May 6, 2020

VIA EMAIL

Valerie Jarvis, RN/BSN, Chair
Long-Term and Behavioral Health Committee
State Health Coordinating Council
Via Email to: DHSR.Petitions-Comments@dhhs.nc.gov

RE: ***Comments on Potential Changes to State Medical Facilities Plan Psychiatric and Substance Use Disorder Need Methodology***

Dear Ms. Jarvis:

The purpose of this letter is to provide comments on behalf of HCA Mission Health System ("Mission") regarding potential changes to the 2021 State Medical Facilities Plan (SMFP) need methodology for adult and child psychiatric beds and substance use disorder treatment beds which were released to the public on April 21, 2020. As you know, these potential changes were issued to the public after the recent meeting of the State Health Coordinating Council's ("SHCC") Long-Term and Behavioral Health ("LTBH") Committee meeting which occurred on April 9, 2020. The Healthcare Planning and CON Section PowerPoint presentation ("Presentation") released on April 21st sets forth four possible options for a methodology applicable to inpatient psychiatric and substance use disorder treatment (SA) beds. These included, among other options, retaining the current bed need methodology or, alternatively, adopting a replacement need methodology that is not premised on a mathematical predetermined need methodology but which instead would permit any applicant to apply for and obtain a Certificate of Need (CON) if they meet certain requirements, thresholds or parameters to be established as part of the new methodology[1] (the "Options"). The Options are scheduled for consideration by the LTBH Committee at its next meeting on May 14, 2020.

Mission is currently a provider of both adult and child/adolescent psychiatric services. Mission currently operates 57 adult inpatient psychiatric beds, 8 geropsychiatric beds and 17 child/adolescent psychiatric beds on the Mission Hospital campus in Asheville, North Carolina. Mission is a major tertiary care hospital serving an 18-county primary service area, and receives referrals from many other North Carolina counties and from other states. In the mental health space, Mission serves psychiatric patients from nearly all 22 counties in the Vaya LME/MCO behavioral health service area plus, as noted above, from many other North Carolina counties and neighboring states. In addition, Mission was the recipient of State funds from the 2017 Legislative Session Law (S.L. 2017-257), commonly known as the Dix Legislation, to provide for the development of additional inpatient psychiatric bed capacity, including the addition of beds, the construction of new bed space and/or the relocation of existing psychiatric services. As part of its commitment under the Dix Legislation funds, Mission has committed in various contracts with the N.C. Division of Health Benefits and to the public to construct a new 120-bed state-of-the-art inpatient psychiatric hospital consisting of the relocation of Mission's existing 82-bed psychiatric unit at the St. Joseph's facility on Mission's main campus in Asheville and the addition of 38 new inpatient psychiatric beds. Currently, Mission plans to begin construction on its new 120-bed psychiatric hospital later this year, with an anticipated opening in mid-2022. In short, Mission has made significant historical investments in meeting the mental health needs of western North Carolina citizens and, with the commitment to its new 120-bed psychiatric hospital, has continued that commitment into the future.

Before offering comments on the Options, Mission wants to make clear that it remains supportive of the application of the State's CON Laws to inpatient psychiatric services and beds. The goals of the CON Law to ensure adequate access to and geographical distribution of needed health care services is nowhere more important than in the inpatient psychiatric facility space.

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[1] The Options also included changing the service areas for inpatient psychiatric and SA services and changing the basis for calculating need for these services.

Mission sincerely appreciates the thoughtful consideration of the Healthcare Planning and Certificate of Need Section staff (the "Planning Staff") of North Carolina's current inpatient psychiatric bed need. However, Mission respectfully requests that the LTBH Committee reject any change to the need methodology that eliminates a mathematically-based need methodology for inpatient psychiatric beds in favor of an open-ended methodology which would permit any existing or new provider to add or develop new inpatient psychiatric beds solely upon a projection that it can meet minimum utilization thresholds. That Option would represent a significant and fundamental change from the bed need methodology in place for over three decades. This particular Option warrants further study and discussion, specifically including, but not limited to:

- Whether it addresses the issues identified by the Planning Staff with the existing methodology;
- The impact of such a new methodology on existing providers who serve as a behavioral health safety net for North Carolina citizens since not all inpatient psychiatric hospitals in the State routinely serve all types of patients regardless of their payor source or ability to pay for services;
- Whether there are other, more targeted approaches to addressing issues in the current methodology;
- Whether the existing collection, recordation and reporting of inpatient psychiatric utilization is accurate and properly reflects the true state of access to these critical services; and
- Whether the existing LME/MCO service area designation is the proper approach to planning for and allocating inpatient psychiatric beds.

Mission recommends retention of the existing mathematically-based need determination methodology or, in the alternative, retention of the existing bed need methodology for now and further study by the LTBH Committee of this issue, with input from existing providers of psychiatric services and appropriate mental health professionals and referral sources. Mission fully supports access to inpatient psychiatric services by all North Carolinians who need such services but respectfully asks the LTBH Committee to carefully analyze the various options set forth by the Planning Staff, including potential unintended consequences of the various options being explored.

The Planning Staff has identified a number of issues and challenges with the existing methodology and Mission fully supports a cooperative effort among all providers of psychiatric services, behavioral health professionals and the SHCC to address these issues. However, Mission believes that a change to the inpatient psychiatric bed need methodology that would allow the development of additional psychiatric treatment beds anywhere in the State without a predetermined, mathematically-based need methodology will significantly and negatively impact existing providers of inpatient psychiatric care; discourage existing providers and new providers who may wish to enter the inpatient psychiatric care service system from adding or developing new inpatient treatment beds; and generally lead to a diminution, not an increase, in the number of quality inpatient psychiatric treatment options in certain areas of North Carolina. Mission's specific concerns regarding this particular Option are set forth in more detail below.

To be clear, Mission supports further examination of some of the issues with the existing psychiatric bed need methodology identified by the Planning Staff and would welcome the opportunity to partner with the Planning Staff and the SHCC to address those issues. For the reasons set forth below, Mission encourages the Planning Staff, the LTBH Committee and the SHCC to maintain the existing SMFP psychiatric bed need methodology for both adult and child/adolescent beds for now and to study further any proposed changes to those methodologies, with the involvement of existing providers of psychiatric services and appropriate mental health professionals. Existing providers have not had ample time to consider the implications of all of the Options while they have been preoccupied with addressing the COVID-19 crises.

Mission's Concerns With The Option That Would Eliminate a Mathematically-Based Need Methodology

Existing Providers of Inpatient Psychiatric Services Would Likely be Negatively and Substantially Affected by a Methodology Change That Eliminated a Mathematically-Based Need Methodology.

1. As the Planning Staff's Presentation notes, inpatient psychiatric services are not, by and large, a "money making proposition."
   a. Substantial investments have been made by existing providers to care for this population.
   b. Reimbursement and payment for care is always a challenge.
   c. Much of North Carolina's inpatient psychiatric care is paid for by Medicaid, as evidenced by the major participation in the behavioral health delivery system of North Carolina's Local Management Entities/Managed Care Organizations.
   d. A substantial portion of these services is provided as uncompensated care by North Carolina's hospital systems.
   e. Also, as noted in the Planning Staff's Presentation, inpatient psychiatric bed need identified in the annual SMFP often goes unaddressed because providers simply do not apply for these beds, usually for cost and reimbursement reasons.
   f. Those who do, quite frankly, often have to subsidize these services from other portions of their health care system.

2. Any change that would eliminate a mathematically-based need methodology with the goal of increasing the number of psychiatric beds in the State should be clearly supported by existing data and not solely upon general anecdotal statements that more beds are needed.
   a. The Planning Staff's Presentation reflects underutilization of existing resources in certain areas of the State. This is consistent with reported utilization data in various parts of the State.
   b. Notwithstanding those data, as Mission understands it, the Option that would eliminate a mathematically-based need methodology is being offered based only on the statement that "many mental health professionals and others are certain that more beds are needed."
      i. Mission applauds the Planning Staff for being attentive to such anecdotal statements, but feels that more study of this issue is needed and that any changes to the inpatient psychiatric bed need methodology must be based upon actual, reliable data.
      ii. Further assessment of the potential unintended consequences of any new inpatient psychiatric bed need methodology should be part of this discussion.
   c. The current need methodologies for both adult and child/adolescent inpatient psychiatric beds have been in the annual State Medical Facilities Plan largely unchanged since the mid-1980's.
   d. As the Planning Staff reports in their Presentation, statewide utilization for adult inpatient psychiatric beds in North Carolina averaged only 62% in 2018.
   e. While child/adolescent average utilization in 2018 was 86%, the data reflects that this number is skewed upwards because of high utilization at some provider sites while other providers experience much lower utilization.
   f. Mission believes that further study is required to assess the expressed need for more beds by the mental health professionals the Planning Staff refers to in its Presentation when compared to actual provider utilization experience and, specifically, whether any need they have identified is statewide, regional or local in nature.
   g. Perhaps the State should also consider whether a more targeted geographic approach to bed need is warranted for certain areas of the State where access is limited and demand is high.

3. Mission's Experience with Inpatient Psychiatric Services
   a. Mission and other major hospital systems carry a disproportionate share of the State's uncompensated inpatient psychiatric care burden, with many patients who express

behavioral health needs presenting to hospital emergency rooms. This factor cannot be underestimated when examining the impact of an open-ended bed need methodology for inpatient psychiatric beds.

Mission Supports a Reexamination of the Existing Need Methodology for Inpatient Psychiatric Beds

1. The Planning Staff has properly identified a number of issues with and questions about the current methodology.
   Those include:
   i. The SMFP currently does not count all inpatient psychiatric beds in the State in the planning inventory. Currently, only beds in private psychiatric hospitals and acute care hospital psychiatric units are counted.
   ii. Is the LME/MCO service area the best way to evaluate and allocate need? Or, should the SHCC consider an alternative geographic planning area approach, perhaps even creating a unique psychiatric-only service area system (as is the case for some other services in the annual SMFP)?
   iii. Is the current 4-year planning horizon (for new projects) too long to have as a planning schedule?
   iv. Are days of care by patients' LME/MCO of residence the proper metric? Should further study be given to relying more heavily on the utilization of established, existing providers?

2. In addition, Mission has identified its own issues with the data reported annually in the SMFP for inpatient psychiatric services. These include:
   a. Disparities in data reported by some providers via their annual License Renewal Applications (LRAs) and data reported by IBM Watson.
   b. The current methodology uses two different sources of data for some providers in inpatient psychiatric services: 1) annual LRAs for hospitals; and 2) data from IBM Watson for certain freestanding facilities. The LRAs for some freestanding facilities often do not match their reported IBM Watson data. Mission's own review of reported inpatient psychiatric data by existing providers suggests that there are issues with the data that warrant further study.

3. Certain assumptions in the existing methodology may, indeed, need to be reexamined and reconsidered, including which providers and provider types are counted in the annual inventory of available inpatient psychiatric beds.

Summary and Conclusion

For the reasons stated in this letter, Mission respectfully requests that the LTBH Committee either recommend maintaining the existing inpatient psychiatric bed need methodology or, in the alternative, maintaining the existing need methodology for now and undertaking further study of the Options presented by the Planning Staff with the involvement of existing providers. Mission does not support the Option that would result in the elimination of a mathematically-based need methodology for inpatient psychiatric beds. That Option would radically alter a bed need methodology that has been in place for over 35 years, and upon which existing providers of inpatient psychiatric services have relied, and warrants further study. Further, the impact of such a methodology change upon existing providers of inpatient psychiatric care who serve as a safety net for many low-income and uninsured patients should be evaluated further. A change of this magnitude should be based upon more than anecdotal statements that more beds are needed and should be evaluated based on a consistent, reliable and uniform set of reported utilization data. Mission would welcome the opportunity to participate in such an examination and dialogue to explore issues with the existing bed need methodology and opportunities for improvement. However, Mission's ability to fully address the Options since their release on April 21, 2020, and during the COVID -19 crisis, has been limited.

We appreciate the opportunity to share these comments with the Long Term and Behavioral Health Committee. As always, Mission greatly appreciates the time and talents brought to the State's healthcare planning process by the professional Planning Staff and members of the SHCC and its committees.

Sincerely yours,

Robert DuPont
Vice President of Behavioral Health
Mission Hospital

cc: Manisha Shah
Sondra Smith
Chad Patrick
Cathi Durham