Public Hearing Presentation
Greensboro, NC
July 15, 2009

Petitioner: North Carolina Orthopaedic Association

Good afternoon. My name is David French and I'm speaking on behalf of the North Carolina Orthopaedic Association. The North Carolina Orthopaedic Association represents approximately 400 orthopaedic surgeons from across North Carolina who performed over 100,000 ambulatory orthopaedic surgeries during the past year.

Today's presentation is a snapshot of the key points of our petition. By the end of the month we will have our final version of the petition ready to be submitted to the State Health Coordinating Council.

The NCOA strongly supports the special need determination for the three new separately licensed single specialty ambulatory surgical facilities, each having two operating rooms. The need determination allocates one facility to be located in each of the three following service areas:

Mecklenburg, Cabarrus, Union counties (Charlotte area)
Guilford, Forsyth counties (Triad)
Wake, Durham, Orange counties (Triangle)

Our requested changes include four components:

The first request is to more precisely define the need determination. We proposed the following language "Each single specialty ambulatory surgery demonstration project facility shall include two surgical operating rooms and no more than two non-gastrointestinal procedure rooms." The rationale for our request is that most of the existing single specialty ambulatory surgery facilities in North Carolina with two or more surgical operating rooms also have procedure rooms. It makes sense to define the overall capacity of the facility so that every applicant understands the parameters of the need determination. Also consider that if an ambulatory surgery center has more procedure rooms than surgical operating rooms, then the overall capital cost and utilization for the project becomes skewed. Allowing two surgical operating rooms and up to two procedure rooms will make the project proposals appropriately sized and cost-effective.

Our second request is to change the criterion that discusses the concept of "open access to physicians." Instead, the NCOA proposes that applicants be instructed to provide the proposed medical staff bylaws and the written criteria

for extending medical staff privileges at the facility. The concept of open access to physicians might initially sound appealing but in reality, ambulatory surgery facilities and hospitals have to maintain the ability to deny privileges to some physicians based on legitimate quality issues and legal circumstances.

Our third requested change is to add the following criterion, "Applications for the demonstration projects shall provide a calculation of projected savings based on the difference between the Medicare reimbursement Ambulatory Surgical Center rates and the Hospital Outpatient Department rates using the specific procedure codes and projected volumes for the proposed project. Projects with the higher projected per case savings are more effective than projects with less cost savings." The rationale for this requested change is that the projected cost savings for the single specialty ASC is an important comparative factor that drives patient choice. Patients deserve improved access to the most cost effective healthcare facilities. Competing CON applications should be evaluated based on cost savings related to the ASC vs. HOPD reimbursement rates. Priority consideration should be given to the facilities that propose to greatly reduce healthcare expenditures. Keep in mind that the comparative analyses in previous CON decisions have examined gross and net revenue per case and cost per case. These comparative factors by themselves may be inappropriate when comparing single specialty surgery centers of different specialties.

Our fourth requested change relates to the annual reporting requirements. We recommend that the following statement be added, "The annual report form for the demonstration project single specialty ambulatory surgery centers will either be included in the 2010 State Medical Facilities Plan or contained in the administrative rules that will be promulgated prior to 2010 CON reviews for the demonstration projects." The actual report form and information requirements should be made available prior to the CON reviews. The specific information that will be required to evaluate the performance of the demonstration project will be very useful in determining the policies and procedures that may be included in the CON application exhibits. The State Health Coordinating Council and the Division of Health Service regulation may request that existing licensed ambulatory surgery centers and hospitals voluntarily provide the same information. In this way the performance measures of the demonstration project surgery centers can be compared to data from the existing facilities.

In conclusion, orthopaedic ambulatory surgery centers probably offer the greatest advantages in terms of potential cost savings and improved patient satisfaction based on the large volume of procedures that can be safely performed at a single specialty ASC.

Although the changes requested in this petition are not specialty specific, the North Carolina Orthopaedic Association endorses the development of orthopaedic ambulatory surgery centers that offer state-of-the art facilities, highly trained staff and substantial cost savings.