
Acute Care Services Committee

Recommendations to the North Carolina State Health Coordinating Council

October 3, 2018

The Acute Care Services Committee met once after the August Council meeting, on September 11.

Following is an overview of the Committee's recommendations for Acute Care Services, Chapters 5-8, of the *2019 SMFP*. For all chapters, inventories have been updated to reflect any changes, and data tables include placeholders where applicable. All inventories and need determinations are subject to change.

Chapter 5: Acute Care Hospital Beds

The Agency received one petition for this chapter.

Petition: FirstHealth Moore Regional Hospital

- **Request:** FirstHealth Moore Regional Hospital requested removal of the need determination in the *2019 SMFP* for 33 acute care beds in Moore County. The Agency received no letters or comments related to this petition.
- **Committee Recommendation:** The Petitioner has recently received a certificate of need to develop 22 new acute care beds. This new CON coupled with a decreasing admission rate in recent years caused the Petitioner to conclude that adding more capacity to Moore County was not financially prudent. The Committee agreed with the issues raised by the petitioner and with the Agency report, and recommends approval of the petition.

Data Discrepancy Report

Staff compared Truven Health Analytics data for 2017 to data from the License Renewal Applications. The Committee originally reviewed a list of 25 hospitals with acute days of care discrepancies between the two data sources that exceed plus-or-minus five percent. Healthcare Planning received the resubmitted Truven data from the Cecil G. Sheps Center in August. Now that the data has been refreshed, the report includes 13 hospitals that have a greater than a five percent discrepancy. In only one case did the refreshed data affect the need. Duke University Hospital's refreshed Truven data included an additional 20,000 days of care. As a result, there is a new need for 34 acute care beds in the Durham/Caswell service area.

Data Updates

Application of the methodology based on data currently available results in draft need determinations for 176 acute care beds, broken down as follows:

- 34 in the Durham/Caswell Service Area
- 33 in Gaston County
- 76 in Mecklenburg County
- 33 in Moore County

Chapter 6: Operating Rooms

The Agency received two petitions for this chapter.

Petition: Eastern Nephrology Associates and Fresenius Vascular Care (Azura Vascular Care). The Agency received one comment in opposition and nine letters of support from physicians at Eastern Nephrology Associates.

- **Request:** Eastern Nephrology Associates and Fresenius Vascular Care (Azura) request that the *2019 SMFP* include a need determination for one additional operating room each in the Pitt/Greene/Hyde/Tyrrell and

Craven/Jones/Pamlico service areas for the purpose of providing vascular access procedures for dialysis patients.

- **Committee Recommendation:** This Petition is the third petition submitted by Azura and one or more of its partners. In summer 2017, they petitioned for a demonstration project to develop two ORs in each of the six Health Service Areas in single-specialty vascular access ambulatory surgical centers to provide services to ESRD patients. In spring 2018, they sought a change in the OR methodology to exclude vascular access ambulatory surgical centers from the OR inventory. Both of these petitions were denied. The Centers for Medicare and Medicaid Services implemented new rules regarding bundled payments in 2017, and revised them in 2018. Under these rules, many procedures previously performed primarily in physician offices are reimbursed at a much lower rate unless they are performed in licensed operating rooms. The Petitioners argue that, because of the reimbursement changes, vascular access centers in physician offices will no longer be financially viable. Therefore, they conclude that vascular access centers must become licensed as ambulatory surgical centers. However, the Agency has presented other options that the Petitioners may pursue to develop ambulatory surgery centers that can effectively serve dialysis patients. The Petitioners did not pursue these options in the service areas that are the subject of this petition. The Committee agrees with the Agency recommendation to deny the petition.

Petition: Pinehurst Surgical Clinic

- **Request:** Pinehurst Surgical Clinic requests that the *2019 SMFP* include a need determination for one additional operating room in Richmond County. The Agency received one comment in favor of the petition and three opposed.
- **Committee Recommendation:** Richmond County has a surplus of 1.64 ORs in the Proposed 2019 SMFP. In addition, FirstHealth Moore Regional Hospital-Hamlet closed in December of 2017, which gives this facility three idle ORs. As such, Richmond County has ample OR capacity. The petitioner offered no information about attempts to partner with FirstHealth to

access the ORs in the closed hospital. In addition, single-OR ambulatory surgical centers are not typically financially viable. For these reasons, adding OR capacity in Richmond County is not justified. The Committee agrees with the Agency's recommendation to deny the petition.

Data Updates

The Agency received comments regarding the new OR methodology that were relevant to preparation of the final 2019 SMFP. As you know, the 2018 SMFP was the first year for the new methodology, so we expected that there would still be some issues to resolve and some unanticipated situations that could arise. The comments addressed two such situations.

The first comment pertains to the exclusion of underutilized facilities from the need determination calculations. Although this exclusion served the previous methodology well, it can create artificial OR deficits under the new methodology. Therefore, the Committee voted to recommend to the SHCC that underutilized facilities be included in the OR methodology along with all other facilities.

The second comment pertains to situations in which the facility that generated an OR need is not the successful CON applicant for the OR need determination in the Plan. The commenter raised the concern that such a situation is likely to create excess capacity in subsequent years. To help neutralize any potential effects, the committee recommended placing a cap of six ORs in a single service area in the 2019 SFMP need determinations. As in the 2018 SMFP, this cap will be reviewed for the 2020 SMFP.

Based on data and information currently available, application of the methodology results in draft need determinations for 28 operating rooms in the following service areas:

- 2 in Forsyth County
- 11 in Mecklenburg County
- 10 in New Hanover County
- 3 in Orange County
- 2 in Wake County

However, if the SHCC approves the Committee's recommendations regarding underutilized facilities and the placing of a cap on the number of ORs needed in a given service area, the final plan will show need determinations for 17 operating rooms, as follows:

- 6 in Mecklenburg County
- 6 in New Hanover County
- 3 in Orange County
- 2 in Wake County

Chapter 7: Other Acute Care Services

The Agency received no petitions or comments related to this chapter. Based on data and information currently available, application of the methodology results in no draft need determinations.

Chapter 8: Inpatient Rehabilitation

The Agency received no petitions or comments for this chapter. Based on data and information currently available, application of the methodology results in no draft need determinations.

Recommendations Related to All Chapters

The Committee recommends to the State Health Coordinating Council approval of Chapters 5 through 8, Acute Care Facilities and Services, with the understanding that staff is authorized to continue making necessary updates to the narratives, tables, and need determinations as indicated.

Finally, the Acute Care Services Committee discussed Dr. Ullrich's decision to move Chapter 14, End-Stage Renal Disease Dialysis Facilities, to the Acute Care Services Committee. This discussion included announcement of a stakeholder

meeting scheduled for November 14th at 10 AM in this room, to discuss aspects of the ESRD process, and anticipated involvement of members of the Acute Care Services Committee.