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August 12, 2020

Christopher Ullrich, M.D., Chairman  
North Carolina State Health Coordinating Council  
c/o Division of Health Service Regulation  
Healthcare Planning and Certificate of Need Section  
2704 Mail Service Center  
Raleigh, NC 27699-2704

**Re: Comments Regarding Petition Filed by Duke University Health System for an Adjusted Need Determination for 20 Acute Care Beds in Wake County in the 2021 State Medical Facilities Plan**

Dear Dr. Ullrich and Members of the State Health Coordinating Council:

WakeMed appreciates the opportunity to provide comments regarding the petition filed by Duke University Health System d/b/a Duke Raleigh Hospital, requesting an adjusted need determination for 20 acute care beds for the Wake County service area in the 2021 State Medical Facilities Plan (SMFP).

WakeMed continues to support the Certificate of Need Statute, the planning process that develops the annual SMFP, and the standard need methodology for acute care beds. WakeMed believes that proliferation of health service facilities in areas where surpluses exist creates unnecessary duplication and fosters underuse of existing facilities. Moreover, it is in the public's best interest to promote efficiencies in the delivery of care in health care facilities to better contain expenditures.

Duke provides a number of arguments detailing why its petition should be approved; however, none of these are compelling enough to justify approval. For the reasons outlined below, WakeMed believes this petition should be denied.

**Duke Raleigh Hospital Does Not Trigger a Need Determination**

Duke admits, on pages 1-2, that utilization at Duke Raleigh Hospital does not generate a bed deficit that is sufficient for a need determination in the 2021 SMFP. Allowing Duke Raleigh to "round-up" the deficit from 12 to 20 beds would set a precedent allowing any hospital with a calculated bed deficit under 20 beds to justify a need determination. This alone should disqualify the petition from being approved.

**Acute Care Beds Under Development in Wake County**

Wake County's hospitals are currently licensed for 1,431 acute care beds. Page 42 of the Proposed 2021 SMFP, Table 5A, Column E shows a total of 116 acute care beds under development in Wake County. At least 80 of these beds are currently under construction and are expected to open in Calendar Year 2021.

The 116 undeveloped acute care beds will bring Wake County’s total inventory to 1,547 beds, an increase of 7.5%, adding 42,369 available patient days to the County’s facilities. With such a substantial number of beds yet to open, it makes little sense to continue to add beds to the inventory until the effects of this new capacity can be evaluated.

**Additional Beds Will Not Increase Access to Wake County Residents**

The Duke petition makes several references to the need for additional acute care beds at Duke Raleigh Hospital, ostensibly to better meet the needs of Wake County residents. On Page 3, the petition states:

*Without the requested adjustment to the need determination... Wake County patients may be required to travel to other counties to obtain needed care.*

An examination of 2020 Hospital License Renewal Applications (LRAs) for all Wake County hospitals shows that Duke Raleigh Hospital’s proportion of total admissions from Wake County is lower than all other Wake County facilities. Please see the following table.

Facility	Total FY 2019 Admissions	FY 2019 Admissions from Wake County	Wake County Admissions as Percent of Total
Duke Raleigh Hospital	9,627	5,926	61.6%
Rex Hospital	30,242	20,296	67.1%
WakeMed	33,693	23,482	69.7%
WakeMed Cary Hospital	13,095	10,734	82.0%

Source: 2020 Hospital LRAs, page 29

According its 2020 LRA, nearly 40% of Duke Raleigh Hospital’s FY 2019 inpatients originated from outside Wake County, casting doubt on the petition’s claim that additional beds are needed to serve Wake County residents.

**Bed Need Allocations Are Not Zero-Sum**

Page 3 of the petition contains the following passage:

*Duke University Health System...believes that inpatient bed capacity is more urgently needed in Wake County than in Durham County. Duke University Hospital already has certificate of need approval for 102 additional acute care beds that are still in development to address its growing utilization. Duke would therefore support the adjustment in Wake County even if coupled with a downward adjustment or elimination of need in Durham County.*

This statement implies that Duke is willing to “trade” its acute care beds awarded in Durham County for an adjusted need determination in Wake County. This is neither permissible nor appropriate under the CON Statute. Durham County and Wake County are separate Hospital Service Areas as defined in the 2020 SMFP. The Acute Care Bed Need Methodology is applied to each Hospital Service Area. While patients are free to utilize healthcare resources in any county, assets such as acute care beds cannot be transferred or otherwise swapped between providers located in different service areas.

The petition attempts to use the increasing percentage of patients originating from Wake County at Duke University Hospital to substantiate the need for additional acute care beds in Wake County. Wake County is one of the fastest-growing counties in both North Carolina and the United States, and many residents seek care outside the county for a myriad of reasons. The Duke petition provides no evidence that additional acute care beds allocated to Wake County, and developed at Duke Raleigh Hospital, would serve patients who are currently seeking care at Duke University Hospital, or that the need for Wake County residents who seek care at Duke University Hospital would be alleviated by developing additional bed capacity at Duke Raleigh Hospital. Many highly specialized tertiary services provided at Duke University Hospital are not offered at Duke Raleigh Hospital, including open heart surgery, neonatal intensive care, solid-organ transplant, and bone marrow transplant. It is entirely possible that many residents of Wake County who seek care at facilities outside Wake County are doing so to access specialized services that are not available at Wake County hospitals.

### **Petition is Poorly-Timed**

Duke provided recent utilization data for Duke Raleigh Hospital as proof that additional acute care beds are needed in Wake County. On page 2 of the petition, Duke cited a 12.6% increase in Duke Raleigh's inpatient utilization from FYs 2018-2019. For the first 8 months of FY 2020 (July 2019-February 2020), Duke Raleigh's inpatient utilization was 76.2%. During March-June 2020, the first months where the COVID-19 pandemic were manifested, Duke Raleigh's utilization was 63.2%, a function of reduced admissions and cancelled elective surgeries. This phenomenon was not unique to Duke Raleigh; the pandemic has created significant uncertainty for healthcare providers regarding resource utilization. While Duke reports that Summer 2020 utilization at Duke Raleigh has rebounded, the short-term effects of the pandemic on hospital operations, as well as its continuing impact on bed need, will not be known for some time.

The Duke petition was filed at a time when it is very difficult to forecast long-term bed need. While application of the Acute Care Bed Need Methodology in the Proposed 2021 SMFP shows a current deficit of 12 beds at Duke Raleigh Hospital, healthcare utilization for the remainder of Calendar Year 2020, and extending into 2021 and beyond, cannot be predicted with any certainty.

For the reasons stated above, WakeMed respectfully requests the State Health Coordinating Council deny this petition. Thank you for your consideration of these comments. If you have questions or require additional information, please do not hesitate to contact us.

Sincerely,



Donald R. Gintzig  
President & CEO