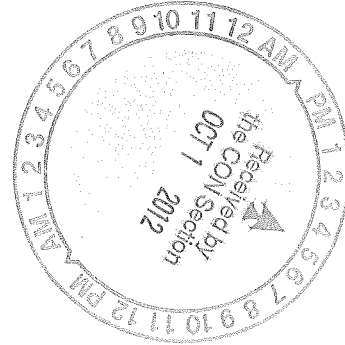




September 27, 2012

Mr. Craig Smith
Chief
Certificate of Need Section
NC Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699-2704



Re: 2012 HSA IV Inpatient Rehabilitation Bed Review

Dear Mr. Smith:

In accordance with N.C. GEN. STAT. § 131E-185(a1)(1), Johnston Memorial Hospital Authority d/b/a Johnston Health, submits the following comments related to competing applications to develop additional inpatient rehabilitation beds in HSA IV to meet a need identified in the 2012 *State Medical Facilities Plan (SMFP)*. Johnston's comments include "discussion and argument regarding whether, in light of the material contained in the application and other relevant factual material, the application complies with the relevant review criteria, plans and standards." See N.C. GEN. STAT. § 131E-185(a1)(1)(c). Johnston Health's comments include discussion of the following applications in this review:

- Duke Raleigh Hospital: Project ID #010021-12, develop 12 rehabilitation beds
- Johnston Memorial Hospital: Project ID #J-010022-12, develop 8 rehabilitation beds
- UNC Hospitals: Project ID #J-010017-12, develop 12 rehabilitation beds
- WakeMed: Project ID #J-010018-12, develop 12 rehabilitation beds

Understanding that the Agency has initially determined the Johnston Health application to be competitive with the other applications, Johnston Health nevertheless believes that its application can, and should, be approved regardless of the Agency's determination of the other three applicants. The 2012 *SMFP* includes a need determination for 20 additional inpatient rehabilitation beds in HSA IV; Johnston Health's application, in combination with any one of the other three applicants, would meet the 20-bed allocation. Thus, because of the division of beds, Johnston Health's application is not necessarily competitive with any of the other three applications.

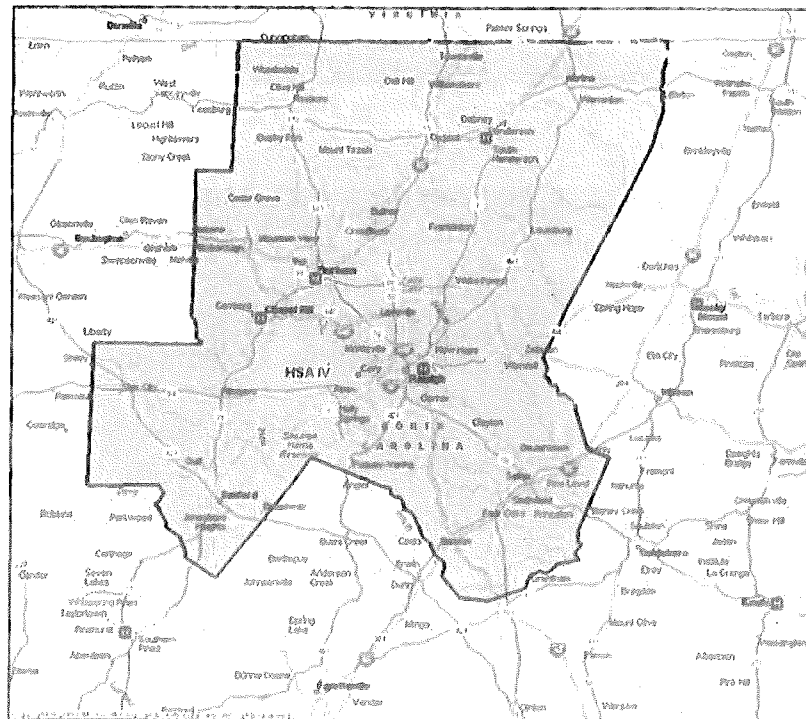
As such, Johnston Health has not conducted a detailed review of the other three applicants, nor is it submitting specific comments regarding the approval of any of those applicants at this time. Regardless of the Agency's decision about the other three applicants, Johnston Health unequivocally believes its application for eight rehabilitation beds should be approved for the following reasons.

Johnston Health's application is conforming with all statutory and regulatory review criteria. Although Johnston Health did not agree with the Agency's findings regarding its 2011 application for 8 rehabilitation beds (essentially denied based on findings under Criterion 3), Johnston Health specifically addressed the concerns raised by the Agency in the 2011 review in its 2012 application. See pages 85-96 of the 2012 Johnston Health application. With those

concerns addressed, Johnston Health is confident that its application will be found conforming by the Agency.

Johnston Health's application is the most effective alternative with regard to geographic access, which Johnston Health believes should be a strong consideration in a comparative analysis. As discussed in Johnston Health's application and summarized below:

- Johnston Health maintains that Johnston County is the most appropriate location for development of a portion of the inpatient rehabilitation beds given the need for access to inpatient rehabilitation services in Johnston County as well as the need for continuity of care. As illustrated in the map below, one of the existing sites is more centrally located (WakeMed), two are in the western portion (Durham Regional and UNC Hospitals) and one is in the northern portion of the HSA (Maria Parham). There are no inpatient rehabilitation facilities in the eastern and southern portions of the HSA. The disparity in coverage between the areas of the HSA poses an access issue as discussed below relative to population growth and continuity of care.



- None of the other three applicants in the 2012 review propose any improvement to geographic access within HSA IV. Duke Raleigh proposes to establish a new program, but located in Raleigh, within a few miles of the existing program at WakeMed. Both UNC and WakeMed propose to add beds to their existing facilities, which will not result in any change to geographic access.

- As shown in the table below, Johnston County with the third highest population in the HSA, has no inpatient rehabilitation beds. Wake County, as the county with the largest population has 84 inpatient rehabilitation beds and was recently approved to develop 14 additional inpatient rehabilitation beds for a total of 98 beds. Durham County, with the second highest county population, is licensed for 30 inpatient rehabilitation beds. Clearly, this is not an equitable distribution of this health service in HSA IV.

<i>County</i>	<i>2012 Population</i>	<i># of Existing Rehab Beds</i>	<i>Beds/100,000 Pop.</i>
Vance	45,708	11	24.1
Orange	137,760	30	21.8
Durham	275,946	30	10.9
Wake	945,209	84*	8.9
Johnston	175,467	0	0.0
Chatham	65,814	0	0.0
Franklin	63,214	0	0.0
Granville	61,427	0	0.0
Lee	58,712	0	0.0
Person	40,247	0	0.0
Warren	20,962	0	0.0
TOTAL	1,890,466	155	8.2

Source: NC OSBM, Johnston Health Application Exhibit 20.

*Please note that the bed count only includes the existing licensed inpatient rehabilitation beds at WakeMed; i.e. the calculation is based on the 84 beds currently in service. If its approved additional 14 inpatient rehabilitation beds (pursuant to previously approved Project ID # J-8630-11) were included, for a total of 98 beds, the beds per 100,000 population for Wake County would be 10.4.

- Assuming that Johnston Health is approved to develop eight inpatient rehabilitation beds as proposed, by 2014, when the project becomes operational, it will remain the county (with beds) with the lowest bed to population ratio in HSA IV as shown in the table below.

<i>County</i>	<i>2014 Population</i>	<i># Rehab Beds*</i>	<i>Beds/100,000 Pop.</i>
Vance	46,010	11	23.9
Orange	141,723	30	21.2
Durham	283,209	30	10.6
Wake	983,754	98	10.0
Johnston	181,263	8	4.2
Chatham	68,334	0	0.0
Franklin	65,640	0	0.0
Granville	62,469	0	0.0
Lee	59,527	0	0.0
Person	41,225	0	0.0
Warren	20,916	0	0.0
TOTAL	1,954,070	177	9.1

Source: NC OSBM, Johnston Health Application Exhibit 20.

Please note: Johnston Health makes no assumptions regarding the other 12 beds in the allocation.

*Existing and approved

- Assuming the distribution of the 189 inpatient rehabilitation beds (with the inclusion of 20 beds per the need determination) should be based on the distribution of the population suggests the following distribution of inpatient rehabilitation beds in HSA IV.

<i>County</i>	<i>2012 Pop.</i>	<i>% of Pop.</i>	<i># of Rehab Beds Based on Pop.</i>	<i># of Existing & Approved Rehab Beds</i>	<i>Surplus/ (Deficit)</i>
Johnston	175,467	9.3%	18	0	-18
Chatham	65,814	3.5%	7	0	-7
Franklin	63,214	3.3%	6	0	-6
Granville	61,427	3.2%	6	0	-6
Lee	58,712	3.1%	6	0	-6
Person	40,247	2.1%	4	0	-4
Warren	20,962	1.1%	2	0	-2
Durham	275,946	14.6%	28	30	2
Wake	945,209	50.0%	94	98	4
Vance	45,708	2.4%	5	11	6

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<i>County</i>	<i>2012 Pop.</i>	<i>% of Pop.</i>	<i># of Rehab Beds Based on Pop.</i>	<i># of Existing & Approved Rehab Beds</i>	<i>Surplus/ (Deficit)</i>
Orange	137,760	7.3%	14	30	16
Total HSA IV	1,890,466	100.0%	189	169	-20

Source: NC OSBM, Johnston Health Application Exhibit 20.

Notably, the suggested distribution based on population is not wholly feasible because four facilities already have beds and operating a two- or four-bed unit, as indicated for some counties, may not be a viable option. Furthermore, as tertiary care centers, UNC Hospitals and WakeMed serve a broader patient population outside their home county. However, this analysis and those discussed above and in Johnston Health's application do *clearly demonstrate* that at the present time there is a disproportionate distribution of inpatient rehabilitation beds in HSA IV; thus the need to strongly consider geographic access in a comparative review. Based on 2012 population numbers as used in this analysis, Johnston County would have 18 inpatient rehabilitation beds. Given that the 18-bed need includes conditions that JMC-Smithfield will not serve, it does not need all these beds, but does believe it needs eight beds - and Johnston County patients do need these beds.

Thank you for your consideration of these comments. We look forward to an approval of the Johnston Health inpatient rehabilitation application.

Best regards,



Charles W. Elliott, Jr., FACHE
President and CE