

**Acute Care Services Committee  
Agency Report  
Petition for Changes in Policies and Methodologies for  
End-Stage Renal Disease Need Determinations  
Proposed 2020 State Medical Facilities Plan**

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***Petitioner:***

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***Request:***

Wake Forest Baptist Health (WFBH) requests changes to basic policies and methodologies for End-Stage Renal Disease in the *Proposed 2020 State Medical Facilities Plan (SMFP)*.

***Background Information:***

Chapter Two of the SMFP describes the purpose and process for submitting petitions to amend the SMFP during its development. Healthcare Planning receives petitions twice during the course of plan development. Early in the planning year, petitioners may request changes that have the potential for statewide impact, defined as “the addition, deletion, and revision of policies or projection methodologies” (p.7, 2019 SMFP).

The current dialysis methodology was established in 1993. The methodology assesses individual “County Need” for each of North Carolina’s 100 counties on a semiannual bases. The methodology states that “if a county’s ...projected station deficit is ten or greater and the [current] Semiannual Dialysis Report shows that utilization of each dialysis facility in the county is 80% or greater, the ...county station need determination is the same as the projected...station deficit.” However, if “...the projected station deficit is less that ten or if the utilization of any dialysis facility in the county is less than 80%, the county’s...station need determination is zero” (p. 372-373, 2019 SMFP).

The threshold of ten stations is taken from a “Basic Principle” of the dialysis methodology, which states, “[n]ew facilities must have a projected need for at least 10 stations (or 32 patients at 3.2 patients per station) to be cost effective and to assure quality of care” (p. 369, 2019 SMFP). This

basic principle was created to assure that new facilities would have a sufficient number of patients to provide quality services and to be financially viable.

In addition, the SMFP includes a Facility Need methodology, which is designed to allow any existing facility to submit an application to expand if its utilization exceeds 80% and the facility is located in a service area where there is no need shown by the County Need methodology. This Facility Need methodology is permissive, allowing providers to determine whether or not to pursue additional stations based on the business and patient needs at each facility.

***Analysis/Implications:***

The petition seeks two basic changes: to adapt the Facility Need methodology for End-Stage Renal Disease (ESRD) dialysis services into a new policy, Policy ESRD-1 and to revise existing Policy ESRD-2. The petition provides a general rationale for these changes "...to ensure that dialysis facilities will be developed or expanded based on the most up-to-date data available if the SDR is no longer published" and "...that the need of current and future dialysis patient population in North Carolina will continue to be met."

Policy ESRD-2 allows dialysis providers to file a certificate of need application to relocate existing dialysis stations only within the host county or to contiguous counties. For proposed relocations to a contiguous county, the CON applicant must show that there is a surplus of dialysis stations in the county losing stations and a deficit of stations in the county gaining stations based on the data used for the County Need Methodology in the Semiannual Dialysis Report in effect at the time the application is submitted. The petition suggests "...using the current number of existing and approved dialysis stations in each county for determining whether stations should be relocated across county lines" (emphasis added). WFBH's proposal would require obtaining and maintaining real time data from all certified and operating dialysis facilities in North Carolina for the purposes of calculating "current" surpluses and deficits. However, the Agency would only receive dialysis data on an annual basis.

In 2018, the State Health Coordinating Council chairperson asked the Acute Care Services (ACS) committee to meet with dialysis providers and stakeholders about proposed changes that would transition ESRD from a semiannual planning review process to the annual planning review process of the SMFP. Interested Parties meetings were held in April and November of 2018 and January and February of 2019.

ACS committee members, Healthcare Planning staff, along with providers expressed the importance of thoughtfully transitioning the dialysis planning review process from a semiannual to an annual process that will support the continued development of future dialysis facilities and stations.

A detailed review of current methodologies for projecting new dialysis stations took place. Other items reviewed include provider self-reported data, Healthcare Planning cycle, CON application schedule, and CON review process. Those present at the meetings examined information prepared by Healthcare Planning staff that offered various scenarios regarding the effects of different possible changes to the facility need determination methodology.

The Agency will present a paper on the transition of processing dialysis station and facility needs from semiannual to annual at the April 9, 2019 meeting.

***Agency Recommendation:***

The Acute Care Committee is in the process of reviewing the current ESRD methodologies. The Agency is preparing a comprehensive report to facilitate that process.

In addition, the issues raised in this petition as well as the comments received by the March 21, 2019 deadline will be discussed by the Committee at the April 9 meeting. Because the full committee has not held these discussions, the Agency recommends denial of the petition.