Approved March 19, 1984
Date

MINUTES OF THE SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE.

The meeting was called to order by Senator Jan Meyers at
Chairperson

10 a.m./~~p.m.~~ on March 14, 1984 in room 526-S of the Capitol.

All members were present except:

Senator Francisco, excused and Senator Bogina, absent

Committee staff present:

Emalene Correll, Legislative Research Department
Bill Wolff, Legislative Research Department
Norman Furse, Revisor of Statutes office

Conferees appearing before the committee:

Frank Gentry, Kansas Hospital Association
Leo Pusch, Health Systems Agency of Northeast Kansas
Keith Knudson, Chairman, Plan Implementation Committee, HSANEK
Barbara Sabol, Secretary, Department of Health and Environment
Jerry Slaughter, Kansas Medical Society
Charles E. Beall, President, Hospital Surgical Centers, Inc.

Others present: see attached list

HB 2648 - Certificate of Need for health facilities

Frank Gentry, Kansas Hospital Association, testified in support of HB 2648 and introduced Melissa Hungerford, who said she would be glad to answer any questions from the committee. Mr. Gentry said the KHA has supported this since the beginning and played a significant role in the original concept. In answer to a question from the committee, Ms. Hungerford said that this bill makes people look at a proposed project and gives them an opportunity to debate what kind of facility they do need. There was discussion concerning holding down health care costs, competition among health care facilities, and kinds of appeal.

Leo Pusch, Secretary of Board of Directors, Health Systems Agency of Northeast Kansas, testified in support of HB 2648, and distributed testimony stating that the CON program will benefit Kansans by ensuring that the appropriate needed facilities, affordable health care and quality health care services are available to both rural and urban communities. HSANEK strongly urges the passage of this bill. (Attachment #1).

Keith Knudson, Supervisor of Clinical Services, Hiawatha Community Hospital, and Chairman of Plan Implementation Committee of HSANEK, testified in support of HB 2648, and distributed testimony stating that HSANEK strongly supports the passage of HB 2648. Enclosed as part of his testimony is a report of Certificate of Need activities of HSANEK during 1983. (Attachment #2).

Barbara Sabol, Secretary, DH&E, testified in support of HB 2648, and distributed testimony stating that the CON law was enacted to restrain unnecessary increase in health care costs by preventing the unnecessary development of health care resources and services. CON is essential in implementing the guidelines and recommendations that are embodied in the State Health Plan, and is also essential in fostering long-range planning in hospitals, nursing homes and other health facilities. It also serves as a balance to incentives in the medical care system which encourage providers to offer services which may not be needed. This legislation would extend the sunset date of the CON Act, and would provide a level of backing and support for the program which has been absent in recent years. (Attachment #3).

In answer to a question as to what appeals mechanism is available, Barbara Sabol said that DH&E initially reviews a CON at public hearing; it then goes to the executive committee, who agree or not; and can then be appealed to the district court. She stated that by extending the sunset date, they would be putting into place a mechanism to help hold down health care costs.

Jerry Slaughter, Kansas Medical Society, testified that KMS is generally in favor of HB 2648, but philosophically they are opposed to the concept. He noted that CON can not be conclusively shown to produce any significant cost savings, and that well over 95% of CON application s have been approved. KMS believes it is anti-competitive and discourages innovation that provides lower costs, but will generally support the bill as it is written. Mr. Slaughter stressed that the reimbursement system did not provide market incentive to do things less expensively, and the economics of the health care system are changing dramatically. We are seeing a vastly different health care market.

Charles E. Beall, President, Hospital Surgical Centers, Inc., testified in opposition to HB 2648, and distributed testimony stating that extending the CON for a two-year period does not address the fundamental health care problem facing the state - that of cost escalation in the delivery of health care. The federal government is promoting competition, while the State of Kansas is continuing control and preservation of the status quo. The people at DH&E are tied to an antiquated, outdated, and ineffective piece of legislation. CON legislation should stress cost containment and competition through strong support of DRG and CAP type programs, and alternative systems of health delivery. Along with Mr. Beall's written testimony was a recap of CON Program Activities from February, 1977 to June, 1983, and two newspaper articles. (Attachment #4).

In answer to a question from Senator Ehrlich, Mr. Beall said that the Hospital Surgical Centers, Inc., is a for-profit center which was organized in 1983, and he would provide the committee with a list of the board of directors and hospitals. Mr. Beall added that he thought that to get control of health care costs, DH&E should be given the power to shut down some services. The system is bloated and some of the facilities must be reduced. Mr. Beall believes that competition will work in the health care system.

Senator Meyers asked Mr. Beall to return tomorrow to answer further questions.

Senator Ehrlich moved that the minutes of March 2, 5, and 12, 1984, be approved. Senator Vidricksen seconded the motion and it carried.

The meeting was adjourned.

SENATE

PUBLIC HEALTH AND WELFARE COMMITTEE

DATE 3-14-84

(PLEASE PRINT) NAME AND ADDRESS	ORGANIZATION
Melissa Hungerland	Kansas Hospital Assn.
Frank [illegible]	" "
Leo E. [illegible]	HSA-NEK – Atchison Co.
[illegible]	HSA-NEK – [illegible] Co.
Marlin Johnson	H.S.A.N.E.K. – Topeka, KS
Charles Beall	Hospital Surgical Centers, Inc
Crosby M Crosby	" " " "
Jerry Slaughter	KS Medical Society
John Schneider	Ks. SRS.
[illegible]	KD H&E – Topeka
Barbara Sabol	Secty Kans Dept of H&E
[illegible]	KSNA
Chris Hall	
Virginia [illegible]	[illegible]
[illegible]	Atchison
M. Hoover	Topeka Capital Journal
Richard Owens K.C.K.S.	
Ruth Wilkin	[illegible]
Joe Hollowell	KDHE

#1 - 3-14-84

HEALTH SYSTEMS AGENCY

OF NORTHEAST KANSAS

TESTIMONY ON

HOUSE BILL 2648 CERTIFICATE OF NEED

SENATE PUBLIC HEALTH AND WELFARE COMMITTEE

STATE CAPITOL, ROOM 526 S

TOPEKA, KANSAS

MARCH 14, 1984

Atch. 1

Good morning, Chairperson Meyers and members of the Senate Public Health and Welfare Committee. My name is Leo Pusch, Atchison County, Valley Hope Director of Maintenance, and Secretary of the Board of Directors of the Health Systems Agency of Northeast Kansas (HSANEK). I am testifying today as the Secretary of the Board of Directors of the HSANEK, which is a non-profit organization with a 50 member volunteer Board of Directors that serves the health plan development and CON needs of a twenty-five county area in Northeast Kansas. The volunteer Board of Directors has 25 representatives appointed by the County Commissions and the remaining Board members come from a wide range of rural and urban community groups and organizations.

One of the health planning functions of the HSANEK is to guide the development of the health care delivery system, through the Certificate of Need (CON) program, in such a manner that appropriate facilities, affordable health care and quality health care services are available to the residents of Northeast Kansas.

In view of the primary concerns of the HSANEK, I appreciate this opportunity to present the following testimony on H.B. 2648 concerning Certificate of Need for health care facilities.

H.B. 2648 - The CON program will benefit Kansans by ensuring that the appropriate needed facilities, affordable health care and quality health care services are available to both rural and urban communities. Therefore, the HSANEK strongly supports the passage of H.B. 2648.

I would like to thank you for the opportunity to provide this testimony. I will be happy to respond to any questions that you may have.

#2 - 3-14-84

HEALTH SYSTEMS AGENCY

OF NORTHEAST KANSAS

TESTIMONY ON

HOUSE BILL 2648 CERTIFICATE OF NEED

SENATE PUBLIC HEALTH AND WELFARE COMMITTEE

STATE CAPITOL, ROOM 526 S

TOPEKA, KANSAS

MARCH 14, 1984

Atch. 2

Good morning, Chairperson Meyers and members of the Senate Public Health and Welfare Committee. My name is Keith Knudson, Brown County, Supervisor of Clinical Services, Hiawatha Community Hospital, and Chairman of the Plan Implementation Committee of the Health Systems Agency of Northeast Kansas (HSANEK).

I am testifying today as a member of the Plan Implementation Committee, which is the Committee which reviews Certificate of Need Applications of the 25 county HSA II Area.

The Committee is dedicated to insuring that appropriate approval or denials are reached to restrain unnecessary capital expenditures, to redistribute beds and services to previously less served areas, and to moderating operating cost increases.

I appreciate this opportunity to present the following testimony on H.B. 2648 concerning Certificate of Need for health care facilities.

H.B. 2648

The CON program will benefit Kansans by ensuring that the appropriate needed facilities, affordable health care and quality health care services are available to both rural and urban communities. Therefore, the HSANEK strongly supports the passage of H.B. 2648.

Enclosed as part of this testimony is a report of Certificate of Need activities of the HSANEK during 1983. This information is provided for your leisure reading.

I would like to thank you for the opportunity to provide this testimony. I will be happy to respond to any questions that you may have.

Att. 2

CERTIFICATE OF NEED PROJECTS:
IN HEALTH SERVICE AREA II
1983

Project #	Description	Sponsor	Project Cost	Current Status
2-MS-099	60 Bed ICF	Summerfield Care Center	$1,227,386	Denied
2-SN-100	60 Bed ICF	Aldersgate Village	$1.2 Million	Denied Pending State Decision
2-NM-101	New 31 Bed Hospital	Nemaha Valley Comm. Hosp.	$3.7 Million	Denied Pending State Decision
2-LY-102	60 Bed ICF/SNF	Retirement Living, Inc.	$2,141,464	Approved
2-SN-103	ICF Facility For Mentally Ill	Project Charlee	$ 90,000	Withdrawn
2-SN-104	NMR	Cooperative Planning Group	$3.9 Million	Letter of Intent
2-CY-105	Renovate/Expand Reduction of 6 Beds	Clay County Hospital	$2.4 Million	Approved

#3 - 3-14-84

HEARING OF THE
SENATE PUBLIC HEALTH AND WELFARE COMMITTEE
ON
HOUSE BILL 2648

March 14, 1984

Presented by Barbara J. Sabol, Secretary
Kansas Department of Health and Environment

INTRODUCTION:

The Certificate of Need law was enacted to restrain unnecessary increase in health care costs by preventing the unnecessary development of health care resources and services. Certificate of Need accomplishes this objective by requiring the sponsors of proposed projects to demonstrate a need for such a service or facility in their community. Simply put, before the sponsor can build, expand, or renovate a hospital, nursing home, or other health facility, it must show that such construction, expansion or renovation is, in fact necessary. The need for such a project is clearly delineated in the State Health Plan; a sponsor must, therefore, document that its project is consistent with the State Health Plan.

Throughout the seven years of the program's existence, Certificate of Need has been successful in preventing the development of projects that were not consistent with the State Health Plan; of nearly $350,000,000 proposed to be spent for health related projects, more than $45 million were denied by the Kansas Department of Health and Environment. Although Certificate of Need has not stopped health care cost inflation, it has eliminated some unnecessary expenditures.

Certificate of Need serves a variety of important functions. First, as indicated above, Certificate of Need is essential in implementing the guidelines and recommendations that are embodied in the State Health Plan; only those projects which are consistent with the Plan are approved. The Certificate of Need, as well as the planning process, also provide the residents of Kansas a valuable opportunity to determine the type of health care system they desire. Certificate of Need decisions are made only after the public and other affected persons have had an opportunity to comment.

Secondly, Certificate of Need is essential in fostering long-range planning in hospitals, nursing homes, and other health facilities. The Certificate of Need application process involves the same type of analysis that any thriving business would routinely undertake; this includes an analysis of markets and service capacity, as well as the financial viability of any proposed undertaking. In this way, Certificate of Need ensures that any proposed capital expenditures are well conceived and feasible.

Atch. 3

Finally, Certificate of Need serves as a balance to incentives in the medical care system which encourage providers to offer services which may not be needed. One of the reasons this expansion has occurred is the system by which Medicare and Blue Cross/Blue Shield reimburse health facilities; under this method virtually any expenditure made by a health facility would be covered by either Medicare or Blue Cross/Blue Shield. Under this system, there is little or no incentive for cost consciousness. Thus, planning and Certificate of Need were introduced to assure that only those projects that were needed would be developed.

In 1983, some radical changes in the way that Medicare and Blue Cross/Blue Shield reimbursed were introduced; instead of the old cost-based system, these payors now use a prospective system call Diagnosis Related Groupings (DRG's). Under this system, the hospital receives a single flat rate for each diagnosis upon discharge; in other words, a hospital is reimbursed a single payment for a kidney transplant, heart operation or tonsillectomy, etc., regardless of the expenses involved in treating the patient. This method is expected to make health care providers act more cost-efficiently.

However, there is a serious drawback to this new system; it does not cover all health care providers, nor does it cover all services. For instance, the system does not cover nursing homes, ambulatory surgical facilities, or psychiatric or rehabilitation hospitals. Also, the DRG payment does not include any expenditures made by hosptials for building or equipment; thus, until 1986, should a hospital be built, expanded or renovated, or should it acquire new equipment, these expenditures will be reimbursed by Medicare. By 1986, Medicare should have determined how to include these costs in the DRG system. Thus, Certificate of Need is needed at least through that time.

SUMMARY OF H.B. 2648

This legislation would extend the sunset date of the Kansas Certificate of Need Act (K.S.A. 65-4801 et seq.) by at least two years, to July 1, 1986. If the sunset date of the statute is not extended during the 1984 Legislative Session, this act will expire July 1, 1984.

The legislation was proposed by the 1983 Health Planning Review Commission.

ISSUES:

If K.S.A. 65-4801 et seq. is allowed to expire on July 1, 1984, Kansas will not have a planning program which complies with the requirements of Public Law 93-641, the National Health Planning and Resources Development Act, and all amendments thereto. Should Kansas no longer comply with the federal mandate, the state will be at-risk for losing 25 percent of all federal Public Health Service funds coming into the state during the first year of noncompliance; the percentage reduction increases by 25 percent in each subsequent year of noncompliance.

For the last two years, the Kansas Legislature has extended the sunset date of K.S.A. 65-4801 et seq. by one year during each session. The reason for the limited time extension had to do with anticipated changes in the federal health planning law which never materialized; had the federal law been modified, the Kansas legislation would have required some additional changes. At the present time, it appears that the federal program will be extended by Congress for several more years in a form similar to the present. Extending the expiration date at the federal and state level would provide a level of backing and support for the program which has been absent in recent years.

RECOMMENDATION:

H.B. 2648 should be enacted.

#4 - 3-14-84

TESTIMONY

OF

CHARLES E. BEALL, PRESIDENT

HOSPITAL SURGICAL CENTERS, INC.

ON

H.B. 2648

AN ACT CONCERNING CERTIFICATE OF NEED

BEFORE

SENATE PUBLIC HEALTH & WELFARE COMMITTEE

SENATOR JAN MEYERS, CHAIRPERSON

WEDNESDAY MARCH 14, 1984

Att. 4

My name is Charles Beall, I am the President of Hospital Surgical Centers, Inc., based in Topeka, Kansas. Our company was formed to develop and manage Ambulatory Surgical Centers, on our own behalf, and in conjunction with physician and/or hospital groups. My previous experience includes a 10 year period spent in hospital administration, a period during which I became very familiar with C.O.N., its promises and its problems.

I wish to thank the Committee for affording me this opportunity to present our views as concerns H.B. 2648. We are very concerned that the process of simply extending the C.O.N., and Health Planning, legislation (H.B.'s 2648 & 2649, respectively) for a 2 year period, does not address the fundamental health care problem facing the State of Kansas; that being continued cost escalation in the delivery of health care. It appears ironic to me, that on the one hand the legislature establishes the Kansas State Employees Health Insurance Commission, to review medical insurance coverage for state employees, which we support, yet on the other hand fails to address the underlying problem - cost escalation.

It is also ironic, in my opinion, that the health policy of the federal government is moving forcefully in one direction, promotion of competition, while the State of Kansas is moving in the opposite direction, continued control and preservation of the "Status Quo". I find this ironic because being a native Kansan

I would have assumed just the reverse, with Kansas leading the way to a system of cost containment and competition.

This contrast is forcefully driven home in the "Report of the Health Planning Review Commission." As noted in that report: "In 1979, PL 93-641 was amended to revise the description of national health priorities to emphasize cost containment and competition through: (1) identification and discontinuance of unneeded, duplicative facilities and services, (2) elimination of inappropriate institutionalization, (3) promotion of outpatient care, when appropriate, and (4) other policies which would foster appropriate and efficient use of the health care system."

Please note the legislative thrust on the federal level (1) cost containment and (2) competition. In Kansas, on the other hand, the C.O.N. legislation continues to focus on square footage, space available, facilities, etc. The hands of the people at the Department of Health and Environment are tied to an antiquated, outdated and largely ineffective piece of legislation. Our legislation is fighting the facility expansion wars of the past, and not the dynamics of cost containment of the 1980's and 1990's.

In the past, the genesis of C.O.N. legislation was cost containment predicated on control of facility expansion; this appeared to be a reasonable approach at the time given retrospective cost reimbursement. But for the most part C.O.N. was a failure when viewed in terms of hospital expansions (and hospitals consume 42¢ of every health care dollar). For the period 1977-83, for example,

there were 123 hospital C.O.N. applications; of that number only 2 were actually and completely stopped, i.e., the project was denied, appealed and the denial was upheld; 110 were approved outright; 1 is pending; 1 modification is in court; the balance were modified and/or appealed, with the denial being reversed.

The total savings in the hospital section, not counting those projects being appealed or amended, according to my calculations, totals $13,125,000. If one assumes an average cost of $100,000 to pursue a C.O.N., the 123 applications cost the providers (and their patients) $12,300,000. When one adds in the indirect costs, and the costs to administer the system, any supposed "Savings" generated by C.O.N. vanish. In FY 1983, there were 9 hospital applications; 7 were approved; 1 modified and approved; 1 is pending. There were no denials.

I might note that Wyoming has recognized the problem with C.O.N. - their House of Representatives has just voted to do away with the Wyoming C.O.N. Board, which authorized new institutional services in the State.

Another problem with our present C.O.N. legislation is that it is descriminatory. Hospitals can expand any facility as long as they stay under a cost threshold of $600,000; physicians are free to establish facilities in their office environment at will; yet free enterprise competitors are for the most part precluded from entering the system because of the "Availability of Facilities" guidelines. Again, this is not the fault of the good people at the Department of Health of Environment - they are

merely following the legislative guidelines as they presently exist.

In conclusion, let me say that I feel it would be a serious mistake for the legislature to merely extend present C.O.N. legislation. May I humbly suggest that the 1979 amendments to PL93-641 mentioned above, be adopted in conjunction with this extension. The C.O.N. legislation should stress cost containment, and competition, through strong support of D.R.G. and Cost Cap type programs, and strong support of alternative systems of health delivery:

- H.M.O.'s
- P.P.O.'s
- Home Health Agencies
- Hospices
- Outpatient Facilities, Etc.

Then, and only then, can we hope to get control of the continued and unabated cost escalation in the health care delivery system in the State of Kansas.

Thank you.

TABLE 1
CERTIFICATE OF NEED PROGRAM ACTIVITIES
FEBRUARY 1977 - JUNE 1983

PROJECT CLASS	TOTAL #	APPROVALS #	APPROVALS Capital Expenditure	MODIFICATIONS #	MODIFICATIONS $ Approved	MODIFICATIONS $ Deleted	DENIALS NOT APPEALED #	DENIALS NOT APPEALED Capital Expenditure	DENIALS APPEALED UPHELD #	DENIALS APPEALED UPHELD Capital Expenditure	DENIALS APPEALED REVERSED #	DENIALS APPEALED REVERSED Capital Expenditure	DENIALS PENDING #	DENIALS PENDING Capital Expenditure
Hospitals	123	110	166,911,144	6*	48,727,453	10,706,947 (1)			2	9,350,000	4	3,288,300	1	2,002,000
Adult Care Homes	87	76	56,422,584	1	2,205,645	860,481	7	3,574,875	2	1,416,000	1	2,729,000		
Alcohol & Drug Abuse Programs	8	8	654,100											
Mental Health Programs	6	6	1,444,500											
Kidney Treatment Centers	4	1	136,565	1	206,800	200,000			2	503,210				
Ambulatory Surgery Centers	7	1	0				3	3,085,806	2	1,267,764	1	600,000		
Health Maintenance Organizations	2	2	0											
Psychiatric Hospitals	4	2	35,310,825	—	—	—	—	—	—	—	—	—	2	12,584,000
TOTAL	241	206	260,879,718	8	51,139,898	11,767,428	10	6,660,681	8	12,536,974	6	6,617,300	3	14,586,000

*1 Modified project is pending in the courts. Olathe Community Hospital's $29,859,000 request was modified by the Kansas Department of Health and Environment to $22,927,340.

$ 29,859,000
< 22,927,340 >
$ 6,931,660

(1) $ 10,706,947
< 6,931,660 >
$ 3,775,287 NET DELETIONS
9,350,000 DENIALS (APPEALED + UPHELD)
$13,125,287 TOTAL C.O.N. SAVINGS

All were approved/modified/still pending
No DENIALS. For Hosp!!!

TABLE 2
CERTIFICATE OF NEED PROGRAM ACTIVITIES
FISCAL YEAR 1983

PROJECT CLASS	TOTAL #	APPROVALS #	APPROVALS Capital Expenditure	MODIFICATIONS #	MODIFICATIONS $ Approved	MODIFICATIONS $ Deleted	DENIALS NOT APPEALED #	DENIALS NOT APPEALED Capital Expenditure	DENIALS APPEALED UPHELD #	DENIALS APPEALED UPHELD Capital Expenditure	DENIALS APPEALED REVERSED #	DENIALS APPEALED REVERSED Capital Expenditure	PENDING #	PENDING Capital Expenditure
Hospitals	9	7	7,857,451	1	540,000	500,000							1	2,002,000
Adult Care Homes	6	4	2,966,488				2	800,000						
Alcohol & Drug Abuse Programs	0													
Mental Health Programs	0													
Kidney Treatment Centers	2	0		1	200,800	200,000			1	389,000				
Ambulatory Surgery Centers	4	0					3	3,085,806	1	1,041,764				
Health Maintenance Organizations	0													
Psychiatric Hospitals	3	1	-										2	12,584,000
TOTAL	24	12	10,823,939	2	746,800	700,000	3	3,885,806	2	1,430,764	0	-	3	14,586,000

R 7 1984

star / Legislature

House cuts off funding for Certificate of Need Board

By GREG BEAN
Star-Tribune staff writer

CHEYENNE — In a move that shocked even the sponsor of the amendment, the House voted Monday to do away with the Wyoming Certificate of Need Board, which authorizes new institutional health services in the state.

During second reading debate on Senate File 7, a $226 million appropriations bill that contains funding for various state agencies, Rep. Scott Ratliff, D-Fremont, proposed an amendment to delete $72,981 in state funds and $247,541 in federal funds that would have supported the certificate of need board and staff.

In explaining his amendment, Ratliff said it would kill the board by taking away funding, but he said he did not expect the amendment to pass.

Ratliff said the board has failed to help keep health care costs under control because it has approved every expansion proposal brought before it.

"They just can't say no to some of the growth in costs," Ratliff said. "And hospital costs are severe.

"If you defeat this amendment, the next time the Legislature meets you'll have to put some meat behind the people on the board to make them say no," he said.

Ratliff told the House he expected the amendment to fail, but hoped its introduction would make legislators aware of the problem.

But Ratliff said later he did not anticipate the reaction of the other legislators to his proposal.

Rep. Dr. Harry Tipton, R-Fremont, supported Ratliff's amendment, because he said the Certificate of Need Board has often authorized new institutional health services, even after its own staff has suggested that the authorization be denied.

"This amendment would save us all money," Tipton said.

REP. WALTER URBIGKIT, D-Laramie, opposed the amendment, because he said he was concerned about "abolishing the police force because the system hasn't worked as well as we would have liked."

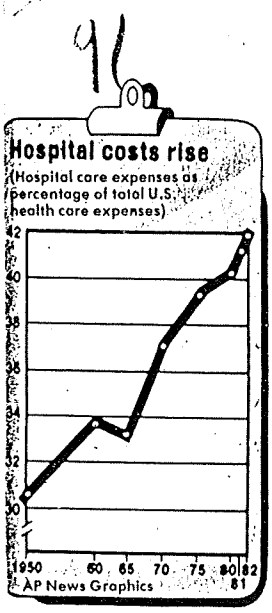
But Rep. Ron Micheli, R-Uinta, enthusiastically supported the amendment.

"The board has never reduced the cost of medical care," he said. The board has instead created needless bureaucracy and delay of necessary projects, he said.

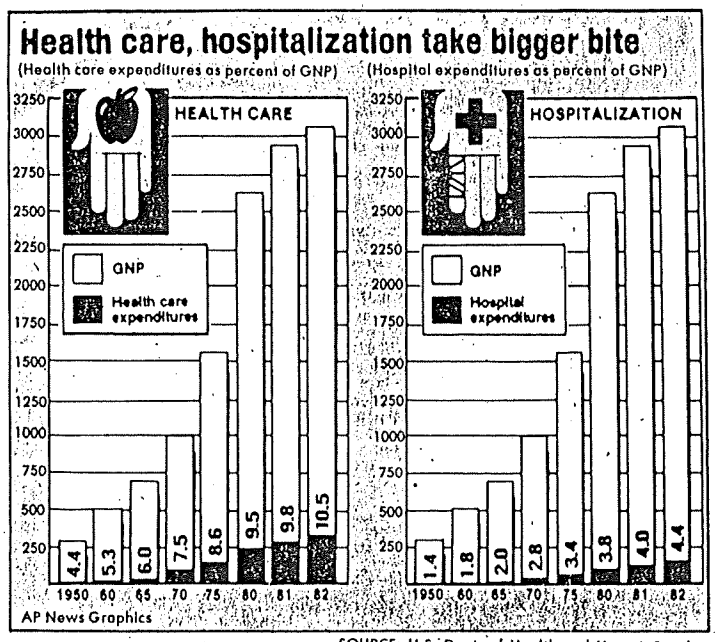
When it became apparent that the amendment had considerable support, Ratliff urged the legislators not to act in haste and pass his amendment, and he was surprised when they approved in with a 37 to 25 vote.

CC: John G. Herbert
Charles E. Beall
Gary Keller

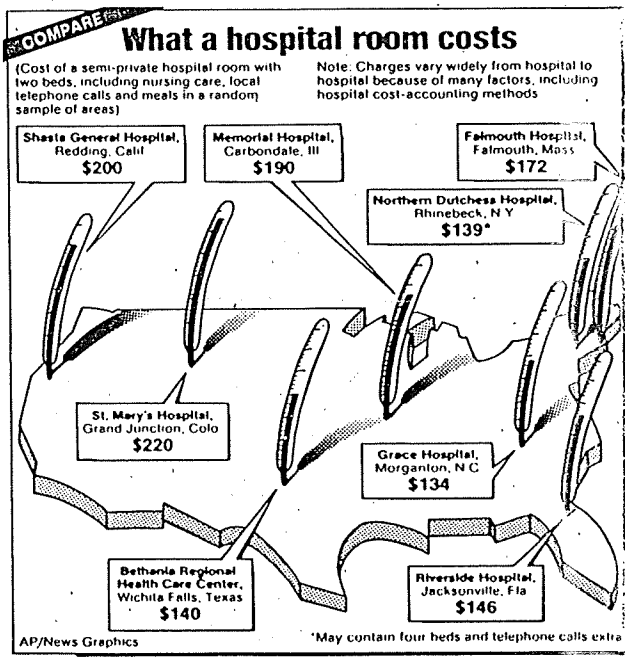
FEB. 19, 1984



SOURCE: Dept. of Health and Human Services



SOURCE: U.S. Dept. of Health and Human Services



Vital signs: Cost of hospital care still going up

By LOUISE COOK
Associated Press Writer

From aspirin at a few cents a pill o an operating room at a few hun-ired dollars an hour, America's ospital bill is soaring. It is rising aster than the rate of inflation and aster than the gross national pro-uct. It is even rising faster than

"If you charged the actual amount for that, room rates would be $350 or more and there would be a public outcry," Maroney said. "So you take some of the costs and shift them over, charge in other areas. For instance, charging $17 (more than the actual cost) for a CBC, a complete blood count. Most hospitals do it. You take the cost

MANY HOSPITALS also offer what they call a "convenience kit," including basic toiletries like toothpaste, at a price of $5 to $10. In some cases, it's provided only if the patient asks; in other places, the kit — and the charge — are automatic.

Surgeons' and anesthesiologists' fees are generally billed separate-

sule. A typical surgeon's fee is $667.

— St. Mary's Hospital, Grand Junction, Colo.: Wayne Allen, financial director of the 222-bed hospital, said the hospital bill for a routine appendectomy would be about $1,500 with charges by the surgeon and anesthesiologist adding $840. A semi-private room, in-

intravenous solutions, and medical supplies, including bandages and surgical packs, would be $103.

— GRACE HOSPITAL, Morganton, N.C.: Gary Shull, controller of the 161-bed facility, said an appendectomy would cost about $1,500, including anesthesia; the surgeon's fee would boost the total

medical and surgical supplies f for medicines, and $233 for l anesthesiologist and accompa ing drugs.

— Northern Dutchess Hospi Rhinebeck, N.Y.: Administr Mazzarella said a recent patie the 120-bed hospital paid $1,8 for a five-day stay for an pendectomy; the surgery