

PERSPECTIVE

Promoting Health Care Transparency and Competition



The CON steals Jessamine's health care access

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Kentucky law states that the purpose of the Certificate of Need process is “to improve quality and increase access to health care facilities, services and providers and to create a cost efficient health care delivery system.”

It accomplishes none of these goals. Many industries have been deregulated. The airline industry could have argued in 1978 against deregulation by contending that competition would cause fares to increase because of duplication of services among its fleet of \$200 million jumbo jets. But following deregulation, the airline industry grew and routinely provided good service at an affordable price.

I don't know if airline executives now laugh at the argument made by hospital administrators about the horrors caused by a hospital coming into town or if they cry as they sign the checks for exorbitant employee health care bills.

Either way, I bet they would agree that Kentucky's CON process should go the way of the biplane. No example illustrates this greater than Jessamine County. There are approximately 100 acute care hospitals in Kentucky. According to the 2000 census, Jessamine County is the 22nd most populated county in Kentucky, has one of the most rapidly growing communities in the state and is still not able to offer its residents acute hospital care.

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place that require examining Fayette County's health care system to determine the needs of Jessamine County? This would be like the state requiring a developer to prove a need in Fayette County for a mall before he could build a shopping center in Nicholasville. Better yet, how about if a doctor examines another patient to determine if you need surgery?

Despite requests for a full-service, acute care hospital, the state only approved Nicholasville for an ambulatory care center. It deserves and needs much more.

I would have concerns about undergoing surgery at any facility that only handled emergency cases. Medical staff uses skills that must stay honed. To not run a full day's schedule of elective cases could very well decrease the effectiveness and skills of the medical staff. In other words, if it's worth doing, it's worth doing right. Nicholasville needs an acute care hospital, nothing less.

It doesn't require a legal scholar to see that the current CON regulations actually conflict with the state's CON statute, which requires the CON process increase access. Instead, the policy has resulted in reduced access to quality health care.

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CON regulations will prevent forever giving an acute care hospital to Jessamine County. On every CON criterion, to prove “need,” the Fletcher administration inserted an “existing hospital protection clause,” requiring all hospitals in all adjacent counties must meet the criterion before CON approval. This will never happen.

The bars for each criterion involved sit way too high. For example, the financial criterion is set at a level of

50 percent more than the state norm. But the formula uses revenues, not charges. Because of the revenue averaging effect of Medicaid and Medicare, the charge to private patients and insurance companies must greatly exceed the 50 percent norm to meet this criterion.

Confusing? You bet. But it doesn’t matter because

“the existing hospital protection clause” requires that all hospitals in all of the surrounding counties also meet this criterion before the state grants a CON.

Again, this will never happen. To further ensure Jessamine County never gets an acute care hospital, the state applies less stringent regulations to expansions of existing hospitals.

Any existing hospital in the surrounding counties can expand by meeting less stringent criteria, based on conditions at only their facility and then build for a capacity projected five years into the future. This will have the effect of blocking additional hospitals from entering the market. To make matters worse, oversight of the CON process doesn’t even involve a citizen’s committee or board, but operates at the whim of the director’s office.

Fletcher has stated that they have “increased competition and lowered health care costs for Kentuckians.” However, expanding existing health care providers combined with preventing others from entering the market inhibits not promotes competition. And Kentuckians are not paying less for their health care. The high cost of health insurance is a major concern of Kentucky citizens and businesses. To recognize the problem is the first step in its correction. The bottom line: The CON maintains a long history of use and abuse as a tool for appeasing political power rather than one that serves the health care needs of the commonwealth’s citizens.

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