

Brunswick Surgery Center, LLC
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RE: Comments Opposing the Petition Filed by Novant Health Brunswick Medical Center for Adjusted Need Determination of Two Operating Rooms in Brunswick County

Dear Dr. Ullrich and Dr. Craddock:

Thank you for the opportunity to submit comments regarding the petition from Novant Health Brunswick Medical Center (NHBMC) for an adjusted need determination of two operating rooms in Brunswick County in the 2020 State Medical Facilities Plan (SMFP). We appreciate the time and effort invested by members of staff and the State Health Coordinating Council (SHCC). We support the State Health Coordinating Council, the State Medical Facilities Plan operating room methodology, and the SHCC and DHSR planning objectives to guide local planning for the development of specific health care services and facilities.

Petition Analysis

NHBMC proposes an adjusted need determination for two operating rooms in Brunswick County. There are several reasons why the SHCC should deny the NHBMC petition:

1. The petition is not timely filed. The NHBMC petition is suggesting a change to the Methodology for Projecting Operating Room (OR) Need included in the Proposed 2020 SMFP. As such, the petition is for a change in Basic Policies and Methodologies, and such petitions are submitted each winter. The opportunity to suggest a change in the OR methodology for the Proposed 2020 SMFP has passed; that petition filing deadline was March 6, 2019. Alternatively, NHBMC could submit a petition for modification of the OR Methodology in early 2020 as the SHCC begins the planning year for the 2021 SMFP.

2. NHBMC is suggesting that the Methodology for Projecting Operating Room Need is flawed. As noted in the NHBMC petition, the SHCC recently established a new standard methodology for determining operating room need, beginning with the 2018 SMFP. That new methodology was the result of an Operating Room Methodology Work Group. The workgroup held several meetings during 2016 and 2017, analyzed significant amounts of data, and heard extensive comments from interested and affected parties. Ultimately, the OR Work Group recommended substantial changes to several areas of the OR assumptions and methodology in the SMFP. Those recommendations were considered by the Acute Care Services Committee of the SHCC, which recommended approval of the OR Work Group recommendations to the SHCC. The SHCC approved the OR Work Group recommendations and included the new methodology in the 2018 SMFP. Revisions to the standard methodologies in the SHCC occur periodically. However, such overhauls of a standard methodology should not occur frequently due to the significant amount of time required to study and make methodology changes, and the need to observe and measure the impact of methodology changes in the marketplace. Three years hence is much too early to consider establishing a new work group to change the OR methodology that was just adopted in planning year 2018.

3. Step 2 of the OR Methodology in the Proposed 2020 SMFP compares for each facility the average case time in minutes for inpatient and ambulatory cases on the annual License Renewal Application to its average case time used in the methodology in the previous year's SMFP. If either the inpatient or ambulatory case time is more than 10% longer than the previous year's case time, then the Adjusted Case Time is the previous year's reported case time plus 10%. That this step occurs is the central complaint of NHBMC in its petition. However, the SHCC was wise to include this step in the OR methodology. Average Case Time is self-reported by each facility in its annual LRA, and subject to either error or potential mischief. This step in the methodology functions as a mechanism to

mitigate excessive changes from one year to the next. The OR Methodology thus has a smoothing impact on reported data, which is useful and appropriate for determining need for long-term assets such as operating rooms.

4. NHBMC claims that *“the most recent three-year period (2017-2019) has been the most consistent in inpatient and ambulatory case times”*. However, NHBMC provides no commentary on or explanation for the huge increase in its reported inpatient and outpatient case times the prior year. As shown in its petition, NHBMC reported an increase of 24.1% to its inpatient case times between 2016 and 2017, and an even larger increase of 45.5% to its ambulatory case times between 2016 and 2017. An explanation from NHBMC is merited. Regardless, this is exactly the type of substantive increase that the OR Methodology guards against with its Step 2 -- Adjusted Case Times for Each Facility.

5. As the data in the NHBMC petition reflects (although NHBMC does not acknowledge), the SMFP OR Methodology is adjusting case times such that the NHBMC Adjusted Case Time is increasingly closer to the reported NHBMC case times, as shown in the table below. For 2019 the inpatient time is the same, and the adjusted ambulatory time of 89.2 minutes is within 5% of the reported case time of 94 minutes.

NHBMC Operating Room Case Times

Case Times	2016	2017	2018	2019
Reported Inpatient Time	123	144	146	142
Adjusted Inpatient Time	--	135.3	146	142
Reported Ambulatory Time	67	96	92	94
Adjusted Ambulatory Time	--	73.7	81.1	89.2

In fact, if utilization at NHBMC increases, the OR Methodology may calculate, as soon as in the 2021 SMFP, a determination of a health system OR deficit for NHBMC.

6. NHBMC complains that the Adjusted Case Time has repressed the OR need in Brunswick County. This is not true. Step 6 of the OR Methodology is Determination of Service Area Operating Room Need. This includes rounding the health system deficits resulting from Step 5 of the OR Methodology, and then adding all the rounded health system deficits for the service area. For the Proposed 2020 SMFP, the Service Area Need must be at least two to show an operating room need determination in Table 6C. Even if for the sake of argument, as NHBMC suggests, the OR Methodology determined a deficit for NHBMC of 1.34 rooms, that 1.34 figure would need to be adjusted by the corresponding figures of 0.12 for Doshier Memorial Hospital and -1.0 for Brunswick Surgery Center. The resulting total of 0.46 ($1.34 + 0.12 - 1.0$) does not result in a Service Area Need of at least two. Therefore, the NHBMC petition is flawed.

7. In its petition NHBMC describes the population growth of Brunswick County, suggesting that the OR Methodology is not giving due consideration to the growing population of Brunswick County. This is not accurate. The OR Methodology in the Proposed 2020 SMFP includes a growth factor (Column I of Table 6B) based on each service area's projected population change between the data year 2017 and the target year for need projections (2021), using population figures from the North Carolina Office of State Budget and Management. For Brunswick County, the growth factor is 10.05, which represents population growth in the county, and is the second highest growth factor of any service area in the Proposed 2020 SMFP. Thus, the OR Methodology has already adequately and appropriately adjusted to account for the projected Brunswick County population growth.

Potential Adverse Effects if the Adjustment is Made

There may be an unintended consequence of adding operating rooms without a need determination. The OR Methodology in the Proposed 2020 SMFP seeks to identify the need based on the capabilities and characteristics of different providers. Certainly in this circumstance it is best to let the standard methodology runs its course this year.

Further, Brunswick Surgery Center was awarded a CON in 2017 to develop a new freestanding surgery center, which is currently under construction, with opening scheduled to occur in 2020. Because this facility received recent CON approval and is under development, it would be adversely impacted if an adjusted need determination were awarded for two additional operating rooms in Brunswick County.

Finally, NHBMC opines in its petition that it does not believe a new facility would materially impact NHBMC's surgical volumes. However, because BSC has not yet

become operational, NHBMC has no way of knowing exactly what the impact of the approved facility will be on the utilization at NHBMC. Therefore, the proposed adjusted need determination is likely to represent unnecessary duplication of the operating rooms already in service at NHBMC and in Brunswick County.

Alternatives

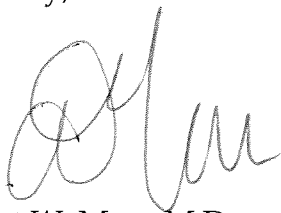
Brunswick County residents currently have reasonable access to surgical services within Brunswick County. Brunswick County is among a small group of counties that has two hospitals, both of which offer surgical services. Further, as previously stated, the approved Brunswick Surgery Center is scheduled to open in 2020. In addition, Brunswick County residents can, and do, travel to nearby New Hanover County to obtain surgical services at the licensed facilities in Wilmington.

Conclusion

For all the reasons set forth above, Brunswick Surgery Center requests that the SHCC deny the NHBMC petition for an operating room adjusted need determination. The petitioner's request would add operating room capacity to Brunswick County when such need is not currently demonstrated.

Thank you for considering our comments. Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Marr', written in a cursive style.

Albert W. Marr, M.D.
Medical Director
Brunswick Surgery Center, LLC