

July 2, 2018

COMMENTS IN OPPOSITION FROM NOVANT HEALTH, INC.

**Regarding North Carolina Baptist Hospital's
Ardmore Tower CON Application,
Project I.D. # G-011519-18 to Develop 4 ORs in Forsyth County**

INTRODUCTION

The 2018 State Medical Facilities Plan (“SMFP”) shows a need for four additional operating rooms (“ORs”) in Forsyth County. In response to the published need Novant Health filed two applications for two ORs each at Novant Health Forsyth Medical Center (“NHFMC”) and at the Novant Health Clemmons Outpatient Surgery, LLC (“NHCOS”). These applications were assigned Project I.D. Numbers G-011517-18 and G-011518-18 respectively.

Three applications were filed by other providers:

- North Carolina Baptist Hospital (“NCBH”) applied to add four shared ORs in Ardmore Tower – Project I.D. # G-011519-18.
- MC Kernersville, LLC and Moses Cone Memorial Hospital (“MCMH”) applied to construct a new ambulatory surgical facility (“ASF”) with two ORs and a Gastrointestinal Endoscopy Room on its outpatient campus in Kernersville – Project I.D. # G-011516-18.
- OrthoCarolina physicians and Compass Surgical Partners (“OrthoCarolina”) applied to renovate space for two ORs in Winston-Salem in the space now occupied by the Novant Health Orthopedic Outpatient Surgery Center – Project I.D. # G-11513-18.

Because the Agency can approve no more than four new ORs, the five applications are subject to competitive review. As part of the competitive review process, Novant Health files these comments on the three competing application to show the Novant Health applications better meet the surgical needs of Forsyth County and the goals of the CON program. Nothing in these comments is intended to amend or modify the two Novant Health applications.

EXISTING SURGICAL AND ENDOSCOPY FACILITIES

The existing and approved surgical facilities in Forsyth County and in the adjacent Counties of Davie and Guilford are part of the context in which the Agency must compare the five applications. Attachment 1 shows information on each existing and approved surgical

facility. Attachment 2 shows information on each GI endoscopy room. The facilities in adjacent counties are relevant because the service areas for Kernersville and for Clemmons extend into the adjacent county.

Novant Health notes that all its approved surgical projects are open or are under construction and on schedule to open as planned in 2019. Novant Health also notes ORs relocated to the recently-opened Novant Health Kernersville Outpatient Surgery (“NHKOS”) are paid by Medicare and other payors as freestanding ASFs and not as hospital outpatient departments. The same will be true for Novant Health Clemmons Outpatient Surgery (“NHCOS”) when it opens in 2019.

NCBH SHOWS NO NEED FOR MORE OPERATING ROOMS

NCBH states on page 26 of its application that “[p]atients choosing to have surgery at NCBH are the driver of the need for additional ORs in the Forsyth County OR Service Area.” It does not matter which institution “drove” the need determination for four ORs in Forsyth County in the 2018 SMFP. The need is available to be applied for by any applicant; NCBH does not receive special consideration and it is not “entitled” to four (or any) additional ORs. Because NCBH’s application is nonconforming with multiple CON criteria, its application cannot be approved.

Criterion (3)

The NCBH application is nonconforming with Criterion (3) because there is no need for four additional ORs at NCBH. As the CON Section is aware, NCBH received a material compliance determination on May 9, 2018 for Project I.D. #. G-8460-10. This project, which was filed under Policy AC-3 in the 2010 SMFP, proposed adding seven new outpatient ORs, relocating one OR, and adding two procedure rooms, one robotic surgery training room and one simulation OR (collectively, the “AC-3 Project”). The CON for the AC-3 Project was issued on April 2, 2013. For the reasons stated in NCBH’s May 1, 2018 material compliance request, NCBH delayed the AC-3 Project for several years and it is now projected to open on July 1, 2024, over eleven years after the CON was issued.

The material compliance determination request stated that the ORs in the AC-3 Project will be dedicated outpatient ORs. Once the AC-3 Project opens, it should reduce the number of outpatient cases performed in NCBH’s 36 existing shared ORs. This should increase capacity for the inpatient cases for which NCBH says it is experiencing growth.¹ Project I.D. # G-11519-18 is also expected to open on July 1, 2024. NCBH has not justified opening *eleven* new ORs at the same time, especially when the development of seven of those ORs has been substantially

¹ NCBH CON Application, Project I.D. # G-011519-18, page 31.

delayed. It would be prudent to evaluate the impact of the AC-3 Project and NCBH's recently-opened WFBH Outpatient Surgery Center - Clemmons ("OSC Clemmons") *before* allowing NCBH to add more ORs. The impact of the ORs at Davie Medical Center ("DMC") should also be considered. Presumably, some inpatient cases that would have been performed at NCBH will instead be shifted to DMC for patient convenience. As NCBH points out, the inpatient surgical program at DMC only opened in 2017.² For all these reasons, NCBH's proposal to add four more ORs in Project I.D. # G-11519-18 is entirely premature.

NCBH's surgical volume also shows there is no need for NCBH to add four more ORs. The table on page 27 of its application shows NCBH's surgical case volume has been flat (or declining) since 2012. From 2011 through 2017 its surgical case volume increased at a compound annual growth rate ("CAGR") of only 0.03%. The 2017 surgical case volume is only 66 cases more than the 2011 surgical case volume. The chart on page 28 of the NCBH application shows in three of six years from 2011 to 2017 surgical case volume declined.³ Attachment 5 compares the last historical fiscal year with the first full project fiscal year. NCBH projects 706 fewer cases in the first full project fiscal year with seven more operational ORs than in 2017. Why would they need an additional four ORs for fewer cases?

NCBH's surgical hours show no institutional need for four ORs. Attachment 3 shows NCBH's operating and approved ORs and surgical hours reported in its License Renewal Applications ("LRAs"). NCBH surgical hours have been flat at about 98,000 since 2013⁴ and have been handled in 40 ORs for an average of 2,450 surgical hours per room. While NCBH asserts its surgical hours have been constrained by OR capacity, NCBH scheduled its ORs an average of 253 days per year, 10.51 hours per day, which is not unusually high for a major medical center.⁵ For 2017, NCBH reported only 95,647 surgical hours, well below past volumes.⁶ The application documents no problems of delayed surgeries or excessive staff overtime one would normally expect to accompany OR capacity limitations.

NCBH's discussion about access (see pages 38-40 of the application) answers only one of the three parts of the Criterion (3) analysis. Providing access by itself does not demonstrate that NCBH needs four more ORs. Providing access does not eliminate or reduce the deficiencies in the rest of NCBH's Criterion (3) presentation. It should also be noted that Novant Health,

² NCBH CON Application, Project I.D. # G-011519-18, page 28.

³ It is not clear that the copy of the NCBH application available for checkout contained all the exhibits for the NCBH application, as Novant Health has not been able to locate all of the exhibits listed on the exhibit table of contents. Novant Health can only base its comments on the information made available to it; if exhibits are missing, Novant Health is unable to comment on them. The CON Section may wish to review its copy of the application carefully to see if all referenced exhibits were in fact provided.

⁴ NCBH CON Application, Project I.D. # G-011519-18

⁵ 2018 NCBH License Renewal Application

⁶ 2018 NCBH License Renewal Application

which is also a not-for-profit system, provides substantial community benefit and charity care, and these positive attributes are reflected in both of the applications that Novant Health submitted in the 2018 Forsyth County OR Review.

Since the NCBH application is nonconforming with Criterion (3), it is also nonconforming with Criterion (1) and Policy GEN-3, Criterion (4), Criterion (5), Criterion (6) and Criterion (18a). Because it is nonconforming with all the review criteria and applicable policies, the NCBH application is also comparatively inferior in the competitive analysis.

Novant Health offers the following additional comments regarding other CON criteria.

Criterion (4)

Criterion (4) requires the applicant to propose the least costly or most effective alternative. NCBH's proposal satisfies neither part of Criterion (4).

Including its two trauma/burn ORs, NCBH has 40 operational ORs and this number has not changed since 2006.⁷ If NCBH's surgical hours really were capacity constrained, it had the option from 2013 to build up to seven outpatient ORs and free up OR capacity for inpatient surgeries at NCBH, but it did not do so. To date NCBH has built only one freestanding ASF in Clemmons to move outpatient surgeries to a less expensive and more efficient setting. It has the potential to move more surgeries to lower cost facilities like OSC Clemmons without waiting on completion of its current clinical tower. Adding four more hospital ORs is the wrong alternative.

NCBH is constructing a new patient care tower, scheduled for completion in 2023. When completed it will house 38 shared ORs on two floors. These ORs will be relocated from Ardmore Tower. The vacated ORs in Ardmore Tower will allow NCBH to activate the seven AC-3 ORs and increase its ORs in service to 47 in 2024.

Attachment 4 reproduces page 50 from the NCBH application. NCBH does not project increased surgical hours through 2027, the third project year.⁸ It will have 47 ORs to handle the same number of surgical hours it has been handling with 40. This will lower its average surgical hours per OR to 2,085. The four additional ORs in the NCBH application would be placed in Ardmore Tower and licensed as hospital ORs. NCBH has no immediate need for the four additional ORs.

Because of rapid changes in health care technology and in the financial environment, the normal horizon for health planning is five years, including the first two or three years of

⁷ North Carolina Hospital License Renewal Applications

⁸ North Carolina Baptist Hospital CON Application, Project I.D. # G-011519-18, Page 50, Table C.9.7

operation of new or expanded facilities. NCBH is using an eight to ten year planning horizon, which is too long for reliable projections or planning.

Criterion (6)

Under Criterion (6), the applicant must demonstrate that its proposal does not unnecessarily duplicate existing or approved health service capabilities or facilities. The current application is an obvious and unnecessary duplication of the AC-3 Project. NCBH has been holding on to seven ORs for five years now, and it will be another six years before those ORs open. The AC-3 ORs are now scheduled to open on the same day as the four ORs proposed in Project I.D. # G-011519-18, so it cannot be said that the present application is a quicker “solution” to any OR “problems” NCBH believes it has. NCBH should open the long-delayed AC-3 ORs before adding even more OR capacity. The AC-3 Project will free up capacity in the existing NCBH OR inventory. Further, two other existing services, DMC and OSC-Clemmons will also free up capacity at NCBH.

Criterion (18a)

Approval of NCBH’s application for four ORs does not promote competition; rather, it will prevent the development of less expensive surgical facilities. Academic medical centers are more expensive than non-academic tertiary hospitals like NHFMC. For most patients the additional cost of the academic medical center is not justified by improved outcomes. Approval of the NCBH application will also prevent the development of additional ORs in freestanding ASFs in Forsyth County. ASFs lower costs for patients. NCBH has failed to develop an appropriate number of ORs in freestanding ASFs and thus failed to increase efficiency for physicians and reduce costs for patients, health plans and the taxpayer.

In addition to criteria-specific comments, Novant Health offers the following points for the Agency’s consideration.

2018 SMFP OR NEED CALCULATION

NCBH asserts that the OR need calculation in the 2018 SMFP is defective and the only way to fix the defect is the award it four ORs. The so-called defect is the SMFP calculated net need for Forsyth County without subtracting any surplus ORs the SMFP calculates for Novant Health. NCBH cites no evidence this was not the intent of the State and not a defect. The Novant Health applications discuss why the SMFP calculation of OR need for the Novant Health facilities fails to consider important operational realities that if considered remove the deficit.

NCBH expresses concern that if it is not given the four ORs, the 2019 SMFP will show a need for more ORs in Forsyth County. Whether that is true or not is unknown. However, if it is

the case, and there was a defect in the 2018 SMFP methodology, the State can correct the so-called defect in the 2019 SMFP. Nothing in NCBH's discussion of the 2018 SMFP need calculation justifies or requires giving NCBH more ORs.

A VERY SMALL PERCENTAGE OF NCBH SURGICAL CASES ARE “UNIQUE”

NCBH's argument it should be given four ORs because its services are unique⁹ and not provided by Novant Health is largely false. The only surgical services unique to NCBH are those related to burns, trauma, and transplants. Otherwise, any surgery performed at NCBH can be performed at NHFMC. Transplants represented two percent of NCBH's inpatient surgeries in 2017.¹⁰ NCBH does not propose to use the four ORs in Project I.D. No. G-11519-18 for burns and trauma. And if NCBH truly has a “unique” need due to its status as an academic medical center teaching hospital, Policy AC-3 allows Academic Medical Center Teaching Hospitals to request additional capacity (such as beds and operating rooms) and equipment, to address educational and academic research needs, even if the State Medical Facilities Plan indicates “no need determination” based on the projected need for the general population.¹¹ When and if NCBH needs additional trauma and burn ORs, it can apply under Policy AC-3. NCBH's burn and trauma programs are not a valid reason to award it four ORs.

NCBH IS NOT COST-EFFECTIVE COMPARED TO NHFMC

Attachment 5 is a comparison of the NCBH and the NHFMC applications taken from the applications. NCBH is not cost-effective either in project cost or operating revenues and expenses. The project cost is \$9,982,500 for four ORs to renovate existing space in Ardmore Tower already configured as a surgery suite. NCBH's project cost of \$2.5 million per OR is much higher than NHFMC's project cost of \$2.1 million per OR.

For 706 fewer cases, NCBH projects adding 72.9 FTEs and paying \$75,000 in salary per FTE. The NCBH application increases labor cost per case and decreases labor productivity. For 532 additional cases NHFMC needs only 18.5 FTEs and estimates they can be employed at an average salary of \$66,700 per FTE in the same labor market. NCBH staffing and salary expense is excessive and will add unnecessary cost to health care in Forsyth County.

Only NCBH and NHFMC are proposing ORs to perform both inpatient and outpatient cases. These applications are not financially comparable to the applications for outpatient surgery only. NCBH's unnecessary costs are shown by NCBH's per case charges of \$94,077 and \$23,799 net revenue. Compare NHFMC's per case charge of \$51,777 and net revenue of

⁹ NCBH CON Application, Project I.D. # G-011519-18

¹⁰ NCBH 2018 Hospital License Renewal Application

¹¹ Policy Acute Care – 3 (AC-3): Exemption from Plan Provisions for Certain Academic Medical Center Teaching Hospital Projects

\$14,417. The difference in average charge and net revenue per case cannot be explained by the slight difference in surgical case mix index at the two hospitals shown in Attachment 6. One expects an academic medical center to be slightly higher in cost, but not unreasonably so.

THE NHFMC APPLICATION IS SUPERIOR TO THE NCBH APPLICATION

NCBH suggests there is no need for additional ASFs in Forsyth County.¹² The need determination in the SMFP expressed no requirement or preference for any specific type of OR (i.e., freestanding ASF, inside a hospital, or hospital outpatient department ASF). Novant Health recognizes the need for *both* ASF and hospital ORs, so Novant Health proposed two ORs in an ASF, and two ORs at NHFMC.

For hospital ORs, NHFMC's application for two hospital ORs is a better choice than NCBH's application for four hospital ORs. NHFMC's proposed two ORs can be developed economically in renovated space. NHFMC has documented its need for the additional ORs in its application.¹³ NHFMC has been gaining market share since 2013 because it has grown its surgical staff and invested in equipment required for more complex surgeries. As a result of these investments, more patients are choosing Novant Health for surgery. Novant Health is now the surgical market share leader in Forsyth County. Attachment 6 shows the surgical Case Mix Indices for the two hospitals, including burn and trauma surgeries, are similar and converging. NHFMC quality and patient satisfaction measures are as good as NCBH.

To summarize reasons the Agency should deny the NCBH application:

- The NCBH application is nonconforming with Criteria (1), (3), (4), (5), (6) and (18a), and Policy GEN-3. Because it is nonconforming with all the review criteria and applicable policies, the application cannot be approved
- NCBH's project is nonconforming with Criterion (6) because it unnecessarily duplicates existing and approved services. The AC-3 Project is an approved service that will provide NCBH with 7 additional ORs. NCBH has not shown it needs ORs over and above the seven approved ORs it has not activated.
- NCBH projects no substantial increase in surgical hours through 2027. It has handled this volume with 40 ORs. It could handle the same volume with 47 ORs and has no need for four more ORs.

¹² NCBH application, page 31.

¹³ NHFMC CON Application, Project I.D. # G-011517-18, Section C.4(a)

- NCBH would not put the proposed four ORs in service until 2024 while NHFMC will put its requested two ORs in service in 2021 and NHCOS will put its requested two ORs in service in 2020.
- With respect to inpatient/outpatient ORs, NHFMC is more cost-effective in project cost and operating costs than NCBH. The NCBH charges, revenues, staffing and costs are unreasonably high for the small number of additional cases it projects.
- Approval of the NCBH application prevents development of additional ORs in Forsyth County licensed as freestanding ASFs. Aside from its OSC-Clemmons project, NCBH has done nothing to develop more efficient and economical facilities for outpatient surgery.

Attachment 1

2018 SMFP Table 6A:

Operating Room Inventory

Table 6A: Operating Room Inventory and Grouping (Combined Data for Hospitals and Ambulatory Surgical Facilities)

Case Data for 10/1/2015 through 9/30/2016 as reported on the 2017 Hospital and Ambulatory Surgical Facility License Renewal Applications

A	B	C	D	E	F	G	H	I	J	K	L	M
Service Area	License	Facility	Inpatient ORs	Ambulatory ORs	Shared ORs	Excluded C-Section ORs	Excluded Trauma/Burn ORs	CON Adjustments	CONs for Excluded C-Section ORs	Total Surgical Hours for Grouping	Group	Standard Hours per OR per Year
Davidson	H0112	Novant Health Thomasville Medical Center	1	0	5	-1	0	0	0	4,790.4	4	1,500.0
Davidson Total			1	0	9	-1	0	0	0			
Davie	H0171	Davie Medical Center	0	0	2	0	0	1	0	2,450.1	4	1,500.0
Davie Total			0	0	2	0	0	1	0			
Duplin	H0166	Vidant Duplin Hospital	0	0	3	0	0	0	0	1,878.3	4	1,500.0
Duplin Total			0	0	3	0	0	0	0			
Durham	AS0041	James E. Davis Ambulatory Surgical Center	0	8	0	0	0	0	0	5,369.7	5	1,312.5
Durham	H0015	Duke University Hospital*	6	9	50	0	-1	0	0	127,452.4	1	1,950.0
Durham	H0233	Duke Regional Hospital	2	0	13	-2	0	0	0	20,805.2	3	1,755.0
Duke University Health System Total			8	17	63	-2	-1	0	0			
Durham	H0075	North Carolina Specialty Hospital	0	0	4	0	0	0	0	10,296.0	4	1,500.0
Durham Total			8	17	67	-2	-1	0	0			
Edgecombe	H0258	Vidant Edgecombe Hospital	1	0	5	-1	0	0	0	2,634.2	4	1,500.0
Edgecombe Total			1	0	5	-1	0	0	0			
Forsyth		Novant Health Clemmons Outpatient Surgery Center	0	0	0	0	0	2	0	-		
Forsyth		Novant Health Kernersville Outpatient Surgery	0	0	0	0	0	2	0	-	-	-
Forsyth	H0209	Novant Health Forsyth Medical Center	5	6	24	-2	0	-2	0	51,607.3	2	1,950.0
Forsyth	H0229	Novant Health Medical Park Hospital	0	0	12	0	0	-2	0	18,039.6	3	1,755.0
Novant Health Total			5	6	36	-2	0	0	0			
Forsyth		Clemmons Medical Park Ambulatory Surgical Center	0	0	0	0	0	0	0	-	-	-
Forsyth	AS0021	Plastic Surgery Center of North Carolina^	0	3	0	0	0	0	0	507.0	6	1,312.5
Forsyth	H0011	North Carolina Baptist Hospital*	4	0	36	0	-2	7	0	96,822.9	1	1,950.0
Wake Forest Baptist Health Total			4	3	36	0	-2	7	0			
Forsyth	AS0134	Piedmont Outpatient Surgery Center**	0	2	0	0	0	0	0	1,927.4	-	-
Forsyth Total			9	11	72	-2	-2	7	0			
Franklin		Same Day Surgery Center	0	0	0	0	0	2	0	-	-	-
Franklin	H0261	Franklin Medical Center (closed)	0	0	3	0	0	-1	0	-	-	-
Franklin Medical Center Total			0	0	3	0	0	1	0			
Franklin Total			0	0	3	0	0	1	0			
Gaston	AS0037	CaroMont Specialty Surgery	0	6	0	0	0	0	0	2,381.5	5	1,312.5
Gaston	H0105	CaroMont Regional Medical Center	5	8	9	-4	0	0	0	19,294.7	3	1,755.0
CaroMont Total			5	14	9	-4	0	0	0			
Gaston Total			5	14	9	-4	0	0	0			

Table 6A: Operating Room Inventory and Grouping (Combined Data for Hospitals and Ambulatory Surgical Facilities)

Case Data for 10/1/2015 through 9/30/2016 as reported on the 2017 Hospital and Ambulatory Surgical Facility License Renewal Applications

A	B	C	D	E	F	G	H	I	J	K	L	M
Service Area	License	Facility	Inpatient ORs	Ambulatory ORs	Shared ORs	Excluded C-Section ORs	Excluded Trauma/Burn ORs	CON Adjustments	CONs for Excluded C-Section ORs	Total Surgical Hours for Grouping	Group	Standard Hours per OR per Year
Granville	H0098	Granville Health System	0	0	3	0	0	0	0	2,059.2	4	1,500.0
Granville Total			0	0	3	0	0	0	0			
Guilford	AS0047	High Point Surgery Center	0	6	0	0	0	0	0	4,211.0	6	1,312.5
Guilford	AS0152	Premier Surgery Center	0	2	0	0	0	0	0	-	-	-
Guilford	H0052	High Point Regional Health	3	0	8	-1	0	0	0	10,965.4	4	1,500.0
UNC Health Care Total			3	8	8	-1	0	0	0			
Guilford	AS0009	Greensboro Specialty Surgical Center	0	3	0	0	0	0	0	2,227.1	6	1,312.5
Guilford	AS0015	Carolina Birth Center (closed)	0	0	0	0	0	0	0	-	-	-
Guilford	AS0018	Surgical Center of Greensboro	0	13	0	0	0	0	0	20,036.2	5	1,312.5
Guilford	AS0033	Surgical Eye Center	0	4	0	0	0	0	0	949.0	5	1,312.5
Guilford	AS0063	Piedmont Surgical Center	0	2	0	0	0	0	0	963.6	6	1,312.5
Guilford	H0073	Kindred Hospital - Greensboro	0	0	1	0	0	0	0	284.2	4	1,500.0
Guilford	H0159	Cone Health	4	13	37	0	-1	-8	0	69,151.3	2	1,950.0
Guilford		Valleygate Dental Surgery Center of the Triad**	0	0	0	0	0	2	0	-	-	-
Guilford/Caswell Total			7	43	46	-1	-1	-6	0			
Halifax	H0230	Halifax Regional Medical Center	0	0	6	0	0	0	0	4,240.3	4	1,500.0
Halifax/Northampton Total			0	0	6	0	0	0	0			
Harnett	H0224	Betsy Johnson Hospital	0	0	7	0	0	0	0	4,013.7	4	1,500.0
Harnett Total			0	0	7	0	0	0	0			
Haywood	H0025	Haywood Regional Medical Center	0	0	7	0	0	0	0	6,652.0	4	1,500.0
Haywood Total			0	0	7	0	0	0	0			
Henderson	H0019	Park Ridge Health	1	0	6	-1	0	0	0	6,623.5	4	1,500.0
Henderson	H0161	Margaret R. Pardee Memorial Hospital	0	0	10	0	0	0	0	15,104.6	3	1,755.0
Henderson Total			1	0	16	-1	0	0	0			
Hertford	H0001	Vidant Roanoke-Chowan Hospital	1	0	5	-1	0	0	0	1,947.7	4	1,500.0
Hertford Total			1	0	5	-1	0	0	0			
Hoke	H0287	FirstHealth Moore Regional Hospital - Hoke Campus	0	0	1	0	0	1	0	222.8	4	1,500.0
Hoke	H0288	Cape Fear Valley Hoke Hospital	1	0	2	-1	0	0	0	725.0	4	1,500.0
Hoke Total			1	0	3	-1	0	1	0			
Iredell	H0248	Davis Regional Medical Center	1	0	5	-1	0	0	0	2,946.8	4	1,500.0
Iredell	H0259	Lake Norman Regional Medical Center	1	2	7	-1	0	0	0	9,810.0	4	1,500.0
Community Health Systems Total			2	2	12	-2	0	0	0			
Iredell	H0164	Iredell Memorial Hospital	1	0	10	-1	0	0	0	11,255.9	4	1,500.0

Attachment 2
2018 SMFP Table 6F:
Endoscopy Room Inventory

Table 6F: Endoscopy Room Inventory

(Case and Procedure Data for 10/01/2015 - 9/30/2016 as reported on 2017 Hospital and Ambulatory Surgical Facility License Renewal Applications)

License Number	Facility Name	County	Endoscopy Rooms	Adjustments for CONs	Endoscopy Cases	Endoscopy Procedures
AS0071	Fayetteville Gastroenterology Associates	Cumberland	4	0	10,473	10,776
H0275	Highsmith-Rainey Specialty Hospital	Cumberland	3	0	0	0
		Cumberland Total	16	0	20,441	21,930
H0273	The Outer Banks Hospital	Dare	2	0	808	0
		Dare Total	2	0	808	0
AS0146	Digestive Health Specialists	Davidson	2	0	2,040	2,257
H0027	Lexington Medical Center	Davidson	2	0	1,233	1,490
H0112	Novant Health Thomasville Medical Center	Davidson	1	0	611	632
		Davidson Total	5	0	3,884	4,379
H0171	Davie Medical Center	Davie	1	0	0	0
AS0139	Digestive Health Specialists PA	Davie	1	0	1,486	1,682
		Davie Total	2	0	1,486	1,682
H0233	Duke Regional Hospital	Durham	4	0	5,153	6,354
H0015	Duke University Hospital	Durham	10	1	12,563	19,920
AS0085	Triangle Endoscopy Center	Durham	4	0	4,287	5,284
		Durham Total	18	1	22,003	31,558
H0258	Vidant Edgecombe Hospital	Edgecombe	2	0	3	0
AS0127	Vidant Endoscopy Center	Edgecombe	1	0	975	993
		Edgecombe Total	3	0	978	993
AS0144	Digestive Health Endoscopy Center of Kernersville	Forsyth	2	0	3,096	3,359
AS0099	Digestive Health Specialists, P.A.	Forsyth	2	0	5,846	6,387
AS0074	Gastroenterology Associates of the Piedmont	Forsyth	4	0	10,116	12,380
AS0044	Gastroenterology Associates of the Piedmont	Forsyth	4	0	5,097	6,364
H0011	North Carolina Baptist Hospital	Forsyth	10	0	11,887	21,429
H0209	Novant Health Forsyth Medical Center	Forsyth	4	0	4,205	5,028
AS0125	Wake Forest Baptist Health Outpatient Endoscopy	Forsyth	2	0	1,994	2,263

Table 6F: Endoscopy Room Inventory

(Case and Procedure Data for 10/01/2015 - 9/30/2016 as reported on 2017 Hospital and Ambulatory Surgical Facility License Renewal Applications)

License Number	Facility Name	County	Endoscopy Rooms	Adjustments for CONs	Endoscopy Cases	Endoscopy Procedures
		Forsyth Total	28	0	42,241	57,210
H0261	Franklin Medical Center (closed)	Franklin	1	0	0	0
		Franklin Total	1	0	0	0
AS0135	CaroMont Endoscopy Center	Gaston	2	0	432	486
H0105	CaroMont Regional Medical Center	Gaston	6	0	4,344	5,749
AS0151	Greater Gaston Endoscopy Center	Gaston	2	0	4,594	6,009
		Gaston Total	10	0	9,370	12,244
H0098	Granville Health System	Granville	1	0	696	930
		Granville Total	1	0	696	930
AS0076	Bethany Medical Endoscopy Center	Guilford	2	0	2,107	0
H0159	Cone Health	Guilford	8	-1	4,476	5,103
AS0075	Eagle Endoscopy Center	Guilford	4	0	5,491	6,045
AS0009	Greensboro Specialty Surgical Center	Guilford	2	0	910	1,133
AS0113	Guilford Endoscopy Center	Guilford	2	0	2,647	3,956
AS0059	High Point Endoscopy Center	Guilford	3	0	5,712	7,806
H0052	High Point Regional Health	Guilford	2	0	1,564	1,951
AS0052	LeBauer Endoscopy Center	Guilford	3	1	6,673	7,218
		Guilford Total	26	0	29,580	33,212
AS0141	Halifax Gastroenterology	Halifax	2	0	1,772	1,782
H0230	Halifax Regional Medical Center	Halifax	1	0	496	567
		Halifax Total	3	0	2,268	2,349
H0224	Betsy Johnson Hospital	Harnett	2	0	0	0
		Harnett Total	2	0	0	0
H0025	Haywood Regional Medical Center	Haywood	3	0	2,447	3,248
		Haywood Total	3	0	2,447	3,248
AS0106	Carolina Mountain Gastroenterology Endoscopy Center	Henderson	2	0	5,609	6,324

Attachment 3
Pages from
2018 License Renewal Application
North Carolina Baptist Hospital

2018 Renewal Application for Hospital:
North Carolina Baptist Hospital

License No: H0011
 Facility ID: 943495

All responses should pertain to October 1, 2016 through September 30, 2017

9. Surgical Operating Rooms, Procedure Rooms, Gastrointestinal Endoscopy Rooms, Surgical and Non-Surgical Cases and Procedures

NOTE: If this License includes more than one campus, please copy pages 11-13 (through Section 9-g) for each site. Submit the Cumulative Totals and submit a duplicate of pages 11-13 for each campus.

Campus – if multiple sites: _____

a) Surgical Operating Rooms

A Surgical Operating Room is defined as a room “used for the performance of surgical procedures requiring one or more incisions and that is required to comply with all applicable licensure codes and standards for an operating room” (G.S. §131E-146(1c)). These surgical operating rooms include rooms located in both Obstetrics and surgical suites.

Type of Room	Number of Rooms
Dedicated Open Heart Surgery	
Dedicated C-Section	
Other Dedicated Inpatient Surgery (<i>Do not include dedicated Open Heart or C-Section rooms</i>)	4
Dedicated Ambulatory Surgery	
Shared - Inpatient / Ambulatory Surgery	36
Total of Surgical Operating Rooms	40

Of the Total of Surgical Operating Rooms, above, how many are equipped with advanced medical imaging devices (excluding mobile C-arms) or radiation equipment for the performance of endovascular, cardiovascular, neuro-interventional procedures, and/or intraoperative cancer treatments? Your facility may or may not refer to such rooms as “hybrid ORs.”	1
--	---

b) Gastrointestinal Endoscopy Rooms, Cases and Procedures

Report the number of Gastrointestinal Endoscopy rooms and the Endoscopy cases and surgical procedures performed only in these rooms during the reporting period.

Total Number of existing Gastrointestinal Endoscopy Rooms: _____ 10 _____

	Number of Cases Performed In GI Endoscopy Rooms <i>Count each patient as one case regardless of the number of procedures performed while in the GI endoscopy room.</i>		Number of Procedures* Performed in GI Endoscopy Rooms <i>The number of procedures must be greater than or equal to the number of cases.</i>	
	Inpatient	Outpatient	Inpatient	Outpatient
GI Endoscopy	1759	11,318	4,063	19,130
Non-GI Endoscopy	390	420	794	845

*As defined in 10A NCAC 14C .3901 “ ‘Gastrointestinal (GI) endoscopy procedure’ means a single procedure, identified by CPT code or [ICD-10-PCS] procedure code, performed on a patient during a single visit to the facility for diagnostic or therapeutic purposes.”

c) Procedure Rooms (Excluding Operating Rooms and Gastrointestinal Endoscopy Rooms)

Report rooms, which are not licensed as operating rooms or GI endoscopy rooms, but that are used for performance of surgical procedures other than Gastrointestinal Endoscopy procedures.

Total Number of Procedure Rooms: _____ 4 _____

2018 Renewal Application for Hospital:
North Carolina Baptist Hospital

License No: **H0011**
 Facility ID: **943495**

All responses should pertain to October 1, 2016 through September 30, 2017.

Campus - if multiple sites: _____

d) Surgical Cases by Specialty Area Table

Enter the number of surgical cases performed in licensed operating rooms only, by surgical specialty area. Count each patient undergoing surgery as one case regardless of the number of surgical procedures performed while the patient was having surgery. Categorize each case into one specialty area - the total number of surgical cases is an unduplicated count of surgical cases. Count all surgical cases performed only in licensed operating rooms. The total number of surgical cases should match the total number of patients listed in the Patient Origin Tables on pages 28 and 29.

Surgical Specialty Area	Inpatient Cases	Ambulatory Cases
Cardiothoracic (excluding Open Heart Surgery)	1,111	49
Open Heart Surgery (from 8.(a) 4. on page 9)	724	
General Surgery	1,986	2,884
Neurosurgery	1,963	1,116
Obstetrics and GYN (excluding C-Sections)	365	1,110
Ophthalmology	81	1,697
Oral Surgery/Dental	34	282
Orthopedics	3,282	4,104
Otolaryngology	762	3,087
Plastic Surgery	1,448	1,791
Podiatry	26	65
Urology	764	3,421
Vascular	1,032	555
Other Surgeries (specify)	2,112	759
Number of C-Sections Performed in Dedicated C-Section ORs		
Number of C-Sections Performed in Other ORs	12	
Total Surgical Cases Performed Only in Licensed ORs	14,392	20,000

★ e) Number of surgical procedures performed in unlicensed Procedure Rooms: 4462

f) Non-Surgical Cases by Category Table

Enter the number of non-surgical cases by category in the table below. Count each patient undergoing a procedure or procedures as one case regardless of the number of non-surgical procedures performed. Categorize each case into one non-surgical category - the total number of non-surgical cases is an unduplicated count of non-surgical cases. Count all non-surgical cases, including cases receiving services in operating rooms or in any other location, *except* do not count cases having endoscopies in GI Endoscopy rooms. Report cases having endoscopies in GI Endoscopy Rooms on page 11.

Non-Surgical Category	Inpatient Cases	Ambulatory Cases
Pain Management	1	733
Cystoscopy		
Non-GI Endoscopies (not reported in 9.b on page 11)		
GI Endoscopies (not reported in 9.b on page 11)		
YAG Laser		
Other (specify) (ENT, GYN, OPHTH, ORTHO, UROLOGY)	1	1,245
Total Non-Surgical Cases	2	1,978

★ WFBH has defined "surgical procedure" using the Truven Health definition of encounters with ICD9 revenue codes 0360-0369. WFBH pulled total activity (54,721 encounters for NCBH) and then subtracted from the total activity reported in

tables 9b(cases), 9d, and 9f. The balance is the

2018 Renewal Application for Hospital:
North Carolina Baptist Hospital

License No: H0011
 Facility ID: 943495

All responses should pertain to October 1, 2016 through September 30, 2017

Campus – if multiple sites: _____

For questions regarding this page, please contact Healthcare Planning at 919-855-3865.

g. Average Operating Room Availability and Average Case Times

Based on your facility's experience, please complete the table below by showing the averages for all licensed operating rooms in your facility. Healthcare Planning uses this data in the operating room need methodology. Average case times should be calculated, not estimated. When reporting case times, be sure to include set-up and clean-up times.

Average Hours per Day Routinely Scheduled for Use *	Average Number of Days per Year Routinely Scheduled for Use	Average "Case Time" ** in Minutes for Inpatient Cases	Average "Case Time" ** in Minutes for Ambulatory Cases
10.51	253	233.8	118.7

* Use only Hours per Day routinely scheduled when determining the answer. Example:

A facility has 3 ORs: 2 are routinely scheduled for use 8 hours per day, and 1 is routinely scheduled for use 9 hours per day.

2 rooms	x	8 hours	=	16 hours	
1 room	x	9 hours	=	9 hours	
Total hours per day				25 hours	
					25 hours divided by 3 ORs
					= 8.3 Average Hours per day
					Routinely Scheduled for Use

** "Case Time" = Time from Room Set-up Start to Room Clean-up Finish. Definition 2.4 from the "Procedural Times Glossary" of the AACD, as approved by ASA, ACS, and AORN. NOTE: This definition includes all of the time for which a given procedure requires an OR. It allows for the different duration of Room Set-up and Room Clean-up Times that occur because of the varying supply and equipment needs for a particular procedure.

Attachment 4
North Carolina Baptist Hospital
CON Application, Page 50

Section C – “Criterion (3)” and Rules

NCBH Four Incremental ORs

**Table C.9.6
 NCBH Projected Surgical Hours**

Fiscal Year		Total Cases	Total Hours	Annual % Δ
Historic	FY 2015	34,205	96,411.5	
	FY 2016	34,260	96,279.8	-0.1%
	FY 2017	34,853	98,182.9	2.0%
Interim	FY 2018	34,026	95,950.1	-2.3%
	FY 2019	32,167	92,609.6	-3.5%
	FY 2020	32,489	93,537.0	1.0%
	FY 2021	32,814	94,472.3	1.0%
	FY 2022	33,143	95,419.5	1.0%
	FY 2023	33,474	96,372.7	1.0%
	FY 2024	33,809	97,337.7	1.0%
Project Years	FY 2025	34,147	98,310.6	1.0%
	FY 2026	34,489	99,295.3	1.0%
	FY 2027	34,834	100,288.0	1.0%
<i>Volume Change FY 2017 – 2027</i>			2,105	
<i>Growth Factor</i>			2.14%	
<i>CAGR</i>			0.21%	

- f. **Divide each facility’s Projected Surgical Hours for 2020 by the Standard Hours per Operating Room per Year (based on group assignment) to determine the “Projected Surgical Operating Rooms Required in 2020.”**

As demonstrated in response to Questions C.6(b) and C.6(c)(i) and Step 4d of the SMFP OR Need Methodology in response to Question C.6(a), NCBH is in Group 1. The standard hours per OR per year for Group 1 are 1,950. The total surgical hours projected for NCBH from Table C.9.6 are divided by the standard hours per OR per year of 1,950 to determine the NCBH OR need.

**Table C.9.7
 NCBH Projected ORs Required by Project Year 3**

Year	Case Volume	Surgical Hours	OR Need
Interim	FY 2018	34,026	49.2
	FY 2019	32,167	47.5
	FY 2020	32,489	48.0
	FY 2021	32,814	48.4
	FY 2022	33,143	48.9
	FY 2023	33,474	49.4
	FY 2024	33,809	49.9
Project Years	FY 2025	34,147	50.4
	FY 2026	34,489	50.9
	FY 2027	34,834	51.4

Step 6 – Determination of Health System Deficit/Surplus

Attachment 5

CON

Comparison

CON Application Comparison

North Carolina Baptist Hospital Project I.D. # G-011519-18				Novant Health Forsyth Medical Center Project I.D. # G-011517-18			
	Last Historical Full FY	First Full Project FY	Change	Last Historical Full FY	First Full Project FY	Change	
Form C - Utilization				Form C - Utilization			
Time Period	7/1/2016 - 6/30/2017	7/1/2024 - 6/30/2025	7 Years	10/1/2016 - 9/30/2017	1/1/2021 - 12/31/2022	5 Years	
# OR	47	51	4	22	22	0	
IP Cases	14,825	15,569	744	9,171	9,839	668	
OP Cases	20,028	18,578	-1,450	5,320	6,341	1,021	
Total Cases	34,853	34,147	-706	14,491	16,180	1,689	
Form H - Staffing				Form H - Staffing			
	Current	First Full Project FY	Change	Current	First Full Project FY	Change	
FTEs	536.3	609.2	72.9	246.6	265.1	18.5	
Salaries	\$37,470,885	\$45,692,461		\$14,235,060	\$17,684,695		
Salary/FTE	\$69,869	\$75,004		\$57,718	\$66,707		
Form F3 - Revenues and Operating Expenses				Form F3 - Revenues and Operating Expenses			
	Last Historical Full FY	First Full Project FY	Change	Last Historical Full FY	First Full Project FY	Change	
Time Period	7/1/2016 - 6/30/2017	7/1/2024 - 6/30/2025		1/1/2017 - 12/31/2017	1/1/2021 - 12/31/2022		
Revenues	\$2,136,622,518	\$3,212,431,050	\$1,075,808,532	\$685,299,012	\$837,748,343	\$152,449,331	
Revenue per Case	\$61,303.83	\$94,076.52	\$32,773	\$47,291.35	\$51,776.78	\$4,485	
Increase in Charges			53%			9%	
Deductions	\$1,501,323,663	\$2,399,758,372		\$495,303,473	\$604,482,628		
Net Revenue	\$635,298,855	\$812,672,678		\$189,995,539	\$233,265,715		
Net Revenue per Case	\$18,228	\$23,799		\$13,111	\$14,417		
Capital Cost (Form F1.a)		\$10M			\$4.2M		

Note: NHFMC will shift 2 ORs to NHCOS in July 2019, leaving a total of 20 ORs at NHFMC until Project Year 1.

Attachment 6

Comparison of Surgical Case Mix

Attachment 6

Comparison of Surgical Case Mix Index Novant Health Forsyth Medical Center and North Carolina Baptist Hospital

Hospital Name	Year						CAGR
	2012	2013	2014	2015	2016	2017	
North Carolina Baptist Hospital	3.29	3.36	3.35	3.38	3.39	3.46	1.0%
Novant Health Forsyth Medical Center	2.88	2.95	3.02	3.17	3.17	3.28	2.7%

Source: Truven data