Subcommittee on Health Care Costs
6/18/97 Senate does states that the
Subcommittee is not looking at costs.

John King, CON, turn around. They're going
to look at costs and access.

CON does not control costs or increase
access. Held 7 series of 5 public
hearings. Last hearing is price
competition. 3 experts testified -
Dr. Price - MA 7 St. Mowens - Alabama.
Both testified CON is not effective.

One Health is an example. 1970-115
1970 in 5 years - increased patient
costs.

Access - CON not effective for 2 reasons.

1. CON has no mechanism for
uninky
access. [e.g., example - CON's
deficit applications - private market
determination where services are needed.

2. In attempt to control costs CON
actually limits access. Example -
Open Heart Surgery. With CON, for
quality - not coronary procedures.

Concludes that CON doesn't control
costs or increase access.
Charlie Kindall, State Health Planning, David MacKinnon

1980s - tremendous activity in Key for health planning. Key noted CON.

1985 - hospital occupancy 60% statewide

1995 - and only 100 more beds

had to do with how services are paid for

CON has been effective in creating pressures but has slowed growth which has slowed cost increases.

David MacKinnon - say his report was aimed more at costs (not access)

CON has not controlled costs.

Most CON criteria now are for controlling growth. CON enter contracts or periods of MIPA (only in doctor's office and not regulated).

Summary - CON is focused more on control than increasing access.
Sen. Rose - said staff has had difficulty in getting info. from other states that have done this. He will see if that sounds like cabinet would recommend doing away with COAL or revise it. What else would they recommend?

John King - Central quality through regulation - licensure & accreditation.

Access - COAL is a barrier. By doing away with COAL will increase access.

Costs - Managed Care + get away from cost based reimbursement.

Charlie Kennedy - Purchasers of health care will control quality.

Rep. Danner - What do you think will happen if we do away with COAL & keep cost based reimbursement?

John Drew - States to Medicaid program. Hill verdict - example - recent health care changes.

Rep. Danner - that is not what we can do about cost based reimbursement unless the fees. So along thereafter, maybe look at cost but then other things. (Initials in margin)

Cabinet ever have count study?
John Barron - no

Rep. Damon - said there is a 10 bed PC home that has to meet the same regulations as 100 bed facility. These costs are too high.

Rep. Bunch - Home Health, PRIT, Open Heart

Sarge Cabinet is not telling the whole truth about CON. CON is needed to be regulated. CON will then get home services in rural areas. Something should be done to help.

Managed care caused hospital occupancy rates to decline - bad nothing to do with CON.

If the CON issue is wrong with CON, then there will be nursing homes all over added to the tax payers will have to pay. CON should do something about costs.

Rep. Foleswinka - CON has failed most of the 5 things it's supposed to do.

John Kenney - yes, keep control, quality

But that could be done through other means.
Rep Bunch - Trend is for the market place to control costs.

Rep Bunch - Over the years, C&N has been rejected by the Legislature. Costs.
30 million projects are going through. Not home health is controlled.
Cash swallows dollars + chokes on goats.

Rep Wheeler - C&N is very costly because it is site closely integrated & requires an army of attorneys. Does not control costs ur increase access.

Rep Bunch - How does competition work in health care? Does anyone on the spending table shop for services.

Rep Wheeler - Managed Care Plans shop for their patients

Justice Race - What we have now is not creating competition. Instead, it's creating monopolies.

Rep Bunch - Do doctors have privileges at all hospitals? How can competition work if the physician can only refer to one hospital.

Rep Wheeler - Competition has never been given a chance to work in C&N. Should mandate that 10 minutes on the table be...
have health insurance and a medical savings account as they are spending their own money.

Rep. Damon - The reason competition doesn't work for health care is we don't have an open market. The only thing liberal policy will cure in the
is going to be is to break the budget and taxpayers can't afford this.

Rep. Kumar - Agrees with Rep. Damon -
keep cost of medical insurance - if we don't protect medically, there will be no money after 6 months.

7. on Task Force 2070 - looking at requiring people to obtain long term care insurance. The state and taxpayers do not encourage people to pay for their final years in the nursing home.