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Good afternoon. I am Amy Crabbe, Chief Operations Officer at Appalachian Regional Health System. I am here today to talk about our petition to request an adjustment in the operating room service areas to combine the two counties that include our hospitals: Avery and Watauga counties.

As background, Appalachian Regional Health System is a small healthcare system serving the High Country of North Carolina. Our system includes two hospitals, a long-term care facility and several physician practices. One of our hospitals, Cannon Memorial Hospital, is a critical access hospital located in Avery County. The other is Watauga Medical Center, a 117-bed community hospital in Watauga County. Like so many of our fellow hospitals across the state, we are focused on ensuring the communities we serve have access to quality healthcare services, even in this difficult time of uncertainty and change. As part of those efforts, earlier this year we began discussing how best to provide the surgical services our community needs. Our medical staff has been a central part of that planning process. As we started, we quickly realized that while we own the only acute care hospitals in the two-county area, and though they operate as an integrated health system, with a single medical staff

and shared common governance, we are limited in our ability to plan effectively for surgery across the system because of the separate service areas for surgical services in the State Medical Facilities Plan. In other words, while our health system serves the two counties together, we feel constrained in our planning for surgical services because the SMFP keeps the two counties separate. While we recognize that the Council cannot and should not combine all the health systems across the state for planning purposes, we believe our circumstances are fairly unique and merit the consideration of our petition. I'll discuss some of those with you today.

First, unlike some other health systems across the state, both hospitals in our system are wholly owned by the same entity. This means that they have a more permanent relationship than a lease or management agreement and can more effectively engage in long-term planning across the system.

Next, the system includes the only two acute care hospitals in the two counties. While many systems operate hospitals in contiguous counties, there are often multiple hospitals in one or more of the counties, which may lessen the effectiveness of a combined service area.

Another distinction is that one of the hospitals is a critical access hospital. As such, it fills a vital role in ensuring residents have local care for the

most common inpatient services, but it is limited in the types of patients it can serve. For example, its average length of stay cannot exceed four days, meaning it does not provide intensive care and many types of surgeries cannot be performed there. As a result, it's unlikely that both of its operating rooms will be fully utilized within the hospital for the foreseeable future.

One other important point to consider is that this proposal is not without precedent. In 2006, the Council, which included several folks still in the room today, approved a similar petition from Harris Regional Hospital to merge Swain County with the Jackson-Graham County service area. Just as with our petition, the rationale included the ability to plan across a health system that owned all the hospitals in the counties, one of which was a critical access hospital. We believe our need for the same combined service area is just as important as it was for Harris Regional, which also serves a rural, mountainous region of the state.

I would also note that the Council approved a petition more recently, in 2012, to combine two counties into a single service area for planning for adult care home beds. While the services involved are different, the common theme is that prudent planning in rural areas of the state sometimes involves a combined multi-county service area.

I will not take the time today to discuss all the data and other information contained in our petition, but I urge you all to seriously consider our petition. We strongly believe that its approval will help us better serve the residents of the High Country, and that is why I came to Raleigh today to present our petition to you.

Thank you all for your time and consideration.