

**Cape Fear Valley Health System**  
**Request for an Adjustment to the Acute Care Bed Need Determination**  
**in the Cumberland County Service Area**  
**Proposed 2021 SMFP Public Hearing Presentation**  
*July 10, 2020*

Good afternoon. My name is Sandy Godwin. I am the Corporate Director for Financial and Strategic Planning at Cape Fear Valley Health System, and I am here today to speak on behalf of our petition for an adjusted need determination to remove the need determination for 53 additional acute care beds in the Cumberland County Service Area. While Cape Fear Valley Health System fully supports the standard acute care bed need methodology, we feel there are several factors at this time that necessitate removal of the Cumberland County acute care bed need determination from the 2021 SMFP.

First, the development of additional bed capacity in recent years has decompressed capacity constraints in Cumberland County. Cape Fear Valley Health System received approval to develop 34 additional acute care beds at Cape Fear Valley Medical Center. The 34 beds were implemented in three phases: 11 beds were developed in FY2016, 15 beds were developed in FY2017, and the final eight beds were completed in FY2018. As a result, the hospital has experienced three above average annual growth rates that result in a Service Area Growth Rate Multiplier of 1.6 percent. We believe the spike growth during 2017, 2018, and 2019 skew the four-year average and result in a growth rate that is not sustainable for Cape Fear Valley Medical Center. Specifically, during recent years, we have worked to implement several strategies throughout the hospital to effectively decrease length of stay.

For example, we implemented Collaborative Care Units which create 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, daily rounding by a multidisciplinary team ensures treatment goals are met and discharge is completed in an efficient manner.

We have also incorporated the Community Paramedic Program with a focus on working with

congestive heart failure, COPD, and pneumonia patients. Paramedics visit patients at home to provide education and preventative care outside of the hospital to avoid repeat hospital stays.

We have also enhanced provider staffing to include Advanced Provider Practice support to help to decrease hospital readmission rates, length of stays, and infection rates.

We have 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, Cape Fear Valley Medical Center 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 length of stay decreases, bed capacity increases. As Cape Fear Valley Medical Center endeavors to continue reducing its length of stay, capacity constraints will be diminished.

In addition to reducing length of stay, Cape Fear Valley Health System has added three community hospitals. Cape Fear Valley Hoke Hospital became operational in March 2015. Cape Fear Valley Health System continues to work to appropriately shift inpatient and outpatient surgical volume to our Hoke Hospital to relieve the capacity constraints in Cumberland County. In addition, two Harnett Health community hospitals, Central Harnett Hospital and Betsy Johnson Hospital are now managed by and part of Cape Fear Valley Health System. We have worked diligently to improve the financial feasibility and utilization of services in Harnett County. We continue to work with local physicians to refer patients to Harnett Health facilities when appropriate rather than Cape Fear Valley Medical Center. Cape Fear Valley Health System 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 Cape Fear Valley Medical Center and reduce the need for additional bed capacity.

Cape Fear Valley Health System also received a CON to develop a new 65 bed hospital in northern Cumberland County. We continue 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 Cape Fear Valley Medical Center.

Finally, the COVID-19 pandemic has imposed a profound impact upon Cape Fear Valley Health System's utilization and finances. The massive reallocation of attention and effort toward COVID-19 has put a halt to all development and planning at Cape Fear Valley Health System. As a result, Cape Fear Valley Health System has delayed all non-emergent capital outlays. Cumberland County has over 1,500 confirmed cases and over 40 deaths. Cape Fear Valley Health System has experienced over 330 COVID-19 hospitalizations and currently maintaining a 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 our COVID unit that are awaiting test results each day.

To preserve personal protective equipment and other resources, we 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 have created financial challenges for the Health System. They resulted in an overall 50 percent reduction in surgeries. Elective procedures are among the health system's most important economic engines. Thus, the financial consequences of such a sudden drop in volume have been immediate and immense.

We have seen significant reductions in the volume of other services as well. Visits to Cape Fear Valley Medical Center's emergency department 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 the Health System's finances as well as poorer outcomes for patients.

The loss of significant patient revenue put great pressure on cash flow and cash reserves. While we received funding from various provider relieve funds, we did not receive any of the HHS safety net relief funds. We continue to evaluate and determine the net impact of these

funds to our financial performance. In response, Cape Fear Valley Health System 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, we have delayed all non-emergent capital outlays for at least the remainder of FY2020 and likely FY2021 as well.

The financial impact of COVID-19 in just six short months and ongoing uncertainty make it ever more important to thoughtfully evaluate Cape Fear Valley Health System'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, we believe there are several additional circumstances that support removal of the proposed need for 53 additional acute care beds in Cumberland County.

For all these reasons, Cape Fear Valley Health System 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.

Thank you for the opportunity to present this information. Cape Fear Valley Health System will be submitting a formal petition for an adjusted need determination in Cumberland county on July 29<sup>th</sup>. We appreciate your time and consideration.