

Single-Specialty Ambulatory Surgery Facility Demonstration Project
Annual Evaluation Report Summary
Mallard Creek Surgery Center
Year 4 (5/7/2017 – 5/6/2018)

Mallard Creek Surgery Center received a license in May of 2014 to operate as an ambulatory surgical facility pursuant to the demonstration project in the *2010 State Medical Facilities Plan (Plan)*.

The facility is required to submit an annual report to the Agency showing its compliance with the demonstration project criteria in Table 6D in the *2010 Plan*. The Agency received the fourth annual report on July 18, 2018 for the time period May 7, 2017 to May 6, 2018. Financial data is provided for 5/8/2017-5/7/2018.

The facility reported that of the 70 physicians practicing at the facility, 29 are non-owners of the practice. All physicians maintained privileges at area hospitals. Of the 70 orthopedic surgeons at Mallard Creek, 19 took ER call at local hospitals. The report lists the hospitals at which each physician has privileges and/or took ER call and the number of nights of ER call taken.

Based on the facility's information regarding 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 in its fourth year of operation. In the facility's first full year of operation, its total revenue attributed to self-pay and Medicaid was 4.4%. The facility 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. After receiving authorization to accept Medicare patients, total revenue attributed to Medicaid and self-pay was 5.9% from January 1, 2015 through May 31, 2015. After receiving authorization to accept Medicaid patients, total revenue attributed to self-pay and Medicaid was 8.4% from March 1, 2015 through May 31, 2015. From June 1, 2015 through May 31, 2016 total revenue attributed to self-pay and Medicaid was 7.3%. From May 8, 2015 through May 7, 2016, (the second full year of licensure), the percentage was 7.0%. From June 1, 2016 through May 31, 2017 the percentage was 7.8%. From May 8, 2017 through May 7, 2018, the percentage was 7.2%. (Attachment A)

Mallard Creek Surgery Center uses a manual surgical safety checklist adapted from the World Health Organization. The facility reported 100% completion. (Attachment B)

The facility established several policies and procedures related to quality assurance, along with a clinical quality measures dashboard. In accordance with Condition 8 on the certificate of need, the facility tracks the required measures (wound infection rate, post-operative infections, post-procedure complications, readmissions, and medication errors) and also tracks 12 additional quality indicators. The report contained information showing negative results on the required measures in less than 1% of cases. Issues were noted in the areas of complications, medication errors, patient transfer and readmissions. (Attachment B)

Mallard Creek Surgery Center does not have electronic health records (EHR). It does, however, use an electronic scheduling and referral system, and scans chart audits to an electronic system. The system also allows provider access to the patient's surgery center information off-site. The facility is in the process of developing an EHR system, but no target date is available.

The facility documented that it reported utilization and payment data to the statewide data processor, as required by G.S. 131E-214.2 and the demonstration project criteria in Table 6D of the *2010 Plan*. (Attachment C)

Based on the review of the annual report, the Agency determined that Mallard Creek Surgery Center materially complies with the demonstration project criteria in Table 6D in the *2010 Plan* and the conditions on the certificate of need.

7% Worksheet (5/8/17 - 5/7/18 w/o Denominator-Adj.)		Indigent	Medicaid	Self-Pay	Total
A	# of Surgical Cases	37	141	178	356
B	Average Medicare Allowable Amount per Surgical Case	\$2,091	\$2,091	\$2,091	\$2,091
C	Revenue (A x B)	\$77,371	\$294,846	\$372,217	\$744,434
D	Revenue Collected (net revenue by payor category)	\$0	\$96,878	\$43,211	\$140,090
E	Difference (C - D)	\$77,371	\$197,967	\$329,006	\$604,344
F	Total Net Revenue (all payors combined)	\$8,344,213	\$8,344,213	\$8,344,213	\$8,344,213
G	Percentage (E / F)	0.9%	2.4%	3.9%	7.2%

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E	Difference (C - D)	\$77,371	\$197,967	\$329,006	\$604,344
F	Total Net Revenue (all payors combined)	\$7,644,245	\$7,644,245	\$7,644,245	\$7,644,245
G	Percentage (E / F)	1.0%	2.6%	4.3%	7.9%

Revenue and Expense Statement

	From 6/1/15 To 5/31/16	From 6/1/16 To 5/31/17	From 6/1/17 To 5/31/18
# of Surgical Cases	2,309	2,532	2,838
REVENUE			
Net Patient Revenue	\$6,597,533	\$7,343,231	\$8,335,473
Other Revenue	\$0	\$0	\$0
Total Revenue	\$6,597,533	\$7,343,231	\$8,335,473
EXPENSES			
Direct Expenses			
Total Salaries	\$1,396,584	\$1,418,739	\$2,071,210
Payroll Taxes and Benefits	\$324,132	\$372,703	\$413,737
Medical Supplies	\$1,655,671	\$1,858,505	\$2,561,900
Other Supplies	\$60,889	\$67,165	\$74,971
Raw Food	\$0	\$0	\$0
Other Direct Expenses (specify)	\$0	\$0	\$0
Total Direct Expenses	\$3,437,276	\$3,717,112	\$5,121,818
Indirect Expenses			
Housekeeping/Laundry	\$38,174	\$40,478	\$42,853
Equipment Maintenance	\$16,659	\$18,600	\$11,717
Building & Grounds Maintenance	\$17,335	\$32,701	\$50,023
Utilities	\$60,276	\$73,677	\$40,965
Insurance	\$14,418	\$20,958	\$18,898
Professional Fees	\$25,064	\$32,539	\$31,254
Interest Expense	\$205,310	\$145,635	\$189,307
Rental Expense	\$451,828	\$459,658	\$464,097
Property and other Taxes (except Income)	\$172,320	\$187,386	\$164,429
Depreciation - Buildings	\$382,489	\$354,283	\$344,190
Depreciation - Equipment	\$483,538	\$306,702	\$277,104
Other Indirect Expenses (specify)	\$1,137,411	\$1,255,414	\$1,210,016
Total Indirect Expenses	\$3,004,822	\$2,928,031	\$2,844,853
Total Expenses	\$6,442,098	\$6,645,143	\$7,966,671
Net Income	\$155,435	\$698,088	\$368,802
Federal & State Income Taxes	\$0	\$0	\$0

May 2017-April 2018 Quality Reporting Dashboard

Quality Measure	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
Total Cases	269	231	218	254	215	245	299	258	219	219	228
Quality Measures											
Hand Hygiene # compliant	12	14	15	17	11	12	16	17	17	17	18
# audited	24	24	24	24	24	24	24	24	24	24	24
% compliant	50.0%	58.3%	62.5%	70.8%	45.8%	50.0%	66.7%	70.8%	70.8%	70.8%	75.0%
# of Case Cancellations	5	7	4	3	3	4	5	2	8	6	4
total # of cases	269	231	218	254	215	245	299	258	219	219	228
% of volume	1.9%	3.0%	1.8%	1.2%	1.4%	1.6%	1.7%	0.8%	3.7%	2.7%	1.8%
Medical Record Review-- # of incomplete records	5	7	6	9	9	10	5	3	2	1	2
# of charts audited	24	22	24	24	23	27	26	24	23	24	25
% of records incomplete	20.8%	31.8%	25.0%	37.5%	39.1%	37.0%	19.2%	12.5%	8.7%	4.2%	8.0%
Environmental Rounds Criteria	20	22	21	19	21	21	21	20	22	21	20
# of criteria audited	22	22	22	22	22	22	22	22	22	22	22
% compliant	91%	100%	95%	86%	95%	95%	95%	91%	100%	95%	91%
Fire Safety Risk Assessment - # of compliant line items	54	54	54	54	53	54	54	54	54	54	54
total # of line items audited	54	54	54	54	54	54	54	54	54	54	54
% compliant	100%	100%	100%	100%	98%	100%	100%	100%	100%	100%	100%
Fire Drill Critique Criteria - # of compliant line items		14		14				14.5			16
# of line items critiqued		14		14				15			17
% compliant		100%		100.0%				96.67%			94.1%
Failure Report for Autoclaves	1	0	0	0	0	1	0	0	1	0	0

April	Totals
184	2839
15	181
24	288
62.5%	62.8%
1	52
184	2839
0.5%	1.8%
3	62
24	290
12.5%	21.4%
21	249
22	264
95%	94.3%
54	647
54	648
100%	99.8%
	58.5
	60
	97.5%
0	3

total content loads run	152	133	120	118	114	138	161	138	124	100	120
% of loads run which failed	1%	0%	0%	0%	0%	1%	0%	0%	1%	0%	0%

Medication Errors	2	0	0	0	0	1	1	1	0	1	0
% of volume	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Eye Wash Station Weekly Checks Met	5	5	4	5	4	5	5	4	5	4	4
# of weeks in the month	5	5	4	5	4	5	5	4	5	4	4
% compliance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

SonoCheck weekly ultrasonic	3	4	4	5	4	4	5	4	5	4	4
# of weeks in the month	3	4	4	5	4	4	5	4	5	4	4
% compliance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Near Misses	5	3	2	3	2	4	4	1	2	2	5
% of case volume	1.9%	1.3%	0.9%	1.2%	0.9%	1.6%	1.3%	0.4%	0.9%	0.9%	2.2%

AMA	0	0	0	0	0	0	0	0	0	0	0
% of case volume	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Mortalities	0	0	0	0	0	0	0	0	0	0	0
% of case volume	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Missing or Incomplete Medication Reconciliation	2	1	2	3	5	3	1	2	1	0	0
% of incomplete med recs	8.3%	4.5%	8.3%	12.5%	21.7%	11.1%	3.8%	8.3%	4.3%	0.0%	0.0%

G CODES

Antibiotic Timeliness Not Met	0	0	0	0	0	0	1	2			
total % of case volume non-compliant	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.8%			

ATTACHMENT B

Number of Falls	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% of falls by volume	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Number of Burns	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% of burns by volume	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Wrong Site, Wrong Side, Wrong Patient, Wrong Implant, Wrong Procedure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% by volume	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Number of Surgical Site Infections	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% by volume	0.4%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Transfers	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
% by volume	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Safe Surgery Checklist - 100% complete																			
# of cases reviewed	269	231	218	254	215	245	299	258	219	219	219	219	219	219	219	219	219	219	228
% compliance	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Normothermia																			
# of cases reviewed																			
# compliant																			
% compliance																			

Influenza Reporting for 2015-2016 flu season - # complete																			
# of staff being reported on																			
% compliance																			

DHHS Requirements																			
Complications	2	1	0	6	0	5	0	0	0	1	1	1	1	1	1	1	1	1	2
% by volume	0.7%	0.4%	0.0%	2.4%	0.0%	2.0%	0.0%	0.0%	0.0%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.9%

0	0
0.0%	0.0%
0	0
0.0%	0.0%
0	0
0.0%	0.0%
2	2
0	2
0.0%	0.1%
184	2839
100.0%	100.0%
8	32
7	30
87.5%	93.8%
171	171
171	171
	100.0%
1	19
0.5%	0.7%

ATTACHMENT B

ReAdmissions	1	1	0	0	0	0	0	0	0	0	0	0	0	0
% by volume	0.4%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%

0	3
0.0%	0.1%

Outpatient charges

Batch ID	Submitting organization name	Begin date	End date
667033	Mallard Creek Surgery NC	09/13/2016	03/28/2018

Batch level charge summary

Description	\$ Amount
Total batch charges reported	\$6,395,315
Total batch line item detailed charges processed	\$6,302,421
<i>Outpatient</i>	\$6,302,421

Description	\$ Amount	*Hist. comp.
Average batch charge based on line item detailed charges	\$9,492	\$8,924
<i>Outpatient</i>	\$9,492	\$8,924

Outpatient charges by dollar range

Total charges Count % of total *Hist. comp.

*Historical comparison refers to previous year
Run date: 04/06/2018 12:40 PM

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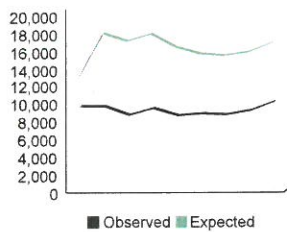
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1 CARE COMPARISON

Facility Performance Dashboard

Mallard Creek Surgery Center
 Year-to-date: October - December, FY 2017
 Data Current as of Q1, 2017

Charges



Charge opportunities

Current	-\$4,608,428
Previous year	-\$7,572,432
2 years prior	-\$3,505,908

Top 10 service lines

Service Line	YTD Encounters	Ranking	Previous year	2 years prior
ORTHOPEDIC SURGERY	626	1	1	1
NEUROSURGERY	24	2	2	3
PODIATRY	21	3	3	2
GENERAL SURGERY	4	4	4	4
EMERGENCY MEDICINE	1	5	0	5
OTHER	1	5	6	0

Primary service area market share

0%

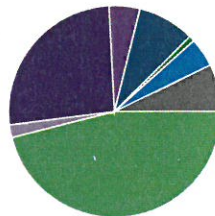
Previous year	0%	0% ▲
2 years prior	0%	0%

Average events per month

226

Previous year	355	123% ▲
2 years prior	159	894% ▲

Payer mix



Payer	YTD	Previous year	2 years prior
Commercial: Blue Cross	46% ▲	37% ▼	51% ▼
Commercial: NOS	2% ▼	3% ▼	7% ▲
Commercial: PPO	26% ▲	21% ▲	9% ▼
Medicaid: NOS	5% ▼	8% ▲	6% ▲
Medicare: NOS (not otherwise)	8% ▼	12% ▲	10% ▲
Other Government Payers: NOS	1% ▲	0%	0% ▼
Self Pay	4% ▼	7% ▲	4% ▲
Worker's Compensation: NOS	7% ▼	10% ▼	13% ▼