

Adjusted Need Determination Petition to Eliminate the Surgical Operating Room Need Determination in Rowan County from the Proposed 2011 SMFP

I. Name, Address, Email Address, and Phone Number of Entity Submitting Comments/Petition

Novant Health, Inc.
2085 Frontis Plaza Blvd.
Winston-Salem, NC 27103
(336) 718-4483
Attn: Barbara Freedy, Director, Certificate of Need
Novant Health, Inc.
blfreedy@novanthealth.org

Rowan Regional Medical Center, Inc.
612 Mocksville Avenue
Salisbury, NC 28144
Attn: Darice Caldwell, President
Rowan Regional Medical Center
(704) 210-5001
ddcaldwell@novanthealth.org

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Medical Facilities
Planning Section

II. Requested Adjustment

Novant Health, Inc. ("Novant")¹, Rowan Health Services Corporation ("RHSC"), and Rowan Regional Medical Center ("RRMC") (collectively, "Petitioners") hereby petition the State Health Coordinating Council ("SHCC") to adjust the need determination for one additional surgical operating room in Rowan County in the *Proposed 2011 State Medical Facilities Plan (Proposed 2011 SMFP)*. RRMC is the only provider of surgical services in Rowan County and thus its OR case volumes drive the SMFP Chapter 6 OR need method and determinations in Rowan County. Petitioners specifically request that the need determination for one additional surgical operating room in Rowan County be eliminated, and result in a need determination of zero additional surgical operating rooms in Rowan County in the *Final 2011 SMFP*.

III. Reasons for the Requested Adjustment

Chapter 6 of the *Proposed 2011 SMFP* contains a narrative that describes the assumptions and methodology used in determining the operating room inventory and in projecting need for additional operating room capacity. "The objective of the methodology is to arrive at a reasonable assessment of the adequacy of current resources for performing surgery, compared with an estimate of need for additional capacity."

¹ Effective January 1, 2008, Novant became the sole member of RHSC. RRMC operates a full-service community hospital with 268 licensed beds, located at 612 Mocksville Avenue, Salisbury, NC 28144.

Petitioners support both the application of the operating room methodology and objective of the methodology. There are four main variables in the operating room need methodology:

1. Historical inpatient and outpatient surgical utilization data for the previous Federal Fiscal Year;
2. Population growth rate for the defined OR service area;
3. Average time per surgical case which is 1.5 hours per outpatient surgical case and 3.0 hours per inpatient surgical case; and,
4. Existing operating room inventory, both licensed and CON-approved.

Petitioners believe that there are special and unique circumstances in Rowan County that warrant a much closer and detailed analysis of the need determination for one additional surgical operating room in Rowan County set forth in the *Proposed 2011 SMFP*. In particular two of the main variables in the methodology, the base year data and average time per surgical case should be analyzed further.

A. Surgical Utilization of Licensed Surgical Operating Rooms in Rowan County Has Decreased in FFY 2010

The need determination in the *Proposed 2011 SMFP* for one additional surgical operating room is based on historical utilization of licensed surgical operating rooms in Rowan County for FFY 2009, October 1, 2008 through September 30, 2009. As such, that need determination provides a snapshot fixed in time of a reasonable assessment of the adequacy of current resources for performing surgery, compared with an estimate of need for additional capacity in Rowan County.

Since that snapshot was taken, however, surgical utilization at RRMC has decreased as shown in the following table. The RRMC Surgical Services Director attributes the decreases to:

- The impact of the economy leads some patients to choose to postpone elective surgery
- Rising co-pays and deductibles cause patients to defer elective surgeries
- Some potential patients are concerned about the loss of their jobs, if the post-surgery recovery period is longer than expected
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Please note that RRMC is the only provider of surgical services in Rowan County.

**Rowan Regional Medical Center
Surgical Operating Room Utilization
October 2008 – September 2010**

Cases	10/08-9/09	10/09-6/10	10/09-9/10 Annualized
Total			
Inpatient w/o C-Sec	2,745	1,974	2,632
Outpatient	8,834	6,272	8,363
ORs Needed at 1,872/Yr	11.5		10.9
Licensed ORs w/o C-Sec	11		11
Surplus/Deficit	-0.5		0.1

Source: RPMC Internal Data

The previous table shows that both inpatient and outpatient surgical cases at RPMC have decreased since FFY 2009.

Total surgical utilization in Rowan County for the period October 1, 2009 through September 30, 2010 (FY 2010) is sufficient to support the eleven existing surgical operating rooms at RPMC based upon the *SMFP* OR Need Methodology, as shown in the previous table. Importantly, FFY 2010 utilization is projected to erase a need for one additional surgical operating room at RPMC in FY 2009.

Historical surgical utilization at RPMC for the last four fiscal years is shown in the following table.

Historical Surgical Utilization October 2006 - September 2010 (Annualized)

Cases	10/06-9/07	10/07-9/08	10/08-9/09	10/09-6/10	10/09-9/10 Annualized
Total					
Inpatient w/o C-Sec	2,459	2,215	2,745	1,974	2,632
Outpatient	6,504	6,243	8,834	6,272	8,363
ORs Needed at 1,872/Yr	9.2	8.6	11.5		10.9
Licensed ORs w/o C-Sec	11	11	11		11
Surplus/Deficit	1.8	2.4	-0.5		0.1

Source: 2007-2010 LRAs; Internal Data

As shown in the previous table surgical utilization has ebbed and flowed over the last four fiscal years. In the most recent fiscal year, RPMC has entered another period of "ebbing" surgical utilization. As discussed above, the recent decline in RPMC surgical utilization has been attributed in part to: the current economic situation both in Rowan County and nationally, including concerns about the ability to afford the cost of an elective surgery and the related patient co-pays and deductibles, as well as concerns about job loss, if patient takes time off for surgery and recovery.

B. Time Per Case at Rowan Regional Medical Center Is Less than Planning Standard

The standard methodology for projecting surgical operating room need in the *Proposed 2011 SMFP* contains two average case time metrics. Average inpatient case time is 3 hours; average outpatient case time is 1.5 hours. Those metrics are used to estimate total surgery hours performed by each surgery provider during the previous fiscal year (FFY 2009) based on reported cases by type (inpatient and outpatient) from the annual Hospital License Renewal Application (LRA).

The following table shows average surgical case time as reported by RRMC on its 2009 LRAs, and compares those times to the average surgical case time metrics in the standard methodology.

**Rowan Regional Medical Center
Average Surgical Case Time in Hours
October 2008 – September 2009**

	RRMC Avg Hours per Case	Average Surgical Case Time Metric in Standard Methodology	RRMC Performance as % of Case Time Metric in Standard Methodology
Inpatient	1.7	3.0	57.9%
Outpatient	1.1	1.5	70.6%

Source: 2010 LRA

The previous table shows that RRMC's average case times for inpatient and outpatient surgeries in FY 2009 was 1.7 hours per case, and 1.1 hours per outpatient case. In a community hospital setting such as RRMC, the impact of one surgeon can make a difference in total OR utilization. Therefore, the following table provides an average time per case at RRMC for the last two FFYs as reported in the annual LRAs.

**Rowan Regional Medical Center
Average Surgical Case Time in Hours
October 2007 – September 2009**

	2008 Avg Hours per Case	2009 Avg Hours per Case	Average Surgical Case Time Metric in Standard Methodology
Inpatient	3.6	1.7	2.6
Outpatient	1.5	1.1	1.3

Source: 2009 and 2010 LRAs

A facility's average surgical case time is a measure of its surgical operating room capacity and availability of its surgical operating room inventory. In the most current fiscal year (FFY 2010), RRMC has available capacity within its licensed surgical operating room inventory, which translates to an availability of time slots in its surgical schedule.

C. Licensed Surgical Operating Room Inventory in Rowan County

RRMC is the only provider of surgical services in Rowan County. It offers surgical care in both the hospital setting and in a freestanding surgery center. The following table shows the licensed surgical operating room inventory in Rowan County by type and location.

**Rowan County
Licensed Surgical Operating Room Inventory**

Surgical Operating Room by Type	Rowan Regional Medical Center & RRMC's Julian Road Surgery Center
Shared	8
Outpatient	3
Dedicated C-Section*	2
Total	10

Source: RRMC 2010 Hospital License Renewal Application (LRA)

**Dedicated C-Section Rooms and cases performed in those Rooms are excluded from the calculation of need for additional "operating rooms" by the standard methodology.*

The licensed surgical operating room inventory in Rowan County has been stable for many years. There has not been a need determination for an additional surgical operating room in Rowan County since the 2006 SMFP. A certificate of need was issued to RRMC on August 1, 2006 for one additional outpatient surgical operating room. That outpatient surgical operating room was developed at the RRMC Julian Road Outpatient Surgery Center, which has three dedicated outpatient ORs today.

D. Rowan County Population Growth Rate

The standard operating room methodology includes a "growth factor" based on each service area's projected population change between the data year and the target year for need projections. In the *Proposed 2011 SMFP*, the "growth factor" is a service area's projected population change between data year FFY 2009 and target year 2013. "Growth factor" is calculated based on population data from the North Carolina Office of State Budget and Management (NC OSBM), using the following formula:

Growth Factor = 2013 Service Area Population minus 2009 Service Area Population, then divided by the 2009 Service Area Population. [Emphasis in the original.]

The "growth factor" in the *Proposed 2011 SMFP* for Rowan County is 3.62%.

E. Rowan County Projected Operating Room Need Based Upon Adjusted Variables

Recalculating the need for operating rooms in Rowan County taking into consideration surgical utilization in FFY 2010 and county specific time per surgical case for inpatient and outpatient cases, the need for operating rooms in Rowan County is less than that projected in the Proposed 2011 SMFP as shown in the following table.

**Rowan County
2013 Projected Operating Room Need**

	2010 Inpatient Cases*	Hrs Per Case**	Inpatient Hrs	2010 Outpatient Cases**	Hrs Per Case	Outpt Hrs	Total 2010 Hours	Growth Rate	Projected 2013 Hours	OR Need at 1972 Hours per OR	OR Inventory	2013 Need / Surplus
Rowan County	2,632	2.6	6957	8,363	1.3	10602	17,558	1.0362	18,194	9.7	11	1.3

Source: SMFP OR Need Methodology with adjusted base year and hours per inpatient and outpatient case

**2010 Inpatient Cases = October09-June10 data annualized*

***Hours per case = Average of 2008 and 2009 hours per inpatient and outpatient case at RRMC*

Using the SMFP OR Need Methodology with 2010 surgical volumes in Rowan County and a county specific OR time per case results in a slight surplus of 1.3 operating rooms in Rowan County in 2013 as shown in the previous table.

IV. Statement of Adverse Effects

For the reasons discussed above, the existing inventory of surgical operating rooms in Rowan County is adequate to meet the demand for surgical services. The proposed elimination of a need determination for one additional surgical operating room in Rowan County will therefore not result in adverse effects in Rowan County. If, however, the need determination in Rowan County is not eliminated from the *Proposed 2011 SMFP*, it will result in the unnecessary duplication of surgical operating room capacity in Rowan County in the near-term.

V. Alternatives Considered

There are only two reasonable alternatives for Petitioners. The first is the status quo where the Petitioners do not comment on the *Proposed 2011 SMFP* before it becomes final with a need determination for one additional surgical operating room in Rowan County. The second is to file this Petition in order to bring relevant and current information to the attention and consideration of the Acute Care Services Committee, and ultimately the SHCC, through the petition process.

The Petitioner chose to pursue the second alternative based on the existence of special and unique circumstances in Rowan County that warrant a much closer and detailed analysis of the need determination for one additional surgical operating room in Rowan County set forth in the *Proposed 2011 SMFP*.

VI. The Requested Adjustment will not Result in the Unnecessary Duplication of Services

For the reasons discussed above, the requested elimination of a need determination for one additional surgical operating room in Rowan County will, in fact, prevent the unnecessary duplication of surgical operating rooms in Rowan County. If, however, that need determination is not eliminated from the *Proposed 2011 SMFP*, it will result in the unnecessary duplication of surgical operating rooms in Rowan County.

VII. The Requested Adjustment is Consistent with Basic Principles Governing the Development of the State Medical Facilities Plan

There are three Basic Principles governing the development of the *Proposed 2011 SMFP*:

1. Safety and Quality Basic Principle
2. Access Basic Principle
3. Value Basic Principle

Each Basic Principle will be discussed in the order presented in the *Proposed 2011 SMFP*.

A. Safety and Quality Basic Principle

Petitioners fully support the State's recognition of "the importance of systematic and ongoing improvement in the quality of health services."

The requested elimination of a need determination for one additional surgical operating room in Rowan County is consistent with that foundational principle. "Systematic and ongoing improvement in the quality of health services" is furthered when health care providers can focus and expend funds prudently for safety and quality of existing inventory.

RRMC has a focused quality management program dedicated to ongoing quality assessment and improvement to provide high quality, cost-effective health care that meets the needs of all patients and enhances clinical effectiveness and health outcomes for the population.

B. Access Basic Principle

Petitioners fully support the State's foundational principle of "[e]quitable access to timely, clinically appropriate and high quality health care for all the people of North Carolina."

The requested elimination of a need determination for one additional surgical operating room in Rowan County is consistent with and furthers that foundational principle.

Rowan County residents have "equitable access to timely, clinically appropriate and high quality health care" in the existing surgical operating room inventory at RRMC, and that access will continue unimpeded. The requested elimination of the need determination for an additional surgical operating room in Rowan County will not result in a reduction of surgical operating rooms or services at RRMC. All existing inventory and services in Rowan County will remain intact.

Excellent access to health care services is an important feature of the quality of life in the communities served by Novant facilities and physicians. RRMC maintains its not-for-profit mission and commitment to provide remarkable care to each and every person who comes through its doors. RRMC and its surgical programs also adhere to the Novant Health Charity Care policy, one of the most generous in North Carolina, which provides care at no charge for qualified individuals with annual household incomes up to 300% of the federal poverty level.

C. Value Basic Principle

Petitioners fully support the State's definition of "health care value" as maximum health care benefit per dollar expended."

In the case of the requested elimination of a need determination for one additional surgical operating room in Rowan County in the *Proposed 2011 SMFP*, "maximizing health care benefit per dollar expended" means recognizing the importance of not expending dollars when health care benefits are maximized through the efficient use of existing surgical operating room inventory in Rowan County. "Health care value" will not be "maximized" through the addition of a surgical operating room in Rowan County, when there is underutilized surgical operating room inventory in that County based on FFY 2010 data.

Novant is a national leader in cost-effective approaches for health care services, putting the patient first and focusing on affordability.

VIII. Conclusion

Petitioners support both the application of the operating room methodology and objective of the methodology. Petitioners, nevertheless, believe that there are special and unique circumstances in Rowan County that warrant a much

closer and detailed analysis of the need determination for one additional surgical operating room in Rowan County set forth in the *Proposed 2011 SMFP*.

As a result the Petitioners request that the need determination for one additional surgical operating room in Rowan County be eliminated, and result in a need determination of zero additional surgical operating rooms in Rowan County in the *Final 2011 SMFP*.

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