

Operating Rooms

Agency Report:

OR Petition: Randolph Hospital

AGENCY REPORT

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Petitioners

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Request

Randolph Hospital, et al., requests a special needs determination for three Operating Rooms in Randolph County.

Background Information

The Operating Room Need Methodology is based on reported surgical cases by type, i.e., inpatient cases and ambulatory/outpatient cases. The methodology incorporates a number of assumptions including: average case times for inpatient and for ambulatory procedures; average hours of operation; average days of operation per year; and anticipated percentage availability. These assumptions are intended to establish a baseline for projection of future operating room need. By their nature, "averages" do not match each individual facility's circumstances, but should be representative of general practices. The methodology also includes a "Growth Factor," linked to each service area's projected population change between the "data year" and the "target year" for need projections (*i.e., over a four-year period*).

During the spring of 2007, an Operating Room Methodology Work Group met four times and reviewed the methodology for projecting Operating Room need. One of the Work Group meetings included presentations made by interested parties who provided suggestions and recommendations on proposed changes to the methodology as well as their perspective on the adequacy of the methodology. The Work Group developed a set of recommendations at the last meeting. One of the Work Group's recommendations, to exclude facilities with chronically under utilized ORs from operating room need projections, was incorporated into the North Carolina State Medical Facilities Plan, beginning with the 2008 Plan.

During the spring of 2008, the State Health Coordinating Council recommended another change to the Operating Room Need Determination methodology. The change is described below:

For each OR Service Area with more than 10 operating rooms and a projected deficit of 0.50 or greater, the "Operating Room Need Determination" is equal to the "Projected

Operating Room Deficit” rounded to the next whole number. (In this step, fractions of 0.50 or greater are rounded to the next highest whole number.) For each OR Service Area with more than 10 operating rooms and a projected deficit that is less than 0.50 or in which there is a projected surplus, the Operating Room Need Determination is zero.

For each OR Service Area with six to 10 operating rooms and a projected deficit of .3 or greater, the “Operating Room Need Determination” is equal to the “Projected Operating Room Deficit rounded to the next whole number. (In this step, fractions of .3 or greater are rounded to the next highest whole number.) For each OR Service Area with six to 10 operating rooms and a projected deficit that is less than 0.30 or in which there is a projected surplus, the Operating Room Need Determination is zero.

For each OR Service Area with five or fewer operating rooms and a projected deficit of .2 or greater, the “Operating Room Need Determination” is equal to the “Projected Operating Room Deficit rounded to the next whole number. (In this step, fractions of .2 or greater are rounded to the next highest whole number.) For each OR Service Area with five or fewer operating rooms and a projected deficit that is less than 0.20 or in which there is a projected surplus, the Operating Room Need Determination is zero.

In deference to the standard methodology, Chapter 2 of the Plan allows persons to petition for an adjusted need determination in consideration of “...unique or special attributes of a particular geographic area or institution...,” if they believe their needs are not appropriately addressed by the standard methodology.

Analysis/Implications

As noted in the petition, Randolph Hospital inadvertently understated surgical volumes on their 2008 Hospital License Renewal Application. When the need for additional operating rooms in Randolph County is recalculated using the corrected number of surgical cases, there is need for one additional operating room.

However, the petitioner is requesting three additional operating rooms, and the Agency notes the following regarding this request:

- The petitioner provides data related to the ratio of OR’s to population as a rationale for the request. As the Agency has noted in the past, this is not a valid comparison for the requested adjustments. Differences across the state in the ratio of OR’s to population came about because the State has not always regulated operating rooms. Additionally, while the current Operating Room Methodology does not include calculating the ratio of OR’s to population, the Methodology uses both operating room inventory and projected population as factors in projecting need.
- The petitioner indicates that the operating rooms at Randolph Hospital are staffed eight hours per day for 253 days per year, which differs from the assumptions of nine hours per day, 260 days per year used in the standard methodology. Whereas the petitioner does not request a methodology change, this difference in assumptions is used as a rationale for the petition.
- The Agency notes that to date only one of the Operating Room Work Group’s recommendations has been incorporated into the Proposed 2009 North Carolina State Medical Facilities Plan (SMFP). However, additional recommendations, expected to refine and improve the Operating Room Methodology, are to be incorporated into future SMFPs. The recommendations are shown below:

- Recommendation 2 – Hospital tiers: Recommend DFS develop capacity to further refine the OR methodology incorporating all three Basic Principles governing the development of the State Medical Facilities Plan using facility specific total surgical hours, as reported in the license renewal data, to develop tiers of like institutions. This would allow calculation of median resource hours per day and case times per tier group, to be considered by the Acute Care Services Committee, for replacing the current use of 9 hours of OR availability, 3 hours for inpatient cases, and 1.5 hours for outpatient cases.

- Recommendation 3A – “Uniform Procedure Count”: Recommend the SHCC adopt utilization of accurate verifiable billing data to count the number of procedures that require the use of an operating room, in both inpatient and outpatient surgical facilities.

- Recommendation 3B – License Renewal Application: Improve the License Renewal Application Data to make it more accurate and verifiable by revising terminology, clarifying definitions, and providing instruction and guidance regarding key data elements. Focus specifically on improving the reporting of average resource hours, inpatient case time, outpatient case time, and number of inpatient and outpatient cases. Consider the feasibility of electronic data reporting.

- Recommendation 4 – Enforce required reporting of “Uniform Billing” data: Change the Medical Care Data Act such that DFS is given the authority to enforce sanctions for non-compliance with reporting all required information to the Statewide Data Processor.

- Recommendation 5 – Panel of experts: Recommend DFS convene a panel of experts to determine which ICD and CPT procedure codes should be included when planning for operating room capacity. This list would be used with the “Uniform Billing” data to ensure the same procedures are counted in each facility regardless of where the procedures are performed.
 - Levying fines against the provider (in an amount likely to change the provider’s behavior)
 - Issuing time limited CON’s and making extension of the CON dependent on the CON holder meeting the access projections made in its CON application

Agency Recommendation

The Agency recognizes that this petition is a collaborative effort between the hospital and several physicians and commends that collaboration. The Agency supports the evolving standard operating room methodology and in consideration of the above, recommends denial of the request for three additional operating rooms. However, the Agency recommends the corrected data submitted by the petitioner be included in the 2009 SMFP, which results in a need determination for one additional operating room for Randolph County.