PETITION FOR SUPPORT OF A DEMONSTRATION PROJECT FOR A SINGLE SPECIALTY TWO OPERATING ROOM, AMBULATORY SURGICAL FACILITY IN BUNCOMBE, MADISON, YANCEY (BUNCOMBE COUNTY) COUNTIES

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The petitioners request the proposed 2013 North Carolina State Medical Facilities Plan (NCSMFP) include support of a demonstration project for a single specialty, two operating room, ambulatory surgical facility in Buncombe, Madison, Yancey (Buncombe County) Counties.

The State Health Coordinating Council (SHCC) determined to assess the impact single specialty ambulatory surgical facilities can have in North Carolina in that the 2010 NCSMFP included approval for such facilities in the Charlotte, Triad and Triangle areas. The petitioners' request for a demonstration project for a single specialty, two operating room, ambulatory surgical facility in Buncombe County is consistent with the SHCC approval of such demonstration projects as proposed in the 2010 and referenced and updated in the 2011, 2012 and 2013 NCSFMPs.

Having a demonstration project of this sort in Buncombe County would potentially create the opportunity for an entity to build a new orthopedic ambulatory surgical facility. Blue Ridge Bone & Joint Clinic (BRBJ) physicians understand that interested entities would have to make their case to the SHCC as to why their application for such a project would secure SHCC approval vis a vis other interested entities.

That said and understood, BRBJ physicians would appreciate that opportunity understanding the need to bring their existing expertise of focusing on improving quality, cost and access, to such a project. Additionally, BRBJ physicians believe an opportunity of this nature would enhance and promote increased positive competition.

The SHCC did not consider and therefore could not approve a demonstration project for Buncombe County in the 2010 NCSFMP. Nor has it reconsidered such a project for Buncombe County in the 2011, 2012 and the proposed 2013 NCSFMPs. That, in light of the facts that:

- There is a lack of effective competition in Buncombe County – one hospital controls the majority of all the unadjusted operating rooms (ORs) in the service area - 47 of 53.

- The unadjusted 2013 OR tally shows the twenty-one hospital controlled inpatient (IP) ORs and the thirteen hospital controlled shared ORs which are the vastly more expensive ORs versus the nineteen ambulatory ORs.

- Proportionately, in Buncombe County there are fewer freestanding ambulatory surgery facilities, and ORs, when compared to the Charlotte, Triad and Triangle areas.

- The majority of the OR inventory in western North Carolina are hospital-based inpatient or shared ORs.

- It appears the SHCC does not treat Buncombe County citizenry on equal footing with the Charlotte, Triad and Triangle service area citizenry as evidenced by the SHCC's 2010 approval of single specialty ambulatory surgical facility demonstration projects for those service areas.

In previous years the NCSMFP and the Certificate of Need (CON) process have offered very few opportunities for new providers to develop ambulatory surgery facilities in Buncombe County. At the same time, providers have strengthened their market dominance by working to hamper other healthcare providers from petitioning that need exists.

The petitioners are simply strongly encouraging the SHCC to consider and approve a demonstration project for a single specialty, two operating room, ambulatory surgical facility in Buncombe County – consistent with the SHCC's approval of the single specialty, ambulatory surgical facility projects for the Charlotte, Triad and Triangle areas.

At a time when the North Carolina population is steadily growing and healthcare costs are rising, increased competition can encourage providers to be more focused on quality, access and cost efficiencies. Based on the high cost of healthcare, surgery oligopolies should no longer be protected from competition.

As mentioned earlier, forty-seven of the fifty-three unadjusted Buncombe County ORs are predominantly IP and shared ORs which do not appropriately address the needs of the patients seeking easily accessible, cost effective, high quality care and/or the needs of the surgeons wanting to offer those services. Accepting the status quo does not maximize the needs of patients seeking easily accessible, cost effective, high quality care.

Many of the ambulatory orthopedic and spine surgery procedures are performed in IP and shared operating rooms that are used for both inpatients and outpatients. This arrangement is determined not by patients' and surgeons' choice but instead due to the prevalence of IP and shared operating rooms that represent 64.2 percent of the total adjusted planning inventory in Buncombe County. Three of the 19 ambulatory ORs are designated specialty specific (cannot be used for orthopedic surgical care) ORs meaning the actual percentage of ambulatory ORs available for orthopedics is 32 percent, or 16 of 50 ORs. (See the table below.)

Existing Unadjusted OR Inventory	Inpatient	Shared	Ambulatory	Total
Buncombe-Madison-Yancey Total OR Inventory	21	13	19	53
	39.6%	24.6%	35.8%	100%
	Inpatient	Shared	Ambulatory	Total
Buncombe-Madison-Yancey Total OR Inventory – Three Non-Orthopedic ORs Excluded	21	13	16	50
	42%	26%	32%	100%

ORs Pending
1.1
1.1

This in light of the fact that over 70% of the cases performed in Buncombe County were outpatient cases.

Buncombe County OR Cases 10/2010 – 9/2011 in 2013 Plan	Cases	Percentage
Inpatient	12,619	29.6%
Outpatient	30,689	70.4%
Total	42,671	100%

Shared and IP operating rooms have frequent schedule changes and delays because emergency and urgent cases often postpone the scheduled elective cases. These shared operating rooms are also routinely used for both "contaminated cases" and "clean cases". Also, the OR methodology does not recognize the fact that outpatient cases that are performed in shared operating rooms, have, on average, longer turnover times and increased resource utilization than outpatient cases performed in ambulatory surgery facilities.

The superior cost effectiveness of ASCs also supports approval of the petitioners' request. CMS, OIG, HHS and the ASC Association have all published numerous reports highlighting the fact that the cost associated with care for Medicare beneficiaries is less at an ambulatory surgery center as compared to the cost at a hospital inpatient, but more importantly a hospital outpatient department (HOPD). Recent analyses by the Ambulatory Surgery Center Association have concluded that Medicare pays 49% less per orthopedic surgery when that orthopedic procedure is performed in an ASC rather than a HOPD.

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

- The total operating room adjusted inventory is approximately 64.2 percent IP and shared operating rooms. As explained previously these ORs are inefficient and more costly to operate than ambulatory operating rooms.

- The requested additional demonstration project will add ambulatory surgical capacity that promotes more cost effective service, lower charges and lower costs as compared to the majority of the operating rooms in the inventory.

- Additionally, in the 2010 NCSFMP the SHCC approved demonstration projects in service areas which currently have, and are projected to have, an excess of ORs. SHCC's plan projects the following 2015 OR oversupply in service areas approved for the demonstration projects. See Table A.

  - Charlotte Area (Mecklenburg, Cabarrus, Union) (20.6)
  - Triad Area (Guilford, Forsyth) (27.4)
  - Triangle Area (Wake, Durham, Orange) (36.9)

- Finally, in comparison to Durham County which has an adjusted inventory of 91 ORs in the 2013 plan for a population of 267,587 and an oversupply of (23.7) ORs for 2015, Buncombe County has an adjusted inventory of 50 ORs for a population of 276,900 and a projected 2013 oversupply of (1.1) ORs.

BRBJ physicians have worked in and helped foster systems which incorporated the implementation of systems to measure and report quality which promotes identification and correction of quality of care issues and overall improvement in the quality of care provided. BRBJ implemented electronic medical records more than thirteen years ago into its daily practice operations. BRBJ physicians have, and do, enjoy(ed) local hospital staff privileges and provide extensive emergency department coverage for the sixteen county western North Carolina service area. BRBJ physicians have, and will continue, to collaborate(d) with the North Carolina Hospital Association and the North Carolina Medical Society in their efforts to develop quality measures.

BRBJ physicians have, and will continue, to collaborate(d) with the North Carolina Hospital Association and the North Carolina Medical Society in their efforts to increase access to the underserved. BRBJ physicians have, and will, promote(d) equitable access to indigent patients.

BRBJ appreciates the SHCC's consideration of its request to include in the proposed 2013 NCSFMP support of a demonstration project for a single specialty, two operating room, ambulatory surgical facility in Buncombe, Madison, Yancey (Buncombe County) Counties.

The petitioners appreciate the committee's time and interest.

Table A

SHCC Plan	Measure	Buncombe	Charlotte	Triad	Triangle
2010 Plan-2012 Need	Projected IP/OP Surgical Hours 2012	85,477	303,191	283,200	366,408
	Adjusted Planning Inventory	50	183	178	205
	Oversupply	4.3	21.0	26.7	9.3
	Surgical Hours/OR	1,710	1,657	1,591	1,787
	Surgical Hours/Adjusted OR	1,872	1,872	1,872	1,872
	Percent Oversupply to Adj Planning Inv	8.7%	11.5%	15.0%	4.5%
2011 Plan-2013 Need	Projected IP/OP Surgical Hours 2013	85,499	292,612	274,353	365,682
	Adjusted Planning Inventory	50	183	178	208
	Oversupply	4.3	26.7	31.4	12.7
	Surgical Hours/OR	1,710	1,599	1,541	1,758
	Surgical Hours/Adjusted OR	1,872	1,872	1,872	1,872
	Percent Oversupply to Adj Planning Inv	8.7%	14.6%	17.7%	6.1%
2012 Plan-2014 Need	Projected IP/OP Surgical Hours 2014	85,199	298,063	273,680	364,723
	Adjusted Planning Inventory	48	185	177	208
	Oversupply	2.5	25.8	30.8	13.2
	Surgical Hours/OR	1,775	1,611	1,546	1,753
	Surgical Hours/Adjusted OR	1,872	1,872	1,872	1,872
	Percent Oversupply to Adj Planning Inv	5.2%	13.9%	17.4%	6.3%
2013 Plan-2015 Need	Projected IP/OP Surgical Hours 2015	87,758	307,843	268,863	355,824
	Adjusted Planning Inventory	48	185	171	227
	Oversupply	1.1	20.6	27.4	36.9
	Surgical Hours/OR	1,828	1,664	1,572	1,568
	Surgical Hours/Adjusted OR	1,872	1,872	1,872	1,872
	Percent Oversupply to Adj Planning Inv	2.3%	11.1%	16.0%	16.3%