

PERSPECTIVE

Promoting Health Care Transparency and Competition



Kentucky's New Healthcare Plan

Note: This Op-Ed discussed the initially proposed Certificate of Need regulations which were NOT adopted and were abandoned by the Fletcher Administration.

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With the ever increasing cost of health-care and the rise of foreign competition, employers are cutting back on the funding of healthcare for their employees. Employer paid family plans which were once commonplace, have now vanished from the workforce market. Individual plans are also undergoing dramatic changes. Employers are starting to turn to consumer driven healthcare or Health Savings Accounts (HSA) as a possible solution to their future healthcare needs.

HSAs let the consumer do the shopping. It is the consumer whose money is also at risk and who will shop for the best healthcare at the lowest price. Letting free enterprise promote quality and reduce costs through competition is what has built this country.

However, in many areas of the State of Kentucky, competition in hospital care cannot take place due to the outdated Certificate of Need (CON) laws. The CON laws assume a true nonprofit hospital setting where all emphasis is placed on the patient and any competition would only lower quality and drive up costs.

However, since the CON laws were enacted for-profit hospitals are becoming more commonplace. Many of these hospitals in Kentucky are given a virtual monopoly with little oversight on healthcare costs.

In many markets, patients have only a single choice. Some counties and regions of the State have only one

hospital, some of these hospitals are for-profit and in essence have a State sanctioned monopoly. According to their 10-K reports, some of the major for-profit hospital corporations indicate that non-urban markets are attractive because of less competition.

Governor Ernie Fletcher has proposed major revisions in the Kentucky CON Regulations contained in the State Healthcare plan. These changes will increase competition by allowing a new hospital to be built, if the existing hospital servicing a community is not delivering high quality healthcare at a reasonable price. Specifically, the revised healthcare plan allows a Certificate of Need to be granted if the nearest existing licensed hospital to the applicant, encountered or demonstrated one of the following conditions:

- a. Medicare or Medicaid certification was revoked;
- b. Accreditation from the Joint Commission on Accreditation of Health Care Organizations was revoked;
- c. A documented history of uncorrected quality control problems which threaten the life, health and safety of the hospital's patients. Examples may include higher than normal rates of preventable hospitalization, medication errors, or hospital acquired infections; or

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Summary
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**Proposed
New CON
Regulations
Will Hold
Hospitals
Accountable
for Cost and
Quality.**

**Health Watch
USA**

**Promoting Healthcare
Quality, Access &
Affordability**

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Health Watch USA

Promoting Healthcare Quality, Access & Affordability

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d. A historically and significantly higher negotiated rate for providing identical services as similar licensed hospitals.

An additional criterion might also be to allow a CON if a hospital has been convicted of a felony. In Kentucky, under section KRS 502.050 corporations can be charged and tried for a criminal offense. I would suggest adding the following criteria for a CON [under review criteria Section 2

(e)]

e) Either the hospital or its parent corporation has been convicted, or plead guilty to, or no-contest to a felony which resulted from activities at or under the direction of the hospital.

I feel that very few people could argue that a convicted felon should be given protection by the State by having a monopoly or a

franchise to deliver healthcare.

The above are major proposed changes to the Kentucky State Healthcare Plan which will enable competition to help determine the affordability and quality of hospital care. These changes also appear to go against the business strategy of some major for-profit Hospital Corporations. We are currently hearing rumors that forces are mounting to oppose Governor Fletcher's health

policy changes.

We must support Governor Fletcher in this effort, after all how can anyone make a case opposing holding any healthcare provider accountable for overcharging or delivering poor care.

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