

Petition
to Revise the 2010 State Medical Facilities Plan
Adjustments to Need Determinations

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Petitioner:

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Introduction:

In the Proposed 2010 State Medical Facilities Plan (*SMFP*), the State Health Coordinating Council (*SHCC*) has recognized the positive impact single specialty ambulatory surgical facilities can have in North Carolina in that consideration is given for such facilities in the Charlotte, Triad and Triangle areas.

The above-referenced single-specialty ambulatory surgery demonstration projects are forward thinking ideas, but not geographically broad enough.

This Petition requests a demonstration project for a single specialty surgical facility to serve the residents of Catawba and Burke Counties, as well. The Petition is consistent with the SHCC recognition of such demonstration projects as proposed for the Charlotte, Triad and Triangle areas.

Statement of the requested adjustment (*cite the provision or need determination in the Proposed SMFP for which the adjustment is proposed*):

The petitioner, as consultant to North Carolina surgeons, requests the 2010 SMFP include support of a demonstration project for a single specialty ambulatory surgical facility located in and to serve the resident of Catawba and Burke counties. Having a demonstration project of this sort in Catawba and Burke counties will ensure an additional opportunity to establish a new ambulatory surgery facility which will focus on improving quality, cost, access and

promote positive competition. The Petitioner understands the need to meet the specific criteria, the criteria basic principles and the rationale.

Consider western North Carolina, particularly Catawba (157,079 estimated 2008 population) and Burke (89,361 estimated 2008 population) counties. The two counties have a combined population of 246,440 (*Source: U.S. Census Quick Facts*).

Reasons for the proposed adjustment:

Statement of adverse effects on the population of the affected area that are likely to ensue if the adjustment is not made.

The expected adverse effects if the changes are not made include:

- The lack of effective competition throughout much of western North Carolina will result in continued increases in healthcare charges and costs. Patients will have little choice but to continue paying high hospital deductibles for surgery procedures that could be performed in outpatient facilities.
- With continued population growth, aging of the baby boomers and the increased focus on embracing an active lifestyle, the petitioner expects surgery workloads will increase by at least 10 to 20 percent over the next few years. This growth will make it increasingly difficult to schedule patients for surgery in a timely manner.
- The petitioners expect that scarce operating room time and/or the unavailability of focused specialized trained staff when rooms are available will result in a higher percentage of procedures being delayed or rescheduled. This will cause difficulties for both patients and surgeons. Schedule delays decrease staff efficiency, diminish patient satisfaction and may compromise the quality of care.
- Surgeons state that they are 20 to 30 percent more productive in an ambulatory surgery center as opposed to a hospital surgery suite. Such a center in the Catawba and Burke counties area would result in less challenging obstacles to recruiting needed surgeons to western North Carolina.

Statement of alternatives to the proposed adjustment that were considered and found not feasible.

Status Quo -Maintaining the status quo is not an acceptable alternative because of the lack of more effective competition.

Adjusted Need Determinations -Submitting petitions for adjusted need determinations in specific service areas is a potential option; but one that has not been successful in the past. Some previous petitioners have submitted petitions for adjusted need determinations for ambulatory surgery operating rooms in their respective service areas. These petitions were denied without much discussion or explanation.

Lack of Opportunity -Many potential petitioners have not filed petitions because relevant opportunities did not present themselves.

Change Methodology -Proposing to change the methodology for projecting operating room need does not appear to be feasible because the planning emphasis has been focused on the development of a surgery methodology that treats all rooms the same. Rather than try to change the present operating room methodology, the petitioner proposes SHCC support a demonstration project for one single specialty ambulatory surgical facility in the Catawba and Burke county area.

Additional Demonstration Project for Western North Carolina -The Proposed SMFP does not include a single specialty ambulatory surgery demonstration project for Catawba and Burke Counties. Petitioner asks that the SHCC revisit this decision and approve a single specialty ambulatory surgical facility located within and to serve the residents of Catawba and Burke Counties. The need determinations as exists in the Proposed SMFP does not maximize the opportunity for competition which has been shown to, and will, have a positive impact on quality, cost and access.

Although not focusing on the current Operating Room methodology, it is true that it:

- Continues to protect hospitals with “special exclusions” for C-section rooms and Trauma Center/Burn Center operating rooms. These specialized operating rooms and their related utilization are not included in the planning methodology calculations.
- Ignores the huge variation in the number of operating rooms per capita.
- Does not facilitate need determinations for new facilities to improve geographic access and enhance competition.
- Gives no consideration to changes in surgical technology that create higher outpatient demand for surgical specialties.

Existing operating rooms are predominantly inpatient and shared operating rooms, which do not appropriately address the needs of the patients seeking easily accessible, cost effective, high quality care; nor the needs of the surgeons wanting to offer those services. It has been many years since there has been any potential opportunity for surgeons involved in other than GI endoscopy to be appropriately engaged in offering ambulatory surgical care. Accepting the status quo does not maximize the needs of patients seeking easily accessible, cost effective, high quality care.

Shared and inpatient operating rooms have frequent schedule changes and delays because emergency and urgent cases often postpone the scheduled cases. These shared operating rooms are also routinely used for both “contaminated cases” and “clean cases”. This situation extends the time needed for cleaning the operating rooms between procedures. Also, the operating room methodology does not recognize the fact that outpatient cases that are performed in shared operating rooms, have, on average, longer turnover times than outpatient cases performed in ambulatory surgery centers.

In response to these circumstances, this Petition requests a demonstration project for a single specialty ambulatory surgical facility to serve the residents of Catawba and Burke counties. Such a need determination will enhance competition and does not change the operating room methodology.

The superior cost effectiveness of ambulatory surgery centers also supports approval of this Petition. The Federated Ambulatory Surgery Association reports that co-payment for Medicare beneficiaries is 20 percent of the cost of the procedure at an ambulatory surgery center as compared to 40 percent patient responsibility at a hospital.

Also the costs of outpatient procedures at hospitals are higher. Studies have found that Medicare pays, on average, \$320 less per surgery when the procedure is performed in an Ambulatory Surgery Center rather than a hospital outpatient department.

Mark McClellan, the former Administrator of the Centers for Medicare and Medicaid Services, said “ASCs play a very important role in creating a modern, innovative healthcare system by providing care at a lower cost with better patient satisfaction. With the challenge of rising healthcare costs, it is clear to me that innovation and creativity in ASCs can make a big difference in the quality and cost of healthcare.”¹

Evidence that the health service development permitted by the proposed adjustment would not result in unnecessary duplication of health resources in the area.

I appreciate the current supply of operating rooms dictates some of the decision making involved in your arriving at the existing proposed need determination. However, the designation of the three demonstration project service areas is not encouraging with regard to the particular attention I believe ought to be paid to western North Carolina, particularly Catawba and Burke counties.

The proposed change to the need determination will not result in unnecessary duplication of health resources for several reasons:

- The total operating room adjusted inventory is approximately 79 percent inpatient and shared operating rooms. These operating rooms are inefficient and more costly to operate than ambulatory operating rooms. In many areas of North Carolina, patients and surgeons lack access to efficient and cost effective ambulatory surgical operating rooms. In Burke/ Catawba only 4 of the 37 operating rooms are in freestanding ambulatory surgery facilities. The requested special need determinations will add ambulatory surgical capacity that promote more cost effective service, lower charges and lower costs as compared to the majority of the operating rooms in the inventory.

¹ www.fasa.org, Washington, DC; February 16, 2006, News Release

- Additionally, in the Proposed SMFP, the SHCC proposes demonstration projects in service areas which currently have, and are projected to have, an excess of operating rooms. SHCC’s plan projects the following 2012 Operating Room over-supply in service areas being considered for the demonstration projects:
 - Charlotte Area (*Mecklenburg, Cabarrus, Union*) 20.0
 - Triad Area (*Guilford, Forsyth*) 26.7
 - Triangle Area (*Wake, Durham, Orange*) 9.3

Based on the current and projected over-supply, it would follow that the SHCC should view Catawba and Burke counties in at least the same light as the three North Carolina service areas in which the demonstration projects are proposed. It would follow that the SHCC support a demonstration project for a single specialty ambulatory surgical facility easily accessible to the residents of Catawba and Burke counties.

Evidence that the requested adjustment is consistent with the three Basic Principles Governing the Development of the SMFP:

Safety and Quality, Access, Value

At a time when the North Carolina population is steadily growing and healthcare costs are rising, increased competition will effectively encourage providers to be more focused on quality, access and cost efficiencies.

The Petitioner understands the need to meet the specific criteria, the criteria basic principles and the rationale.

Physicians practicing in western North Carolina have helped to foster systems which measure and report quality, thus promote identification and correction of quality of care issues and overall improvement in the quality of care provided. These same physicians continue to collaborate with the North Carolina Hospital Association and the North Carolina Medical Society – in their efforts to develop quality measures and increase access to the underserved.

Physicians practicing in western North Carolina continue to promote equitable access to indigent patients.

The Petitioner understands the SHCC open access to physicians criteria but would prefer to support the proposition that the demonstration projects be ones where applicants be instructed to provide the proposed medical staff bylaws and the written criteria for extending medical staff privileges at the facility.

The service area proposed in this Petition – Catawba and Burke counties – is undersized, in large part, because of the inordinately large percent of inpatient and shared operating rooms in this service area.

Conclusion:

The Petitioner appreciates consideration of this request to amend the 2010 SMFP to include support of a demonstration project for a single specialty ambulatory surgical facility located within and to serve the residents of Catawba and Burke counties.

The Petition is convinced that the residents of western North Carolina (particularly Burke/ Catawba) deserve better options than what currently exist. Approval of this petition will begin to remedy the lack of effective competition that persists in many rural communities, and will provide for greater competition, the result of which will provide for an even greater focus on quality and patient outcomes.