

Acute Care Beds

Petition:

AC Beds Petition 2: Novant Health



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August 1, 2008

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DFS Health Planning
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Medical Facilities
PLANNING SECTION

RE: 2009 Proposed State Medical Hospitals Plan: Petition for Adjusted Bed Need in Two Urban Counties– Forsyth and Mecklenburg Counties

Statement of Requested Adjustment

Novant Health is submitting this petition for an adjusted bed need in Forsyth and Mecklenburg Counties. As you are aware, Novant Health is one of the largest providers of inpatient hospital care in North Carolina. Currently Novant wholly owns and operates nine hospitals in HSAs II, III, and V¹ and owns a minority interest in additional four hospitals in HSAs III, IV, and V². Of the existing hospitals, four are located in Mecklenburg County in HSA III and two are located in Forsyth County in HSA II. In addition, Novant has received Certificate of Need approval for two additional community hospitals which currently are under development in Forsyth County and in Mecklenburg County.

¹ In HSA II the non-profit Novant Health hospitals are: Forsyth Medical Center, Medical Park Hospital and Thomasville Medical Center; Kernersville Medical Center is CON-approved and under development. In HSA III the non-profit hospitals are: The Presbyterian Hospital, Presbyterian Orthopaedic Hospital, Presbyterian Hospital Matthews, Presbyterian Hospital Huntersville, and Rowan Regional Medical Center; Presbyterian Hospital Mint Hill is CON-approved and under development. In HSA V, the non-profit Novant Health hospital is Brunswick Community Hospital.

² Novant Health owns a 27% interest in the following HMA hospitals: Lake Norman Regional Medical Center (HSA III); Davis Memorial Hospital (HSA III); Franklin Regional Medical Center, Louisburg, NC (HSA IV); and Sandhills Regional Medical Center (HSA V).

Reasons for the Proposed Adjustment

The SMFP Acute Bed Days Growth Rate is Too Low and Does Not Reflect the Actual Demand for Inpatient Beds in Fast-Growing Urban Markets

The total actual annual growth in inpatient days for all hospitals in HSA II and HSA III, as well as in Forsyth and Mecklenburg Counties, exceeded the Applied Statewide Growth Factor in Chapter 5 (Acute Care Hospital Beds) in both the 2007 and the 2008 State Medical Facilities Plans³. The Applied Statewide Growth Factor is the statewide annual average inpatient day growth rate that is a key element in the state’s formula new acute bed need determinations set forth in Chapter 5 of each year’s SMFP. For the proposed 2009 SFMP the Applied Statewide Growth Factor is 0.01% and in the 2008 and 2007 SMFPs, the Applied Statewide Growth Factors have been 0.47% and 1.58% respectively. During the three most recent SMFP years, the Applied Statewide Growth Factor has been declining and thus, new acute bed need determinations in many fast-growing urban counties have been lagging behind the actual market demand for new beds.

The following table shows:

- the historical SMFP Applied Statewide Growth Factor for patient days used in the state’s county-level new acute bed need determination formula for the 2007-2009 SMFPs
- the actual average patient day growth rates for HSAs II and III over consecutive three-year periods
- actual average patient day growth rates for all hospitals in the urban counties of Mecklenburg and Forsyth over consecutive three-year periods, and
- actual average patient day growth rates for Novant hospitals located in Mecklenburg and Forsyth Counties over consecutive three-year periods.

Historical Patient Day Growth Rates

	HSA II			HSA III		
	2007 SMFP- Three Yr Avg Growth 2002 - 2005	2008 SMFP Three Yr Avg Growth 2003 - 2006	Proposed 2009 SMFP Three Yr Avg Growth 2004 - 2007	2007 SMFP- Three Yr Avg Growth 2002 - 2005	2008 SMFP Three Yr Avg Growth 2003 - 2006	Proposed 2009 SMFP Three Yr Avg Growth 2004 - 2007
SMFP Acute Bed Need – Applied Statewide Growth Factor	1.58%	0.47%	0.01%	1.58%	0.47%	0.01%
HSA Actual Growth	2.0%	0.9%	1.0%	1.8%	1.4%	2.0%
Forsyth County	2.3%	2.2%	2.1%			
Mecklenburg County				0.9%	2.4%	3.6%
Novant Facilities	2.5%	1.5%	1.6%	2.6%	5.7%	8.5%

Source: Attachment 1

For the past three years, the actual historical patient day growth rates for each HSA, whether measured across the Health Service area, at the County level, or considering only Novant hospitals, are consistently higher than the statewide average patient day growth rates used in the SFMP annual

³ In the 2007 SMFP the average annual statewide patient day growth rate (“the Applied Statewide Growth Factor”) was set at 1.58%; in the 2008 SMFP the average annual statewide patient day growth rate (“the Applied Statewide Growth factor”) was set at 0.47%.

bed need determinations. The table above clearly illustrates that the patient days provided in the urban area hospitals in Forsyth and Mecklenburg Counties are growing at a markedly faster rate than the SMPF's Applied Statewide Growth Factor. Also reflected in the previous table, actual acute patient day growth rates in HSA II and HSA III have exceeded the growth rate utilized in the 2007 and 2008 SMFPs, and are currently exceeding the proposed growth rate in the Proposed 2009 SMFP.

In previous SMFPs, the growth rates, even though low, had resulted in a projected need for new acute beds in the HSAs and in Mecklenburg and Forsyth Counties. As a result of the exceedingly low patient day rate proposed in the 2009 SMFP, limited bed need for 30 new beds has been identified in only one of North Carolina's 100 counties. Previously, Novant facilities, and other hospitals in the HSAs had available bed capacity to work around the slower growth rate element of the state's acute bed need formula. However, the demand for inpatient care has caught up with and surpassed the supply of available beds in urban counties of Forsyth and Mecklenburg.

More over, North Carolina's population is one of the fastest growing in the United States and has shown consistent increases in population over the past 20 years (1990-2007), from a statewide population of 6.67 Million in 1990 to a statewide population of 9.1 Million in 2007. North Carolina's average annual population growth rate has ranged from 1.4% to 2.3%. In recent years North Carolina's population growth has been 1.65% in 2004, 2.2% in 2005, and 2.3% in 2005. (Source: NC Office of Budget & Management population information). Curiously, North Carolina's SMFP Applied Statewide Growth Factor for patient days used to determine new bed need is going in the exact opposite direction as the North Carolina population growth rate.

The demand for inpatient beds in Mecklenburg and Forsyth Counties, two of the state's largest urban areas, is further illustrated by the competition for the limited number of available new acute beds specified in recent SMFPs. For example, in October 2007 both Forsyth Medical Center and WFU/Baptist Medical Center filed competing applications for the 26 new acute beds identified for Forsyth County in the 2007 SMFP. The CON Section's recommended decision was to award 13 beds to each applicant and both parties appealed the decision. Again in May 2008, three CON applications were filed for the 27 new acute beds specified in the 2008 SMFP as needed in Mecklenburg County. Presbyterian Healthcare filed two CON applications to place 12 beds at Presbyterian Hospital Matthews and 15 beds at Presbyterian Hospital Huntersville. CMC filed to place 27 beds at CMC-Downtown. The CON decision in this competitive review is not due to be issued until the last week of October 2008. Whatever the outcome, it is likely that CON litigation will ensue. As a result, the demand for beds is even greater as the development of new beds now is halted due to Certificate of Need appeals.

In a recent Certificate of Need application submitted by Carolinas Medical Center in HSA III, CMC made a similar comparison to show that the "CMC Bed Deficit [is] understated by the 2008 SMFP." (Project I.D. F-#8127-08, CMC CON application, Section III, pages 71-81 & Exhibit 38) Relevant sections of the CMC application are included in Attachment 4.

Today's Acute Inpatient Days of Care (CY 2007) Provided in Forsyth & Mecklenburg Counties Are Already Greater Than the 2009 SMFP Projected Patient Days for FFY 2013

Both Novant Health and the Carolinas Health System have prepared analyses that demonstrate how their current acute inpatient days (CY 2007) in the Mecklenburg County area are already greater

than the 2009 SMFP Projected Patient Days for FFY 2013. In other words, in Mecklenburg County, *today* CMC hospitals and Novant hospitals are already serving more patient days than the state's 2009 bed need plan projects they would be serving in 2013. In addition, in Forsyth County, *today* NCBH and Novant hospitals are already serving more patient days than the state's 2009 bed need plan projects they would be serving in 2013.

Novant Health compared the State's 2013 projected patient days for its hospitals in Mecklenburg and Forsyth Counties to actual calendar year 2007 patient days data using internal Trendstar data. The comparison to the state's projected bed days for 2013 is used, as the proposed 2009 SMFP projects patient days off of an FFY 2007 base year forward for six years to 2013. Trendstar data is the basis for all inpatient days data reported by Novant Health to Thomson/Solucient. This Solucient/Thompson data is included in the North Carolina Hospital Inpatient Days Database, which the Sheps Center generates annually for the annual SMFP new acute bed need planning process.

Comparison Actual CY 2007 to Projected 2013

Hospital	CY 2007	Proposed 2009 SMFP Projected 2013	Actual 07 vs. Projected 2013	
HSA II				
FMC	209,999	208,452	A>P	1547
MPH	5,685	5,687	A=P	-2
TMC	13,460	13,506	A<P	-46
Novant HSA II	229,144	227,646	A>P	1498
HSA III				
TPH	161,158	159,234	A>P	1924
Matthews	29,002	27,424	A>P	1578
Huntersville	16,965	16,003	A>P	962
Orthopaedic	13,059	12,923	A>P	136
Novant HSA III	220,184	215,584	A>P	4600

Source: Attachment 2

Key: A= Actual 2007 pt days P=Projected 2013 days using state's 0.01% growth rate

As reflected in the following table, actual patient day utilization for Calendar Year 2007 in all HSA III Novant hospitals already has exceeded, by 4,600 patient days, the projected patient days for 2013 included in the Proposed 2009 SMFP. In HSA II the actual CY 2007 utilization at FMC also has surpassed, by 1,547 patient days, the state's projected 2013 patient days. And the CY 2007 patient days for Novant three existing HSA III hospitals are higher than projected future days in FFY 2013 by 1,498 days. If actual days of care already provided to patients are clearly and verifiably greater than future projected bed need using the bed need formula in the 09 SMFP, then the application of this bed need formula is artificially suppressing the demand for beds in both Mecklenburg and Forsyth Counties.

Each year The Sheps Center the inpatient days dataset when generating the North Carolina Hospital Inpatient Days Database to be used by the state for the annual SMFP bed need planning process. The result can be that actual Trendstar inpatient days data can be greater than the final FFY Solucient/Thompson data included in the annual SMFP. Therefore, Novant compared adjusted Trendstar data to the projected 2013 SMFP data to determine the reasonableness of the proposed growth rate. See Attachment 2 for the adjustment calculation. The following table reflects adjusted

calendar year 2007 Trendstar data compared to the 2013 Projected Bed Need for its hospitals in Mecklenburg and Forsyth Counties included in the Proposed 2009 SMFP.

Comparison Adjusted* CY 2007 to Projected 2013

Hospital	CY 2007	Proposed 2009 SMFP Projected 2013
HSA II		
FMC	207,280	208,452
MPH	5,678	5,687
TMC	13,219	13,506
Novant HSA II	226,177	227,646
HSA III		
TPH	159,302	159,234
Matthews	28,548	27,424
Huntersville	16,414	16,003
Orthopaedic	13,038	12,923
Novant HSA III	217,302	215,584

Source: Attachment 2

*Note: "Adjusted" means actual patient days adjusted by percent of (Trendstar pt days/SMFP pt days)

As reflected in the following table, adjusted CY 2007 patient day utilization in all Novant hospitals in HSA III still exceeds the projected patient days for 2013 included in the Proposed 2009 SMFP by 1,720 days. In HSA II adjusted utilization at FMC is slightly less (1,170 days) than the projected FFY 2013 patient days. See Attachment 2 for the calculations. However, it is not reasonable to assume that patient days at FMC will grow only 1,172 days over the 6-year SMFP bed need planning horizon. That would be a patient days growth rate of only 0.09% per year. As demonstrated above in the Historical Patient Day Growth Rates table in this petition, actual historical patient day growth rates in both urban areas are higher than the state's Applied Statewide Growth Factor in the acute bed need formula.

Statement of the Requested Adjustment to the 2009 SMFP

Novant Health requests an adjusted bed need determination for Mecklenburg and Forsyth Counties based upon the HSA-specific patient day growth rate rather than on the North Carolina statewide average acute inpatient days growth rate of 0.01%. The following table illustrates the impact of this request.

Proposed Bed Need Forsyth and Mecklenburg Counties

Hospital	Proposed 2009 SMFP - FFY 2007 Thomson Patient Days	Projected 2013 Patient Days*	ADC	Target Planning Occupancy Rate	Acute Bed Need	Licensed and CON Approved Beds	Additional Bed Need/Surplus	System Bed Need
HSA II- at 1% annual inpatient days growth rate								
<i>Forsyth County</i>								
NC Baptist Hospital	213,567	226,928	621.7	75.2%	827	789	38	38
FMC	208,327	221,360	606.5	75.2%	806	790	16	
MPH	5,684	6,040	16.5	66.7%	25	22	3	19
Total Bed Need								57
Pending CON Decisions								
2009 SMFP Bed Need Forsyth County								-26
								31
HSA III-at 2% annual inpatient days growth rate								
<i>Mecklenburg County</i>								
CMC-Mercy/Pineville	56,294	57,432	157.3	71.4%	220	294	-74	
CMC-University	21,378	21,810	59.8	66.7%	90	130	-40	
CMC	228,343	232,960	638.2	75.2%	849	795	54	-60
TPH	159,139	162,357	444.8	75.2%	592	539	53	
PHH	15,993	16,316	44.7	66.7%	67	50	17	
PHM	27,408	27,962	76.6	66.7%	115	102	13	
PHMH		0	0.0	75.2%	0	0	0	
POH	12,915	13,176	36.1	66.7%	54	14	40	123
Total Bed Need								123
Pending CON Decisions								
2009 SMFP Bed Need Mecklenburg County								-27
								96

Source: Attachment 3

Note: for HSA II the average annual inpatient growth rate (based on 3-years of data) is 1.0% (rather than 0.01%)

For HSA III the average annual inpatient growth rate (based on 3-years of data) is 2.0% (rather than 0.01%)

See Attachment 1 for calculation of these HSA growth rates based on actual days of care provided in the HSAs

Projections for Forsyth County and Mecklenburg County in the previous table were based upon the an average of three year's actual growth of patient days in HSA II and HSA III from FFY 2004 through FFY 2007 as previously discussed. The resulting impact is a need for 31 additional acute care beds in HSA II and a need for 96 additional acute care beds in HSA III.⁴ The proposed 2009 SMFP shows a need for 0 new acute beds in Forsyth County and 30 new acute beds in Mecklenburg County.

⁴ The proposed 2009 SMFP suggests a Mecklenburg County bed need of 30 new acute beds. The proposed 2009 SMFP suggests a bed need of 0 new acute beds.

The growth rates proposed by Novant, for the adjusted bed need for Forsyth and Mecklenburg Counties are based upon the actual utilization of inpatient beds by all hospitals within each HSA. In addition, as reflected in the following table, projected population growth in Forsyth and Mecklenburg Counties exceeds the growth rates used for the revised urban new acute bed projections. Thus, the growth rates used to project an adjusted bed need are conservative.

Population Growth

	2008	2009	2010	2011	2012	2013
FORSYTH	344,311	349,449	353,998	358,754	363,510	368,266
Annual Growth		1.5%	1.3%	1.3%	1.3%	1.3%
MECKLENBURG	892,606	919,372	943,079	967,901	992,723	1,017,545
Annual Growth		3.0%	2.6%	2.6%	2.6%	2.5%

Source: NC Office State Demographics

Adverse Effects on the Populations in Forsyth County and in Mecklenburg County if the Adjustment Is Not Made

Forsyth County

As demonstrated above, over the next SMFP bed need six-year planning horizon, the urban county population growth rate (of 1.3% to 1.5% annually) in Forsyth County is 130 to 150 times greater than the SMFP's annual average annual statewide patient day growth rate of 0.01%. It appears that the 0.01% average annual statewide patient day growth rate in the proposed 09 SMFP (as calculated by The Shep Center) materially underestimates the future growth in demand for inpatient services in the urban counties, such as Forsyth County. The 0.01% growth rate is the lowest patient day growth rate ever published in the Acute Bed Chapter of the SMFP. Past SFMP average annual patient day growth rates have been declining dramatically in each of the past three SMFPs (2006 SMFP through proposed 2009 SMFP), even as the population in Forsyth County has continued to grow.

SMFP Year	2004 SMFP	2005 SMFP	2006 SMFP	2007 SMFP	2008 SMFP	2009 SMFP Proposed	TOTAL
SMFP Base Year Data	FFY 2002	FFY 2003	FFY 2004	FFY 2005	FFY 2006	FFY 2007	
6-Year Growth Horizon for Bed Need	FFY2002-FFY 2008	FFY 2003-FFY 2009	FFY 2004 – FFY 2010	FFY 2005-FFY 2011	FFY 2006-FFY 2012	FFY 2007-FFY 2013	
<i>Inpt Day Avg Statewide Growth Rates</i>	1.35%	1.15%	1.52%	1.58%	0.47%	0.01%	
Forsyth County Population Growth	1.2%	1.3%	1.4%	1.5%	1.5%	1.5%	

Adverse Effects: Forsyth County

If additional acute inpatient beds are not available for approval in next year's SMFP, potential bottlenecks in inpatient admissions will occur at the Forsyth County acute care hospitals. When this occurs, patients may find themselves waiting for admission in triage rooms, recovery rooms, and the emergency department. ED visits have been increasing at the emergency departments of Forsyth County hospitals, and in particular at Forsyth Medical Center. Since about 20% of FMC's ED visits become inpatient admissions, the growth in ED visits also drives the demand for inpatient admissions at FMC.

Projected and Actual FMC ED Utilization FMC ED Utilization

Calendar Yr	2003	2004	2005	2006	2007	2008*
Actual FMC ED Visits	76,329	75,807	85,922	92,149	94,848	98,241
Annual Growth Rate		-0.68%	+13.4%	+7.2%	+2.9%	+3.6%

Source: FMC Financial Data Systems; see FMC's Clemmons Medical Center CON Application filed 7/15/08 at page 114-166 (Project I.D. #G-8165-08)

**2008 Annualized based upon Jan-Apr utilization*

Forsyth County Alternatives

FMC's patients and medical staff would be faced with holding inpatient admissions in the emergency department until an inpatient bed becomes available, which is less than optimal for the patient, the family, and the physicians. In the alternative, FMC could seek approval from DHR Licensure and Certification Section to temporarily license 10% more acute beds. See 10A NCAC 31B.3111. However, this would only be a short-term band-aid solution rather than a longer-term, sustainable solution. FMC did seek the state's approval within the past few years for a temporary increase in acute licensed beds. The more appropriate and lasting solution is to use an adjusted patient day growth rate based on patient days in HSA II, which includes Forsyth County, and thus captures the growth of the population in the more urban Forsyth County.

Mecklenburg County

As demonstrated above, over the next SMFP bed need six-year planning horizon, the urban county population growth rate (of 2.5% to 3.0% annually) in Mecklenburg County is 250 to 300 times greater than the SMFP's annual average annual statewide patient day growth rate of 0.01%. It appears that the 0.01% average annual statewide patient day growth rate in the proposed 09 SMFP (as calculated by The Shep Center) materially underestimates the future growth in demand for inpatient services in the urban counties, such as Mecklenburg County. Mecklenburg County has consistently maintained a larger population base than Wake County. See the table below.

Year	2004	2005	2006	2007
Mecklenburg				
	768,574	798,679	831,237	862,835
<i>Annual Growth</i>		+3.9%	+4.1%	+3.8%
Wake				
	723,772	758,793	793,888	832,875
<i>Annual Growth</i>		+4.8%	+4.6%	+4.9%

Source: NC Office State Demographics

However, over the past six SMFP Plan years, 188 new acute beds have been identified for Wake County, compared to 57 new acute beds identified for Mecklenburg County.

SMFP Year	2004 SMFP	2005 SMFP	2006 SMFP	2007 SMFP	2008 SMFP	2009 SMFP Proposed	TOTAL
SMFP Base Year Data	FFY 2002	FFY 2003	FFY 2004	FFY 2005	FFY 2006	FFY 2007	
6-Year Growth Horizon for Bed Need	FFY 2002-FFY 2008	FFY 2003-FFY 2009	FFY 2004-FFY 2010	FFY 2005-FFY 2011	FFY 2006-FFY 2012	FFY 2007-FFY 2013	
<i>SMFP Inpt Day Avg Statewide Growth Rates</i>	1.35%	1.15%	1.52%	1.58%	0.47%	0.01%	
Mecklenburg County Population Growth	2.6%	3.0%	3.3%	3.4%		3.0%	
Mecklenburg County SMFP New Acute Bed Need	0	0	0	0	27	30	57 New Beds
Wake County Population Growth	3.8%	4.2%	4.4%	4.7%	N A	3.0%	
Wake County SMFP New Acute Bed Need	102	45	0	0	41	0	188 New Beds
Total NC SMFP New Acute Bed Need	367	144	299	88	68	30	996 New Beds

Given that Mecklenburg County is the most populous urban area in the state of North Carolina, with one of the highest annual population growth rates, the demand for additional acute care beds in Mecklenburg County is felt intensely and is lagging behind the new acute bed need determinations for Wake County. Over the 6 year period, the state has found that Mecklenburg needed only 57 new acute beds compared to 188 new acute beds needed for Wake. In other words, the state determined that Wake County needed three times the new acute beds needed in Mecklenburg County. This seems skewed, given that Wake and Mecklenburg Counties are the state's two largest urban areas. SMFP new acute bed need determinations for Mecklenburg County are not keeping up with demand. See the table directly above.

Adverse Effects: Mecklenburg County

If additional acute inpatient beds are not available for approval in next year's SMFP, potential bottlenecks in inpatient admissions will occur at the Mecklenburg County acute care hospitals. . When this occurs, patients may find themselves waiting for admission in triage rooms, recovery rooms, and the emergency department. This was discussed extensively at the competitive CON hearing on July 18, 2008 regarding the competing CON applications for 27 new acute beds in Mecklenburg County. See Attachment 5.

Mecklenburg County Alternatives

Presbyterian Healthcare's patients and medical staff would be faced with holding inpatient admissions in the emergency department, recovery room, or triage areas, until an inpatient bed becomes available, which is less than optimal for the patient, the family, and the physicians. In the alternative, Presbyterian Healthcare hospitals could seek approval from DHSR Licensure and Certification Section to temporarily license 10% more acute beds. See 10A NCAC 31B.3111. However, this would only be a short-term band-aid solution rather than a longer-term, sustainable solution. In fact, Presbyterian Hospital Huntersville was approved by the state six times during the first two years of its operation for temporary increases in PHH licensed acute bed. This is a band-aid approach rather than a durable solution. The more appropriate and lasting solution is to use an adjusted patient day growth rate based on patient days in HSA III, which includes Mecklenburg County, and thus captures the growth of the population and its demand for inpatient care in the more urban Mecklenburg County market.

Adjusted Bed Need Determinations in the 2009 SMFP for Mecklenburg and Forsyth Counties Would Not Result in Duplication of Health Resources

As discussed above, whether you consider that:

- The SMFP Acute Bed Days Growth Rate is Too Low and Does Not Reflect the Actual Demand for Inpatient Beds in Fast-Growing Urban Markets; or
- Today's Acute Inpatient Days of Care (CY 2007) Provided in Forsyth & Mecklenburg Counties Are Already Greater Than the 2009 SMFP Projected Patient Days for FFY 2013

it is clear that no duplication of services would result. A duplication of services suggests that there is an excess of certain services in a market. In this case, the data and narrative above clearly demonstrate that there is a deficit of acute inpatient beds in both Forsyth and Mecklenburg Counties. An unnecessary duplication of services cannot exist where there is excess demand for services, such as inpatient beds.

Summary

The proposed bed need adjustment for additional acute care beds in Forsyth and Mecklenburg Counties are based upon actual historical experience for inpatient days in the HSAs and reasonable assumptions. Novant would be happy to provide any additional information needed by the SHCC and the DHSR Medical Facilities Planning Section needed to finalize a determination on this petition for an adjusted bed need in Forsyth and Mecklenburg Counties. Thank you for consideration of this petition.

File: Draft2009SMFPAnnualBedNeedGrowthRateMeckForsyth.07.30.08.PM

Acute Care Days (Column F)	2004 SMFP	2005 SMFP	2006 SMFP	2007 SMFP	2008 SMFP	Proposed 2009 SMFP
HSA II						
Alamance County						
Alamance Regional Medical Center	39,489	40,372	41,231	42,441	40,888	43,733
Caswell County						
Davidson County						
Lexington Memorial Hospital	10,564	11,237	11,644	13,147	13,188	11,661
Thomasville Medical Center	15,009	15,449	14,554	15,018	13,907	13,498
Davie County						
Davie County Hospital	139	994	1,155	1,106	1,486	2,725
Forsyth County						
NC Baptist Hospital	185,505	187,239	197,823	197,023	204,591	213,567
FMC	188,961	196,690	198,358	202,374	204,918	208,327
MPH	4,907	4,714	5,422	6,246	5,608	5,684
Total Novant	193,868	201,404	203,780	208,620	210,526	214,011
Annual Growth Rate		3.9%	1.2%	2.4%	0.9%	1.7%
Three Year Growth Rate				2.5%	1.5%	1.6%
Total Forsyth	379,373	388,643	401,603	405,643	415,117	427,578
Annual Growth Rate		2.4%	3.3%	1.0%	2.3%	3.0%
Three Year Growth Rate				2.3%	2.2%	2.1%
Guilford County						
High Point Regional Health System	76,395	77,672	75,395	71,198	69,036	72,495
Moses Cone Health System	188,483	191,992	195,128	198,106	194,847	192,620
Randolph County						
Randolph Hospital	23,039	24,145	24,424	23,693	23,577	24,464
Rockingham County						
Annie Penn	14,010	15,665	17,246	17,914	17,778	16,456
Morehead Memorial Hospital	18,914	20,499	22,458	23,154	22,897	24,150
Stokes County						
Stokes-Reynolds Memorial Hospital	2,129	5,973	3,490	1,696	1,649	1,365
Surry County						
Hugh Chatham Memorial Hospital	12,970	14,535	11,174	13,356	15,613	16,475
Northern Hospital of Surry County	15,675	15,915	17,030	17,032	17,144	16,678
Yadkin County						
Hoots Memorial Hospital	637	1,425	943	1,101	679	-
Total HSA II	796,826	824,516	837,475	844,605	847,806	863,898
Annual Growth Rate		3.5%	1.6%	0.9%	0.4%	1.9%
Three Year Growth Rate				2.0%	0.9%	1.0%
HSA III						
Cabarrus County						
CMC-NorthEast	72,878	83,346	83,642	90,833	92,686	98,475
Gaston County						
Gaston Memorial Hospital	84,133	88,578	92,437	92,850	92,548	87,990
Iredell County						
Davis Regional Medical Center	19,398	20,196	18,778	18,635	17,519	16,644
Iredell Memorial Hospital	43,874	45,428	44,576	45,969	42,880	41,187
Lake Norman Regional Medical Center	26,835	29,799	30,097	31,616	28,474	27,757
Lincoln County						
CMC-Lincoln	14,406	15,482	15,776	14,543	14,833	15,624
Mecklenburg County						
CMC-Mercy/Pineville	54,919	52,250	53,782	54,186	54,807	56,294
CMC-University	25,026	24,409	23,029	21,219	20,570	21,378
CMC	216,528	221,958	223,625	220,722	227,068	228,343
TPH	141,565	140,731	135,649	142,038	149,608	159,139
PHH				8,802	13,808	15,993
PHM	20,045	20,353	20,488	22,342	25,644	27,408
PHMH						
POH	11,152	10,912	12,428	12,838	13,001	12,915
Total Novant	172,762	171,996	168,565	186,020	202,061	215,455
Annual Growth Rate		-0.4%	-2.0%	10.4%	8.6%	6.6%
Three Year Growth Rate				2.6%	5.7%	8.5%
Total Mecklenburg	469,235	470,613	469,001	482,147	504,506	521,470
Annual Growth Rate		0.3%	-0.3%	2.8%	4.6%	3.4%
Three Year Growth Rate				0.9%	2.4%	3.6%
Rowan County						
Rowan Regional Medical Center	39,607	40,406	39,401	37,002	36,768	35,958
Stanly County						
Stanly Regional Medical Center	17,802	19,716	19,958	18,555	16,932	14,763
Union County						
CMC-Union	30,041	31,746	30,584	31,000	33,398	36,629
Total HSA III	818,209	845,310	844,250	863,150	880,544	896,497
Annual Growth Rate		3.3%	-0.1%	2.2%	2.0%	1.8%
Three Year Growth Rate				1.8%	1.4%	2.0%

File:Draft09SMFPBedPetitionHSA_2_and_3_hospitals_2004.2009_SMFPs_7.26.08.xls

	2004 SMFP	2005 SMFP	2006 SMFP	2007 SMFP	2008 SMFP	Proposed 2009 SMFP
Applied Statewide Growth Factor	1.35%	1.15%	1.52%	1.58%	0.47%	1.0%
HSA II - Actual 3 Yr Growth				2.0%	0.9%	1.0%
HSA III - Actual 3 Yr Growth				1.8%	1.4%	2.0%
HSA II						
	2007 SMFP	2008 SMFP	Proposed 2009 SMFP	2007 SMFP	2008 SMFP	Proposed 2009 SMFP
Applied Statewide Growth Factor	1.58%	0.47%	0.01%	1.58%	0.47%	0.01%
HSA Actual Growth-3 Yr Avg	2.0%	0.9%	1.0%	1.8%	1.4%	2.0%
Forsyth County-3 Yr Avg	2.3%	2.2%	2.1%			
Mecklenburg County-3 Yr Avg				0.9%	2.4%	3.6%
Novant Facilities-3 Yr Avg	2.5%	1.5%	1.6%	2.6%	5.7%	8.5%

Hospital	FFY 2006	FFY 2007	CY 2007	Projected FFY 2013
HSA II				
FMC - Trendstar	207,591	211,074	209,999	208,452
FMC - SMFP.Solucient	204,918	208,327	207,280	208,452
Trendstar % of SMFP.Solucient	98.71%	98.70%	98.7%	
MPH - Trendstar	5,617	5,689	5,685	5,687
MPH - SMFP.Solucient	5,608	5,684	5,678	5,687
Trendstar % of SMFP.Solucient	99.84%	99.91%	99.88%	
TMC - Trendstar	14,160	13,745	13,460	13,506
TMC - SMFP.Solucient	13,907	13,498	13,219	13,506
Trendstar % of SMFP.Solucient	98.21%	98.20%	98.21%	
Novant - Trendstar	227,368	230,508	229,144	227,646
Novant - SMFP.Solucient	224,433	227,509	226,177	227,646
Trendstar % of SMFP.Solucient	98.71%	98.70%	98.70%	
HSA III				
TPH - Trendstar	151,389	160,952	161,158	159,234
TPH - SMFP.Solucient	149,608	159,139	159,302	159,234
Trendstar % of SMFP.Solucient	98.82%	98.87%	98.8%	
Matthews - Trendstar	26,068	27,826	29,002	27,424
Matthews - SMFP.Solucient	25,644	27,408	28,548	27,424
Trendstar % of SMFP.Solucient	98.37%	98.50%	98.44%	
Huntersville - Trendstar	14,200	16,614	16,965	16,003
Huntersville - SMFP.Solucient	13,808	15,993	16,414	16,003
Trendstar % of SMFP.Solucient	97.24%	96.26%	96.75%	
Orthopaedic - Trendstar	12,989	12,969	13,059	12,923
Orthopaedic - SMFP.Solucient	13,001	12,915	13,038	12,923
Trendstar % of SMFP.Solucient	100.09%	99.58%	99.84%	
Novant - Trendstar	204,646	218,361	220,184	215,584
Novant - SMFP.Solucient	202,061	215,455	217,302	215,584
Trendstar % of SMFP.Solucient	98.74%	98.67%	98.70%	

Source: SMFP, Trendstar

Hospital	Proposed 2009 SMFP - FFY 2007 Thomson Patient Days	Projected 2013 Patient Days	ADC	Target Planning Occupancy Rate	Acute Bed Need	Licensed and CON Approved Beds	Additional Bed Need/Surplus	System Bed Need	HSA Growth Rate Methodology	Proposed 2009 SMFP	6 Yr Growth Rate
HSA II											
<i>Forsyth County</i>									Applied Statewide Growth Factor	0.01%	
NC Baptist Hospital	213,567	226,930	621.7	75.2%	827	789	38	38	HSA II - Actual 3 Yr Avg Annual Growth	1.0%	6.3%
FMC	208,327	221,362	606.5	75.2%	806	790	16	16			
MPH	5,684	6,040	16.5	66.7%	25	22	3	19	HSA III - Actual 3 Yr Avg Annual Growth	2.0%	12.1%
Total Bed Need											
Pending CON Decisions								57			
2009 SMFP Bed Need								-26			
								31			
HSA III											
<i>Mecklenburg County</i>											
CMC-Mercy/Pineville	56,294	57,432	157.3	71.4%	220	294	-74				
CMC-University	21,378	21,810	59.8	66.7%	90	130	-40				
CMC	228,343	232,960	638.2	75.2%	849	795	54	-60			
TPH	159,139	162,357	444.8	75.2%	592	539	53				
PHH	15,993	16,316	44.7	66.7%	67	50	17				
PHM	27,408	27,982	76.6	66.7%	115	102	13				
PHMH		0	0.0	75.2%	0	0	0				
POH	12,915	13,176	36.1	66.7%	54	14	40	123			
Total Bed Need								123			
Pending CON Decisions								-27			
2009 SMFP Bed Need								96			

Note: Surplus in bed denoted by "-" minus sign

[P]roposes to operate the additional acute care beds in a hospital that will provide:

- (1) a 24-hour emergency department,
- (2) inpatient medical services to both surgical and non-surgical patients, and
- (3) if proposing a new hospital, medical and surgical services on a daily basis within at least five of the major diagnostic categories as recognized by the Centers for Medicare and Medicaid Services (CMS)...

CMC meets the aforementioned requirements necessary to be deemed a "qualified applicant." Please see Section III.2. for a more detailed discussion. Notwithstanding the fact that CHS, as a System, did not generate the need that resulted in this determination, CMC is nonetheless a "qualified applicant" and shows the greatest need according to the SMFP.²⁵ Moreover, all qualified applicants have the burden of proving that an unmet need exists for the population they propose to serve.

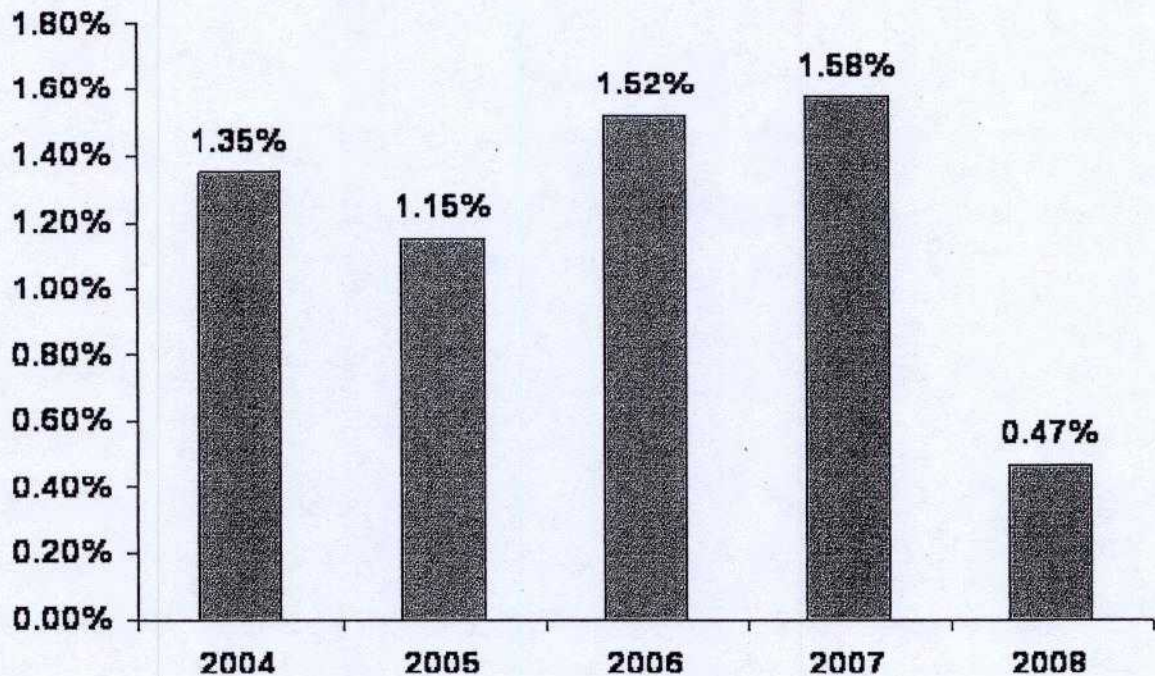
CMC BED DEFICIT UNDERSTATED BY THE 2008 SMFP

According to the 2008 SMFP, by 2012, CMC will need 56 additional acute care beds, based on the statewide average growth rate in acute care days. There are a number of issues with regard to the generalization of the growth rate utilized in the 2008 SMFP that should be noted. First there is a significant drop in the growth rate

²⁵ The Agency has stated that there is no advantage given to the entity that triggers the need. When asked whether "there [is] any preferential treatment that the entity triggering the need is entitled to in the review..." Lee Hoffman, Chief of the CON Section, replied "No." Please see Exhibit 37 for an excerpt of the dialogue quoted from the Deposition of Lee B. Hoffman in Scotland County, LLC v. NC DHHS, CON Section and Scotland Memorial Hospital, Inc. and Scotland MOB, LLC, 07 DHR 1354.

used in the methodology from the 2007 SMFP to the 2008 SMFP. The following chart shows the annual patient day growth rate used in the SMFP acute care bed need methodology since 2004.

Growth Rates Utilized in the State Medical Facilities Plan by Year

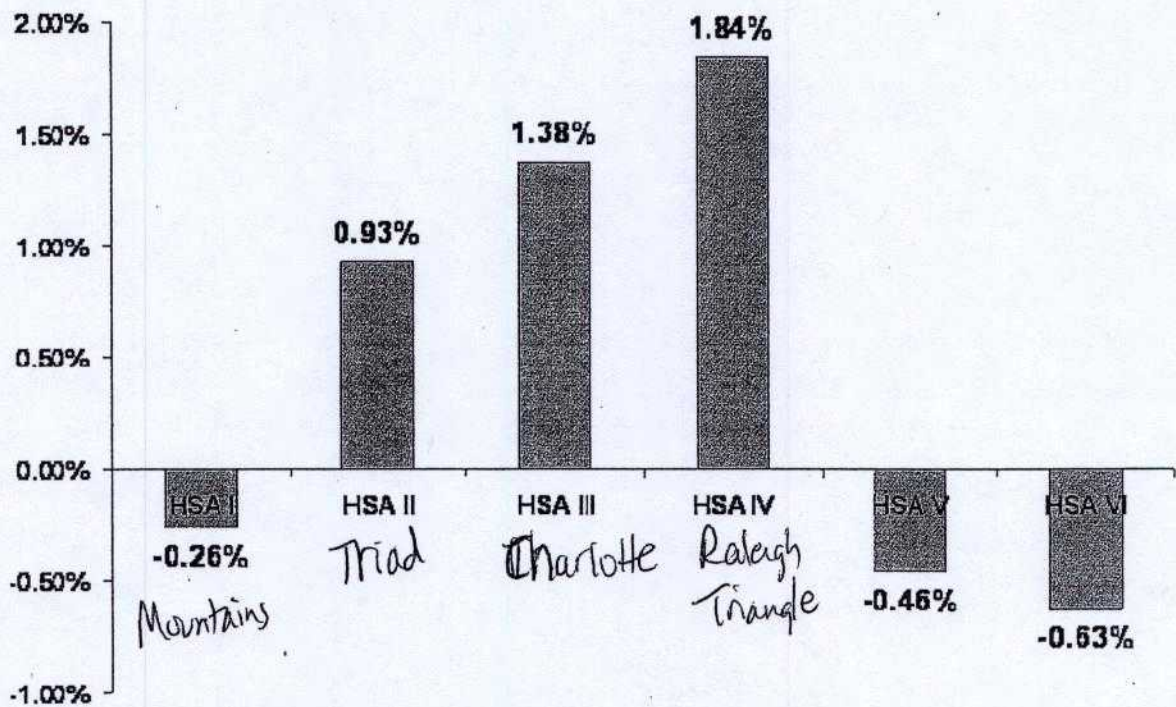


Source: State Medical Facilities Plans (2004, 2005, 2006, 2007, and 2008).

From 2004 until 2007 the growth rate has consistently been above one percent; in fact, in 2007, the annual growth rate was up to 1.58 percent. However, in 2008 the growth rate utilized in the SMFP dropped to roughly one third of the previous year. The 2008 growth rate clearly understates the need in Mecklenburg County and HSA III given its continuous, substantial population growth.

It is important to note that the growth rate of 0.47 percent utilized in the 2008 SMFP represents the average annual statewide growth rate in acute care days, and includes the growth (or lack of growth) at hospitals in areas of the state experiencing no population growth or even a decrease in population. CHS conducted the following analysis to illustrate the variation in the growth rate utilized in the 2008 SMFP, depending on geographic location within the state. The chart pictured below provides a summary of the most recent, single year growth rate by HSA, based on the SMFP methodology and data from Table 5A in the SMFP.

2006 Growth Rate by HSA



Source: State Health Planning Section.

As the chart demonstrates, HSA III has the second highest growth rate in the state. Furthermore, the growth rate in HSA III is more than three times the lowest growth rate, -0.63 percent in HSA VI. Therefore, the SMFP methodology for projecting acute care bed need is very conservative for markets growing at a more rapid pace such as Mecklenburg County.

Ultimately, the variation in growth by HSA (seen in the chart above) understates the need in Mecklenburg County and for CMC specifically. The growth rate in HSA III is nearly three times greater than the growth rate used in the 2008 SMFP (0.47 percent). If the 2006 HSA III growth rate were applied to CMC's patient days, its bed deficit would be 103. Please see Exhibit 38 for data and calculations.

Neither the growth rate in the 2008 SMFP nor the 2006 HSA III growth rate reflects the significant population growth in Mecklenburg County. Not only does the County have the largest population in the state, it was also one of the fastest growing counties between 2000 and 2007, and this trend is projected to continue over the next seven years. The following tables compare growth trends for Mecklenburg County with four other metropolitan counties in the state. The growth rate for North Carolina as a whole is included as a point of comparison.

2000-2007 Population Growth

County	July 2000 Population	July 2007 Population	% Growth	CAGR*
Mecklenburg	699,742	857,379	22.5%	2.9%
Wake	634,599	822,356	29.6%	3.8%
Guilford	422,065	456,757	8.2%	1.1%
Forsyth	307,105	337,726	10.0%	1.4%
North Carolina	8,079,242	9,040,824	11.9%	1.6%

Source: North Carolina Office of State Budget and Management

*Compound Annual Growth Rate

2007-2014 Population Growth

County	July 2007 Population	July 2014 Population	% Growth	CAGR*
Mecklenburg	857,379	1,019,914	19.0%	2.5%
Wake	822,356	1,014,446	23.4%	3.0%
Guilford	456,757	499,255	9.3%	1.3%
Forsyth	337,726	369,160	9.3%	1.3%
North Carolina	9,040,824	10,039,519	11.0%	1.5%

Source: North Carolina Office of State Budget and Management

*Compound Annual Growth Rate

As illustrated above, the population in Mecklenburg County will crest the one million mark in 2014 as the result of 19 percent growth from 2007 to 2014.

This population growth is largely the result of industry growth in the area, as well as the region's reputation as a very desirable place to live. In 2007, the Charlotte region added 1,326 firms which resulted in an additional 14,648 jobs to the region. This represented a 121 percent increase over the total jobs added in 2006.²⁶ During the same time period, Charlotte was one of only three cities across the United States to experience a residential price increase, demonstrating the area's demand for homes remains strong while the rest of the nation has faced a downturn in the real estate market. Further, many commercial developers have announced they will add over four million square feet of construction in the region. As a result, CMC has reason to believe the upward population trend of the past several years will continue in the future. As such, the medical center believes the community is best served by continued, forward thinking about the needs of the growing County. For purposes of determining unmet need for acute care beds, this

²⁶ Charlotte-Mecklenburg New and Expanded Business, available at <http://www.charlottechamber.com/index.php?src=news&refno=1010&category=Chamber%20News>.

requires a realistic growth rate for inpatient days, rather than application of the state average only.

CMC BED DEFICIT UNDERSTATED GIVEN PREVIOUSLY APPROVED PROJECTS

Although the methodology presented in the 2008 SMFP represents an accurate snapshot of the number and distribution of beds within Mecklenburg County at a given time, it is based on the current distribution of licensed beds. To determine the most compelling need, one must look beyond this snapshot view, particularly in an area such as Mecklenburg County where new facilities are being developed and existing beds have already been approved by the CON Section for redistribution. For example, CHS has undertaken major steps to improve utilization at underutilized facilities and/or relocate underutilized beds to other facilities, while at the same time shifting appropriate inpatient volume from CMC, downtown, out to its community hospitals. The chart below shows the distribution of CHS beds, based on recently approved CON applications.

CHS Mecklenburg County Beds: Redistribution Approvals

	<i>2008 SMFP Beds</i>	<i>Approved Beds Post-Pineville Phase I Project ID # F-7313-05</i>	<i>Approved Beds Post-Pineville Phase II Project ID # F-7979-07</i>
Carolinas Medical Center	795	795	795
Carolinas Medical Center - Mercy	185	174	124
Carolinas Medical Center - Pineville	109	120	206
Carolinas Medical Center - University	130	130	94
<i>Totals</i>	<i>1,219</i>	<i>1,219</i>	<i>1,219</i>

The table below shows projected patient days for CMC-Mercy, CMC-Pineville, and CMC-University, as already approved in recent CON applications. In addition, the table includes CMC's patient

days as projected in this application. As indicated in the notes following the table, the sources used reflect the most up to date, approved projections of patient days.²⁷

CHS Mecklenburg County Patient Days: Approved

	Federal Fiscal Year			
	2009	2010	2011	2012
Carolinas Medical Center	238,864**	239,011**	242,161**	246,764**
Carolinas Medical Center - Mercy	34,201^^	42,742^^	43,811^^	45,016^^
Carolinas Medical Center - Pineville	27,383~	27,928~	28,759~	29,651~
Carolinas Medical Center - University	22,631~	21,942~	22,158~	22,153~
Totals	323,079	331,623	336,889	343,584

**Source of Patient Days: methodology employed in the current proposed project as outlined in Section II.8, adjusted to fiscal years. For example: FY 2012 = (.25 CY 2011 + .75 CY 2012).

^^Source for Patient Days: Previously approved Project ID # F-7979-07 (Pineville Phase II) and CMC-Mercy OR applications.

~Source for Patient Days: Previously approved Project ID # F-7979-07 (Pineville Phase II).

After accounting for previously approved bed changes and projected patient days, CHS applied the need methodology in the SMFP, using approved patient days. The result is a System-wide projected deficit of 66 beds in 2012. In other words, the CON Section has already recognized and approved CHS' projections that will result in the elimination of the apparent surplus of beds as reflected in the 2008 SMFP and the creation of a 66 bed deficit.

²⁷ The impact of the previously approved projects begins on its completion date. Pineville Phase I, Project ID # F-7313-05, is scheduled for completion in 2009, while Pineville Phase II, Project ID # F-7979-07, will be completed in 2013.

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CHS Mecklenburg County Bed Need: 2012 Approved Beds/Patient Days

Facility Name	2012 Approved AC Beds	2012 Approved Patient Days	2012 Approved ADC	2012 Beds Needed at Target Occupancy	Projected Deficit or Surplus (-)
Carolinas Medical Center	795	246,764	676	899	104
Carolinas Medical Center - Mercy	174	45,016	123	173	-1 ✓
Carolinas Medical Center - Pineville	120	29,651	61	122	2
Carolinas Medical Center - University	130	22,153	61	91	-39 ✓
Totals	1,219	343,584	921	1,285	66

According to the 2008 SMFP, within Mecklenburg County, Novant Health is projected to have a deficit of 27 beds by 2012. Similar to CHS, however, Novant has been previously approved for several projects that affect its future bed capacity and distribution. Namely, the numbers utilized in the 2008 SMFP do not reflect the impact of previously approved Project ID # F-7648-06, referred to as Presbyterian Hospital-Mint Hill and the settlement agreement for Presbyterian Hospital-Huntersville.

According to the projections provided in the Presbyterian Mint Hill application Exhibit 20, Table 67 (the most recent previously approved Novant bed project in Mecklenburg County), Novant hospitals in Mecklenburg County will provide the following days of care in FFY 2012:

<i>Facility Name</i>	<i>FFY 2012 Days from Presbyterian Hospital-Mint Hill</i>
Presbyterian Hospital	174,883
Presbyterian Hospital- Huntersville	10,038
Presbyterian Hospital- Matthews	25,487
Presbyterian Hospital- Mint Hill	13,753
Presbyterian Orthopaedic	<i>Incl. in Presbyterian Hospital Days</i>

The Presbyterian-Mint Hill application indicates that Presbyterian Hospital and Presbyterian Orthopaedic will operate under one license following the completion of the Presbyterian-Mint Hill project. Presbyterian Hospital currently operates 463 acute care beds, will transfer 76 beds from Presbyterian Orthopaedic in 2010, and will absorb the 14 remaining beds at Presbyterian Orthopaedic following the completion of Presbyterian-Mint Hill. Therefore, at the completion of that project, Presbyterian Hospital will operate 553 acute care beds ($463 + 76 + 14 = 553$ acute care beds). This analysis reflects that change in licensure.

The patient days for Presbyterian Hospital-Huntersville projected above rely upon its 2005 utilization. Since that time, Presbyterian Hospital-Huntersville's inpatient days have grown beyond the projections provided in Presbyterian-Mint Hill. According to its 2008 Hospital License Renewal application, Presbyterian Hospital-Huntersville provided 16,630 inpatient days in FFY 2007 at an occupancy rate of 91 percent for its 50 beds. Therefore, in order to determine projected patient days for 2012, CMC applied the 2008 SMFP inpatient day annual growth factor of 0.47 percent to

Presbyterian Hospital-Huntersville's FFY 2007 actual patient days as demonstrated in the table below.

<i>FFY</i>	<i>Presbyterian Hospital- Huntersville Projected Patient Days</i>
2007	16,630
2008	16,708
2009	16,787
2010	16,866
2011	16,945
2012	17,024
CAGR	0.47%

Pursuant to the terms of the settlement agreement that resulted in the development of the hospital, Presbyterian Hospital-Huntersville may convert and license its ten observation beds as acute care beds if it achieves an average annual occupancy rate at the hospital in FFY 2008 that equals or exceeds the occupancy rate for hospitals with 50 acute care beds as defined in the 2008 SMFP. Presbyterian Hospital-Huntersville achieved an occupancy rate of 91 percent of its acute care beds in FFY 2007, according to its 2008 Hospital License Renewal application. Therefore, it is virtually certain that Presbyterian Hospital-Huntersville will exceed the 66.7 percent target occupancy rate for its facility in FFY 2008 and be able to convert and license its ten observation beds as acute care beds. As such, CMC has assumed that Presbyterian Hospital-Huntersville will have ten additional acute care beds in 2012.

Using the revised projected Presbyterian Hospital-Huntersville days and beds for 2012 in combination with the acute care day projections provided in the Presbyterian Mint Hill application, CMC applied the 2008 SMFP bed need methodology as shown in the table below.

Novant Mecklenburg County Bed Need: 2012 Approved/Updated Beds/Patient Days

Facility Name	Licensed AC Beds	2012 Projected Days	2012 Projected Average Daily Census (ADC)	2012 Beds Needed at Target Occupancy	Projected 2012 Deficit (Bolted) or Surplus ("-")
Presbyterian Hospital	553*	174,883	479	637	84
Presbyterian Hospital-Huntersville	60^	17,024	47	70	10
Presbyterian Hospital-Matthews	102	25,487	70	105	3
Presbyterian Hospital-Mint Hill	50	13,753	38	57	7
Presbyterian Orthopaedic	<i>Included under Presbyterian Hospital license</i>				
Totals for Novant Health	765				103

*Presbyterian Hospital operates 463 acute care beds, will transfer 76 beds from Presbyterian Orthopaedic in 2010, and will absorb the 14 remaining beds at Presbyterian Orthopaedic following the completion of Presbyterian-Mint Hill. Therefore, at the completion of that project, Presbyterian Hospital will operate 553 acute care beds (463 + 76 + 14 = 553 acute care beds).

^Pursuant to the terms of the settlement agreement, Presbyterian Hospital-Huntersville may license its ten unlicensed observation beds as acute care beds if it meets or exceeds the acute care occupancy rate for its facility in FFY 2008.

Using Novant Health's 2012 projections for patient days, including an update of patient days and bed counts, results in a deficit of 103 acute care beds in 2012. However, as shown in the following section, this analysis does not present the complete picture.

~~CMC HAS GREATEST NEED GIVEN ITS EFFICIENT OPERATIONS~~

~~One of the key drivers of the North Carolina Certificate of Need law is the assurance that providers deliver care in the most efficient~~

Jeff Lindsay, MHA
President, PHH & COO of Northern Market of Southern Piedmont Region
CON Public Hearing Opening Remarks
Presbyterian Hospital Huntersville Addition of 15 New Acute Care Beds
Project ID: F-8130-08
July 18, 2008 1:00 PM

Introduction

- Good afternoon, I am Jeff Lindsay, President of Presbyterian Hospital Huntersville (PHH) and the Chief Operating Officer for the Northern Market of Novant Health's Southern Piedmont Region. Thank you for the opportunity to speak with you today regarding our CON application to add 15 new acute care beds at PHH.
- Presbyterian Hospital Huntersville is the healthcare provider of choice in north Mecklenburg County and the surrounding area. We have maintained a remarkable level of care for patients in a hospital challenged by a lack of inpatient beds, essentially from its inception. In order for us to continue to provide high quality, patient-focused care in a safe environment, it is crucial that PHH be approved to add 15 new acute care beds, as well as expand the ICU from 4 to 6 beds, increase observation beds by 4, add 50,000 square feet and a bed tower, and to re-configure women's services/labor & delivery and certain inpatient units.
- This is the first major renovation and expansion for Presbyterian Hospital Huntersville since its opening in November 2004, almost four years ago.

Inpatient Capacity Issues

- In the past two years PHH has experienced inpatient occupancy of 100% on 11 days in CY 2006, 88 days in CY 2007, and 66 days Year-to-Date in CY2008.
- PHH has been approved by the state Licensure & Certification for SIX temporary increases of five licensed inpatient beds between March 2006 and June 2007. This provided only a temporary relief valve for inpatients and their care givers at PHH.
- PHH was caring for inpatients at over 90% occupancy, that's 45 to 50 inpatients in beds each day, during much of 2007, and 2008. For example:
 - In November 2007, PHH's inpatient census was 90% or more on 24 of 30 days.
 - In December 2007, PHH's inpatient occupancy was 90% or above on 11 of 31 days.
 - In January 2008, PHH's inpatient census was 90% or more on 18 of 31 days.
 - In February 2008, PHH's inpatient occupancy was 90% or above on 25 of 29 days
 - In March & April 2008 – PHH's inpatient occupancy was 90%-plus for 16 days of 31 days and for 16 of 30 days
 - May 2008 – PHH's inpatient census at or over 90% on 15 of 31 days (11)
 - June 2008 – PHH's inpatient census at more than 90% (11)

Jeff Lindsay, MHA
President, PHH & COO of Northern Market of Southern Piedmont Region
CON Public Hearing Opening Remarks
Presbyterian Hospital Huntersville Addition of 15 New Acute Care Beds
Project ID: F-8130-08
July 18, 2008 1:00 PM

- In an amazing tribute to the PHH physicians and staff, PHH handled 100% inpatient occupancy during 77 days during the past eight months; however, this not how we prefer to run our community hospital on a routine and ongoing basis
- This intense level of inpatient occupancy, on too many occasions also leads to “holding” patients identified for inpatient admission in less than optimal settings, such as the ED, outpatient areas, or recovery rooms.
- Finally, the most recent two years of the State Medical Facilities Plans (2008, draft 2009), PHH, at the facility level has shown a “need” for new acute beds using the state’s own formula: 8 new beds based on FFY 06 data and 16 new beds based on FFY 07 data
 - By contrast, the Carolinas Health System Hospitals have shown a net excess or surplus of beds for five of the last six plan years
- The PHH expansion and addition of new inpatient beds has become imperative for reasons of patient safety and satisfaction, as well as clinical quality and physician and employee efficiency and satisfaction.

Project Description

- I think my opening remarks provide a strikingly clear picture of why PHH needs new acute beds and additional square footage, so please allow me to share with you more details about the project
- PHH is proposing to add 15 acute care beds, as part of the 2008 State Medical Facilities Plan need determination for 27 new acute beds in Mecklenburg County. In addition, our other community hospital, Presbyterian Hospital Matthews has also filed a CON application to add 12 acute care beds in existing bed rooms.
- Our proposed project includes a two-story addition (a new bed tower) above the existing surgical services area that will result in two additional patient floors, for 13 of the 15 new acute care beds and 10 replacement observation beds. The new bed tower will also house 13 existing and relocated PHH licensed beds. for a total of 26 acute care beds and 10 observation beds. In addition, the existing 2nd Floor PHH ICU will be expanded through new construction adjacent to the current ICU.
- In summary, we are proposing to add 13 acute care beds and 2 acute/ICU beds at PHH for a cost of \$ 26.6 million dollars. We expect the new beds to be open by September 30, 2010.

Jeff Lindsay, MHA
President, PHH & COO of Northern Market of Southern Piedmont Region
CON Public Hearing Opening Remarks
Presbyterian Hospital Huntersville Addition of 15 New Acute Care Beds
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- A chart of the bed capacity changes is included in these written remarks for your reference:

Presbyterian Hospital Huntersville
Acute Care Bed Capacity

Bed Type	Current License	October 2008**	Proposed
Second Floor			
General Medical Surgical	36	42	55
ICU	4	4	6
<i>Total Acute Care Licensed Bed Capacity</i>	40	46	61
Observation	6	0	6
Third Floor			
LDRP	8	12	0
Women's Services	0	0	12
Intensive Care Nursery (Level III)	2	2	2
<i>Total Acute Care Licensed Bed Capacity</i>	10	14	14
LDR/Labor Delivery & Recovery (Unlicensed Beds)	0	0	6
Observation	4	0	4
Total Bed Capacity			
<i>Licensed Acute Care Beds</i>			
General Medical Surgical	36	42	55
ICU	4	4	6
LDRP/Labor Delivery Recovery & Post-Partum (Licensed Acute Beds)	8	12	0
Women's Services	0	0	12
Intensive Care Nursery (Level III)	2	2	2
Total Acute Care Licensed Bed Capacity	50	60	75
<i>Unlicensed Specialized Patient Rooms</i>			
LDR/ Labor Delivery & Recovery	0	0	6
Observation	10	0	10

Source: Page 15 of the PHH 15 Bed CON Application filed May 15, 2008

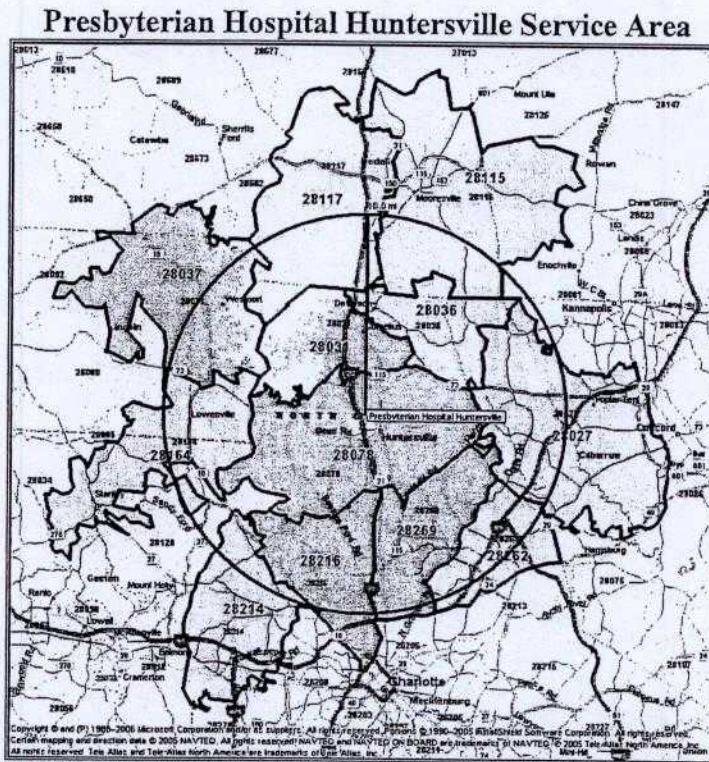
*** - Date that 10 obs beds convert to 10 general acute per approved CON settlement for Project ID: F-6064-99*

- The need for an additional 15 acute care beds at PHH is driven by the following factors:
 1. Continuing Population and community growth;
 2. Demand for PHH Inpatient Services;
 3. PHH Programmatic Initiatives;
 4. Medical Staff growth and physician recruitment;
 5. Rising Demand for Obstetrical, ICU & Emergency Utilization; and
- Dr. Cook and Dr. Sharawy will speak to increased OB, ICU, and ED utilization, as well as ED services growth, while I will briefly touch on the other factors.

Jeff Lindsay, MHA
President, PHH & COO of Northern Market of Southern Piedmont Region
CON Public Hearing Opening Remarks
Presbyterian Hospital Huntersville Addition of 15 New Acute Care Beds
Project ID: F-8130-08
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PHH Community & Growth

- Since opening in November 2004, PHH has experienced tremendous support and growth from the community. We consider our community to include Huntersville, Cornelius and north Charlotte in Mecklenburg County and Denver in Lincoln County. In addition, PHH's care reaches to Iredell and Cabarrus county residents as detailed further in our application.
- The PHH service area is depicted on the map.
- 60 percent of our inpatients come from the 5 zip codes depicted in the circle as our primary service area. 20 percent of inpatients originate from the 7 adjacent zip codes that comprise our secondary service area.



Fikk = Primary Service Area = 60% of total inpatient days

Line = Secondary Service Area = 20% of total

Source: PHH 15 Bed CON Application -Exhibit 3, Table 3

- The area that PHH serves is steadily growing. PHH's Service Area population is projected to grow by almost 75,000 persons in the next five years, for a total projected population of about 466,000 persons by 2013. Population growth in zip code 28078 (Huntersville), where PHH is located, is projected to be over 11,000 people during this timeframe.

Jeff Lindsay, MHA
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- The overall in the service area is expected to grow at rate of 3.5 percent, with Huntersville and Cornelius expected to each grow at a rate over 4 percent from 2008 – 2013.

PHH Service Area
Population Growth 2008 – 2013

Zip Code	Town	2008	2013	CAGR
<i>Primary Service Area</i>				
28078	Huntersville	46,377	57,517	4.4%
28031	Cornelius	22,378	27,435	4.2%
28269	Charlotte	67,841	83,570	4.3%
28037	Denver	15,463	17,417	2.4%
28216	Charlotte	42,529	50,172	3.4%
Total Primary Service Area		194,588	236,111	3.9%
<i>Secondary Service Area</i>				
28036	Davidson	13,559	15,713	3.0%
28115	Mooresville	28,386	31,273	2.0%
28117	Mooresville	30,045	36,413	3.9%
28214	Charlotte	29,304	34,581	3.4%
28164	Stanley	12,584	13,421	1.3%
28262	Charlotte	33,718	40,453	3.7%
28027	Concord	50,136	57,991	3.0%
Total Secondary Service Area		197,732	229,845	3.1%
Total PHH Service Area		392,320	465,956	3.5%

Source: PHH 15 Bed Application, Exhibit 3, Table

Increased Inpatient Utilization

- Inpatient days, average daily census, and occupancy have been experiencing double-digit growth from 2005 – 2007 at PHH and a compound annual growth rate of 39%. Likewise, PHH's Average Daily Census had a CAGR of 39% and inpatient admissions rose at a 44% CAGR. This was graphically illustrated in my earlier remarks.

Presbyterian Hospital Huntersville
Acute Inpatient Utilization: January 2004 – December 2007

Calendar Year	2005	2006	2007	CAGR
Cases	2,518	4,199	5,092	
Growth Rate		66.8%	21.3%	44.0%
Patient Days	8,813	14,206	16,614	
Growth Rate		61.2%	17.0%	39.1%
Licensed Beds	50	50	50	
ALOS	3.5	3.4	3.3	
ADC	24.1	38.9	45.5	39.1%
Occupancy Rate	48.29%	77.84%	91.04%	

Source: PHH CON Application Exhibit 3, Table 11

Jeff Lindsay, MHA
President, PHH & COO of Northern Market of Southern Piedmont Region
CON Public Hearing Opening Remarks
Presbyterian Hospital Huntersville Addition of 15 New Acute Care Beds
Project ID: F-8130-08
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- PHH has had a significant increase of 1,937 acute care inpatient days over the four quarters ending March 2008. In that period, PHH increased its average length of stay from 3.17 days to 3.45 days. Average daily census and occupancy rates are at all time highs at PHH. It is for PHH to add more beds to accommodate this inpatient growth.

Program Initiatives

- Finally, PHH is not content to simply better meet the needs of its patients and medical staff by adding more beds; in addition, PHH is undertaking to expand the scope and specialization of the services it offers at its community hospital
- As these programs expand and become established, inpatient utilization and the need for beds will only increase.
- First, given the proposed CMC-University freestanding ED project only two miles from the PHH campus, it is quite likely that this program, if approved by the state, will generate increased demand for inpatient admissions; as the closest hospital facility, PHH and its medical staff would be happy to accept these admissions
- The expansion of Women's Services and the implementation of the changes proposed in the application and discussed by Dr. Sharawy will significantly impact capacity. In coordination with the Women's Services initiative, PHH will continue to grow its children's services, including a Level II NICU Unit.
- PHH is currently completing a strategic assessment and plan for expanded cancer services in the area. PHH plans to build on its basic level of oncology services to include a focus on breast, prostate, and lung cancers.
- Cardiovascular services is also among the programs that PHH is committed to building. PHH is developing a more complete continuum of vascular disease treatment options including the recently approved CON project for an Endovascular Room. Presbyterian is currently establishing itself as a regional resource center that will provide preventative care for patients with complex risk profiles.
- In addition to the programs mentioned, PHH is actively recruiting additional specialists such as neurologists to support our Joint Commission accredited stroke program. Urogynecology, rheumatology, nephrology, and infectious disease specialty recruitment continues to impact the burgeoning inpatient population.

Jeff Lindsay, MHA
President, PHH & COO of Northern Market of Southern Piedmont Region
CON Public Hearing Opening Remarks
Presbyterian Hospital Huntersville Addition of 15 New Acute Care Beds
Project ID: F-8130-08
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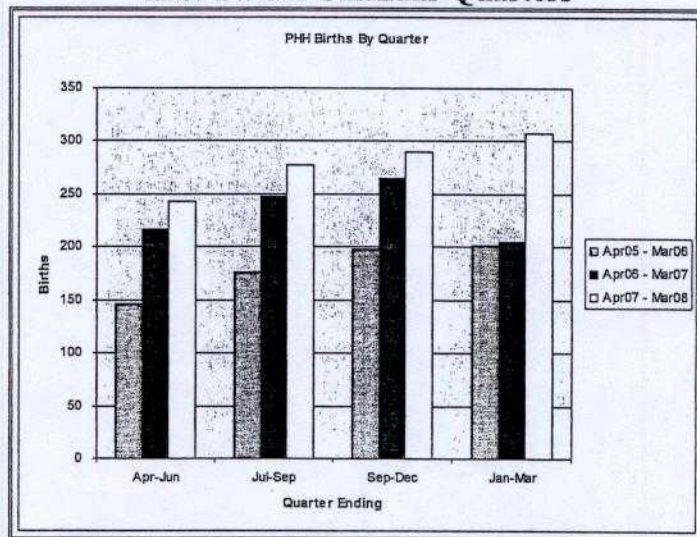
Conclusion

- It is evident in our application that PHH has a very tangible need for new inpatient beds, as well as an incremental addition of square footage. We invite the analyst to make a site visit to PHH so that he can see not only how much we accomplish with the space we have today, but how pressure there is to expand. PHH's phenomenal growth and support from the community, including residents, community leaders, business owners, physicians, and other medical providers is proof that PHH must have these additional beds to continue high quality healthcare. The level of inpatient occupancy we will continue to experience without these beds is not sustainable or satisfactory. In fact, we predict it will have unintended negative impacts on patient care and satisfaction, as well as physician and employee satisfaction.
- Thank you for your time this afternoon. Dr. Sharawy, our Assistant Medical Director, will now add his comments.

Ehab Sharawy, MD
Assistant Medical Director, PHH
CON Public Hearing Remarks
Presbyterian Hospital Huntersville Addition of 15 New Acute Care Beds
Project ID: F-1830-08
July 18, 2008 1:00 PM

- Good afternoon, I am Dr. Ehab Sharawy, the Assistant Medical Director at Presbyterian Hospital Huntersville. In addition, I am a practicing OB-GYN physician with Huntersville Obstetrics and Gynecology in Huntersville.
- Having practiced in Huntersville for some time and at PHH since its opening in 2004, I know firsthand how the much the area has grown and the demand for healthcare has grown with it.
- You will see in the application that births have steadily grown at PHH from 150 the second quarter of 2005 to over 300 births in the first quarter of 2008. We anticipate the growth in births to continue to grow at PHH.

**PHH Births by Quarter
 Last Twelve Calendar Quarters**



Source: PHH CON Application Exhibit 3, Table 17

- The Women's Center at PHH, specifically the LDRP and obstetrical services, has experienced unparalleled growth in the last several years. Originally designed as LDRP rooms with women laboring, delivering and recovering in one room, in the last several months the hospital has had to move mothers and babies out of the LDRP during their postpartum stay to make room for women in active labor to be admitted.
- Since the last part of 2007, the LDRP occupancy rate has been at or exceeded 100%.

Ehab Sharawy, MD
Assistant Medical Director, PHH
CON Public Hearing Remarks
Presbyterian Hospital Huntersville Addition of 15 New Acute Care Beds
Project ID: F-1830-08
July 18, 2008 1:00 PM

- As a result of the high level of patients, an “auxiliary” post partum unit has been established in recently renovated space on the second floor to provide a secure, designated unit for mothers and babies moving out of the LDRP unit.
- This is not a long-term solution for meeting the needs of these patients and their families, so PHH is proposing to convert the existing LDRP rooms to traditional Labor & Delivery rooms and developing a separate post-partum unit to allow flexibility to meet the demand for obstetrical services as part of the project to add the additional 15 acute beds.
- Physician recruitment related to women’s services at PHH has been very successful with one new OB-GYN joining the Medical Staff in 2007 and two new groups adding physicians in 2008.
- My group, Huntersville OB/GYN, has already added a physician since this CON was filed in May. Soon, we will be opening a second location in Denver, NC soon with two OB/GYNs with plans to add a third within a few years.
- Growth in the Medical Staff is not limited to Women’s services at PHH. On average 35 to 40 physicians have joined the Medical Staff each year since PHH opened in late 2004.

PHH Medical Staff Growth

Year	Active Medical Staff	Growth
2004	264	
2005	306	42
2006	333	27
2007	386	53
May 2008	393	7

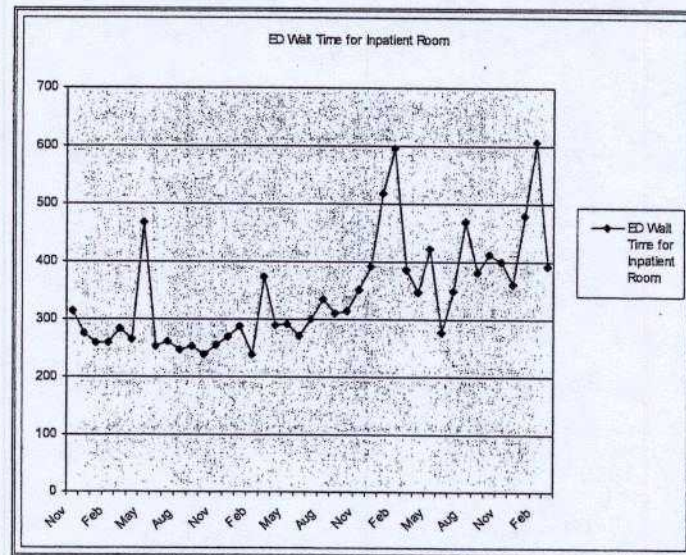
Source: PHM CON Application, NHSPR Medical Staff Affairs

- Just in the past year, 49 physicians in 20 specialties joined the PHH Medical Staff resulting in PHH having 393 physicians on staff representing 33 medical and surgical specialties – phenomenal for a community hospital.
- These Medical Staff growth statistics speak to the quality of the leadership and clinical staff at PHH which makes physician recruitment very straightforward. Physicians enjoy practicing medicine at this hospital.

Ehab Sharawy, MD
Assistant Medical Director, PHH
CON Public Hearing Remarks
Presbyterian Hospital Huntersville Addition of 15 New Acute Care Beds
Project ID: F-1830-08
July 18, 2008 1:00 PM

- The growth in Medical Staff has contributed to PHH needing additional inpatient capacity – more physicians on staff lead to more admissions, directly or through the Emergency Room.
- Physicians are often unable to have their patients admitted as quickly as they or the patients would like because of the lack of available inpatient beds. Often patients are delayed and experience long wait times in the Emergency Room. Wait times in the ED have increased significantly since the first part of 2005 from about 230 to almost 400 minutes currently. That is over 6 hours from the determination to admit until the patient is transferred to an inpatient room.

PHH ED Wait Time for Inpatient Room



Source: Exhibit 3, Table 20

- I know you would agree that timeframe is unacceptable from a patient, family, and physician standpoint.
- There is only so much the ED and the hospital can do to improve wait times when there is not a bed available for admission. And PHH accommodates these patients as best they can by holding them in the ED, an OP unit, or other recovery area.
- The additional 15 acute beds, implemented as PHH proposes, would alleviate many of these admitting delays and backlogs in the Emergency Department.
- I'd also like to briefly mention the ICU expansion proposed in PHH's application.

Ehab Sharawy, MD
Assistant Medical Director, PHH
CON Public Hearing Remarks
Presbyterian Hospital Huntersville Addition of 15 New Acute Care Beds
Project ID: F-1830-08
July 18, 2008 1:00 PM

- PHH is planning to add 2 ICU rooms immediately adjacent to the existing ICU area which consists of 4 ICU beds.
- The additional ICU beds are necessary to avoid ICU patients having to be transferred to Presbyterian Hospital in downtown Charlotte. In most situations, a transfer downtown is not acceptable for the patient, family, or the physician.
- All aspects of PHH's proposed project, including the Women's Services and ICU expansion, are crucial to the hospital's goal to provide a remarkable patient experience. This project's approval is crucial to meet the demands of the physicians and patients that PHH serves now and in to the future as the hospital of choice in Huntersville.

Jeff Lindsay, MHA
President, PHH & COO of Northern Market of Southern Piedmont Region
CON Public Hearing Closing Remarks
Presbyterian Hospital Huntersville Addition of 15 New Acute Care Beds
Project ID: F-8130-08
July 18, 2008 1:00 PM

- I am Jeff Lindsay, President of PHH. I would like to take a moment to summarize the key points of our CON application to add 15 acute care beds to our hospital in Huntersville.
- Growth is the single most important factor in PHH's need for additional bed capacity. Since opening in 2004, the hospital has been a great success with the community and you have just heard the statistics from us and some personal stories from the patients and families we serve.
- Community growth is ongoing and physician growth is consistent along with the broadening of the specialty services offered at PHH. All of this contributes to an increased demand for inpatient services, including Women's services and ICU, and adds to the Emergency Room volume.
- For PHH to maintain its high standards of care and excellent patient, employee, and physician satisfaction levels, it is obvious that PHH must be approved to add these 15 new acute care beds.
- As Dr. Sharawy pointed out, long ED wait times, admission delays, transfers to other facilities, and holding patients in non-routine areas to await an available bed are not acceptable long-term situations for PHH.
- The hospital staff and physicians at PHH have coped marvelously with the persistently high occupancy levels. However, these high levels cannot be sustained without potentially affecting patient safety and the overall environment of care.
- Keep in mind that Presbyterian Healthcare facilities generated the need for all 27 beds in the State Medical Facilities Plan. We feel that our proposals to add 15 beds at PHH and 12 beds at Presbyterian Hospital Matthews are the best alternatives for meeting the healthcare needs and providing access to Mecklenburg residents.
- The time is now for PHH to be approved for these 15 acute beds so that the hospital can meet the needs of current and future patients who want to receive remarkable care at PHH.
- Thank you for your time and consideration of PHH's proposal.

Barbara L. Freedy
Director, Certificate of Need
CON Public Hearing Remarks
Presbyterian Hospital Huntersville Addition of 15 New Acute Care Beds
Project I.D. # F-8130-08
July 18, 2008 1:00 PM

- Good Afternoon. I am the Director of Certificate of Need for Novant Health and I am pleased to share with you that I worked with Jeff Lindsay and his team to prepare the PHH CON application seeking to add 15 new acute beds at Presbyterian Hospital Huntersville, based on a need determination in the 2008 SMFP.
- **Bed Need:** I'd like to try to bring into sharper focus what we've heard today from Jeff, Dr. S, our patients and the members of the community; one way to do this is to share with you some powerful yet simple numbers and facts about why it is absolutely imperative that PHH be awarded the beds proposed in its application
- First, the state needs look only as far as the licensed bed inventory and the Mecklenburg County inpatient days set forth in the most recent four years of State Medical Facilities Plans because that information tells us the following things—

1. Today, there are 1,974 licensed acute beds in Mecklenburg County

- 1,219 of those beds (62 percent) are licensed to CHS hospitals¹ which are occupied at 68% and
- Only 755 (38 percent of those beds) are licensed to PHS² and those beds are occupied 78%
- There is a significant imbalance between the two systems and this is not a healthy situation for patients and payors because it places too much inpatient market power in one system, CHS.
- The situation in Mecklenburg County stands in stark contrast to the situation in Forsyth County where there are also two hospital systems. In Forsyth County, the difference in acute care beds licensed to NCBH (789) and Forsyth (773) is only 16 beds.

¹ Carolinas Medical Center (downtown Charlotte) with 795 licensed acute beds; CMC Mercy-Pineville with 294 licensed acute beds; CMC-University with 130 licensed acute beds. See 2008 Hospital License Renewal Applications for these hospitals. The recent approval of Project I.D. # F-7979-07 will result in the relocation of 36 beds from CMC-University to CMC-Mercy/Pineville effective July 1, 2013.

² Presbyterian Hospital with 463 licensed acute beds; Presbyterian Hospital Huntersville with 50 licensed beds; Presbyterian Hospital Matthews with 102 licensed acute beds; Presbyterian Orthopedic Hospital with 140 licensed acute beds (76 POH beds to be relocated to TPH per CON issued in Project I.D. ## F-7386-05 and 50 beds to be relocated to Presbyterian Hospital Mint Hill per CON issued in Project I.D. #F-7648-06.

- I must ask you, who needs those new beds?
2. During the past year (FFY 07), over one-half million days of acute inpatient care (521,470 days) were provided by hospitals located in Mecklenburg County.
 - CHS hospitals provided 59% of the days of care using 62% of the licensed acute beds in Mecklenburg County;
 - PHS provided 41% of the days of care using 38% of the licensed beds in Mecklenburg County. Presbyterian is relative more efficient, as it delivers 41% of the days of care with only 38% of the beds
 - Again the refrain, which needs those new beds?
 3. From FFY 2004-2007 (4 years), inpatient days provided by hospitals in Mecklenburg County increased by 52,469 days
 - 89% of those days of care were provided in PHS hospitals (46,890 days)
 - 11% of those patient days were delivered in CHS hospitals (5579 days)
 - I wonder who needs those beds?
 4. During the past four years, PHS Mecklenburg County bed days have grown eight times faster (8.7% per year) than CHS's Mecklenburg County bed days (less than 1% annually or 0.6%)
 - Who needs those beds to take care of patients?
 5. The bed need formula in the annual CON Plan shows:
 - a net surplus of 65 beds at CHS hospitals in Mecklenburg County and a net need for 27 new acute beds at PHS hospitals in Mecklenburg County.
 - the 2009 SMFP shows a net surplus of 82 acute beds at CHS hospitals in Mecklenburg County and a net need for 30 new acute beds at PHS hospitals in Mecklenburg County.
 6. During the past 8 months PHH has been faced with the challenge of 100% inpatient occupancy on almost 150 of the past 242 days.
 - In other words, almost sixty percent of the time, PHH finds itself with inpatient occupancy at 100%.
 - It could not be more clear that the only way to address this is to add new acute beds at PHH
 - this situation is not sustainable for patients, families, physicians, or compassionate and caring staff at PHH who have risen to this challenge for far too long.

- The state cannot allow this situation to continue unaddressed.
- So, who needs those beds to take care of patients?

. 7. Charity Care

- For reasons that are unclear to this organization, CMC continues to raise the issue of Novant Health's commitment to the medically underserved
- In recent CON trial testimony, the Chief of the CON Section has confirmed that she does not have any concerns about Novant's commitment and mission to serve the medically underserved populations
- One of the cornerstones of Novant Health's and PHH's commitment to the medically underserved is the Novant Health Charity Care Policy provides **free** care to any uninsured person whose household income is less than 300% of the federal poverty level. This policy is in place at PHH and PHM, and this policy applies to each project undertaken by Novant.
- Under the Novant Health charity care policies, a family of four making up to 300% of the federal poverty level (\$63,600)³ will qualify for free care if that family does not have other insurance. All it takes to qualify is the completion of a one page form. This form is also included in Exhibit 8 of the PHH and PHM CON applications.
- Novant's Charity Care policy is the most generous charity care policy in the state of North Carolina.
- Indeed, the Novant Charity Care policy is exceptional compared to the policy that CMC provided in its 27 bed CON application in Exhibit 15.
- The CMC policy in Exhibit 15 is called "Admission and Collection Policy."
- The CMC "Admission and Collection Policy" policy includes the following statements:
 - "For those patients *without third party coverage*, payment is expected *in full* upon receipt of the first hospital billing statement approximately 7 days after the date of service or discharge."
 - "The Hospital will utilize small claims court for certain balances below \$1500. Judgments will be executed by the Sheriff's office when the likelihood of favorable settlement is probable."
 - "Outside attorneys will be utilized for delinquent accounts when the likelihood of a favorable settlement is probable. Judgments will be sought in all accounts referred to the attorneys. ... Judgments will not be executed for the following: ... (b) principal residence *unless* the patient has other liquid assets that they are not willing to liquidate in order to pay their hospital bill."

³ http://www.coverageforall.org/pdf/FHCE_FedPovertyLevel.pdf For purposes of the 2008 Federal Poverty Level, a pregnant woman counts as two persons.

- There is not a word in this policy about CMC's charity care policies and practices.
- Presbyterian Healthcare examined Solucient inpatient admission payor mix data related only to CMC Hospitals and Presbyterian Hospitals in Mecklenburg County for FFYs 2005, 2006, and 2007. The data shows that over the three year period:
- Presbyterian Healthcare's percent of Medicaid and Medicare inpatient cases in Mecklenburg County is increasing
- CMC's percent of Medicaid and Medicare inpatient cases in Mecklenburg County is decreasing
- It's time to agree that both Novant and CMC, as large non-profit health systems spend millions of dollars providing access to care for the medically underserved; CMC is harming its own credibility by continuing to raise this as a phantom issue.

7. Financial Feasibility

- CMC continues to raise questions regarding Novant Health's ability to fund these bed projects and other projects; let's take a look at the numbers
- Novant's CY 2007 Balance Sheet shows that as of the end of 2007, Novant had a total of more than \$1.639 Billion Dollars in Total Assets that can be used by Novant for capital expenditures.
- In addition, Novant expects to generate capital available for such projects, at a rate of over \$300 Million annually. This is set forth in the Novant Health Cash Flow Statement (Form B-2) included in the CON Pro Formas for this project. This is entirely consistent with Novant's capital generation capacity over the past several years.

Novant Health, Inc. Audited Balance Sheet CY 2007

<i>Assets</i>	<i>As of December 31, 2007</i>
Cash and Cash Equivalents	\$321,913,000
Accounts Receivable Net of Allowance for Doubtful Accounts	279,169,000
Short-Term Investments	112,624,000
Other Current Assets	89,082,000
Total Current Assets	\$802,788,000
Long-term investments	835,829,000
Total Assets Available For Capital Expenditures	\$ 1,638,617,000

Source: Novant Health, Inc., Combined Balance Sheet, December 31, 2007 (Audited)

Note: The MedQuest transaction with Novant Health closed 11/9/07, and is included for the relevant part of CY 2007 in the Novant Health audited financial statements. Also, the Novant Health and Rowan Regional Medical Center transaction closed after the CY 2007 audited financial year and accordingly is not captured in the CY 2007 Novant Health audited financial statements.

- In addition, as CMC and the Agency should be aware as of June 2008 all three rating agencies - Moody's, S&P and Fitch -- have reaffirmed Novant's AA-/Aa3 rating. Novant Health, Inc.

and CMC, as well, are among an elite group of only about 100 hospitals in the country to enjoy this stellar bond rating, which affords Novant a better interest rate when borrowing based on tax exempt bonds. This is outside, expert validation of Novant Health's financial strength, vitality, and ability to fund the proposed PHH and PHM projects, as well as other CON projects which are pending or approved.

- CMC's continued suggestion that "the financial feasibility of the project is called into question given the current and proposed expenditures of the applicant and 'related entities'" is simply nonsense:
- Nothing could be further from the truth. CMC is harming its own credibility by continuing to harp on this issue.

8. CONCLUSION: Thank you for the opportunity to speak with you today. I urge the state to award the new acute beds to Presbyterian Hospital Huntersville and the Presbyterian Hospital Matthews. Both these community hospitals clearly have an intense need to expand their inpatient bed capacity.

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#4

CME CON App - 27 Beds
 Filed May 07 (Project I.D.F-8127-07)

2008 SMFP

Target Occupancy Factors: ADC<100 = 150%, ADC 100-200 = 140%, ADC>200 = 133%

A	B	C	D	E	G	H	I	J	K	
Lic. #	Facility Name	County	Licensed AC Beds	Adjustments for CON and Prev. Need	2006 Days from 2008 SMFP	6 Years Growth at 0.47% Annually	2012 Projected Average Daily Census (ADC)	2012 Beds Adjusted for Target Occ.	Projected 2012 Deficit (Bolted) or Surplus ("")	2012 Need Determination
H0071	Carolinas Medical Center / Ctr. for MH	Mecklenburg	795	0	227,068	233,547	640	851	56	
	Carolinas Medical Center - Mercy	Mecklenburg	185	-11	54,807	56,371	154	216	42	
	Carolinas Medical Center - Pineville	Mecklenburg	109	11	Incl. in Mercy		0	0	-120	
H0255	Carolinas Medical Center - University	Mecklenburg	130	0	20,570	21,157	58	87	-43	
	Totals for CMC, Mercy, Pineville & Univ.		219	0						-65
H0010	Presbyterian Hospital	Mecklenburg	463	76	149,608	153,877	422	561	22	
H0282	Presbyterian Hospital Huntersville	Mecklenburg	50	0	13,808	14,202	39	58	8	
H0270	Presbyterian Hospital Matthews	Mecklenburg	102	0	25,644	26,376	72	108	6	
N/A	Presbyterian Hospital Mint Hill	Mecklenburg	0	50	Utilization for the reporting period shown below with Presb. Ortho.				-50	
H0251	Presbyterian Orthopaedic Hospital	Mecklenburg	140	-126	13,001	13,372	37	55	41	
	Totals for Presbyterian, Matthews & Ortho.		140	-126						+27
	Totals for Mecklenburg County:		1,974	0						

CMC's Projected Bed Deficit Calculated Using the 2006 HSA III Growth Rate (1.38)

Target Occupancy Factors: ADC<100 = 150%, ADC 100-200 = 140%, ADC>200 = 133%

A	B	C	D	E	G	H	I	J	K	
Lic. #	Facility Name	County	Licensed AC Beds	Adjustments for CON and Prev. Need	2006 Days from 2008 SMFP	6 Years Growth at 1.38% Annually	2012 Projected Average Daily Census (ADC)	2012 Beds Adjusted for Target Occ.	Projected 2012 Deficit (Bolted) or Surplus ("")	2012 Need Determination
H0071	Carolinas Medical Center / Ctr. for MH	Mecklenburg	795	0	227,068	246,530	675	898	103	
	Carolinas Medical Center - Mercy	Mecklenburg	185	-11	54,807	59,504	163	228	54	
	Carolinas Medical Center - Pineville	Mecklenburg	109	11	Incl. in Mercy		0	0	-120	
H0255	Carolinas Medical Center - University	Mecklenburg	130	0	20,570	22,333	61	92	-38	
	Totals for CMC, Mercy, Pineville & Univ.		219	0						-1
H0010	Presbyterian Hospital	Mecklenburg	463	76	149,608	162,431	445	592	53	
H0282	Presbyterian Hospital Huntersville	Mecklenburg	50	0	13,808	14,991	41	62	12	
H0270	Presbyterian Hospital Matthews	Mecklenburg	102	0	25,644	27,842	76	114	12	
N/A	Presbyterian Hospital Mint Hill	Mecklenburg	0	50	Utilization for the reporting period shown below with Presb. Ortho.				-50	
H0251	Presbyterian Orthopaedic Hospital	Mecklenburg	140	-126	13,001	14,115	39	58	44	
	Totals for Presbyterian, Matthews & Ortho.		140	-126						+71
	Totals for Mecklenburg County:		1,974	0						

Mark Billings

President, PHM & COO of Southern Market, Southern Piedmont Region
 CON Public Hearing Closing Remarks
 Presbyterian Hospital Matthews Addition of 12 New Acute Care Beds
 Project ID: F-8132-08
 July 18, 2008 1:00 PM

- Good afternoon. I am Mark Billings, the President of Presbyterian Hospital Matthews (PHM) and the Chief Operating Officer for the Southern Market of Novant Health's Southern Piedmont Region.
- This area of southern Mecklenburg County, as well as nearby Union, which PHM serves, has steadily grown since PHM was opened in 1994. We've already pointed out how the growth is only expected to continue which will have a tremendous effect on PHM's capacity to provide high quality healthcare.
- Since coming to PHM in 2005, I have witnessed the significant growth of the Medical Staff, inpatient utilization, ED visits, and the addition or expansion of services and programs at the hospital.
- I'd like to briefly point out PHM's strategy and growth plans and the impact to our market share in the area.
- Strategically, PHM is a well-respected hospital that the community views as a leader in quality healthcare. Amy touched on many of the programmatic and service expansions that are underway at the hospital, but I'd like to expand on some of the other great things that PHM is doing.
- A tangible result of PHM's remarkable patient care and program initiatives is the growth in market share. In the Matthews zip code where PHM is located, market share has grown by 7% since 2005.

PHM Market Share

Zip Code	FFY 2005	FFY 2006	FFY 2007	Growth 2005-2007
<i>Primary Service Area</i>				
28105	27.69%	31.50%	34.30%	6.7%
28227	17.50%	18.30%	19.00%	1.5%
28079	29.20%	28.10%	30.00%	0.8%
28110	9.50%	12.10%	12.00%	2.5%
28104	23.30%	31.10%	27.90%	4.6%
28212	7.40%	6.30%	7.50%	0.1%
28270	15.80%	16.60%	15.60%	-0.2%
<i>Secondary Service Area</i>				
28277	8.80%	10.10%	10.90%	2.1%
28173	14.00%	17.00%	13.30%	-0.7%

Mark Billings
President, PHM & COO of Southern Market, Southern Piedmont Region
CON Public Hearing Closing Remarks
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28226	6.00%	5.60%	7.50%	1.5%
28215	3.20%	3.70%	3.80%	0.6%
28112	4.90%	5.10%	5.30%	0.4%
28211	2.90%	2.50%	4.00%	1.1%

Source: Claritas; PHM CON Application, Exhibit 3, Table 22

- In over half of the zip codes that make up PHM's service area, market share increased by more than 1% from 2005 to 2007.
- This increase and shift in market share at PHM has had a very positive impact and has resulted in increased patient days which is driving the high census levels.
- PHM's proposal to add 12 new acute care beds in a cost-effective and timely manner is an optimal solution to alleviate the inpatient capacity constraints that the hospital is experiencing.
- As Mecklenburg County continues to grow, PHM continues recruiting physicians, developing additional programs, upgrading equipment, and adding staff. PHM is committed to meeting future acute health needs of residents of Mecklenburg and the surrounding areas.
- Let me conclude by repeating that Presbyterian Healthcare generated the 27 bed need determination in this year's State Medical Facilities Plan. Our proposals to add 15 beds at PHH and 12 beds at PHM make the most sense for the residents of Mecklenburg County and allow our hospitals and physician partners to continue providing a high quality, patient-focused care. The kind of care that is expected from Presbyterian Healthcare.
- Thank you for the opportunity to share my comments. We look forward to your decision.

Garnet Maharajh, MD
Pediatrics Department Chairman, Presbyterian Hospital Matthews
CON Public Hearing Remarks
Presbyterian Hospital Matthews Addition of 12 New Acute Care Beds
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- Hello, I am Dr. Garnet Maharajh. I am the Department Chair for Pediatric Services at Presbyterian Hospital Matthews, as well as a practicing pediatrician at the Center for Child and Adolescent Medicine in Monroe.
- PHM's proposal to add 12 new acute care beds at the Matthews campus at the lowest possible cost and with the least disruption is the best alternative for the patients and physicians in the community.
- It is obvious that the Matthews area has grown tremendously over the past 14 years that PHM has been providing outstanding patient care and the trend is projected to continue well into the future.
- Pediatrics is among the programs expanding in relation to this growth. PHM already provides a wide range of Pediatric specialists, including 4 Pediatric Emergency Room physicians and 3 Pediatric Urologists.

Pediatric Specialties at PHM

Specialty	Number
Pediatric Cardiology	1
Pediatric Emergency Medicine	4
Pediatric Gastroenterology	2
Pediatric Urology	3
Pediatrics	21

Source: PHM CON Application, NHSPR Medical Staff Affairs

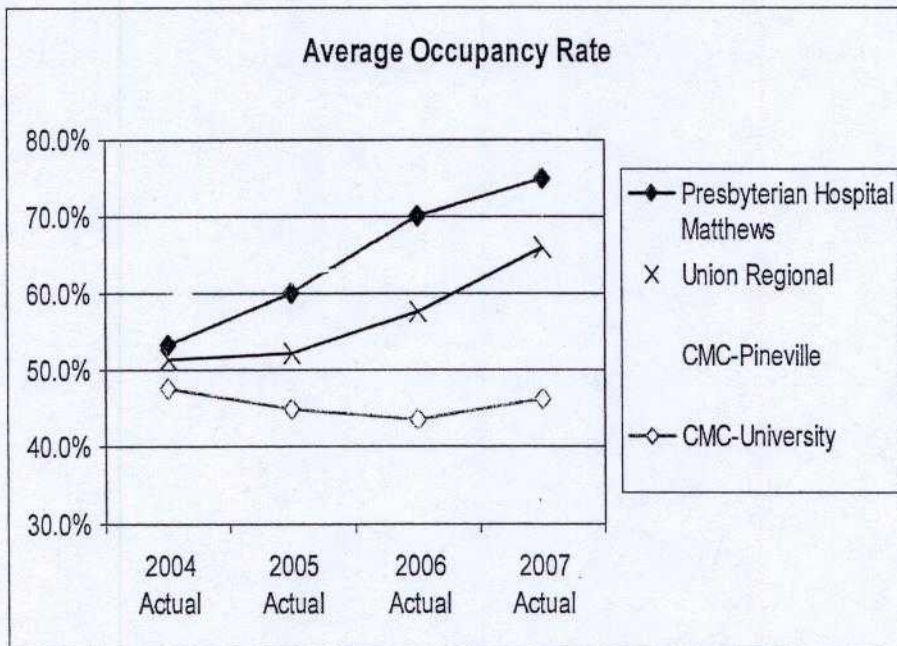
- In addition, a group of Pediatricians is relocating their practice from Union County to Presbyterian's Medical Plaza in Monroe and have expressed their intent to increase their referrals of inpatients to Presbyterian Hospital Matthews.
- As part of expanded cardiovascular services at PHM, a Pediatric Cardiologist is being recruited and the existing PHM echocardiogram program is being expanded to treat children and the special care unit. A Pediatric rehabilitation program is also being developed to meet the rehab needs of the pediatric population
- These pediatric service expansions, along with the others mentioned in my colleagues' remarks, put pressure and more demand on inpatient services.
- Therefore, PHM must be able to accommodate its inpatients now and into the future.

Garnet Maharajh, MD
Pediatrics Department Chairman, Presbyterian Hospital Matthews
CON Public Hearing Remarks
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- Holding inpatients in the Emergency Room, OP units, or other recovery areas is not an acceptable situation for patients, their families, or their physicians.
- The best solution to PHM's high occupancy rates is to add 12 new acute care beds now.
- Thank you for your time. Please convey my support of this project to the State Certificate of Need Section.

Andrew Mueller, MD
Physician Executive, Presbyterian Hospital Matthews
CON Public Hearing Remarks
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- Good afternoon, I am Dr. Andy Mueller. I also serve as a Physician Executive at Presbyterian Hospital Matthews (PHM). In addition, I am a board-certified Family Medicine physician at Blakeney Family Physicians.
- My practice location in the Blakeney area of south Charlotte is a direct result of the population and business growth exploding in that area. The growth of Blakeney, coupled with the projected growth of the rest of south Charlotte, is driving the demand for more inpatient services at PHM.
- You have already heard how PHM is coping with high patient census. In fact PHM has had the highest average occupancy rates since 2006 in the area compared to CMC-Union and CMC-Pineville. A chart detailing this is included in these remarks and in the CON application.



Source: Annual Hospital Licensure Renewal Applications for all four facilities

- I have been confronted with the issues in my practice when I have admitted a patient to PHM, yet the admission is delayed pending an open bed in an appropriate unit.
- These types of admission delays create problems with patients receiving timely care for their conditions. Continual backlogs of inpatients waiting to be admitted has negative

Andrew Mueller, MD
Physician Executive, Presbyterian Hospital Matthews
CON Public Hearing Remarks
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effects on their and their families satisfaction and leads to frustration among the physicians working to coordinate care.

- It is amazing that the morale among the staff at PHM continues to be so good, given the challenges and logistics that they face regularly with a high census.
- However, we can all agree that the high level of occupancy cannot be maintained and PHM must be approved to expand its inpatient capacity through the addition of the 12 acute beds.
- Thank you for the chance to speak you today. Dr. Maharajh would like to add his comments now.

Eugene Sangmuah, MD
CON Public Hearing Remarks
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- Good afternoon, I am Dr. Eugene Sangmuah. I am a hospitalist and a member of the Presbyterian Inpatient Care Specialists or PICS team at Presbyterian Hospital Matthews.
- The growth in the need for healthcare services in Matthews and the surrounding areas has been steady and increasing. Since opening in 1994, PHM has been a preferred hospital with patients and physicians. And all of this growth has taken a toll on the facility's ability to care for community.
- As a physician, that solely treats hospital inpatients, I can personally attest to the constraints that PHM has in managing inpatients because of a lack of bed capacity.
- Amy has just given you the statistics related to PHM's high census levels. I would like to expand on those statistics by describing some of the PICS teams experiences and challenges in providing and coordinating care when the beds at PHM are full.
- A positive indicator that inpatient admission will continue to increase is PHM's Medical Staff growth and physician recruitment. Today there are 436 physicians on active medical staff representing 38 medical and surgical specialties.
- And the medical staff continues to grow adding 30 to 50 physicians annually in the past three years. In the last year, 51 physicians in 20 various specialties were added to the Medical Staff.

PHM Medical Staff Growth

Year	Active Medical Staff	Growth
2004	313	
2005	346	33
2006	378	34
2007	432	54
May 2008	436	4

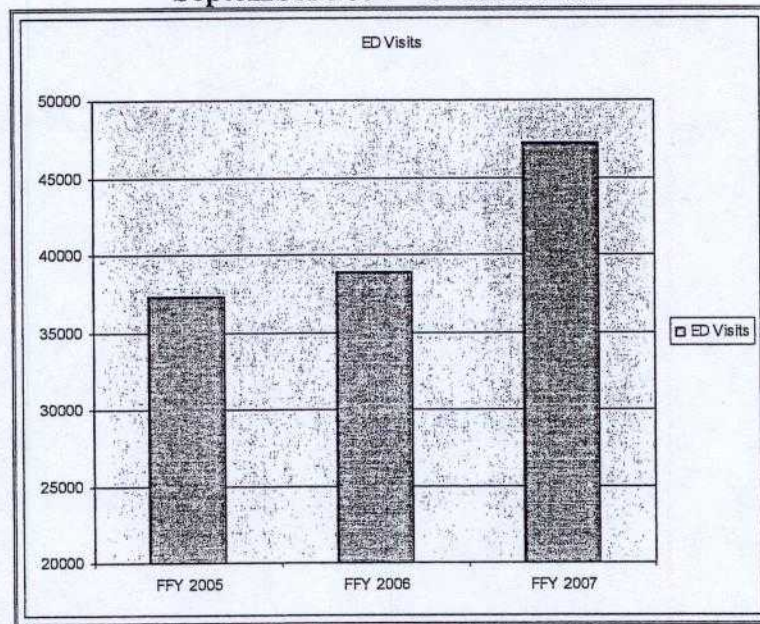
Source: PHM CON Application, NHSPR Medical Staff Affairs

- Of those physicians recently joining the Medical Staff, two are Internal Medicine physicians and 1 is a Cardiologist. All are coming on board to support expanded Infectious Disease and Cardiac Services programs, respectively at PM
- In August 2007, PHM received the Professional Consultants Special Recognition Award for Outstanding physician satisfaction scores. PHM scored in the 90th percentile in all areas measured which included such questions as physicians' perception of the hospital's "Overall Quality of Care" and "As a Place to Practice Medicine."

Eugene Sangmuah, MD
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- This is just one of the reasons PHM has been successful recruiting physicians in the past several years.
- With a growth in Medical Staff comes an increased utilization of services at the hospital such as inpatient services and Emergency Services.
- Allow me to take a moment to touch on how much the ED is impacting the high census and putting pressure on the hospital to add new acute care beds.
- The final phase of PHM's ED expansion almost doubled the treatment rooms from 17 to 35. Since it's completion in 2006, ED visits have increased significantly – over 20% from 2006 to 2007.

Presbyterian Hospital Matthews
Emergency Department Utilization
September 2004 – October 2007



Source: PHM CON Application, Exhibit 3, Table 22

- This increase in ED utilization has impacted inpatient days utilization as over 12 percent of visits at PHM result in an inpatient stay. However, the lack of acute beds at PHM has resulted in backlogs for admissions and patients are often held for extended periods in the ED or in other areas, such as a surgical recovery unit, until a bed is available.
- PHM has experienced consistent growth in Matthews. The addition of the 12 acute care beds as proposed by the hospital will enable PHM to more efficiently and effectively

Eugene Sangmuah, MD
CON Public Hearing Remarks
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manage inpatient admissions, directly or through the ED, and allow for better coordination of care.

- I urge you to carefully consider PHM's application for 12 new acute care beds so that PHM can continue to provide the outstanding level of care that the community has come to know and expect. Thank you.

Amy Vance, RN, MA
COO, Presbyterian Hospital Matthews
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Introduction

- Good afternoon, I am Amy Vance. I am the Chief Operating Officer at Presbyterian Hospital Matthews here in the Southern Piedmont Region. I appreciate the chance to speak with you today regarding our CON application to add 12 new acute care beds at Presbyterian Hospital Matthews (PHM) located in Matthews, NC.
- Since 1994, Presbyterian Hospital Matthews has been a vital and important healthcare provider in the Matthews area. Our success is a result of our ability to meet the needs of patients, families, and physician in the community. For us to continue to focus on high quality healthcare that the community has come to expect from PHM, it is critical that the state approve our proposal to add 12 new acute care beds.

Inpatient Capacity Issues

- High inpatient occupancy rates have become almost routine at PHM. The occupancy rate was 80.5% from April 2007 to March 2008 which is well above the state's target occupancy rate of 66.7% for a hospital Matthews' size.

Presbyterian Hospital Matthews
Acute Inpatient Utilization: April 2007 - March 2008

Quarter	4/07-6/07	7/07-9/07	10/07-12/07	1/08-3/08	Total 4/07-3/08
Cases	1,820	1,781	1,948	1,990	7,539
Patient Days	6,976	6,911	7,859	8,206	29,952
Licensed Beds	102	102	102	102	102
ALOS	3.83	3.88	4.03	4.12	3.97
ADC	76.4	75.7	86.1	89.9	82.1
Occupancy Rate	75.0%	74.3%	84.4%	88.2%	80.5%
Bed Need at 66.7%					123
Beds Needed at PHM					21

Source: PHM CON Application Exhibit 3, Table 11

- This time period includes two very high census times of 84.4% for the quarter ended December 2007 and 88.2% for the quarter ended March 2008. Those quarters encompass the winter months that traditionally create increased admissions for flu and pneumonia. However, PHM is operating at high census and occupancy in all seasons.
- This trend of high inpatient utilization continues beyond the data included in the application filed May 15. Monthly occupancy rates have been:
 - 79.5% for April 2008
 - 73.8% for May 2008; and

Amy Vance, RN, MA
COO, Presbyterian Hospital Matthews
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- 80.5% for June.
- So far in July, inpatient occupancy has averaged 82% with 3 days at or over 90%. Just three days ago, July 15, was at 98%.
- With average daily census and occupancy rates at all time highs, it is extremely important that PHM find a way to create additional inpatient capacity now. Patients are currently being held in the ED, recovery areas, or OP units until an inpatient bed is available.
- The staff at PHM provides stellar care under these high occupancy conditions; however, it is time for PHM's bed capacity to be expanded. Growth in the community, growth in the range of services at PHM, in addition to medical staff growth, will all contribute to a need for additional inpatient capacity.

Project Description

- As you will see in our application, we are proposing to add the 12 acute care beds in such a way that they can be in operation quickly and cost-effectively. We plan to locate, at minimal cost, the 12 new beds in existing bedrooms located in several med-surg nursing units on the 3rd and 4th floors of the hospital.
- The entire project will cost approximately \$600,000 to cover telemetry monitoring equipment for each room and to outfit the rooms' décor and furnishings. No change in square footage or in the building's footprint makes the PHM proposal very economical.
- Given these facts, PHM will have these 12 additional beds ready for patients by April 1, 2009 - less than 6 months from when our CON application is approved.
- At the end of the project, PHM will have increased its licensed bed capacity from 102 to 114 total acute care beds which is 9 beds below the number of beds as determined by the state's bed need method based on 66.7% occupancy.
- The need for an additional 12 beds at PHM is driven by the following factors:
 1. Ongoing population and community growth in the area of Mecklenburg County;
 2. Demand for PHM Inpatient Services;
 3. Program Initiatives at PHM;
 4. Increased Utilization of PHM ED; and
 5. Continued growth of Medical Staff and physician recruitment.

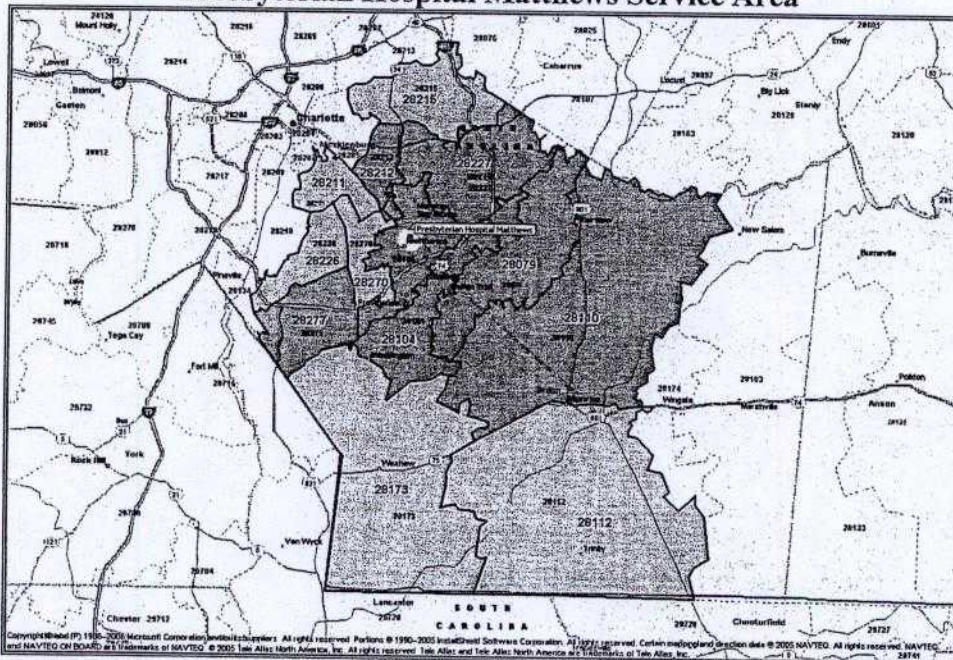
Amy Vance, RN, MA
COO, Presbyterian Hospital Matthews
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- Doctors Sangmuah, Mueller, and Maharajh will speak from a physician perspective to increased inpatient and ED utilization and Medical Staff growth, while I briefly touch on the other factors.

PHM Community & Growth

- PHM is located in southern Mecklenburg County. Mecklenburg County has been identified by the NC Office of State Demographics as a high growth county through 2010 and even farther into 2020 based on this agency's projections.¹
- Mecklenburg County is also surrounded by counties with high growth projections, including Iredell, Cabarrus, and Union. PHM currently cares for many patients from Union County in addition to Mecklenburg residents.
- PHM's primary service area encompasses Matthews (zip codes 28105 and 28104), Charlotte (zip codes 28227, 28212, and 28270), Monroe (in Union County; zip code 28110) and Indian Trail (zip code 28078).
- Our secondary service area expands into other areas of Charlotte adjacent to PHM and further into Union County into Waxhaw.

Presbyterian Hospital Matthews Service Area



Pink = Primary Service Area = 60% of total inpatient days

¹ <http://demo.state.nc.us/demog/grow2020.html>

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COO, Presbyterian Hospital Matthews
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Source: PHM CON Application Exhibit 3, Table 5

- PHM's Service Area has undergone exceptional growth over the past 8 years and this growth is expected to continue as reflected in a chart you will see in my remarks as well as our CON application.

**PHM Service Area
Population Growth: 2008-2013**

Zip Code	Town	2008	2013	CAGR 2008-2013
<i>Primary Service Area</i>				
28105	Matthews	36,574	41,109	2.4%
28227	Charlotte	45,913	49,995	1.7%
28079	Indian Trail	28,924	37,476	5.3%
28110	Monroe	50,013	60,006	3.7%
28104	Matthews	28,926	36,742	4.9%
28212	Charlotte	35,549	36,916	0.8%
28270	Charlotte	31,830	35,249	2.1%
Primary Service Area Subtotal		257,729	297,493	2.9%
<i>Secondary Service Area</i>				
28277	Charlotte	60,401	75,233	4.5%
28173	Waxhaw	32,775	42,311	5.2%
28226	Charlotte	37,752	39,724	1.0%
28215	Charlotte	51,456	58,277	2.5%
28112	Monroe	26,834	29,951	2.2%
28211	Charlotte	26,290	26,726	0.3%
Secondary Service Area Subtotal		235,508	272,222	2.9%

Source: Claritas; PHM CON Application Exhibit 3, Table 2

- The overall growth rate of PHM's service area is estimated to be 3% from 2008 to 2013, including 5.3% in Indian Trail (28079) and 4.9% in Matthews (28104) alone. These growth rates are well above the state's annual growth rate of .47% used in the 2008 State Medical Facilities Plan.

Increased Inpatient Utilization

- Similar to PHH, our "sister hospital" in northern Mecklenburg County, PHM has been experiencing double-digit growth in patient days, average daily census, and occupancy rates for more than three years (January 2004 – December 2007).

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COO, Presbyterian Hospital Matthews
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Presbyterian Hospital Matthews
Acute Inpatient Utilization: January 2004 – December 2007

Calendar Year	2004	2005	2006	2007	CAGR
Cases	5,674	6,257	7,031	7,492	
Growth Rate (Cases)		10.3%	12.4%	6.6%	9.7%
Patient Days	20,163	23,941	26,323	29,002	
Growth Rate (Days)		18.7%	9.9%	10.2%	12.9%
Licensed Beds	102	102	102	102	
ALOS	3.55	3.83	3.74	3.87	2.9%
ADC	55.2	65.6	72.1	79.5	12.9%
Occupancy Rate	54.2%	64.3%	70.7%	77.9%	12.9%

Source: PHM CON Application Exhibit 3, Table 11

- PHM patients or cases have increased at a Compounded Average Growth rate (CAGR) of 10%; while both patient days and inpatient occupancy rates have grown at a 13%.

Program Initiatives

- PHM is a well-respected provider in the community and in continuing its goal of providing high quality healthcare, we have undertaken many initiatives to expand the scope and the specialty services offered.
- In April 2006, we completed the final phase of a major Emergency Room expansion that has increased ED visits and impacted inpatient capacity. Dr. Sangmuah and Dr. Mueller will talk more about the ED impact to clinical operations and inpatient occupancy.
- PHM has also broadened its cardiovascular services with a replacement cardiac catheterization lab which includes interventional procedures and an expansion of critical care services. PHM is a Chest Pain Accredited Program and Stroke Certification Program by the Joint Commission.
- Program initiatives in Cancer Services include working closely with Southeastern Radiation Oncology (SERO) to expand oncology services, the addition of a second digital mammography unit and ultrasound unit as well as expanded invasive procedures at the PHM Breast Cancer Center.
- Neurology and neurosurgery services have also been strengthened to fully support the Stroke Program.
- PHM has also expanded the surgical specialties with the recent addition of two spine surgeons.

Amy Vance, RN, MA
COO, Presbyterian Hospital Matthews
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Conclusion

- In closing, for PHM to continue providing outstanding care to the community and to cope with the current and projected growth, it is obvious that we need these 12 new acute care beds.
- Our project makes sense both operationally and economically and we look forward to the state's approval of our application.

Hospital	Proposed 2009 SMFP - FFY 2007 Thomson Patient Days	Projected 2013 Patient Days	ADC	Target Planning Occupancy Rate	Acute Bed Need	Licensed and CON Approved Beds	Additional Bed Need/Surplus	System Bed Need	HSA Growth Rate Methodology		Proposed 2009 SMFP Growth Rate	6 Yr Growth Rate
									Applied Statewide Growth Factor	HSA Growth Rate		
Forsyth County												
NC Baptist Hospital	213,567	226,928	621.7	75.2%	827	799	38	38	HSA II - Actual 3 Yr Growth	0.01%	6.3%	
FMC	208,327	221,360	606.5	75.2%	806	790	16	16	HSA III - Actual 3 Yr Growth	1.04%	12.1%	
MPH	5,684	6,040	16.5	66.7%	25	22	3	19				
Total Bed Need												
Pending CON Decisions								57				
2009 SMFP Bed Need								-26				
								31				
Mecklenburg County												
CMC-Mercy/Pineville	56,294	63,117	172.9	71.4%	242	294	-52					
CMC-University	21,378	23,969	65.7	66.7%	98	130	-32					
CMC	228,343	256,018	701.4	75.2%	933	795	138	54				
Total CHS*		343,104	940.0									
TPH	159,139	178,427	488.8	75.2%	650	539	111					
PHH	15,993	17,931	49.1	66.7%	74	60	14					
PHM	27,408	30,730	84.2	66.7%	126	102	24					
PHMH	0	0	0.0	66.7%	0	50	-50					
POH	12,915	14,480	39.7	66.7%	59	14	45	144				
Total PHS*		241,568	661.8									
Total Bed Need												
Pending CON Decisions								199				
2009 SMFP Bed Need								-27				
								172				

*Note: Both CHS and PHS have pending CON applications which reflect systemwide patient day projections in excess of the above projected patient days. See CMC Project I.D. F-8127-08 - page 77 (FFY 2012 projected), and PHH Project I.D. 8130-08 - page 35