingent upon Agency approval.** No timetable extension requested.

3. **Explain the reason(s) for the delay in development:**

This project was delayed from its original development plan due to financial losses that resulted from business disruption associated with the installation of a system-wide electronic medical record.

PROJECT MILESTONES	Agency Approved Timeline Extension	Actual completion date	Proposed completion date*
	Month/day/year	Month/day/year	Month/day/year
Obtained funds for the project			
Final drawings and specifications sent to Construction, DHSR	July 1, 2016	December 29, 2016	July 1, 2016
Final drawings approved by Construction, DHSR			
Acquisition of land/facility			
Construction contract executed	September 1, 2016	March 6, 2017	September 1, 2016
25% completion of construction	November 1, 2016	May 31, 2017	November 1, 2016
50% completion of construction	January 1, 2017		July 31, 2017
75% completion of construction	Mar 1, 2017		September 30, 2017
Completion of construction	May 1, 2017		November 17, 2017
Ordering of medical equipment	Jan 1, 2018		Jan 1, 2018
Operation of medical equipment	Jan 1, 2018		Jan 1, 2018
Occupancy/offering of services	Jan 1, 2018		Jan 1, 2018
Licensure			January 1, 2018
Certification			March 1, 2018

*Proposed completion dates are contingent upon Agency approval.

C. Medical Equipment Projects – If the project involves the acquisition of any of the following equipment: 1) major medical equipment as defined in N.C. Gen. Stat. § 131E-176(14o); 2) the specific equipment listed in G.S. 131-176(16); or 3) equipment that creates a diagnostic center as defined in N.C. Gen. Stat. § 131E-176(7a), provide the following information for each piece or unit of equipment: 1) manufacturer; 2) model; and 3) date acquired.

Not applicable.

D. Capital Expenditure

1. What is the total approved capital cost of the project indicated on the certificate of need?
$8,006,599

2. Complete the table below and provide supporting documentation, which may include:

a. Copies of executed contracts and purchase orders. If you previously provided them, you do not need to provide another copy.
b. If applicable, copies of the Contractors Application for Payment [AIA G702] with Schedule of Values [AIA G703].

	Capital Expense Since Last Report	Total Cumulative Capital Expenditure
Purchase Price of Land		
Closing Costs		
Site Preparation		
Construction/Renovation Contract(s)		
Landscaping		
Architect / Engineering Fees		
Medical Equipment	$70,406.31	$70,406.31
Non-Medical Equipment	$45,299.44	$45,299.44
Furniture	$122,473.07	$122,473.07
Consultant Fees (specify)		
Financing Costs		
Interest during Construction		
Other (specify)		
Total Capital Cost	**$238,178.82**	**$238,178.82**

3. What is the projected remaining capital expenditure required to complete the project?
$7,768,420.18

4. Will the total actual capital cost of the project exceed 115% of the approved capital expenditure on the certificate of need? If yes, explain the reasons for the difference.

Not applicable.

E. Certification – The undersigned hereby certifies that the responses to the questions in this progress report and the attached documents are correct to the best of his or her knowledge and belief. In addition, I acknowledge that incomplete progress report forms will not be accepted and must be resubmitted upon notification from the Agency Project Analyst.

Signature: Lynn S. Pitman

Name and Title: Lynn S. Pitman, Associate Vice President of Strategic and Business Planning

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