



**Petition for an Adjusted Need Determination for One Additional Catawba
County Operating Room in the 2024 State Medical Facilities Plan**

26 July 2023

Petitioner

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Statement of Requested Adjustment

Graystone Eye Surgery Center, LLC (Graystone) petitions for an adjusted operating room need determination in the 2024 State Medical Facilities Plan (SMFP), for one additional surgical operating room (OR) in the Catawba County Operating Room Service Area.

Reasons Supporting the Requested Adjusted Need Determination

In 2010, and again in 2017, Graystone successfully petitioned the State Health Coordinating Council for an adjusted need determination for one additional operating room for Catawba County. For both the 2011 and 2018 SMFPs, the SHCC concluded that Graystone sufficiently demonstrated unique or special circumstances that warranted an additional operating room in the Catawba County Operating Room Service Area. Subsequently, Graystone applied for and received CON approval to develop a second surgical OR in 2011, and a third OR in 2018. Six years have passed since Graystone's most recent adjusted need petition. During that time, Catawba County's ambulatory surgical utilization in dedicated outpatient ORs has continued to increase significantly.

Graystone provides this background information to demonstrate it has diligently followed and participated in the SMFP health planning process for many years. Although the Proposed 2024 SMFP indicates no need determination for additional operating rooms in the Catawba County OR Service Area, unique circumstances continue in Catawba County which support the need for one additional OR to be included in the 2024 SMFP.

The detailed rationale for this adjusted OR need determination is described in the remainder of the petition. Several important factors support the need for an additional operating room in Catawba County, including:

1. Population growth and aging;
2. Surgery Utilization at Graystone Eye Surgery Center;
3. Catawba County Ambulatory Surgery Utilization Trend;
4. Ambulatory Surgery Patient Migration to and from Catawba County;
5. Dialogue with Local Hospitals about Existing OR Inventory.

Catawba County Population Growth and Aging

The Catawba County population has been steadily increasing and aging, and is projected to continue to grow and age during the next five years, as shown on the following table.

Catawba County Historical & Projected Population Growth

Year	Age 65+ Population	Overall Population
2019	28,951	159,673
2020	29,933	160,792
2021	30,781	161,736
2022	31,732	162,790
2023	32,622	163,845
2024	33,480	164,898
2025	34,453	165,952
2026	35,322	167,005
2027	36,172	168,060
2028	36,991	169,113
5-Yr CAGR (2023-2028)	2.55%	0.63%
Absolute Growth (2023-2028)	4,369	5,268

Source: North Carolina Office of State Budget & Management, Vintage 2022

The projected five-year compound annual growth rate (CAGR) from 2023 to 2028 for the Catawba County population age 65 and older is 2.55%, or a cumulative projected population growth of 13.39% $[(36,991 - 32,622)/32,622]$. This is significant because this elderly cohort is the segment of population that predominately utilizes GESC for ambulatory surgery.

The OR Methodology in the Proposed 2024 SMFP applies the overall population growth factor (0.63%) and thus assumes surgical volume at GESC will only increase by a growth factor of 2.59 (Column I of Table 6B, Proposed 2024 SMFP) between the “data year” (2022) and the “target year” for need projections (2026). This is not realistic, given the large size and rapid growth of the county elder population, which is a significant user of ambulatory surgical services.

Application of the four-year overall population growth rate in Catawba County to project surgical hours at GESC severely understates Graystone’s projected ambulatory surgical utilization. The overall population growth rate for Catawba County is not representative of the demographic that utilizes ophthalmic surgery at GESC.

Approximately 71% of Graystone’s surgical cases are paid for by Medicare.¹ As seen in the following table, Catawba County has an older population than North Carolina as a whole (17.0% age 65+), and this elderly population cohort is projected to increase significantly by 2026².

2023 - 2026 Projected Population Age 65+

	2023	% of Total	2026	% of Total
Catawba County	32,622	19.9%	35,322	21.1%

Source: NC Office of State Budget & Management, Vintage 2022

These elderly growth rates are inconsistent with the four-year population growth factor of 2.59% (or 0.65% annually) used in the Proposed 2024 SMFP. Please note that Graystone is not petitioning to change the growth factor in the SMFP OR methodology. Rather, comparing the elderly population growth rate, and Graystone’s actual surgery utilization growth to the forecasted growth in the standard OR methodology supports Graystone’s request for an adjusted need determination to include one additional OR in Catawba County in the 2024 SMFP.

For information purposes, the following table portrays the SMFP OR methodology using the four-year population growth factor for the Catawba County population age 65+ (Column I). Substituting this input further emphasizes the need for an additional OR for Catawba County in the 2024 SMFP. Graystone does not propose to change the revised OR methodology, rather this projection scenario is intended to support Graystone’s rationale for an adjusted need determination to include one additional OR in Catawba County in the 2024 SMFP.

Scenario - Table 6B: Projected OR Need for 2026

A	B	C	D	E	F	G	H	I	J	K	L	M	N
Service Area	License	Facility	IP Cases	IP Case Time	OP Cases	OP Case Time	Surgical Hours	65+ Growth Factor	Projected Surgical Hours	Projected Surgical ORs Required in 2026	Adjusted Planning Inventory	Deficit/ (Surplus)	OR Need
Catawba	AS0036	Graystone Eye Surgery Center	0	0	8,881	35	3,104	11.31%*	5,767	4.40	3	1.40	1

*Reflects the age 65+ projected population growth in Catawba County between 2022 and 2026.

¹ As documented on page 13 of Graystone’s 2023 License Renewal Application, during FY2022 6,303 surgical cases were paid for by Medicare & Medicare Managed Care (6,303 ÷ 8,881 = 70.97%).

² 2026 is the planning year utilized in the Proposed 2024 SMFP operating room need methodology.

Surgery Utilization at Graystone Eye Surgery Center

The following table summarizes Graystone’s historical surgical utilization during the past seven years.

Graystone Eye Surgery Center OR Utilization

	FY2017	FY2018	FY2019	FY2020*	FY2021	FY2022	5-Yr CAGR	FY2023**
GESC	6,369	7,162	7,526	7,014	8,533	8,881	6.88%	9,209

*Decreased utilization due to anomalous impact of COVID-19 pandemic

**Annualized based on eight months of data

Sources: 2019-2023 SMFP, Proposed 2024 SMFP, GESC internal data for current year

GESC’s FY2017 - FY2022 five-year compound average growth rate was 6.9%. Based on year-to-date FY2023 data, Graystone’s surgical case volume is projected to increase an additional 3.7% above the FY2022 total. OR access is limited at GESC. The facility’s OR capacity constraints are problematic from both an operational and a patient access perspective. For example, periodically Graystone’s operating rooms are booked ahead two to three months for surgery, which is not ideal for patients. Several surgeons are currently booked beyond 30 days for surgery. In addition, the recent and upcoming recruitment of additional physicians and optometrists will have a direct impact on surgical utilization and capacity constraints at GESC. Specifically, during the past six years, Graystone Eye added five surgeons to the practice, and is currently in discussions to add another surgeon later this year. During 2023 Graystone also added an optometrist, and anticipate hiring two more optometrists by 2024. These optometrists will manage many of the routine vision exams that are currently being done by the surgeons, which will subsequently free the surgeons to focus more on the medical and surgical aspects of ophthalmology. Thus, Graystone is and anticipates continuing to strain to provide surgeons with adequate surgical time at the surgery center. An additional surgical OR in the Catawba County service area will be well utilized by residents, and will help relieve strains on medical resources by creating more accessible services. Graystone knows that one additional operating room is needed in Catawba County to accommodate the current and future demand for ambulatory surgical services at GESC.

Catawba County Ambulatory Surgery Utilization Trends

Ambulatory surgical utilization in Catawba County has experienced the greatest increase in dedicated outpatient settings, i.e., ASFs. The following table summarizes ambulatory surgical utilization by surgical facility in Catawba County during the past six years.

Catawba County Ambulatory Surgical Utilization by Site

	Adjusted OR Planning Inventory	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	5-Yr CAGR
Graystone Eye Surgery Center	3	6,369	7,162	7,526	7,014	8,533	8,881	6.88%
Viewmont Surgery Center	3	3,089	3,188	2,986	2,311	2,669	3,266	1.12%
Frye Regional Medical Center	21	3,970	4,072	3,814	3,336	3,151	3,126	-4.67%
Catawba Valley Medical Center	12	5,059	5,148	5,399	5,080	5,646	6,209	4.18%
Total		18,487	19,570	19,725	17,741	19,999	21,482	3.05%

Source: 2019-2023 SMFP, Proposed 2024 SMFP

As shown above, ambulatory surgical cases performed in Catawba County have steadily increased during recent years, experiencing an overall five-year compound annual growth rate (CAGR) of 3.05%. Notably, as previously documented, GESCC's surgical volume experienced a 5-year CAGR of 6.88%. The comparatively high use of ambulatory surgery in Catawba County is evidence that one additional operating room in the Catawba County service area will be well utilized, and will improve access to care without unnecessary duplication of existing resources. However, the future growth of ambulatory surgical cases performed in Catawba County is severely limited by the availability of dedicated outpatient ORs in Catawba County. According to the Proposed 2024 SMFP, only six (6) of Catawba County's adjusted planning inventory of 39 ORs are located in an ASF, despite the fact that, as shown in the previous table, during FY2022 56.6% (12,147/21,482) of ambulatory surgical cases performed in Catawba County occurred at the two dedicated ambulatory surgical facilities.

Ambulatory Surgery Patient Migration

Outpatient Surgery Out-migration

The Division of Health Service Regulation (DHSR) Patient Origin Report shows that many Catawba County residents are leaving Catawba County to obtain ambulatory surgical services. The following table shows that during FY2021 (most recent data available), approximately 30.31% of Catawba County residents who had outpatient surgery obtained their surgery outside Catawba County. This is certainly problematic, a result that is inconsistent with the SMFP Access Basic Principle.

FY2021 Catawba County Ambulatory Surgery Patient Origin Report

Catawba		
Catawba	8519	69.69%
Mecklenburg	1018	8.33%
Iredell	637	5.21%
Forsyth	610	4.99%
Burke	423	3.46%
Caldwell	388	3.17%
Lincoln	108	0.88%
Gaston	105	0.86%
Durham	81	0.66%
Davie	54	0.44%
Buncombe	53	0.43%
Cabarrus	40	0.33%
Orange	35	0.29%
Davidson	32	0.26%
Watauga	32	0.26%
Guilford	15	0.12%
Wilkes	12	0.10%
Wake	11	0.09%
Henderson	10	0.08%
Union	6	0.05%
Cleveland	6	0.05%

Thursday, June 30, 2022

Source: DHSR 2022 Ambulatory Surgery Patient Origin Report by County of Origin

Preserving the status quo would result in increasing numbers of Catawba County residents to experience the inconvenience of having to travel outside the county to timely obtain

more cost-effective ambulatory surgery. This current situation does not adhere to SMFP goals to increase quality of care and access to affordable surgical services for North Carolina residents. The proposed OR adjusted need would directly address this deficiency, as it would enable a healthcare provider such as GESC to obtain a certificate of need to expand OR capacity within Catawba County, which would enable Catawba County residents to stay in their own county. Travel is a burden for patients and their caregivers, especially transportation post-surgery. Also, the elderly population does not like to travel at night or in bad weather conditions. Such driving concerns impact where (or if) a patient decides to receive care. Also, during this time of higher inflation, travel costs should certainly be considered when analyzing the most cost-efficient ways to provide healthcare services.

Outpatient Surgery In-migration

Catawba County is the medical hub for the western Piedmont region, and exhibits a high percentage of ambulatory surgery in-migration. According to the Division of Health Service Regulation (DHSR) Patient Origin Report, Catawba County serves thousands of ambulatory surgery patients from neighboring counties, particularly including Alexander, Avery, Burke, Caldwell, Lincoln, and Watauga. In fact, 57.4% (11,474/19,993) of all ambulatory surgery patients served in Catawba County were from out of state. As a specific provider example, GESC serves patients from a broad geographic catchment area, with 68% of patients originating from outside Catawba County.

The following tables summarize 1) the number of patients from other counties who travelled to Catawba County for ambulatory surgery, and 2) the percentage of ambulatory surgery patients from each county who obtain their surgery in Catawba County. Again, please note that FY2021 patient origin data is provided because the FY2022 DHSR patient origin reports were not available at the time this petition was submitted.

**Catawba County Ambulatory Surgery In-Migration
 Number of Out of County Patients Served in Catawba County**

Patient County of Residence	Ambulatory Surgery Patients Served in Catawba County, FY2021
Caldwell	2,660
Alexander	1,509
Lincoln	1,438
Burke	1,382
Watauga	634
Avery	478
Wilkes	389
Other	2,984
Total	11,474

Source: DHSR 2022 Ambulatory Surgery Patient Origin Report (by Destination)

**Catawba County Ambulatory Surgery In-Migration
 % of County Patients Served in Catawba County**

Patient County of Residence	% of County Ambulatory Surgery Patients Served in Catawba County, FY2021
Alexander	52.8%
Caldwell	36.9%
Avery	26.4%
Lincoln	23.4%
Watauga	21.1%
Burke	20.8%

Source: DHSR 2022 Ambulatory Surgery Patient Origin Reports (by Patient Origin)

This is strong evidence that many patients are leaving their county of residence to seek ambulatory surgical services in Catawba County. In fact, as a specific example, according to the 2022 DHSR patient origin report, more Caldwell County patients were served in Catawba County than were served in Caldwell County. This is likely because there is no ASF located in Caldwell County. These historical patient utilization patterns exemplify the vital role that ASFs serve in the continuum of healthcare services. Moreover, this patient origin data supports Graystone’s request for an adjusted need determination to include one additional OR in Catawba County. In doing so, increased surgery access may be expanded

for not only Catawba County residents, but also for residents of adjacent counties with a demonstrated use of Catawba County resources.

Efforts To Coordinate With Local Hospitals

As previously stated, the two ASFs in Catawba County have a total of only six licensed operating rooms. Frye Regional Medical Center (FRMC) has an adjusted OR planning inventory of 21 operating rooms, which are chronically underutilized, and Catawba Valley Medical Center (CVMC) has an adjusted OR planning inventory of 12 operating rooms. Regularly during the past six years, Graystone has proactively sought opportunities to access and maximize utilization of the existing licensed Catawba County operating room capacity. Productive efforts to explore any possible options for maximizing utilization of the existing OR inventory in Catawba County have yet to produce any feasible alternative.

Most recently, on May 31, 2023, Graystone's CEO, Sheree Watson, met with Phillip Greene, MD, the Chief Executive Officer of Frye Regional Medical Center, to discuss any possibilities for Graystone and FRMC to collaborate on OR utilization, specifically seeking a potential creative solution to expand cost effective access to outpatient surgical services for Graystone's patients with an arrangement that could also benefit the hospital. The discussion included potential consideration of Graystone purchasing an underutilized OR from the FRMC inventory; providing the hospital a financial return, and subsequently enabling Graystone to increase OR capacity at GESC to meet the needs of its patients. Graystone would then seek CON approval to relocate an existing hospital licensed OR to its licensed ASF. The conversation was extremely cordial, and Dr. Greene reached out to LifePoint, the ownership company for FRMC, to inquire about any possibilities. Dr. Greene indicated to Graystone that the LifePoint legal department could not determine a manner in which an FRMC OR could be shared or transferred. Thus, OR inventory collaboration with FRMC is not currently a viable alternative. However, Dr. Greene indicated he would support Graystone's efforts to increase its OR capacity.

Also, on June 15, 2023, Sheree Watson met with Dennis Johnson, Chief Executive Officer of Catawba Valley Medical Center, to hold a discussion similar to that with FRMC, seeking any potential means to collaborate to expand cost effective access to outpatient surgical services for Graystone's patients. This also was a friendly conversation, and Mr. Johnson noted that CVMC considers that it is using its licensed operating rooms at high capacity, and thus does not envision how any of its hospital operating room inventory could be shared with or transferred to GESC or a joint venture ASF. Mr. Johnson also voiced his support for Graystone's efforts to increase its OR capacity.

Thus, in advance of this adjusted need petition, Graystone’s proactive efforts to explore possible options for maximizing utilization of the existing hospital OR inventory in Catawba County have not produced tangible results. When contemplating potential alternatives, it is imperative to again acknowledge that there are significant differences in the out-of-pocket costs for patients who have surgery in an ASF compared to patients that have surgery in a hospital. As previously described, the Centers for Medicare & Medicaid Services (CMS) is the payor source for the vast majority of GESC’s surgical cases. Medicare payments to ASFs are lower than Medicare payments to Hospital Outpatient Departments (HOPDs) for all ambulatory surgical procedures. Currently, Medicare pays ASFs approximately 53% of the amount paid to hospital outpatient departments for performing the same services.³ Specifically, Medicare pays hospitals \$2,079 for performing an outpatient cataract surgery (CPT Code 66984 intraocular lens (IOL) insertion) while paying GESC just \$1,019 for performing the same surgery. In addition, patients typically pay less coinsurance (out-of-pocket) for procedures performed in an ASF than for comparable procedures in a hospital setting. For example, a Medicare beneficiary could pay as much as \$415 in coinsurance for a cataract extraction procedure (facility fee only, excludes physician professional fee) performed in a hospital outpatient department, whereas that same beneficiary's copayment at GESC is just \$204. Please see the cost comparison in the following table.

CPT Code 66984 Cost Comparison: GESC v. Hospital Outpatient Department

	Patient Out-of-Pocket Cost		Medicare Cost	
	ASC Co-pay	HOPD Co-Pay	Total Procedure Cost ASF	Total Procedure Cost HOPD Facility Fee Only
IOL Insertion (Cataract Surgery)	\$204	\$415	\$1,019	\$2,079

Sources: Graystone Eye Ambulatory Surgery Center and Medicare.gov

The out-of-pocket patient costs for co-pays (or co-insurance) represents a real additional out-of-pocket expense for patients. This fundamental difference in costs between ASFs and hospitals is a driving factor that determines where ambulatory surgery patients choose to have their surgery. This fundamental difference is also why Graystone is unable to utilize available hospital-based OR capacity for most outpatient surgical cases. Graystone’s patients choose the cost-effective ASF setting for their surgical services. This demonstrates how the only reasonable alternative for GESC at this time is to petition the SHCC for an adjusted need determination to include one additional operating room in Catawba County in the 2024 SMFP.

³ www.ascassociation.org/advancingsurgicalcare/reducinghealthcarecosts/paymentdisparitiesbetweenascsandhopds

Statement of Adverse Effects on Providers and Consumers of no Adjusted Need Determination

Approval of this petition will result in enhanced access to local surgical services: to the contrary, non-approval of this petition would have an adverse impact on Catawba County residents. Maintaining the status quo would negatively affect access, value and quality of care for residents of Catawba County who need ambulatory surgical services. The most obvious adverse effect of failure to approve this petition is that the current need for additional ambulatory surgical operating room capacity in Catawba County would remain unmet. Without approval of this petition, Catawba County patients, including the large 65+ cohort, would continue to experience delays in treatment and access to timely, appropriate, and convenient local care. Graystone Eye Surgery Center continues to operate above practical capacity, as demand for ambulatory surgical services continues to increase each year. Without an adjusted need determination, GESC would not have an opportunity to seek CON approval for an OR expansion, and would continue to be limited in its ability to provide local access for outpatient surgical services. The demand for outpatient surgical services in Catawba County is growing, and already, more than 30% of Catawba County residents leave the county to obtain ambulatory surgical services.

Non-approval of this petition would also have an adverse impact on quality of care. ASFs such as GESC are rated highly by both patients and providers. Patient's benefit from lower cost, greater convenience and accessibility, good safety record, reduced stress and time, and predictable scheduling. Providers are pleased with the control over staff and scheduling, and the potential to leverage this control to create organized processes to improve the quality and efficiency of care.

A third adverse impact would be to value, because patient and total healthcare costs are typically lower for care provided in ambulatory surgery centers when compared to other healthcare settings. As previously stated, Medicare pays ASFs approximately 53% of the amount paid to hospital outpatient departments for performing the same services.

Statement of Alternatives to this Petition

Graystone considered three alternatives to submitting this adjusted need petition:

- Maintain the status quo and await a future SMFP need determination via the standard methodology,

- Maintain the status quo and wait for implementation of House Bill 76 (exempting ambulatory surgical centers from certificate of need review if located in a county with a population in excess of 125,000),
- Request a larger need determination.

Maintaining the status quo is not an option because the lack of a need determination for an additional operating room in Catawba County limits currently needed enhanced local access to cost-effective outpatient surgery services. As previously stated, GESC continues to operate above practical capacity, having performed nearly 9,000 cases in CY2022, and on pace to perform over 9,200 cases in FFY2023. GESC has an immediate need for additional licensed OR capacity, which cannot wait until 2025. The need for an additional operating room to serve patient demand is now. The only reasonable alternative for GESC is to submit this petition for an adjusted need determination for one additional operating room in Catawba County. GESC is pursuing this course because it is the most direct and timely solution to address the OR capacity need in Catawba County.

Alternatively, Graystone could have petitioned for two operating rooms. However, Graystone considers that one additional operating room is sufficient to meet the Catawba County need at this time. One additional operating room would adequately expand the capacity of our efficient and cost-effective ambulatory surgery center.

Evidence that the Proposed Change Would not Result in Unnecessary Duplication of Health Resources in the Service Area

Graystone considers that the adjusted need determination proposed in this petition will not result in unnecessary duplication of health resources in the area. In this petition, Graystone has quantitatively established that Catawba County residents will benefit from an additional ambulatory surgical operating room. The chronically underutilized operating rooms at Frye Regional Medical Center are resulting in the SMFP OR methodology determining no need for additional operating rooms in Catawba County. Yet demand for ambulatory surgical services is increasing among Catawba County residents, as previously shown in this petition. If the capacity constraint at GESC is not relieved, Catawba County residents will increasingly be forced to travel to another county for outpatient surgical care. As demonstrated in the letters of support accompanying this petition (Attachments), Catawba County physicians and referring providers recognize the need for an expanded inventory of dedicated outpatient operating rooms, and are supportive of this petition. Thus, an additional operating room will be well supported by the Catawba County service area.

Evidence that the Proposed Change is Consistent with the Basic Principles Governing the Development of the SMFP (Safety and Quality, Access & Value)

This adjusted need petition is consistent with the SMFP's three Basic Principles, which are:

Safety & Quality

In the SMFP, the Safety and Quality Basic Principle includes the following statements:

“priority should be given to safety, followed by clinical outcomes, followed by satisfaction. . . As experience with the application of quality and safety metrics grows, the SHCC should regularly review policies and need methodologies and revise them as needed to address any persistent and significant deficiencies in safety and quality in a particular service area.”

An additional OR in Catawba County would improve upon the safety and quality of surgical care available locally in Catawba County, enabling local patients to timely obtain high quality, specialty outpatient surgical care closer to home. ASFs are well-recognized for providing safe patient care at lower cost to patients and payors. Ambulatory surgical facilities are required to meet certain standards determined by the federal and state governments to ensure patient safety and satisfaction, including steps to reduce infection rates. Because ASFs such as GESC specialize in the procedures they perform, they are able to concentrate on patient safety and the patient experience, and have an excellent record of safety and quality outcomes for patients. A freestanding ASF enables more consistent staffing to build a surgical team dedicated to a particular specialty and its procedures and protocols, thereby creating maximum staff efficiency and productivity. An ASF provides coordinated, efficient treatments that offer high quality of care. Just like in hospital operating rooms, the surgeons, nurses and medical professionals in ASFs follow a specific set of protocols and procedures that consistently lead to excellent results for surgical patients. When it comes to the emphasis placed on patient safety, there is no difference between a hospital and an ambulatory surgical facility.

Graystone Eye Surgery Center is licensed annually by the State of North Carolina, and because it serves Medicare beneficiaries, GESC is certified by the Centers for Medicare & Medicaid Services. In order to maintain licensure and certification, GESC complies with governmental safety and quality standards, and GESC must demonstrate compliance with these state and federal standards on an ongoing basis. In addition to state and federal inspections, Graystone voluntarily seeks accreditation by an independent accrediting organization, the Accreditation Association for Ambulatory

Health Care (AAAHC). The facility meets specific standards during on-site inspections by AAAHC to maintain accreditation. AAAHC requires GESC to engage in external benchmarking, which enables the facility to compare its performance to the performance of other ASFs.

Access

In the SMFP, the Access Basic Principle includes the following statements:

“Equitable access to timely, clinically appropriate and high-quality health care for all the people of North Carolina is a foundational principle for the formulation and application of the North Carolina State Medical Facilities Plan. Barriers to access include . . . geography . . . The formulation and implementation of the Plan seeks to reduce all of these types of barriers to timely and appropriate access. . . . The SHCC planning process will promote access to an appropriate spectrum of health services at a local level, whenever feasible, under prevailing quality and value standards.”

Additional OR capacity is needed in Catawba County to provide sufficient access to surgical services for Graystone’s patients, and to meet the projected growth in service area population previously described. If this petition is approved, access will be improved, as a new surgical operating room will be available to patients in Catawba County. Surgical procedures will be more readily accessible, including for the medically underserved. Expanded OR capacity at GESC would help to reduce travel to distant, out-of-county outpatient surgery centers, which is a burden on patients and their families, especially the elderly.

Value

In the SMFP, the Value Basic Principle includes the following statements:

“The SHCC defines health care value as the maximum health care benefit per dollar expended. . . Cost per unit of service is an appropriate metric . . . Long-term enhancement of health care value will result from a State Medical Facilities Plan that promotes a balance of competition and collaboration and encourages innovation in health care delivery. The SHCC encourages the development of value-driven health care.”

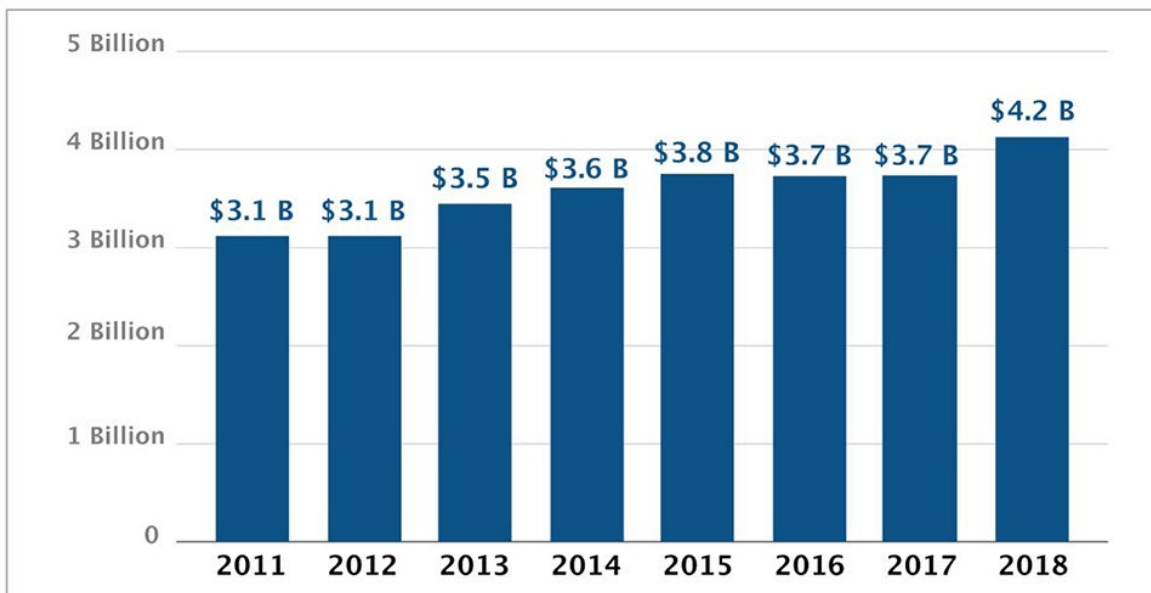
Even in today’s divisive political environment, there is at least one important area of consensus among policymakers: the threat posed by rising health care costs to both the national economy and the federal and state governments’ balance sheets. This concern is particularly acute in the Medicare program, where costs are expected to continue to rise dramatically. Burgeoning health care costs are certain to be near the top of policymakers’ agenda for years to come.

The proposed adjusted need determination for one additional OR will enhance value. As previously discussed, costs and charges are lower in a freestanding, non-hospital-

based ASF setting than a hospital outpatient department. Freestanding surgical centers are more cost effective for insurance companies and for patients because they do not have the higher overhead costs of hospitals. In fact, the cost of a procedure at a surgical center is typically 45-60 percent less than the same procedure in a hospital setting, thus benefiting patients, insurers, and taxpayers. In particular, in the experience of Graystone physicians and administrators, surgery patients do not want to pay hospital rates for ambulatory surgery, and/or are directed by insurance companies to ASF locations. Contemporary outpatient surgery patients are more price competitive, and shop for the best value. With ASFs demonstrating quality results equivalent to those in hospital surgery departments, these patients are thus primarily seeking the lowest deductible possible for their outpatient surgery.

With more than 5,900 Medicare-certified facilities in the United States, ASFs perform an estimated 22.5 million procedures each year. The cost to both Medicare and the patient is lower in ASFs than in hospital outpatient surgery departments. On average, Medicare saves more than \$4.2 billion annually when surgical procedures are performed at ASFs instead of hospital outpatient departments (HOPDs). An analysis of actual Medicare claims data released in 2020 by health economics and policy consulting company KNG Health Consulting, LLC, shows that ASFs reduced Medicare costs by \$28.7 billion from 2011 through 2018 and projects that ASFs can be expected to reduce Medicare costs by an additional \$73.4 billion from 2019 to 2028. In 2018 alone, that analysis shows, and as portrayed in the following table, Medicare savings tied to ASFs totaled \$4.2 billion.⁴

Annual Medicare Savings Generated by Ambulatory Surgical Facilities in the United States



⁴ Reducing Medicare Costs by Migrating Volume from Hospital Outpatient Departments to Ambulatory Surgery Centers, King Health Consulting LLC, Ambulatory Surgery Center Association, October 2020

Accordingly, patient co-pays are also significantly lower when care is received in an ASF. Likewise, Medicaid and other insurers benefit from lower prices for services performed in the ASF setting. Private insurance companies tend to save similarly, which means employers also incur lower health care costs when employees utilize ASF services. For this reason, both employers and insurers are continuing to explore ways to incentivize the movement of patients and procedures to the ASF setting. In 2016, Healthcare Bluebook™, a national provider of quality and cost data for healthcare services, analyzed commercial medical-claims data, and found that U.S. health care costs are reduced by more than \$38 billion per year due to the availability of ASFs as an alternative, high quality setting for outpatient surgical procedures. The study also concluded that ASF patients' out-of-pocket costs are reduced by more than \$5 billion annually through lower deductible and coinsurance payments.⁵

The Medicare Payment Advisory Commission (MedPAC) states in its March 2023 Medicare Payment Policy report, *"The volume of ASC surgical procedures per FFS beneficiary rose in 2021. . . . For patients, ASCs can offer more convenient locations, shorter waiting times, lower cost sharing, and easier scheduling relative to HOPDs. ASCs also offer physicians specialized staff and more control over their work environment."*⁶

With healthcare expenses always a concern for patients and payors, and with outmigration for outpatient surgical procedures increasing for Catawba County residents, patients should be provided the opportunity to receive affordable care closer to home in an ASF setting. By adding an adjusted need determination for one OR in Catawba County in the 2024 SMFP, an opportunity would be created for expansion of GESC to enhance access to more cost-effective ambulatory surgical care.

Thus, this project is consistent with the SMFP's basic principles for healthcare planning.

Summary

Graystone Eye Surgery Center supports the State Health Coordinating Council and the planning process for development of the annual State Medical Facilities Plan. However, unique circumstances exist in Catawba County which merit an adjustment. GESC appreciates the SHCC's consideration of this petition, and respectfully requests an adjusted operating room need determination in the 2024 SMFP, to include one additional operating room for Catawba County. Approval of the petition will, in the near term, ensure adequate local access to ambulatory surgical services, and will bolster quality of care and cost effectiveness for local residents in need of outpatient surgery.

⁵ www.ascassociation.org/asca/aboutus/pressroom/2016/ascs-reduce-outpatient-surgery-costs-for-commercially-insured-patients-by-38-billion-annually

⁶ www.medpac.gov/wp-content/uploads/2023/03/Ch5_Mar23_MedPAC_Report_To_Congress_SEC.pdf

Attachment A: Physician Letters of Support



Board Certified Ophthalmologists

T. Reginald Williams, MD
James W. Harris, Jr., MD
R. E. (Trey) Oursler, III, MD
Richard I. Chang, MD
Brian C. Adair, MD
Roderick N. Hargrove, MD, FACS
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June 12, 2023

John E. Young
Chair, Acute Care Services Committee
State Health Coordinating Council
2704 Mail Center Service
Raleigh, NC 27699-2704

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Sincerely,

James W. Harris, Jr., MD



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Christopher P. Tanzie, MD, PhD

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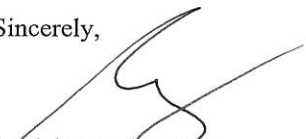
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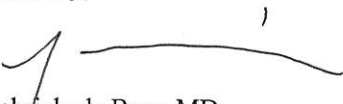
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Jennifer Lira, MD*

June 12, 2023

John E. Young
Chair, Acute Care Services Committee
State Health Coordinating Council
2704 Mail Center Service
Raleigh, NC 27699-2704

Corneal Service

Richard I. Chang, MD

Glaucoma Service

*James W. Harris, Jr., MD
Ryan J. Wise, MD*

iLASIK/Refractive Service

R. E. (Trey) Oursler, III, MD

Oculoplastics Service

Roderick N. Hargrove, MD

Vitreo Retinal Service

*T. Reginald Williams, MD
Patrick J. Kely, MD*

Surgery Center

Post Office Box 3528
Hickory, NC 28603

2424 Century Place SE
Hickory, NC 28602
(828) 304-6705

Hickory Office

Post Office Box 2588
Hickory, NC 28603

2424 Century Pl SE
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(828) 322-2050

Lenoir Office

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Lenoir, NC 28645
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Lincolnton Office

2311 East Main Street
Lincolnton, NC 28092
(704) 732-3796

Boone Office

2640 Hwy 105, Suite 102
Boone, NC 28607
(828) 262-1554

Dear Mr. Young:

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Sincerely,

Jennifer Lira, MD



Board Certified Ophthalmologists

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Sincerely,

Ralph E. Oursler, III, MD



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June 12, 2023

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Sincerely,

Ryan J. Wise, MD



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June 12, 2023

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Chair, Acute Care Services Committee
State Health Coordinating Council
2704 Mail Center Service
Raleigh, NC 27699-2704

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Sincerely,

Brian C. Adair, MD



Board Certified Ophthalmologists

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Sincerely,

Roderick N. Hargrove, MD

Attachment B: Optometrist Letters of Support



Board Certified Ophthalmologists

*T. Reginald Williams, MD
James W. Harris, Jr., MD
R. E. (Trey) Ourster, III, MD
Richard I. Chang, MD
Brian C. Adair, MD
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June 13, 2023

John E. Young
Chair, Acute Care Services Committee
State Health Coordinating Council
N.C. Department of Health and Human Services
2704 Mail Center Service
Raleigh, NC 27699-2704

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Dear Mr. Young:

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Since the establishment of its ambulatory surgery center in 2008, Graystone Eye Surgery Center has augmented its reputation for delivering quality and superior patient care. The surgical services that Graystone offers are much needed in this community.

For these reasons, I support Graystone Eye Surgery Center's petition, and encourage you to approve their request.

Sincerely,

Heather H. Day, OD



PEAK EYE CARE

Rick D. Bartlett, OD

J. Robert Grigsby, OD

T. Keith Boan, OD

Joseph I. Sie, OD

Raphael D. Weeks, OD

Andrew R. Treece, OD

Mark R. Phebus, OD

June 9, 2023

John E. Young Chair, Acute Care Services Committee
State Health Coordinating Council N.C.
Department of Health and Human Services
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Raleigh, NC 27699-2704

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Thomas Keith Boan, O.D.

843 N. Center Street
Statesville, NC 28677
(704) 878-2660
www.eyecarestatesville.com

2120 Statesville Blvd.
Salisbury, NC 28147
(704) 636-0559
www.eyecaresalisbury.com

1060 Lenoir Rhyne Blvd.
Hickory, NC 28602
(828) 328-3900
www.eyecarehickory.com

Bartlett, Grigsby, Boan & Associates, O.D., P.L.L.C.



6/12/2023

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Chair, Acute Care Services Committee
State Health Coordinating Council
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A handwritten signature in black ink, appearing to read 'Me & Jones', written in a cursive style.



6/12/2023

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State Health Coordinating Council
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Sincerely,

Emmy L. Sauer, O.D.

ADVANCED
FAMILY EYE CARE

June 12, 2023

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Sincerely,



Catie Earl, OD
Optometrist, Advanced Family Eye Care

ADVANCED
FAMILY EYE CARE

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Sincerely,



Mike Assell, OD

Optometrist, Advanced Family Eye Care

ADVANCED
FAMILY EYE CARE

June 12, 2023

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Chair, Acute Care Services Committee
State Health Coordinating Council
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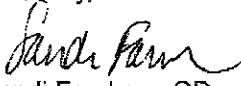
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Sandi Farnham, OD
Optometrist, Advanced Family Eye Care

ADVANCED
FAMILY EYE CARE

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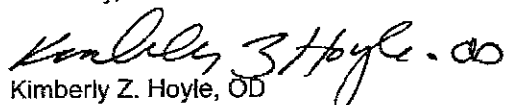
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Since the establishment of its ambulatory surgery center in 2008, Graystone Eye Surgery Center has augmented its reputation for delivering quality and superior patient care. The surgical services that Graystone offers are much needed in this community.

For these reasons, I support Graystone Eye Surgery Center's petition, and encourage you to approve their request.

Sincerely,



Kimberly Z. Hoyle, OD
Optometrist, Advanced Family Eye Care

ADVANCED
FAMILY EYE CARE

June 12, 2023

John E. Young
Chair, Acute Care Services Committee
State Health Coordinating Council
N.C. Department of Health and Human Services
2704 Mail Center Service
Raleigh, NC 27699-2704

Re: Petition for adjusted need determination for one additional operating room in Catawba County in the 2024 State Medical Facilities Plan

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Sincerely,



Megan Boughman, OD
Optometrist, Advanced Family Eye Care

Danny J. Payne, OD

PG Box 988
525 West Park Circle
N. Wilkesboro, NC 28659

Phone: 336-838-5852
Fax: 336-838-8793

June 12, 2023

John E. Young
Chair, Acute Care Services Committee
State Health Coordinating Council
N.C. Department of Health and Human Services
2704 Mail Center Service
Raleigh, NC 27699-2704

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Sincerely,



Wilkes Optometric Eye Care Center
Dr. Gary C Nash
316 Main Street
North Wilkesboro, NC 28659
Tele: (336) 838-4801 * Fax: (336) 838-0938

June 13, 2023

John E. Young
Chair, Acute Care Services Committee
State Health Coordinating Council
N.C. Department of Health and Human Services
2704 Mail Center Service
Raleigh, NC 27699-2704

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Sincerely,



Gary C. Nash, OD



June 12, 2023

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Chair, Acute Care Services Committee
State Health Coordinating Council
N.C. Department of Health and Human Services
2704 Mail Center Service
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Sincerely,

Michelle Woo, OD.
Michelle Woo
NC 2504



CAROLINA EYE CARE

Scott Nishek, OD Matt Motteleer, OD, FAAO Stacy Trego, OD Michael Watt, OD

6/13/2023

John E. Young
Chair, Acute Care Services Committee
State Health Coordinating Council
N.C. Department of Health and Human Services
2704 Mail Center Service
Raleigh, NC 27699-2704

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Sincerely,

231 North Generals Blvd.
Lincolnton, NC 28092
Phone (704) 735-7101
Fax (704) 735-3919

www.carolinaeyecarenc.com

623 Hwy. 16 North
Denver, NC 28037
Phone (704) 483-2205
Fax (704) 483-0130

**ASHE OPTOMETRIC EYE CARE CENTER, P.A.**

P.O. BOX 1477
306 JEFFERSON AVE.
WEST JEFFERSON, N.C. 28694
(336) 246-8863

JOHN O. RYAN, O.D., F.A.C.C

June 9, 2023

John E. Young
Chair, Acute Care Services Committee
State Health Coordinating Council
N.C. Department of Health and Human Services
2704 Mail Center Service
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