

July 2, 2018

COMMENTS IN OPPOSITION FROM NOVANT HEALTH, INC.

**Regarding OrthoCarolina and Compass Surgical Partner's
Triad Center for Surgery CON Application,
Project I.D. # G-011513-18 to Develop 2 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 ambulatory surgery centers and not as hospital outpatient departments. The same will be true for Novant Health Clemmons Outpatient Surgery (“NHCOS”) when it opens in 2019.

THE NHCOS APPLICATION IS LESS COSTLY AND MORE EFFECTIVE THAN ORTHOCAROLINA’S APPLICATION

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

In a competitive review, Novant Health’s application to add two ORs to Novant Health Clemmons Outpatient Surgery, LLC (NHCOS) is superior to the Triad Center for Surgery application of OrthoCarolina and Compass Surgical Partners to renovate the space currently leased by Novant Health Orthopedic Outpatient Surgery (NHOOS) for two ORs and three procedure rooms. The Novant Health application is superior in these ways.

- The project cost is less
- The Novant Health ORs will be placed in service sooner
- The Novant Health project will provide more benefits to underserved populations
- As a multi-specialty ASF, the four OR NHCOS is a more flexible and cost effective alternative than the OrthoCarolina proposal

Project Cost. The cost to add two ORs in facilities paid as ASFs by Medicare is \$3.1 million for the Novant Health application and \$7.2 million for the OrthoCarolina application.¹ Both are finishing out space in existing structures. An important reason for the difference in cost is the support spaces for the Novant Health ORs were part of the costs already incurred for NHCOS. Another reason is the Novant Health ORs will be in a new structure that meets all current building and life safety code requirements. OrthoCarolina must bring 14,700 square feet of older space up to current code requirements. The Novant Health application supplies two of the ORs needed in Forsyth County more economically than OrthoCarolina.²

¹ CON Application G-011518-18, Form F1a Capital Cost. CON Application G-011513-18, Form F1a Capital Cost.

² The Moses Cone application for a two OR surgery center in Kernersville costs \$12.7 million and is the most expensive of the outpatient surgery center applications. Novant Health has filed separate comments on the Moses Cone application.

In Service Date. The first two ORs at NHCOS will be placed in service on July 1, 2019. As reflected in the projections for NHCOS in Project I.D. #G-11300-17, outpatient surgical volume from Novant Health Orthopedic Outpatient Surgery (“NHOOS”) is expected to shift to NHCOS when NHOOS closes and NHCOS opens in July 2019.³ Novant Health’s lease at 180 Kimel Park extends to January 31, 2020. Assuming the current NHCOS application is approved and there is no appeal, the additional two ORs at NHCOS will be in service on April 1, 2020. The additional two ORs can be finished and equipped without disrupting surgeries and other procedures at NHCOS. The OrthoCarolina ORs will not be in service until January 1, 2021.⁴

OrthoCarolina was consulted in the fall of 2016 about the possible relocation of the NHOOS ORs to NHCOS. Because about half the OrthoCarolina physicians who perform surgery at 180 Kimel Park live in the Clemmons area and because more of their patients come from the Clemmons zip code 27012 than any other, OrthoCarolina physicians supported the NHCOS application. Drs. Daniel Biggerstaff, William L. Craig, III, David V. Janeway, Michael Lauffenburger and John E. Ritchie wrote letters of support.⁵ With NHCOS under construction and scheduled to open in July 2019, their support for a competing application in which some have an ownership interest undermines a state-approved project.

Benefits to Underserved Populations. The Novant Health application will provide more benefits to self-pay, charity care and Medicaid patients than the OrthoCarolina application. The table below compares the payor mix in the two applications. Some variation reflects the mix of specialties. For instance, a higher percentage of ophthalmic procedures tends to increase the Medicare percentage. The self-pay, charity care and Medicaid are usually considered the underserved populations. NHCOS projects serving 6.80% of patients compared to OrthoCarolina’s 5.39%.

Payor	Novant Health ⁶	OrthoCarolina ⁷
Self-pay	1.50	1.02
Charity Care		0.77
Medicaid	5.30	3.60
Medicare	44.20	50.27
Commercial Insurance	44.40	36.68
Workers’ Compensation	4.60	3.41
TRICARE		1.25
Other		3.0
Total	100.00	100.00

³ Novant Health Clemmons Outpatient Surgery, LLC 2018 CON Application G-011518-18, Section P Timetable

⁴ Triad Center for Surgery CON Application G-011513-18, Section P Timetable

⁵ Novant Health Clemmons Outpatient Surgery, LLC 2018 CON Application G-011300-17, Exhibit 4, Letters of Support

⁶ Novant Health Clemmons Outpatient Surgery, LLC 2018 CON Application G-011518-18, page 75

⁷ Triad Center for Surgery CON Application G-011513-18, page 85

OrthoCarolina has not always met its commitments for services to underserved populations. In Mecklenburg County, OrthoCarolina was approved for a single specialty ambulatory surgery facility demonstration project called University Surgery Center (dba Mallard Creek Surgery Center). As outlined in the 2010 State Medical Facilities Plan, the demonstration project required that the percentage of the facility's total collected revenue that is attributed to self-pay and Medicaid revenue shall be at least seven percent. OrthoCarolina was unable to meet the requirement and in July 2017 petitioned the State Health Coordinating Council to reduce the requirement to five percent and change the calculation to be easier to meet.⁸ Novant Health opposed the petition because OrthoCarolina did not show a diligent effort to meet the requirement.⁹ Ultimately, the request to reduce the percentage of revenue attributable to self-pay and Medicaid from 7% to 5% was denied and the calculation was modified to exclude the revenue from procedures that do not yet have a Medicare allowable amount or are not currently ASF approved by Medicare from the denominator.¹⁰

OrthoCarolina has no meaningful charity care policy. The OrthoCarolina policy gives no assurance it will provide any charity care or discounts. The two page document included with the exhibits to the application indicate the decision to provide charitable care shall be made on a case-by case basis by the administrator with no criteria for evaluating requests for charity care.¹¹ The contrast with Novant Health's charity and financial assistance policies is stark. Novant Health determines eligibility for discounts and free care based on household income and patient responsibility if insured.¹² The charity care policies are Attachment 3 to this letter.

Since all surgeries at an ASF are non-emergent scheduled procedures, there are no unfunded patients unless the physician first agrees to donate his or her services. The medical staff of NHCOS includes physicians employed by Novant Health whose services are covered by the same Novant Health charity care policy as the facility. This arrangement gives the State greater assurance underserved patients in need of non-emergent surgery will receive it.

ASF Economies of Scale. Expanding NHCOS to a four-OR ASF is more cost effective than two two-OR ASFs. A multi-specialty ASF with two ORs can operate efficiently and increase surgeon productivity compared to mixed use ORs in hospitals. However, if the population base and physician support is sufficient to support four ORs in the ASF even greater efficiencies become possible. Where there is substantial overlap between medical staffs and

⁸ OrthoCarolina, Petition regarding Community Benefit Requirement for North Carolina Single Specialty Ambulatory Surgery Facility Demonstration Project

⁹ Letter from Leslie Barrett to Christopher Ullrich, MD, August 8, 2017.

¹⁰ Acute Care Services Committee Minutes. NC Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section. September 12, 2017

¹¹ Triad Center for Surgery CON Application G-011513-18, Exhibit B.3(a)

¹² Novant Health Clemmons Outpatient Surgery, LLC CON Application G-011518-18, Exhibit C-8

service areas as here, one four-OR ASF is preferable to two two-OR ASFs. There are economies of scale in:

- front office and back office support staff
- operating room equipment
- supply inventories
- ability to provide surgeons with multi-room block time
- utilities, maintenance and other facility operating expenses

Approval of the NHCOS application will lead to more cost-effective care than approval of the OrthoCarolina ASF.

For all the reasons in this comment, Novant Health respectfully requests the State to approve the NHCOS 2018 application for two multi-specialty outpatient ORs and deny the OrthoCarolina (Triad Center for Surgery) application for two multi-specialty outpatient ORs.

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
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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 ICD-9 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			
Form C - Utilization	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	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	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	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