

Paul Parker
Director, Center for Health Care Facilities Planning & Development
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

April 3, 2017

RE: COMAR 10.24.11 State Health Plan Chapter for Facilities and Services: General Surgical Services

Dear Mr. Parker,

On behalf of the Anne Arundel Medical Center, we appreciate the opportunity to comment on the Maryland Health Care Commission's proposed revisions to the State Health Plan for General Surgical Services affecting the establishment of Physician Office Surgery Centers (POSCs) and Ambulatory Surgical Facilities (ASFs).

We also appreciate the opportunity to provide input through the workgroup established by Eileen Fleck that discussed the proposed revisions and applaud the Commission's efforts to improve efficiency in the CON process. We support the MHCC's proposed changes to the General Surgical Services State Health Plan and believe that these changes will increase efficiency and flexibility of providing surgical services in the State.

There are two areas that AAMC would like to see addressed differently in the revisions: the capacity and time requirements when using a CON exemption to convert one OR POSCs to two OR ASFs and second, flexibility for hospitals.

AAMC questions the need for the time and capacity requirements for adding a 2nd OR to a one room POSC. Since these facilities are unregulated, the decision to add capacity and take on financial risk by adding a second OR is purely a business decision by the owners. The risk is borne by the owners/physicians and not by the State. Physicians are allowed to open one OR POSCs now and all agree that a 2 OR ASCs can be much more efficient than a one OR facility. This is true even if the ORs are not running at or near capacity. Additionally, since many of these one room facilities are owned by smaller physician groups, adding just one more surgeon may push the demand for OR time well beyond the 80% threshold but they may be below the threshold before adding that surgeon. Most of the one room POSCs in the State have been in operation for more than a year already and again, we believe the decision to add a second OR should not be delayed by needing to meet a time or capacity standard.

Additionally, the workgroup discussed the possibility of hospitals being allowed to move two ORs from regulated space on campus to unregulated space using the CON exemption. However, no such change is being proposed as a revision to the SHP. We believe that flexibility should be provided to hospitals in the same manner as is being proposed for POSCs. The decision to move or deregulate ORs is a business decision. Hospitals that are seeing increased demand for surgical

services are particularly constrained by GBR and the need for CONs to more efficiently use on campus space and move surgical services to a less expensive setting. A change in the SHP that enabled hospitals to make this change using the CON exemption would benefit the entire system (from a cost perspective) and improve the patient experience. The argument heard in the workgroup against such a change was that it would introduce “duplicative costs” and proponents of this argument asked that hospitals be required to attempt to collaborate with existing facilities owners before being granted CONs for ASCs. Currently, POSCs operate without rate regulation by the HSCRC in a free market system. POSC/ASF owners currently compete with other POSCs and ASFs. It seems unfair to place a burden on hospitals that POSCs are not also subjected to. The proposed changes effectively allow the opening of a two OR POSC within a year while a hospital would still have to apply for a CON to achieve the same result. The workgroup recognized the need for a hospital converting to an FMF to maintain some outpatient surgical capacity by allowing the exemption to the CON process to move two ORs to non-regulated space. We believe that using the CON exemption process for hospitals desiring to move two ORs from regulated space to non-regulated space will also increase efficiency in the process.

Thank you for your consideration of AAMC’s comments.

Sincerely,
Josh

Joshua E. Jacobs
Vice President, Strategic Planning and Marketing/Communications



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