

Acute Care Services Committee
Agency Report
Adjusted Need Determination Petition for
Ambulatory Surgical Facility Demonstration Project
Proposed 2013 State Medical Facilities Plan

Petitioner:

Blue Ridge Bone & Joint Clinic
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Contact:

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Request:

The petitioner requests that the North Carolina 2013 State Medical Facilities Plan (SMFP) include a demonstration project for a single specialty, two operating room, ambulatory surgical facility in the Buncombe-Madison-Yancey operating room (OR) service area. The petitioner states that having this demonstration project in Buncombe County would provide opportunity to focus on improving quality, cost, and access, and would promote positive competition.

Background Information:

Chapter Two of the North Carolina State Medical Facilities Plan (SMFP) allows persons to petition for an adjusted need determination if they believe their needs are not appropriately addressed by the standard methodology. Blue Ridge Bone and Joint Clinic requests that “the [State Health Coordinating Council] SHCC ... approve a demonstration project for a single specialty, two operating room, ambulatory surgical facility in Buncombe County – consistent with the SHCC’s approval of the single specialty, ambulatory surgical facility projects for the Charlotte, Triad and Triangle areas.”

Beginning in the fall of 2008, the SHCC’s Single Specialty Ambulatory Surgery work group met and drafted recommendations for a demonstration project “to evaluate and test the concept of single specialty ambulatory surgery centers in North Carolina” (from the work group charge). The SHCC approved plans for the demonstration project on May 27, 2009, which included three sites. The North Carolina 2010 SMFP outlined criteria for the three demonstration project facilities.

To date, certificates of need have been awarded to (1) Piedmont Outpatient Surgery Center LLC and Stratford Executive Associates LLC to develop a single-specialty ENT ambulatory surgical facility in the Triad area, (2) Triangle Orthopaedics Surgery Center to develop a single specialty (orthopaedic) ambulatory surgical facility in the Triangle Area, and (3) University Surgery Center, LLC to develop a single specialty (orthopaedic) ambulatory surgical facility in the Charlotte area. Piedmont Outpatient Surgery Center received its license effective 2/6/2012; the other two project sites are being developed.

In 2009, Blue Ridge Bone and Joint Clinic petitioned the SHCC to add Buncombe County as a site to the Single Specialty Ambulatory Surgery Facility Demonstration Project. In 2010 and 2011, Blue Ridge Bone and Joint Clinic submitted petitions to the SHCC to approve a demonstration project for a single specialty, two operating room, orthopedic ambulatory surgery facility in the Buncombe-Madison-Yancey OR service area. The SHCC denied the petitions, noting the SHCC's decision to limit the demonstration project to three sites initially, to "evaluate each facility after each facility has been in operation for five years," and to consider expanding the number of "...single specialty ambulatory surgical facilities beyond the original three demonstration sites" only if the Agency determines that the demonstration facilities are meeting or exceeding all criteria.

Analysis/Implications

The demonstration project was designed to test the effectiveness of the model in North Carolina using "measures of value, access to the uninsured, and quality and safety of care" (from the work group charge), in addition to other measures. As stated in the 2010 SMFP, the demonstration project facilities "will provide annual reports to the Agency showing the facility's compliance with the demonstration project criteria... The Agency will perform an evaluation of each facility at the end of the first calendar year the facility is in operation and will perform an annual evaluation of each facility thereafter." Furthermore, the "Agency will evaluate each facility after each facility has been in operation for five years." (Quoted sections are from Table 6D of the 2010 SMFP.) To date, one facility has received its license. There is no evaluation data at this time. This petitioner again has requested a "fourth demonstration project site," when no data are available from the first three demonstration sites.

The petitioner states the "current circumstance [in Buncombe County] does not maximize the opportunity for competition which has been shown to, and will, have a positive impact on quality, cost and access." The demonstration project is designed to test the effectiveness of the model, not the impact of competition in an area. The Agency notes that "the opportunity for competition" by itself is not a goal of the SMFP and that the model's impact on quality, cost and access has not yet been determined.

Three demonstration project sites were authorized in the 2010 SMFP, and no sites were added in the 2011 or 2012 SMFPs, or in the 2013 Proposed SMFP. Table 6D (2011 SMFP, 2013 Proposed SMFP) and Table 6C (2012 SMFP) are inventory tables, providing information about the status of the three demonstration sites. The inventory table is not an update of the decision; instead, it is an accounting of the implementation of the decision made in 2009 for the 2010 SMFP.

In considering the Single Specialty Ambulatory Surgery Demonstration Project during 2009, additional demonstration sites were considered. At that time, the SHCC decided to limit the number to three sites. In considering this petition in light of the criteria set forth in the 2010 SMFP, it appears that some aspects of the proposed demonstration site might fit with established criteria, while others may be challenging. The Agency notes that all three demonstration project sites have been awarded certificates of need. As evaluation data becomes available, they will be monitored to assess effectiveness related to access, value, safety and quality for a five-year period.

Agency Recommendation:

The Agency urges caution in allowing additional operating rooms for a service area with a projected surplus before demonstration project data regarding impact of the model can be received and evaluated. Unless current members of the State Health Coordinating Council desire a fourth demonstration project site, and given information and comments received by 8/17/2012, the Agency recommends that the petition be denied; however, if the SHCC wishes to authorize an additional demonstration site, the Agency recommends that all evaluation criteria from the original Demonstration Project (Table 6D, 2010 SMFP) be applied, with the exception of the "...more than 50 total ambulatory/shared operating rooms..." in the county.