

Acute Care Services Committee

Dental Single Specialty Ambulatory Surgical Facility Demonstration Project

Final Report, September 12, 2023

Background

The *2016 State Medical Facilities Plan (SMFP)* included adjusted need determinations for up to four new separately licensed dental single specialty ambulatory surgical facilities (ASFs) with up to two operating rooms (ORs) each. The aim of the demonstration project was to provide evidence that separately licensed single-specialty dental ASFs can meet the three Basic Principles of Safety/Quality, Access and Value, as described in Chapter 1 of the *SMFP*. Specifically, the demonstration sites needed to show that the ASFs can provide services to indigent patients.

Two petitions that were presented to the Agency in 2015 and 2016 provided the impetus for the State Health Coordinating Council (SHCC) to consider a single-specialty dental ASF demonstration project. Both petitions highlighted inefficiencies in pediatric dental cases, including lengthy wait times, and high costs from visits to the ED where the treatment for the core problem was not addressed, but rather referrals were necessary. Also, noted were regulatory, financial, and logistical barriers to obtaining sufficient OR access and time. Licensure rules that prevented dentists from admitting independently at hospitals were seen as a key factor in restricting access. Dentists could, however, admit to ASFs and solicit a physician to attest to whether a patient had the capacity to undergo general anesthesia. At the time the petitions were presented, NC had demonstration projects to assess the efficiency of single specialty ASFs, but none of them were for dental surgical centers.

A series of stakeholder's meetings were held by the State Health Coordinating Committee (SHCC) in 2015. The issues noted above were identified as a statewide phenomenon during these meetings. As a result, the Agency recommended a need determination for dental-only ASFs in several areas across the state that would not be necessarily limited to providing pediatric dental surgery. Rather, the providers proposing to participate in the project would have to demonstrate that the facility would be "substantially committed to providing dental surgery to persons of low income, including Medicaid recipients."

Also borne from the stakeholder meetings was a strategy for monitoring and evaluating each selected demonstration site. The assessments of each site were to be based on a set of criteria designed in alignment with the *SMFP*'s basic principles. A list containing each criterion first appeared in the *2016 SMFP*. In 2020, Valleygate Dental Surgery Center Holdings, LLC, which owns three of the demonstration project's facilities, submitted a petition to the Agency asking that SHCC's interpretation of the criterion specifying the types of cases to be performed allow for the inclusion of "dental/oral procedures that involve participation of other surgical specialists." As a result, project facilities were allowed to submit CON applications proposing to allow ENT specialists to provide surgical services as needed to complete dental cases. However, facilities were not allowed to grant ENT specialists block time or permit them to perform ENT-only surgical cases. To reflect this change, the *2021 SMFP* included an update to Criterion 3, which states:

The facility shall provide only dental and oral surgical procedures requiring sedation and ENT surgeries as needed to complete dental cases.

Attachment 1 provides a summary of each criterion as it appeared in the *2021 SMFP* and its relationship to the basic principles.

The SHCC approved a need determination for four demonstration project sites across the state's six Health Service Areas (HSAs). Configurations of HSAs to form the regions for the sites was based on population. The HSAs, cities and dates of licensure for each demonstration project site are listed below.

- HSA I and HSA II: Valleygate Dental Surgery Center of the Triad ("Valleygate Triad") in Greensboro; licensed August 23, 2018
- HSA III: Valleygate Dental Surgery Center of Charlotte ("Valleygate Charlotte"); licensed March 20, 2019
- HSA IV: Surgical Center for Dental Professionals of NC in Raleigh; licensed September 26, 2018
- HSA V and HSA VI: Valleygate Dental Surgery Center of Fayetteville ("Valleygate Fayetteville"); licensed April 11, 2018

The purpose of the Agency's evaluation is to make recommendations regarding the future of the demonstration project based on the performance of each site.

Demonstration Site Performance

Because Valleygate Charlotte began operations a year after the other three sites, all four demonstration sites were participating in the project only during 2020 and 2021. Over that period, the total number of dental patients receiving services increased at an average annual rate of 58%. Interestingly, as shown in the table below, at sites that were in the demonstration in 2019, the COVID pandemic did not lower volume during 2020 as compared to the previous year. However, there were large increases in the number of patients seen the following year, likely due to patients seeking care that had been delayed due to the pandemic. Nonetheless, pre-pandemic data suggest that total volume across all sites would have increased without this influence, even if less dramatically. In fact, according to facility data reports on their 2023 Ambulatory Surgical Facility License Renewal Applications, although the Surgical Center for Dental Professionals reported a 5% decrease in 2022 case volume as compared to 2021, Valleygate Fayetteville and Valleygate Triad both reported increases in the time since they concluded the project (8.2% and 7.0%, respectively). Regardless, all sites satisfied the criterion that they perform at least 900 cases by the third year of operation.

According to the OR need determination methodology described in the *2023 SMFP*, two ORs in a separately licensed single-specialty ASF that are utilized 75% of the available time are in use for 2,624 hours a year. Demonstrated in the table below, based on that threshold and facility reports of cases and average case times, both Valleygate Fayetteville and Valleygate Charlotte experienced very high utilization during some years. Conversely, the ORs at the Surgical Center for Dental Professionals did not reach substantial levels of utilization until its third year of the

demonstration project. During its first year after completing the project, its utilization was 51.4%. In most instances, ORs across all facilities were well utilized over the three years of the project.

Demonstration Site Cases, Case Time and OR Utilization

Facility	Data Year	Number of ORs	Cases	Average Case Times	Surgical Hours	OR Utilization
Valleygate Dental Surgery Center of the Triad	2019	2	414	165	1,139	43.4%
	2020	2	627	101	1,055	40.2%
	2021	2	1,608	62	1,662	63.3%
Valleygate Dental Surgery Center Charlotte	2020	2	1,231	87	1,785	68.0%
	2021	2	1,906	53	1,684	64.2%
	2022	2	1,904	108	3,427	130.6%
Surgical Center for Dental Professionals of NC	2019	2	277	85	392	15.0%
	2020	2	360	78	468	17.8%
	2021	2	1,134	87	1,644	62.7%
Valleygate Dental Surgery Center of Fayetteville	2019	2	1,862	186	5,772	220.0%
	2020	2	1,517	99	2,503	95.4%
	2021	2	1,686	68	1,911	72.8%

Source: 2020 – 2023 License Renewal Applications

The Agency received reports annually for three years from each facility, detailing their compliance with the demonstration project criteria in the SMFP. The Agency was directed to evaluate the project after all facilities had submitted all annual reports. The last report was received in January 2023.

One important criterion for the project sites states that at least 3% of total patients served annually be charity care patients and at least 30% be Medicaid recipients. Based on the facilities' information regarding the number of and payer source of the patients served, all facilities met or exceeded the mark for charity care each year, except for Surgical Center for Dental Professionals, which had a 0.5% lower payer mix for these patients. This occurred only during its final year with the project and during a time that the proportion of their Medicaid patients increased by more than 10%. For all sites over the three years, there were fluctuations in the percentage of patients who were covered by Medicaid. However, all facilities greatly exceeded the obligation to Medicaid recipients each year; at a minimum the proportion of patients on Medicaid receiving services at these sites was almost double the requirement.

Demonstration Project Site Payer Mix

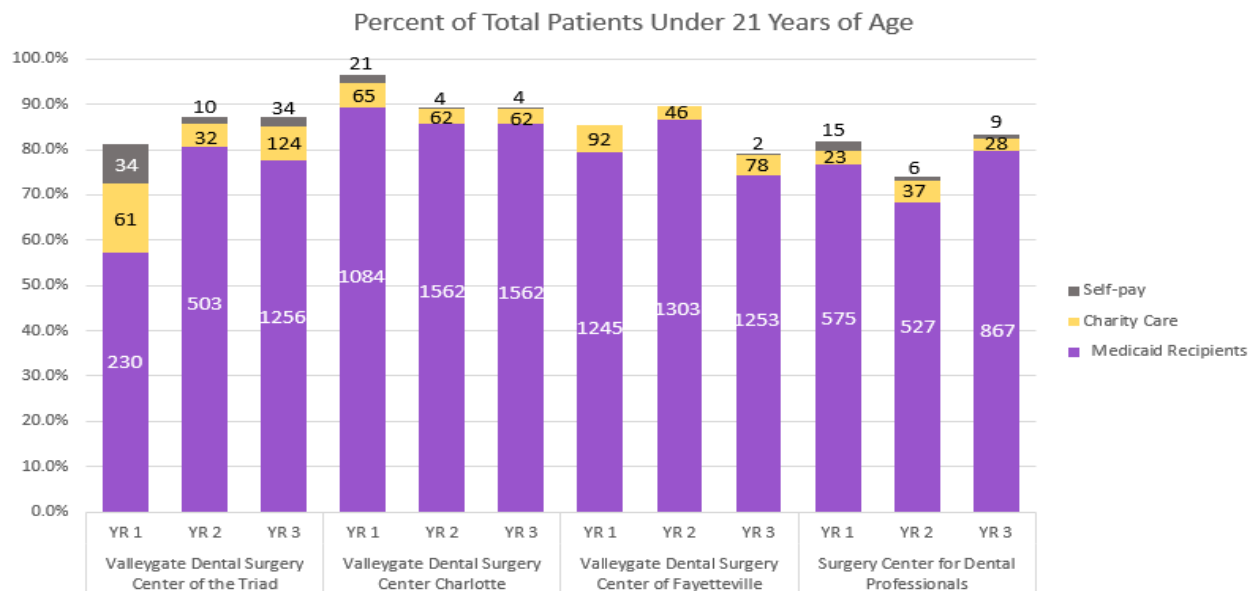
Facility	Data Year	Medicaid	Private Insurance	Charity*	self-pay**	TRICARE/VA	Other
Valleygate Dental Surgery Center of the Triad	2019	58.5%	18.4%	14.7%	8.5%	0.0%	0.0%
	2020	80.2%	13.1%	5.1%	1.6%	0.0%	0.0%
	2021	77.5%	12.0%	7.6%	2.1%	0.8%	0.0%
Valleygate Dental Surgery Center Charlotte	2020	88.6%	4.4%	5.3%	1.7%	0.0%	0.0%
	2021	85.6%	9.8%	3.4%	0.2%	0.9%	0.0%
	2022	82.4%	9.9%	3.9%	2.8%	1.0%	0.0%
Surgical Center for Dental Professionals of NC	2019	73.1%	19.3%	3.9%	2.9%	0.3%	0.6%
	2020	66.6%	26.8%	4.6%	1.1%	0.4%	0.5%
	2021	77.3%	18.3%	2.5%	1.5%	0.0%	0.4%
Valleygate Dental Surgery Center	2019	79.5%	2.0%	5.8%	0.0%	12.7%	0.0%
	2020	86.2%	4.5%	3.0%	0.0%	6.3%	0.0%
	2021	74.3%	10.6%	4.6%	0.1%	10.4%	0.0%

Source: Dental Single-Specialty Ambulatory Surgical Facility Demonstration Project Annual Evaluations

* Charity care refers to the provision of services free or at a reduced rate due to the patient's inability to pay.

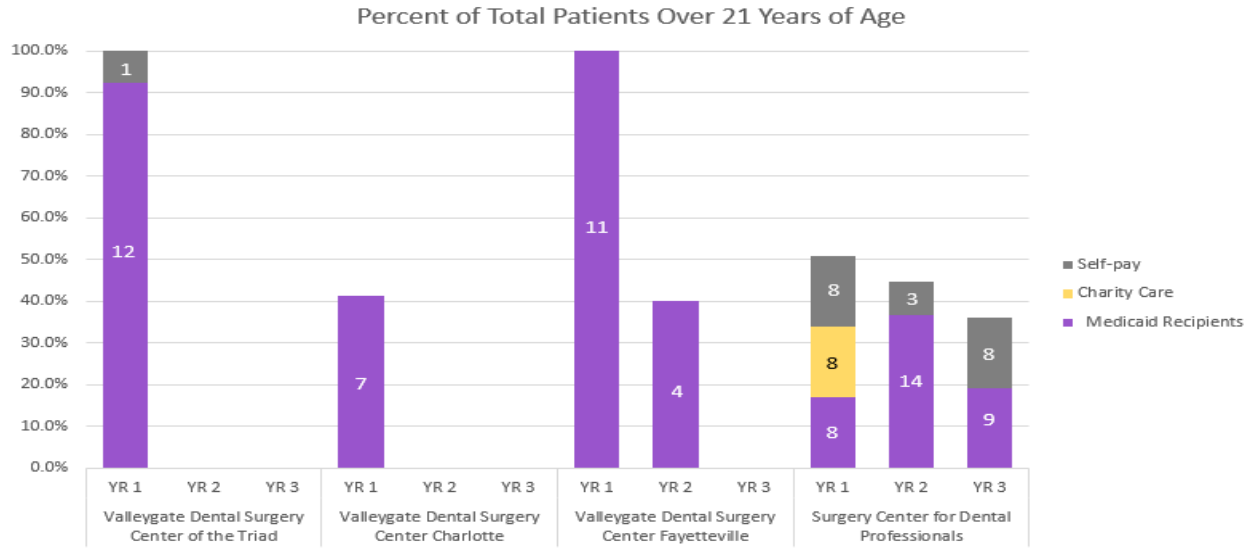
** Self-pay patients are those not covered by insurance but who did not pay a reduced rate due to inability to pay. (The patient may have received a reduced rate for other reasons).

While the project was not limited to pediatric patients only, almost all patients were under the age of 21 (range: 94% - 100%). Of those patients, the majority were covered by Medicaid. The proportion of Medicaid recipients also fluctuated for each facility over the three years, but by the end of the third year, all sites had an Under 21 Medicaid payer mix of at least 74%.



Source: Dental Single-Specialty Ambulatory Surgical Facility Demonstration Project Annual Evaluations

No patients over the age of 21 were served at Valleygate Charlotte during its second year with the project. Also, Valleygate Charlotte, Valleygate Triad nor Valleygate Fayetteville provided services to patients over 21 during their third years. For those served in this age group, the payer mix varied greatly from year to year and across facilities. Valleygate Triad and Valleygate Fayetteville had the greatest proportion of patients who were covered by Medicaid, but only during the first year. By the final year of each site’s time with the project, only the Surgery Center for Dental Professionals served patients all three years who were both over the age of 21 and constituted a payer mix that included self-pay, charity care or Medicaid (36%).



Source: Dental Single-Specialty Ambulatory Surgical Facility Demonstration Project Annual Evaluations

Quality and safety were measured by the encouragement of health care professionals affiliated with the facility to establish or maintain hospital staff privileges and to begin or continue meeting Emergency Department coverage responsibilities. With the exception of Valleygate Charlotte’s final year in the project, the majority of dentists and oral surgeons at each site were eligible for hospital privileges, and staff had ED coverage responsibilities.

Number (Percent) of Health Professionals Eligible for Hospital Privileges

	Year 1	Year 2	Year 3
Surgical Center for Dental Professionals	28 (67%)	29 (74%)	29 (74%)
Valleygate Dental Surgery Center of the Triad	9 (56%)	17 (89%)	20 (91%)
Valleygate Dental Surgery Center of Fayetteville	13 (87%)	18 (90%)	18 (90%)
Valleygate Dental Surgery Center of Charlotte	51 (100%)	49 (100%)	20 (23%)

Source: Dental Single-Specialty Ambulatory Surgical Facility Demonstration Project Annual Evaluations

One rationale of a criterion for the demonstration sites was that if each facility has an open access policy for dentists and oral surgeons, then services would be more accessible. To demonstrate they had met this criterion, each facility reported the number of non-owner and non-employee oral

surgeons and dentists. Across facilities, on average, 79% – 89% of the practicing professionals were not owners or employees of the facilities.

Conclusions and Recommendation

Based on the data provided above, it is clear that the dental single specialty ASF demonstration project is a success. This demonstration has shown it is feasible to open and operate ambulatory surgery facilities for dental procedures targeted at a primarily indigent and young population. Given this success, it would be reasonable to consider the expansion of single-specialty dental ASFs across the state.

The overarching evaluation question in the Agency’s examination of the project is whether dental single specialty ASFs improved quality and safety, access, and value. It is noteworthy that the Agency cannot determine whether there were improvements on any of these measures, because all of the facilities were new. Thus, no baseline measures were available. However, it was possible to determine whether there were improvements during the course of the demonstration. For one, in terms of access, greater numbers of dental patients were served during the time of the demonstration project. Also, throughout the project, facilities were able to obtain a large payer mix consisting of indigent patients.

In general, the demonstration project showed that single specialty dental ASFs serve indigent patients and do so in a way that reflects the basic principles of quality, access, and value. While the facilities were not required to limit their services to the pediatric population, serving that age group to a greater extent allowed them to surpass the 30% Medicaid requirement.

Based on this analysis, the Agency sees no reason to extend the demonstration period for these facilities. Therefore, we recommend that the demonstration be concluded and the facilities be included in the *SMFP* on the same basis as all other ASFs. That is, their inventory and procedures will be incorporated into the need determination methodology beginning with the *2024 SMFP*.

Attachment 1: Project Criteria, Principles and Rationale

Table 6D: Dental Single Specialty Ambulatory Surgical Facility Demonstration Project

CRITERION		BASIC PRINCIPLE AND RATIONALE
1	The application shall contain a description of the percentage ownership interest in the facility by each oral surgeon and dentist.	<i>Value</i> Implementing this innovation through a demonstration project enables the SHCC to monitor and evaluate the innovation’s impact.
2	The proposed facility shall provide open access to non-owner and non-employee oral surgeons and dentists.	<i>Access</i> Services will be accessible to a greater number of surgical patients if the facility has an open access policy for dentists and oral surgeons.
3	The facility shall provide only dental and oral surgical procedures requiring sedation and ENT surgeries as needed to complete dental cases.	<i>Value</i> Implementing this innovation through a demonstration project enables the SHCC to monitor and evaluate the innovation’s impact.
4	The proposed facility shall obtain a license no later than one year from the effective date of the CON.	<i>Access</i> Timely project completion increases access to services.
5	The proposed facility shall be certified by the Centers for Medicare and Medicaid Services (CMS), and shall commit to continued compliance with CMS conditions of participation.	<i>Access</i> Requiring service to indigent patients promotes equitable access to the services provided by the demonstration project facilities.
6	The proposed facility shall provide care to underserved dental patients. At least 3 percent of the total number of patients served each year shall be charity care patients and at least 30 percent of the total number of patients served each year shall be Medicaid recipients.	<i>Access</i> Requiring service to indigent patients promotes equitable access to the services provided by the demonstration project facilities.
7	The proposed facility shall obtain accreditation no later than one year after licensure by the Accreditation Association for Ambulatory Health Care, American Association for Accreditation of Ambulatory Surgery Facilities, or The Joint Commission, and shall commit to continued compliance with their respective standards.	<i>Safety and Quality</i> Adherence to certification processes ensures that the facility is committed to meeting the generally accepted industry standards for quality and safety for their patients.

CRITERION		BASIC PRINCIPLE AND RATIONALE
8	Health care professionals affiliated with the proposed facility, if so permitted by North Carolina law and hospital by-laws, are required to establish or maintain hospital staff privileges with at least one hospital and to begin or continue meeting Emergency Department coverage responsibilities with at least one hospital.	<i>Safety and Quality</i> Encouraging health care professionals to establish or maintain hospital staff privileges and to begin or continue meeting Emergency Department coverage responsibilities helps ensure the continued viability of community-based resources for dental emergencies.
9	The proposed facility shall meet all reporting, monitoring and evaluation requirements of the demonstration project, set forth by the Agency.*	<i>Safety and Quality, Access, Value</i> Timely monitoring enables the Agency to determine whether facilities are meeting criteria and to take corrective action if facilities fail to do so. This ensures that the demonstration project facilities meet all three Basic Principles.
10	For each of the first three full federal fiscal years of operation, the applicant(s) shall provide the projected number of patients for the following payor types, broken down by age (under 21, 21 and older): (i) charity care; (ii) Medicaid; (iii) TRICARE; (iv) private insurance; (v) self-pay; and (vi) payment from other sources.	<i>Access</i> Requiring service to a wide range of patients promotes equitable access to the services provided by the demonstration project facilities.
11	The proposed facility shall demonstrate that it will perform at least 900 surgical cases per operating room during the third full federal fiscal year of operation. The performance standards in 10A NCAC 14C.2103 would not be applicable.	<i>Value</i> Performing at least a minimum number of surgical procedures helps assure that patients receive the maximum healthcare benefit per dollar expended.

* Approved facilities will be required to submit data regarding payor mix separately for dental-only and ENT-involved cases.