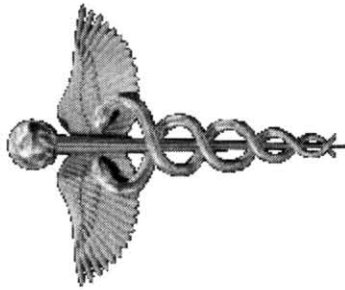


Health Watch USA

Promoting Affordable Quality Healthcare
www.healthwatchusa.org



All that is necessary for the triumph of
evil is that good men do nothing.”
(Edmund Burke, 1729-1797)

If you wish to support Health Watch USA, please send your
tax deductible contribution to:

Health Watch USA, 3396 Woodhaven Dr, Somerset, KY 42503

Health Watch USA
Kevin T Kavanagh, MD
Board Chairman

3396 Woodhaven Dr
Somerset, KY 42503

NONPROFIT ORG
US POSTAGE PAID
SOMERSET KY
PERMIT NO. 21

Frankfort Using Fuzzy Math To Determine Hospital Cost Effectiveness!!

Don't make the mistake of comparing hospital prices by using the financial guidelines in the Governor's new CON regulations (Commonwealth Journal 7/2/06). This method can grossly underestimate the price of hospital care.

* For more info. on this and other subjects see reverse side of card *



Health Watch USA — Promoting Affordable Quality Healthcare

All information contained in this document is the express opinion of Health Watch USA Inc. a Kentucky Non-Profit Organization

If you have thoughts you would like to share on this or other issues you can call the Governor's Office at 502-564-2611

Comments are in response to a recent front page article published in the Commonwealth Journal July 2, 2006 regarding Kentucky's Certificate of Need (CON) regulations.

**** Jeff Barnett, Director of the Governor's CON Office is using revenues not price to determine a hospital's cost effectiveness.**

We calculate a hospital would have to charge three times above the state average (not 50% more) before the State feels a hospital is not cost effective. Here's why: In our area, approximately 75% of patients have Medicare and Medicaid. Medicare and Medicaid not only have reduced payments compared to private insurance but payments are approximately the same to all hospitals in the state. This tends to reduce the difference in average revenues between hospitals.

**** Governor 's office studied the need for a CON for two months when the "existing hospital protection clause" would prevent issuing a CON no matter how much a single hospital charges.**

What was not mentioned in the news article was that it does not matter how much a single hospital charges since all hospitals in the surrounding counties must also have excess charges before a CON can be issued. With Pulaski County surrounded by six other hospitals it would be virtually impossible to meet any CON criterion. This should have been immediately evident. Was the two month study of Pulaski County just for political show ??

**** Governor's Office stated they did not receive a CON application from Pulaski County for a new acute care hospital.**

A request for obtaining a CON under a non-substantive review was sent to the Governor's Office in December 2005. The request was turned down. Instead the submitters were directed to apply under the State Health Plan. The plan's new regulations appear to protect existing hospitals and prevent the construction of additional hospitals. There is also a \$25,000 non-refundable application fee.

To view the request and rejection letters go to www.healthwatchusa.org

If gasoline was healthcare, we estimate that the Governor may have Pulaski residents paying up to \$8 a gallon for gas before he would allow another gas station to be built.

For more information and to view the new regulations go to: www.healthwatchusa.org Click on the "What's New" button

Health Watch USA: Helping to Keep Government Honest