



Wake Forest University Baptist  
**MEDICAL CENTER**®

July 23, 2010

William Wainwright, Chairman  
State Health Coordinating Council  
Division of Health Service Regulation  
2714 Mail Service Center  
Raleigh, NC 27699-214

RE: Comments Regarding Policy AC-4

Dear Chairman Wainwright:

I would like to take this opportunity on behalf of Wake Forest University Baptist Medical Center to thank the SHCC, Facility Energy and Sustainability Work Group (FEES) and State Medical Facilities Planners for all their time and effort in advancing the State Medical Facilities Plan in order to promote access, quality and cost efficient healthcare services for all North Carolinians. It is important for hospitals, physicians and other providers to work with the State to provide the most accurate and credible data in all areas to ensure that appropriate planning takes place and that the healthcare needs of the citizens of North Carolina are met. I am respectfully submitting comments on the proposed Policy GEN-4.

Wake Forest Baptist supports the goals of Policy GEN-4 and the inclusion of a policy in the 2011 State Medical Facilities Plan. After taking into consideration the feedback of Duncan Yaggy of Duke University Health Systems and FEES Workgroup Member, the North Carolina Hospital Association and our own internal Architects, Facility Planners and Project Managers, we would like to propose the following alternate policy language:

*Any person proposing a capital expenditure exceeding \$5 million dollars to develop, replace, renovate, or add to a health service facility pursuant to GS-131E-176 or GS 131E-184 shall submit energy efficiency and water conservation objectives as part of the Certificate of Need application as outlined below:*

- 1. A description of the energy efficiency and water conservation measures undertaken that addresses the following at a minimum: building orientation; massing and space planning; high-efficiency building envelope design; day-lighting and lighting controls integrated with day-lighting; energy-efficient building mechanical and electrical systems, and other sustainable strategies.*

- a. *The plan shall contain a detailed narrative of project sustainability objectives, energy use and indoor/outdoor potable water use.*
- b. *The plan shall not adversely affect patient or resident health, safety or infection control.*

*The Facility Energy Efficiency and Sustainability Work Group will develop and propose recommended energy standards for consideration and approval by the State Health Care Coordinating Council and the Governor, and enforcement by the Construction Section of the North Carolina Division of Health Service Regulation. Certificates of Need and exemptions from review issued by the Certificate of Need Section will include the condition that recipients conform to the requirements of the Construction Section.*

The concerns of Wake Forest University Baptist Medical Center are outlined in the following comments:

#### **A. Energy Efficiency and Sustainability Standards**

The draft policy gives project analysts no standards to use in determining the conformance of plans with energy efficiency and sustainable building design and construction standards.

Quantifying annual percentage reductions in energy use and indoor/potable water use would be subjective, as there are no established benchmarks to base estimates upon. The reduction in use would be a guess and based on preliminary plans that have been produced for the CON application. In the example of a renovation to a Cath Lab, which is operated under the Central Plant of the hospital, there would be no way to quantify the reduction in energy, as all utility and water usage comes from a single, central power source.

It is also difficult to set standards or benchmarks for both energy efficiency and water conservation practices across organizations, which vary in size, age and function, and geographical regions ranging from mountainous to coastal. In addition, the emitted energy and water practices of a small rural facility are not comparable to large urban tertiary facilities.

*Suggestion: Considering the statements above, we believe it would not be feasible to impose quantifiable standards regarding energy efficiency and sustainable building practices across all organizations at this time. Instead, it may be more appropriate to allow for interpretation and adapt depending on individual project circumstances.*

#### **B. Cost & Minor Projects**

The way the current policy reads projects covered under GS 131E-176 that involve minimal renovation would be required to comply with Policy GEN-4 if their total capital cost exceeded \$2 million. For example, an MRI renovation and replacement may cost a total of \$2.5 million; \$2 million of which would account for equipment costs only. This type of renovation would

typically not have a significant impact on the utilization of the central power plant of a large hospital facility. In addition, the policy as currently written would increase costs for CON applicants as the investment into energy efficient technology and equipment, when applicable, typically costs 20-30% more. Many hospitals prepare capital budgets well in advance of the start of the fiscal year and may not have budgeted adequate funds for the inclusion of green facilities and equipment as part of their major medical equipment budgets. This might preclude some hospitals from being able to upgrade and replace their medical equipment in a timely manner.

*Suggestion: It would be reasonable to increase the capital expenditure threshold for projects to develop, replace or renovate a health service facility from \$2 million dollars to \$5 million dollars.*

### **C. Expert Representation & Pre-filing Conference**

Respectfully, the Certificate of Need project analysts charged with evaluating applications and determining their conformance with the CON statute, regulations and the policies of the State Medical Facilities Plan are not trained or experienced in the evaluation of energy efficient or sustainable building design and construction aspects of applications. Therefore, it would be challenging to hold these analysts accountable for validating whether or not the project is in conformance with Policy GEN-4.

A pre-filing conference with the applicant's project architect and engineer will raise applicant costs and require significant planning and preparation. In addition, projects may not be approved and/or may not be implemented for 1-4 years due to legal appeals, regulatory delays, etc. which may affect the final building design, size and scope adding to the costs of the sustainability.

*Suggestion: In lieu of the pre-application meeting, we would suggest an architect or engineer validate the certification of the sustainability and energy objectives as outline in the policy as part of the CON application.*

In conclusion, WFUBMC welcomes green design policies and has already begun to incorporate LEED energy design standards and other conservation measures into new facility design and renovation projects. Thank you for the opportunity to voice our concerns through these comments.

Sincerely,

Lynn S. Pitman  
Director of Planning, Strategic Planning  
Wake Forest University Baptist Medical Center