

Acute Care Services Committee
Agency Report for
Adjusted Need Determination Petition Regarding the
Proposed 2011 State Medical Facilities Plan
Graystone Eye Surgery Center

Petitioner:

Graystone Eye Surgery Center, LLC
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Request:

Graystone Eye Surgery Center, LLC (Graystone) requests an adjusted need determination to include a need for one additional surgical operating room in the Catawba County service area in the 2011 State Medical Facilities Plan (SMFP).

Background Information:

The Operating Room (OR) need methodology consists of several steps, which result in the number of ORs needed in OR service areas. The methodology uses an estimated number of surgical hours, based on a standard of surgery hours for inpatient cases at three hours per case and ambulatory cases at one and a half hours per case. For a service area, the estimated number of surgical hours for the previous year (data year) is multiplied by the projected population change between the data year and the target year (four years from the data year) to get a total number of projected surgical hours for each service area. The number of operating rooms required by the target year is the result of dividing the projected number of surgical hours for the target year by 1,872 hours, which is the standard number of hours of use per OR per year based on assumptions used in the SMFP. The final methodology step, the number of additional ORs needed in a service area, is determined by subtracting the projected total number of required ORs from the current OR inventory, less excluded ORs, and adjusting any deficit depending on the number of existing ORs in the service area.

In deference to the standard methodology, Chapter Two of the 2011 Proposed SMFP allows persons to petition for an adjusted need determination in consideration of "...unique or special attributes of a particular geographic area or institution..." if they believe their needs are not appropriately addressed by the standard methodology. The standard methodology used to project OR need indicates there is no need in the Proposed 2011 SMFP for an additional operating room in Catawba County. Graystone is petitioning for an adjusted need determination for one additional surgical operating room in Catawba County, based on the petitioner's assessment of underutilized ORs and increasing use of and demand for ambulatory surgical services in the service area.

Analysis/Implications:

The Catawba County OR service area includes four providers of surgical services, Catawba Valley Medical Center, Frye Regional Medical Center (RMC), Graystone and Viewmont Surgery Center. The petitioner indicates that three of the four providers of inpatient and ambulatory surgical services are operating close to or exceeding 80 percent utilization. According to the 2009 data used for the 2011 Proposed SMFP, utilization of operating rooms among the providers varied from 46.8 percent for Frye RMC to 317.8 percent for Graystone. Utilization was calculated by dividing the total estimated inpatient and ambulatory surgery hours for a facility by the facility’s OR capacity, which is the number of licensed ORs, minus exclusions, times the standard hours an operating room is used per year (1,872 hours). The petitioner notes that while utilization rates for Frye RMC have declined over the past several years, the trend does not meet the SMFP definition of chronically underutilized licensed facilities of less than 40 percent utilization for the past two fiscal years as described in Step 4m of the OR standard methodology. Since Frye RMC does not meet the SMFP criteria for chronically underutilized licensed facilities, the ORs are included in Step 5 - Determination of Need of the standard methodology. Utilization rates for the past three years for the four Catawba County surgical services providers are shown below.

Provider	# of Operating Rooms	FY 2007 Utilization	FY 2008 Utilization	FY 2009 Utilization
Frye Regional Medical Center	21	59.0%	48.8%	46.8%
Graystone Eye Surgery Center	1	199.0%	333.8%	318.0%
Catawba Valley Medical Center	12	80.9%	86.2%	89.7%
Viewmont Surgery Center (opened late 2007)	3	0.5%	51.5%	74.3%

Table 6B of the 2011 Proposed SMFP shows an overall population growth for Catawba County of 5.27 percent is projected to occur between 2009 and 2013. The petitioner provides information about the anticipated growth of 14.7 percent in the population of people age 65 and older in Catawba County, compared to an estimated growth of 14 percent of the 65 and older population in North Carolina. Additionally, the petitioner offers statistics about the growth of ambulatory surgery to a point where “four out of every five surgical procedures are performed on an outpatient basis... Catawba County’s ambulatory surgery use [of 117.2 surgeries per 1,000 people] is higher than the North Carolina average ambulatory surgery use rate of 69.6.”

Agency Recommendation:

The Agency supports the standard methodology for operating rooms, which indicates no need for additional ORs for the Catawba County service area. However, as noted above, three of the four surgical services providers in this service area have FY 2009 utilization rates approaching or exceeding 80 percent, with two providers, including Graystone, exceeding the 80 percent rate for three of the most recent consecutive years. The Agency has concluded that the petitioner has sufficiently demonstrated unique or special circumstances that warrant an additional OR in the Catawba County OR service area. The Agency recommends approval of the petition.