Health Planning and Certificate of Need
OR Workgroup Meeting
December 13, 2016

Good Morning, I am Nancy Bres Martin with NBM Health Planning Associates. I am here today to speak briefly on behalf of Novant Health regarding potential changes to the SMFP OR Need Methodology.

Novant Health supports keeping the methodology as simple as possible. The DHSR HP Staff has done an excellent job modeling potential adjustments to four variables in the OR Need Methodology as Dr. Craddock discussed earlier today. I would like to address each of the variables briefly.

Case Time: While it is evident that some tiering could better address the need for operating rooms across North Carolina, tiering the time per case variable based upon the data in the LRA is very complex and this variable would change annually. In additional, significant data issues exist with this variable. Based upon a review of data reported in the 2016 LRA, it appears that many surgical providers have not reported this data accurately and if the Committee decides the methodology should utilize a tiered median time per case, Novant believes that this change should not be done until additional data is received from hospitals and ambulatory surgery centers, and surgical providers are given explicit detailed information regarding how to calculate and report this information; emphasizing the importance of reporting accurately.

Novant Health does not support using facility specific case time. This makes the methodology even more cumbersome and does not include any adjustment for efficiency. Many hospitals have lower case times because of concentrated efforts and

streamlined processes in surgical venues or they have multiple surgical venues included under one license. While tertiary and quaternary hospitals often have longer surgical case times due to acuity and teaching, other variables in the methodology can be utilized to address this issue such as the Utilization Target; and, Policy AC-3 is available for teaching hospitals to use if needed for teaching, research, or faculty recruitment purposes. Therefore, at this point, Novant Health supports continuing the use of one overall average time per case, inpatient and outpatient specific, which is based upon a review of data reported by all surgical facilities. This variable could be reviewed based upon 2017 LRA data and updated every three or five years.

Availability - Hours per Day: Novant Health supports tiering this variable; however, Novant Health has not yet reviewed the specific tiers proposed by the HP staff but will do so and provide input on this variable shortly.

Availability - Days per Year: Novant Health would recommend decreasing this variable to 255 days per year for all facilities. This reflects operating 5 days a week 52 weeks a year with five holidays. Very few surgical facilities report operating 260 days a year and the average based upon 2016 LRA data was around 252 days per year, the median was 254 days per year. Novant Health believes that additional modeling should be undertaken adjusting this variable.

Full Utilization: Novant Health supports further analysis of this component of the current OR need methodology and believes adjustment of this in a tiered approach may provide a simple approach to modernize the OR method and better reflect planning for OR needs. The current 80% target planning threshold reflects the point at which a surgical facility begins to face internal scheduling difficulties. As utilization of

existing operating rooms increases, scheduling becomes considerably more challenging. Because data utilized in the planning process is two years old when the annual SMFP is published, and it takes an additional seven to 17 months to get a CON, depending on the designated review cycle, using an 80% target utilization understates the need for additional operating rooms in a service area. Novant Health suggests further testing of a tiered system based upon target utilization. The following table adds these proposed changes to the table presented by Dr. Craddock earlier. The yellow highlights reflect the changes proposed. Novant Health has modeled decreasing the target utilization from 80% to a low of 65% for Tier 1 facilities; 70% for Tier 2 and Tier 3 facilities; and 75% for Tier 4 facilities.

Model	Need Determination	Case Time Basis	Full Utilization	Hours per day	Days per year
6	TBD	Current Methodology	1: 75% 2: 80% 3: 80% 4: 85%	1: 10 2: 9 3: 8 4: 8	1: 255 2: 255 3: 255 4: 255
7	TBD	Current Methodology	1: 70% 2: 75% 3: 75% 4: 80%	1: 10 2: 9 3: 8 4: 8	1: 255 2: 255 3: 255 4: 255
8	TBD	Current Methodology	1: 65% 2: 70% 3: 70% 4: 75%	1: 10 2: 9 3: 8 4: 8	1: 255 2: 255 3: 255 4: 255
9	TBD	Updated Mean or Median per 2017 LRAs for	1: 75% 2: 80% 3: 80%	1: 10 2: 9 3: 8	1: 255 2: 255 3: 255

		all surgical facilities	4: 85%	4: 8	4: 255
10	TBD	Updated Mean or Median per 2017 LRAs for all surgical facilities	1: 70% 2: 75% 3: 75% 4: 80%	1: 10 2: 9 3: 8 4: 8	1: 255 2: 255 3: 255 4: 255
11	TBD	Updated Mean or Median per 2017 LRAs for all surgical facilities	1: 65% 2: 70% 3: 70% 4: 75%	1: 10 2: 9 3: 8 4: 8	1: 255 2: 255 3: 255 4: 255

One final change that Novant Health would suggest is that the Operating Room Need Methodology reflect planning based upon operating room venue, rather than by combined licensed facilities. For example, Novant Health Forsyth Medical Center is a tertiary facility which based upon HP defined tiers is a Tier 1 provider. However, NHFMC has five separate surgical locations included under the one hospital license. One, NHFMC is a tertiary care facility or Tier 1 provider, two are community hospitals in Forsyth County, both are Tier 3 providers, and two are hospital based outpatient surgical facilities, which are Tier 4 providers. Novant Health believes that planning should be done for all facilities based upon the surgical venue. Data already is collected in the LRA in this manner. Therefore, hospital based outpatient surgical facilities should be treated the same as a freestanding ambulatory surgical center, and community hospitals should be included as community hospitals, not tertiary hospitals. Currently all five of these facilities are bundled in the SMFP as one tertiary hospital.

Novant Health has modeled the proposed changes in Model 6, 7, 8, and surgical location changes discussed above for the counties in which Novant Health currently provides surgical services. The following table reflects the impact of these changes.

Model	Need Determination	Case Time Basis	Full Utilization	Hours per day	Days per year
6	Brunswick: **1** Davidson: **-1.65** Forsyth: **-5.84** Mecklenburg: **-10.49** Rowan: **-1.67**	Current Methodology	1: 75% 2: 80% 3: 80% 4: 85%	1: 10 2: 9 3: 8 4: 8	1: 255 2: 255 3: 255 4: 255
7	Brunswick: **1** Davidson: **-1.16** Forsyth: **-0.35** Mecklenburg: **-0.99** Rowan: **-1.06**	Current Methodology	1: 70% 2: 75% 3: 75% 4: 80%	1: 10 2: 9 3: 8 4: 8	1: 255 2: 255 3: 255 4: 255
8	Brunswick: **2** Davidson: **-0.6** Forsyth: **5.96** Mecklenburg: **9.89** Rowan: **-0.36**	Current Methodology	1: 65% 2: 70% 3: 70% 4: 75%	1: 10 2: 9 3: 8 4: 8	1: 255 2: 255 3: 255 4: 255

As you can see, the impact of changing the target utilization by 5% is dramatic. A better shift may be to decrease by less than this, perhaps 2% or 3%, but the above table reflects the actual modeling completed to date by Novant Health.

Thank you for the opportunity to present these ideas and hope you will consider further modeling. I would be happy to respond to any questions.