

PETITION FOR AN ADJUSTED NEED DETERMINATION

Petition to Adjust the Need Determination and Remove the Acute Care Bed Need in the Pender County Service Area in the Proposed *2025 State Medical Facilities Plan*

July 24, 2024

PETITIONER

Pender Memorial Hospital d/b/a Novant Health Pender Medical Center
507 E. Fremont St.
Burgaw, North Carolina 28425

Andrea Gymer
Vice President, Strategic & Business Planning
Email: amgymer@novanthealth.org
Phone: (336) 341-0408

STATEMENT OF THE REQUESTED CHANGE

Novant Health Pender Medical Center respectfully requests that the State Health Coordinating Council remove the need for 43 acute care beds in the Pender County service area proposed on page 47 of the *2025 State Medical Facilities Plan* (SMFP).

BACKGROUND

Novant Health Pender Medical Center (NH Pender) is the sole acute care hospital in Pender County. It is also a designated Critical Access Hospital (CAH). NH Pender's licensed bed complement is 43 licensed acute care beds and 43 nursing facility (NF) beds. As a CAH, NH Pender can operate a maximum of 25 acute care beds and these 25 beds may "swing" or be utilized as NF beds depending on the needs of the patients and facility.

At the May 7, 2024 Acute Care Services Committee, the draft Acute Care Bed Need tables were released and a 43-bed need was calculated for Pender County. Given that there had not been a bed need in Pender County for at least 17 years along with Novant Health's experience in managing and now owning NH Pender, further review indicated that there was an error in the Hospital Industry Data Institute (HIDI) acute care days used in the projections. NH Pender's HIDI data included non-acute care bed days in the acute care bed days on Table 5A of the proposed 2025 SMFP. NH Pender is the only Novant Health hospital designated as a CAH with a complement of acute care, NF and swing beds and the HIDI data discrepancy has only been noted at this hospital.

On the next page is a table of NH Pender’s acute care bed day per Table 5A. of the SMFP and the submitted License Renewal Applications (LRAs with NF and Swing Beds days included for comparison) from 2018– 2025:

**NH Pender Patient Bed Days Summary
SMFP Years 2018 - 2025**

SMFP	SMFP IP Days of Care	LRA IP Days of Care	LRA NF Days	LRA SNF Days in Swing Beds
2025	4,750	589	11,946	4,133
2024	4,241	477	10,757	3,674
2023	11,372	341	10,727	4,570
2022	772	807	12,682	3,338
2021	1,276	1,229	12,907	2,957
2020	1,394	1,373	11,364	1,765
2019	1,470	1,385	11,619	1,960
2018	1,873	1,873	13,047	1,330

The HIDI data and thus the SMFP are including NF or swing bed days as acute care inpatient days. The error first occurred in 2023 with a very dramatic but unrealistic increase in patient days for that year. Since no bed need was generated in the 2023 SMFP, the error continued unchecked.

After the May 7, 2024 Acute Care Services Committee Meeting, David Pierick, Director of Business Insights & Analytics at Novant Health, notified Dr. Andrea Emanuel of the Healthcare Planning and Certificate of Need Section via email that there was an error in the patient days at NH Pender. He indicated that the LRA data is accurate and new HIDI data would have to be submitted. On May 29, 2024, he indicated in an email to Dr. Emanuel and Jamey Motter of HIDI that the NH Pender data had been resubmitted. In response, Dr. Emanuel stated that the refreshed data would be incorporated into the Table 5A calculations in early August 2024 and then published a week in advance of the September 10, 2024 Acute Care Services Committee Meeting. A copy of the emails is attached as Exhibit A.

Novant Health expects that once the revised HIDI date is incorporated into the next draft of the proposed 2025 SMFP, the acute care patient days should be close to the LRA-reported 589 days of care and that will eliminate the calculated bed need in Pender County. Nevertheless, given that the petition deadline is before the September 10 meeting, Novant Health determined that a petition should be submitted to express Novant Health’s view that the need determination should be removed.

In addition to the current acute care days being incorrect, it appears that the error has existed since the 2023 SMFP. However, no bed need was generated which caused the errors to go uncorrected. The unrealistically high 2023 SMFP IP days of care shown above of 11,372 is causing an inaccurate

Growth Rate Multiplier (GRM) to be calculated for the 2025 SMFP now that the bed need methodology has reverted to using the previous five years of growth.

The following chart shows the SMFP inpatient days of care and the GRM:

**NH Pender GRM Summary
SMFP Years 2018 - 2025**

SMFP	SMFP IP Days of Care	GRM
2025	4,750	1.4478*
2024	4,241	-1.0417^
2023	11,372	-1.0945^
2022	772	-1.1866^
2021	1,276	-1.0945^
2020	1,394	-1.0585
2019	1,470	-1.0681
2018	1,873	-1.0320

*Notes: * GRM calculated using 2019 – 2023 growth*

^ GRM adjusted to account for COVID-19 impact so based on 2015 – 2019 growth

As shown in Table 5A, Column G of the proposed 2025 SMFP, the GRM for Pender County appears to be higher than even Wake and Mecklenburg Counties, the most populous counties in North Carolina. Once the 2025 acute care days are corrected the bed need in Pender County will be eliminated even with this inaccurate GRM intact. If left intact, it may calculate a bed need in Pender County until the 2023 year drops out of the GRM calculation.

REASON FOR THE PROPOSED ADJUSTMENT

As described above, the proposed need determination is based on incorrect acute care days data and does not reflect the intention of the Acute Care Services Committee to address acute care bed capacity in the service area. The Committee relies on accurate data to base bed need projections and determinations and the Pender County data in the proposed 2025 SMFP is incorrect. Adjustments to the acute care bed days have been submitted by NH Pender to HIDI and the Healthcare Planning Section is aware. Updated data should be reflected in the next draft SMFP acute care bed need tables expected to be released in September 2024. Since the updated tables will not be available until after petitions are due, Novant Health is submitting this petition to adjust the erroneous bed need in Pender County.

ADVERSE EFFECTS

If this petition is not approved and the bed day data not corrected, an unnecessary bed need will be projected in Pender County which could lead to extreme overcapacity and underutilized inpatient care services. Pender County is a predominantly rural county with a population of approximately 65,000 residents. The proposed need determination purports to increase NH Pender's bed capacity by 100%. Yet Table 5A of the 2024 SMFP shows that NH Pender has a surplus of 26 beds. Nothing has happened between the publication of the 2024 SMFP and the proposed 2025 SMFP that would support a bed need determination in Pender County at this time, such as a large population influx or a significant increase in inpatient hospitalization. In fact, NH Pender has historically had a surplus of inpatient acute care beds and a bed need has not been generated in at least 17 years. NH Pender has sufficient inpatient capacity for the foreseeable future to care for all those who seek care at NH Pender. Retaining the proposed 2025 bed need would result in unnecessary duplication of services ultimately increasing the cost of care in the service area.

ALTERNATIVES CONSIDERED

NH Pender does not believe an alternative exists to submitting this adjustment to the need determination. As previously discussed, the bed need in Pender County is based on incorrect HIDI data and once corrected the bed need will be removed. Revised HIDI data was submitted at the end of May 2024 and will not be incorporated into the next draft of the 2025 SMFP until September 2024 which is well past the petition deadline. To ensure the bed need is eliminated, the petition must be approved.

UNNECESSARY DUPLICATION

NH Pender does not believe that approving this adjustment to the need determination petition will result in unnecessary duplication of health resources. To the contrary, the approval of this petition will ensure that there will be no unnecessary duplication of health resources since the corrected bed need calculation will show that no new acute care beds are needed in Pender County.

BASIC PRINCIPLES

NH Pender believes the petition is consistent with the three basic principles: safety and quality, access, and value.

Safety and Quality Basic Principle

NH Pender is the only acute care hospital in Pender County and is a designated CAH. NH Pender has been caring for patients for over 70 years, providing expert care and a personalized experience to area residents. Since becoming part of Novant Health in 2021, NH Pender has enhanced its ability to continue to offer high-quality care to all patients. NH Pender promotes patient safety by using all reasonable means to keep patients safe and free from harm when they are in NH Pender's care. NH Pender applies evidence-based best practice methods to prevent medical errors,

hospital-acquired infections, falls, and other harm to patients by building accountability for finding and fixing system problems.

Novant Health has received awards and designations that show its strong commitment to safety. The Joint Commission has twice awarded Novant Health the prestigious Ernest A. Codman Award for improving the quality and safety of care provided to patients system wide. The Society of Hospital Medicine recognized Novant Health's acute care facilities for their multidisciplinary team approach to medication safety with the Team Approaches in Quality Improvement Award. NH Pender benefits from Novant Health's long history of providing high-quality services and will apply these policies and procedures to deliver high-quality care.

Novant Health is building a systemwide safety infrastructure, with the support of both processes and technology, across its hospitals and network of ambulatory surgery centers. Novant Health is combining its commitment to patient safety and quality with data, technology, machine learning, and artificial intelligence to help reach its goal of zero hospital-acquired infections and serious safety events. In 2019, Novant Health established the Novant Health Institute for Safety and Quality, which expands on the commitment to exceed and lead strict industry standards.

The approval of this petition will have no negative impact on the safety and quality of care available to the patients of NH Pender.

Access Principle

As previously mentioned, NH Pender is a designated CAH. As such, NH Pender provides much needed health care to the residents of Pender County who would have to travel outside of the county otherwise. As shown, NH Pender has more than adequate acute care bed capacity and the approval of this petition will not negatively impact the community's access to inpatient acute care currently offered at NH Pender. NH Pender will continue to make services available to all patients regardless of their ability to pay. NH Pender actively participates in both the Medicare and Medicaid programs. NH Pender provides services to all persons, regardless of race, sex, age, religion, creed, disability, national origin, or ability to pay.

Value

Healthcare value will be maintained with the approval of this petition as it prevents unnecessary duplication of services. Adding 43 acute care beds, which would double the current amount of acute care beds in the county, would come with steep costs and needlessly add to overall healthcare costs. Value is best maintained by approving this petition and updating the HID data which will avoid the unnecessary duplication of services and prevent the development of unneeded capacity in Pender County.

CONCLUSION

NH Pender believes that approving this adjustment to eliminate the bed need determination in Pender County will result in accurate bed need projections for the 2025 SMFP and future years. It will ensure that there is not an overcapacity of acute care beds which would result in unnecessary duplication of services and increased healthcare costs for the community.

NH Pender appreciates your careful consideration of this petition. Please let us know if we can assist the Council, its committees, or the staff during the review process.

EXHIBIT A

From: [Emanuel, Andrea N](#)
To: [Pierick, David M](#)
Cc: [Griffin, Lisa L](#); [Cremeens, Cameron L](#); "jmotter@mhanet.com"
Subject: RE: [External] HIDI/Licensure Acute Care Days Discrepancy Report
Date: Thursday, May 30, 2024 6:47:50 AM

External Email: Use Caution opening links or attachments

Hi –

The Agency receives the refreshed HIDI data in early August. That data will be incorporated into Table 5A of the State Medical Facilities Plan and published [here](#) about a week in advance of the September 10th Acute Care Services Committee meeting.

I hope this helps. Let me know if I can be of further assistance.

Kind regards,

Andrea Emanuel, PhD
Assistant Section Chief
Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section
[NC DHHS: North Carolina Department of Health and Human Services](#)

Office: 919-855-3954
andrea.emanuel@dhhs.nc.gov

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From: Pierick, David M <dpierick@novanthealth.org>
Sent: Wednesday, May 29, 2024 2:08 PM
To: Emanuel, Andrea N <andrea.emanuel@dhhs.nc.gov>
Cc: Griffin, Lisa L <lgriffin@novanthealth.org>; Cremeens, Cameron L <clcremeens@novanthealth.org>; 'jmotter@mhanet.com' <JMotter@mhanet.com>
Subject: RE: [External] HIDI/Licensure Acute Care Days Discrepancy Report

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Report Message button located on your Outlook menu bar on the Home tab.

Dr. Emanuel and Jamie,

We have resubmitted our Pender Memorial Hospital data to HIDI, and it should now correctly account for the swing bed days. This should remove the bed need projection in the current draft of the 2025 SMFP.

When is the next data pull where we confirm this adjustment was done correctly?

Thank you!

David Pierick

Novant Health

Cell: (704) 641-7374

From: Emanuel, Andrea N <andrea.emanuel@dhhs.nc.gov>

Sent: Tuesday, May 7, 2024 11:44 AM

To: Pierick, David M <dpierick@novanthealth.org>

Cc: Griffin, Lisa L <lgriffin@novanthealth.org>; Cremeens, Cameron L <clcremeens@novanthealth.org>; 'jmotter@mhanet.com' <JMotter@mhanet.com>

Subject: RE: [External] HIDI/Licensure Acute Care Days Discrepancy Report

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Ok. I suggest reaching out to Jamey Motter. She is cc'd.

Let me know if I can be of further assistance.

Thanks,

Andrea Emanuel, PhD

Assistant Section Chief

Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section

[NC DHHS: North Carolina Department of Health and Human Services](#)

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From: Pierick, David M <dpierick@novanthealth.org>
Sent: Tuesday, May 7, 2024 11:19 AM
To: Emanuel, Andrea N <andrea.emmanuel@dhhs.nc.gov>
Cc: Griffin, Lisa L <lgriffin@novanthealth.org>; Cremeens, Cameron L <clcremeens@novanthealth.org>
Subject: RE: [External] HIDI/Licensure Acute Care Days Discrepancy Report

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Thank you!

The acute care days reported on the LRA is accurate. I assume we will need guidance on how to make sure swing days are reported appropriately through HIDI. It looks like this same issue with swing beds has been occurring at Pender in prior years.

Thank you,

David Pierick
Novant Health
Cell: (704) 641-7374

From: Emanuel, Andrea N <andrea.emmanuel@dhhs.nc.gov>
Sent: Tuesday, May 7, 2024 11:13 AM
To: Pierick, David M <dpierick@novanthealth.org>
Cc: Griffin, Lisa L <lgriffin@novanthealth.org>; Cremeens, Cameron L <clcremeens@novanthealth.org>
Subject: RE: [External] HIDI/Licensure Acute Care Days Discrepancy Report

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Thanks for noting that. You should soon receive communication from the NCHA regarding how to correct data. Do you anticipate correcting what was reported to HIDI or what was reported on the LRA?

Andrea Emanuel, PhD

Assistant Section Chief

Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section

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From: Pierick, David M <dpierick@novanthealth.org>

Sent: Tuesday, May 7, 2024 10:47 AM

To: Emanuel, Andrea N <andrea.emanuel@dhhs.nc.gov>

Cc: Griffin, Lisa L <lgriffin@novanthealth.org>; Cremeens, Cameron L <clcremeens@novanthealth.org>

Subject: [External] HIDI/Licensure Acute Care Days Discrepancy Report

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Dr. Emanuel,

I hope you are doing well.

I saw on the acute care days discrepancy report that Novant Health Pender Memorial Hospital is reflecting a variance of 4,161 days, which gives a variance of 87.60%. This is based only on the swing bed days of care (4,133). If those are removed, the variance decreased to 28, or 0.6% variance.

It also looks like the higher patient days, that include swing bed days of care, is used in the acute care bed need determination.

Who is the best person to contact to work through this variance.

Thank you!

David Pierick
Novant Health

Cell: (704) 641-7374

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