



Healthcare Planning and Certificate of Need

Acute Care Services Committee Minutes - Draft
September 8, 2015
10:00a.m. – 12 Noon
Brown Bldg. Room 104, Raleigh, N.C.

Members Present: Dr. Sandra Greene, Christina Apperson, Dr. Mark Ellis, Stephen Lawler, Dr. Christopher Ullrich; Dr. Robert McBride
Members Absent: Representative Donny Lambeth, Kenneth Lewis
Healthcare Planning Staff Present: Paige Bennett, Elizabeth Brown, Amy Craddock, Tom Dickson , Kelli Fisk
DHSR Staff Present: Drexdal Pratt, Shelley Carraway, Martha Frisone, Fatima Wilson
Attorney General’s Office: Jill Bryan

Agenda Items	Discussion/Action	Motions	Recommendations/ Actions
Welcome & Introductions	Dr. Greene welcomed members, staff and visitors to the meeting. She acknowledged that the meeting was open to the public; however, discussions, deliberations and recommendations would be limited to members of the Acute Care Services Committee and staff.		
Review of Executive Order No. 46 Ethical Standards for the State Health Coordinating Council	Dr. Greene reviewed Executive Order No. 46 Reauthorizing the State Health Coordinating Council (SHCC) with committee members and explained procedures to observe before taking action at the meeting. Each member of the committee commented on his or her professional and institutional interests.		
Approval of May 5, 2015 Minutes	A motion was made and seconded to approve the May 5, 2015 minutes.	Mr. Lawler Dr. Ellis	Motion approved
Acute Care Hospital Beds – Chapter 5	Chapter 5 - Acute Care Hospital Beds Dr. Greene asked Dr. Craddock to provide an update and review of the hospitals with Truven data discrepancies		

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	<p><u>Truven Data Discrepancy Report</u> The agency reconciles the acute days of care reported on the Hospital License Renewal Applications submitted to DHSR with the data submitted to Truven Health Analytics. This comparison report is provided for your review and comment, but it is not included in Chapter 5 of the SMFP.</p> <p>The agency receives Truven data twice during the year. The initial data is received in the spring, and a preliminary Data Discrepancy report reflecting that information was presented at the May 5th meeting. The current table uses the “refreshed” Truven data, which was received in August; it incorporates all data changes made by the hospitals, including corrections to data as a result of the draft discrepancy report. The table that you see in front of you lists the facilities that still have a greater than ±5% discrepancy between the License Renewal Applications and data submitted to Truven.</p> <p>The preliminary report (from May) contained 23 facilities. The current report (table) contains 19 – after data corrections, four no longer have a > ±5% discrepancy. In addition, as a result of refreshing their data, no additional hospitals had a > ±5% discrepancy.</p> <p>Dr. Craddock stated there were no petitions for Chapter 5.</p> <p>Dr. Craddock noted Truven data was refreshed and incorporated into Table 5A (Acute Care Bed Need Projections). This did not cause any changes in need determinations from the Proposed 2016 SMFP. There remains a need for 84 beds in Orange County, and no needs anywhere else in the state.</p> <p><u>Committee Recommendation:</u> A motion was made and seconded to forward Chapter 5, Acute Care Hospital Beds, with approved changes, to the SHCC.</p>	<p>Ms. Apperson Dr. McBride</p>	<p>Motion approved</p>

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Other Acute Care Services - Chapter 7	<p>Dr. Greene stated the order of the agenda will change. Dr. Greene stated the Committee will discuss Chapters 7 and 8. Chapter 6 will be reviewed last.</p> <p>Chapter 7 - Other Acute Care Services</p> <p>Dr. Craddock stated Chapter 7 covers Open-Heart Surgery Services, Burn Intensive Care Services, and Transplantation Services. No petitions or comments in any of these areas.</p> <p><u>Committee Recommendation:</u> A motion was made and seconded to forward Chapter 7, Other Acute Care Services to the SHCC.</p>	Mr. Lawler Dr. Ellis	Motion approved
Inpatient Rehabilitation Services – Chapter 8	<p>Chapter 8 - Inpatient Rehabilitation Services</p> <p>No petitions or comments were received regarding inpatient rehabilitation services.</p> <p><u>Committee Recommendation:</u> A motion was made and seconded to forward Chapter 8, Inpatient Rehabilitation Services to the SHCC.</p>	Mr. Lawler Dr. Ellis	Motion approved
Operating Rooms – Chapter 6	<p>Chapter 6 - Operating Rooms</p> <p>Dr. Craddock provided the following updates on the Single Specialty Ambulatory Surgery Facility Demonstration Project.</p> <p>Single Specialty Ambulatory Surgery Facility Demonstration Project. The three facilities participating in this demonstration project provided annual reports. The summary reports prepared for the SHCC reflect the areas <u>required</u> by the demonstration project criteria, as well as those <u>recommended</u>.</p>		

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	<p>The Piedmont Outpatient Surgery Center in Forsyth County submitted its Year 3 report.</p> <p>Piedmont Outpatient Surgery Center received a license in February 2012. The agency received the third year project report on April 30, 2014 for the time period January 1, 2014 to December 31, 2015.</p> <p>The facility reported that of the eleven physicians practicing at the facility, two are not owners of the practice. All physicians maintained privileges and took ER call at local hospitals.</p> <p>Based on the facility's information related to the number of and payor source of the patients served, the agency was able to verify that the facility's total revenue attributed to self-pay and Medicaid was at least seven percent. The documentation included in the report revealed that 7.25% of the facility's revenue was attributed to self-pay and Medicaid patients. This percentage has decreased in each successive year of operation (from 12.36% in Year 1 and 11.65% in Year 2).</p> <p>Since initial licensure, the facility has used a surgical safety checklist. This electronic checklist is split into Pre-OP, Post-OP and Post-anesthesia care unit (PACU) sections. During Year 3, staff completed these sections 98.15%, 97.75%, and 99.45% of the time, respectively.</p> <p>In accordance with the conditions set forth in the certificate of need, the facility tracks the four required measures, and also tracks six additional patient outcome measures. The report contained information showing minuscule negative results on both the required and additional measures.</p> <p>An electronic health record (EHR) interface exists between the facility and physicians' offices.</p> <p>The facility supplied evidence that it reported utilization and payment data to the statewide data processor, as required by G.S. 131E-214.2 and as a criterion of the 2010 SMFP.</p>		

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	<p>Based on the review of the annual report, the agency determined that Piedmont Outpatient Surgery Center has shown substantial compliance with the demonstration project criteria outlined in the Plan and the certificate of need.</p> <p>Triangle Orthopaedics Surgery Center in Wake County submitted its Year 2 report.</p> <p>Triangle Orthopaedics Surgery Center received a license in February 2013 The agency received the second year project report in April 2015 for the time period of March 1, 2014 to February 28, 2015.</p> <p>The facility reported that of the nineteen physicians practicing at the facility, three are not owners of the practice. All physicians maintained privileges and took ER call at local hospitals.</p> <p>Based on the facility's information related to the number of and payor source of the patients served, the agency was able to verify that the facility's total revenue attributed to self-pay and Medicaid was at least seven percent. The documentation included in the report revealed that 7.77% of the facility's revenue was attributed to self-pay and Medicaid patients, a decrease from the Year 1 figure of 9.33%.</p> <p>Since initial licensure, the facility has used a surgical safety checklist. This checklist consists of information entered into required fields that are integrated into the electronic health records (EHR). The report indicates that daily chart audits verified that 100% of the surgeries had used this checklist.</p> <p>The facility addressed the four required measures for tracking quality assurance. In addition to the four required measures, the facility exceeds these requirements and tracks additional measures.</p> <p>An EHR interface exists between the facility and physicians' offices. An additional interface is under development to facilitate coordination of surgery scheduling requests.</p>		

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	<p>The facility supplied evidence that it reported utilization and payment data to the statewide data processor, as required by G.S. 131E-214.2 and as a criterion of the Plan.</p> <p>Based on the review of the annual report, the agency determined that Triangle Orthopaedics Surgery Center has shown substantial compliance with the demonstration project criteria outlined in the Plan and the certificate of need.</p> <p>Mallard Creek Surgery Center in Mecklenburg submitted its Year 1 report.</p> <p>Mallard Creek Surgery Center received a license in May of 2014. The agency received the first year project report for the time period May 7, 2014 to May 6, 2015. Financial information was reported through May 31, 2015.</p> <p>The facility reported that of the 35 physicians practicing at the facility, 14 are non-owners of the practice. All physicians maintained privileges and took ER call at local hospitals.</p> <p>Based on the facility's information, its total revenue attributed to self-pay and Medicaid was 4.4% at the end of the first full reporting year (May 6, 2014-May 31, 2015). This calculation is shown in Table 1 of Attachment B. The facility's evaluation report explained that it experienced a delay in receiving authorization from CMS, such that it was only able to begin accepting Medicare patients on December 8, 2014 and Medicaid patients on February 23, 2015. To facilitate Medicaid referrals, Mallard Creek Surgery Center partners with two community clinics that serve Medicaid patients and persons who are medically underserved; efforts increased about 60 days before Medicaid approval. Incorporating this 60-day period, Table 2 of Attachment B shows that the facility's total revenue attributed to Medicaid and self-pay was 5.9% from January 1, 2015 through May 31 2015. Finally, Table 3 of Attachment B shows that Mallard Creek's total revenue attributed to self-pay and Medicaid from March 1, 2015 through May 31, 2015 was 8.4%. This last figure is the total</p>		

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	<p>percentage of Medicaid and self-pay revenue after receipt of Medicaid certification.</p> <p>Mallard Creek Surgery Center uses a hard copy surgical safety checklist. The facility reported 100% completion.</p> <p>The facility established several policies and procedures related to quality assurance, along with a clinical quality measures dashboard. In accordance with the conditions set forth in the certificate of need, the facility tracks the four required measures. It exceeds these requirements and monitors additional patient outcome measures. The report contained information showing small negative results on these measures.</p> <p>Mallard Creek Surgery Center does not have electronic health records (EHR). It does, however, use an electronic scheduling system, and scans chart audits to an electronic system daily as a means of backing up health records. The administrator explained that the initial budget was insufficient to secure an EHR system as originally planned, but that the facility plans to obtain one. The lack of an EHR system significantly impedes inter-operability with other providers, because communication is currently primarily conducted via phone and fax.</p> <p>The facility supplied evidence that it reported utilization and payment data to the statewide data processor, as required by G.S. 131E-214.2 and as a criterion of the 2010 SMFP.</p> <p>Based on the review of the annual report, the agency determined that Mallard Creek Surgery Center has shown compliance with the demonstration project criteria outlined in the Plan and the certificate of need in all but one area. For the first full year of operation, it did not meet the 7% payor mix minimum set out in the Plan. This situation appears primarily to be due to the delay in receiving eligibility to treat Medicaid patients. Since obtaining eligibility, the facility has reached the 7% payor mix minimum. In addition, the facility does not have an EHR system. Although an EHR is not a requirement of the demonstration project, facilities are encouraged to have such a system.</p>		

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	<p>Three petitions were received regarding operating rooms. Dr. Craddock reviewed the following petitions:</p> <p>Petitioner: Blue Ridge Bone and Joint The petition by Blue Ridge Bone and Joint requested that the 2016 SMFP include support of a demonstration project for a single specialty, two-operating-room, ambulatory surgical facility in the Buncombe, Madison, Yancey County service area, with the facility to be located in Buncombe County. One letter of support was received from the petitioner, and two letters in opposition were received.</p> <p>In 2009, Blue Ridge Bone and Joint Clinic petitioned the SHCC to add Buncombe County as a Single Specialty Ambulatory Surgery Facility Demonstration Project. Blue Ridge Bone and Joint has submitted similar petitions to the SHCC in each year since (2010, 2011, 2012, 2013, 2014, and 2015). The SHCC denied all of these petitions, citing the SHCC’s initial decision to limit the demonstration project to three, and to “evaluate each facility after each facility has been in operation for five years.” The first facility to be licensed was licensed in February 2012, and the last to be licensed was licensed in May 2014. Therefore, none of the facilities has yet been in operation for five years.</p> <p>The SHCC developed specific criteria for choosing the demonstration project service areas. Table 6D (2010 SMFP) reads, “At least one county in each of the groups of counties has a current population greater than or equal to 200,000, more than 50 total ambulatory/shared operating rooms, and at least [one] separately licensed Ambulatory Surgery Center [ASC].” The SHCC’s reasoning was, “locating facilities in high population areas with a large number of operating rooms and existing ambulatory surgery providers prevents the facilities from harming hospitals in rural areas, which need revenue from surgical services to offset losses from other necessary services (such as emergency department services).” Buncombe County meets the population criterion and the requirement to have at least one separately licensed ASC. However, the service area has a total inventory of 43 ambulatory and shared</p>		

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	<p>operating rooms. Hence, it does not meet the criterion of having greater than 50 ambulatory/shared operating rooms.</p> <p>In summary, the SHCC has consistently decided not to allow any additional Single Specialty Ambulatory Surgery Demonstration Projects before the project data can be received and evaluated after all facilities have been in operation for five years. In addition, the Buncombe/Madison/Yancey County service area does not meet all of the criteria set forth by the SHCC for these demonstration projects.</p> <p><u>Committee Recommendation:</u> A motion was made and seconded to deny the petition.</p>	<p>Mr. Lawler Dr. Ellis</p>	<p>Motion approved</p>
	<p>Petition 2: Knowles, Smith and Associates Petition 3: Triangle Implant Center</p> <p>Dr. Greene stated the next two agency reports were separate but because the issues were virtually identical, Dr. Craddock presented a single oral report combining these two petitions.</p> <p>The petition from Knowles, Smith and Associates (KSA) requested that the <i>North Carolina 2016 State Medical Facilities Plan (SMFP)</i> include “an adjusted need determination for one operating room in Cumberland County to be included in a demonstration dental-only ambulatory surgical center.” In response to this petition, the agency received two comments from the petitioner, 30 comments and letters in favor of the petition, and two in opposition.</p> <p>The petition from Triangle Implant Center (TIC) requested that the 2016 SMFP include “an adjusted need determination for one operating room and related procedure rooms in Wake County to be included in a demonstration dental-only ambulatory surgical center.” The agency received three comments, two from the petitioner; 28 letters of support and 8 letters in opposition were received.</p>		

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	<p>In the spring of 2015, KSA (d/b/a Village Family Dental) submitted a petition to create a policy to allow an exemption for ambulatory surgery centers devoted to pediatric dentistry. In response to KSA’s spring petition, the SHCC determined that a policy change was not appropriate, because it was not clear that the challenges reported by KSA existed throughout the state. As a result, the spring petition was denied. Although it was denied, this petition brought attention to an area about which the SHCC needed more information. As a result, the Division of Health Service Regulation convened a stakeholder meeting on June 3, 2015 to obtain input about the nature and scope of the issues regarding access to ORs by dentists and oral surgeons. Attendees at the meeting included dentists, oral surgeons, anesthesiologists, consultants, SHCC members, and representatives from dental schools, hospitals and professional societies.</p> <p>KSA and TIC then submitted petitions in the summer for an adjusted need determination for one operating room (each) as part of a dental-only OR demonstration project.</p> <p>Although very similar, the two petitions differ slightly in their focus. The KSA petition requests a dental-only OR, but the rationale expressed in the petition relates almost exclusively to pediatric dentistry. This focus also is expressed in the first draft criterion KSA proposes for the demonstration project, which calls for a facility “dedicated to the scope of pediatric dentistry.” The TIC petition acknowledges the difficulties treating patients on Medicaid, most of which are children, but it does not focus primarily on pediatric patients.</p> <p>The foundation of both petitions lies in the petitioners’ claim of a large underserved population in their respective service areas (Cumberland and Wake Counties). The existence of this underserved population results from regulatory, financial, and logistical barriers to obtaining sufficient OR access, time, and services.</p> <p>Although the Agency supports the standard methodology, the petitioners have demonstrated “...unique or special attributes” which “are not appropriately addressed by the standard methodology.” In addition, the meeting of</p>		

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	<p>stakeholders identified access to ORs for dental procedures as a significant challenge. Even though providers in some service areas may be able to secure adequate dental surgical treatment for their patients, access to ORs appears to be a significant challenge in many areas of the state, particularly for patients on Medicaid.</p> <p>Given available information and comments submitted by the August 14, 2015 deadline, and in consideration of factors discussed above, the Agency recommends denial of both of these petitions. Instead, based on the stakeholder meeting and other information reviewed, the Agency recommends identification of a need determination for a demonstration project, to include operating rooms to be established in dental-only ambulatory surgical facilities in several areas across the state. The applicants for a demonstration project would have to show that the proposed facility is substantially committed to providing dental surgery to persons of low income, including Medicaid recipients.</p> <p><u>Committee Recommendation:</u> A motion was made and seconded to deny the petition from Knowles, Smith & Associates.</p> <p><u>Committee Recommendation:</u> A motion was made and seconded to deny the petition from Triangle Implant Center.</p>	<p>Mr. Lawler Dr. Ellis</p> <p>Mr. Lawler Ms. Apperson</p>	<p>Motion approved</p> <p>Motion approved</p>
	<p>The Agency drafted criteria and reporting requirements for a proposed Dental Ambulatory Surgical Facility Demonstration Project.</p> <p><u>Committee Recommendation:</u> A motion was made and seconded to recommend a Dental Single Specialty Ambulatory Surgical Facility Demonstration Project, based on the Criteria presented, with the following changes:</p> <ul style="list-style-type: none"> • <i>In item 1, the words “oral surgeon and dentist” have been changed to “owner.”</i> 	<p>Dr. McBride Mr. Lawler</p>	<p>Motion approved</p>

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	<ul style="list-style-type: none"> • <i>In item 3, language is to be clarified to indicate the demonstration project is limited to dental and oral surgery procedures requiring sedation.</i> • <i>In item 5, the word “Medicare” has been changed to “CMS.”</i> • <i>In item 6, the minimum percentage of Medicaid patients shall be increased from 25% to 30%.</i> <p><i>In item 11, language is to be clarified to indicate the requirement of 900 surgical cases per operating room.</i></p>		
	<p><u>Committee Recommendation:</u> A motion was made and seconded to forward Chapter 6, Operating Rooms</p>	Ms. Apperson Dr. Ellis	Motion approved
Other Business	<p><u>Committee Recommendation:</u> A motion was made and seconded to authorize staff to update tables and narratives as indicated.</p> <p>Dr. Greene reminded everyone that the SHCC meeting would be held October 7, 2015 at 10:00 a.m. in Conference Room 104 of the Brown Building.</p>	Mr. Lawler Dr. Ellis	Motion approved
Adjournment	There being no further business, Dr. Greene adjourned the meeting.		