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Senate Health Policy February 21, 2019 Ascension Michigan testimony regarding Michigan's Certificate of Need Program

Good afternoon Mr. Chairman and members of the Senate Health Policy committee. I am Sean Gehle and I am here on behalf of Ascension Michigan. Ascension Michigan is made up of five major health systems located throughout Michigan's lower peninsula and employing more than 20,000 associates. Our Michigan health systems are part of Ascension, the largest non-profit and largest Catholic health system in the country employing over 156,000 associates in 21 states and the District of Columbia. Thank you for the opportunity to share our experience with, and our support for, Michigan's Certificate of Need Program.

Ascension Michigan supports the three major goals of Michigan's CON program: Cost, Quality and Access. More specifically we believe that Michigan's CON program contributes to controlling healthcare costs in our state, promoting quality, as evidenced by the addition of quality metrics and accrediting bodies to individual standards over the past decade, and assuring adequate access to CON covered services including hospital beds, Hospital Long Term Care Beds/Nursing Home beds, Imaging, and other services and technologies covered by the program.

We continue to believe that Michigan's CON program is effective in preventing unnecessary duplication of services that would lead to excess capital expenditures and overutilization of services. Absent a strong CON program, Michigan would likely experience a proliferation of duplicative services similar to what we see in states without CON. These states have experienced unconstrained growth in freestanding Emergency Departments, Imaging services, and Hospital Beds just to name a few examples. CON also serves to provide some protection against an influx of boutique providers who cater to commercial paying patients and profitable service lines vis-a-vis general acute care hospitals with our obligation and mission to serve all patients without consideration of payor source, or in the case of the uninsured; ability to pay at all.

Additionally, we believe that the quality measures adopted as part of CON standards over the last 10 years are a critical component of these standards and ensure that all applicants must meet minimum quality metrics that are uniform across all sites of care.



Ascension

This allows payors and consumers to be assured that services and technologies covered by the CON program maintain high quality standards.

Furthermore, and maybe most importantly, we believe that CON Standards ensure that adequate access exists to hospital/nursing home beds, services and technologies. If access problems are identified the periodic re-running of bed need methodologies and the three year review of all standards ensures the timely review of issues and provides for a forum to address any access issues.

Representatives from Ascension Michigan, like many other health systems across the state, engage with the Michigan Certificate of Need program in two distinct ways. First, we actively participate in the standard/rule making aspect of the Commission's work by consistently submitting a representative from Ascension Michigan to serve on Standard Advisory committees, one of two main ways that the Commission utilizes to review individual CON standards and approve modifications (ie. Standing Advisory Committees and Workgroups). As has been mentioned by others, one third of CON standards are reviewed on an annual basis, a change implemented in 2002 that has contributed to making the Commission much more responsive to issues raised by stakeholders of the program (ie. the general public as consumers, the payor community and medical providers).

Our hospitals interact with the Michigan Department of Health and Human services through the routine submission of applications to initiate, expand or replace services and technologies that are covered by the CON program. While this process can be time consuming and expensive at times, the Department and its staff genuinely strive to work with applicants to make this process as streamlined as possible and provide assistance to applicants throughout the process. It is important to note (reinforce) at this juncture, that the CON program is 100% funded through fees paid by applicants to the program and no general fund money is used to support the program. Providers have even approved periodic increases in these fees when necessary in order to ensure that the program is adequately funded.

We believe the above articulated separation of the Commission's work in approving changes to CON Standards with input from stakeholder groups, and the Department's role in processing and adjudicating of applications by the Department staff is actually



Ascension

one of the strengths of Michigan's CON program vis-a-vis other state's programs. We believe this bi-furcated system precludes some of the more egregious examples of political influence and gamesmanship in other programs.

As I alluded to earlier we also believe that changes made in 2002, the last time major changes were made to the program greatly improved the efficiency and responsiveness of the program. Prior to these changes, the CON Commission consisted of five members of various backgrounds and experience, but who did not comprehensively represent the broad stakeholders of the program. The changes in 2002 created slots for members of the CON Commission that ensure that all stakeholder groups are represented. For example, the 11 member commission includes representatives of Hospitals, Allopathic and Osteopathic physicians, Medical Schools, Nursing Homes, Nurses, Insurers, Business and Organized Labor.

Additionally, prior to the 2002 changes, standards were reviewed on an ad-hoc basis rather than on a regular rolling three year basis. This ensures that individual standards are kept current and reflect the changing healthcare landscape. Finally, the changes in 2002 limited the work of Standard Advisory Committees and to a lesser extent workgroups to 6 months preventing issues from languishing in these bodies for one or more years.

Lastly, while we are aware of various and competing studies regarding the effectiveness of CON programs across the country specifically regarding CON's ability to control costs, it is noteworthy that each time over the last twenty years that I have been involved in this debate, an analysis by the business, labor, insurer, and provider communities have supported the premise that the program does indeed contribute to controlling healthcare costs in Michigan.

Thank you for the opportunity to share our support of Michigan's CON program. We remain open to discussing ways to make the program even more efficient and effective in the future.