

Comments in Response to the Petition by Pinehurst Surgical Clinic ("PSC") for  
Special Need Adjustment for One Additional Operating Room ("OR") in Richmond County

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Thank you for the opportunity to comment on the Petition submitted by PSC seeking to add a need determination for one OR in Richmond County. As discussed below, the Petition should be denied for two reasons. First, the Petition is untimely because it proposes a change in the OR methodology that may have a statewide effect. Such petitions can only be considered in the spring petitioning cycle. Second, there is no need for an additional OR in Richmond County. Richmond County currently has a surplus of 1.64 ORs, not including the 3.0 ORs at FirstHealth Moore Regional Hospital – Hamlet ("FMRH – Hamlet"). See Draft 2019 State Medical Facilities Plan ("SMFP"), Table 6B, page 80.

#### Overview

The OR need methodology was substantially revised effective with the 2018 SMFP. The SHCC, the Planning Staff of DHSR, and OR workgroup participants invested considerable time and effort in developing the revised methodology. They studied a variety of data and considered the views of stakeholders. FirstHealth appreciates the hard work of the SHCC, the Planning Staff and the workgroup participants. Since the revised OR need methodology has not even finished its first year of implementation, FirstHealth respectfully submits that the SHCC should refrain from making changes now; rather, changes should only be considered after the first year of implementation of the revised methodology, and then only on the basis of verifiable data and objective analysis.

#### The Petition is Untimely

PSC's principal argument is that the OR need methodology does not take into account outmigration. See Petition, page 5. Thus, according to PSC, an additional element, outmigration, should be considered in the OR need methodology. This is a substantive change to the OR need methodology that may have statewide effect. As discussed below, outmigration is not a unique phenomenon to Richmond County. In fact, if outmigration is considered, many more predominantly rural counties in North Carolina would show a need for additional ORs. See Discussion under Point 7 below, and Table 11. This type of petition can only be considered in the spring petitioning cycle. See Draft 2019 SMFP, Chapter 2, page 7; 2018 SMFP, Chapter 2, page 7. As such, the Petition was filed at the wrong time and should be denied.

## Richmond County Does Not Need an Additional OR

Only sixteen counties in North Carolina have two or more hospitals. Both Richmond County hospitals were established before the North Carolina CON Law was enacted. Hamlet Hospital was established in 1915 by Dr. William Daniels James when he relocated his hospital from Laurinburg to Hamlet because Hamlet was a railroad center. Richmond Memorial Hospital was opened in 1952 by Richmond County as a memorial to the Richmond County men and women who lost their lives in World War II. Today, the hospitals are known as FMRH - Hamlet and FirstHealth Moore Regional Hospital – Richmond (“FMRH - Richmond”). FirstHealth closed FMRH - Hamlet in late 2017 because utilization declined substantially. FMRH - Hamlet is, however, still a licensed hospital with three shared ORs.

As the following table shows, of the sixteen counties with two or more hospitals, Richmond County has the second smallest population. Only Macon County has a smaller population. Similar to Richmond County, Macon County has two hospitals, but only one of them, Angel Medical Center, provides surgical services. Furthermore, the two hospitals in Hoke County provide only a limited number of surgical cases with Cape Fear Valley Hoke Hospital providing 64 inpatient surgical cases and 587 outpatient surgical cases in two ORs and FMRH – Hoke providing 188 outpatient surgical cases in one OR.

Table 1: North Carolina Counties with Two or More Hospitals

County	Population	County	Population
Mecklenburg	1,099,382	Henderson	117,902
Wake	1,071,240	Cleveland	98,862
Guilford	527,696	Rockingham	91,731
Forsyth	376,314	Surry	72,844
Durham	310,847	Hoke	54,679
Iredell	179,740	Halifax	51,468
Catawba	157,424	Richmond	44,812
Brunswick	135,464	Macon	35,779

Source: NCOSBM and Proposed 2019 State Medical Facilities Plan (“SMFP”)

As stated on page 9 of the 2018 SMFP,

“People who believe that unique or special attributes of a particular geographic area or institution give rise to resource requirements that differ from those provided by application of the standard planning procedures and policies may submit a written petition requesting an adjustment be made to the need determination given in the North Carolina Proposed State Medical Facilities Plan.”

FirstHealth reviewed the Petition submitted by PSC to add one OR in Richmond County for the “unique or special attributes of a particular geographic area” that would support incorporating a special need adjustment for Richmond County in the Proposed 2019 SMFP.

None of the points PSC identifies in its Petition supports the need for an additional OR in Richmond County, especially considering the fact that there is a surplus of 1.64 ORs in Richmond County.

## 1. PSC Point (Page 2)

“The 2019 SMFP draft does not fully consider the closure of FirstHealth Moore Regional Hospital-Hamlet (formerly Sandhills Regional Medical Center) in Richmond County and the impact that this closure has on access to care in Richmond County. Due to the limited options for surgical care in Richmond County, large numbers of patients are leaving Richmond County for their surgical needs.”

### Counterpoint 1

The PSC petition provides no evidence that the closing of FMRH-Hamlet has deprived any resident of Richmond County with access to care. No surgeon or patient submitted a letter of support for PSC’s petition. There is plenty of capacity in FMRH-Richmond’s three shared ORs. The “limited options for surgical care in Richmond County” are not associated with the lack of availability of ORs, surgeon block time, or OR support. Accordingly, there is capacity and a surplus of ORs to meet the needs of residents of Richmond County. The limitation is physician resources-based in Richmond County.

This surgeon limitation is evident in the table in Counterpoint 3, Table 4. The table shows 277 urology outpatient cases being performed in FY2016, the 3<sup>rd</sup> largest surgical specialty in FY2016, and then zero urology cases performed in FY2017. This is because the solo urologist in Richmond County retired. FirstHealth and PSC have worked unsuccessfully to provide a urologist to treat patients in Richmond County. PSC has not recruited a urologist to meet the needs locally for Richmond residents. Thus, no urology patients have been treated in Richmond County since FY2016 and Urology patients must travel to either Moore County or other surrounding counties based on provider choice versus OR capacity.

## 2. PSC Point (Page 2)

“OR capacity in Richmond County dropped from six ORs to just three ORs with the closure of Hamlet (formerly Sandhills Regional Medical Center).”

### Counterpoint 2

While the number of shared ORs in use in Richmond County has declined from six to three, FMRH-Hamlet’s three shared ORs still exist. FirstHealth would consider relocating one or more the FMRH-Hamlet ORs to another location in Richmond County, for example to its existing facility or a free-standing facility. FirstHealth has considered highest and best use of the ORs currently available in the County, however, with the current surplus of rooms, costs associated with such a move or new construction would increase health care costs.

Recruiting surgical specialists to a rural county like Richmond is challenging. To address this issue, FirstHealth has affiliation agreements with PSC to provide surgeons clinic space and support and operating room equipment and time to meet surgeon needs and the needs of the patients. The current PSC affiliations are in orthopaedics, ENT, and General Surgery – all of which show growing volumes until all but orthopaedic surgeons either significantly reduced or eliminated their commitment for office and surgical time in Richmond County. In addition, as noted above, FirstHealth was unsuccessful in obtaining urology support. Fundamentally, the issue in Richmond County is not an OR capacity issue; rather, it is a surgeon availability and support issue.

Additionally, under the currently-applicable rules, it would have been impossible for FirstHealth to conform to the 10A NCAC 14C .2103(a) Performance Standards without tremendous physician support. And even if the Performance Standards did not apply, surgeon support would still be a critical element of a CON application and eventual viability of the project. PSC’s own petition does not contain evidence of surgeon support for PSC’s proposal.

### 3. PSC Point (Page 3)

“Inpatient surgical volume in general has been declining in Richmond County-based hospitals between fiscal year 2014 and 2017. However, outpatient procedures have increased during this period by 40.3 percent; see table below. . . . More importantly, patients who have to leave Richmond County at increasing rates for surgical care are not considered.”

Table 2: Summary of PSC Table on Page 3 of the Petition

Outpatient Providers	FY2014	FY2015	FY2016	FY2017	% Change
FMRH - Richmond	1,155	1,170	1,478	1,692	46.5%
FMRH - Hamlet	603	584	674	774	28.4%
TOTAL RICHMOND COUNTY	1,758	1,754	2,152	2,466	40.3%

Source: PSC Petition

### Counterpoint 3

It is not terribly surprising that outpatient surgical volumes are increasing while inpatient surgical volumes are declining. Hospitals in many North Carolina counties are experiencing this trend for a number of years, so the increase in outpatient cases should not be considered a unique or special attribute of Richmond County requiring more ORs. The growth in outpatient cases, standing alone, does not mean that more ORs are needed, especially when the county in question has a surplus of ORs. The following table highlights OP surgical case growth at The McDowell Hospital, a hospital similar to FMRH – Richmond with three ORs and a county population only 1,000 more than Richmond County.

Table 3: OP Growth Comparison

Outpatient Providers	FY2014	FY2015	FY2016	FY2017	% Change
McDowell Hospital	797	795	1,076	1,206	51.3%
FMRH - Richmond	1,155	1,170	1,478	1,692	46.5%

Source: 2015-2018 Hospital License Renewal Applications

As the table indicates, The McDowell Hospital, in a similarly sized county with a similar number of ORs, experienced a 51.3 percent growth in outpatient surgical cases unrelated to any closure of OR within the county. Outpatient surgery growth is a common experience across North Carolina.

While overall outpatient surgical volume in Richmond County has increased by 40.3% between FY2014 and FY2017, a closer look at the surgical volumes is required before any conclusions can be reached. The following tables show the change in outpatient surgical cases at FMRH – Richmond from FY2014 to FY2017.

Table 4: FMRH – Richmond Current and Future Needed Surgical Case Volumes

Surgical Specialty Area	FY2014	FY2015	FY2016	FY2017	% Change
General Surgery	338	394	498	292	-13.6%
Obstetrics and GYN	174	112	141	70	-59.8%
Ophthalmology				679	CBC
Orthopedics	221	252	318	468	111.8%
Otolaryngology	106	102	129		-100.0%
Podiatry				68	CBC
Urology	204	219	277		-100.0
Other Surgeries	112	91	115	115	2.7%
Total Surgical Cases	1,155	1,170	1,478	1,692	46.5%

Note: CBC = Cannot Be Calculated

With available OR capacity at FMRH – Richmond, both current and historic, patients are not leaving Richmond County to travel to Moore County because of the lack of operating room capacity or FirstHealth willingness to partner with PSC (as evidenced by the affiliations created in order to have surgeon availability in Richmond County). Instead, the outmigration is related to physician and surgeon coverage even though agreements for such have been in place.

When FirstHealth acquired Sandhills Regional Medical Center, six independent or hospital-employed physicians provided outpatient surgical services at the hospital. Since FMRH – Hamlet closed, three of those physicians have joined the FMRH – Richmond medical staff and the other three physicians left the area. PSC had no physicians providing surgical services at Sandhills Regional Medical Center or at FMRH – Hamlet.

#### 4. PSC Point (Pages 3 and 4)

“As FirstHealth reduced clinical operations at the Hamlet hospital, more and more patients were and are continuing to be forced to leave the area for care. This trend will never be captured in the need methodology, as currently set, because the need methodology in the SMFP is facility-based and not resident based.”

#### Counterpoint 4

As noted above, PSC’s historical lack of support in Richmond County has played a major role in the outmigration that is the central theme of PSC’s petition.

While it is true that the OR need methodology does not consider outmigration, outmigration is not a unique or special attribute of Richmond County. Outmigration is a common occurrence in many North Carolina counties. Nineteen counties, representing 319,000 North Carolinians, do not have access to a hospital or ASC in their county. One hundred percent of these residents have to “leave the area for care.” The following table shows the counties that lack access to surgical services in their home county.

Table 5: North Carolina Counties with No Surgical Service Providers

County	Population
Alexander	38,609
Camden	10,416
Caswell	23,692
Clay	11,654
Currituck	27,109
Franklin	67,586
Gates	12,008
Graham	8,862
Greene	21,520
Hyde	5,630
Jones	10,356
Madison	22,504
Northampton	20,470
Pamlico	13,288
Perquimans	13,564
Tyrrell	4,137
Warren	20,068
Yadkin	37,700
Yancey	18,254
Total	319,841

Source: NCOSBM and Proposed 2019 SMFP

In fact, using PSC’s reasoning, the three counties with the largest populations, Franklin County, Alexander County, and Yadkin County have a need for ORs within their borders. Using the Proposed 2019 SMFP

standard surgical times for Facility Group 6, FirstHealth multiplied outpatient cases by 68.6 minutes. This calculation results in the following county OR needs using a resident-based need methodology.

Table 6: Surgical Case Volume Hours Calculation

County	OP Cases	OP Minutes	Hours
Franklin	2,221	152,361	2,539
Alexander	2,229	152,909	2,548
Yadkin	2,911	199,695	3,328

Source: (Surgical Cases X Standard Surgical Times) / 60 Minutes

Table 7: County OR Need After Rounding

County	Hours	ORs at 1,312.5 Hours per OR	County OR Inventory	County OR Need	County OR Need After Rounding
Franklin	2,539	1.93	0	1.93	2
Alexander	2,548	1.94	0	1.94	2
Yadkin	3,328	2.54	0	2.54	3

Source: (Surgical Case Hours / 1,500 Cases) – County OR Inventory, Rounded based on SMFP Need Methodology

Furthermore, two North Carolina counties have licensed ORs within their borders, but these facilities do not provide surgical services.

Table 8: North Carolina Counties with Surgical Service Providers who Provided No Surgical Cases

County	Hospital	Population	2017 OP Cases	Ambu	Shared	Total
Swain	Swain County Hospital	15,142	0		1	1
Washington	Washington County Hospital	12,272	0		2	2

Source: NCOSBM and Proposed 2019 SMFP

Finally, eight North Carolina counties with populations greater than Richmond County have a single surgical service option that provided fewer OP surgical cases than at FMRH – Richmond. The only conclusion, based on PSC’s reasoning is that these residents have to “leave the area for care.”

Table 9: North Carolina Counties with Population Greater than Richmond County and Surgical Service Providers who Provided Fewer Outpatient Surgical Cases than FMRH - Richmond

County	Hospital	Population	2017 OP Cases	Ambu	Shared	Total
Chatham	Chatham Hospital	76,383	642		2	2
Rutherford	Rutherford Regional Medical Center	67,880	1,052		5	5
Stanly	Carolinas HealthCare System - Stanly	63,069	1,618		5	5
Sampson	Sampson Regional Medical Center	62,821	1,281		8	8
Pender	Pender Memorial Hospital	62,551	146		2	2
Duplin	Vidant Duplin Hospital	59,446	1,572		3	3
Stokes	LifeBrite Community Hospital of Stokes	46,708	127	2	2	4
McDowell	The McDowell Hospital	45,915	1,213		3	3
Richmond	FirstHealth Richmond Memorial Hospital	44,812	1,692		3	3

Source: NCOSBM and Proposed 2019 SMFP



## 5. PSC Point (Page 4)

“Furthermore, as the only provider of surgical services in Richmond County, FirstHealth can mask this trend by controlling how many patients are seen at the remaining hospital in the area.”

### Counterpoint 5

Richmond County is not unique because it has a single surgical services provider. The following table highlights the fifty-two North Carolina counties that only have a single surgical services option within their border. Thus, for over 3.2 million North Carolinians the county's only hospital is the sole option for surgical services within the county. Accordingly there are not unique or special attributes of a particular geographic area, Richmond County as characterized in the Petition.

Furthermore, FirstHealth cannot “mask the trend by controlling how many patients are seen at the remaining hospital in the area”. As pointed out, choice of surgical location is related to availability of the surgeon to perform the surgery in Richmond County. Where there are available physician resources, the procedures are done, if the procedure is appropriate for a community hospital.

Table 10: North Carolina Counties with Only a Single Surgical Services Provider

County	Hospital	Population	2018 OP Cases	Ambu	Shared	Total
Alamance	Alamance Regional Medical Center	163,041	7,986	3	9	12
Alleghany	Alleghany Memorial Hospital	11,264	178		3	3
Anson	Carolinas HealthCare System Anson	25,628	23		1	1
Ashe	Ashe Memorial Hospital	27,262	771		2	2
Avery	Charles A. Cannon, Jr. Memorial Hospital	18,087	231		2	2
Beaufort	Vidant Beaufort Hospital	47,444	2,163		5	5
Bertie	Vidant Bertie Hospital	19,832	596		2	2
Bladen	Cape Fear Valley - Bladen County Hospital	34,120	536		2	2
Chatham	Chatham Hospital	76,383	642		2	2
Cherokee	Murphy Medical Center	29,853	2,230		4	4
Chowan	Vidant Chowan Hospital	14,177	662		3	3
Columbus	Columbus Regional Healthcare System	56,904	2,075		5	5
Craven	CarolinaEast Health System	103,800	10,622	6	9	15
Davie	Davie Medical Center	43,244	2,657		2	2
Duplin	Vidant Duplin Hospital	59,446	1,572		3	3
Edgecombe	Vidant Edgecombe Hospital	52,149	1,743		5	5
Granville	Granville Health System	60,566	2,551		3	3
Halifax	Halifax Regional Medical Center	51,468	2,544		6	6
Harnett	Betsy Johnson Hospital	133,065	2,168		7	7
Haywood	Haywood Regional Medical Center	62,780	3,830		7	7
Hertford	Vidant Roanoke-Chowan Hospital	23,855	1,332		5	5
Jackson	Harris Regional Hospital	43,662	5,087		6	6
Johnston	Johnston Health	200,102	5,191		8	8
Lee	Central Carolina Hospital	59,486	3,161		6	6

Lenoir	UNC Lenoir Health Care	57,366	2,480		9	9
Lincoln	Carolinas HealthCare System Lincoln	84,494	1,797	1	3	4
Martin	Martin General Hospital	23,412	426		2	2
McDowell	The McDowell Hospital	45,915	1,213		3	3
Mitchell	Blue Ridge Regional Hospital	15,216	692		3	3
Montgomery	FirstHealth Montgomery Memorial Hospital	27,957	251		2	2
Nash	Nash General Hospital	94,420	6,465		13	13
Onslow	Onslow Memorial Hospital	197,455	4,191	4	5	9
Orange	UNC Hospitals	143,873	16,267	11	29	40
Pasquotank	Sentara Albemarle Medical Center	40,805	3,250		8	8
Pender	Pender Memorial Hospital	62,551	146		2	2
Person	Person Memorial Hospital	39,997	828		4	4
Polk	St. Luke's Hospital	21,273	542		3	3
Randolph	Randolph Hospital	145,633	3,343	2	5	7
Richmond	FirstHealth Richmond Memorial Hospital	44,812	1,692		3	3
Rowan	Novant Health Rowan Medical Center	142,862	6,047	3	8	11
Rutherford	Rutherford Regional Medical Center	67,880	1,052		5	5
Sampson	Sampson Regional Medical Center	62,821	1,281		8	8
Scotland	Scotland Health Care System	35,598	3,275		5	5
Stanly	Carolinas HealthCare System - Stanly	63,069	1,618		5	5
Stokes	LifeBrite Community Hospital of Stokes	46,708	127	2	2	4
Swain	Swain Community Hospital	15,142	0		1	1
Transylvania	Transylvania Regional Hospital	34,814	1,910		4	4
Vance	Maria Parham Medical Center	44,785	2,438		5	5
Washington	Washington County Hospital	12,272	0		2	2
Watauga	Watauga Medical Center	57,348	3,865		6	6
Wayne	Wayne Memorial Hospital	125,509	6,975	2	10	12
Wilkes	Wilkes Regional Medical Center	70,883	2,298	1	4	5
Totals		3,242,488	135,020	35	266	301

Source: NCOSBM and 2018 SMFP

6. PSC Point (Page 4)

“This data set [PSC billing data] is not a full picture of the patient out-migration, but it clearly demonstrates the substantial volume of patients that have to leave Richmond County for surgery.”

Counterpoint 6

While some Richmond County patients leave their home county for surgical services, this is not a unique situation in North Carolina. PSC has shown that in FY2017, 1,517 Richmond County surgical cases were performed out of county. The following table highlights the FY2017 surgical cases for seven of the eight North Carolina counties with populations greater than Richmond County that have a single surgical services option and provided fewer OP surgical cases than FMRH – Richmond. Please note that these surgical case volumes are only from a few hospitals and ASFs in surrounding counties and not all hospitals and ASFs in North Carolina.

Table 11: Surgical case Volumes in North Carolina Counties with Population Greater than Richmond County and Surgical Service Providers who Provided Fewer Outpatient Surgical Cases than FMRH - Richmond

County	Hospital	In County			Out of County			% of Surgical Cases Out of County
		IP	OP	Total	IP	OP	Total	
Chatham	Chatham Hospital	25	377	402	1,119	1,638	2,757	87.3%
Rutherford	Rutherford Regional Medical Center	934	915	1,849	679	969	1,648	47.1%
Stanly	Carolinas HealthCare System - Stanly	1,257	1,796	3,053	2,356	1,364	3,720	54.9%
Sampson	Sampson Regional Medical Center	566	951	1,517	913	1,778	2,691	63.9%
Pender	Pender Memorial Hospital	2	101	103	1,641	3,840	5,481	98.2%
Duplin	Vidant Duplin Hospital	377	1,140	1,517	1,097	1,879	2,976	66.2%
McDowell	The McDowell Hospital	201	930	1,131	1,112	2,542	3,654	76.4%
Richmond	FirstHealth Richmond Memorial Hospital	165	1,262	1,427	695	822	1,517	51.5%

Source: 2018 License Renewal Applications

As the table indicates, every county except Rutherford County experienced more surgical cases being performed out of county than Richmond County experienced. Over 75.0 percent of surgical cases were performed out of county for the following counties; Pender County (98.2%), Chatham County (87.3%), and McDowell County (76.4%). Finally, if the 774 outpatient surgical cases performed at FMRH – Hamlet in FY2017 were included in the FMRH – Richmond total, then only 40.8 percent of surgical cases would have been performed out of county.

FirstHealth’s affiliation with PSC has helped in this regard by providing resources to support their practice and surgery, for example orthopaedics. Patients that out-migrate do so because surgeons are not available or willing to cover or because the specialty is not available locally in Richmond, such as cardiac surgery and neurosurgery, or because of patient choice. There is capacity.

## 7. PSC Point (Page 5)

“The significant out-migration from Richmond County cannot be accounted for in the current SMFP need methodology. Without such recognition, the need methodology will likely never generate a need for more ORs in Richmond County that would allow for this community to regain a second option for surgical care and the increased capacity that was available just a year ago.”

### Counterpoint 7

While the current need methodology is not resident-based, FirstHealth completed the calculations for the identified seven counties in Counterpoint 6 to determine a resident-based OR need determination. Using the Proposed 2019 SMFP standard surgical times for Facility Group 4, FirstHealth multiplied inpatient cases by 113.1 minutes and outpatient cases by 71.9 minutes. This calculation results in the following county OR needs using a resident-based need methodology.

Table 12: Surgical Case Volume Hours Calculation

County	Hospital	Minutes			Hours
		IP	OP	Total	
Chatham	Chatham Hospital	129,386	144,879	274,265	4,571
Rutherford	Rutherford Regional Medical Center	182,430	135,460	317,890	5,298
Stanly	Carolinas HealthCare System - Stanly	408,630	227,204	635,834	10,597
Sampson	Sampson Regional Medical Center	167,275	196,215	363,490	6,058
Pender	Pender Memorial Hospital	185,823	283,358	469,181	7,820
Duplin	Vidant Duplin Hospital	166,709	217,066	383,776	6,396
McDowell	The McDowell Hospital	148,500	249,637	398,137	6,636
Richmond	FirstHealth Richmond Memorial Hospital	97,266	149,840	247,106	4,118

Source: (Surgical Cases X Standard Surgical Times) / 60 Minutes

Table 13: County OR Need After Rounding

County	Hospital	Hours	ORs at 1,500 Hours per OR	County OR Inventory	County OR Need	County OR Need After Rounding
Chatham	Chatham Hospital	4,571	3.0	2	1.05	1
Rutherford	Rutherford Regional Medical Center	5,298	3.5	5	(1.47)	0
Stanly	Carolinas HealthCare System - Stanly	10,597	7.1	5	2.06	2
Sampson	Sampson Regional Medical Center	6,058	4.0	8	(3.96)	0
Pender	Pender Memorial Hospital	7,820	5.2	2	3.21	3
Duplin	Vidant Duplin Hospital	6,396	4.3	3	1.26	1
McDowell	The McDowell Hospital	6,636	4.4	3	1.42	2
Richmond	FirstHealth Richmond Memorial Hospital	4,118	2.7	3	(0.25)	0

Source: (Surgical Case Hours / 1,500 Cases) – County OR Inventory), Rounded based on SMFP Need Methodology

As the tables indicate, outmigration is not a “unique or special attributes” of Richmond County. Using FY2017 surgical case volumes, five of the seven counties would have need determinations of one or more ORs. In fact, Richmond County does not have a need determination for an OR. However, even after

applying a resident-based OR need methodology, Richmond County still does not have a need determination for an OR.

## 8. PSC Point (Page 5)

“Similarly, with no need recognized, Richmond County residents will not have any options available to receive care in a more cost effective ASC setting without having to leave the county.”

### Counterpoint 8

While it is true that there are no ASCs in Richmond County, this is not a unique phenomenon. There are no ASCs in 76 of the 100 North Carolina counties. Only twenty-four North Carolina counties have an ASC and only Dare County has a population smaller than Richmond County.<sup>1</sup> The county with the second smallest population, Carteret County, is 57.6 percent larger than Richmond County as the following table shows.

Table 14: North Carolina Counties with an ASC Setting

County	Population	% Greater than Richmond County Population
Mecklenburg	1,099,382	2,353.3%
Wake	1,071,240	2,290.5%
Guilford	527,696	1,077.6%
Forsyth	376,314	739.8%
Cumberland	329,653	635.6%
Durham	310,847	593.7%
Buncombe	264,666	490.6%
Union	232,425	418.7%
New Hanover	230,919	415.3%
Gaston	221,112	393.4%
Cabarrus	209,736	368.0%
Iredell	179,740	301.1%
Pitt	176,920	294.8%
Catawba	157,424	251.3%
Brunswick	135,464	202.3%
Robeson	131,384	193.2%
Moore	99,112	121.2%
Cleveland	98,862	120.6%
Burke	90,865	102.8%
Caldwell	83,919	87.3%
Wilson	82,408	83.9%
Carteret	70,620	57.6%
Richmond	44,812	0.0%
Dare	37,172	-17.0%

Source: NCOSBM and 2018 SMFP

<sup>1</sup> The ASCs in these Brunswick County and Caldwell County are not yet licensed. The Dare County ASC is closed. See Draft 2019 SMFP. Table 6B.

Furthermore, FirstHealth is one of the lower cost hospital providers in the state and serves all patients regardless of their ability to pay. In FY2017 FMRH – Richmond provided \$1.5 million in charity care and wrote-off \$19.6 million in bad debt and FMRH – Hamlet provided \$340,000 in charity care and wrote-off \$5.0 million in bad debt.

PSC describes the benefits that are associated with ASCs, but such benefits can only be realized if the facility is actually used by surgeons. PSC's plan to establish a one-OR ASC faces the immediate and possibly insurmountable problem that one OR ASCs are inefficient. Aside from endoscopy centers, there are very few one-OR ASCs in North Carolina, and the ones that exist currently are single specialty ASCs.<sup>2</sup> In a one-OR ASC, only one case can be performed at a time. Surgeons and patients must wait while the one OR is cleaned and prepared before the next case can begin. This is not attractive to surgeons or patients.<sup>3</sup> The revised OR methodology seeks to avoid inefficiencies by establishing a minimum OR need of two ORs. Thus, PSC's Petition is not only inconsistent with the SMFP's long-standing schedule for considering substantive changes but also inconsistent with the SMFP's overall approach to need determinations.

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<sup>2</sup> Since PSC offers multiple surgical specialties, PSC presumably intends to offer a multi-specialty ASC.

<sup>3</sup> Presbyterian SameDay Surgery Center Monroe, a single OR multispecialty ASC in Union County, has closed.

9. PSC Point (Page 6)

“Overall, the patients and payors in Richmond County would benefit from an alternative ASC setting in their local community, which can only be achieved if need is recognized in the SMFP.”

Counterpoint 9

A need does not have to be found in the SMFP in order for an ASC to be developed in Richmond County. One alternative, which PSC mentions only in passing, is to work with FirstHealth. Furthermore, as the following table shows, patients and residents in seventy-six North Carolina counties could benefit from an alternative ASC in their community. These counties represent 4.0 million North Carolinians. It would not be reasonable for the SHCC to establish need determinations in each of these seventy-six counties.

Table 15: North Carolina Counties with No ASC Setting

Description	Counties	Population
Counties with No Surgical Services	19	319,841
Counties with Only One Surgical Service Provider	52	3,310,074
Counties with At Least Two Surgical Services Providers, but No ASC Setting	5	372,935
Total	76	4,002,850

Source: NCOSBM and 2018 SMFP

Conclusion

For the reasons stated in this response, FirstHealth respectfully requests that the SHCC deny PSC’s Petition. The Petition was not filed at the appropriate time, and it fails to demonstrate that “unique or special attributes of a particular geographic area” exist in Richmond County.





## North Carolina General Assembly House of Representatives

Representative Kenneth L. Goodman  
66th District

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### COMMITTEES

Commerce and Job Development  
Energy and Public Utilities  
Ethics: Chairman  
Finance  
Regulatory Reform  
Rules, Calendars, and Operations of the House  
Transportation

August 6, 2018

*By email to: [DHSR.SMFP.Petitions-Comments@dhhs.nc.gov](mailto:DHSR.SMFP.Petitions-Comments@dhhs.nc.gov)*

Sandra Greene, PhD  
Chair, Acute Care Services Committee  
State Health Coordinating Council

Amy Craddock, PhD  
Assistant Chief, Healthcare Planning  
Healthcare Planning and Certificate of Need Section  
NC Division of Health Service Regulation  
2704 Mail Service Center  
Raleigh, North Carolina

Re: Petition filed by Pinehurst Surgical Clinic to Add One Operating Room to Richmond County in the 2019 State Medical Facilities Plan

Dear Dr. Greene and Dr. Craddock:

My district includes Hoke, Montgomery, Richmond, Robeson and Scotland Counties. I am also a resident of Richmond County. I strongly support residents of my district having access to high quality, affordable health care. I appreciate the work that the State Health Coordinating Council and the Healthcare Planning and Certificate of Need Section perform every year to ensure that all residents of North Carolina, including those in rural areas, have access to needed healthcare services. Although my district is largely rural, we are very fortunate to have excellent health care provided by several different health care systems, including FirstHealth of the Carolinas, Southeastern Regional Medical Center, Cape Fear Valley Health System, and Scotland Health Care System.

Pinehurst Surgical Clinic (PSC) in Moore County has filed a petition with the SHCC seeking to have a need for one operating room in Richmond County added to the 2019 State Medical Facilities Plan. PSC indicates that it would like to open an ambulatory surgery center in Richmond County. For the following reasons, I do not support the petition filed by PSC.

One of the reasons North Carolina has a comprehensive health planning and certificate of need program is to avoid the unnecessary duplication of health care services. Unnecessary duplication drives up cost, and that cost is ultimately paid by patients. Currently, Richmond County has a surplus of 1.64 ORs, so there is no need to add any additional ORs to Richmond County. There is more than adequate capacity in the three ORs at FirstHealth Richmond Memorial Hospital to handle inpatient and outpatient surgeries in a timely manner. FirstHealth has been an excellent corporate citizen of Richmond County for many years. As a not-for-profit system (which PSC is not), FirstHealth has very generous policies to help patients who cannot afford to pay for their care.

I understand that FirstHealth has affiliations with PSC in Richmond and other counties, but PSC did not include FirstHealth in the petition. I would much rather see PSC work with FirstHealth to address surgical needs in Richmond County, which might include the ORs at Sandhills, rather than have an unnecessary additional OR added to Richmond County.

Thank you for considering these comments, and thank you for the work that you do on behalf of North Carolina's citizens. If you have any questions or need further information, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Ken Goodman". The signature is written in a cursive style with a large initial "K" and "G".

Representative Ken Goodman