

Acute Care Services Committee
Agency Report for
Adjusted Need Determination Petition Regarding the
Proposed 2012 State Medical Facilities Plan
Pitt County Memorial Hospital

Petitioner:

Pitt County Memorial Hospital (PCMH)
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Request:

Pitt County Memorial Hospital (PCMH) requests that the need determination in Table 5A: Acute Care Bed Need Projections and Table 5B: Acute Care Bed Need Determinations of the North Carolina Proposed 2012 State Medical Facilities Plan (SMFP) for 97 acute care beds in the Pitt/Greene/Hyde County service area be reduced to 65 acute care beds.

Background Information:

The standard methodology for projecting need for acute care beds is based on the total number of acute inpatient days of care provided by each hospital, as obtained from the Thomson Reuters database by the Cecil G. Sheps Center for Health Services Research. The number of days of care is advanced by four years based on a growth rate representing the average annual historical percentage change in total inpatient days for each county over the past five years (i.e., four intervals of change). The projected midnight average daily census for the target year is then adjusted by target occupancy factors, which increase as the Average Daily Census increases. Surpluses or deficits are determined by comparing the projected bed need to the current inventory of licensed plus pending acute care beds.

In deference to the standard methodology, Chapter Two of the North Carolina 2012 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. Pitt County Memorial Hospital has submitted a petition to lower the projected number of beds needed in the Pitt-Greene-Hyde Acute Care Bed service area.

Analysis/Implications:

In late 2009 and in 2010, an Acute Care Services work group examined several aspects of the acute care bed methodology, including growth rates of acute care days of care. The work group recommended to the Acute Care Services Committee a change from using the statewide growth rate to a county-specific growth rate in the methodology. The Committee and the State Health Coordinating Council approved the recommendation along with others, and the North Carolina 2011 SMFP contained a revised acute care bed methodology. Minutes from work group and

Committee meetings noted that data issues could occur in conjunction with changes in the numbers of acute care beds, but the petition process could be used to adjust need if and when warranted.

In this situation, the petitioner “believes the 6.5% change in acute care days [for Pitt-Greene-Hyde service area] from FY09-10 is due to a one-time, unique event and is inconsistent with historical growth trends. Therefore, PCMH believes the ‘County Growth Rate Multiplier’ applied to the Pitt/Greene/Hyde service area is not representative of future growth.” The petitioner requests that additional beds needed be lowered from 97 beds, as calculated by the current methodology, to 65 beds by using the county growth rate for FY 06 through FY 09 instead of FY 06 through FY 10. “PCMH believes the proposed adjustment more accurately represents the projected growth in inpatient days and inpatient acute care bed need.”

The proposal is to reduce the need determination from 97 to 65 by excluding the change between FY09 and FY10 for the Pitt-Greene-Hyde service area, and calculating the average percent change using a four-year time period and not five years. The calculation would result in a need identified in Table 5A and Table 5B of 65 acute care beds for the Pitt-Greene-Hyde service area. The Agency notes the impact of opening 100 new beds between January 2009 and October 2009, and understands that “being able to meet the pent-up demand” for acute care bed days of care was a one-time event. Furthermore, the North Carolina 2011 SMFP includes a need determination for 48 additional acute care beds in the Pitt-Greene-Hyde service area, with a Certificate of Need application due date of November 15, 2011. Therefore, the Agency can see benefit in reducing the need determination from 97 to 65 for 2012, and agrees with the logic used to arrive at the requested lower number.

Agency Recommendation:

In general, the Agency supports the acute care bed standard methodology; however, in consideration of the above, the Agency has determined that Pitt County Memorial Hospital has demonstrated “...unique or special attributes” in the service area, which “are not appropriately addressed by the standard methodology.” The Agency recommends approval of Pitt County Memorial Hospital’s petition to reduce the need determination for additional acute care beds from 97 to 65 in the Pitt-Greene-Hyde multi-county service area for the North Carolina 2012 SMFP.