

**Kelly Schaudt**  
**SHCC Public Hearing Presentation**  
**on 2018 State Medical Facilities Plan**  
**Brown Building, Dorothea Dix Campus**  
**801 Biggs Drive, Raleigh, Room 104**  
**July 26, 2017**  
**1:30 PM**

Good afternoon. I am Kelly Schaudt, Senior Director of Lean Operations at Wilmington Health and Chief Operating Officer of Physicians Healthcare Collaborative, our Accountable Care Organization. I am here to discuss the petition we are filing today for a special need adjustment in the 2018 State Medical Facilities Plan for two additional operating rooms in the Onslow County service area, to be developed as part of a freestanding (non-hospital based) ambulatory surgery center.

First, while some of you may be familiar with us, I'd like to provide everyone with some background on

Wilmington Health so you'll better understand why we are petitioning for these operating rooms. Wilmington Health is the largest private, fully integrated, multispecialty medical group practice in Southeastern North Carolina. We have been treating patients for nearly 45 years. Through more than 190 providers, including physicians and advanced care practitioners, Wilmington Health provides comprehensive medical care across multiple specialties and through many services. We care for patients in over 20 locations in four counties.

Wilmington Health has demonstrated a commitment to keeping high quality, low cost healthcare available to all of its patients. As part of that commitment we are an Accountable Care Organization and we participate in the Medicare

Shared Savings Program. As you are aware, these programs are central to healthcare reform, and have as a central goal lowering costs while improving quality of care and the patient experience. Wilmington Health's success with these programs is clear. I'll refer you to the petition for all the statistics, but the key takeaway is that in 2015, only two ACOs in the country had lower costs and higher quality than ours.

As part of our efforts to lower costs and improve quality, we operate a licensed ASC with three multi-specialty procedure rooms where we can care for the surgical and procedural needs of many of our patients, including patients from Onslow County. We have had an office in Onslow County since 2010, where we provide urgent and primary care and

numerous specialty services. For our patients from Onslow County needing surgery, they must currently come to New Hanover County for care, either to our ASC or one of the other facilities in the county. Our surgeons have applied but have been denied for privileges at Onslow Memorial Hospital, and there are no freestanding ASCs in the county. As a result, in 2016, 6,219 patients, or 60% of Onslow County's patients having ambulatory surgery left the county for care, with more than one-half of those coming to New Hanover County. As detailed in our petition, this is one of the highest outmigration ratios for counties of a similar size, and the sheer number of patients demonstrates that a freestanding ASC with two operating rooms would be successful in the county. Today, the only option for Onslow County patients choosing a Wilmington Health

surgeon is to have their surgery performed in New Hanover County, where the surgeons have privileges at multiple facilities—hospital-based and non-hospital based. This places undue stress and burden on patients, who could be treated in their home county, particularly if a freestanding ASC were available.

There are more statistics I could give you, but the petition has the details. I want to close by saying that we have a history of partnering with local hospitals to ensure their survival while also meeting the need for low costs and high quality for patients. In an effort to ensure that approval of this petition would not result in unnecessary duplication or harm the hospital, we propose that applicants be required to demonstrate that they can increase the number of

Onslow County residents receiving surgery in their home county, and that the application would not rely on surgical case volume from surgeons already doing surgery at facilities in the county in order to meet the CON rules. We also hope to partner with the hospital on this project, subject to restrictions in the CON rules that impact those efforts.

We truly believe that this proposal will benefit the residents of Onslow County, as well as the local hospital system.

Thank you for your time today and your consideration of our request. Please let me know if I can answer any questions for you.