

**Comment on Duke University Health System’s Petition
for an Adjusted Need Determination for Acute Care Beds in Wake County
in the 2021 State Medical Facilities Plan**

COMMENTER

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INTRODUCTION

Rex Hospital, Inc. d/b/a UNC REX Hospital (“UNC REX”) opposes the petition filed by Duke University Health System d/b/a Duke Raleigh Hospital (“Duke Raleigh”) for 20 acute care beds in the *2021 State Medical Facilities Plan (SMFP)*. UNC REX appreciates the process for requesting adjusted need determinations; however, given the circumstances described below, UNC REX supports the standard need methodology and does not believe that Duke Raleigh’s petition has sufficiently demonstrated the need for a special adjustment. As demonstrated in these comments, UNC REX believes the State Health Coordinating Council (“SHCC”) should deny the petition.

DUKE RALEIGH’S INPATIENT UTILIZATION

As stated in its petition, Duke Raleigh’s growth in inpatient acute care utilization reflects the overall growth in the Wake County service area; however, the data indicate that other providers, particularly UNC REX, are experiencing even higher acute care utilization. Further, there are several omissions from the analysis included in the petition that UNC REX believes merit consideration by the SHCC, as explained by the following points.

- **An additional 116 acute care beds are approved for development in Wake County.** These additional beds will increase the acute care capacity in the county by more than eight percent when they are operationalized ($116 \div 1,431 = 8.1\%$). WakeMed is approved for 66 of those beds, 30 of which are projected to be operationalized at WakeMed Cary in 2021. UNC REX Holly Springs Hospital, which is expected to be complete in less than a year, will add 50 beds to the county’s capacity. The placeholder for these beds is properly considered in the standard methodology, though Duke Raleigh fails to consider this pending additional capacity in its petition.
- **Duke Raleigh is less utilized than other hospitals in the service area.** As shown in the following table, Duke Raleigh has the third lowest occupancy rate in Wake County.

<i>Hospital</i>	<i>2019 Inpatient Days of Care (per Proposed 2021 SMFP)</i>	<i>Average Daily Census</i>	<i>Licensed Beds</i>	<i>Occupancy Rate</i>
Duke Raleigh Hospital	49,334	135.2	186	72.7%
UNC REX Hospital	118,708	325.2	439	74.1%
WakeMed	165,273	452.8	628	72.1%
WakeMed Cary	48,593	133.1	178	74.8%

Not only is Duke Raleigh’s occupancy rate lower than other hospitals in the county, it has only recently experienced a higher occupancy rate. The *2020 SMFP* shows that Duke Raleigh provided 43,805 acute care days in 2018, which equates to an average daily census of 120 and an occupancy rate of 64.5 percent. In contrast, in the same year, UNC REX experienced an occupancy rate of 71.6 percent.

Duke Raleigh also shows a lower deficit of beds than UNC REX. According to the *Proposed 2021 SMFP*, Duke Raleigh has a projected deficit of 12 beds, while UNC REX has a projected deficit of 14. UNC REX also shows a deficit of six beds in the *2020 SMFP*, while Duke Raleigh has a surplus of seven beds. In comparison, UNC REX has a greater deficit of beds and has experienced a deficit longer than Duke Raleigh.

- Duke Raleigh fails to demonstrate that it has pursued other remedies.** For hospitals that are experiencing high occupancy rates, the Division of Health Service Regulation has promulgated rules that enable them to increase their licensed bed capacity on a temporary, but potentially recurring, basis. These rules, found at 10A NCAC 13B .3111, allow an increase of 10 percent of a hospital’s licensed beds for up to 60 days, but the increase may continue with a subsequent request if the need persists. For example, because of the tremendous need for additional acute care bed capacity at UNC REX, it sought and **was approved for 13 consecutive temporary bed increases, spanning the time period from January 30, 2018 through April 1, 2020.** If Duke Raleigh were able to demonstrate its need for temporary bed increases as contemplated under this rule, its 10 percent increase would add nearly the same number of beds it is requesting in this petition, albeit on a temporary basis. The petition provides no evidence that Duke Raleigh has requested or been approved using this measure, which UNC REX believes would be more prudent at this time than approving the petition.
- Duke Raleigh’s analysis fails to demonstrate that its utilization trend is continuing.** The petition notes that Duke Raleigh, like most providers, experienced a decrease in volume resulting from deferred elective cases during the first several weeks of the COVID-19 public health emergency. While Duke Raleigh asserts that its census has now increased to pre-COVID-19 levels, the data demonstrate that is not actually the case. In January and February of this year, the data show a census of 152 and 157, respectively; the data for June and the first part of July show census numbers considerably lower than that. Moreover, one would expect the census to potentially be even higher for June and July, as the need for elective cases that was compressed during the previous months rebounded. Duke Raleigh’s data show that while the volume has increased, the census has not, in fact, returned to the same levels as the first part of 2020.

Given the facts demonstrated above, UNC REX believes the petition should not be approved.

WAKE COUNTY INPATIENTS SERVED IN OTHER COUNTIES

Duke Raleigh's petition also includes an analysis of the number of Wake County residents that are admitted to a hospital in Durham County. UNC REX agrees with Duke Raleigh that there are many Wake County patients treated in hospitals outside the county. While Duke Raleigh examined only its own facilities in Durham County, UNC REX notes that Wake County patients accounted for 12 percent of inpatients served at UNC Hospitals in Orange County in FFY 2019, as reflected on UNC Hospitals' License Renewal Application. Thus, this issue is not unique to the Duke University Health System. However, the current acute care bed methodology is based on the utilization of acute care beds in a service area, not the utilization of acute care patients that are residents of the service area. In other words, the methodology is agnostic regarding where residents of the service area receive care, but analyzes the demand generated by inpatients from anywhere that are served by hospitals in the service area. The SHCC may wish to revise the methodology for a future *SMFP* to consider outmigration from a service area as a factor; however, the current methodology does not account for this factor, and Duke Raleigh's analysis fails to consider any facilities other than those in its own system.

In addition, Duke Raleigh provides no evidence that the patients leaving Wake County for care at Duke facilities in Durham County would be served in Wake County instead. Of note, there are numerous services provided in Durham County, including tertiary and quaternary services, and even primary/secondary care such as obstetrics, that are not available at Duke Raleigh. The petition lacks any analysis of the patients receiving care in Durham County who would or could choose care in Wake County, given the difference in services offered.

Thus, Duke's analysis regarding Wake County patients served in other counties is incomplete at best, by failing to provide any nexus between the patients leaving Wake County for care in Durham County and the alleged need for more beds at Duke Raleigh.

PROPOSED REDUCTION OF NEED IN DURHAM COUNTY

The petition also suggests that an adjusted need determination might also be offset by a reduction in need for Durham County. UNC REX opposes this approach as it appears to favor a particular applicant or health system. As demonstrated above, Wake County acute care patients currently leave the county for care in places other than Durham County, including Orange County. Lowering the need in Durham County would at least appear to imply that the need for the beds in Wake County is related to the need in Durham County, which UNC REX believes is inappropriate for a general need determination, for which any qualified applicant could apply.

SUMMARY

In conclusion, given the many current unknowns surrounding the resolution of the COVID-19 pandemic and its clear negative impact on Duke Raleigh's inpatient utilization, UNC REX does not believe that the petition adequately demonstrates that there is a need for additional acute care beds in *2021 SMFP*. UNC REX agrees that acute care utilization in Wake County has increased over the past few years and is likely to continue growing, particularly after the current public health crisis subsides. Even with the additional acute care beds that are approved for the county, there may be a need in the future for more acute care bed capacity; however, UNC REX believes that the petition fails to show that Duke Raleigh needs additional beds at this time. When the SHCC does determine that there is a need for additional acute care beds in Wake County, UNC REX believes that they should be available for any qualified provider to apply for them.