

**Acute Care Committee Agency Report  
Petition to Remove the Need Determination for  
30 Acute Care Service Beds in the Vance/Warren County Service Area  
in the 2025 State Medical Facilities Plan**

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***Petitioner:***

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***Request:***

DLP Maria Parham Hospital, LLC (Maria Parham) requests to remove the need determination for 30 acute care beds for the Vance/Warren service area in the *2025 State Medical Facilities Plan (SMFP or “Plan”)*.

***Background Information:***

Chapter Two of the *SMFP* notes that during the summer, the Agency accepts petitions that “involve requests for adjustments to need determinations in the *Proposed SMFP*. Petitioners may submit a written petition requesting an adjustment to the need determination in the *Proposed SMFP* if they believe that special attributes of a service area or institution give rise to resource requirements that differ from those provided by the standard methodologies and policies.” Any person may submit a certificate of need (CON) application for a need determination in the *Plan*. The CON review could be competitive and there is no guarantee that the Petitioner would be the approved applicant.

Acute bed days of care (DOC) as reported to the statewide data processor, the Hospital Industry Data Institute (HIDI), and a hospital’s average daily census (ADC), have an integral role in the acute care bed need methodology. Five years of the most recent DOC data are used to calculate a Growth Rate Multiplier (GRM) for each service area, which in turn, is used to project DOC four years beyond the current reporting year. For example, in the *2025 SMFP*, the current reporting year is 2023, and DOC are projected for 2027. The projected DOC for each service area is then divided by 365.25. This number is adjusted by an occupancy factor – based on a target occupancy percentage – to project the number of beds needed. A hospital’s target occupancy depends on its ADC (*Proposed 2025 SMFP*, p. 36), which is reported on annual Hospital License Renewal Applications (LRAs).

According to the acute care bed need determination methodology, multicounty groupings occur between any county without a licensed hospital and the counties where the largest proportion of its residents receive inpatient acute care services. The most recent updates to multicounty service

areas occurred with the 2023 SMFP and were based on patient origin data for 2018, 2019 and 2020. This data indicates that Maria Parham Hospital in Vance County provided inpatient acute care services to over 40% of all Warren County residents that received this care annually. Thus, Warren and Vance form a multicounty service area.

Pursuant to G. S. 131E-77(e1)(1-2), a hospital operator may add a hospital in an immediately adjoining county to the same license when the hospital in the immediately adjoining county has closed within the past three years, is the only hospital in the county, and it is owned by a hospital in an adjacent county. Currently, Maria Parham, which operates a hospital in the Vance/Warren service area and a hospital in the Franklin County service area, is the only hospital in the state that meets that criteria. This provider has a total of 158 licensed acute care beds that factor into the acute care bed need determination methodology calculations. Eighty-eight (88) of these beds are operated in the Vance/Warren acute care service area at Maria Parham Hospital (MP-Vance). The remaining 70 acute care beds are located at the Maria Parham Franklin (MP-Franklin) in the Franklin County acute care service area. None of the acute care beds at the Franklin hospital are currently operational, but they remain available for Maria Parham to staff. It is important to note that although both the Maria Parham hospitals' services are on the same license, according to the need determination methodology, the need determinations for acute care beds are calculated separately for the two service areas in the SMFP.

***Analysis/Implications:***

Due to the impacts of the COVID-19 pandemic on projection calculations, the State Health Coordinating Council (SHCC) approved the use of the DOC reported over the five years preceding the pandemic (i.e., 2015 – 2019) to calculate the GRMs in the 2023 and 2024 SMFPs. According to the data reported by MP-Vance to HIDI, DOC generally decreased during 2015 – 2019. For the Vance/Warren service area, a -1.0521 GRM was applied to project acute care bed need in the 2023 and 2024 SMFPs, and there were no needs determined for the service area in the two Plans. For the *Proposed 2025 SMFP*, however, the SHCC has approved the use of the pre-pandemic methodology, which requires the use of 2019 – 2023 DOC to calculate the GRM. DOC at MP-Vance generally increased during 2019 – 2023. As a result, in the *Proposed 2025 SMFP*, the Vance/Warren Service Area has a GRM of 1.0711 and a need determination for 30 acute care beds.

According to the Petitioner, placing a need for an additional 30 beds in the Vance/Warren service area would be a duplication of resources. In the Petition, Maria Parham accurately states that the reported ADC of MP-Vance has been no more than about 54 since data year 2018.<sup>1</sup> This means that, on average, only a third of Maria Parham's total licensed bed capacity and about 61% of its operational capacity is being utilized on a daily basis. According to the methodology, the target occupancy for Maria Parham is 66.7%. Thus, whether we consider its licensed or operational capacity, there is adequate access to acute care services at MP-Vance. Also, as indicated in the *Proposed 2025 SMFP*, the projected ADC for MP-Vance for 2027 is 79, or only 50% of licensed bed capacity and 90% of operational capacity. As noted previously, if MP-Vance's volume does reach the projected levels, it can consider staffing and shifting its additional nonoperational 70 licensed acute care beds.

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<sup>1</sup> 2019 – 2024 Hospital License Renewal Applications

**Table 1. Average Daily Census Projections for Data Years 2024 – 2028**

2019*	2020*	2021*	2022*	2023*	Average Annual Rate of Change	2024	2025	2026	2027	2028
46.5	45.3	45.0	50.0	53.9	8.0%	58.3	63.0	68.0	73.5	79.3

\* ADC reported on Maria Parham’s 2020 – 2024 Hospital LRA

As shown in Table 2, MP-Vance reported a total of 21,941 inpatient acute care DOC to HIDI, and it reported 4,796 admissions on its hospital LRA for the 2023 data year. This is equivalent to an inpatient average length of stay of 4.57 days. MP-Vance’s target occupancy is a volume that can be supported by 106 beds. Table 2 also shows that 8,463 patients would be required for MP-Vance to reach target occupancy; MP-Vance’s current patient volume is only slightly more than half the target occupancy.

**Table 2. Patients Required to Reach Maria Parham’s Target Occupancy\***

A	B	C	D	E	F	G
Total 2023 DOC	2023 Number of Patients Served	2023 ALOS (A/B)	Acute Care Beds in Planning Inventory	Beds Needed for Target Occupancy of 66.7%** (D x .667)	DOC at Target Occupancy (E x 365.25)	Patients at Target Occupancy (F/C)
21,941	4,796	4.57	158	106	38,717	8,463

\* Displayed figures are rounded.

\*\* The target occupancy percentage is 66.7% for facilities with an ADC of less than 100.

Over the last five years, admissions at MP-Vance have increased at a rate of 1.5%. As shown in Table 3, unless this rate greatly increases over the next few years, the level of admissions will continue to fall well short of the 8,463 admissions needed to reach target occupancy for the Maria Parham’s licensed acute care beds.

**Table 3. Projected Admissions for Maria Parham**

Reported Admissions *					Average Rate of Change	Projected Admissions				
2019	2020	2021	2022	2023		2024	2025	2026	2027	2028
4,621	4,135	3,867	4,069	4,796	1.5%	4,869	4,943	5,018	5,095	5,173

\* Data source: 2020 – 2024 Maria Parham Hospital License Renewal Applications

**Agency Recommendation:**

The Petitioner has requested to remove the need determination in the Vance/Warren service area that appears in the *Proposed 2025 SMFP*. The Agency supports the standard methodology for

acute care beds as presented in the *Proposed 2025 SMFP*. However, it appears Maria Parham will have adequate capacity for the volume of acute care patients that are projected for the Vance/Warren service area. Given the available information and comments submitted by the August 7, 2024 deadline, and in consideration of factors discussed above, the Agency recommends approval of the Petition.