February 15, 2021

Amy Craddock, PhD
NC Department of Health and Human Services
Assistant Chief, Healthcare Planning, NC Division of Health Service Regulation
via E-mail to: DHSR.SMFP.Petitions-Comments@dhhs.nc.gov

Dear Dr. Craddock:

UNC Hospitals ("UNCH") submits these comments in response to DHSR's December 4, 2020 request for input regarding whether and how the effects of COVID may indicate a temporary adjustment to need determination methodologies in the 2022 State Medical Facilities Plan ("SMFP"). We understand that DHSR is considering whether such an adjustment would be prudent for the following methodologies: acute care beds, operating rooms, MRI scanners, linear accelerators, and PET scanners. At the outset, it seems unreasonable to make structural changes to a need methodology to account for an event that is likely to be temporally limited. Instead, we believe a more reasonable and targeted approach would be to evaluate how and whether to adjust the data input for the standard need methodologies. As part of its assessment, UNCH considered three potential data sets DHSR could use for purposes of the standard need methodologies in developing the 2022 SMFP. These data sets include: 1) 2020 LRA data: October 2018 to September 2019; 2) 2021 LRA data: October 2019 to September 2020; and 3) "Pre-COVID" 2021 LRA data: October 2019 to March 2020, annualized. Each of these options is discussed in more detail below.

Analysis of Data Options:

Analysis of these options leads UNCH to conclude that DHSR should use October 2019 to March 2020 data annualized, which we will refer to as Pre-COVID Annualized FY20 Data. This approach utilizes the most recent data available, while minimizing erratic results from the use of data most impacted by the effects of COVID. As DHSR appears to recognize, most facilities in North Carolina did not begin ramping down elective or non-medically necessary procedures until mid-late March; as such, using data from October 2019 through March 2020 and annualizing that data for purposes of the standard need methodologies is the best approximation for what the 2022 SMFP would have generated, but for COVID. Admittedly this is not a perfect solution, and the effects of COVID may linger for some time to come. However, using the construct of the annual SMFP and the standard need methodologies, it is our judgment that this approach is the best, most realistic attempt to proceed with prudent health planning, while allowing the SHCC the ability to make case-by-case adjustments to the SMFP through the petitioning process, as discussed in more detail below. Additionally, if COVID continues to have a significant impact on providers and their utilization data through 2021, DHSR will be better equipped to plan for the 2023 SMFP using lessons learned from this 2022 SMFP process.

1) 2020 LRA data: October 2018 to September 2019. This approach uses a full year of data, which does not include the period of time impacted by COVID. However, the rapidly changing demographics in different service areas across the state suggest that this approach would not keep pace with the true health needs of the population (and thus may not result in need

determinations allowing providers to meet those needs). Any attempts to adjust for demographic changes are inherently subject to bias, and thus the use of this complete year of older data is not appropriate for use in developing the 2022 SMFP.

2) 2021 LRA data: October 2019 to September 2020. This data set reflects the data that would typically enter the 2022 SMFP, so is a logical default approach. However, this data set includes the period of time most affected by COVID, which is late March through September 2020. During this period, surgical volumes were erratic due to temporary cancellations of elective surgeries, and inpatient bed utilization fluctuated dramatically. Given these factors, we do not think using a full year of FY 2020 data is the best approach.

3) 2021 LRA Pre-COVID Annualized: October 2019 to March 2020 data, annualized. As mentioned above, it is our judgment that using this data set as input to the standard need methodologies is the best approach, because it balances the need to use current data with the ability to excise the portion of data most impacted by COVID. Even though it is difficult to have a date certain for measuring the impacts of COVID, the use of data through March is a reasonable and fair approximation. Additionally, based on the information requested and provided to DHSR through the COVID Addendum to the 2021 Hospital License Renewal Application, this subset of 2020 data is readily available for use in the standard need methodologies, without the need for additional data reporting from hospital providers.

Petitioning Process:

Additionally, as referenced above, we believe DHSR should develop an abbreviated, streamlined process for allowing providers to submit petitions for adjustments to need determinations in the 2022 SMFP. Given the impact of the COVID-19 pandemic on healthcare utilization and our understanding that those impacts varied widely by provider, geography, and service, we believe that the SHCC should allow providers to submit abbreviated adjusted need petitions for the 2022 SMFP for those circumstances or issues that relate to the pandemic's impact. We believe that such a step will reduce the workload for providers, the SHCC, and Planning staff, and will enable the development of a 2022 SMFP that is appropriately responsive to the needs of providers and patients across the State. More so than other years, providers are likely to have requests for adjusted need determinations, and the health planning process for developing the 2022 SMFP would benefit from a streamlined process to allow efficient consideration and decision on such requests.

Conclusion:

UNCH supports DHSR's development of the 2022 SMFP by using standard need methodologies, and based on Pre-COVID Annualized FY 2020 data (October 2019 to March 2020). It is our judgment that this approach utilizes the most recent data, but also accounts for the impacts of COVID-19 to the best extent possible. Further, UNCH supports an abbreviated and streamlined petitioning process to allow adjustments to need determinations to be made on a case-by-case basis. Thank you for your consideration.

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