



Remarkable People. Remarkable Medicine.

August 1, 2008

Victoria McClanahan, Planner  
State Medical Facilities Planning Section  
Division of Health Service Regulation  
701 Barbour Dr.  
Raleigh, NC 27603

DFS Health Planning  
RECEIVED

AUG 1 - 2008

Medical Facilities  
PLANNING SECTION

RE: 2009 Proposed State Medical Facilities Plan; Request for Comments – OR Tiering  
Alternative Need Method; Comments of Novant Health, Inc.

Dear Ms. McClanahan:

In response to the request for comments regarding the proposed OR Methodology including tiering surgical facilities based upon resource hours, on pages 81 through 102 of the Proposed 2009 State Medical Hospitals Plan, Novant Health submits the following comments.

**Tiered OR Need Method Alternative**

Novant Health does not support the proposed tiering methodology included in the Proposed 2009 State Medical Facilities Plan for the following reasons:

- The proposed methodology is considerably more complex, confusing than the existing OR need method which has been significantly updated within the past 3-5 years. And the application of the tiering approach has the potential to change significantly on an annual basis as it is based upon hours of operation and surgical hours per case at each existing surgical facility as reflected in the annual hospital and ambulatory surgical Licensure Renewal Applications. For operating rooms, both the hours of operation and the average surgical hours per case can change annually. No other methodology in the SMFP includes such an unknown or the potential for such a high level of variability on a year-to-year basis. It is challenging for those who deliver surgical services to plan, if there is a great deal of variability in the SMFP OR Need Determinations from year to year. The tiering approach would create more work for both the DHSR Medical Facilities Planning Section and for the CON Section, as well. This seems to have the potential to be a rather substantial and potentially disruptive approach to the annual process of planning for OR need. Novant believes it would be preferential to continue to make adjustments within the existing framework of the OR Need methodology.
- Surgical time per case is a very subjective measurement based upon operational efficiencies, block scheduling, physician expertise, and surgical mix. All of these variables can change on an annual basis, and all these variables impact the surgical hours of a facility.
- The current definitions utilized for inpatient and outpatient surgical case times are generous when compared to actual case times reported in the annual licensure renewal

applications. However, the current defined times of 3.0 hours per inpatient and 1.5 hours per outpatient allow flexibility in OR scheduling. Surgical facilities can take advantage of the scheduling options such as block scheduling which encourages surgeon efficiency but also can result in greater cancellations and unfilled surgical times when block schedules are not 100% full.

- The Operating Room Work Group was developed to address the number of petitions submitted annually regarding the need for additional operating rooms across North Carolina among other reasons. One of the work products of the OR Work Group was included in the proposed 09 SMFP. The proposed 2009 SMFP includes for the first time, the Exclusions from OR Need Determinations of Underutilized Facilities. This new factor in the SMRP OR need method, resulted in the exclusion of 14 surgical programs in 10 North Carolina counties, with the stated goal being to ensure the need for new ORs in a given County was not artificially suppressed by underutilized ORs in that County.
- The proposed tiering methodology actually constricts the need for operating rooms in North Carolina and results in a greater surplus of operating rooms North Carolina. Surely, this was not the intended consequence for this valuable and necessary resource (ORs) for hospitals and ambulatory surgery centers:
  - The current OR methodology reflects a need for 996 operating rooms across the State as reflected on page 76 of the Proposed 2009 SMFP and a statewide surplus of 216 operating rooms.
  - The proposed tiering methodology reflects a need for only 863 operating rooms resulting in a surplus of 352 operating rooms as reflected in the attachment included with these comments.
  - Under the tiering method, the formula expresses a need for ORs that is 133 fewer ORs than the current SMFP OR need method and reflects a surplus of ORs that is 136 ORs greater than the estimate of surplus ORs under the current SMFP OR need method
  - In light of the OR need petitions presented to the Medical Facilities Planning Section and the SHCC in recent years, this is probably not the best direction for the revision of the OR need method at this time
- The current OR need methodology is functioning as it was designed to do and has generated the following need statewide for new ORs in the annual State Medical Facilities Plans:
  - Proposed 2009 SMFP: 3 new ORs
  - 2008 SFMP: 10 new ORs
  - 2007 SMFP: 0 new ORs
  - 2006 SMFP: 11 new ORs
  - 2005 SFMP: 4 new ORs
  - 2004 SMFP: 9 new ORs

During the first six years of the operation of the updated OR need method the SMFPs have contained need determinations for 37 new ORs in North Carolina.

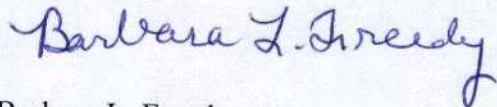
**Application of the Alternative Tiered OR Need Method to Novant Health's Mecklenburg and Forsyth County Surgical Programs**

Finally, Novant Health disagrees with the application of the tiered need analysis for its operating rooms in Forsyth and Mecklenburg Counties reflected in the tiering methodology, as well as in Brunswick and Davidson Counties. Within the last year, Novant has submitted Certificate of Need applications in both Forsyth County and Mecklenburg County which justify the need for all existing operating rooms. Relevant tables from these CON applications are attached.

While the existing operating room need methodology may not be perfect, Novant believes it is a reasonable planning methodology. Elements of the current methodology could clearly be updated to address concerns, but a wholesale overhaul of a need method that is generally working as intended seems unnecessary at this point in time. If the goal of the SHCC is to expand OR need rather than constrict OR need, other changes in the methodology should be considered such as decreasing the annual days of operation, decreasing daily hours of operation for all facilities for planning purposes, or expanding the planning horizon to a five or six year time frame.

Novant Health does not believe that the proposed tiering methodology adds any value to the current operating room methodology and in fact, may have the exact opposite impact. Thank you for consideration of these comments.

Sincerely,



Barbara L. Freedy  
Director, Certificate of Need  
Novant Health, Inc.

*File: Draft09SMFPORTierComments.07.31.08.doc*

**Comparison: Current OR Need Method & Tiering OR Need Method**

County	Facility	County OR Need	OR Need/Surplus	County OR Need Tiered	OR Need/Surplus
Alamance	Alamance Regional Medical Center				
Pasquotank	Albemarle Hospital	9.37	-2.63	8.42	-3.58
Alexander	Frye Regional Medical Center - Alexander Campus	7.06	-0.94	6.13	-1.87
Alleghany	Alleghany Memorial Hospital	0.00	-2.00	0.00	-2.00
Anson	Anson Community Hospital	0.26	-1.74	0.24	-1.78
Ashe	Ashe Memorial Hospital, Inc.	0.61	-1.39	0.56	-1.44
Avery	Charles A. Cannon, Jr. Memorial Hospital Incorporated	0.78	-1.22	0.66	-1.34
Beaufort	Beaufort County Hospital Association, Inc.	0.59	-1.41	0.50	-1.50
Beaufort	Pungo District Hospital	3.53	-1.47	3.07	-1.93
Bertie	Bertie Memorial Hospital				
Bladen	Bladen County Hospital	0.74	-1.26	0.71	-1.29
Brunswick	Brunswick Community Hospital	0.86	-1.14	0.72	-1.28
Brunswick	J. Arthur Doshier Memorial Hospital	5.34	-0.66	4.75	-1.25
Buncombe	Asheville Eye Surgery Center				
Buncombe	Memorial Mission Hospital and Mission Surgicare Center (Mission Hospitals, Inc.)				
Buncombe	Mission Family Medical Center Yancey County	44.94	-5.06	40.50	-9.50
Buncombe	Orthopaedic Surgery Center of Asheville				
Buncombe	The Endoscopy Center (Asheville Gastroenterology Associates, P.A.)				
Burke	Grace Hospital, Inc.				
Burke	Surgery Center of Morganton Eye Physicians	9.83	-1.17	8.26	-2.74
Burke	Valdese General Hospital, Inc.				
Cabarrus	NorthEast Medical Center				
Caldwell	Caldwell Memorial Hospital, Inc.	23.25	-0.75	18.36	-6.64
Carteret	Carteret County General Hospital	3.49	-3.51	3.11	-3.89
Carteret	Carteret Surgical Center	6.10	-0.90	4.65	-2.35
Catawba	Catawba Valley Medical Center				
Catawba	Frye Regional Medical Center	25.21	-11.79	21.74	-15.26
Catawba	Healthsouth Hickory				
Chatham	Chatham Hospital, Inc.				
Cherokee	Murphy Medical Center, Inc.	0.18	-1.82	0.17	-1.83
Chowan	Chowan Hospital	2.58	-1.42	2.33	-1.67
Cleveland	Cleveland Ambulatory Services	1.69	-1.31	1.47	-1.53
Cleveland	Cleveland Regional Medical Center				
Cleveland	Crawley Memorial Hospital	9.21	0.21	7.45	-1.55
Cleveland	Eye Surgery Center of Shelby				
Cleveland	Kings Mountain Hospital				
Columbus	Columbus County Hospital, Inc.				
Craven	Craven Regional Medical Center	5.02	0.02	4.31	-0.69
Cumberland	Cape Fear Valley Medical Center	13.56	-3.44	12.00	-5.00
Cumberland	Fayetteville Ambulatory Surgery Center	29.31	-1.69	24.10	-6.90
Cumberland	Highsmith-Rainey Memorial Hospital				
Dare	RMS Surgery Center				
Dare	The Outer Banks Hospital, Inc.				
Davidson	Lexington Memorial Hospital, Inc.	2.81	-1.19	1.98	-2.02
Davidson	Thomasville Medical Center				
Davie	Davie County Hospital	6.34	-2.66	5.58	-3.42
Duplin	Duplin General Hospital	0.06	-1.94	0.05	-1.95
Wake	Duke Health Raleigh Hospital	2.19	-0.81	1.85	-1.15
Durham	Duke University Hospital - Duke North				
Durham	Duke University Hospital - duke North Eye Center	64.61	-8.39	57.46	-15.54
Durham	Duke University Hospital ASC				
Durham	Durham Regional Hospital				
Durham	James E. Davis Ambulatory Surgical Center (Associated Health Services, Inc.)				
Durham	North Carolina Specialty Hospital				
Edgecombe	Heritage Hospital				
Forsyth	Forsyth Memorial Hospital, Inc.	2.20	-2.80	1.89	-3.11
Forsyth	Hawthorne Surgical Center	74.58	-8.42	67.05	-15.95
Forsyth	Medical Park Hospital				
Forsyth	North Carolina Baptist Hospital				
Forsyth	Plastic Surgery Center of NC				
Franklin	Franklin Regional Medical Center				
Gaston	CaroMont Specialty Surgery	3.21	0.21	2.72	-0.28
Gaston	Gaston Memorial Hospital, Inc.- Oupt ORs				
Gaston	Gaston Memorial Hospital, Inc.-main ORs	18.46	-5.54	15.36	-6.64
Granville	Granville Medical Center				
Guilford	Greensboro Center for Digestive Diseases	2.27	-0.73	1.99	-1.01
Guilford	Healthsouth Greensboro Specialty				
Guilford	Healthsouth Greensboro Surgical				
Guilford	High Point Endoscopy Center, Inc.				
Guilford	High Point Regional Health System				
Guilford	High Point Surgery				
Guilford	Moses Cone Surgery Center				
Guilford	Moses H. Cone Memorial Hospital	67.46	-24.54	55.40	-36.60
Guilford	Piedmont Endoscopy Center, Inc.				
Guilford	Piedmont Surgical				
Guilford	Quadrangle Endoscopy Center				
Guilford	Surgical Eye Center (Greensboro)				
Guilford	Wesley Long				
Halifax	Halifax Regional Medical Center, Inc.				
Halifax	Our Community Hospital	4.65	-1.35	3.88	-2.12
Harnett	Betsy Johnson Regional Hospital				
Harnett	Good Hope Hospital	4.46	-5.54	3.88	-6.12
Haywood	Haywood Regional Medical Center, A NC Hospital Authority				
Henderson	Margaret R. Pardee Memorial Hospital	4.75	-2.25	4.05	-2.95
Henderson	Park Ridge Hospital	13.22	-2.78	11.79	-4.21
Hertford	Roanoke-Chowan Hospital				
Hertford		2.74	-2.26	2.37	-2.63

County	Facility	County OR Need	OR Need/Surplus	County OR Need Tiered	OR Need/Surplus
Iredell	Davis Regional Medical Center				
Iredell	Iredell Head Neck and Ear	19.46	-5.54	15.76	-9.24
Iredell	Iredell Memorial Hospital, Incorporated				
Iredell	Iredell Surgical				
Iredell	Lake Norman Regional Medical Center				
Iredell	The Surgery Center at Lake Norman				
Jackson	Harris Regional Hospital, Inc.				
Johnston	Johnston Memorial Hospital	5.63	-0.37	4.99	-1.01
Lee	Central Carolina Hospital	7.59	0.59	6.41	-0.59
Lenoir	Goldsboro Endoscopy Center, Inc.	3.96	-3.04	3.48	-3.52
Lenoir	Lenior Memorial Hospital				
Lincoln	Lincoln Medical Center	5.62	-3.38	4.76	-4.24
Macon	Angel Medical Center, Inc.	2.87	-1.13	2.48	-1.52
Macon	Highlands-Cashiers Hospital, Inc.	1.88	-2.12	1.68	-2.32
Martin	Martin General Hospital				
McDowell	The McDowell Hospital, Inc.	1.53	-0.47	1.37	-0.63
Mecklenburg	Carolinas Medical Center/Center for Mental Health	1.18	-1.82	1.00	-2.00
Mecklenburg	CMC - University	130.26	-12.74	113.83	-32.17
Mecklenburg	CMC Mercy/Pineville				
Mecklenburg	CSC Randolph				
Mecklenburg	Healthsouth Charlotte				
Mecklenburg	Presbyterian Huntersville				
Mecklenburg	Presbyterian Matthews				
Mecklenburg	Presbyterian Orthopaedic				
Mecklenburg	SameDay Surgery Center at Presbyterian				
Mecklenburg	SouthPark Surgery Center				
Mecklenburg	The Presbyterian Hospital				
Mecklenburg	Waveco, LLC				
Montgomery	FirstHealth Montgomery Memorial Hospital				
Moore	FirstHealth Moore Reg. Hosp and Pinehurst Treatment Center (FirstHealth of the Carolinas, Inc.)	0.51	-1.49	0.46	-1.54
Moore	Healthsouth Southern Pines	26.87	-0.13	19.55	-7.45
Moore	Southern Eye Associates				
Nash	Nash General Hospital				
NewHanover	New Hanover Regional Medical Center	9.45	-3.55	8.47	-4.53
NewHanover	Wilmington Health Associates	40.38	-0.62	35.94	-5.06
NewHanover	Wilmington SurgCare				
Onslow	Onslow Memorial Hospital, Inc.				
Onslow	SurgiCare of Jacksonville	6.19	-2.81	4.45	-4.55
Orange	Chapel Hill Surgery Center				
Orange	University of North Carolina Hospitals at Chapel Hill				
Pender	Pender Memorial Hospital, Inc.	30.01	-7.99	28.11	-9.89
Person	Person Memorial Hospital	0.38	-1.62	0.33	-1.67
Pitt	Pitt County Memorial Hospital, Inc.	2.68	-1.32	2.36	-1.64
Pitt	Surgicenter Services of Pitt	34.57	-3.43	28.78	-9.22
Polk	St. Lukes				
Randolph	Asheboro Endoscopy Center, LLC	1.53	-1.47	1.36	-1.64
Randolph	Randolph Hospital				
Richmond	FirstHealth Richmond Memorial Hospital (FirstHealth of the Carolinas, Inc.)	4.50	-0.50	3.96	-1.04
Richmond	Sandhills Regional Medical Center	3.60	-2.40	3.05	-2.95
Robeson	Southeastern Regional Medical Center				
Rockingham	Annie Penn Hospital	7.08	-2.92	6.24	-3.76
Rockingham	Morehead Memorial Hospital	6.18	-1.56	5.28	-3.72
Rowan	Rowan Regional Medical Center, Inc.				
Rutherford	Rutherford Hospital, Inc.	9.42	-1.58	8.40	-2.60
Sampson	Sampson Regional Medical Center	3.58	-1.42	3.02	-1.98
Scotland	Scotland Memorial Hospital, Inc.	2.75	-5.25	2.36	-5.64
Stanly	Stanly Memorial Hospital, Inc.	3.91	-1.09	3.38	-1.62
Stokes	Stokes-Reynolds Memorial Hospital, Inc.	4.10	-0.90	3.71	-1.29
Surry	Hugh Chatham Hospital	0.63	-3.37	0.61	-3.39
Surry	Northern Hospital District of Surry County	7.54	-1.46	6.47	-2.53
Swain	Swain County Hospital				
Transylvania	Transylvania Community Hospital, Inc.				
Union	CMC - Union Memorial Regional Medical Center.	2.31	-1.69	2.10	-1.90
Vance	Maria Parham Hospital Medical Center	8.58	0.58	7.73	-0.27
Wake	Femcare	3.12	-1.88	2.73	-2.27
Wake	Healthsouth Blue Ridge	90.15	-3.85	82.29	-11.71
Wake	Raleigh Endoscopy Center				
Wake	Raleigh Plastic Surgery				
Wake	Raleigh Women's Health Organization of Raleigh, Inc.				
Wake	Rex Hospital, Inc.				
Wake	WakeMed - Raleigh Campus				
Wake	WakeMed Cary Hospital				
Washington	Washington County Hospital				
Watauga	Blowing Rock Hospital	0.27	-1.73	0.25	-1.75
Watauga	Watauga Medical Center, Inc.				
Wayne	Wayne Memorial Hospital, Inc.	4.52	-0.48	3.94	-1.06
Wilkes	Wilkes Regional	12.28	-0.72	10.91	-2.09
Wilkes	Wilkes Regional Medical Center	3.63	-1.37	3.09	-1.91
Wilson	Healthsouth Wilson				
Wilson	Wilson Medical Center				
Wilson	Wilson OB Gyn	6.63	-3.37	5.53	-4.47
Yadkin	Hoots Memorial Hospital, Inc.				
Mitchell	Spruce Pine Community Hospital	0.21	-1.79	0.20	-1.80
	Carolina Birth Center	1.17	-1.83	1.01	-1.99
	Eye Surgery and Laser Clinic				
Total Need and Total Surplus		996.23	-215.89	863.34	-351.68
Difference Between Current Methodology and Tiered - Decrease in OR Need = Increase in Surplus # of ORs				132.89	135.79

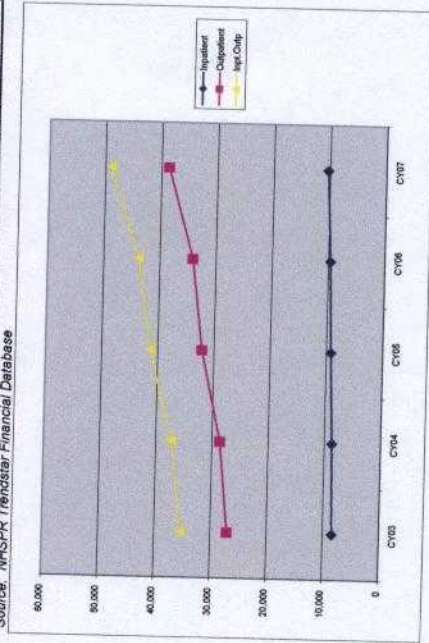
**Novant Health/Forsyth County OR Need Analysis - Included in Clemmons Medical Center CON App filed 7/2008**

	Apr07-Mar08	Apr08-Mar09	Apr09-Mar10	Apr10-Mar11	Apr11-Mar12	Apr12-Mar13	Apr13-Mar14	Apr14-Mar15	Facility OR Need
<b>MPH - With Proposed Project</b>									
Projected Inpatient Surgical Volume w.o Proposed Project	1,170	1,184	1,197	1,209	1,221	1,234	1,246	1,258	
Inpatient Surgery Shifted to CLMC						94	107	121	
Inpatient Surgery Shifted to FMC, WS - Additional volume from other zip codes and Clemmons zip code service area - volume not shifted too adjust to decrease in inpatient beds at MPH, Hawthorne Rd	1,170	1,184	1,197	1,209	1,221	553	585	650	
Projected Inpatient Surgical Volume - Adjusted	10,508	10,651	10,779	10,898	11,019	11,140	11,261	11,383	
Projected Outpatient Surgical Volume w.o Proposed Project						1,146	1,312	1,483	
Outpatient Surgery Shifted to CLMC									
Outpatient Surgery Shifted to FMC - Additional volume from other zip codes and Clemmons zip code service area - volume not shifted too adjust to decrease in operating rooms	10,508	10,651	10,779	10,898	11,019	1,530	1,620	1,800	
Projected Outpatient Surgical Volume - Adjusted	16,113	16,331	16,527	16,710	16,895	14,458	14,155	13,610	
Weighted Surgical Hours	8.6	8.7	8.8	8.9	9.0	7.7	7.6	7.27	7
ORs Needed at MPH									
<b>Clemmons Medical Center</b>									
Projected Inpatient Surgical Volume									
Projected Outpatient Surgical Volume									
Weighted Surgical Hours						885	1,012	1,144	
ORs Needed at MPH						2,578	2,951	3,336	
						6,521	7,463	8,437	
						3.5	4.0	4.51	5
<b>FMC w. FMC Kville AND Clemmons</b>									
Projected Inpatient Surgical Volume	9,791	9,924	10,042	10,153	10,265	10,378	10,491	10,603	
Inpatient Volume Shifted to FMC Kernersville			359	531	603	629	641	653	
Inpatient Volume Shifted to CLMC						791	905	1,023	
Inpatient Volume Shifted to FMC from MPH						553	585	650	
Projected Inpatient Surgical Volume - Adjusted	9,791	9,924	9,683	9,622	9,663	9,510	9,530	9,577	
Projected Outpatient Surgical Volume	6,320	6,407	6,484	6,557	6,630	6,704	6,778	6,851	
Outpatient Volume Shifted to FMC Kernersville			529	775	810	826	843	948	
Outpatient Volume Shifted to CLMC						690	790	893	
Outpatient Volume Shifted From MPH						1,530	1,620	1,800	
Projected Outpatient Surgical Volume - Adjusted	6,320	6,407	5,956	5,782	5,820	6,718	6,785	6,810	
Weighted Surgical Hours	38,854	39,381	37,983	37,537	37,719	36,608	36,737	36,948	
ORs Needed at MPH	20.8	21.0	20.3	20.1	20.1	20.6	20.7	20.81	21
<b>FMC-Kville</b>									
Projected Inpatient Surgical Volume									
Projected Outpatient Surgical Volume									
Weighted Surgical Hours									
ORs Needed at FMC Kernersville									
<b>HSC</b>									
Projected Outpatient Surgical Volume	6,784	6,879	6,965	7,044	7,125	7,206	7,288	7,369	
Outpatient Volume Shifted to CLMC									
Projected Outpatient Surgical Volume - Adjusted	6,784	6,879	6,965	7,044	7,125	742	849	960	
Weighted Surgical Hours	10,176	10,319	10,447	10,568	10,688	9,697	9,657	9,613	
ORs Needed at HSC	5.4	5.5	5.6	5.6	5.7	5.0	5.0	5.1	5
<b>Total Novant Licensed Operating Rooms and Operating Room Need</b>									
MPH Licensed ORs - Hawthorne Campus	13	13	12	12	12	7	7	7	
Clemmons Medical Center Licensed ORs	0	0	0	0	0	5	5	5	
FMC ORs - Operational and Approved; Does not include 5 OH/Caesction Operating Rooms	23	23	23	20	20	20	20	20	
FMC Kville Licensed ORs	0	0	0	4	4	4	4	4	
Hawthorne Surgical Center	6	6	6	6	6	6	6	6	
Total Novant Licensed ORs	42	42	41	42	42	42	42	42.0	42.0

### Novant Health Southern Piedmont Region OR Need

	CY03	CY04	CY05	CY06	CY07
Inpatient	8,368	8,670	9,212	9,668	10,352
Outpatient	27,042	28,636	32,191	34,115	38,672
Inpt/Outp	35,410	37,306	41,403	43,783	49,023

Source: NHSPPR Trendstar Financial Database



NHSPPR	CY03	CY04	CY05	CY06	CY07	CAGR CY03- CY07
Inpatient	8,368	8,670	9,212	9,668	10,352	5.5%
Outpatient	27,042	28,636	32,191	34,115	38,672	9.4%
Total (w.o. C-Section and Annual Growth)	35,410	37,306	41,403	43,783	49,023	8.5%
Annual Growth		5.4%	11.0%	5.7%	12.0%	

Source: NHSPPR Trendstar Financial Database

Total NHSPPR OR Need - Projected Using NHSPPR Five Year Surgical CAGR								
NHSPPR	CY07	CY2008	CY2009	CY2010	CY2011	CY2012	CY2013	CY2014
Total Outpatient Surgery FFY Volum	38,672	42,289	46,245	50,571	55,302	60,476	66,133	72,320
Total Inpatient Surgery FFY Volum	10,352	10,917	11,513	12,142	12,805	13,505	14,242	15,020
Weighted Surgical Case Hours	89,062	96,184	103,907	112,283	121,369	131,227	141,926	153,540
SPR ORs Needed	47.6	51.4	55.5	60.0	64.8	70.1	75.8	82.0
SPR OR Inventory	71	71	71	71	71	71	71	71
OR Need	-23.4	-19.6	-15.5	-11.0	-6.2	-0.9	4.8	11.0