

# **AMEND CON LAW TO ALLOW OPHTHALMIC PROCEDURE ROOMS IN LICENSED HEALTH SERVICE FACILITIES**

**March 15, 2012      Raleigh, NC**  
**Jonathan Christenbury, MD**

**Presented to NC House Select Committee on  
CON Process & Related Hospital Issues**



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# **Change CON Law to Allow Ophthalmic Procedure Rooms in a Licensed Health Service Facility**

- 1) Provide opportunities to submit CON applications to develop new ophthalmic procedure rooms in licensed ambulatory surgical facilities with no need determinations or need methodology in the State Medical Facilities Plan (“SMFP”)**
- 2) Allow a specified time for existing ophthalmic procedure rooms in physician offices to seek licensure as ambulatory surgical centers without having to obtain CON approval**
- 3) Develop definitions and facility standards for ophthalmic procedure rooms**
- 4) Remedy the CON appeals process to eliminate / reduce appeals**



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# **Previous Change in CON Law**

**In August of 2005, the General Assembly amended N.C.G.S. 131E-178(a) to allow:**

- 1) CON applications for gastroenterology procedure rooms based on specific requirements**
- 2) No need methodology and no need determinations for gastroenterology procedure rooms in the SMFP**
- 3) Gastrointestinal endoscopy rooms located in a nonlicensed setting could, for a limited time period, seek to obtain a license without having to obtain CON approval**



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## **Allow ophthalmic procedure rooms in licensed facilities in the similar manner as CON law allows gastrointestinal procedure rooms in licensed ambulatory surgical centers**

- **No CON required to provide ophthalmic procedures in existing office settings**
- **No need formula in future years' State Medical Facilities Plans**
- **CON applications for new ophthalmic rooms have to meet specific criteria:**
  - **Obtain accreditation**
  - **Provide access to Medicaid, Medicare and charity care patients**
  - **Meet a utilization standard of 1500 procedures per room per year**
  - **Provide quality assurance and surgical safety standard policies**
  - **Provide written medical staff credentialing standards**
  - **Commit to reporting procedure volumes in the annual facility license reports**



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## **Rationale for Change:**

- **Ophthalmic surgeons should receive the same treatment under CON law as gastroenterologists because the procedures performed by both specialists are ideally suited to ambulatory surgical facilities ( high volume, minimally invasive, low risk, short duration, minimal anesthesia / sedation)**
- **Under the current regulations there are no CON opportunities for physicians to develop ophthalmic ambulatory surgery centers in North Carolina**
- **Ophthalmic surgery can safely be performed in procedure rooms as this is already standard practice at some hospitals**
- **Ophthalmic procedures are 99.8 percent outpatient as compared to 86.1 percent for GI endoscopy procedures**
- **Rates of adverse events for ophthalmic procedures are extremely low**



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## Rationale for Change:

- Medicare (national data) reported ASC procedures

**2008   Cataract 18.3%                      GI 7.9%**

**2009   Cataract 20.6%                      GI 7.9%**

***Source: US Dept of HHS Report Congress, 2011***

*www.cms.gov/ASCPayment/...*

- Incidence of Cataract \*

- Affects 22 million Americans > 40 (17.2%)
- Will increase to 30.1 million by 2020
- By age 80 > 50% will have diagnosis of cataract
- Estimated cost \$6.8 billion annually

***Source: Prevent Blindness America, NIH, CDC***



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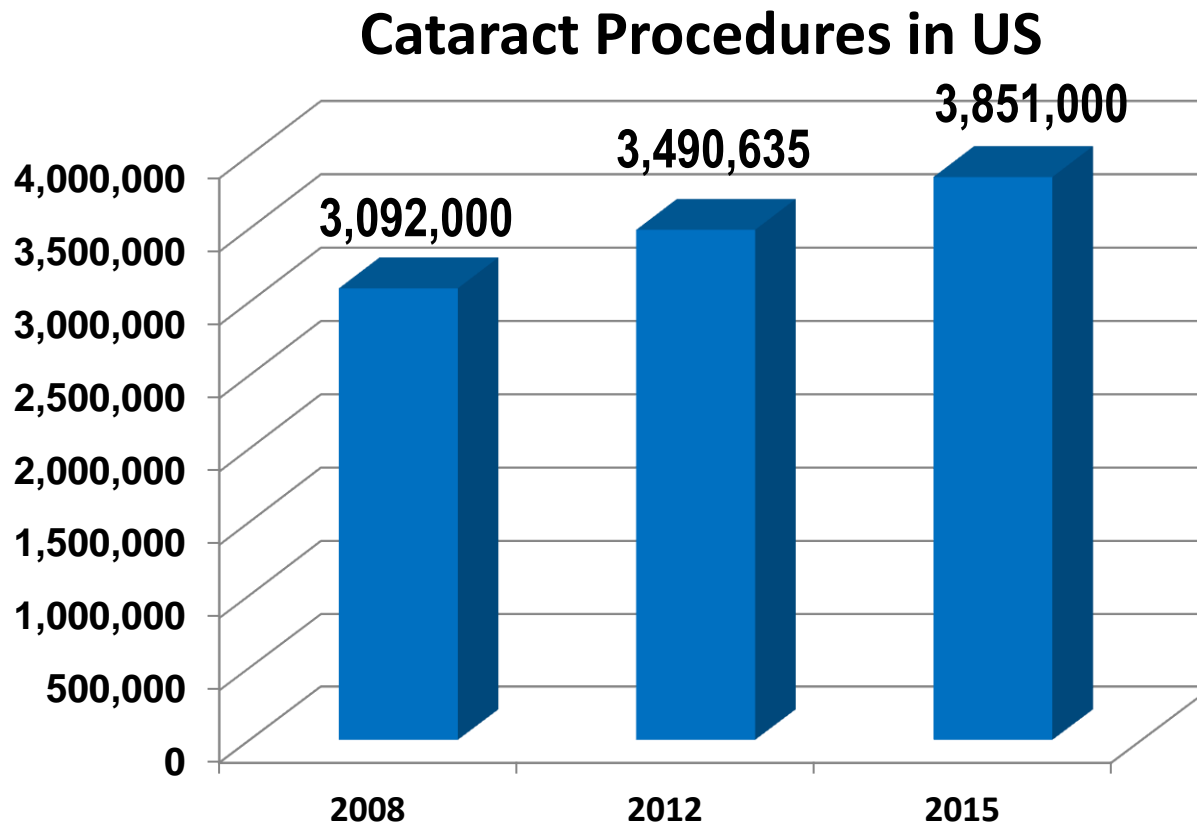
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# Rationale for Change:

## Increasing demand for cataract procedures



**Source: Demand for Ophthalmic Services and Ophthalmologists – A Resources Assessment**  
**Research Commissioned by Carl Zeiss Meditec**



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## Rationale for Change:

- **A shortfall in the number of ophthalmologists compared to demand for services will occur in the next 7 years due to retiring ophthalmologists, fewer trainees and increased demand for services**
- **Increasing productivity by at least 17.3% is needed to respond to this shortfall of resources** (*Demand for Ophthalmic Services and Ophthalmologists – A Resources Assessment; 2009 Research Commissioned by Carl Zeiss Meditech*)
- **Changing the CON law to allow ophthalmic procedure rooms will improve physician productivity and help recruit more ophthalmologists in future years**



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## Additional Justification:

- **High volume of ophthalmic procedures combined with growing demand as the population ages (top procedure: cataract extraction with IOL )**
- **Patient charges and reimbursement for ophthalmic procedures in ambulatory surgery centers are much lower than in hospitals**

	Charlotte Area - Average List Price	
Compare Average Facility Charges	ASCs	Hospitals
Cataract Surgery with IOL	\$3,500-\$3,600	\$4,500-\$8,500
<a href="http://www.newchoicehealth.com">www.newchoicehealth.com</a>		
Compare Medicare Reimbursement	ASCs	Hospitals
Cataract Surgery with IOL	\$952.83	\$1,667.18
Compare Medicare Copayment	ASCs	Hospitals
Cataract Surgery with IOL	\$190.57	\$488.94



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# **Benefits to North Carolina Citizens:**

- **Cost savings of at least \$300 per patient due to lower copayments**
- **Cost savings of \$700 to \$1500 per procedure (\$1100 average) for Medicaid, Medicare, State Employees Health Plan and Commercial Insurance as more patients will have the option of obtaining ophthalmic procedures in a licensed ambulatory surgical center instead of the higher cost hospital setting**



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## **Estimated Savings to the Healthcare System:**

- **The use rate for ophthalmic surgery of approximately 237.6 procedures / 10,000 population based on the 2006 National Ambulatory Surgery Survey which includes hospitals and freestanding ASCs.**
- **235,000 procedures / year in NC for the 2012 population  
302,000 procedures / year in NC for the 2020 based on 2 percent increase in use rate and population growth**
- **30 ophthalmic procedure rooms operating at 1500 annual procedures can serve 45,000 procedures annually which is less than 20% of the 2012 total utilization**
- **\$49,500,000 annual cost savings based on the \$1,100 savings per procedure**



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## **Additional Benefits:**

- **Eight operating rooms located in ASCs in Mecklenburg were recently converted to the more costly hospital-based outpatient ORs; some of these rooms were used for ophthalmic surgery**
- **The proposed change would help reverse the trend of hospitals acquiring existing ambulatory surgery centers and converting these operating rooms from freestanding ASC rooms with lower charges and reimbursement to become hospital-based operating rooms with unreasonably high charges**
- **Improve patient access due to greater availability of ophthalmic surgery procedure rooms**
- **Enhance competition and patient choice**
- **Allow ophthalmology procedures to be performed in a highly specialized patient-centered and physician-directed licensed facility**



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# Thank you



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