

Comments Regarding Operating Room Methodology

Proposed 2019 State Medical Facilities Plan

Raleigh, July 25, 2018

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Thank you. Good afternoon, my name is Nancy M. Lane; I am the President of PDA, Inc. a healthcare consulting firm in Raleigh, North Carolina. I appreciate the opportunity today to comment on the operating room methodology.

In review of the new methodology our firm has discovered some unintended consequences, including:

- Markets receiving OR allocations are getting excess capacity because the methodology makes no allowance for start-up.
- Markets adjacent to those receiving additional OR capacity are being adversely affected.
 - Increased opportunities for surgeon ownership of operating rooms in large markets makes it more challenging.
 - For example, Brunswick relative to New Hanover – same trade market, Plan considers them separate service areas. Putting more capacity in Brunswick increases the recruiting difficulty for Brunswick facilities. Brunswick recruits surgeons from the same pool.
 - Iredell relative to Mecklenburg – though the markets are a little more distinct, more capacity in Mecklenburg makes it more difficult for Iredell to develop its existing capacity.

- Methodology excludes deficits in hospital system-owned facilities, if the facilities are chronically underused. That does not make sense. Systems can shift their capacity around.

We have developed formal comments regarding these unintended effects and are submitting those today.