July 29, 2020

North Carolina State Health Coordinating Council
c/o Healthcare Planning & Certificate of Need Section
Division of Health Service Regulation
2714 Mail Service Center
Raleigh, NC 27699-2714

Re: Cape Fear Valley Health System's Petition for an Adjustment to the Acute Care Bed Need Determination in the *Proposed 2021 SMFP* to Decrease the Need for 53 Acute Care Beds in the Cumberland Service Area to Zero Acute Care Beds in the Cumberland Service Area

I. Petitioner

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II. Requested Adjustment

Cape Fear Valley Health System (CFVHS) is submitting this petition for an adjustment to Table 5B: Acute Care Bed Need Determinations in the *Proposed 2021 State Medical Facilities Plan (SMFP)* to show an adjusted bed need determination for the Cumberland Service Area of **zero** acute care beds.

Table 5B of the *Proposed 2021 State Medical Facilities Plan (SMFP)* shows a need for **53** acute care beds. While Cape Fear Valley Health System (CFVHS) fully supports the State Health Coordinating Council's (SHCC) standard acute care bed need methodology, we feel there are several factors at this time that necessitate the removal of the acute care bed need determination for Cumberland County from the 2021 SMFP.

III. Background

During the last several years, CFVHS has expanded significantly, adding three community hospitals. Project I.D. N-8499-10, Hoke Healthcare, LLC, has been completed and CFV Hoke Hospital became operational in March 2015. CFV Hoke Hospital continues to ramp up in utilization and CFVHS continues to work to appropriately shift inpatient and outpatient surgical volume to CFV Hoke Hospital to relieve the capacity constraints at Cape Fear Valley Medical Center (CFVMC). In addition, two Harnett Health community hospitals, Central Harnett Hospital and Betsy Johnson Hospital are now managed by and part of CFVHS. CFVHS has worked diligently to improve the financial feasibility and utilization of services in Harnett County. CFVHS also continues to appropriately shift inpatient and outpatient surgical volume to the Harnett Health community hospitals to relieve capacity constraints at CFVMC.

In addition, CFVHS received approval to develop 34 additional acute care beds at CFVMC on the campus at 1638 Owen Drive, Project I.D. M-10294-14. The 34 beds were implemented in three phases, with the final phase completed January 2018. As a result, CFVMC has experienced three spike year growth rates: a 2.0 percent growth rate from FY2016-FY2017, a 2.9 percent growth rate from FY2017-FY2018 and a 3.8 percent growth rate from FY2018-FY2019. This results in a Service Area Growth Rate Multiplier of 1.6 percent which is not sustainable for CFVMC.

During recent years, CFVHS also has worked to implement several strategies throughout CFVMC to effectively decrease length of stay. In addition, when North Carolina Medicaid transitions from fee for service to managed care, this change in reimbursement has the potential to significantly decrease inpatient acute care utilization. CFVHS serves an exceptionally large Medicaid population and will work with approved Medicaid ACOs to ensure appropriate care to this at-risk population when the transition occurs.

Finally, the COVID-19 pandemic has imposed a profound impact upon CFVHS's utilization and finances. The massive reallocation of attention and effort toward COVID-19 has put a halt to all development and planning at CFVHS. As a result, CFVHS has delayed all non-emergent capital outlays.

IV. Reasons for Proposed Adjustment

CFVMC has developed 34 acute care beds over the last several years and has Certificate of Need (CON) approval to add 65 more acute care beds in northern Cumberland County (CON Project I.D. M-8689-11). In addition, pursuant to N.C.G.S 131E-83, the Division of Health Service Regulation has continually granted approval for a 60-day temporary increase for Cape Fear Valley Medical Center to temporarily increase its licensed bed capacity by 10 percent, which at present equates to 52 additional beds. CFVMC also has CON approval to develop a new 65 bed hospital in northern Cumberland County (Project I.D.# M-8689-11).

The table on the following page summarizes CFVMC's effective utilization rate based on a) licensed acute care beds, b) licensed acute care beds and temporary licensed beds, and c) licensed acute care beds and 65 approved acute care beds.

Table 1:
Cape Fear Valley Medical Center Acute Care Bed Utilization, FY2016-FY2020*

		FY2016	FY2017	FY2018	FY2019	FY2020*
	Truven Acute Care Patient Days	157,720	160,933	165,573	171,903	160,535
a)	**Licensed Beds**	501	516	524	524	524
	Utilization of Licensed Beds	**86.2%**	**85.4%**	**86.6%**	**89.9%**	**83.9%**
b)	**Licensed Beds & Temporary Licensed Beds**	551	568	576	576	576
	Utilization of Licensed & Temporary Licensed Beds	**78.4%**	**77.7%**	**78.7%**	**81.7%**	**76.3%**
c)	**Licensed Beds & 65 approved Beds**	566	581	589	589	589
	Utilization of Licensed Beds & 65 approved Beds	**76.3%**	**75.9%**	**77.0%**	**80.0%**	**74.7%**

**Annualized based on eight months data (Oct-May)*
Source: SMFP, CFVHS
Calculation of utilization = Patient days /365 days per year/ beds = Percent Utilization

As shown in Table 1, if the approved 65 acute care beds for CFVHS were operational in FY2019, utilization of CFVMC would have been 80 percent for all 589 licensed (524) and CON approved (65) acute care beds. Notably, CFVMC's FY2020 annualized occupancy rate is expected to drop to 74.7 percent utilization (for all 589 licensed and CON approved acute care beds), a decrease of 6.6 percent.

Cape Fear Valley Health System is requesting the adjusted bed need determination based upon the following factors.

Acute Care Bed Methodology Growth Rate for Cumberland County is Too High

The SMFP Acute Care Bed Need Methodology utilizes facility specific growth rates in counties with only one acute care provider. This means the bed need reflected in the *Proposed 2021 SMFP* was generated solely by CFVMC, since CFVMC is the only acute care provider in the Cumberland County service area.

CFVHS received approval to develop 34 additional acute care beds at CFVMC on the main campus at 1638 Owen Drive (Project I.D. M-10294-14). The 34 beds were implemented in three phases: 11 beds were developed in FY2016, 15 beds were developed in FY2017, and the final eight (8) beds were completed in FY2018. As the beds must ramp up in utilization, the full impact on CFVMC's utilization is typically realized during the year following incremental bed development. Table 2 on the following page illustrates the association between growth of

CFVMC's acute care utilization and development of additional acute care beds.

Table 2:
Cape Fear Valley Medical Center Acute Care Bed Utilization, FY2015-FY2020*

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020*
Truven Acute Patient Days	161,367	157,720	160,933	165,573	171,903	160,535
Licensed Acute Care Beds	490	501	516	524	524	524
% Occupancy	90.2%	86.2%	85.4%	86.6%	89.9%	83.9%
Net Increase in Licensed Beds	**--**	**11**	**15**	**8**	**--**	**--**
% Growth in Patient Days		**-2.3%**	**2.0%**	**2.9%**	**3.8%**	**-6.6%**

**Annualized based on eight months data (Oct-May)*
Source: SMFP, CFVHS

Due to the development of 34 additional acute care beds, CFVMC has experienced three above average annual growth rates: a 2.0 percent growth rate from FY2016-FY2017, a 2.9 percent growth rate from FY2017-FY2018 and a 3.8 percent growth rate from FY2018-FY2019. The Service Area Growth Rate Multiplier is calculated based on the percentage change during the last four reporting years, i.e. FY2016 – FY2019. For CFVMC, this results in a Service Area Growth Rate Multiplier of 0.0162 or 1.6 percent as shown in Table 3.

Table 3:
Proposed 2021 SMFP Cumberland County Growth Rate Multiplier Calculation

	FY2015	FY2016	FY2017	FY2018	FY2019	Service Area Growth Rate Multiplier
CFVMC Acute Patient Days	161,367	157,720	160,933	165,573	171,903	
Growth Rate		**-0.0226**	**0.0204**	**0.0288**	**0.0382**	**0.0162**
% Growth		**-2.3%**	**2.0%**	**2.9%**	**3.8%**	**1.62%**

Source: SMFP

CFVMC believes the three "spike" years (i.e., FY2017, FY2018, FY2019) skew the four-year average and, as a result, the 1.62 percent *SMFP* growth rate is overstated.

The Proposed 2021 SMFP Service Area Growth Rate Multiplier of 1.6 percent is not sustainable for CFVMC. As shown in Table 4, historical acute care utilization in Cumberland County has not exhibited a comparable Service Area Growth Rate Multiplier in any of the five previous SMFPs.

Table 4:
Comparison of Cumberland County Growth Rate Multipliers

Service Area: Cumberland County	2016 SMFP	2017 SMFP	2018 SMFP	2019 SMFP	2020 SMFP	Proposed 2021 SMFP
Service Area Growth Rate Multiplier	**1.0107**	**-1.0128**	**-1.0151**	**-1.0123**	**1.0085**	**1.0162**
SMFP Projected Bed Deficit or (Surplus)	-3	-23	-37	-25	11	53

Source: SMFP

As described previously, CFVMC's FY2020 annualized utilization is expected to decrease by 6.6 percent. For illustrative purposes, CFVHS calculated the Cumberland County Service Area Growth Rate Multiplier based on the percentage change during the four reporting years ending FY2020 (annualized), i.e. FY2017 – FY2020.

Table 5:
Cumberland County Growth Rate Multiplier Based on FY2020 Annualized Utilization

	FY2016	FY2017	FY2018	FY2019	FY2020*	Service Area Growth Rate Multiplier
CFVMC Acute Patient Days	157,720	160,933	165,573	171,903	160,535	
Growth Rate		**0.0204**	**0.0288**	**0.0382**	**-0.0661**	**0.0053**
% Growth		**2.0%**	**2.9%**	**3.8%**	**-6.61**	**0.53%**

**Annualized based on eight months data (Oct-May)*
Source: SMFP, CFVHS

The calculated Cumberland County Service Area Growth Rate Multiplier of 0.53 percent during FY2017-FY2020 (annualized) supports CFVHS's belief that the 1.62 percent Proposed 2021 *SMFP* growth rate is overstated and not sustainable. Additionally, there are other factors that will impact CFVMC's ongoing acute care utilization.

Average Length of Stay

During recent years, CFVMC has deployed several initiatives to decrease its acute care length of stay. By optimizing processes related to managing patient flow, CFVMC has achieved positive results. For example, the hospital implemented Collaborative Care Units which cohort patients with like diagnoses. This creates a model of consistency to promote efficient and effective patient care which can reduce length of stay and lower readmission rates. In these units, accelerated care pathways and protocols create an innovative and cost-effective patient care model. Additionally, frequent rounding by the multidisciplinary team ensures treatment goals are met and discharge is completed in an efficient manner. Multidisciplinary rounding has been identified as a way to improve patient care by promoting health care provider communication, leading to a greater shared knowledge of a patient's status, smoother patient care flow, and decreased length of stay.

CFVMC has also incorporated the Community Paramedic Program with a focus on working with congestive heart failure (CHF), chronic obstructive pulmonary disease (COPD), and pneumonia patients. Paramedics visit patients at home to provide education and preventative care outside of the hospital to avoid repeat hospital stays. For example, patients with congestive heart failure can have some of the highest readmission rates at CFVMC. Some examples of services offered by the community paramedic that have shown improvement in overall health and reduction in readmission rates include:

- Medication reconciliation between pharmacies and primary care providers
- Medication planning, education, and visual instruction on compliance
- In home risk assessments for falls, obstructions, lighting, etc.
- Navigation of community resources based on patient needs
- Education about the seriousness of their conditions and potential consequences
- Accountability and assistance in the daily efforts of making major lifestyle changes
- Consistent assessment and follow up for approximately 30 days post discharge
- Point of care testing in the home (labs, urinalysis)
- Ability to provide treatments in the home in the event of an acute increase in symptoms

CFVMC has also enhanced provider staffing to include Advanced Provider Practice (APP) support. According to an analysis of multiple studies conducted by the American Academy of Physician Assistants, hospital-based PAs help to decrease hospital readmission rates, length of stays and infection rates.

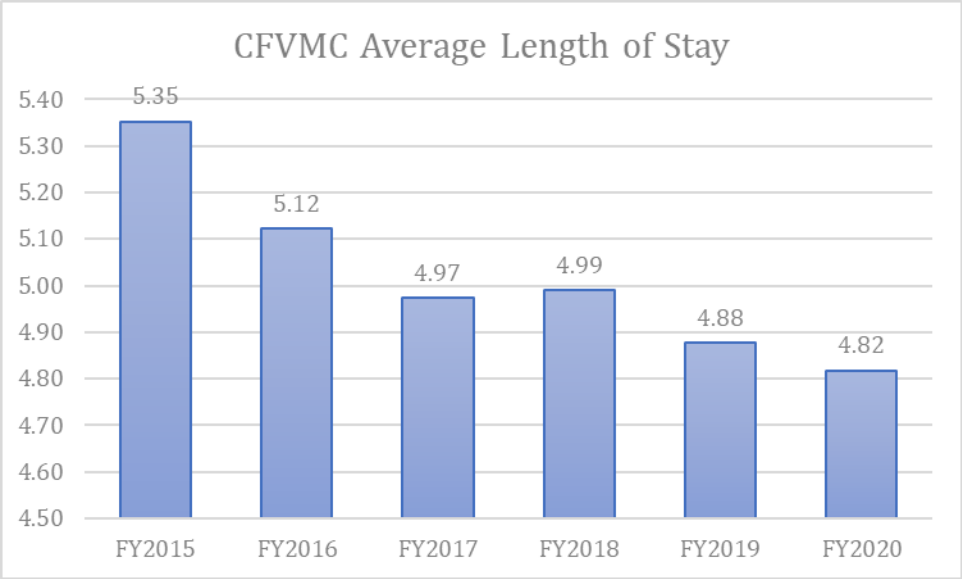
CFVMC has embraced the challenge of reducing LOS to lower costs and lessen risk for its patients. By adopting a systematic, data-driven, and multi-pronged approach, CFVMC has reduced its average length of stay significantly as shown in Table 6 and Chart 1 on the following page.

Table 6:
Cape Fear Valley Medical Center
Average Length of Stay, FY2015-FY2020

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020*
Truven Acute Patient Days	161,367	157,720	160,933	165,573	171,903	160,535
Acute Care Discharges	30,150	30,792	32,355	33,182	35,251	33,306
Average Length of Stay	**5.35**	**5.12**	**4.97**	**4.99**	**4.88**	**4.82**

**Annualized based on eight months data (Oct-May)*
Source: SMFP, CFVHS
Calculation of length of stay = Patient days /Discharges/ = Average Length of Stay

Chart 1:
Cape Fear Valley Medical Center
Average Length of Stay, FY2015-FY2020



Based on FY2019 and FY2020 (annualized) data, CFVMC has reduced its average length of stay by over half a day since FY2015. From a planning and operational perspective, this has a direct impact on bed utilization because as CFVMC's length of stay decreases, capacity increases. As CFVMC endeavors to continue reducing its length of stay the need for additional bed capacity is effectively diminished.

NC Medicaid Managed Care

In 2015, the NC General Assembly enacted legislation directing the Department of Health and Human Services to transition North Carolina Medicaid and NC Health Choice from fee-for-service to managed care. The Department was on track to launch managed care Feb. 1, 2020; however, new funding and program authority were required from the General Assembly to meet this timeline. The General Assembly adjourned in November 2019 without providing new spending and program authority required for the transition to managed care. Thus, for now, the move to new health plans is on hold.

CFVMC serves a very large Medicaid population. During FY2019, Medicaid patients accounted for approximately 25 percent of CFVMC's inpatient days of care. When North Carolina Medicaid transitions from fee for service to managed care, the change in reimbursement has the potential to significantly decrease inpatient acute care utilization. When the transition occurs, CFVMC will work with approved Medicaid Accountable Care Organizations (ACO) to insure appropriate care to this at-risk population. Once implemented, CFVMC expects the NC Medicaid Managed Care transition will put downward pressure on Medicaid discharges and length of stay.

Cape Fear Valley Acute Care Beds Under Development

The 2011 State Medical Facilities Plan included a need determination for 65 new acute care beds in Cumberland County. CFVMC received a CON to develop a new 65 bed hospital in northern Cumberland County as a result of this identified need (Project I.D.# M-8689-11). The 65 approved beds are included in the Cumberland County inventory in the Acute Care Bed Need Methodology.

In May 2019, CFVHS filed a Material Compliance Request to develop a portion of the approved 65 beds in available space on the CFVMC main campus on a temporary basis. Cape Fear Valley still plans to develop Cape Fear North, as approved, however, in the interim, the CON Section gave CFVHS permission to develop 20 of the 65 approved CFV North acute care beds in space currently housed by 20 of CFVMC's 78 inpatient rehabilitation beds. CFVMC proceeded in good faith to develop and utilize these beds and submitted documentation to DHSR Licensure Section to license the beds as acute care in October 2019. However, in December 2019, CFVMC received notification from the DHSR Construction Section that unexpected additional renovations were needed to license the beds. At the current time, CFVMC is reviewing this new information from DSHR to determine next steps.

CFVMC continues to analyze this project to determine the most effective way to implement these beds which are needed in Cumberland County. Once developed, the approved beds will further decompress capacity constraints at CFVMC.

Cape Fear Valley Hoke Hospital

Cape Fear Valley Hoke Hospital (CFV Hoke) (Project I.D. N-8499-10) opened in March 2015. Utilization at CFV Hoke continues to ramp up as shown in Table 7.

Table 7:
Cape Fear Valley Hoke Hospital
Acute Care Utilization, FY2015-FY2019

	2017 SMFP	2018 SMFP	2019 SMFP	2020 SMFP	Proposed 2021 SMFP
	FY2015	FY2016	FY2017	FY2018	FY2019
Truven Acute Patient Days	1,061	3,782	3,014	3,018	4,209
Licensed Acute Care Beds	41	41	41	41	41
% Occupancy	7.1%	25.3%	20.1%	20.2%	28.1%

Source: SMFP

CFVHS continues to work to appropriately shift inpatient and outpatient surgical volume to CFV Hoke Hospital to relieve the capacity constraints at CFVMC and reduce the need for additional bed capacity.

Harnett Health

Two Harnett Health community hospitals, Central Harnett Hospital and Betsy Johnson Hospital, are now managed by and part of CFVHS. CFVHS has worked diligently to improve the financial feasibility and utilization of services in Harnett County. CFVHS has also recruited more specialists for Harnett County, including a new orthopaedic surgeon that joined Harnett Health in 2020. Table 8 summarizes combined acute care utilization at Central Harnett Hospital and Betsy Johnson Hospital.

Table 8:
Betsy Johnson Hospital*
Acute Care Utilization, FY2015-FY2019

	2017 SMFP	2018 SMFP	2019 SMFP	2020 SMFP	Proposed 2021 SMFP
	FY2015	FY2016	FY2017	FY2018	FY2019
Truven Acute Patient Days	21,834	24,197	21,429	13,775	17,449
Licensed Acute Care Beds	151	151	151	131	131
% Occupancy	39.6%	43.9%	38.9%	28.8%	36.5%

**Central Harnett Hospital operates under the license of Betsy Johnson Hospital. Utilization in Table 8 reflects combined utilization for the two facilities.*
Source: SMFP

Like CFV Hoke, the Harnett Health facilities have low census and CFVHS continues to work with local physicians to refer patients to Harnett Health facilities when appropriate rather than CFVMC. CFVHS expects its continued financial support, recruitment efforts, and operational support of the Harnett Health facilities will continue to yield positive results and will further relieve the capacity constraints at CFVMC and reduce the need for additional bed capacity.

COVID-19 Pandemic

The COVID-19 pandemic has put a halt to all development and planning as most of the administrative CFVHS staff are redirected from their daily responsibilities to focus on COVID-19-related priorities. Additionally, as Governor Cooper lifted the Stay At Home order effective May 9, 2020 and local residents return to work and social activities, COVID-19 hospitalizations have increased statewide. Cumberland County has over 1,500 confirmed cases and over 40 deaths. As of July 10th, CFVHS has experienced over 330 COVID-19 hospitalizations and maintains census of approximately 37 COVID-19 patients each day. In addition to the confirmed COVID-19 hospitalizations, there are approximately 8-10 additional patients in CFVMC's COVID unit that are awaiting test results each day.

Staff at CFVHS began preparing for COVID-19 long before the crisis began to increase COVID-19 testing capabilities, ensure adequate supplies of personal protective equipment, and implement new safety protocols. A task force of about 50 leaders from across the system started meeting in February to ramp up efforts to deal with the virus. The task force, which meets on Mondays, Wednesdays, and Fridays, includes representatives from all the system's hospitals and clinics. The task force has several sub-committees that work through many ever-changing issues associated with COVID-19. For example, sub-committees focus on triage and telehealth, visitor risk, ambulatory clinics, human resources, the emergency department, communications, testing, finance, the supply chain, and post-acute care by nursing homes and home health agencies.

The pandemic has imposed a profound impact upon CFVHS's utilization and finances. To preserve personal protective equipment and other resources, CFVHS delayed or cancelled an overwhelming portion of procedures deemed "elective." This decision was made well before the March 23rd request by NCDHHS Secretary, Mandy Cohen to suspend all elective and non-urgent procedures and surgeries. While necessary, these actions move have created financial challenges for CFVHS. They resulted in an overall 50 percent reduction in surgeries. Elective procedures are among CFVHS's most important economic engines. Thus, the financial consequences of such a sudden drop in volume have been immediate and immense.

CFVHS has seen huge reductions in the volume of other services as well. Visits to CFVMC's emergency department (ED) are down 40 percent. Unusually low volumes of stroke and heart attack patients presenting to the ED suggest that social distancing or fear of COVID-19 may be dampening patients' willingness or ability to seek appropriate care. Approximately 70-75 percent of Cape Fear Valley Medical Center's inpatient admissions originate from the ED, thus the financial impact of these changes resonates throughout the facility. These patterns, should they persist, would mean a deeper hole for CFVHS's finances as well as poorer outcomes for patients.

The deferral of so much revenue has put severe pressure on cash flow and cash reserves. While many stimulus programs are available, some of which we are eligible and some not. We continue to evaluate and determine the net impact of these funds to our financial performance. In response, CFVHS furloughed 750 staff, but the heavily fixed-cost nature of hospital operations means there are limited options to preserve margins in the short term. As a result, CFVHS has delayed all non-emergent capital outlays for at least the remainder of FY2020 and likely FY2021 as well.

The massive reallocation of attention and effort toward COVID-19 will reverberate throughout the health system. CFVHS expects there will be generalized productivity losses throughout its facilities and clinics. While those losses may not be observable, they will be significant, even if the cost of that time is never directly attributed to COVID-19 cases.

According to the Advisory Board, over the coming months—perhaps even years—the economic fallout from the prolonged national and global shutdown will continue to erode health system finances. The mechanics of that erosion are numerous:

1. Job losses will shift patients from employer-sponsored coverage to Medicaid, insurance exchanges, or self-pay, thereby reducing average revenue per case.
2. Patients with no or limited coverage will use fewer health care services, reducing volume as well as price.
3. Even patients who do not lose their jobs may see reductions in health benefits. As this is the first downturn since coverage expansion under the ACA, employers may find it more palatable to cut back knowing there are safety nets in place. Less generous benefits would also depress utilization and revenue per case.
4. Lower income and higher uncertainty even among the employed may also depress demand.
5. Lower state tax revenues will add pressure to Medicaid budgets.

The financial consequences of the first wave of COVID-19 and the resulting economic downturn are significant, but the long-term picture could be even more complicated depending on how the disease develops. If development of a vaccine is protracted, recurring waves of infection could force additional shutdowns and deepen economic pain. The longer COVID-19 persists as a serious threat, the more likely that consumer preferences and attitudes toward health care will change permanently.

The deep financial impact of COVID-19 in just six short months and ongoing uncertainty make it ever more important to thoughtfully evaluate CFVHS's resources and utilization in the context of potential acute care bed need. While COVID-19 alone could be a reasonable basis on which to remove the need determination for Cumberland County from the Proposed 2021 SMFP, based on the rationale previously described in this petition CFVHS has demonstrated there are several additional circumstances that support removal of the proposed need for 53 additional acute care beds in Cumberland County.

V. Adverse Effect of Petition is Not Approved

If the petition is not approved, CFVHS will likely apply for the acute care beds. If CFVHS receives a CON for the additional beds, they likely will not be developed until after the previously approved 65 acute care beds are developed. As described previously, CFVMC continues to analyze the 65-bed project to determine the most effective way to implement the approved beds which are needed in Cumberland County. Thus, the initial adverse effect of not approving the petition is the need to apply for a CON for a bed project that will not be developed for several years. Furthermore, development of 53 additional acute care beds will require significant capital investment. Considering CFVHS's commitment and financial obligation to develop the approved 65 acute care beds coupled with the impact of COVID-19, the timetable for developing 53 additional acute care beds could be prolonged. The potential impact of delayed implementation is the number of changes that could occur before the project is developed. Additionally, other projects or internal changes at CFVHS could also impact the plans for developing the additional beds in the interim years. Such changes could require CFVHS to submit additional CON applications to change the scope of the project, adding unnecessary cost and complexity.

VI. Alternatives

The primary alternative CFVHS considered was not filing a petition and applying for the beds allocated in the 2021 SMFP. However, as discussed above, even if that application were approved next year, the additional beds would not be developed until quite some time later. Thus, the additional capacity would not be immediately available, and if acute growth accelerates, subsequent SMFPs will likely show need for acute care beds in Cumberland County that could be developed in a similar timeframe as beds allocated in the 2021 SMFP.

VII. Duplication of Health Resources

CFVMC is the only acute care hospital located in the Cumberland Service Area and serves as referral center for surrounding counties. Because of CFVMC's unique situation, there will not be a duplication of services. A duplication of services suggests there would be an excess of services within the market. The data and the narrative previously provided demonstrates that while the *Proposed 2021 SMFP* standard methodology identifies need for additional acute care beds in Cumberland County Service Area, there are 65 beds in the Service Area not yet developed and other circumstances in the market which make adjusting the need for 53 additional beds to 0 additional beds in the *Proposed 2021 SMFP* the most reasonable health planning decision at this time.

VIII. Consistency with SMFP Basic Principles

The petition is consistent with the provisions of the Basic Principles of the State Medical Facilities Plan.

Safety and Quality Basic Principle

The State of North Carolina recognizes the importance of systematic and ongoing improvement in the quality of health services. Providing care in a timely manner is a key component of assuring safety and quality care to the citizens of Cumberland Service Area and surrounding communities. Emerging measures of quality address both favorable clinical outcomes and patient satisfaction, while safety measures focus on the elimination of practices that contribute to avoidable injury or death and the adoption of practices that promote and ensure safety. Providing appropriate care in the appropriate setting works to assure quality care. CFVMC participates in a variety of nationally recognized metrics addressing these criteria, including programs at both the federal and state levels. CFVMC has participated in the North Carolina Hospital Quality Performance Report since initiation and has continually improved quality scores since 2007. The proposed adjusted need determination for Cumberland Service Area is consistent with this basic principle as it will result in continued provision of care in an appropriate setting in a timely manner.

Access Basic Principle

Equitable access to timely, clinically appropriate, and high-quality health care for all the people of North Carolina is a foundation principle for the formulation and application of the North Carolina State Medical Facilities Plan. The formulation and implementation of the North Carolina State Medical Facilities Plan seeks to reduce all these types of barriers to timely and appropriate access. The first priority is to ameliorate economic barriers and the second priority is to mitigate time and distance barriers. The SMFP is developed annually as a mechanism to assure the availability of necessary healthcare services to a population. The proposed adjustment will not negatively impact access to inpatient services for residents of Cumberland County as previously discussed.

The impact of economic barriers is twofold. First, individuals without insurance, with insufficient insurance, or without sufficient funds to purchase healthcare will often require public funding to support access to regulated services. CFVMC has long been recognized as the safety net for patients regardless of income or insurance in south central North Carolina. As the tertiary provider for south central North Carolina, CFVMC has no barriers to care for the uninsured and the underinsured.

Value Basic Principle

The SHCC defines health care value as maximum health care benefit per dollar expended. Disparity between demand growth and funding constraints for health care services increases the need for affordability and value in health services. Measurement of the cost component of the value equation is often easier than measurement of benefit. Cost per unit of service is an appropriate metric when comparing providers of like services for like populations. The cost

basis for some providers such as CFVMC, one of the top ten providers of inpatient Medicaid days in North Carolina, may be inflated by disproportionate care to indigent and underfunded patients.

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

IX. Summary

For all these reasons, CFVHS believes that decreasing the 53 bed need for Cumberland County in the *Proposed 2021 SMFP* to **zero** acute care beds is the most reasonable health planning option at this time. The Petitioners specifically request that the State Health Coordinating Council:

Adjust Table 5B: Decrease the Acute Care Bed Need Determinations for Cumberland Service Area from 53 additional acute care to zero acute care beds in the *Proposed 2021 State Medical Facilities Plan (SMFP)*.

Thank you for consideration of this Petition.