

MINUTES OF THE HOUSE HEALTH AND HUMAN SERVICES COMMITTEE

The meeting was called to order by Chairman Brenda Landwehr at 1:30 P.M. on January 16, 2007 in Room 526-S of the Capitol.

All members were present.

Committee staff present:

Norman Furse, Revisor's Office
Rena Jefferies, Revisor's Office
Melissa Calderwood, Legislative Research
Mary Galligan, Legislative Research
Patti Magathan, Committee Assistant

Conferees appearing before the committee:

Sheldon Weisgrau, Senior Policy analyst with Kansas Health Institute (K.H.I.)

Others Attending:

See Attached List.

Sheldon Weisgrau Senior Policy Analyst with the Kansas Health Institute (K.H.I.) made a presentation on specialty hospitals. A Specialty Hospital is an inpatient facility which provides a limited set of services. They are typically for-profit facilities which are usually owned or partially owned by physicians. These facilities are generally located in urban areas. (Attachment 1)

K.H.I. did a study in cooperation with Kansas Department of Health and Environment, Kansas Surgical Hospital Association, and Kansas Hospital Association. Kansas has eleven specialty hospitals, and the K.H.I. study looked at nine of them.

The controversy surrounding these facilities is between specialty advocates and those in general hospitals.

Proponents maintain that specialty hospitals create economic efficiencies and provide healthy competition. Physicians tend to be supportive of these facilities.

Critics maintain that since the hospitals are at least partially owned by physicians they create a conflict of interest, such as referral of patients. They provide fewer services and consequently exclude lower income patients. The controversy is on a national level.

Based on the study, there is little question that specialty hospitals as a whole treat healthier patients than are treated in general hospitals. Patients with co-morbid conditions or additional illness tend to be treated in general hospitals. Specialty hospitals tend to treat more profitable patients with a limited set of medical conditions.

The study did not address whether physician investment in these facilities affects their decisions. Federal government passed the Stark Law some time ago which generally prevents a physician from referring patients to a facility in which he has a financial stake, however, there is a loophole which specialty hospitals fall into that exempts whole hospitals.

The study addressed the impact of specialty hospitals on general hospitals. So far there has been no financial harm to general hospitals, however, general hospitals maintain that there are some less profitable and community based services which they might be unable to provide in the future. There are several reasons why this might not happen. We are in an early stage of the evolution of these hospitals so their long-term impact is unknown. Some specialty hospitals are partially owned by general hospitals. Also, hospitals respond to competition by offering new services or cutting costs. In addition, the specialty hospitals are for profit institutions and consequently pay taxes to the state and the local community. If the federal government changes the medicare payment system to tie payment to actual cost it might go a long way to solving the problem.

CONTINUATION SHEET

MINUTES OF THE House Health and Human Services Committee at 1:30 P.M. on January 16, 2007 in Room 526-S of the Capitol.

Following the presentation, Chair Landwehr opened the floor for questions. There were questions regarding hospital licensing, insurance payments, and unnecessary procedures vs pent-up demand for service.

Chair Landwehr opened the floor for Bill introduction.

Representative Mast motioned to introduce a bill which defines certain terms related to stem cell research. Motion was seconded by Representative Morrison. Motion passed.

Representative Hill moved the introduction of two bills dealing with the State Board of Pharmacy . The first concerns the State Board selection of officers. The second is a modification to pre-filed **HB2009** dealing with vaccinations by pharmacists. Motion seconded by Representative Mast. Motion passed.

Chair Landwehr announced that this committee would be a hybrid traditional/electronic committee. Mary Galligan, Legislative Research, informed the committee that we will use an electronic Daily Agenda and an electronic Bill Book, but we will not have electronic access to testimony or meeting attachments at this time. The information will be located on the legislative intranet. Dave Larson from computer services then handed out tablet computers to members who didn't already have one.

Meeting was adjourned at 2:20 P.M.

Next meeting will be Tuesday, January 17, 2007.