

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 15, 1984 in room 526-S of the Capitol.

All members were present except:

Senator Francisco, excused
Senators Bogina and Vidricksen, 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:

Richard Friedeman, Great Bend
Robert Stocking, President, HSANEK
Nadine Griffin, Health Planning Review Commission, Abilene
Werner Gliebe, Kansas Employers Coalition on Health
Bruce Shultz, President, HSASEK
Barbara Sabol, Secretary, DH&E

Others present: see attached list

HB 2648 - Certificate of Need for health facilities

Richard Friedeman, Great Bend, testified in opposition to HB 2648, and said that extending the CON two years would be a bad idea. He is opposed to the entire CON law and does not believe it should be extended for more than one year. Mr. Friedeman declared that some states have made radical changes in their CON laws and others have eliminated them because they are not working out. Since the beginning of the program until June, 1983, only 2 out of 123 applications for CON were denied, according to Mr. Friedeman, and there were 6 modifications. Of the 5 applications for ambulatory service centers, all of them have been denied. Entry into the health care field has been restricted and newcomers have been kept out. The ad hoc committee of SHCC saw serious problems with this program and made recommendations, but this bill does not make any of these changes, Mr. Friedeman said. The existing changes serve the health care providers very well.

In answer to a question from Senator Meyers as to whether he wanted to kill the bill or suggest an amendment, Mr. Friedeman replied that he would recommend that the bill be killed. If it is not killed, he suggested that "one year" be substituted for "two years", and instead of "community need" as the principal criterion, "cost containment" or "cost effectiveness" should be substituted.

HB 2649 - Kansas Health Plan and Development Act expiration

Robert Stocking, President, HSANEK, testified in support of HB 2649, and distributed testimony stating that the extension of the Kansas Health Planning and Development Act will enable the proposed recommendations of the Kansas Health Planning Review Commission to be implemented, and passage of this bill is vital to the continuation of their work locally. Enclosed with his testimony was a report of various activities of HSANEK. (Attachment #1).

Nadine Griffin, Health Planning Review Commission, Abilene, testified in support of HB 2649 and stated that she was speaking for herself, based on her experience in health planning in the State of Kansas. She noted that the reimbursement changes that have come about are going to cause a lot of things to happen and we need a body to look at these changes and make recommendations. She emphasized that the majority of board members

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE,
room 526-S, Statehouse, at 10 a.m. ~~pm~~ on March 15, 19 84

of HSA are consumers and not health care providers.

There was discussion concerning the process of appeals. Marlon Johnson stated that he has attended state reconsideration hearings where the people are allowed to give testimony and after HSANEK hears it, it usually goes to an appeals court.

Werner Gliebe, Kansas Employers' Coalition on Health, testified in support of HB 2649, and stated that employers around the state are concerned about costs. KECH feels there are some major changes that need to be made, but they are centered around strengthening the program, rather than diluting it. He strongly urged support of this bill.

Bruce Shultz, President, HSASEK, testified in support of HB 2649, and distributed testimony stating that health planning has become vital in monitoring and shaping the health care system in Kansas. The primary strength of health planning is the development of a large data base of health care related information. (Attachment #2). Mr. Shultz said that health planning does work and it gives the consumer and opportunity to have a voice in shaping the system.

Barbara Sabol, Secretary, DH&E, testified in support of HB 2649, and distributed testimony sttting forth four basic goals for the health planning program: restrain unnecessary increase in health care costs; prevent duplication of services; increase access to services and improve quality of services; and improve the population's health status. DH&E recommends that this bill be passed. (Attachment #3). Secretary Sabol said that health planning is a very successful program in DH&E and they have a very professional staff who work with SHCC.

There was discussion concerning ambulatory surgical services, and Charles Beall, President, Hospital Surgical Centers, Inc., said there has been concern expressed that hospitals can expand up to \$600,000 without CON for major construction, and that they are moving into the ambulatory surgical construction without a CON. Secretary Sabol said the issue has been examined by the SHCC and they are currently in the public hearing process. She feels it is important that the act be extended for 2 years to establish a good data base.

Senator Hayden inquired if HB 2648 and 2649 would be considered together, and Senator Meyers replied that they would be considered at the same time but not in the same bill.

Senator Ehrlich moved that the minutes of March 13, 1984, be approved. Senator Gordon seconded the motion and it carried.

The meeting was adjourned.

SENATE
PUBLIC HEALTH AND WELFARE COMMITTEE

DATE 3-15-84

(PLEASE PRINT)
NAME AND ADDRESS

ML Jenkins
N. Zogelman
Marilyn Bracht
KEITH R LANDIS
Charles Beall
Frank Smith
MARLIN JOHNSON
Robert Stocking
Beanie Bottoff
MT Miller
Marilyn Dufferin
M. Hoover
B. SABOL
C. Hamm
Steve Ashley
Bonne Shultz
Werner Giebe
Brenda Pott
Dick Friedman

ORGANIZATION

Speakers Office
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ON PUBLICATION FOR KANSAS
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Kansas Hosp Assoc.
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KIDH + E
HSA SEK
HSA SELH
Kansas Employee Coalition on Health
KSKK - KMAJ Radio
Coastal Kansas Medical Park

#1 - 3-15-84

HEALTH SYSTEMS AGENCY
OF NORTHEAST KANSAS
TESTIMONY ON
HOUSE BILL 2649 KANSAS HEALTH PLANNING & DEVELOPMENT ACT
SENATE PUBLIC HEALTH AND WELFARE COMMITTEE
STATE CAPITOL, ROOM 526 S
TOPEKA, KANSAS
MARCH 15, 1984

Atch. 1

Good morning, Chairperson Meyers and members of the House Public Health and Welfare Committee. My name is Robert Stocking, Linn County businessman and President of the Board of Directors of the Health Systems Agency of Northeast Kansas (HSANEK). I am testifying today as the President 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, 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. 2649 the Kansas Health Planning and Development Act:

H.B. 2649 - The extension of the Kansas Health Planning and Development Act will enable the proposed recommendations of the Kansas Health Planning Review Commission to be implemented by the Governor and the Kansas Legislature.

As a local health planning organization providing a forum for local input into the development of health services for the people of our service area, we view the passage of H.B. 2649 as vital to the continuation of our important work on the local scene. Enclosed for your review is a report of various activities of the HSANEK.

For the above reasons, the HSANEK supports the passage of H.B. 2649.

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.

Activities of the
Health Systems Agency of Northeast Kansas

o Provided technical assistance to Nemaha County in order to develop a Health Services Plan for the area. The HSANEK staffed the community group for a period of 9 months.

o Provided technical assistance to the Kansas Public Health Departments Association to develop position paper on fundings for local health departments. In order to develop the position paper the Agency surveyed local health departments in Kansas.

o Provided technical assistance and demographic data analysis to both Riley and Douglas counties Aging community groups.

o Worked with a Shawnee County group of citizens to develop a action oriented plan to coordinate Aging service delivery to elderly persons in Shawnee County. As such, the Agency staffed the Shawnee County Aging Plan Committee for 12 months in order to develop and implement the Shawnee County Aging Plan.

o Provided technical assistance to the Gridley community in rural Coffey County to enable them to develop strategies to recruit a physician and dentist and to submit a grant to Region VII for a Rural Health Clinic.

o Provided technical assistance to a Hispanic grass-roots group in Shawnee County to enable them to develop a program and to submit a grant proposal to expand the delivery of Long Term Care services to this minority elderly group.

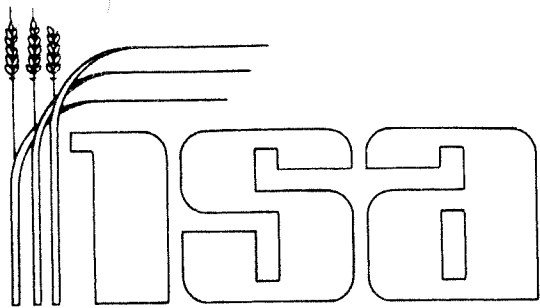
o Staffed the Northeast Kansas Task Force on Hospital Charges to secure input from local area health care providers in order to develop a survey instrument and methodology to survey the Health Service Area II Hospitals in order to collect the charges for the twenty-five (25) most used hospital services.

o Provided technical assistance and demographic data to St. Mary's Hospital in Emporia for a Home Health grant.

o Provided demographic data to a Dickinson County Community group to develop a Home Health Agency.

o In order to educate both the Health Care provider and consumer the agency developed the following documents: Health Personnel Directory of Northeast Kansas; the Health Profiles of Northeast Kansas; a Physician/Nurse Recruitment Manual for Rural Communities; a Strategic Planning Guide for Smaller Rural Hospitals.

o Other consumer education activities include the promotion of the Local Health Planning Volunteer Week, and presentations by Board and staff to local consumer groups about local health issues, problems, and solutions.



Health Systems Agency of Southeast Kansas, Inc.

355 N. Waco, Suite 209, Wichita, Kansas 67202 / 316-264-2861

Members of the Senate Public Health and Welfare Committee:

My name is Bruce Shultz and I am President of the Board of Directors of the Health Systems Agency of Southeast Kansas. I would like to take this opportunity to speak in support of the proposed legislation: House Bill 2649.

Health Planning has become vital in monitoring and shaping the health care system in Kansas. The monitoring function has become ever more important due to the volatile nature of the health care industry. Health planning is necessary to assure that accessibility and acceptability of health care are maintained in the health care system.

Health Planning is also more than just monitoring the system. Health Planning bodies assess trends and conduct appropriate activities to deal with those trends. Some of the activities which the Health Systems Agency of Southeast Kansas has accomplished include:

Developing guidelines for the introduction of Nuclear Magnetic Resonance Scanners in the Southeast Kansas Area.

Performing computerized health risk appraisals for approximately 3,000 persons in Southeast Kansas.

Publishing a consumer guide of health care providers in the Sedgwick County area. This publication, done in cooperation with area health care providers, contains pertinent information which helps the consumer locate medical services on an informed basis.

Provided a seminar for institutions with Hill-Burton obligations to gain information on the various requirements for eliminating those obligations.

Held an FDA hearing on the advertising of prescription drugs to the general public.

Atch. 2

One of the most important aspect of the HSA's health planning activities is in the area of community education and information networking. This consists of working with area consumers in providing information on the availability of health care services in Southeast Kansas and information on current trends and concerns. This is done through cooperating with the media, speaking to various civic and educational groups, and holding public hearings which provide an open forum for the exchange of ideas among consumers and providers alike. The health planning system provides the community with a source of current data and a resource which can be used to keep in touch with the health care industry.

The primary strength of health planning however, is the development of a large data base of health care related information. This information is not only useful to the public, but enables planning agencies to make informed decisions on health care issues. The HSA of Southeast Kansas is currently attempting to further develop this data base by taking the first steps in developing a health facilities inventory which will further aid in the objective criteria for future planning efforts.

It is in view of these important services provided by health planning, that I to urge you to support health planning and pass House Bill 2649.

HEARING OF THE SENATE
PUBLIC HEALTH AND WELFARE COMMITTEE
ON
HOUSE BILL 2649

March 14, 1984

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

INTRODUCTION:

The health planning program we now operate was created under Federal Public Law 93-641, the Health Planning and Resources Development Act. There are four basic aims or goals which were generally considered for the program:

- Restrain unnecessary increase in health care costs.
- Prevent duplication of services.
- Increase the population's access to services and improve the acceptability and quality of services.
- Improve the population's health status.

Critics of the planning program cite increasing health care costs, marginal health status improvements, a continued lack of access to services for some populations, and other factors as evidence that the program has failed. Proponents of the program admit that there continue to be serious health care issues to address, but believe that the initial federal charges were so broad and idealistic that no program could have met them. I believe in the value of planning and that there are a number of examples of accomplishments and benefits of the Kansas program.

- Open, public forum of the Statewide Health Coordinating Council. The Council holds six meetings each year in addition to several public hearings around the state to gather public input.
- Broad perspective analysis covering the role of the individual in health problems; basic biology; environment; and health care system.
- Adequate time for planning analyses. Every year the Council selects a few topics for study and spends the year conducting a detailed analysis.
- Publication of the Plan for the Health of Kansans, the only health document in the state which address a wide range of subjects.
- Special legislative studies on public health, credentialing, and underserved areas.

- Development of health promotion programs (PLUS and VOTE), which have the long term potential for reducing health care costs by preventing many ill health problems.
- Development of area health education centers which provide professional, collegial support to health professionals in rural areas.
- Development of home health services and other home and community-based services designed to prevent unnecessary institutionalization.
- Data collection for hospitals and nursing homes which allow planners to understand trends in service utilization in Kansas.
- Health Care Expenditures report which identifies trends in U.S. and Kansas expenditures.
- Development of community need standards to guide the Certificate of Need Program.

Many changes are now taking place in the health care system which point to a continued need for planning. 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 called 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 in 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 hospitals 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, Health Planning and Certificate of Need are needed at least through that time.

SUMMARY OF H.B. 2649

The legislation would extend the sunset date of the Kansas Health Planning and Development Act (K.S.A. 65-4701 et seq.) to October 1, 1986. If the sunset data of the statute is not extended during the 1984 Legislative Session, the act will expire July 1, 1984.

The extension legislation was originally proposed by the 1983 Health Planning Review Commission, and later modified by the House.

ISSUES:

If K.S.A. 65-4701 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. 65-4701 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. 2649 should be enacted.