

July 25, 2022

North Carolina State Health Coordinating Council
c/o Healthcare Planning & Certificate of Need Section
Division of Health Service Regulation
2714 Mail Service Center
Raleigh, NC 27699-2714

Re: Cape Fear Valley Health System’s Petition for an Adjustment to the Acute Care Bed Need Determination in the Proposed 2023 SMFP to Remove the Need for 54 Acute Care Beds in the Hoke County Service Area

I. Petitioner

Sandy Godwin
Vice President, Planning
Cape Fear Valley Health System
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II. Requested Adjustment

Cape Fear Valley Health System (CFVHS) is submitting this petition for an adjustment to Table 5B: Acute Care Bed Need Determinations in the Proposed 2023 State Medical Facilities Plan (SMFP) to remove the need determination for 54 acute care beds in the Hoke County Service Area.

Table 5B of the Proposed 2023 State Medical Facilities Plan (SMFP) shows a need for 54 acute care beds in Hoke County. CFVHS fully supports the State Health Coordinating Council’s (SHCC) standard acute care bed need methodology; however, we feel it is necessary and appropriate to remove the acute care bed need determination for Hoke County from the 2023 SMFP.

III. Background

Pursuant to approval of CON Project I.D. N-8499-10, Cape Fear Valley Hoke Hospital became operational in March 2015.

In 2019 during the development of the 2020 SMFP, the Acute Care Committee appropriately voted to remove the need for 117 additional beds in Hoke County, acknowledging the acute care bed methodology does not take into consideration the impact of new hospitals and the ramp-up time associated with utilization of new hospitals.

Again in 2020 during the development of the 2021 SMFP, the Acute Care Committee appropriately voted to remove the need for 26 additional beds in Hoke County, acknowledging the acute care bed methodology does not take into consideration the impact of new hospitals and the ramp-up time associated with utilization of new hospitals.

This petition to remove the need for 54 acute care beds from the 2023 SMFP is premised on similar rationale that were used to justify removal of acute care beds from the Hoke County acute care service area.

IV. Reasons for Proposed Adjustment

Chapter 5 of the Proposed 2023 SMFP includes substantive changes from the previous year to include 1) exclusion of acute inpatient days of care provided in Level II, III, and IV NICU services and 2) application of a County Growth Rate Multiplier based on days of care for 2016-2019, i.e., pre-COVID days of care. The County Growth Rate Multiplier change results in the application of the same County Growth Rate Multiplier utilized in the 2021 SMFP, i.e., 1.4045 for Hoke County. In other words, the same overstated growth rate that exaggerated the projected bed need in Hoke County during the 2021 SMFP planning process is again exaggerating a projected bed need for Hoke County during the 2023 SMFP planning process.

For the same reasons the Acute Care Committee removed the Hoke County bed need from Table 5B of the Proposed 2021 SMFP, CFVMC respectfully requests the Acute Care Committee to remove the need determination for 54 beds in Hoke County from the Proposed 2023 SMFP. A copy of the Proposed 2021 SMFP request is included in Attachment A for reference.

Utilization of the existing 49 acute care beds in Hoke County is low and there currently are 28 CON-approved beds that are not yet in service. The following table shows historical utilization rates for each hospital in the Hoke County service area.

Hoke County Acute Care Bed Utilization

Fiscal Year Data	2014	2015	2016	2017	2018	2019	2020	2021
Data Source	2016 SMFP	2017 SMFP	2018 SMFP	2019 SMFP	2020 SMFP	2021 SMFP	2022 SMFP	2023 SMFP
CFV Hoke CON Beds	41	41	41	41	41	41	41	41
CFV Hoke Utilization	0%	7%	25%	20%	20%	28%	23%	40%
FH Hoke CON Beds	36	36	36	36	36	36	36	36
FH Hoke Utilization	5.96%	7.77%	9.71%	11.87%	14.12%	13.12%	11.79%	10.14%
Combined CON Beds	77	77	77	77	77	77	77	77
Combined Utilization	2.79%	7.41%	17.96%	16.27%	17.34%	21.11%	17.74%	25.82%

As reflected above, acute care bed utilization is 40% or less at both hospitals. Therefore, it is reasonable to assume that there is sufficient acute care bed capacity in Hoke County and 54 additional beds are not needed.

V. Adverse Effect of Petition is Not Approved

If the petition is not approved, the need determination will be included in the 2023 SMFP and the Healthcare Planning and Certificate of Need Section will schedule a submission date for CON applications. Thus, the initial adverse effect of not approving the petition is the potential for an applicant to apply for additional acute care beds in Hoke County. Given the lack of need for additional acute care beds in Hoke County at this time, the prospective scenario would unduly burden Agency resources via review of a non-conforming CON application. In the unlikely scenario where a CON application for additional acute care beds in Hoke County is approved, the public would be burdened by unwarranted capital investment and unnecessary healthcare costs.

VI. Alternatives

The only alternative available to CFVHS is not filing a petition to remove the need determination in Hoke County. However, as discussed above, this alternative is ineffective.

VII. Duplication of Health Resources

The proposed adjustment will not result in the duplication of health resources because it involves the removal of an acute care bed need determination. As described previously, the acute care bed methodology does not take into consideration the impact of new hospitals and the ramp-up time associated with the utilization of new hospitals. The Acute Care Committee has previously

determined on two separate occasions that it was appropriate to remove a bed need determination in Hoke County based on the application of an overstated County Growth Rate Multiplier. The proposed request is consistent with the same rationale the Acute Care Committee applied when it removed the Hoke County acute care bed need determination from the 2021 SMFP.

VIII. Consistency with SMFP Basic Principles

The petition is consistent with the provisions of the Basic Principles of the State Medical Facilities Plan.

Safety and Quality Basic Principle

The State of North Carolina recognizes the importance of systematic and ongoing improvement in the quality of health services. Providing care in a timely manner is a key component of assuring safety and quality care to the citizens of the Hoke County acute care service area and surrounding communities. Emerging measures of quality address both favorable clinical outcomes and patient satisfaction, while safety measures focus on the elimination of practices that contribute to avoidable injury or death and the adoption of practices that promote and ensure safety. Providing appropriate care in the appropriate setting works to assure quality care. Cape Fear Valley Hoke Hospital participates in a variety of nationally recognized metrics addressing these criteria, including programs at both the federal and state levels. Cape Fear Valley Hoke Hospital participates in the North Carolina Hospital Quality Performance Report since initiation and has continually improved quality scores. The proposed adjusted need determination for the Hoke County acute care area is consistent with this basic principle as it will result in the continued provision of care in an appropriate setting in a timely manner.

Access Basic Principle

Equitable access to timely, clinically appropriate, and high-quality health care for all the people of North Carolina is a foundation principle for the formulation and application of the North Carolina State Medical Facilities Plan. The formulation and implementation of the North Carolina State Medical Facilities Plan seeks to reduce all these types of barriers to timely and appropriate access. The first priority is to ameliorate economic barriers and the second priority is to mitigate time and distance barriers. The SMFP is developed annually as a mechanism to assure the availability of necessary healthcare services to a population. The proposed adjustment will not negatively impact access to inpatient services for residents of Hoke County as previously discussed.

The impact of economic barriers is twofold. First, individuals without insurance, with insufficient insurance, or without sufficient funds to purchase healthcare will often require public funding to support access to regulated services. CFVHS has long been recognized as the safety net for patients regardless of income or insurance in south-central North Carolina. As an acute care provider in south-central North Carolina, Cape Fear Valley Hoke Hospital has no barriers to care for the uninsured and the underinsured.

Value Basic Principle

The SHCC defines health care value as maximum health care benefit per dollar expended. Disparity between demand growth and funding constraints for health care services increases the need for affordability and value in health services. Measurement of the cost component of the value equation is often easier than measurement of benefit. Cost per unit of service is an appropriate metric when comparing providers of like services for like populations. The cost basis for some providers, such as Cape Fear Valley Hoke Hospital, may be inflated by facility size and disproportionate care to indigent and underfunded patients.

Measurement of benefit is more challenging. Standardized safety and quality measures, when available, can be important factors in achieving improved value in the provision of health services. Cape Fear Valley Hoke Hospital participates in a variety of benchmark programs to compare the use of inpatient and outpatient resources to other large tertiary hospitals. Cape Fear Valley Hoke Hospital uses this information to improve processes and decrease costs wherever possible.

IX. Summary

For all these reasons, CFVHS believes that decreasing the 54-bed need for Hoke County in the *Proposed 2023 SMFP* to **zero** acute care beds is the most reasonable health planning option at this time. CFVHS specifically requests that the State Health Coordinating Council:

Adjust Table 5B: Decrease the Acute Care Bed Need Determination for Hoke Service Area from 54 additional acute care to zero acute care beds in the 2023 SMFP.

Thank you for your consideration of this Petition.

Attachment A

CFVHS Request to Remove Hoke County Need Determination from the 2021 SMFP



BEHAVIORAL HEALTH CARE
 BLADEN COUNTY HOSPITAL
 CAPE FEAR VALLEY MEDICAL CENTER
 CAPE FEAR VALLEY REHABILITATION CENTER
 HEALTH PAVILION NORTH
 HIGSMITH-RAINEY SPECIALTY HOSPITAL
 HOKE HOSPITAL

May 2, 2019

Dr. Sandra Green
 Chair SHCC Acute Care Committee
 Ms. Martha Frisone, Chief
 Dr. Andrea Emanuel, Planner
 Health Planning and Certificate of Need Section
 North Carolina Division of Facilities Services
 809 Ruggles Dr.
 Raleigh, NC 27603

BLOOD DONOR CENTER
 BREAST CARE CENTER
 CANCER CENTER
 CAPE FEAR VALLEY MEDICAL GROUP
 CARELINK
 CAPE FEAR VALLEY HOMECARE & HOSPICE, LLC
 CUMBERLAND COUNTY EMS
 FAMILY BIRTH CENTER
 HEART & VASCULAR CENTER
 HEALTHPLEX
 LIFELINK CRITICAL CARE TRANSPORT
 SLEEP CENTER

Re: Hoke County Projected Acute Care Bed Need for 2020 SMFP

Dear Dr. Green, Ms. Frisone, and Dr. Emanuel,

I have reviewed the projected acute care bed need for Hoke County sent yesterday by Dr. Emanuel. I am extremely concerned that application of the acute care bed need methodology resulted in a need for 117 additional beds in Hoke County.

Upon review of the calculations it appears that the methodology does not take into consideration the impact of new hospitals and the ramp up time associated with utilization of new hospitals. The following table reflects the growth in utilization for CFV Hoke and FirstHealth Hoke, the two hospitals located in Hoke County, both of which are new. As expected, utilization increased dramatically between year one and year two at each of the hospitals with growth rates exceeding 165% and 143% in the first two years.

Hospital	2014	2015	2016	2017	2018	Avg Growth Rate
	2016	2017	2018	2019	2019	
Data Source	SMFP	SMFP	SMFP	SMFP	LRA	4Yr and 2Yr
CFV Hoke	0	1,061	3,782	3,014	2,991	
FH Hoke	783	1,021	1,280	1,560	1,791	
Total Pt Days	783	2,082	5,062	4,574	4,782	
Growth Rate		1.6590	1.4313	-0.0964	0.0455	0.7598
Percent Growth		165.9%	143.13%	-9.64%	4.55%	75.98%
Growth Rate				-0.0964	0.0455	-0.0255
Percent Growth				-9.64%	4.55%	75.98%

As a result, the four-year growth rate average of 0.7598, which results in the need for 117 additional acute care beds in Hoke County, is significantly skewed and is unreasonable. CFVHS would recommend using the growth rate average from 2016-2018 to project future inpatient acute care bed need. As shown in the previous table, the two-year average growth rate is -0.0255, which result in no additional need for acute care beds in Hoke County.




CAPE FEAR VALLEY HEALTH

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 CAPE FEAR VALLEY HOMECARE & HOSPICE, LLC
 CUMBERLAND COUNTY EMS
 FAMILY BIRTH CENTER
 HEART & VASCULAR CENTER
 HEALTHPLEX
 LIFELINK
 CRITICAL CARE TRANSPORT
 SLEEP CENTER

Further, as you are aware, utilization of the existing 49 acute care beds in the county is low and there currently are 28 CON approved bed which are not yet in service. FirstHealth Hoke opened in 2014 with very low utilization, as expected. CFV Hoke opened in 2015 with very low utilization, as expected. The following table shows historical utilization rates for each hospital and combined.

Hospital	2014	2015	2016	2017	2018
Data Source	2016 SMFP	2017 SMFP	2018 SMFP	2019 SMFP	2019 LRA
CFV Hoke CON Beds	41	41	41	41	41
CFV Hoke Utilization	0%	7%	25%	20%	20%
FH Hoke CON Beds	36	36	36	36	36
FH Hoke Utilization	6.0%	7.8%	9.7%	11.9%	13.6%
Combined CON Beds	77	77	77	77	77
Combined Utilization	2.8%	7.4%	18.0%	16.3%	17.0%

As reflected above, acute care bed utilization is 20% or less at both hospitals. Therefore, it is reasonable to assume that there is sufficient acute care bed capacity in Hoke County and 117 additional beds are not needed.

Sincerely,


Sandy T. Godwin
 Corporate Director
 Financial Planning & Analytics
 Cape Fear Valley Health System