Medical Facilities Planning

North Carolina State Health Coordinating Council
Quality, Access and Value Work Group Meeting Minutes

Thursday, April 24, 2008

10:00 am - 12:00 Noon

Public Health Department

MEMBERS PRESENT: Dr. Copeland, Dr. Bradley, Mr. Feezor, Ms. Lovin, Dr. Sullivan, Dr. Wallenhaupt, Dr. Bruch, Dr. Lancaster, Mr. Miller
MEMBERS ABSENT: Dr. McLaughlin, Dr. Silberman
STAFF PRESENT: Mr. Fitzgerald, Ms. Brown, Mr. Horton, Ms. McClanahan, Ms. Fisk

Agenda	Discussion/Recommendations
1. Welcome & Introductory Remarks	Dr. Copeland welcomed Work Group members and guests. Dr. Myers presented an overview of the SHCC role and responsibilities, noting that the SHCC has no significant regulatory authority, and that the limited authority conferred on the SHCC is granted at the pleasure of the governor. Mr. Fitzgerald identified the SHCC's main responsibility as developing annual recommendations to give to the Governor for the State Medical Facilities Plan (SMFP). He also noted that the SMFP provides a basis for the CON Section to develop and adopt rules for ensuring that CON applications are consistent with the Plan. He posited that the SHCC does not have authority over Licensure and that the Basic Principles relate to the SMFP and CON and not to the Licensure Section. Dr. Copeland noted that to implement some of the changes suggested for the Quality Basic Principle will necessitate additional staff, which the SHCC can request but not mandate, and without additional staff it will not be feasible to implement those changes.
2. Approval of Minutes from April 3, 2008	Minutes approved unanimously, contingent on correction to attendees list (Dr. Bradley was absent from the meeting).
3. Review and Discussion: Draft of Revised "Quality" Basic Principle	• Dr. Copeland noted that all the Principles would be adopted together. • Agreement to include Quality and Safety together in the same Principle. • Discussed how SHCC and Committees would determine which metrics to use. Suggestion that SHCC discuss this issue, that SHCC chair appoint a group with representation form each Committee to identify and monitor use of metrics and measures. Suggestion that this group become a new standing Committee, the Quality Committee. Suggestion that only widely reported established metrics be used, such as CMS metrics. Suggestion that if metrics work well, they could be adopted by the Licensure Section, in the future and the Licensure Section could collect the measures data. • Agreement that only CON applicants granted CONs would be required to report data to the database. Agreement that reporting would apply to future and not past CON applicants. Agreement that once past performance data become available, the data will be required of CON applicants who are already providing services at the time of the CON application. Joint ventures would be required to report on all facilities currently providing the service applied for, regardless of the current services' location.
4. Discussion of Elements Lists for Revised "Access" and "Value"	Points raised during discussion of Value: • Unit cost / quantity of service = value • Health benefit derived / unit of cost = value

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Basic Principles	• Definition of Value depends on perspective of person defining it • Our focus should be on the population's perspective • We need to make a statement that connects the notion of maximum health benefit / unit expended • Overutilization adds to cost without improving the health benefit • Health benefit derived / unit of cost is what we need to focus on • Underutilization also important when looking at value • Profitable services may be over utilized to subsidize less profitable necessary services • Need to restate the cost effectiveness principle in such a way as to encourage value based service • Cost to do procedures in an Am Su OR less than in another setting • True but hospitals need to make money on surgery in order to subsidize money losing services, e.g., ER services, so need to look at value globally • To provide value to the population - maximize appropriate utilization of services to the population • No national metrics on value • Hospital profitability complex and hard to understand • Healthcare reimbursement is arcane and complex and some procedures are profitable and others are not • Relationship between value and access important • Recognize in value principle that some services are moving out the hospital – healthcare is dynamic • Must be mindful of the impact of carve outs leading to loss of cross subsidization • Only favor providers who provide all services? • Preamble to principles will tie all of them together • Need to make sure healthcare system is affordable • How can the state encourage value as explicitly as can be stated? • Value needs to include affordability concept • Should the SHCC require a statement of community benefit from providers? • How will CON applicants be able to show consistency with the new Value Principle? • How would a CON applicant show on their application affordability of their proposed services? • SHCC methodologies should be adjusted to take value into account; methodologies should evolve in response to changes in value concept • Need to be cognizant that the Basic Principles give CON applicants guidelines and that we will need to able to assess if CON applicants are meeting the Principles • Use utilization data to determine preserving and promoting value – "do overs" do not provide value • To determine if CON applicants are meeting the Value Principle may need to tap into Quality database • Continuum of care – how do patients transition through the continuum fit into the Value Principle? What is the best setting for the patient to receive a service? • If a provider can select well funded patents, how is value determined? • What the hospital is paid is driven by Medicare/Medicaid and insurance • Providers don't control charges • This principle is a matter of cost/procedure balanced with cross subsidization of unprofitable services

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5. Sub Group Formation	Work Group members divided into the following sub groups: Value sub group: Dr. Bradley, Mr. Miller, Dr. Wallenhaupt Access sub group: Dr. Lancaster, Dr. Silberman, Dr. Sullivan Preamble: Dr. Bruch, Ms. Lovin, Mr. Feezor Dr. Copeland to assign Dr. McLaughlin to a sub group.
6. Next Meeting	The next meeting will be held May 14 from 1:30 pm to 3:30 pm, at the McKimmon Center.
7. Adjournment	Dr. Copeland adjourned the meeting.