ACADEMIC MEDICAL CENTERS AND THE CERTIFICATE OF NEED LAW
Academic Medical Centers and the CON Law

Key Points

• Academic Medical Centers (AMC’s) provide a unique and vital service for North Carolina citizens

• Policy AC-3 (the AMC exemption) is not exemption from all Certificate of Need requirements and is limited to individual AMCs
AMCs – Unique & Vital Service

AMCs
- Pitt County Memorial Hospital, Greenville
- Duke University Hospital, Durham
- UNC Hospitals at Chapel Hill, Chapel Hill
- Wake Forest Baptist Health, Winston-Salem

Medical School
- Brody School of Medicine at ECU
- Duke University School of Medicine
- UNC-Chapel Hill School of Medicine
- Wake Forest University School of Medicine
AMCs – Unique & Vital Service

• NC’s four medical schools host 1831 medical students
• Over 80% of the medical residents in North Carolina are trained at the four AMCs
• AMC teaching activities are critical to the education of the state’s healthcare providers.
  • Nearly 40% of NC medical school graduates practice in our state
  • Over 40% of physicians who did their residency in NC stay in state
  • 59% of Brody School of Medicine’s (BSOM) graduates practice in NC
  • 28% of BSOM graduates practice in rural North Carolina
  • 4,477 UNC-CH School of Medicine medical students and residents practice in NC
AMCs provide unique clinical education and training, including:

- Full-time clinical education for 3rd & 4th year medical students
- Full-time clinical training for residents of many clinical specialties
- Full-time clinical training for nurses, physician assistants and medical technicians
- Basic science research
- Clinical research that results in advancements in clinical care, clinical trials and treatment protocols

AMCs have integrated research, teaching and clinical missions

- Clinical services are needed to train learners and conduct clinical research
- Clinical operating margins defray the unfunded cost of research and education
Policy AC-3 is only available under defined circumstances:

• Bona fide academic need
  – Academic accreditation requirements
  – Documented expansion of research activities
  – Documented expansion of students or residents
  – Equipment necessary for the recruitment or retention of faculty

• Demonstration that other non-AMCs within 20 miles cannot meet the need, after consultation regarding possible collaboration
Why is AC-3 Needed?

• Research and education needs are not reflected in the regular need methodologies of the State Medical Facilities Plan.

• AMC’s need flexibility to submit CON applications to accommodate:
  • Approved expansions of residency programs
  • Newly won research funds
  • Changes in requirements of specialty education accrediting bodies
Examples of AC-3 Projects

• Duke acquired a dedicated pediatric heart-lung bypass machine to support research, teaching, and clinical service in pediatric open-heart surgery

• UNC was approved to acquire a linear accelerator solely dedicated to intra-operative use to support research, teaching, and clinical needs related to particular oncology patients.

• Baptist has an MRI and PET/CT simulator obtained through Policy AC-3 for the exclusive use of radiation oncology treatment planning and related research and education

• Pitt County Memorial Hospital added 20 pediatric and traumatic brain injury rehabilitation beds to provide specialty training to physical medicine and rehab residents (previously residents had to travel across the state for the specialty training)
AMCs and Policy AC-3

- Academic Medical Centers must comply with the Certificate of Need Law

- Policy AC-3 is not an exemption from all CON requirements
  - Policy AC-3 provides an alternative to the need determinations set forth in the State Medical Facilities Plan for academic projects under defined and very narrow conditions.
  - Using Policy AC-3, AMCs must still meet all CON statutory criteria, in addition to the requirements of the Policy.
  - Like all CON applications, AC-3 applications are subject to review, public comment and hearing, and appeal, and they are not always approved.
AMCs and Policy AC-3

• Applicants must consult with non-AMC providers within 20 miles before filing applications under Policy AC-3 about possible collaboration to meet academic need. No other applicants must consult with other providers before filing applications.

• Other providers may participate in the public comment and hearing process, and may appeal approvals of applications.

• All providers have the ability to seek changes or exceptions to the need determinations for non-academic needs, through petitions to the State Health Coordinating Council.
AC-3 Over Time

- In almost 30 years of the Policy, we are aware of opposition to only three AC-3 applications (Two were resolved quickly; the third is still in litigation, the appellant has availed itself of its statutory appeal rights to challenge the approval of the application)

- For decades there were no petitions filed with the State Health Coordinating Council to modify the Policy, despite annual opportunities

- Last year, the issue was raised with the SHCC
  - Extensive analysis and discussions among all stakeholders about the Policy
  - NCHA convened a task force, including representatives of those parties opposed to the Policy, to examine the issue and make recommendations
  - NCHA produced a recommendation unanimously endorsed by the task force and the NCHA Board, which was subsequently approved by the SHCC
  - Novant Health expressly supported the revised Policy and endorsed its adoption
AMCs in 1983 and 2011

- The “footprint” of the AMCs remains unchanged since Policy AC-3’s inception in 1983.

- The Policy is expressly limited to the 4 hospitals directly attached to the state’s 4 medical schools.

- While AMCs may be in systems with other hospitals, the Policy is strictly limited to the academic medical center teaching hospital itself.
AMCs in 1983
AMCs in 2011...Exactly the Same
• Academic Medical Centers are not just large hospitals, they offer unique and vital services

• AMCs must be able to meet teaching and research needs that do not exist at other hospitals, AC-3 recognizes this need

• AMCs can only use Policy AC-3 within narrowly defined circumstances

• The current Policy AC-3 has been unanimously supported by the State Health Coordinating Council, the North Carolina Hospital Association, the academic medical centers, and other non-AMC hospitals