

**Acute Care Committee Agency Report
Adjusted Need Petition
for the Pitt/Greene/Hyde/Tyrrell Operating Room Service Area
in the 2022 State Medical Facilities Plan**

Petitioner:

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Request:

Vidant Medical Center (VMC) requests a special need determination for one OR in the Pitt/Green/Hyde/Tyrrell service area in the *2022 State Medical Facilities Plan (SMFP or “Plan”)*.

Background Information:

Chapter Two of the *SMFP* provides that “[a]nyone who finds that the *North Carolina State Medical Facilities Plan* policies or methodologies, or the results of their application, are inappropriate may petition for changes or revisions. Such petitions are of two general types: those requesting changes in basic policies and methodologies, and those requesting adjustments to the need projections.” The annual planning process and timeline allow for submission of petitions requesting adjustments to need projections during the comment period for the proposed SMFP in the summer. This includes petitions for adjustments based on a belief that “unique or special attributes of a particular geographic area or institution give rise to resource requirements that differ from those provided by application of the standard planning procedures and policies....” It should be noted that any person might submit a certificate of need (CON) application for a need determination in the Plan. The CON review could be competitive and there is no guarantee that the Petitioner would be the approved applicant.

The OR need methodology consists of several steps to calculate the number of ORs needed in each service area. Part of the methodology requires adjustments to reported average case time outliers. In Step 2, the average inpatient and ambulatory case times each facility has reported on its annual License Renewal Application (LRA) are compared to the final case times used in the methodology for the facility in the previous year’s SMFP. If a facility’s reported average case time is more than 10% longer than the previous year’s SMFP final case time, it is replaced by the previous year’s final case time increased by 10%. For facilities that report an average case time more than 20%

shorter than the final case time in the previous year’s SMFP, the average case time is replaced by the previous year’s final case time decreased by 20%. None of the methodology’s calculations were adjusted to account for potential impacts on OR utilization during 2020 caused by the COVID-19 pandemic. However, the SHCC has proposed to suspend the requirement that the service area need must be at least 2 ORs to show an OR Need Determination for the 2022 SMFP.

Also, of note is Step 6 of the OR need methodology, which explains need determination thresholds. To summarize, a service area’s deficit is subject to rounding rules that are based on the number of ORs in the service area. For a service area with greater than 10 ORs, fractional deficits less than 0.50 are not rounded to the next highest whole number.

The Pitt/Green/Hyde/Tyrrell service area has a total of 38 licensed ORs. The service area’s ORs are located in two facilities; there is one ambulatory surgical center, which operates all 10 ambulatory ORs, and one hospital, which operates 28 inpatient/shared ORs. The service area showed a surplus of 3.16 ORs in the 2021 SMFP. In the Proposed 2022 SMFP, the service area showed a smaller surplus of 2.56 ORs. (Table 1)

Table 1. Facility Surpluses and Deficits*

Facility	2021 SMFP	Proposed 2022 SMFP
Vidant SurgiCenter	1.34	0.45
Vidant Medical Center	-4.49	-3.01
Total for Service area	-3.16	-2.56

*Surpluses show as “-”

Analysis/Implications:

The Petitioner requests that, rather than applying an adjusted (“final”) inpatient case time per Step 2 of the methodology to the need calculations, the Agency use 188 minutes, which is the *unadjusted* average inpatient case time VMC reported on its 2021 LRA. According to the Petitioner, this is more accurate because during FY 2017 and FY 2018, VMC’s operative services management system did not include room set-up and clean-up times correctly. As a result, the average inpatient and outpatient case times reported on VMC’s 2018 and 2019 LRAs are incorrect.

The Petitioner asserts that the system error resulted in incorrect case time adjustments in the SMFPs of those two reporting years, and as shown in Table 2, the error has reverberated in subsequent years. For instance, the 2019 LRA average inpatient case time of 124 minutes was erroneously low and was used, unadjusted, as the final inpatient case time in the 2020 SMFP. The system error was corrected for the 2020 LRA, and VMC reported an average case time of 187 minutes. This time was 50.8% longer, and thus was adjusted downward to 136.4 minutes per Step 2 of the methodology. This number (136.4) became the final case time and was applied to the need methodology calculations in the 2021 SMFP. The following year, when VMC’s reported average inpatient case time on their 2021 LRA (188 minutes) was 37.8% higher than the 2021 SMFP’s final inpatient case time, it again was adjusted downward for the 2022 SMFP. In effect, the Petitioner posits that the surplus of 3.16 ORs at VMC in the 2021 SMFP and of 2.56 ORs in the

2022 SMFP are incorrect because they depend on incorrect data. As noted in the Petition, the error may continue to have an impact on future SMFPs.

Table 2. Pitt/Greene/Hyde/Tyrrell Service Area Case Times 2017–Proposed 2022 SMFP

Reporting Year	LRA Year	SMFP Year	Inpatient			Outpatient		
			SMFP Final Case Time	Case Time Reported on LRA	Case Time % Difference	SMFP Final Case Time	Case Time Reported on LRA	Case Time % Difference
2015	2016	2017		192.0			134.0	
2016	2017	2018	192.0	192.0		134.0	134.0	
2017	2018	2019	153.6*	114.5	-40.4%	107.2*	103.5	-22.8%
2018	2019	2020	124.0	124.0	-19.3%	109.0	109.0	1.7%
2019	2020	2021	136.4*	187.0	50.8%	119.9*	136.0	24.8%
2020	2021	2022	150.0*	188.0	37.8%	130.0	130.0	8.4%

* Case time was adjusted due to a reported case time that was more than 10% shorter or 20% longer than the previous year’s SMFP case time.

The Petitioner first informed the Agency of the FY 2017 and 2018 system errors when they reported “correct” case times in the 2020 LRA (FY 2019; see Petition’s “Note Regarding OR Case Times”). However, the Petitioner did not retroactively provide corrected data or present an Agency petition to adjust the need calculation. Vidant Medical Center’s 2020 LRA was submitted to the Agency in February 2020. This data on the 2020 LRA is represented in the *Proposed 2021 SMFP*, which was published for public comment on June 29, 2020. Based on the standard annual planning process, once the error was noticed by VMC, ideally, the Petitioner would have submitted a petition immediately - during the 2020 summer comment period.

Though the Petitioner does not present corrected data in the petition and is not requesting the Agency directly change data in the 2018 and 2019 SMFPs, the effect is the same. The Agency seldom recommends changes to data in Plans that the Governor has already approved. However, the Agency is sensitive to the fact that during the summer of 2020, acute care facilities were grappling with the realities of the COVID-19 pandemic. It can be assumed that VMC’s resources were strained, focused on rapidly changing conditions that had significant effects on daily operations, and would have been challenged to prioritize developing an Agency petition. Given a sensitivity to the tribulations specifically posed by the pandemic, the Agency is amenable to making a rare exception to allow the average inpatient case time of 188 minutes, as reported in VMC’s 2021 LRA, to be applied to the need methodology calculations for the 2022 SMFP.

Agency Recommendation:

Vidant Medical Center asserts that the Pitt/Greene/Hyde/Tyrrell OR need determination of zero is incorrect due to two years of erroneously reported average case times. To rectify the problem, the Petitioner suggests that the Agency forgo Step 2 of the OR need determination methodology by using the unadjusted inpatient case time reported on VMC’s 2021 LRA. Under normal conditions, the Agency would not consider amending data in such a way that nullifies data from already-approved SMFPs. Rather, requests for changes to data that impact need determinations must be made during the planning process of the affected SMFP or as soon as the error is noticed. However, the Agency recognizes the extenuating, pandemic-related circumstances that might have prevented complete engagement in the planning process during the summer of 2020. Thus, given available

information and comments submitted by the August 11, 2021 deadline, and in consideration of factors discussed above, the Agency recommends approval of the petition to include a need determination for 1 OR in the Pitt/Greene/Hyde/Tyrrell service area in the *2022 SMFP*.