

DELIVERED VIA EMAIL AUGUST 10, 2017

August 10, 2017

Christopher Ullrich, M.D., SHCC Chair
Sandra Greene, D.Ph., Acute Care Service Committee Chair
North Carolina State Health Coordinating Council and Acute Care Service Committee
c/o Medical Facilities Planning Section
Division of Health Service Regulation
2714 Mail Service Center
Raleigh, NC 27699-2714

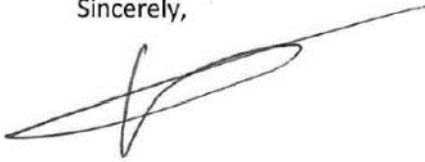
Re: Surgical Care Affiliates, LLC Comments Regarding:

**Petition for an Adjusted Need Determination for 2018 State Medical Facilities Plan for One Additional Operating Room in Cumberland County, and
Petition for Change in OR Need Methodology submitted by Cape Fear Valley System**

Dear Dr. Ullrich and Dr. Greene,

Surgical Care Affiliates, LLC (SCA) appreciates the opportunity to comment on the Petitions submitted by Cape Fear Valley Medical Center for an adjusted need determination for one additional operating room in Cumberland County. During your review, I urge you to consider the unsupported need for additional operating rooms (OR) in Cumberland County.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cory Hess', with a long horizontal stroke extending to the right.

Cory Hess
Vice President, Operations
Surgical Care Affiliates, LLC

Attachment(s)

Request to Deny Petition for an Adjusted Need Determination for 2018 State Medical Facilities Plan for One Additional Operating Room in Cumberland County, and

Petition to Adjust Operating Room Need Methodology for Counties with Negative Population Growth Forecast

Surgical Care Affiliates, LLC (SCA) urges the State Health Coordinating Council (SHCC) to deny both of these Petitions. The request for one more operating room for Cumberland County fails to address the surplus of operating rooms (ORs) in Cumberland County in 2019.

The requested change in methodology is incomplete, and requests a major and complicated change in the basis for forecasting future need that should have been vetted during the operating work group meetings.

Excess Capacity in the County

Cumberland County has unused operating room capacity, by *Proposed 2018 State Medical Facilities Plan* (SMFP) standards, and by SCA's actual experience. The number of cases at Fayetteville Ambulatory Surgery Center (FASC) dropped this year. The surgery center is a joint venture involving SCA, Cape Fear Valley Health System (CFVHS), and local physicians. The Petition for one more operating room admits there is 40 percent excess capacity at FASC (page 11, 100% - 60%). Data on page 2 of the Petition for change in methodology seem to confirm a recent shift in cases from the surgery center to Highsmith Rainey Hospital.

Total cases in Cumberland County are actually decreasing, even though the population is aging, a little.

The NC Office of State Budget and Management reports that the median age in 2017 is 33, notably younger than the state's median age of 38.6. By the SMFP threshold year of 2019, the median Cumberland County resident will be 33.30, compared to the state's 38.92. From 2017-2019, Cumberland County will add only 2,611 people over age 65 and will lose 964 total people.¹

Good planning would use available capacity first and preserve the strength of the whole delivery system. For example, if Campbell residents and other surgeons were to use FASC for outpatient cases, then the hospitals would have capacity for more inpatient cases and for longer teaching cases.

FASC has, by the Petition's estimate, the equivalent of four operating rooms available for more cases (11 Rooms times 40% = 4.4)

¹ NCOSBM County estimates by age group totals accessed August 10, 2017.

Request for One Operating Room is Generic

The Petition to add one operating room is open-ended. It does not restrict the room to use by Campbell University surgical residents. If included in the SMFP, the need could have a potentially harmful result.

Approval of the Petition would have unintended consequences, even if it were conditioned. If restricted to applicants requesting a hospital operating room, it would encourage the current situation in which cases could shift to the costliest surgery location. If one operating room is added to the SMFP without conditions, Cumberland County could see applications for a new freestanding ambulatory surgery center with capacity equivalent of four operating rooms. This happened in Brunswick County, in 2016, creating even more unnecessary duplication in the system. Neither option is good.

Proposed Change in OR Need Methodology is Inconsistent

The Petition to change the OR methodology would create several more steps that are not explained in the Petition. The Petition asks that counties for which the population growth forecast is negative be treated differently. “CFVHS requests that the projected growth rate for surgical cases be held constant when the population growth is negative.” (page 2)

The Petition does not explain what it means by “constant.” Moreover, a table on page 2 shows *estimated* two-year case rate increases for CFVHS, but it omits the case changes at FASC. With all county capacity included, the estimated result is very different from the Petition’s table. Cumberland County’s total surgical cases are decreasing.

Cumberland County Total Surgical Growth

Inpatient	2015	2016	2017 (9 Months Annualized)
CFVMC	6,352	6,380	6,608
Highsmith	152	135	91
CFVHS Combined	6,504	6,515	6,699
FVASC	0	0	0
Total All Providers	6,504	6,515	6,699
Annual Growth		0.2%	2.8%
Outpatient	2015	2016	2017 (9 Months Annualized)
CFVMC	5,755	5,402	5,435
Highsmith	2,741	2,600	3,415
FVASC	11,485	11,182	10,400*
Total All Providers	21,996	42,761.0022 1,200	8,850
Annual Growth		-3.62%	-9.20%
Combined Cases	2015	2016	Annualized
Cumberland County	28,500	27,715	25,949
Annual Growth		-2.75%	-6.37%

**Estimated*

Data suggest that CFVHS case increases are the result of a shift from a low-cost freestanding ambulatory surgical center site to a higher cost hospital site. The “recapture” of market share referenced on page 3 is actually in major part a shift in the same county from a low-cost to a high-cost provider.

In addition, the Petition shows a population growth table, but does not address how the change in methodology would affect the other counties listed in that table.

Conclusion

These are difficult issues and we appreciate the work of staff and SHCC members on the proposed OR Methodology. Surgical Care Affiliates believes that both Petitions are out of context and asks that both be denied.