

PETITION for Adjustment to Bed Need Determination for Bladen County

I. Name, Address, Email Address, and Phone Number of Petitioner:

Cape Fear Valley-Bladen County Hospital
501 South Poplar Street
Elizabethtown, NC 28337
Michael Nagowski, CEO
Contact: Sandy T. Godwin
Executive Director of Planning
(910) 615-6852
stgodwin@capefearvalley.com

Cape Fear Valley Health System
1638 Owen Drive
Fayetteville, NC 28304
Attn: Michael Nagowski, CEO
Contact: Sandy T. Godwin
Executive Director of Planning
(910) 615-6852
stgodwin@capefearvalley.com

DFS Health Planning
RECEIVED

AUG 02 2010

Medical Facilities
PLANNING SECTION

II. Statement for the Requested Adjustment

Cape Fear Valley-Bladen County Hospital ("BCH") and Cape Fear Valley Health System ("CFV") request the following specific adjustments be made in the *2011 State Medical Facilities Plan ("Proposed 2011 SMFP")* in Chapter 5 of the *2011 SMFP* in the statement of Need Determination that appears prior to Table 5B:

"In response to a petition from Cape Fear Valley-Bladen County Hospital, there is a need for a total of 25 acute care beds to be located in a critical access hospital in Bladen County. Furthermore, Policy AC-5 is not applicable to the replacement of an existing critical access hospital in Bladen County. In determining utilization of acute care beds, acute care bed "days of care" and swing bed days of care (i.e., nursing facility days of care) shall be counted. In addition, if observation days, respite care days, and other services are provided in a licensed acute care bed, and the Critical Access Hospital proposes to continue providing these services in the future in acute care beds, those days shall be counted in determining future utilization of acute care beds provided the Critical Access Hospital documents the use of acute care beds."

III. Background Information Regarding Petitioners

CFV is a non-profit 765 bed regional health care system comprised of, five hospitals, several primary care and specialty care physician offices located throughout Cumberland County and surrounding areas, including Hoke and Bladen Counties. Cape Fear Valley Medical Center, located in Fayetteville, is an acute-care hospital offering quality care in open-heart surgery, orthopedic surgery, cancer treatment, maternity services, emergency medicine, pediatric

intensive care, wellness programs and more. Highsmith-Rainey Specialty Hospital, located in Fayetteville, provides long-term acute care services and includes an urgent care department. Cape Fear Valley Rehabilitation Center is a physical rehabilitation facility offering inpatient and outpatient care for brain- and spinal-cord injured, neurologically impaired patients, stroke patients and orthopedic patients. Behavioral Health Care is a comprehensive psychiatric hospital with inpatient and outpatient services for children, adolescents and adults.

CFV has physician offices located throughout Fayetteville and surrounding counties, including offices in Elizabethtown, Duplin and Bladenboro within Bladen County. In addition to the primary care and OB/GYN coverage provided by the Bladen clinics, they also provide radiology services, cardiopulmonary services, physical and occupational medicine, sleep lab clinic, county and city drug testing, sports physicals for Bladen County schools, physician supervision for the Bladen County Health Department OB/GYN office, and extended hours for urgent care needs.

BCH is a Critical Access Hospital("CAH") located in Elizabethtown, NC in the heart of Bladen County. BCH is a public, not-for-profit facility that includes a 24-hour Emergency Department, a Medical/Surgical Unit, an Intensive Care Unit, and an up-to-date Birthing Center. Since its opening in 1952, BCH has provided inpatient and outpatient services to the residents of Bladen County. Major renovation and updates were completed in 1989. The current physical plant has worked well for many years, and is now in need of replacement. Current problems with the facility include, but are not limited to, the following:

- Current campus is land locked and does not allow for potential expansion of services;
- Small OP Respiratory Therapy Area;
- Roof Repairs needed – estimated cost of \$1m;
- Sprinkler System Installation – estimated cost of \$750k;
- Emergency Generator Replacement – estimated cost of \$100k;
- Switch Gear for Generator is outdated and parts have limited availability estimated cost is \$400k;
- HVAC system is outdated and not energy efficient – estimated cost \$500k;
- Suction and Vacuum Pump System needs to be replaced – estimated cost of \$50k;
- Hot Water Storage Tanks need to be replaced;
- Nurse Call System replacement required for Joint Commission – estimated cost of \$174k;
- Phone System is at capacity and needs to be updated;
- Televisions are outdated and parts are not available;
- Sterilization System for OR needs replacement due to age;
- Lack of Energy Efficiencies throughout the facility; and,
- Multiple small buildings are used outside of the facility for support services such as HR and plant operations which would be more cost efficient if built as part of the facility building.

In 2008, CFV began managing BCH and will acquire BCH in the near future. CFV has been working with the local community to expand medical coverage and services. Since the relationship between BCH and CFV began eight physicians and mid-level providers have been added to medical staff.

Despite those efforts and due to the lack of physician specialists at BCH, over 60% of the residents leave Bladen County to receive inpatient services. The lack of physician specialists is

driven by several factors. The deteriorating physical plant is a major reason. The ability to recruit physician specialists is already extremely difficult in a rural area, and the age of plant is a constant barrier. Some physicians hesitate to provide services at BCH due to the condition of the existing physical plant and areas such as surgical operating rooms that need modern surgical lighting and replacement of out of date equipment. Attachment A includes a letter from a physician on the BCH medical staff that outlines those concerns. Therefore, updated facilities are needed to maintain access to critical services for the residents of Bladen County.

The proposed bed need adjustment for Bladen County will allow the CON Section flexibility in the review of the CON Application for a replacement hospital in Bladen County in 2011.

IV. Reasons for the Requested Adjustment

The State of North Carolina has long supported CAHs. The Office of Rural Health, along with DHHS, provides opportunities and support to CAHs, including specialized rules and licensure requirements for CAHs.

BCH and CFVHS would like to replace the CAH in Bladen County, and are in the process of working with the Office of Rural Health and the Centers for Medicare and Medicaid Services to determine the federal regulatory issues associated with replacement of the BCH facility.

In this Petition, BCH requests an adjusted bed need determination and an exemption from Policy AC-5 in order to maximize the use of inpatient acute care beds in the planning process for the replacement BCH and the subsequent Certificate of Need Application that will be filed in 2011. While the requested changes do not guarantee an approval of 25 acute care beds for BCH, the requested changes will allow the CON Section flexibility in reviewing the methodology and assumptions to be included in the CON Application. BCH will be required to justify the number of beds needed to serve the residents of Bladen County using both quantitative and qualitative methods, and assuring continued and expanded access inpatient and outpatient services for the residents of Bladen County.

The requested adjusted bed need determination will allow BCH to better address State requirements in a Certificate of Need Application for 25 beds based upon the unique circumstances of a CAH, instead of the existing acute care hospital methodology and criteria included in the *2010 SMFP*.

Policy AC-5, even with the changes included in the *Proposed 2011 SMFP*, does not address the special needs of CAHs. While it does allow the inclusion of swing bed days to calculate acute care bed need, it ignores other potential uses of acute care beds in CAHs, such as observation care, respite care, and even use as step down recovery for outpatient surgery to mention only a few. In the past several years, many CAHs across the United States have been replaced. The new facilities designed for CAHs concentrate on maximizing utilization and flexibility of acute care bed space, as well as outpatient space in the new facility. In addition, many new CAHs have the local provider clinics and specialty clinics integrated into the facility, which maximize utilization of hospital ancillary services.

V. Statement of the Adverse Effects on the Population

If this Petition is not granted, the Bladen County bed need is not adjusted, and Policy AC-5 remains applicable in the review of the CON Application for the BCH replacement facility. If no change is made the residents of Bladen County could be denied access to services appropriate for a CAH that a new facility would allow. Under the language of Policy AC-5 and associated CON regulations, it is not clear whether BCH would be able to justify a need for all 25 acute care beds that are operational. With 25 acute care beds in a new facility, BCH will have the potential to recapture some of the market share currently leaving Bladen County for inpatient and outpatient care securing a better financial future.

As previously discussed, over 60% of Bladen County residents must leave the County to seek inpatient hospitalization, as reflected in the market share information included in Attachment B. That is not because other providers are closer. The maps included in Attachment C illustrate the distances between other providers, BCH, and the residents of Bladen County. As reflected in those Attachments, nearly all residents of Bladen County live closer to Elizabethtown and BCH than any other hospital facility. Residents leave Bladen County because services are not available or because they perceive hospital services to be substandard due to the deteriorating facility. The stigma of seeing limited visible change in the hospital over the past decade leaves the impression for the general public that the local hospital has done little to increase available services and update the delivery of care model. Most residents would agree that a hospital is needed in Bladen County. Due to their impression of BCH, many residents choose to leave the County to obtain what they perceive to be better quality service.

The population of Bladen County is not large; 31,872 residents in 2010. That population cannot support a large community hospital with many specialists. The acuity appropriate services provided by BCH as a Critical Access Hospital, however, allow residents, particularly Medicare, Medicaid, poor, and indigent patients to remain in the county. A replacement CAH is needed to continue meeting the needs of current residents of Bladen County, as well as to expand services to meet the needs of current and future County residents.

If the requested adjustments are not made, the residents of Bladen County could be denied access to critical services, and would have to continue seeking health care in surrounding counties.

VI. Statement of the Alternatives Considered

There is no dispute that the physical plant at BCH is in need of repair. BCH and CFV are maintaining the level of operation needed to assure safety and quality for patient care, but the expense of doing so continues to increase. The Petitioners are seeking the addition of language in the *2011 SMFP* which will allow to BCH flexibility to project future acute care bed need for the residents of Bladen County. The requested changes will allow flexibility in the Certificate Need Review process for the proposed replacement of BCH. There are no alternatives that can accomplish the requested changes.

VII. The Project Would Not Result in an Unnecessary Duplication of Services

The Petitioners are not requesting additional resources. They are requesting that the *2011 SMFP* appropriately reflect the needs of Bladen County residents. BCH is licensed for 48 acute care beds, but operates only 25 acute care beds in accordance with the Center for Medicare and Medicaid's Critical Access Hospital Program. Bladen County does not need 48 acute care beds, but Bladen County does need 25 acute care beds and need the flexibility to utilize those beds for non-acute care services as acute care bed needs fluctuate.

VIII. The Project is Consistent with the Three Basic Principles Governing the Development of the SMFP

The Petition is consistent with the provisions of the Basic Principles. Providing flexibility in the review of a CON Application for a replacement hospital in Bladen County will assure that the high quality inpatient and outpatient services provided by BCH will continue to be available to Bladen County residents, and that BCH will have the ability to improve geographic access to services for residents of Bladen County.

Currently residents of Bladen County are leaving the County for most inpatient and outpatient health services. While Bladen County is not large enough to support many physician specialties, the population is sufficient to support a high quality critical access hospital. The proposed petition will allow improved access to the residents of Bladen County to basic inpatient and outpatient services that should be provided at the local level.

The cost of maintaining the current facility at BCH is increasing annually. The requested adjusted need determination for acute care beds will allow BCH to apply to replace its existing facility and to be a full service CAH, which maximizes utilization and will be constructed for operational efficiencies.

IX. Conclusion

The Petitioners are requesting that the following language be included in the *2011 SMFP* regarding Policy AC-5, in Chapter 5 of the *2011 SMFP* in the statement of Need Determination prior to Table 5B:

"In response to a petition from Cape Fear Valley-Bladen County Hospital, there is a need for a total of 25 acute care beds to be located in a critical access hospital in Bladen County. Furthermore, Policy AC-5 is not applicable to the replacement of an existing critical access hospital in Bladen County. In determining utilization of acute care beds, acute care bed "days of care" and swing bed days of care (i.e., nursing facility days of care) shall be counted. In addition, if observation days, respite care days, and other services are provided in a licensed acute care bed, and the Critical Access Hospital proposes to continue providing these services in the future in acute care beds, those days shall be counted in determining future utilization of acute care beds provided the Critical Access Hospital documents the use of acute care beds."

Concurrently with this Petition, CFV and BCH are submitting Comments on Policy AC-5 as it appears in the *Proposed 2011 SMFP*. Please note that if the changes requested herein are approved and the *2011 SMFP* is amended as set forth above, then the actions requested in the

Comments submitted by CFV and BCH are not necessary. If, however, this Petition is not approved, then the changes requested in the Comments must be approved in order to allow the CON Section flexibility in the review of the BCH CON Application for a replacement CAH, which Application is to be submitted in 2011.

Jun. 16. 2010 12:56PM

BLADEN MEDICAL ASSOCIATES

Attachment A

No. 1995 P. 2

BLADEN MEDICAL ASSOCIATES

300A East McKay St. • PO Box 517
Elizabethtown, NC 28337

Phone 910-862-5500
Fax 910-862-5501

June 16, 2010

Dear Sir/Madam:

As Medical Director for Bladen Healthcare LLC Practice Management, I have had the opportunity to speak with potential candidates that are considering our organization as their place of employment. It is during the interview process that they tour the hospital facility and survey the environment in which they will be providing healthcare.

Quite frankly, I sense a concern from the new candidates regarding the facility and the appearance of the structure in which they will be fulfilling their life's work. Some verbally have expressed their dismay with the facility to the degree that I feel the negative images impacted their decision to decline any offer we would make to them to become a part of this organization.

While I feel Bladen Healthcare portrays a very positive "people image," I do believe we could certainly use some assistance in making our physical appearance much more enticing to the physicians we interview. Concerns about the facility in which you work should be the least of a provider's worries and I feel ours has lead to more no's than yes's.

I would be happy to speak with someone directly concerning this letter's contents should the need arise.

Respectively submitted,



Robert L. Rich, Jr., MD

Bladen County Hospital
 Cape Fear Valley Health System
 Primary and Secondary Market
 FY 2007 - FY 2009 - All Service Lines
 Source: Thomson *Polaris Suite*

County	FY07	FY08	FY09
Bladen	32.8%	28.4%	26.2%
Columbus	0.4%	0.4%	0.4%
Cumberland	0.1%	0.0%	0.0%
Pender	0.0%	0.0%	0.0%
Robeson	0.1%	0.1%	0.1%
Sampson	1.0%	0.7%	0.9%

Note: Includes Normal Newborns

County	FY07	FY08	FY09
Bladen	31.9%	27.1%	25.5%
Columbus	0.3%	0.3%	0.4%
Cumberland	0.0%	0.0%	0.0%
Pender	0.0%	0.0%	0.0%
Robeson	0.1%	0.1%	0.1%
Sampson	1.0%	0.7%	0.9%

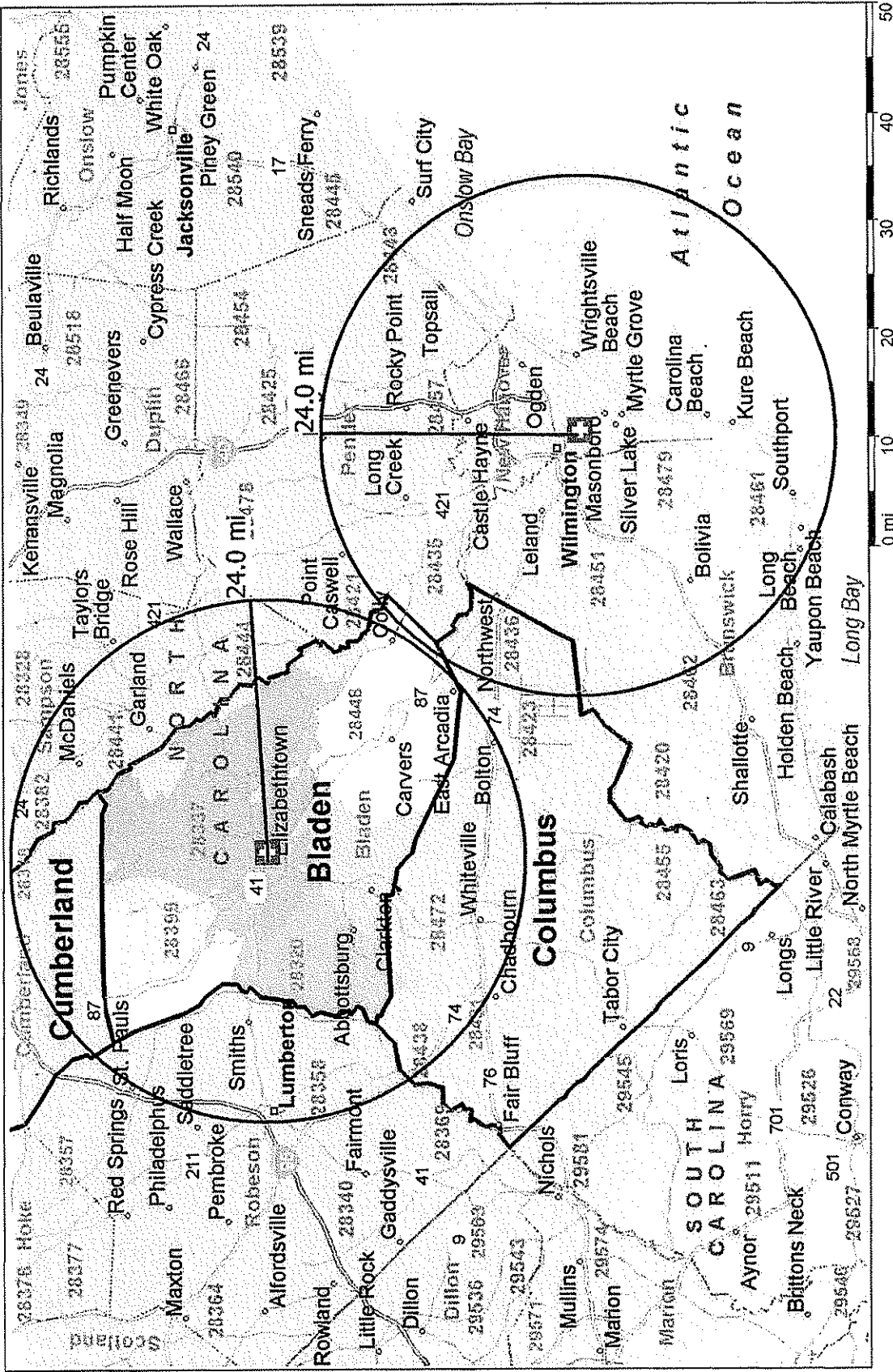
Note: Excludes Normal Newborns

Patient Origin = Bladen County Only

Hospital	FY07		FY08		FY09	
BCH	1,438	32.8%	1,247	28.4%	1,067	26.2%
CFVHS	356	8.1%	447	10.2%	659	16.2%
New Hanover	825	18.8%	819	18.6%	629	15.9%
Southeastern	809	18.4%	877	20.0%	901	22.1%
Columbus	504	11.5%	524	11.9%	372	9.1%
All Other	456	10.4%	478	10.9%	451	10.6%
Total	4,388	100.0%	4,392	100.0%	4,079	100.0%
CFVHS and BCH	1,794	40.9%	1,694	38.6%	1,726	42.3%

Attachment C

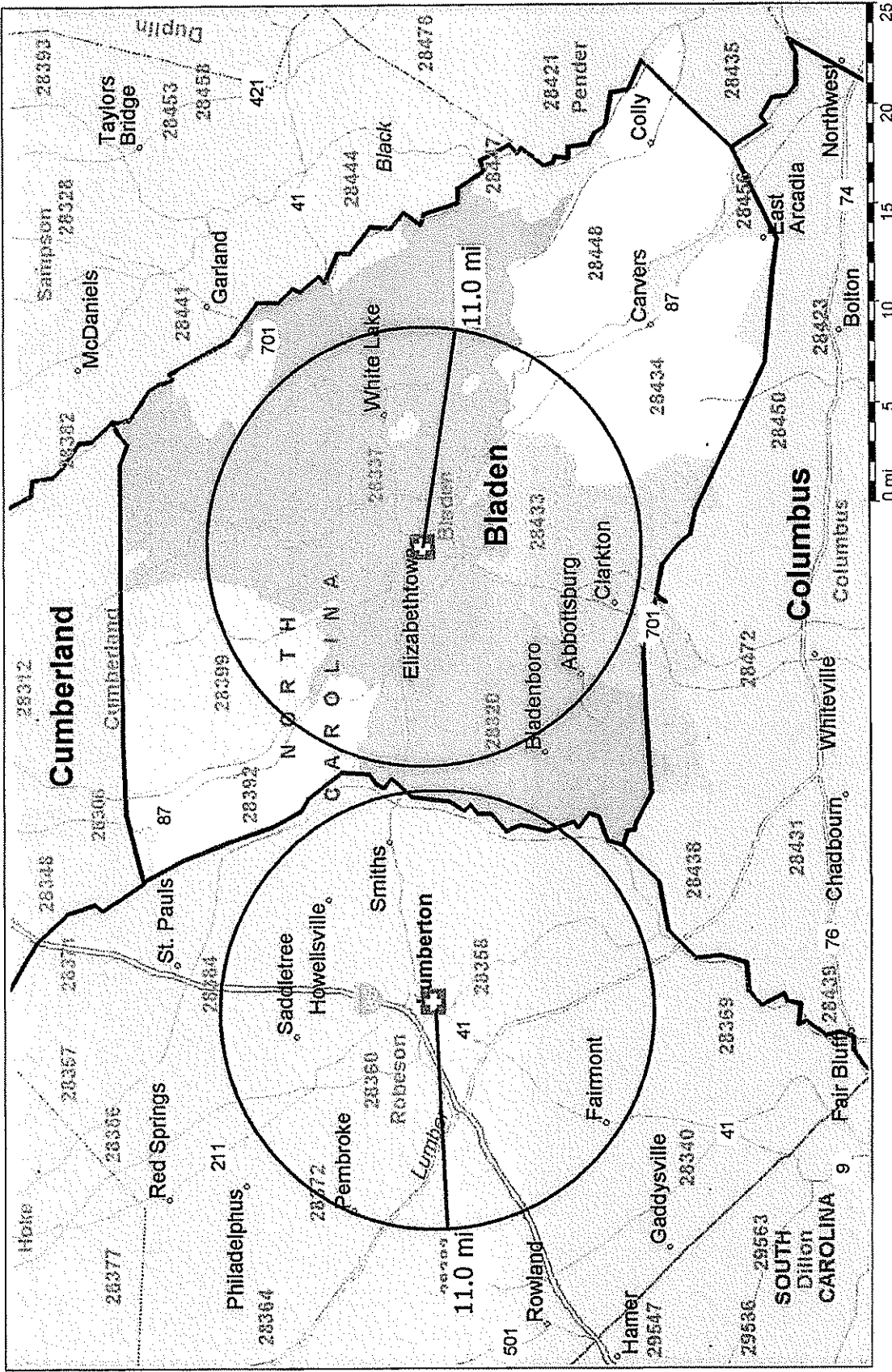
New Hanover Mileage



Pushpins
 My pushpi...
 2014 by ZIP
 Code
 12,000
 3,464
 1,000
 Custom territories
 Bladen
 Columbus
 Cumberland

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So Eastern Mileage



- Pushpins
- My pushpins...
- 2014 by ZIP Code
- 12,000
- 3,464
- 1,000
- Custom territories
- Bladen
- Columbus
- Cumberland

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