

Comments Submitted by New Hanover Regional Medical Center.

Pursuant to NCGS § 131E-185, New Hanover Regional Medical Center (NHRMC) submits these comments in opposition to Wilmington ASC (WASC), New Hanover Surgical Center (NHSC), and Wilmington SurgCare (WS).

Project ID # O-011434-17	New Hanover Regional Medical Center
Project ID # O-011441-17	Wilmington ASC
Project ID # O-011444-17	New Hanover Surgical Center
Project ID # O-011437-17	Wilmington SurgCare

Proposed Project

NHRMC: NHRMC proposes to add one additional OR to its existing Surgical Pavilion for a total project cost of \$1,300,000.

WASC: WASC proposes to develop an ASC with one OR and three procedure rooms and three GI/endoscopy rooms transferred from Wilmington Health, PLLC for a total project cost of \$18,949,127.

NHSC: NHSC proposes to develop an ASC with one OR and two procedure rooms for a total project cost of \$6,187,265.

WS: WS proposes to add one additional OR to its existing ASC which includes seven operational ORs and three undeveloped ORs for a total project cost of \$1,097,511. The total project cost of \$1,097,511 is in addition to WS' previously approved amount of \$5,600,380 for expanding its facility to accommodate three additional ORs.

Analysis: NHRMC is the sole source of the OR need in New Hanover County. As shown in the CON application:

-) Over the last five years, IP surgical cases per year have remained higher than the FY2012 IP surgical cases.
-) Over the last five years, OP surgical cases per year have increased every year.
-) Over the last five years, total surgical volume excluding open-heart, C-Section, and trauma cases has grown by 43.6 percent $(((34,847 - 24,269) / 24,269) \times 100)$.
-) NHRMC has had a facility need for at least one (1) OR since FY2014 and for three (3) ORs since FY2016.
-) Since FY2014, NHRMC has operated at over 100.0 percent of available time.

NHRMC
Surgical Cases
FY2012 – FY2017

	Fiscal Year	IP Cases*	OP Cases	Total	IP Hours	OP Hours	Total Hours
Historical	FY2012	8,341	15,928	24,269	25,023	23,892	48,915
	FY2013	8,688	19,526	28,214	26,064	29,289	55,353
	FY2014	9,717	21,666	31,383	29,151	32,499	61,650
	FY2015	9,299	21,944	31,243	27,897	32,916	60,813
	FY2016	9,936	23,421	33,357	29,808	35,132	64,940
	FY2017	9,273	25,574	34,847	27,819	38,361	66,180

* Excludes open-heart, C-Section, and trauma cases.

NHRMC
Operating Room Need
FY2012 – FY2017

	Fiscal Year	Total Hours	Standard Hours per OR	ORs Need based on Standard Hours per OR	OR Inventory*	OR Surplus/Deficit
Historical	FY2012	48,915	1,872	26.1	32	5.9
	FY2013	55,353	1,872	29.6	32	2.4
	FY2014	61,650	1,872	32.9	32	(0.9)
	FY2015	60,813	1,872	32.5	32	(0.5)
	FY2016	64,940	1,872	34.7	32	(2.7)
	FY2017	66,180	1,872	35.4	32	(3.4)

* Excludes open-heart ORs, C-Section ORs, and one (1) OR based on Trauma Level II status.

Operating History

NHRMC: NHRMC has a 50-year tradition of serving the residents of New Hanover County. NHRMC's surgical cases have increased from 25,545 in FY2012 to 34,847 in FY2016 for a 36.4 percent increase in four years. NHRMC has only been able to increase its OR inventory through conversions and acquisitions over the last seventeen years to meet the needs of county residents.

WASC: Although WASC will be a new institutional health service, Wilmington Health physicians have provided care in New Hanover County for over 40 years. Wilmington Health's GI cases have increased from 1,773 in FY2012 to 4,686 in FY2016 for a 164.3 percent increase in four years. WASC has a history of providing GI services, but has no history of providing surgical services in New Hanover County.

NHSC: Although NHSC will be a new institutional health service, NHSC physicians have provided care in New Hanover County for over 45 years. NHSC has no history of providing surgical services in New Hanover County.

WS: WS has provided care to New Hanover County residents for 25 years. WS' surgical cases have increased from 7,728 in FY2012 to 8,584 in FY2016 for an 11.1 percent increase in four years. WS was recently approved to develop three ORs in its existing facility.

Analysis: NHRMC has developed all CON projects that it has been awarded. Furthermore, after acquiring the two (2) OR CON that was awarded to Novant Health SameDay Surgery Center in 2006, CON Project ID #O-7671-06, NHRMC developed those ORs in 2015.

Geographic Accessibility

NHRMC: NHRMC proposes to add one additional OR at its existing facility located at 2131 South 17th Street, Wilmington, 28401.

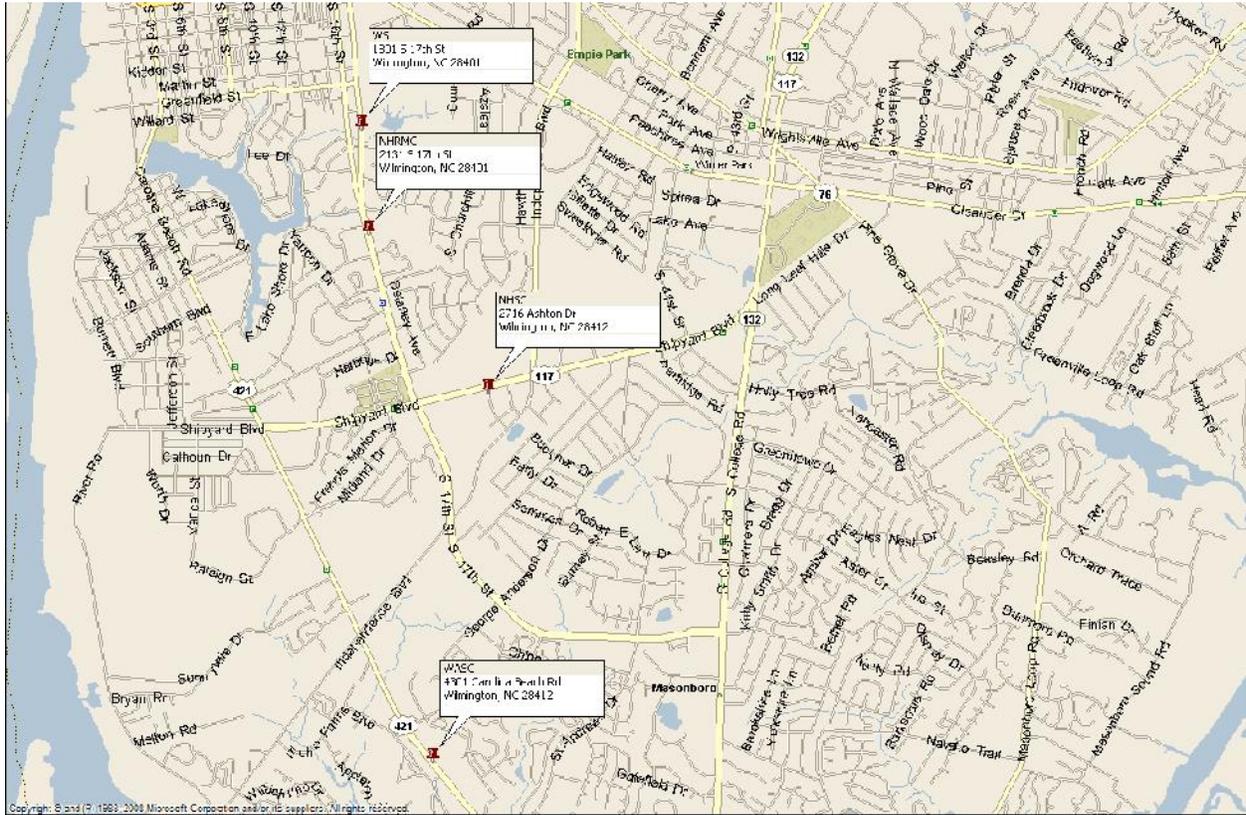
WASC: WASC proposes to develop one OR to a new facility located at 4301 Carolina Beach Road, Wilmington, 28409.

NHSC: NHSC proposes to develop one OR to a new facility located on Iron Gate Drive behind 2716 Ashton Drive, Wilmington, 28412.

WS: WS proposes to add one additional OR at its existing facility located at 1801 South 17th Street, Wilmington, 28401.

Analysis: Each of the CON applicants proposes to develop the single OR within 3.6 miles of each other, this comparative category does not distinguish an effective alternative.

CON Applicants' Proposed Locations Wilmington Street Map



Patient Access to Alternative/New Providers

NHRMC: NHRMC is an established provider of surgical services in New Hanover County.

WASC: WASC has no history of providing surgical services in New Hanover County.

NHSC: NHSC has no history of providing surgical services in New Hanover County.

WS: WS is an established provider of surgical services in New Hanover County.

Analysis: Although WASC and NHSC would be new providers in New Hanover County, each of these applicants relies on the development of multiple procedure rooms to make their proposed facility efficient and/or financially feasible. As in previous CON application reviews, it is very difficult for an applicant to make an efficient and cost effective ASC with only one OR, which is why future SMFP OR need determinations require a minimum of a two OR deficit.

Demonstration of Physician Support

NHRMC: Over 100 surgeons currently utilize the ORs in the Surgical Pavilion.

WASC: Since WASC has no history of providing surgical services in New Hanover County, WASC provided letters from 30 surgeons indicating a willingness to perform cases at WASC.

NHSC: Since NHSC has no history of providing surgical services in New Hanover County, NHSC provided letters from 12 surgeons indicating a willingness to perform cases at WASC.

WS: 88 surgeons currently utilize the ORs at WS.

Analysis: NHRMC has provided care in New Hanover County for over 50 years and has supported the state-of-the-art surgical needs of both physicians and residents. NHRMC's physicians and surgeons have maintained a referral network throughout a multiple county service area that has led to the growth of surgical cases at NHRMC and the OR need in New Hanover County.

Patient Access to Surgical Specialties

NHRMC: NHRMC proposes to provide surgical services in all specialties with the exception of open-heart and C-Section, which have dedicated ORs.

WASC: WASC proposes to provide surgical services in the following specialties: neurosurgery, orthopedics, ophthalmology, plastics, oral/dental, urology, general, vascular, and podiatry.

NHSC: NHSC proposes to provide surgical services in the following specialties: orthopedics.

WS: WS proposes to provide surgical services in the following specialties: pain management, GI, general, vascular, neurology, gynecology, ophthalmology, orthopedics, otolaryngology, plastics, podiatry, and urology.

Analysis: NHRMC provides surgical services to ALL surgical specialties, no other CON applicant can make claim to that statement. The surgical cases projected in the NHRMC application include all surgical specialties with the exception of open-heart and C-Section cases, which are performed in dedicated ORs and excluded from the performance standards.

Access by Underserved Groups

Operating Room Year 2 Percentages

	Inpatient			Outpatient			Total		
	Medicare	Medicaid	Total	Medicare	Medicaid	Total	Medicare	Medicaid	Total
NHRMC	50.6%	11.2%	61.8%	46.0%	6.9%	52.9%	47.0%	7.80%	54.8%
WASC				8.7%	1.7%	10.4%	8.7%	1.7%	10.4%
NHSC				12.9%	10.5%	23.4%	12.9%	10.5%	23.4%
WS				51.2%	7.8%	59.0%	51.2%	7.8%	59.0%

Operating Room Year 2 Cases

	Inpatient			Outpatient			Total		
	Medicare	Medicaid	Total	Medicare	Medicaid	Total	Medicare	Medicaid	Total
NHRMC	4,290	950	5,240	14,675	2,201	16,876	18,965	3,151	22,116
WASC				757	151	908	757	151	908
NHSC				195	159	354	195	159	354
WS				6,629	1,007	7,636	6,629	1,007	7,636

Analysis: Both WASC and NHSC require majority commercial payor patients to be financially feasible. Although WS proposes to provide 4.2 percentage points more Medicare/Medicaid surgical cases, NHRMC proposes to perform 14,480 more Medicare/Medicaid surgical cases than WS.

Projected Average Gross Revenue per Surgical Case

Operating Room
Year 2

	Inpatient			Outpatient		
	Gross Revenue	Total Cases	Gross Revenue/Case	Gross Revenue	Total Cases	Gross Revenue/Case
NHRMC	\$610,842,854	8,478	\$72,050	\$609,090,694	31,903	\$19,092
WASC				\$12,622,412	1,337	\$9,441
NHSC				\$7,556,618	1,515	\$4,987
WS				\$143,157,240	12,932	\$11,070

Analysis: Gross revenue is merely the “charge” for the performed surgical cases, but does not represent the amount paid by either the patient or by a third-party, such as Medicare, Medicaid, or commercial insurance companies. However, due to differences in the types of surgical services proposed by each of the applicants, it is not possible to make conclusive comparisons with regard to gross revenue per surgical case. Thus, this comparative factor may be of little value.

Projected Average Net Revenue per Surgical Case

Operating Room
Year 2

	Inpatient			Outpatient		
	Net Revenue	Total Cases	Net Revenue/Case	Net Revenue	Total Cases	Net Revenue/Case
NHRMC	\$173,971,728	8,478	\$20,520	\$171,227,449	31,903	\$5,367
WASC				\$5,338,336	1,337	\$3,992
NHSC				\$3,564,592	1,515	\$2,352
WS				\$20,177,480	12,932	\$1,560

Analysis: As a Level II Trauma Center and tertiary referral hospital, NHRMC must provide surgeons and residents of New Hanover County any surgical procedure that can be reasonably performed by its medical staff. The net revenue is based on nationally established reimbursement rates by the Center for Medicare and Medicaid Services, as well as reimbursements negotiated by a third party, such as commercial insurance companies. However, due to differences in the types of surgical services proposed by each of the applicants, it is not possible to make conclusive comparisons with regard to net revenue per surgical case. Thus, this comparative factor may be of little value.

Projected Average Operating Expense per Surgical Case

Operating Room

Year 2

	Total		
	Expenses	Total Cases	Expense/Case
NHRMC	\$158,825,455	40,381	\$3,933
WASC	\$3,443,639	1,337	\$2,576
NHSC	\$2,968,566	1,826	\$1,625
WS	\$18,442,832	13,270	\$1,390

Analysis: As a Level II Trauma Center and tertiary referral hospital, NHRMC is equipped to provide surgeons and residents of New Hanover County any surgical procedure that can be reasonably performed by its medical staff. The other CON applicants, including WS, may choose the surgical procedures to be performed in their facility, thus minimizing the equipment needs and staff required to perform surgeries resulting in decreased operating expenses. However, due to differences in the types of surgical services proposed by each of the applicants, it is not possible to make conclusive comparisons with regard to operating expense per surgical case. Thus, this comparative factor may be of little value.

In conclusion, we believe that NHRMC has the most effective project, which is based on both current and future surgical services utilization at the hospital.