

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON PUBLIC HEALTH, WELFARE AND SAFETY

Call to Order: By Chairman Tom Hager, on February 10, 1989,
at 1:00 p.m.

ROLL CALL

Members Present: Senators Tom Hager, Chairman; Tom
Rasmussen, Vice-chairman, J. D. Lynch, Matt Himsl,
Bill Norman, Harry H. McLane, Bob Pipinich

Members Excused: None

Members Absent: None

Staff Present: Tom Gomez, Legislative Council
Dorothy Quinn, Committee Secretary

Announcements/Discussion: Chairman Hager announced that SB
340, sponsored by Senator Bob Williams, and SB 217,
sponsored by Senator Mike Halligan, would both be heard
at the same time since they both address Certificate of
Need.

HEARING ON SENATE BILL 340 AND SENATE BILL 217

Presentation and Opening Statement by Sponsor: Senator Mike
Halligan, Senate District #29, advised that SB 217
removes the Sunset provision on the Certificate of Need
process for health care facilities. He stated one of
the major reasons for this piece of legislation is to
continue responsible health care planning. With the
rural character of Montana, he feels it is absolutely
necessary that the process which protects that rural
focus be continued. One of the things the CON process
does is it looks at the community's needs as opposed to
looking at the provider's needs, which may be strictly
to generate revenue. He stated there is no way to
guarantee quality, accessibility, availability, cost,
and continuity but one of the things this process does
is assure that all of those factors are considered when
a facility is requested. He believes that a free
market has not worked, and it will not work. He
pointed out that Arizona and Utah repealed the CON

process and they have experienced an overabundance of beds, skyrocketing costs, and problems of rural availability of health care services. He advised that 39 states currently have CON; three others have moratoriums either on capital construction or have strict caps on spending. The CON process is a necessary check and balance in the health care service and delivery system. He stated we cannot afford not to have it.

Senator Williams, Senate District #15, stated he is pleased to be the sponsor of SB 340, along with approximately 50 other Senate and House members. SB 340 does not eliminate CON for all health care facilities, even though there is considerable support to do so. SB 340 simply exempts hospitals, which is a needed compromise. He stated this does not mean that a hospital can now open a nursing home without going through the CON process because under this bill ambulatory surgical centers, home health programs, nursing home beds, in-patient mental health programs, chemical dependency treatment programs and rehab beds will still be covered. All other services as they relate to hospitals are exempt. In explaining why hospitals should be exempt, he stated that CON law was first enacted in 1975 as a cost-control device. At that time Medicare and Medicaid were reimbursing hospitals for their costs. There was little incentive for hospitals to control costs. Today Medicare and Medicaid reimburse on a DRG based system. The DRG system assigns a code number to each patient based on the physician's diagnosis. Medicare and Medicaid pay a fixed amount per DRG regardless of the length of stay, complications, and so on. In effect, Medicare and Medicaid have replaced the CON process as a cost control device. The Legislative Auditor's report released recently is the best evidence available to exempt hospitals while continuing to review the projects of other health care facilities. One final fact should be clearly understood - Montana is the only Rocky Mountain state with the CON law. States such as Wyoming are not experiencing any of the so called fears that may be heard today. He stated he believes this legislation will not be harmful to rural hospitals. This bill is a compromise, exempting acute care facilities from the costly and unnecessary process.

List of Testifying Proponents and What Group they Represent:

Proponents for SB 217:

Rose Hughes, Executive Director, Montana Health Care

Association

Charles Aagenes, Department of Health and Environmental Sciences

Kyle Hopstad, Administrator, Deaconess Hospital, Glasgow

George Fenner, Chemical Dependency Programs of Montana

Keith Wilson, Lantis of Montana

Lane Basso, Deaconess Medical Center, Billings

Chuck Butler, Blue Cross and Blue Shield of Montana

Mona Sumner, Rimrock Foundation, Billings

David Cunningham, Rimrock Foundation, Billings

Tom Posey, Alliance for the Mentally Ill

Mona Jamison, Rocky Mountain Treatment Center, Great Falls

Proponents for SB 340:

James Ahrens, Montana Hospital Association

Richard Brown, Liberty County Hospital, Chester

Hollis Lefever, M.D., Montana Medical Association

Jerry Jurena, Trinity Hospital, Wolf Point

Lawrence McGovern, Montana Associated Physicians

Jerry Beaudette, Sheridan Memorial Hospital, Plentywood

Dr. Timothy A. Dernbach, Billings, Montana

Ray Gibbons, Montana Deaconess Medical Center, Billings

John Johnson, Wheatland County Memorial Hospital

James T. Paquette, St. Vincent Hospital, Billings

Jerry Loendorf, Attorney, Montana Medical Association

David Klein, M.D., Billings, Montana

Testimony:

Proponents of SB 217:

Rose Hughes advised that she is Executive Director of the Montana Health Care Association which represents 80 skilled and intermediate care facilities throughout the State of Montana. She stated they represent 24 of the state's 34 hospital/nursing home combination facilities. She said her group supports SB 217 because it believes that the State of Montana and its health care providers have an obligation to the people of Montana to use its very limited health resources wisely. She read and submitted her written testimony to the committee (Exhibit #1), and urged support of the bill.

Charles Aagenes stated he is Chief of the Health Planning Bureau of the Department of Health and Environmental Sciences which Bureau is responsible for administering the CON program in Montana. SB 217 provides for the renewal of the CON law. He read and submitted his

written testimony to the committee (Exhibit #2).

Kyle Hopstead advised that he is Administrator of the Deaconess Hospital in Glasgow and also Chairman of the Montana Health Network which represents 10 hospitals in eastern Montana, 9 of which are in favor of SB 217. He stated he represents a board of nine community members in Glasgow who are elected to represent the community views. He stated most hospitals in the state are funded about 50% by Medicare and Medicaid. He stated that with the public paying at least half of the bill and employers paying the rest, hospitals should be held accountable to the public. One way to do this is to have at hand a review of costly new services and new building programs that may require long-term debt repayments. CON currently does this. He believes CON encourages cooperation among providers. He gave as an example the Billings hospitals which jointly constructed an MRI center, a cancer center, one heart unit, one obstetrics unit, and use one helicopter. He stated that without CON these cooperative efforts would not have been possible, and may have caused serious anti-trust concerns. As a rural hospital administrator, he believes that without public scrutiny of duplication of services the struggling rural hospitals may feel more detrimental effects in the future. Another concern is that without CON, capital financing would be much more difficult to obtain. Many hospitals require large capital amounts to improve their technology and insure their future survival. Without CON it will be more difficult and costly to obtain capital financing. Lenders are very wary of the effects competition will have on providers and their ability to retire a long-term debt. He believes that a hospital's plans for developments should be open for public review and the public has the right to have a forum to ask questions about their community hospital future plans.

George Fenner stated he serves as a consultant to chemical dependency programs in Montana, who are directly affected by CON. He stated they are on record in support of SB 217 and opposed to SB 340. He read and submitted his written testimony to the committee (Exhibit #3).

Keith Wilson stated he is a representative of Lantis of Montana, which is a provider of nursing home care facilities in five rural communities in Montana. He stated they urge the passage of SB 217. He submitted and read written testimony which set forth their reasons for supporting SB 217. (Exhibit #4).

Lane Basso, President of Deaconess Medical Center in Billings, offered written testimony which he read and submitted to the committee (Exhibit #5). He stated the purpose of his testimony was to clarify several points regarding the CON process in Montana which he believed may have been overlooked in the CON discussions over the last few weeks. He contended that SB 340 is not a compromise bill unless amended. He stated it is a special interest bill representing the wishes of some Montana hospitals. He asked for support of SB 217.

Chuck Butler representing Blue Cross and Blue Shield, stated they are the state's largest health care reimbursers other than Medicare and Medicaid. He stated that coverages which they offer have been increasing at dramatic rates. The reason is that the cost of care and utilization of services have been increasing dramatically as well. The CON law offers one opportunity to at least help manage and review what is happening in our health care delivery system in our state. He advised that Blue Cross and Blue Shield of Montana would like to go on record in favor of extending the CON law in Montana, and would also oppose the elimination of CON law for hospitals.

Mona Sumner, Associate Director of the Rimrock Foundation in Billings, stated they are one of Montana's largest providers of treatment for the citizens of the state who suffer from addictions. For over 20 years their group has provided care for patients and families utilizing sliding fee scales, payment contracts and allocations by their Board of Free Care. Their goal has been to help those who need help even though they may not be able to fully pay for it. This has been possible because Montana has regulated its health care environment, thus assuring that only needed beds are built. They feel the rates being paid in Montana for chemical dependency treatment are something to be proud of since they are among the lowest in the country. She believes that support of SB 217 will continue to protect that bargain for the consumer. She presented written testimony from David W. Cunningham, Executive Director of Rimrock Foundation, endorsing continuation of CON (Exhibit #6).

Tom Posey, representing the Alliance for the Mentally Ill, stated that the Utah experiment was disastrous for his peer group. He stated he recently appeared before the legislature and urged them to raise a limit on the amount of health insurance provided to the mentally ill. Even by raising that limit it would not fully

cover the cost of suffering from the illness. He urged that they not remove another safeguard which protects the mentally ill from the escalating costs and allows them to get a certain amount of treatment. He urged passage of SB 217.

Mona Jamison appeared in support of SB 217 on behalf of Rocky Mountain Center of Great Falls. She advised that she is a practitioner in this field and has represented Rocky Mountain and other clients. The process works, according to Ms. Jamison, and has been improved since last session when the act was amended to change the procedures after applications were filed. She explained the hearing process, stating it has saved money for the applicant as well as the state. Relating to the costs of CON, she indicated that if it is eliminated, there will just be a transference of costs not a saving. It will be shifted to the taxpayers of the state through the Medicaid budget and insurance costs. She also pointed out that the criteria that are established in the CON law and in the regulations - need, duplication of services, joint planning efforts, access and availability of services, and financial feasibility, comprise a process that allows people to present information to the Department on both sides of an application. She stated the supporters of SB 217 are the nursing homes. They go before the Department most frequently with applications for new homes or expansion of services. Many of them are denied, yet they are the proponents of this bill because they realize if there are empty beds in any of the facilities, costs go up. She believes SB 217 is vital and urged its support.

Proponents of SB 340:

Jim Ahrens, President of the Montana Hospital Association, stated he wished to make it clear that the Association's support of SB 340 is a result of a Board decision and not all hospitals across the state are represented in that decision. He stated their primary position is to allow CON to sunset. That is what his group prefers, but they support SB 340 which simply removes hospitals from the CON statute. He stated SB 340 is a reasonable compromise. He read and supplied his written testimony to the committee. His exhibit also includes letters from many hospitals whose representatives were unable to attend the hearing (Exhibit #7). He urged support of SB 340 and defeat of SB 217.

Richard Brown, Administrator of Liberty County Hospital and

Nursing Home in Chester, Montana, advised that he is also Chairman of the Montana Hospital Association. He stated he is speaking in support of SB 340 which would continue CON and exempt hospitals for most services, all equipment and all construction. He also spoke in opposition to SB 217 which would leave hospitals under CON and would continue CON forever without any changes. As the administrator of a small rural hospital, he stated he is in a position that does not allow him to make unwise business decisions regarding capital investments. He found his experience with CON time consuming and expensive use of resources, and a duplication of process. These programs delayed implementation until the application could go through lengthy unnecessary cycles. He did not deny that health planning is beneficial, but the needs within individual communities will determine whether or not additional health care facilities should be constructed or whether additional equipment should be purchased. All hospitals must make decisions on capital investment in a businesslike manner. Questions asked by hospital administrators as they determine the need for their projects or programs are the same as those questions asked by the CON application. This duplication only adds to the rising cost of health care and creates another obstacle in the efforts of hospitals to run an efficient operation. He stated they refer several patients each year to larger hospitals for services they do not provide. He added that the CON process is no longer effective for Montana's hospitals. He stated that ideally the sunset of the CON law would be in the best interest to all health care institutions. He urged the defeat of SB 217. If a compromise must be made, he would support SB 340.

Dr. Hollis Lefever, Lewistown, Montana, stated he is speaking in support of SB 340. He read and submitted his written testimony to the committee (Exhibit #8). His observations were based on his experience in the private practice of medicine. He asked that CON be eliminated for acute care facilities and providers in Montana.

Jerry E. Jurena, Administrator of Trinity Hospital in Wolf Point, advised that he has gone through this process three times in other states. He stated that each time he found it costly, creates delays, and is very restrictive as to the original plans. He feels the community is the best judge of their needs. He stated they must first get the community support and funding, then they go to the CON. He stated once CON approval is received, that is the last contact. Quality is not

assured, cost containment is not questioned. He is in favor of doing away with CON altogether; however, he would support SB 340. He presented written testimony which is attached (Exhibit #9).

Lawrence McGovern, Director of Montana Associated Physicians of Billings, advised that theirs is an 87 member physician organization whose practices employ approximately 350 people. It is their opinion that elimination of the expensive, time-consuming, counter productive CON process for hospitals will not only improve access to the regional centers for the rural component, but will help the problems they are facing in Billings. He submitted and read his written testimony to the committee (Exhibit #10).

Jerry Beaudette, Administrator of Sheridan Memorial Hospital in Plentywood, advised that he was formerly administrator of Big Sandy Medical Center. As a representative of the hospital board and medical staff of the Sheridan Memorial Hospital and Nursing Home, he stated he is in support of the elimination of the entire CON process. He supports Senator Williams' bill because it represents a step towards this goal. He stated he is strongly opposed to SB 217 based on his experiences with the CON process. He advised while at Big Sandy he submitted a request for 20 nursing home beds. According to the Montana Health Plan, the need for Big Sandy was 9 beds. Based on this, the State Department of Health initially denied approval, their reason being that the project would be financially impossible. A special bond election was held and passed 509 to 38. He believes when a community can show that type of support for a project, why should it not have it. In 1985 they finally received approval, but by this time the construction cost had increased by \$100,000, which represents 10% of the total construction cost, in addition to \$25,000 which was spent on preparing and representing the application itself. Within a year of construction all 20 beds were filled and there was a waiting list. He urged support of SB 340.

Dr. Timothy Dernbach stated that he has been a cardiac surgeon in Billings for the past 10 years, and is testifying in support of SB 340. He read and presented his written testimony to the committee (Exhibit #11). He summarized by stating that the Legislative Audit questions the continuance of the CON program beyond June 30, 1989, and that should be taken into consideration.

Ray Gibbons, Vice-president of Montana Deaconess Medical Center, spoke in support of SB 340. He stated they feel the CON law should be allowed to sunset, but that SB 340 would be a reasonable compromise. He read and submitted his written testimony to the committee (Exhibits #12a and #12b).

John Johnson, Administrator of Wheatland Memorial Hospital and Nursing Home in Harlowtown, stated he did not care what is going on in other states around Montana, but is interested in Montana concerns. He also stated they do not need another costly regulation to continue to hamper the rural hospitals. He set forth his views in written testimony which he submitted to the committee (Exhibit #13). He stated he is opposed to SB 217, and would like to see the CON eliminated in Montana.

Jim Paquette, President and Chief Executive Officer of St. Vincent Hospital in Billings, advised that they point with pride to joint projects in Billings. However, those facilities are very expensive facilities for which there is not sufficient demand for duplication. That has been done in spite of the CON, through the action of responsible board and management in Billings. He also stated that there is no correlation between CON and cost savings. He advised that Montana ranks 48 out of 51 states in terms of cost per admission, and that is the result of voluntary effort on the part of 42 out of 56 hospitals who subscribe to a voluntary rate review system. He submitted written testimony to the committee which details his concerns (Exhibit #14). He supports SB 340, and opposes SB 217.

Jerry Loendorf, representing the Montana Medical Association, stated that the goal of CON was to control health care costs. If one would judge that law, its history must be studied. He stated by watching the evening news everyone knows health care costs continue to increase at rates considerably more than the Consumer Price Index. The testimony of the proponents indicates there is no cost saving. By examining this history it is evident CON has not worked. He stated another aspect must compare the Boards of Directors of Montana hospitals and their decisions to those of health care planners in Helena. Virtually all of the hospitals in Montana are non-profit, privately operated and directed by a board composed of citizens from the communities where they are located. These citizens were making decisions concerning their hospitals long before CON laws were in effect, and seemed to be making them responsibly. He sees no reason why they would not continue to make responsible decisions should the CON

be allowed to sunset.

Dr. David Klein, a general surgeon practicing in Billings, stated he has been involved with federally mandated health care planning and the Montana CON law since it started 14 years ago. He stated he strongly opposed SB 217, and spoke in support of SB 340. He read and submitted his written testimony to the committee (Exhibit #15).

Questions from Committee Members:

Senator Hager stated that he had a technical question for Senator Halligan. He noted that Section 3 was a repealer, repealing Section 53-6-110, which refers to a report and recommendation to legislators on Medicaid, and asked if that was what Senator Halligan wished to repeal.

Senator Halligan responded by stating he did not know why it was being repealed and referred the question to a Health Department representative.

Dale Taliaferro stated that was put in at the request of SRS. He stated in the last legislature it was inadvertently renewed. It applies to some other processes that they are no longer using.

Senator Hager stated it does not apply to this bill, and they would look into it.

Senator Lynch asked what is the situation going on in Billings. Dr. Dernbach stated that the CON issue would not be such a big thing if it were not for the open heart situation now in Billings. He stated his opinion of the situation was that in 1977 both hospitals reviewed the needs for a new open heart program and they decided there were not enough cases at that time to justify two programs. He gave his opinion of the current situation, but stated this was not the arena to discuss the politics of the hearing process, or the Billings open heart problem.

Senator Lynch asked Larry Akey, Montana Health Network, if SB 217 did not pass, would his group favor SB 340.

Larry Akey replied that is a difficult question for him to answer because he represents hospitals, and 9 of the 10 hospitals he represents have taken the position that hospitals should be continued to be covered by CON. If SB 340 is the only bill reported out of this committee, he was not sure which direction his members would go.

Senator Lynch directed the same question to Rose Hughes. She advised that the Montana Health Care Association is strongly supporting SB 217, strongly opposing SB 340, and added that if SB 340 comes out of committee they will continue to oppose SB 340.

Senator Himsl indicated that Arizona was the one state in the union that did not have Medicaid, and had a different type program that collapsed. Senator Himsl asked if Arizona discontinued the CON in 1987. Mr. Lane Basso said he believed it was in 1985. Senator Himsl stated that subsequently Mayo came into Scottsdale and put up a huge clinic there, and it is now a popular center, pointing out that when they were free to come in, they came in.

Senator Hager announced that because the time ran out, those who did not get an opportunity to testify could rise and identify themselves and state whether they support or oppose either bill:

Pat Melby stated that he is an attorney who represents Rimrock Foundation and Broadwater Health Center, Townsend. He stated on behalf of both those facilities he wished to advise the committee that they oppose SB 340 and support SB 217. (Exhibit #16).

Steve Waldron of the Montana Council of Mental Health Centers advised that they are opposed to SB 340 because they are concerned that health care costs will rise so rapidly.

Ed Sheehy, representing the National Association of Retired Federal Employees, stated his organization is opposed to SB 217 and support SB 340.

Fred Patten, representing the National Association of Retired Persons, stated they support SB 217 and are opposed to SB 340. He submitted written testimony (Exhibit #17).

The following persons submitted written testimony in favor of SB 217:

Ron Borgman, Administrator of Stillwater Convalescent Center, Columbus, Montana (Exhibit #18)

Sandra Erickson, Providence Chemical Dependency Treatment Centers, Cascade, Pondera and Glacier Counties (Exhibit #19)

Kristin Rapacz, Administrator, St. John's Lutheran Home,

Billings (Exhibit #20)
Jean Johnson, Executive Director, Montana Association of
Homes for the Aging, Helena (Exhibit #21)
R. Joseph Rude, Health and Marketing, West, Billings
(Exhibit #22)

The following persons submitted written testimony in favor
of SB 340:

William J. McDonald, Assistant Vice-President, Corporate
Services, Community Hospital, Missoula (Exhibit #23)
Jack Tenge, Member of the Golden Care Plus Board, St.
Vincent Hospital, Billings (Exhibit #24)

In addition, a 43-page Petition with 725 signatures showing
support for SB 340, was submitted to the committee.

Closing by Sponsor: Senator Williams thanked all the
supporters of SB 340. He stated that this bill
contains two major provisions - (1) extends the
Certificate of Need for two more years for the ones who
want it; and (2) it removes the hospitals from the
requirements of CON for certain types of expenditures.
He submitted Exhibit #25, and urged support for SB 340.

Senator Halligan stated that the state has seen what
deregulation has done to the airlines and railroads.
He believes that is how the sunset of the CON will
affect the consumer in Montana. He stated no consumer
groups testified on behalf of SB 340. There were ten
applications to the Department in 1988; 7 were
approved, 1 withdrawn, 1 was denied and 1 is still
pending. The one that was denied was for St.
Vincent's. According to Senator Halligan, the process
seems to be working. Deregulation in this heavily
subsidized industry through Medicaid and Medicare is
not free enterprise. The CON process should not be
measured totally by the reductions in cost. It is
accessibility and availability of services where rural
states and small communities need the protection, and
that is where CON plays the major role. He hopes that
with some regulation through the CON, costs will be
controlled. He stated SB 340 is not a compromise bill
because the consumer needs to be the person to be
considered.

DISPOSITION OF SENATE BILL 217 AND SENATE BILL 340

Discussion: Senator Hager announced that Executive Action
would be taken on these bills on Monday, February 13,
1989, commencing at 12:45 p.m.

Amendments and Votes: None

Recommendation and Vote: None

ADJOURNMENT

Adjournment At: 3:00 p.m.



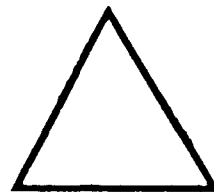
SENATOR TOM HAGER, Chairman

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MONTANA
HEALTH
CARE
ASSOCIATION

SENATE HEALTH & WELFARE
EXHIBIT NO. #1
DATE 2-10-89
BILL NO. #217



36 South Last Chance Gulch, Suite A
Helena, Montana 59601
406-443-2876

February 10, 1989

SENATE BILL 217

SENATE PUBLIC HEALTH COMMITTEE

For the record, I am Rose Hughes, Executive Director of the Montana Health Care Association, an association representing some 80 skilled and intermediate care facilities throughout the State of Montana. Included in our membership and county and religious affiliated facilities, private for profit facilities, and facilities co-located with hospitals. In fact, we represent 24 of the state's 34 hospital/nursing home combination facilities.

The Montana Health Care Association supports Senate Bill 217 because it believes that the State of Montana, and we as health care providers, have an obligation to the people of Montana to use its very limited health care resources wisely. Health planning and certificate of need are the only protection the state of Montana has in place to protect consumers from the high costs associated with unnecessary investment in health care facilities, duplication of health services, and the high price that accompanies this excess capacity and duplication.

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You will be told that there is a trend across the country to deregulate. The fact is, that only one state took action during 1988 to actually eliminate certificate of need and let the free market operate.

Also, of the 13 states that claim to be deregulated, four have put in place other regulatory schemes to control capital expenditures. Minnesota dropped CON in 1983, but had 1122 review, a system very similar to CON, in place until late 1987; and currently the state of Minnesota has a moratorium on nursing home beds and new hospital beds.

The State of New Mexico dropped CON in August of 1983 but also had 1122 review in place until late 1987. Currently the State of New Mexico has regulations in place which discriminate against new providers in reimbursement of capital costs.

The State of Wisconsin has a moratorium on acute care beds and nursing home beds.

In Wyoming, CON was dropped in July, 1987, but they, too, imposed a lid on capital costs to keep growth down, and they have legislation pending for the moratorium on new beds.

Of a total of thirteen states that can be looked to for guidance on the effects of deregulation, only 4 have been without CON and 1122 review for 2 years or more. Of those, Arizona and Utah have been without CON and 1122 for the longest periods of time.

Arizona

In Arizona, before deregulation, nursing home occupancy was 95%. Following deregulation, occupancy fell to 80%. Nursing home beds increased nearly 80% from 8,313 to 14,643. Per capita expenditures for nursing home care rose by nearly 55%. Total dollars spent on nursing home care increased 81% over a 3-year period.

Utah

In Utah, there has been rapid growth in the number of long term care beds since the repeal of CON. While CON was in place, only 99 additional long term care beds were approved. Following the repeal of the program, there was a net increase of 216 beds in 1985, 644 beds in 1986, and 585 beds in 1987. The large increase in beds has caused the average nursing home industry occupancy rate to plummet from almost 90% to 75%.

The experience of both these states show that the free competitive market did not deter unnecessary, expensive growth which leads to higher costs which are passed on to the unprotected consumers of health services.

The experience of states without health planning has been the expansion of health services of all types--nursing home beds, hospital beds, psychiatric and specialty hospitals, high tech equipment, and the like.

When this happens, consumers are pushed to consume more health services than they need, and the cost of those services goes up.

It should be noted that such expansion has a profound effect on state Medicaid programs, which pay a substantial portion of total nursing home costs, as well as significant sums for inpatient and outpatient hospital services. It also affects private consumers of health care, and the citizens and businesses who pay health insurance premiums.

Certificate of need is a nuisance and a frustration to providers, but it does work. And it protects not only our health care facilities, but also the patients they serve.

Nursing homes don't like the CON process any better than any other provider. We, too, would like to be able to do as we please.

But, as long as the public is concerned about the high cost of health care, and as long as we are willing to receive large sums of money from state and federal Medicare and Medicaid programs, we must be willing to undergo public scrutiny.

In light of limited resources available to pay for health care services, and in light of continued increases in the cost of health care, we have no choice but to continue to do responsible health planning--to insure that scarce health care resources are properly allocated and to insure that health services are accessible and cost effective.

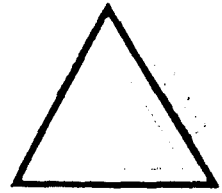
Senate Bill 217

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Senate Bill 217 simply removes the sunset provision of our certificate of need laws and allows the process to continue on in its present form. I urge your support of Senate Bill 217 and appreciate the opportunity to present out views to you. I'll be available to answer any questions you may have.

MONTANA HEALTH CARE ASSOCIATION

SENATE HEALTH & WELFARE
EXHIBIT NO. 1
DATE 2/10/89
BILL NO. 340



February 10, 1989

36 South Last Chance Gulch, Suite A
Helena, Montana 59601
406-443-2876

SENATE BILL 340

SENATE PUBLIC HEALTH COMMITTEE

For the record, I am Rose Hughes, Executive Director of the Montana Health Care Association, an association representing some 80 skilled and intermediate care facilities throughout the State of Montana. Included in our membership are county and religious affiliated facilities, private for-profit facilities, and facilities co-located with hospitals. In fact, we represent 24 of the state's 34 hospital/nursing home combination facilities.

The Montana Health Care Association opposes Senate Bill 340 because it believes that the State of Montana, and we as health care providers, have an obligation to the people of Montana to use its very limited health care resources wisely.

Health planning and the certificate of need process are the only protection the State of Montana has in place to protect consumers from the high costs associated with unnecessary investment in health care facilities, duplication of health services, and the high price that accompanies this excess capacity and duplication.

Senate Bill 340 asks you to make a sham of responsible health planning, by removing from the process the single largest provider of health care services, and the provider of the most

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expensive health care services--hospitals. You're being asked to accommodate the convenience of these hospitals at the expense of Montana's consumers and taxpayers, the very people you're here to serve and protect.

The major goal of certificate of need is cost containment--the process attempts to prevent unnecessary capital expenditures and duplication of services, which cause substantial increases in the per service cost of health care.

The fastest growing segments of our state Medicaid budget are:

...inpatient hospital services, which grew 70.63% from FY85 through FY88

...outpatient hospital services, which grew 126.52 % from FY85 through FY88, with the "cost per service" growing 40% from FY87 to FY88; and

...inpatient psychiatric care for youth, which the Legislative Fiscal Analyst describes as the "fastest growing segment of the primary care budget" with an increase from FY88 to FY91 of 106%.

These three fastest growing segments of the Medicaid primary care budget would all be exempt from the certificate of need process under Senate Bill 340.

When any one sector of the health care system is allowed to waste limited resources, all parts of that system, as well as the consumers suffer.

Those of us who have spent much of the past month downstairs participating in hearings on the human services budget know that the dollars available to pay for health care for the poor are very limited. There simply are not funds available to pay for all the needs that are being identified. The committee has had to consider eliminating optional Medicaid services such as

speech, occupational and physical therapy, as well as services provided in our mental health centers. The subcommittee made a very difficult decision not to fund a salary upgrade for nurse aides caring for the frail elderly in our nursing homes, yet no one on that committee believed that these people don't deserve increased wages. It was simply a matter of allocating limited resources.

As that process unravels downstairs, all who participate in it become painfully aware that wasteful spending in any one of those programs affects the funding of all other services. If you allow the hospitals to do as they please, and they expand and duplicate services, as has happened in other states, that will affect the ability of the legislature to fund not only hospital services but all other health care services. That is why you find that most providers of health services in this state oppose your giving in to the demands of the hospitals in this state to do as they please.

Earlier, I presented information about the affects of lack of CON on nursing homes in Arizona and Utah. Let me give you some statistics about what has happened with hospitals in those states.

In Arizona, since deregulation of hospitals in March 1985, proposed projects include construction of 14 new hospitals representing 1,285 beds at a cost of \$169.4 million, and the expansion of existing hospitals by 238 beds at a cost of \$19 million. This is happening despite the fact that hospital utilization was already decreasing at the time deregulation occurred. And, although hospital utilization has dropped as

bed capacity has increased, hospital revenues have steadily risen. Consumers in Arizona are simply paying more money for less utilization, which is exactly what occurs when health facilities over-build.

A related effect of hospital deregulation in Arizona has been a marked increase in hospital-based tertiary specialty services in 1985, including 6 new open heart surgery programs and 3 additional cardiac catheterization laboratories. These new services brought significant upward trends in overall utilization. Nine physical plant expansions entail a cost of over \$30 million.

The expansion of high-tech equipment was also evident in Arizona. Arizona now has 10 nuclear magnetic resonance imaging systems (MRI) serving a population of 3.1 million people, including 4 freestanding units. The total cost exceeds \$15 million.

The State of Arizona estimated in late 1985 that consumers in that state were spending in excess of \$225 million a year for excess hospital capacity and concluded that continued expansion of the health system would pose significant problems in the area of cost containment.

In Utah, termination of CON brought with it an influx of providers and new beds in the area of free-standing psychiatric hospitals. From January 1, 1985, to September 1, 1988, 8 new free-standing psychiatric hospitals have been built in the state for a total of 550 new licensed beds. Although one or two psychiatric hospitals may have actually been needed, it is generally thought that there is now substantial excess of such

beds. Occupancy rates are low for most of these facilities.

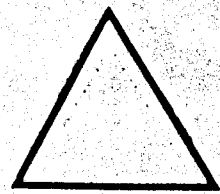
There is not much question that the experience of states without a certificate of need process has been the expansion of health services of all types--nursing home beds, hospital beds, psychiatric and specialty hospitals, high tech equipment, and the like. When this happens, consumers are pushed to consume more health services than they need, and the cost of those services goes up.

I hope you will compare the broad based group of consumers and providers who support responsible health planning and certificate of need for all major services to the narrow interests of those who are inconvenienced by the process and would like to exempt themselves from it.

We urge you vote "do not pass" on Senate Bill 340, as being against the best interests of the consumers and taxpayers of this state.

MONTANA HEALTH CARE ASSOCIATION

SENATE HEALTH & WELFARE
EXHIBIT NO. 1
DATE 2/18/89
BILL NO. 340



36 South Last Chance Gulch, Suite A
Helena, Montana 59601
406-443-2876

For information contact: Rose M. Hughes
Executive Director

SENATE BILL 340 - to remove hospitals from certificate
of need process

Hospitals should not be removed from health planning because
of their impact on the Medicaid budget. Hospital service
costs are growing faster than any other part of the Medicaid
budget.

MEDICAID PAID CLAIMS STATISTICS FY87 thru 1/31/89:
(from SRS print out)

<u>Service</u>	<u>FY87</u>	<u>FY88</u>	<u>89 YTD</u>
<u>Inpatient Hospital</u>			
Dollars	\$29,861,585	\$34,101,800	\$12,225,494
Services	2,002,803	2,114,452	658,884
Cost per service	\$14.90	\$16.12	\$18.55
INCREASE COST PER SERVICE		+8.1%	+15%
<u>Outpatient Hospital</u>			
Dollars	\$4,667,976	\$5,579,224	\$2,520,944
Services	456,829	385,220	145,665
Cost per service	\$10.21	\$14.48	\$17.30
INCREASE COST PER SERVICE		+42%	+19%
<u>Physicians</u>			
Dollars	\$11,266,278	\$12,205,821	\$4,945,929
Services	492,417	548,674	224,174
Cost per service	\$22.87	\$22.24	\$22.06
INCREASE COST PER SERVICE		-2.7%	-.8%
<u>Other primary care:</u>			
Dollars	\$22,669,745	\$23,676,691	\$10,655,574
Services	3,010,180	3,609,317	1,538,318
Cost per service	\$ 7.53	\$ 6.56	\$ 6.92
INCREASE COST PER SERVICE		-12.8%	+5.5%

An Affiliate of

ahca

American Health Care Association

Service

Nursing home costs:

Dollars	\$45,845,522	\$48,101,403	\$24,708,879
Days of Care	1,278,561	1,317,427	661,771
Cost per day	\$35.86	\$36.51	\$37.34
INCREASE COST PER DAY		+1.8%	+2.3%

SUMMARY

<u>Service</u>	<u>Increase or Decrease in Cost Per Service:</u>	
	<u>FY87 - FY 88</u>	<u>FY88 - 89YTD</u>
Inpatient Hospital	+8.1%	+15.0%
Outpatient Hospital	+42.0%	+19.0%
Physicians	- 2.7%	- .8%
Other primary care	-12.8%	+ 5.5%
Nursing homes	+ 1.8%	+ 2.3%

It is clear that hospital services, both inpatient and outpatient, are the services responsible for the fastest growth rate. The cost per service is growing at a rate that far exceeds inflation, while other health service costs are growing at rates that are less than general inflation.

SUPPORT CERTIFICATE OF NEED FOR ALL HEALTH CARE PROVIDERS,
INCLUDING HOSPITALS.

Testimony for Senate Bill 217
Department of Health and Environmental Sciences

Senate Bill 217 provides for renewal of the Certificate of Need law.

Two years ago, the 50th Legislature enacted changes in Certificate of Need which have allowed us to focus the program on those projects that have the most impact on health care costs. In addition, the process was changed to provide for informal local hearings in order to encourage local input on each proposal. Those changes, along with other refinements in the law, have accomplished much in meeting those goals the Legislature had in mind.

Montana's Certificate of Need program has been designed for the specific needs of medical facilities and communities of Montana. We believe it is working well and accomplishing its objectives.

The assignment given us by the 50th Legislature was shared with the Statewide Health Coordinating Council and interested citizens and groups who participate in the Council's meetings. The primary issue that is being debated is whether or not it should be state policy to regulate the development of Health Care Facilities. Our study finds most issues concerning the effects and desirability of having a Certificate of Need program require subjective judgement. As is proper to do, we are presenting this policy issue to the Legislature where you will certainly hear the various views and facts that each side has to present.

I will be here to answer questions you may have about the operation of the program.



C·D·P·M

Chemical Dependency
Programs of Montana, Inc.
36 S. Last Chance Gulch, Suite A
Helena, Montana 59601
(406) 443-1160

SENATE HEALTH & WELFARE
EXHIBIT NO. #3
DATE 2-10-89
BILL NOS 217

TESTIMONY GEORGE FENNER
SB217 PUBLIC HEALTH COMMITTEE
FEBRUARY 10, 1989

CHAIRMAN HAGER, MEMBERS OF THE COMMITTEE, I AM GEORGE FENNER SERVING AS A CONSULTANT TO CDPM, WHO ARE DIRECTLY AFFECTED BY CERTIFICATE OF NEED, AND WHO ARE ON RECORD IN SUPPORT OF SB 217 AND OPPOSED TO SB 340.

FOR THE PAST 15 YEARS, I HAVE APPEARED BEFORE THESE BODIES IN SUPPORT OF CERTIFICATE OF NEED. I WAS DIRECTLY RESPONSIBLE FOR DRAFTING THE ORIGINAL LEGISLATION AND HAVE BEEN RESPONSIBLE IN ONE WAY OR THE OTHER FOR WORKING WITH REVISIONS, REWRITES, AMENDMENTS AND TESTIMONY SINCE THEN. UNTIL THIS SESSION, I REPRESENTED THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES AS CHIEF OF HEALTH CARE FACILITIES/LICENSURE & CERTIFICATION, OR LATER AS HEALTH SERVICES DIVISION ADMINISTRATOR. I RETIRED FROM STATE GOVERNMENT THE FIRST OF JULY 1988 BUT FOUND I COULD NOT BACK OFF AND IGNORE LEGISLATION LIKE CERTIFICATE OF NEED, WHICH I BELIEVE IN SO STRONGLY.

LET ME BEGIN BY TELLING YOU THAT CERTIFICATE OF NEED IS THE STRONGEST AND REALLY THE ONLY LEGISLATION AND REGULATION WE HAVE THAT MAKES AN ATTEMPT TO CONTROL HEALTH CARE COSTS. I DON'T SAY

TESTIMONY

PAGE 2

WE HAVE BEEN SUCCESSFUL, BECAUSE WE HAVEN'T, AS I WILL POINT OUT, BUT WE ARE THE ONLY PROGRAM THAT HAS BEEN ABLE TO SLOW DOWN HOSPITAL COSTS.

A GRAPH IN THE JANUARY 30, 1989 ISSUE OF NEWSWEEK ILLUSTRATES THAT SINCE 1965 TOTAL U.S. SPENDING ON MEDICAL CARE HAS SKYROCKETED FROM ROUGHLY \$42 BILLION TO \$500 BILLING, OVER 11% OF OUR GNP, AND MORE THAN ANY OTHER DEVELOPED NATIONS.

BEFORE THE END OF 1900, PREDICTS A REPORTS RELEASED LAST MONTH BY THE HEALTH INSURANCE ASSOCIATION OF AMERICAN AND JOHN HOPKINS UNIVERSITY, CORPORATIONS WILL HAVE TO ABSORB ANOTHER DOUBLE DIGIT INCREASE IN HEALTH INSURANCE PREMIUMS. EMPLOYERS FACE A YEAR OF BITTER MEDICINE, THE REPORT CONCLUDES.

BY THE YEAR 2000, SAYS FORMER SECRETARY OF HEALTH, EDUCATION AND WELFARE, JOSEPH CALIFANO, NOW A HEALTH CARE CONSULTANT TO LARGE CORPORATIONS, "THE ONLY PERSON IN THE USA WHO CAN AFFORD TO GET SICK WILL BE DONALD TRUMP."

WE BELIEVE IN HEALTH PLANNING, THE PURPOSE OF WHICH IS TO IMPROVE COST, QUALITY, AND ACCESSIBILITY OF HEALTH CARE SERVICES BY DISCOURAGING UNNECESSARY INVESTMENT IN HEALTH CARE FACILITIES AND CHANNELING INVESTMENTS IN SOCIALLY DESIRABLE WAYS.

TESTIMONY

PAGE 3

OPPONENTS OF THIS LEGISLATION WILL ATTEMPT TO ASSURE YOU THAT THE INDUSTRY WILL SELF-REGULATE AND THAT THE MARKET PLACE WILL

PROTECT THE HEALTH-CARE CONSUMER FROM EXCESS CAPACITY AND UNNEEDED DUPLICATION, AND THE HIGH PRICES THAT ACCOMPANY EXCESS CAPACITY AND DUPLICATION. NOT SO, WE SAY. LET THEM EXPLAIN TO

YOU THEN ABOUT ARIZONA AND UTAH EXPERIENCES, WHICH ARE STATES CLOSE AT HAND, WHO DID AWAY WITH CERTIFICATE OF NEED WITH DISASTROUS RESULTS THAT ARE COSTING THE STATES MILLIONS THROUGH FORECLOSURES, HIGHER RATES, INCREASES IN MEDICAID, ETC.

THE NEW ENGLAND JOURNAL, IN AN ARTICLE PRINTED IN SEPTEMBER OF 1988, STATES THAT A COMPETITIVE MARKET IS AN OPPONENT AND NOT AN ALLY OF COST CONTAINMENT. WHEN CAPACITY INCREASES, ADVERTISING AND MARKETING INCREASE. THE BOUNDARIES OF THE SYSTEM ARE EXPANDED. DUPLICATION OF COSTLY SERVICES IS ENCOURAGED AND THE PUBLIC IS PUSHED TO CONSUME MORE HEALTH CARE SERVICES THAN IT NEEDS.

IN MONTANA, WE HAVE NO LAW CURRENTLY OR BEING PROPOSED WHICH WOULD OFFER COST CONTAINMENT PROPOSALS. MONTANA'S CERTIFICATE OF

TESTIMONY

PAGE 4

NEED LAW IS ALL WE HAVE TO SERVE AS A DETERENT. IT REQUIRES HEALTH PLANNING, JUSTIFICATION FOR THE PROJECT, IT SLOWS DOWN THE EXPANSION OF SERVICES, CAPITAL CONSTRUCTION AND BED INCREASES.

HOW ELSE COULD WE DO THIS? WE COULD ADOPT LEGISLATION THAT WOULD CAP HOSPITAL SERVICE CHARGES, PUT A MORATORIUM ON HEALTH FACILITY CONSTRUCTION OR BED INCREASES, NOT ALLOW DUPLICATION OF EXISTING SERVICES AND FREEZE THE PURCHASE OF NEW HIGH TECH EQUIPMENT. THAT MIGHT DO IT, BUT IF YOU THINK THE CONTINUANCE OF CERTIFICATE OF NEED BRINGS TEARS TO THE EYES OF THE BIG HOSPITALS, WAIT UNTIL YOU DO THAT, THE WAILING ,CRYING AND HOWLING WILL SOUND LIKE A COUNTRY-WESTERN REVIVAL.

WE NEED CERTIFICATE OF NEED FOR ALL CURRENTLY COVERED HEALTH SERVICES. IT IS HOSPITALS AND PHYSICIANS WHO CONTRIBUTE MOST TO RISING COSTS OF HEALTH CARE AND WHO WILL, IF THIS BILL DOES NOT COVER THEM, EXPAND THEIR SERVICES, PURCHASE NEW EQUIPMENT, LIKE MRI, LINEAR ACCELATORS, AND THOSE YET TO BE ADVANCED AS HIGH TECH, AND ADD BEDS THROUGH NEW CONSTRUCTION FOR HOSPITALS, LONG TERM CARE AND MENTAL HEALTH.

CERTIFICATE OF NEED IS A REGULATORY PROGRAM THAT SERVES A VITAL NEED AND DOES NOT PROPOSE TO FURNISH ALL OF THE ANSWERS.

TESTIMONY

PAGE 5

PLEASE KEEP IT IN PLACE. I URGE A DO PASS VOTE ON SENATE BILL
217, AND A "DO NOT PASS" VOTE ON SENATE BILL 340.

Testimony in favor of SB 217

Submitted to: Public Health, Welfare & Safety
Senator Tom Hager, Chairman
Members of the Committee

Submitted by: Lantis of Montana

It is time to remove the sunset provision from the Certificate of Need process. Health planning via the present certification process works well and should be extended without the biannual debate over it's merits.

There are two reasons, from our point of view as long term care providers in Montana, for this recommendation.

1. The existence of needs evaluation and certification to meet those needs helps to insure the highest quality of care for the most reasonable cost.
2. A stable health planning environment will promote controlled, cost effective development of the delivery system by allowing long term financial and operational planning by provider management.

We have just finished a seven month certificate of need application and appeal process for a new facility which we will build in Kalispell. We want you to know that the process, as set in place by the Department of Health, does work. It is trying at times but it does what it is designed to do. It promotes quality health care in the state.

The community of Kalispell and the Flathead Valley will have a better long term care system as a result of this evaluation. There were eight firms who were interested in the Kalispell project. The process weeded out those who were not serious enough to go through the evaluation. Two of us remained and met the tests of the process. It forced us to closely examine the real needs of the community, and to examine our ability to meet these needs. We did our homework, presented our case to the community and the department for evaluation with the other proposal. The end result will be the best possible package for Kalispell.

The system of Certificate of Need process allows the mistakes to be made on paper and the competition to take place in the application process, not after the fact at the expense of the patient, the elderly or the community.

Respectfully submitted,

Keith Wilson
Keith Wilson
LANTIS OF MONTANA
Feb. 10, 1989

Deaconess
Medical
Center

SENATE HEALTH & WELFARE
EXHIBIT NO. 5
DATE 2-10-89
BILL NO. 68217

February 10, 1989



Senator Tom Hager, Chairman
Public Health Committee
Montana State Senate
Capitol Station
Helena, MT 59620

Dear Chairman Hager:

The purpose of this letter is to clarify several points regarding the Certificate of Need Process in Montana that I believe may have been overlooked in the CON discussions over the last few weeks.

As I'm sure you are aware, Montana's Medicaid Reimbursement System is in need of attention, and certainly with the financial problems facing Montana today, it is not the time to gamble on the proliferation of duplicated services throughout the State of Montana.

The CON Review Process requires health planning in Montana, and that in itself is a worthy goal. Because of that required planning process, I believe that the CON can take credit for a well-planned delivery system within Montana. I believe Billings is an example of a community that has been encouraged by the process to plan and cooperate.

Several examples of joint planning in Billings include the following: one Obstetrics Service; one In-Patient Rehabilitation Service; one Psychiatric Service; and one Cardiac Surgery Program. In addition the CON has either forced or encouraged numerous joint ventures between the two hospitals, including the joint ventures in Laundry; the Cancer Treatment Center; Hospice and the MRI Unit. I can assure you that without the CON, many of these joint ventured and cooperative programs would not

Deaconess
Medical Center
of Billings, Inc.

Broadway at
Ninth Avenue North
P.O. Box 2547
Billings, Montana 59103

Telephone 406-657-4000

February 10, 1989
Senator Tom Hager
Page 2

exist today. I can also assure you that should the CON be removed, the day of cooperation may end, and we could be entering an era of duplicating service and programs once again in Montana. This duplication will increase capital expenditures and operating costs and ultimately be passed on to the consumers.

A second point worthy of consideration is whether Montana should remove its CON law simply because some of the States around us have done so. It should be recognized that many more states have continued their CON than have discontinued it, and some who have discontinued the CON are again looking at reinstating it. One reason for this misconception is that various state legislators have been told that health care cost would be decreased in a totally competitive system. I challenge you to take a close look at any of the States removing CON to see if health care costs in those states increased to a lesser degree than in the States with CON. I believe you would find the opposite to be true; that immediately after removal of CON, there was a proliferation of new services. In Arizona, for example, after CON was repealed from 1985-1987, eleven hospitals added open-heart programs. At the same time, the mortality rates for medicare patients undergoing heart surgery climbed 35 percent and patient charges increased by 23.7 percent.

The trend toward elimination of CON is now being reversed. Several states, which previously repealed CON, are exploring the reinstatement of CON, notably Arizona, Texas, Indiana and Utah. Iowa, a state with rural settings similar to Montana, strengthened their CON Laws last year.

I recognize the pressures that you are receiving at this time and understand how difficult these decisions can be for those outside of the health care sector. However, I contend that you are dealing with an extremely important matter for the future of Montana's Health Care System. At risk is the ability of the State to maintain a viable medicaid delivery system.

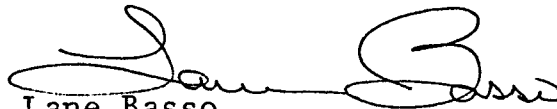
February 10, 1989
Senator Tom Hager
Page 3

Regarding the two bills you are reviewing, one will continue the CON Process and the other is labeled to be a compromise bill. I contend that the second is not a compromise bill unless amended; it is a special interest bill representing the wishes of some of Montana's Hospitals. Without the CON there will be winners and losers, and the losers will include the rural hospitals in Montana and the consumers who ultimately will pay for the unnecessary duplication.

Please give very careful consideration to this matter. I ask you to support Senate Bill 217 and to vote yes on Senate Bill 340 if properly amended. Much more thought and planning needs to go into this issue before the State of Montana can open the door to expand its services.

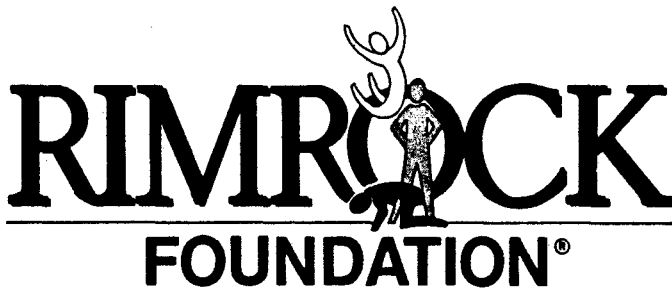
Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lane Basso".

Lane Basso
President

LB:tm



Leading Quality Treatment in the Northern Rockies

SENATE HEALTH & WELFARE
EXHIBIT NO. 6
DATE 2-10-89
BILL NO. SB217

February 9, 1989

TESTIMONY ON SENATE BILL 217

CONTINUATION OF CON

David W. Cunningham, Executive Director

We are here today as one of Montana's largest providers of treatment for Montanan's suffering from addictions. For over twenty years our community-owned non-profit center has provided care to patients and families utilizing sliding fee scales, payment contracts and allocations of free care. In other words, our goal is to help those who need help whether financially able or not. This has meant that state government has not been unduly burdened by public patients who cannot pay for their care. We have been able to do this because Montana has regulated our healthcare environment thus assuring that only needed beds are built and that center's like ours can serve a mix of patients--those able to pay and those not able to pay.

We are deeply concerned that, without regulation, we will experience what other states have. Utah is a frightening example of a state which sunsetted it's CON legislation. Within six months of expiration, a total of 2600 new beds were under construction in 8 new hospitals. Today, Chemical Dependency treatment in Utah costs twice what it did under CON and utilization of beds hovers at 30-40% This was also the case with psychiatric beds. The for-profit corporations are can withstand low utilization because they have the capital. Once other centers are forced out of business charges are increased. The consumer loses in this game! We are aware that two of the for profit chains have plans to move into Montana if this legislation is sunsetted-- so we are very close to the Utah experience.

The cost of care in Montana today is a bargain when compared with any other states. We think protecting that bargain makes sense and we are asking you to do just that when you retain CON.

SENATE BILLS 217 AND 340
February 10, 1989

Mr. Chairman, members of the Committee, I am James Ahrens, President of the Montana Hospital Association. The Hospital Association represents 54 hospitals and 31 nursing homes of all sizes across the state. It is the position of the Montana Hospital Association to allow Certificate of Need (CON) to sunset. While we would prefer to see the entire law terminate, we support Senate Bill 340, which would simply remove hospitals from the CON statute. We believe the Williams Bill is the reasonable compromise. It is the middle ground between sunseting the law and continuing the law in perpetuity without any changes.

Before I begin my remarks in favor of SB 340, I would like to say a few words about SB 217 and what I view as serious flaws in the bill. The most significant flaw is the removal of a sunset provision. When CON was reauthorized in 1987, the Legislature directed a legislative audit of the program. That report was released Wednesday, February 8, 1989, to the Legislative Audit Committee. That independent report concluded, "In summary, it is difficult to ascertain whether Montana's CON program has been effective enough to continue the program beyond June 30, 1989." This is a less than ringing endorsement of a program which has been in effect in Montana for 14 years, and yet SB 217 would reauthorize the law without any programmed legislative oversight. It is a fairly common occurrence for legislatures to program sunset provisions into regulatory bills, simply to periodically look over the shoulders of the regulatory agency. It seems even more appropriate with CON; the Legislative Auditor questions its effectiveness, the two major proponents of CON are the regulators, meaning the Department of Health, and the regulated, meaning the nursing home industry. We believe CON, if it is to be continued, should be reviewed every two years. The number of deregulated states grows every year, and the Legislature should avail itself of new information on the effects of deregulation.

The Legislative Auditor's report is a fair and dispassionate document, and I recommend you read and share the report with your colleagues. In its discussion of the effects of deregulation in states that have terminated CON, it states that there was a "rapid expansion and new construction of health care facilities, (in Wisconsin, Arizona, Utah, New Mexico, and Colorado), the most drastic being hospital and nursing home bed increases, and new psychiatric hospitals." The report goes on to say that in Wyoming, Texas, Kansas, and Idaho, there were "No drastic increases or changes." The question to consider is whether Montana is more like Arizona, Colorado, and Utah, or more like Wyoming and Idaho. Arizona and Colorado are obviously growth states. The major growth area in Arizona is among the elderly. One has to ask whether or not there would have been dramatic growth in health care services in Arizona, even if CON were in place. Interestingly, the nursing home industry in Arizona attempted to reinstate CON earlier this year, and the Arizona Legislature said no. The Colorado Legislature turned back a similar attempt. Utah has the fastest rate of natural population increase of any state in the country. It is clear Montana is more like Wyoming and Idaho, two states that have terminated CON with "no drastic increases or changes" (Page 22 of the Legislative Audit Report, released February 8, 1989).

The simple facts are these: No one can prove that over the last 14 years CON has reduced health care costs. No one can prove that the removal of CON controls will increase costs. The federal government and twelve states have come to the conclusion that it does nothing and have decided to stop spending limited monies on CON.



February 9, 1989

Senate Public Health Committee
Capitol Building
Helena, MT 59601

Dear Ladies & Gentlemen:

I am writing to you as President of St. Peter's Community Hospital in support of SB 340 which would remove hospitals from the provisions of current Certificate of Need regulations.

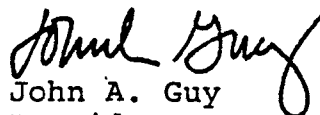
Certificate of Need legislation was mandated by the Federal Government in Montana and other states at a time when hospitals were reimbursed for Medicare and Medicaid patients based upon their level of expenditures. That system did not provide a great deal of incentive for hospitals to contain costs. Consequently, the Certificate of Need process was probably a good idea to ensure that major capital expenditures underwent appropriate scrutiny.

Since 1983, hospitals have been under a different reimbursement system for Medicare and Medicaid patients known as prospective payment. Under this system, hospitals are reimbursed a fixed amount based upon the patient's diagnosis. Those hospitals which spend more treating a patient than is allowed under this fixed payment system lose money. Therefore, hospitals now pay very close attention to their operational efficiency and to their capital expenditures.

Under our present reimbursement system, the Certificate of Need process is superfluous. It simply does not make good economic sense to expand facilities, services and technology that cannot be cost justified. Today the laws of economics are sufficient to drive decision making in the health care market place. We no longer need the added burden and cost of the Certificate of Need review process to tell us the obvious.

Thank you for your consideration.

Sincerely,


John A. Guy
President

JAG/jf

Big Horn County Memorial Hospital

2-9-89

Tom Hager, Chairman
Public Health Committee
Montana State Senate
Helena, MT 59604

RE: SB217

Please allow the Certificate-of-Need laws to sunset.

Every study done on CON indicates that the laws are expensive and ineffective. The Federal Government dropped regulated health planning because of the poor results.


My personal experience is that ; CON is very expensive, health plans are ignored for political gain, decisions are made souly on the politics of the moment, there are only delays because the legal system will reverse the DHES plan, a franchice is created that prevents competition and improvements in health care delivery systems, a profit is guarantied to uneconomically construed projects, and the process detracks from the day-to-day operation.

CON also forces the creation of written plans but ignores the actual provision of health care services to people.

The Big Horn County Memorial Hospital is a 16 bed hospital and a 34 bed Skilled Nursing Facility. We are a member of both the Montana Hospital Association and the Montana Health Care Association.

The Montana Health Care Association does not speak for us in any way-shape-or-form on this issue!

Please reduce the cost of providing health care services in rural areas by sunseting CON.



Michael N. Sinclair
Executive Director




St. James Community Hospital, Inc.

Office of the President

February 9, 1989

TO: Montana Hospital Association

FROM: Sister Loretto Marie Colwell 
President
St. James Community Hospital

RE: CERTIFICATE OF NEED

St. James Community Hospital staff supports the elimination of hospitals from the CON process.

In today's milieu of continued decline in financial reimbursement and present governmental regulation, hospitals will be severely limited in their ability to increase services.

We are of the opinion that very few, if any, facilities would unnecessarily duplicate or create services in their service areas in the present and projected future health care environment.

PH. 322-5318

Stillwater Community Hospital

P.O. BOX 959

COLUMBUS, MONTANA 59019

February 9, 1989

Mr. Jim Ahrens
President
Montana Hospital Association
1720 Ninth Avenue
P.O. Box 5119
Helena, MT 59604

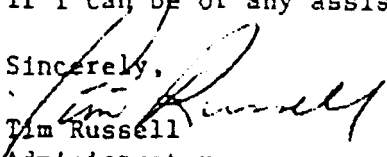
Dear Jim:

In the debate over the CON issue I would like to lend my support of SB 340. The ability to manage small hospitals in an efficient and effective manner is difficult enough, without the cost and burden of the CON legislation. The ability to stay afloat as a hospital should be reflected in equitable reimbursement for quality service as is the case in other businesses and not dependent on a service secured by the CON.

There are services where I feel the patient might be better served by retention of the CON. It is far more appropriate to address those areas with an exemption rather than requiring all hospital services to adhere to the CON.

If I can be of any assistance please give me a call.

Sincerely,


Tim Russell
Administrator

P.S.

I did have a chance to speak with Senator McLane on this issue today.



February 8, 1989

Tony Wellever, Senior Vice President
Montana Hospital Association
1720 Ninth Avenue
P.O. Box 5119
Helena, Montana 59604

Dear Tony:

Due to a scheduling problem I will not be able to join you on the 10th in Helena for the Certificate-of-Need hearing. Please forward the following comments to the members of the Public Health Committee:

St. John's Lutheran Hospital, Inc. supports the Williams Bill and is strongly opposed to the Halligan Bill (SB217). The Williams Bill appears to be a practical and realistic piece of legislation which will permit the survival of our industry in an extremely competitive marketplace, but yet provide CON protection for the long term care industry in areas such as swing beds, LTC beds, home health, hospice, personal care services, rehabilitation services, etc. The Halligan Bill, on the other hand, appears to promote the eventual extinction of our industry through the continuation of a regulatory artifact (CON) which is dichotomous with those free market forces which promote competition among hospitals and between hospitals and other non long term care health providers. Simply put, hospitals must compete with a variety of health care providers who are not subject to CON restraints. The long term care industry, conversely, does not have to compete with these same exempt providers and therefore it is not exposed to the same competitive disadvantages which threaten our industry's survival.

The Halligan Bill would appear to retain the current competitive disadvantages (CON) borne by the hospital industry to provide protection for the long term care industry. This strategy represents a "win" for the LTC industry and a "loss" for the hospital industry. The Williams Bill on the other hand, accomplishes a "win - win" outcome for both industries.

Respectfully submitted,

Raymond Bergroos
Administrator



Chouteau County
District Hospital

February 9, 1989

Anthony L. Wellever, Senior Vice President
Montana Hospital Association
P.O. Box 5119
Helena, Montana 59604

Dear Tony:

It was my intention to be present for the CON hearing on February 10th, however, I will be unable to do so.

Please be advised that this facility strongly supports the Williams Bill (SB340) pertaining to the Certificate of Need.

We feel that the CON is burdensome, expensive, and counter-productive in it's present state.

Sincerely,

Robert E. Smith
Administrator

BARRETT MEMORIAL HOSPITAL

1260 South Atlantic
Dillon, Montana 59725
406-683-2324

February 9, 1989

MEMO TO: Senate Public Health Committee
FROM: Ray Worthington, Administrator
REGARDING: Senate Bill 340, Senator Bob Williams, sponsor

This message is to register our support for Senate Bill 340 which would continue the Certificate-of-need (CON) for two more years and exempt hospitals for most services, all equipment and all construction. We understand that Senate Bill 340 would require that hospitals obtain a CON for swing beds, long term care beds, psych, rehad and CD services, and that home health, hospice and personal care would also require a CON.

Rural hospitals, especially, need to assertively position themselves to provide the space and equipment needed to provide the appropriate medical services for their community. Boards and Administrators need to act in a timely manner. The CON process is lengthy and consuming of both time and energy that would be better spent in well directed strategic planning within the communities. Construction projects and equipment purchases should not be hampered with the CON process.

At Barrett Memorial Hospital in Dillon we are working with our physicians and the community in a strategic planning process to assure that the necessary medical services are provided for Beaverhead County for years to come. **DECISION MAKING ABOUT CONSTRUCTION AND EQUIPMENT NEEDS TO HAPPEN LOCALLY.**

We have enjoyed an excellent relationship with the State Department of Health as we worked through the CONs for our home care service and our swing beds. Their help with the policies and procedures was invaluable. Therefore we can support the continuance of CON for the addition of such services.

A handwritten signature in cursive script, appearing to read "Ray Worthington". The signature is written in dark ink and is positioned in the lower right quadrant of the page.

FEB 09 '89 11:57 P.1

**NORTHERN
MONTANA**
Hospital

P.O. Box 1431 30 Thirteenth St. Helena, MT 59601

(406) 265-2211

February 9, 1989

Mr. Jim Ahrens, President
Montana Hospital Association
P. O. Box 5119
Helena, MT 59604

RE: Certificate of Need Hearing February 10, 1989

Dear Jim:

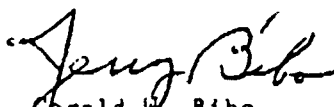
I am sorry that I will not be able to be present to testify with reference to our thoughts on the two specific Bills before the Senate Public Health Committee. One calling for continuing of the CON for two more years and exempting Hospitals for most services, all equipment, and all construction, Senate Bill #340, which as I understand it is sponsored by Bill Williams, and the other Senate Bill #217, which as I understand it eliminates the Sunset provision and leaves hospitals under CON.

We certainly support releasing hospitals from the CON, and have serious reservations with regards to any elimination of Sunset provisions, leaving the present CON forever in place as it presently exists without changes. As I wrote to our Senator Greg Jergenson, on December 19, 1988, and others in our area of the State, the whole process is extremely expensive, we're the only state in our region not to have already done away with it, and no matter what the struggle or issue the history of the system thus far has been such that an individual institution if it has enough money and the right lawyers can get what they want with the existing process or through the courts. It would seem then that its time has come, and the free market forces should be allowed to work, and the Certificate of Need be removed from hospitals at least, if not entirely.

With reimbursement to hospitals and those in the healthcare industry today being what it is, it would be only foolish to build or overbuild in an area where the market place will not financially support it. Why should Montana that is already strapped with too many rules, regulations, costs, plans, bureaucracy, etc., be different than all of its neighboring states who have succeeded to move ahead without the Certificate of Need, place additional costs on hospitals to support a State agency to do what basically is unnecessary to be done, at the expense of those who pay the bills, the patients, because of the increased costs caused by such an outmoded system.

Personally, I think the CON should be allowed to sunset. But certainly, hospitals should be allowed to be out from under the system, and the Williams Bill, # 340, would allow, and allow the individual Boards of Trustees, whose job it is determine the fate of their institutions, to determine what they will do or not do for their communities. Thank you.

Best Regards,


Gerald W. Bibb
President/C.E.O.



FEB 8 1989

Community Hospital of Anaconda

401 West Pennsylvania AND NURSING
Anaconda, MT 59711
(406) 563-5261

HOME



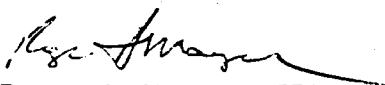
February 8, 1989

Mr. James Arhens, President
Montana Hospital Association
17 29th Avenue
P.O.Box 5119
Helena, Montana 59604

Dear Jim,

The purpose of this letter is to formally advise you that our hospital is in total support of Senate Bill 340 introduced by Senator Williams for the main purpose of sunseting the Certificate of Need Program for Hospitals. At the same time we are in total opposition to the Senate Bill 217 introduced by Senator Halligan which infact would continue the Certificate of Need Program for Hospitals. Our experience has been that the Certificate of Need Program is a cumbersome and non-effective effort to control capital expenditures by Hospitals instead of allowing the market place control the capital expenditures of Hospitals.

Sincerely,


Roger H. Mayers, CEO

RHM/my



Teton Medical Center

915 Fourth Street Northwest
P.O. Box 820
Choteau, Montana 59422
(406) 466-5763

Montana Hospital Association
Box 5119
Helena, Montana 59604

Dear Tony and Jim:

I am very concerned with the Certificate of Need issue. I would like to go on record stating that I support Senate Bill 340 and oppose Senate Bill 217.

Sincerely,

Rosalyn R. Bushman
Administrator

Roundup Memorial Hospital and Nursing Home

P. O. Box 627
Roundup, Montana 59072

Feb. 8, 1989

Mr. Anthony L. Wellever, Senior Vice President
Montana Hospital Association
P. O. Box 5119
Helena, Montana 59604

Dear Mr. Wellever:

In reference to the Certificate-of-Need Hearing to be held on Feb. 10, 1989, I am writing in support of the Williams Bill which would exempt hospitals for most services, all equipment and all construction.

With the regulations imposed upon hospitals at this time, the Medicare reimbursement, as it is, and the shortage of some professionals to staff a facility, I do not feel there will be an interest in any new construction of hospitals, except what is a necessity.

At Roundup Memorial Hospital, our patients are largely Medicare patients and I think this is typical of a lot of small, rural hospitals. Due to the reimbursement on Medicare patients, hospitals are not a profitable business to get into. Hospitals cannot financially buy equipment beyond what is justified, so I do not feel the CON is needed for equipment.

The CON is costly, and is another example of what drives hospital costs up.

I strongly support hospitals being eliminated from the Certificate of Need process, except for swing beds, LTC beds, psych, rehab, and CD services as listed in the Williams Bill.

Thank you for your efforts on behalf of Montana hospitals.

Sincerely,

Fern E. Mikkelsen

Fern E. Mikkelsen
Executive Director



February 8, 1989

The Honorable William E. Farrell
Capital Station
Helena, MT 59620

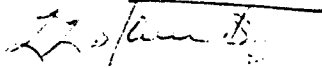
Dear Senator Farrell:

I would like you to know our support for Senate Bill 340, "Exemption of Hospitals from the Certificate of Need Law".

Currently Montana is the only state in the Rocky Mountains which continues to have Certificate of Need Laws for hospitals. Seventy-five percent of the hospitals within the state of Montana endorse the exemption of hospitals from the Certificate of Need Law.

Thank you for your consideration in this matter. If you have any questions in this regard, please do not hesitate to call me.

Sincerely,



Lawrence L. White, Jr.
President

bcc: James F. Ahrens, President

also sent to: Senator Michael Halligan
Senator William Norman
Senator R.J. Pinsoneault
Senator Robert Pipinich
Senator Fred Van Valkenburg



St. Joseph Hospital

(406) 883-5377 P. O. Box 1010 Polson, Montana 59860-1010

February 8, 1989

Jim Ahrens
Montana Hospital Association
P.O. Box 5119
Helena, MT 59604

**SUBJECT: Support of Senate Bill #340 (Williams Bill)
Oppose Senate Bill #217 (Halligan Bill)**

Dear Jim,

I, and St. Joseph Hospital, Polson, Montana, would like to go on record as opposing Senate Bill #217 (Halligan Bill) on certificate of need for Montana hospitals.

I, and St. Joseph Hospital, Polson, Montana, would support Senate Bill #340 (Williams Bill). We have expressed our wishes to our representative, John Mercer of Polson.

Sincerely yours,

Fred P. Summary
Administrator/CEO

dew

Members of Montana Health System

St. Mary's Hospital
Miles City, Montana

Barfield County
Health Center, Inc.
Jordan, Montana

St. Clare's Services
Sioux Falls, South Dakota

St. Ann's Hospital
Sioux Falls, South Dakota

St. Luke's Hospital
Sioux Falls, South Dakota

St. Joseph Hospital
Mitchell, South Dakota

St. Mary's Memorial Home
Mitchell, South Dakota

St. Peter's Joseph Manor
Sioux Falls, South Dakota

Faulk County
Memorial Hospital
Sioux Falls, South Dakota

Marshall County
Memorial Hospital
Britton, South Dakota

Dickey County
Memorial Hospital
Bendale, North Dakota

A. L. Vadheim
Memorial Hospital
Trier, Minnesota



Rosebud Health Care Center

DATE: February 8, 1989

TO: Montana Hospital Association
FAX 406-443-3894

FROM: Joyce Asay, Administrator
Rosebud Health Care Center

RE: CON legislation

Please list me as being in support of Senator Williams SB 340.

I am in opposition to Senator Halligan's SB 217.

Thank you.



Established in 1892 by Sisters of Providence

500 15TH AVENUE SOUTH · P.O. BOX 5013
GREAT FALLS, MONTANA 59403 (406) 727-3333

February 7, 1989

Senator Jerry Noble
Montana State Senate
Capitol Station
Helena, MT 59620

Dear Jerry:

SUBJECT: Certificate of Need Legislation

I am sure that you have seen by now the summary of arguments from the Montana Hospital Association which would support the sunseting of certificate of need in Montana. At the moment we are the only state in the Rocky Mountain region which continues certificate of need. CON came out of a federal legislative process in the mid-1970's to control health care costs through the regulatory process. There are many studies which indicate that this simply hasn't worked. Today, competition appears to be more effective than regulation in controlling cost and as a result Congress suspended all funding for CON and CON related agencies in September 1986.

I am aware that some provider groups want to retain CON and that at least one bill, SB217, would remove the sunset provision so that CON would continue in perpetuity with hospitals locked inside the statute. I think this is wrong. Instead, I would support the bill which is being introduced or, by now, has probably been introduced, by Senator Bob Williams which would exempt hospitals from certificate of need. I feel that hospitals should not have to pay for a system which extends to what amounts to health care franchises to non-hospital providers. The Williams bill would require a hospital to obtain a CON if it wanted to provide or extend services in swing beds, long-term care (including personal care), inpatient psychiatric facilities, inpatient chemical dependence facilities, inpatient rehabilitation facilities, home health services or hospice services. In the twelve states which have sunsetted CON,

Senator Jerry Noble
February 7, 1989
page 2

the growth areas have been in long-term care beds, psychiatric beds and chemical dependency beds. The Williams bill would still require CON for these services.

Although the Montana Hospital Association, and Columbus Hospital management, would support full sunseting of CON, we see the Williams bill as a reasonable compromise. It satisfies the concerns of all aspects of the provider community, leaving hospitals out and others in. We recognize that all hospitals in Montana do not agree with the position of the Montana Hospital Association, but the vast majority - at least three fourths - do. Few issues find total unanimity but on this one I believe I speak not only for us but for the vast majority of Montana hospitals when I say that given the tightening financial restraints on hospitals, the responsible behavior of hospital trustees and administrative staffs in the competitive marketplace in which we find ourselves, certificate of need is no longer necessary. I believe Montana hospitals will work responsibly without it and save the excessive costs of regulation associated with the current legislation in which as much as twenty five percent or more of the costs of applying for certificate of need are paid in attorney fees.

Thank you for the opportunity to comment on this legislation. If you would like to discuss it further with me, please contact me.

Sincerely,



William J. Downer, Jr.
President

WJD:hv

bcc: Mr. James Ahrens

(same letter to: Senator Gene Thayer
Senator Mike Walker
Senator Darryl Meyer



Carbon County Memorial Hospital
& Nursing Home

P.O. Box 590
Red Lodge, MT 59068
(406)446-2345

Dear Legislator:

Carbon County Memorial Hospital and Nursing Home opposes "Certificate of Need" in its entirety. We are also in opposition to Senate Bill 217.

We do however, support Senate Bill 340 and would encourage your support for passage of this bill.

We thank you for your time and for your commitment to Montana.

Sincerely,

Mark L. Teckmeyer
Administrator

Clark Fork Valley Hospital

Post Office Box 768 • Kruger Road
Plains, Montana 59859 • (406) 826-3601



February 10, 1989

Jim Ahrens
Montana Hospital Association
P.O. Box 5119
Helena, MT 59601

Dear Jim:

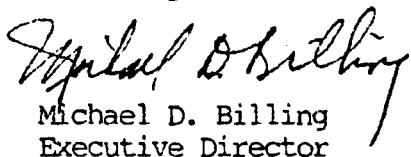
Your secretary called yesterday requesting a letter in regards to Certificate of Need. First, I am against Certificate of Need in any form in this state. I realize that if we can get hospitals excluded and not a nursing home then we have made a gain perhaps, but I would much prefer having Certificate of Need eradicated.

In 1978 we tried diligently to get a 13 bed Nursing Home constructed and it was denied through the CON process, largely due to opposition to the project from competitors in Hot Springs. The cost of the project at that time was about \$120,000. Two years later we battled again with the forces and got approval for a 12 bed Nursing Home and constructed it during the year of 1980. It was open December 22, 1988. The total cost of construction on this smaller unit just a few years later was \$315,000. The point of course is that CON serves to drive the cost of construction up through time delay of the construction.

The other factor I see with CON in terms of our Nursing Home business is that the Nursing Home for instance in Hot Springs, Montana has a franchise and basically keeps us from building more Nursing Homes here. We almost constantly have a waiting list for people to come into our Nursing Home but due to the fact that we can't build more beds, which are needed, they must wait several weeks, or months to be admitted. They in fact will not go to Hot Springs because of its location and the services provided there. This is not to say that Hot Springs is a bad Nursing Home, for it really isn't, it's a pretty nice Nursing Home but it's located at a distant place where easy access to higher level health care services are not available.

The franchising effect of CON for older established Nursing Homes in Montana keeps the population who needs nursing home care from having care delivered in a modern setting. If CON was removed, I believe there would be nicer nursing home facilities available for the population and they would be located where they are most needed. This may all sound kind of funny because that's what CON may have been trying to achieve in the first place.

Sincerely,


Michael D. Billing
Executive Director



HOLLIS K. LEFEVER, M.D. FAAFP
LEWISTOWN, MT. 59457

DIPLOMATE AMERICAN BOARD
OF FAMILY PRACTICE

SENATE HEALTH & WELFARE
EXHIBIT NO. 8
DATE 2-10-89
BILL NO. SB2179340

Senators:

The certificate of need law 50-5-301, part 3, may be referred to as the State Franchise Bill, it was initially conceived to prevent unnecessary duplication of health care facilities, equipment and services that would result in extra cost to the health care recipients or the public through the expenditures of tax funds. The law has failed miserably to accomplish these goals and is no longer a necessary obstacle in the provision of health care in Montana. Indeed, the bill has never proved a cost saving measure and has cost the health care industry in Montana literally millions of dollars as well as the tax payers of Montana who are spending almost a quarter of a million dollars annually just to keep the State Department funded to oversee the certificate of need law. Only a third of the expense for the operation of the State Department responsible for the enforcement of this law is paid by health care providers. Even so, the amount paid by health care providers is a considerable burden to each health care facility attempting to improve it's ability to provide current state-of-the-art health care. The bill has been demonstrated to invite bias, excessive socioeconomic & political pressures, and to not only hamper the effort at facilities to provide needed services but to saddle the patients in our facilities with tremendous extra cost involved in funding the certificate of need process. Indeed, Montana is remiss in not having repealed this law much sooner. We are the only Rocky Mountain State to still have such a law in the books. Our neighbors Arizona, Colorado, Idaho, New Mexico, Utah, and Wyoming do not have such a law. California, Texas, Kansas, and Minnesota have rejected this type of legislation. The law includes, among other undesirable elements, a restraint of trade. The Federal Trade Commission reported that CON grants a franchise and inhibits competition and thereby increases health care costs. In September of 1986, Congress suspended all funding for CON and CON related agencies because it did not reduce cost. The Federal Government, through the Medicare Program does not pay hospitals according to the money they spend. Hospitals are reimbursed according to the diagnoses of the diseases they care for. Excessive expenditures to care for those diseases would only jeopardize the hospitals financial stability. No additional federal reimbursement would be received because the hospital expended unnecessary funds to provide facilities, services, or equipment. The DRG law ended that. Indeed the only rational way to justify expenditures in the 1989 scene of health care and all the demands that are made for cost containment and quality care, is to allow individual facilities to make capital investment decisions based upon community needs, availability of the service in the area, the volume of the potential demand for the service, and the ability of the health care consumer to pay for the service so that the facility

PAGE TWO.

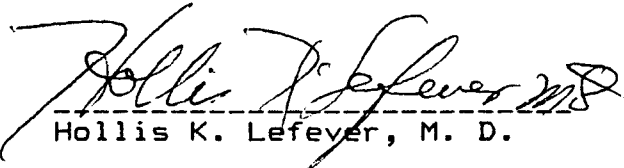
will be able financially to continue to provide the service with the reimbursement it can obtain for it. Having considered these factors and made an intelligent decision, health care facilities administrations and boards should not be hampered by second guessing at a State level, particularly when that second guess, namely the CON review process, is so costly and time consuming & comparatively uniformed about local needs.

What are these costs? First of all, there is a major cost simply to file the application with the State to obtain a certificate of need. Second, there are large costs in obtaining legal and financial feasibility studies to accompany the application, and third, there are great costs in time and services of institutional personnel to gather all of the data and information needed to submit a CON application. And, let's don't forget that while all of this is going on (a process which has been proven to take months and even years in Montana) that service is being denied to the patient's in the area and the revenue from that service is being denied the facility which is trying to survive in this age of economic realities in the health care field. Twelve States have eliminated this type of legislation so that the health care industry was deregulated. Those areas have not seen excessive growth in the provision of services for acute care.

I have been watching the needs and the attempts to meet these needs in Montana since 1958. I have been in the private practice of medicine. I have tried to deal with these problems as a physician admitting patient's to acute care hospitals in Glendive and in Lewistown. I have tried to provide services while serving as President of the Medical Staff and Boards of these hospitals, I have watched the health care needs in the State as past president of the Montana Medical Association, and I have heard the certificate of need presentations as I served on the area health council. I have watched the frustration and humiliation of hospital administrators presenting applications where the cost of the applications far exceeded the cost of providing the service. I have watched patients in communities do without needed services either because of denial under the certificate of need law, or the fear of denial, or the fear of the expense in attempting to obtain a franchise to provide a much needed facility, service or equipment. The small hospitals in which I work and the smaller hospitals than that, don't have tens of thousands and hundreds of thousands of dollars to spend on legal fees, surveys and application fees. They have a hard enough time scraping together the dollars to buy a piece of X-ray equipment or to set up a surgery suite or to create a certain type of acute care bed that is critically needed. I well remember our committee hearing the applications of a facility where twice as much money was spent obtaining a certificate need as was needed to move an X-ray unit from a Physician's office into the hospital. This was not only absurd, it was unconscionable in this day and age of limited funds and almost unlimited health care needs for our citizens. Now that

PAGE THREE.

the certificate of need is determined by the State Department of Health & Environmental Science, some of the steps have been eliminated but it has not reduced the cost, uncertainty, and erroneous decisions that could be avoided if the CON law were simply allowed to die at this time. We have seen the State approve CON's for facilities when those of us in the health care industry watched with dismay and could not believe that they could have been approved, and at the same time we have watched the State deny CON's only to have them overturned in court. How long will you, our respected Legislators, perpetuate this folly? If indeed you feel that long term care facilities and psychiatric and drug abuse services would proliferate without the law, then accept Senator William's compromise bill, Senate Bill 340. But, please remove the hobbles from the feet of those of us who are trying to provide health care services to the acutely ill in Montana. Eliminate certificate of need restrictions for acute care facilities and providers in our State.


Hollis K. Lefever, M. D.



Trinity

HOSPITAL

MEMBERS OF MONTANA STATE LEGISLATURE, SENATE PUBLIC HEALTH, WELFARE
AND SAFETY COMMITTEE:

During the 1989 session, you will be dealing with legislation concerning Certificate of Need (CON). The legislation concerning CON will range from maintaining its current structure to letting it sunset. It is my belief as a rural hospital administrator, who has been involved with three (3) building projects since 1976, to let it sunset. It is my belief that the current legislation regarding CON is time consuming, costly and can be restrictive. It is my intent to share with you my thoughts about the CON.

First, let me review the process we, as healthcare administrators, must go through for a building project or major remodeling process.

- 1) Internal Planning
 - a) list problems and ideas
 - b) develop solutions
- 2) Hire professional planners or architects
- 3) Present plans and ideas to local community
- 4) Secure funding and local support
- 5) Hire professionals to develop CON application
- 6) Submit to CON Board and request hearing date
- 7) Present application to CON Board
- 8) If there is no contention - start project.

If there is contention or questions, this can be for a variety of reasons, i.e., local study differs from state plan which uses averages, or there may be political roadblocks. The CON application process starts over.

- 1) Application is redone or revised
- 2) Re-submitted to CON Board
- 3) Re-schedule hearing with CON Board
- 4) Present application to CON Board
- 5) If no contention - start project.

In my experiences, the CON application has been an unnecessary burden which does not assure quality as an outcome. I would like to recap each briefly.

- 1) Nebraska. Project to decrease hospital bed size, increase emergency room facilities and remodel obstetrics, surgery and physical therapy.

Questions were raised if we had done sufficient planning and did the community support the project.

RESULT - delayed project by six (6) months and created additional cost. On second hearing, four hundred (400) people traveled to hearing to demonstrate their support, community of 3,000 people. Project had also been approved prior to first CON hearing by a vote of 78%.

- 2) Wyoming. Project to increase number of nursing home beds and downsize hospital by six (6) beds.

Questions were raised regarding local statistics, did not coincide with state averages.

RESULT - project delayed, statistics had to be re-verified and re-submitted. Again, we had additional cost added to project. Problem was local statistics for elderly over 65 were higher than state averages and there was disbelief on the waiting list submitted. Project was approved on second hearing.

- 3) Wyoming. Project to joint venture with medical staff.

Question was raised if the hospital and physicians could work together in this arrangement, and if the project was really necessary to provide healthcare in a rural setting.

RESULT - project delayed, additional costs were added to project. Project approved on second hearing.

Prior to both Wyoming projects, hospital and physicians held open forums in the community (prior to hearings). Projects were voted on through the 1% sales tax levied to complete the projects. Vote was 70 plus percent in favor of the projects.

In each case, we had approval by the local community to support and fund projects and there was no outside contention with our projects; however, each project experienced a delay due to the CON process.


The problem that I have experienced with CON are:

- 1) It is costly - as a result the costs associated with this process are shifted to the consumer in the end.
- 2) It creates delays - the delays in effect are costly and in some cases the quality (suffers).
- 3) There are political problems that arise from the process.
- 4) I believe free enterprise is restricted.
- 5) Monopolies are created by legislation.
- 6) If CON is the answer to controlling healthcare, why are so many states battling the issue and sunsetting the law.

When one becomes involved in a building process, the CON process becomes another obstacle to cross. It is not spoken of favorably unless it is restricting a competitor.

If the intent of CON is to assure quality, it has missed the boat. If it is to restrict the access of healthcare and limit the technologies associated with building or remodeling, then it is working. One last point, if CON is an asset, why haven't other industries introduced this type of restrictive legislation?

In conclusion, I support Senate Bill 340 (The Williams Compromise) and I am opposed to Senate Bill 217.



Jerry E. Jurena
Administrator/CEO
Trinity Hospital
Wolf Point, Montana

MONTANA ASSOCIATED PHYSICIANS, INC.

1242 North 28th Street
Billings, Montana 59101
406-248-1635
1-800-648-MAPI (6274)

*Submitted by
Lawrence McGovern*

SENATE COMMITTEE ON HEALTH CARE
LEGISLATIVE NO. 10
DATE 2-10-89
BILL NO. SB 217

POINT SHEET

- I Montana Associated Physicians, Inc. is an 87 member physician organization based in Billings. (Our practices employ approximately 350 people in addition to our physicians.)
- II Elimination of the expensive, time-consuming and counter-productive Certificate of Need process for hospitals would improve access to the regional centers for the rural component of our health delivery system here in Montana.
- III Referring physicians from the entire region and their respective patients have no choice of service location (hospital) when open heart procedures are indicated.
- IV Given a choice of facilities, undoubtedly the marketability of Billings to potential heart patients and their physicians will be enhanced.
- V The American College of Cardiology has stated that angioplasty should not be performed when surgical back-up is not available. If St. Vincent Hospital is forced to reduce its current level of cardiac care due to the absence of surgical back-up, you will see problems in all areas of support: diagnostic services, emergency services, intensive care, etc., etc.
- VI Health care is surely the dominant industry in the Billings region and considering the state of our economy, I would think that we have no choice but to let this component of our economy grow and develop in any way that we can.



Cardiovascular & Thoracic Surgery

TIMOTHY A. DERNBACH, M.D., F.A.C.S.
STEVE G. HUBBARD, M.D., F.A.C.S.
DAVID I. CORBUT, JR., M.D.

1145 NORTH 29th STREET, SUITE 305 • BILLINGS, MONTANA 59101 • (406) 245-6824

SENATE COMMITTEE ON HEALTH CARE

EXHIBIT NO. #11

DATE 2-10-89

BILL NOS 340 & 217

TESTIMONY OF DR. TIMOTHY A. DERNBACH BEFORE THE SENATE COMMITTEE

FEBRUARY 10, 1989

CERTIFICATE OF NEED LEGISLATION

Mr. Chairman and Members of the Committee, I am Dr. Timothy A. Dernbach. I am a cardiovascular surgeon and have practiced in Billings for the past ten years. I am also a native of Lewistown, Montana, and received my undergraduate training at Carroll College in Helena.

I am testifying to support Senator Williams' Bill, Senate Bill 340, and would strongly oppose Senator Halligan's Bill, Bill 217.

The purpose and intent of the Certificate of Need law has been to prevent unnecessary expenditure of funds for medical facilities which are unneeded and to prevent duplication of services in order to provide more cost effective medicine to the population. I think that the CON laws have been largely ineffective in obtaining their objectives and, in fact, have increased the cost of medical care in most states in which they have been implemented. Because of this, there are very few remaining states that utilize Certificate of Need laws.

With the recent implementation of DRG's (Diagnosis Related Groups), hospitals are reimbursed a fixed amount of money based on a specific diagnosis which the patient has. It is the responsibility of the hospital to supply quality service to the patient within the cost confines of the DRG. Because of this, it is fiscally unsound for any hospital to install a health service which it cannot pay for and which is not cost effective. I think that it is extremely difficult for a Hearing Board or Committee in Helena, Montana, to make a knowledgeable decision about the needs of a community hospital 200 miles away. It is not infrequent for the expense of obtaining a Certificate of Need to exceed the cost of installing the facility requested. I think it is essential that smaller hospitals, which we have throughout Montana, be allowed to make their own decisions with regard to the services they think they both need and can produce cost effectively. Every hospital has its own governing board which is responsible for its fiscal decisions and also has its own medical staff which should be capable of determining the medical needs in their area.

The Certificate of Need process has virtually perpetuated monopolies instead of allowing competition which, according to the American way, has guaranteed quality care and competitive pricing.

I feel strongly that the time has come to allow hospitals to govern their own destiny. I think that the hospitals not only are capable of making decisions with regard to the services they offer, but are in a much better position to determine what they can and cannot afford. Please allow our local hospitals, hospital boards, and local medical staffs to decide the needs and/or services for their own communities. I would urge you to support Senator Williams' Bill, Senate Bill 340.



**Montana
Deaconess**

Medical Center

1101 Twenty Sixth Street South
Great Falls, Montana 59405-5193
406 761-1200

SENATE HEALTH & WELFARE

EXHIBIT NO. 12A

DATE 2-10-89

BILL NO. 217-340

February 10, 1989

Chairman, Tom Hager, and Members of the Public Health, Welfare, and Safety Committee:

I am Ray Gibbons, representing Montana Deaconess Medical Center in Great Falls, speaking in support of SB 340.

As I have stated previously, we feel that the CON law should be allowed to sunset; however, we do feel that SB 340 would be a reasonable compromise.

This bill addresses the concerns of the various health care provider groups; and, although unanimity on any issue is difficult, we feel that we can support this bill.

We continue to feel that the current and future of health care in Montana, as well as the nation, has become a resource restricted business which necessitates sound business planning. The resources that are and will continue to be restricted are human, physical, equipment, and financial. The resource allocation process is currently being performed by the management of health care facilities. Therefore, we feel that the legislature demonstrated foresight in 1987 by sunsetting the CON law in 1989; however, if this is not possible we do support SB 340 which does include hospitals in the CON process only for the provision of ambulatory surgical care, home health care, long term care, inpatient mental health care, inpatient chemical dependency treatment, inpatient physical rehabilitation, and personal care. This bill does allow the competitive forces to determine the needs of other programs and services provided by hospitals and allows their business planning process.



**Montana
Deaconess**

Medical Center

1101 Twenty Sixth Street South
Great Falls, Montana 59405-5193
406 761-1200

SENATE HEALTH & WELFARE

EXHIBIT NO. 126

DATE 2-10-89

BILL NO. SB 217 340

February 10, 1989

Chairman, Tom Hager, and Members of the Public Health, Welfare and Safety Committee:

I am Ray Gibbons, VP for Technical Services, representing Montana Deaconess Medical Center in Great Falls, speaking in opposition to Senate Bill #217 which would remove the sunset provisions relating to the CON laws.

The health planning process and CON process had its origins in the early 1970's and has continued through the 1980's. We supported the original intent which was public/patient involvement in the major planning efforts by healthcare providers in their areas. We demonstrated this support of the process by having our staff involved in committees throughout this time period with one significant one being Sharon Dieziger, who I am sure you all know. However, the health care system has changed dramatically since the 1970's which was recognized by this very committee in 1987 when they passed the sunset provision for the CON law. We applauded the sunset provision at that time and continue to feel that the CON has become antiquated in the present competitive health care environment.

The environment, even since 1987, has changed dramatically with the shrinking reimbursement levels and the absolute necessity to be sure that each new venture have a sound business plan which incorporates financial, resource (i.e. human and equipment), and facility planning. The Montana Deaconess standard format for review of new projects is attached and identifies the depth of review currently provided by hospital providers. The federal government and other accrediting agencies for health care facilities have all changed their focus since 1987 into the quality assessment arenas and not into the arenas of trying to control programs or equipment initiated by hospitals.

Hospitals are usually major employers in their communities and the management of these facilities take their roles seriously in providing only programs that have solid business plans for their stake holders. We feel that the changes in the late 80's will continue into the 90's in the health care and hospital industry; and these changes will continue to demonstrate the foresight of this committee in 1987 of sunsetting the CON law. Therefore, we feel that Senate Bill #217 would be a step backward for the hospital industry and the citizens of Montana.

Attachment: MDMC Standard Format for Program Analysis

BUSINESS PLAN FORMAT

- I. PROJECT DESCRIPTION - This is a narrative summary of what the project entails.
- II. PROJECT INVESTMENT (Expenditures) - Detailed identification of capital and other expenditures.
- III. METHOD OF FINANCING PROJECT - This would include the options, as well as a recommendation.
- IV. PATIENT VOLUMES AND PROFILES - This would identify the volumes projected by the various providers within the facility and the basis for those projections, the capacity of the equipment, and physical spaces. Addresses competition, the key physicians involved, and the patient payor mix that would be expected.
- V. PATIENT CHARGES AND THIRD PARTY COVERAGE - Identifies expected charges and investigation as to third party coverage.
- VI. AVAILABILITY AND PROJECT TIME TABLE - This would be a detailed identification of the components of the project, for example, equipment time tables, renovation required, staff training, supplies, assistance, protocols, marketing down to a recommended implementation date.
- VII. PRO-FORMA - Which would be the detailed volume, revenue, expense, net cash flow, net P & L, pay back, return on investment, including options and a final recommendation.



Wheatland Memorial Hospital
and Nursing Home

530 - 3rd Street N.W.
Box 287
Harlowton, Montana 59036

SENATE HEALTH & WELFARE

EXHIBIT NO. 1 #13

DATE 2-10-89

BILL NO. SB 217 + 340

TESTIMONY OF JOHN H. JOHNSON BEFORE THE SENATE COMMITTEE

Dated: February 10, 1989

Titled: Certification of Need Legislation

Mr. Chairman, Members of the Committee, for the record my name is John H. Johnson, Administrator of Wheatland Memorial Hospital and Nursing Home in Harlowton, Montana.

I am in support of the elimination of the Certification Of Need law as it relates to hospitals and as it is somewhat contained in Senator Williams' bill. I am opposed to Senate Bill 217.

Senator Williams' bill is a step in the right direction. Certificate of Need law does not give hospitals the flexibility they need to adapt to the changes in health care.

Lets look at how Certificate Of Need law affects a small rural hospital, like Wheatland Memorial. Lets assume that a hospital has been offering mammography as a service for a number of years. It now wants ultrasound. Since ultrasound is technically considered a new service for that hospital, it must go through the CON process. Relatively speaking, ultrasound is not expensive technology. But look at how the costs of that equipment increase when the costs of the CON process are included.

First of all, there is the application to prepare. No easy matter. Need has to be determined, financial feasibility has to be shown. For a small hospital, coming up with six to eight thousand dollars to pay a consultant is not always possible. So the administrator prepares the CON. This administrator also has to function as the marketing department, the personnel department, and fiscal services. The administrator then submits the application to the State Department of Health for a fee, of course. So far so good, until some other provider challenges the application. Then the administrator has no choice; he or she must retain legal counsel and go through the hearing process. More fees. This entire process may take several months, which means several months of lost revenue to the hospital that needs the revenue now.

Large hospitals go through the same process. They pay the same fees, or in most cases, more. But the impact is far less devastating. For one thing, a small hospital does not have the volume of privately insured or self-pay patients that a large hospital does. These patients would ultimately pay the costs of the new development. The small rural hospital depends primarily on Medicare and Medicaid. For example, we hear stories all around the country about the high percentage of Medicare payer mix in the rural hospital settings. At this point in time, Wheatland Memorial Hospital's payer mix for Medicare has been over 80%. With Medicare and Medicaid both capping reimbursement, this limits the hospitals funding for new development. Ironically though, Medicare and Medicaid are pushing small rural hospitals, like Wheatland Memorial, to diversify and offer more cost effective alternatives to acute care.

But the expense and the time involved in the CON process prevents small hospitals from responding to these needs. So in effect, our hands are tied.

Deregulating hospitals will reward the creative administrator. Creativity is necessary for a hospital's survival in today's environment. Yes we are victims of the Medicare and Medicaid systems, but the CON law removes the one strategy we do have to counteract the reimbursement system - diversification.

In the past five years, Wheatland Memorial Hospital and Nursing Home has made every attempt to position itself on the leading edge of the reimbursement issues. As we have continued to go more outpatient services, Medicare and Medicaid have continued to reduce our reimbursement. As small rural hospitals, we are now fighting for survival on a daily basis. It's bad enough we have to continually fight Medicare, our primary hospital payer on a national basis, are we also going to have to fight the State of Montana in order to stay alive?

Mr. Chairman, members of the Committee, I am in strong support of the elimination of the Certification of Need law in the state of Montana.

SAINT VINCENT HOSPITAL AND HEALTH CENTER
TESTIMONY OF JAMES T. PAQUETTE BEFORE
THE SENATE PUBLIC HEALTH COMMITTEE
FEBRUARY 10, 1989
CERTIFICATE OF NEED LEGISLATION

Mr. Chairman, members of the Committee, my name is James T. Paquette and I serve as President and Chief Executive Officer of Saint Vincent Hospital and Health Center, a 280-bed general acute care hospital in Billings, Montana. We have consistently taken a position against Certificate of Need for hospitals since the changes in Medicare Medicaid reimbursement went into effect in the mid 80's.

We are in support of elimination of Certificate of Need law as it relates to hospital construction and as it is embodied in Senator Williams' bill. We are also opposed to Senate Bill 217, because it represents a giant step backwards.

Why should hospitals be exempt from Certificate of Need law?

Decades ago, Certificate of Need legislation was intended to function as a cost-containment device. When it was first enacted during the early 70's, there was little incentive for hospitals to control their costs. Medicare and Medicaid reimbursed on a cost plus basis, so the more they spent, the more they were reimbursed. In this new era, decisions to enter into new services or purchase capital are based upon: 1) demand; 2) ability to command a price in the market to cover costs and provide margin for capital; 3) ability to produce quality health care. Certificate of Need law is not necessary to control unwarranted growth.

Will there be a dramatic increase in hospital services and beds with the adoption of Senate Bill 340.

No. Senator Williams' bill allows long-term care beds, psychiatric, mental health, substance abuse, and rehab programs to remain under the protection of Certificate of Need law. Any provider who wants to get into these programs must go through the CON process. Hospital services would be the only services deregulated.

Contrary to some of the stories you have heard, deregulation does not promote overbedding. In Wyoming for example, deregulation was initiated in May, 1987. At that time, 600 long-term care beds had already been approved under CON law. Since then, approximately 400 of those beds have either been completed or are still under construction. No other capital activity is anticipated for several years. Granted,

Wyoming's economy doesn't allow for much activity. But, Wyoming's economy more closely parallels Montana than does Arizona and Utah. These two states, of course, are cited by the proponents of Certificate of Need law as examples where deregulation only fuels unnecessary construction.

Will the passage of Senate Bill 340 encourage large hospitals to overtake small rural facilities?

Absolutely not. Consider the hospitals across the state as a system. Since we are largely a rural state, the strength of that system lies in the smaller hospitals. We depend on quality health care in the rural areas. Currently, the larger urban hospitals conduct educational programs and provide services for rural facilities to enhance that quality. A specific example of this exists in our service area relating to Big Timber. Saint Vincent Hospital and Health Center assisted the local physician and hospital administration in developing a health care package for the Boulder Mining Company tentatively scheduled to open in 1990. The package, which would provide occupational health and medical services through the local medical community with comprehensive back-up, was positively received by company officials. Although the package may ultimately generate referrals to Saint Vincent Hospital and Deaconess Medical Center or others in the larger urban areas, the principal beneficiary is Big Timber, its people, its hospital and its physicians.

We, at Saint Vincent Hospital and Health Center, can personally attest to the time, cost and ineffectiveness of the Certificate of Need law. We are currently undergoing a process that has cost us over \$250,000 to date and countless hours on the part of management that could be much better spent on quality of care issues or passing on savings to consumers.

In summary, we oppose the Senate Bill 217 which allows for the permanent reinstatement of the current Certificate of Need law and support the Williams compromise bill for the following reasons:

1. There is no proof that CON legislation reduces cost to the consumer.
2. There is supporting documentation that CON legislation raises costs of operation to hospitals.
3. CON legislation is a clear restraint of trade and hinders the opportunity for hospitals to function in the free marketplace.

Mr. Chairman and Members of the Committee:

I am Dr. David Klein, a general surgeon practicing in Billings, where I have lived for 23 years. I am also a native of Montana, having grown up in Helena. I have been very much involved with improvement of health care in this state over the years, both through my membership in the American College of Surgeons and also through my involvement with the delivery of emergency medical services and transport systems in eastern Montana. I have also been involved with federally mandated health care planning and the Montana State Certificate of Need law since health planning started many years ago. I am in support of the elimination of Certificate of Need law as it relates to hospitals, and I am opposed to Senate Bill 217.

I am distressed that so many legislators are attracted to the continued regulation of health care facilities through the Certificate of Need law. While I share their goals, as we all do, of improving access to health care at an affordable price for all of our citizens, the unfortunate truth is that the Certificate of Need law is having just the opposite effect from that desired by its advocates. The federal government has completely abandoned support for health care planning as a method of keeping health costs down, recognizing that it has not achieved this goal, and has in fact increased health care costs. There are no longer federal sanctions for violation of the Certificate of Need law, and only a very few states continue to rely on CON laws. As you are surely aware, many studies relating to the impact of Certificate of Need laws on health care costs have arrived at the same conclusion, that these laws do indeed increase the cost of health care in the states where they are in effect. In order to comply with the Certificate of Need laws health care facilities are burdened by inordinate costs, all of which must, of course, pass through to patients. The Federal Trade Commission has been actively lobbying for the abolition of all remaining Certificate of Need laws based on their perception that they are anticompetitive and do in fact lead to the perpetuation of unfair monopolies. Monopolies do not work any better in the health care industry than in any other industry, and monopolies which are mandated and protected by law are the most anticompetitive of all. In fact, the health care providers who most strongly favor CON legislation are those whose monopoly is protected by it.

In addition, a highly regarded study reported last spring has demonstrated that hospital mortality rates among Medicare patients were significantly higher in states with stringent Certificate of Need requirements than in less regulated states. Thus, Certificate of Need laws increase health care costs through the perpetuation of monopolies and through the tremendous costs of compliance with the law, and they very likely lead to a decrease in quality of care. Like so much populist legislation, these laws are well intentioned, but have the opposite effect from that desired. Medicare-Medicaid reimbursement policies are more effective in controlling hospital costs than any government regulation.

If the smaller health care facilities in Montana are afraid that the larger hospitals will overrun them if the Certificate of Need legislation is allowed to sunset, I would suggest that they have a great deal more to fear from the Medicare reimbursement rates for rural hospitals than they do from the larger hospitals in their area. Those of us who have been involved with emergency medical transport and outreach programs in smaller outlying areas are acutely aware of the tremendous importance of smaller rural hospitals and the need for continuing education and upgrading of skills by health care providers in these smaller rural communities. It is distinctly in the interest of large hospitals and urban medical communities to strengthen the health care delivery systems in rural areas, and it is certainly not in the larger hospitals' best interest to try to take them over. The urban medical community and hospitals can perform their specialized functions much better and more efficiently if the smaller rural hospitals are strengthened, not if they are weakened. I emphasize to you once again that while I share the goals of the Certificate of Need advocates, these goals can much better be achieved through free competitive health care pricing and delivery of services, than through the flawed and counter-productive Certificate of Need laws.

(This sheet to be used by those testifying on a bill.)

SENATE HEALTH & WELFARE

NAME: Pat Melby

EXHIBIT NO. # 16

DATE 2-10-89

DATE: 2/10/89

ADDRESS: P.O. Box 1144

BILL NO. SB 217-340

PHONE: 442-7450

REPRESENTING WHOM? Rimrock Foundation

APPEARING ON WHICH PROPOSAL: _____

DO YOU: SUPPORT? SB 217 AMEND? _____ OPPOSE? SB 340

COMMENT: There is no rational basis to discriminate between some hospital services and other health care services - SB 340 raises serious questions under both the US + Montana Constitutions of the denial of equal protection between health care providers.

If the Legislature wishes to exempt certain health care services it should specifically list those services to be exempted!

I am the attorney for Broadwater Health Center in Towner. It supports SB 217 and opposes SB 340

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.



1988-1989
MONTANA STATE LEGISLATIVE COMMITTEE

SENATE HEALTH & WELFARE
EXHIBIT NO. #17
DATE 2-10-89
BILL NO. SB 217

CHAIRMAN
Mrs. Molly L. Munro
4022 6th Avenue South
Great Falls, MT 59405
(406) 727-5604

VICE CHAIRMAN
Mr. Fred Patten
1700 Knight
Helena, MT 59601
(406) 443-3696

SECRETARY
Mr. John C. Bower
1405 West Story Street
Bozeman, MT 59715
(406) 587-7535

February 10, 1989

TO: Senate Public Health, Welfare, and Safety Committee
FROM: Fred Patten, American Association of Retired Persons
RE: Senate Bill No. 217: "AN ACT TO EXTEND CERTIFICATE OF NEED LAWS"

The American Association of Retired Persons State Legislative Committee supports this Bill. We need to continue to help slow the rate of Health care costs. Senate Bill No. 217 helps do this. We must continue to help avoid duplication of expensive equipment and facilities. We must continue to monitor health care facility needs so we can have rationale planning of health care facilities.

We feel that hospitals should share medical technology and supply a rationale for planning new health care facilities. We believe health care planning programs reduce excess hospital and nursing home capacities. By supporting this bill we can continue to slow the rate of health care costs.

We are asking for a favorable vote on Senate Bill No. 217.



1988-1989
MONTANA STATE LEGISLATIVE COMMITTEE

SENATE HEALTH & WELFARE

EXHIBIT NO. 17

DATE 2-10-89

BILL NO. SB 217-340

CHAIRMAN
Mrs. Molly L. Munro
4022 6th Avenue South
Great Falls, MT 59405
(406) 727-5604

VICE CHAIRMAN
Mr. Fred Patten
1700 Knight
Helena, MT 59601
(406) 443-3696

SECRETARY
Mr. John C. Bower
1405 West Story Street
Bozeman, MT 59715
(406) 587-7535

February 10, 1989

TO: Senate Public Health, Welfare, and Safety Committee

FROM: Fred Patten, American Association of Retired Persons

RE: Senate Bill No. 340: "AN ACT TO REVISE AND CONTINUE CERTIFICATE OF NEED LAWS, TO EXEMPT HOSPITALS FROM CERTIFICATE OF NEED REQUIREMENTS."

The American Association of Retired Persons State Legislative Committee does not support Senate Bill No. 340 for all the reasons we used to support Senate Bill No. 217. We use these reasons to object to Senate Bill No. 340. We feel this would not slow the rate of Health Care costs. We feel that by exempting hospitals from this law there would be duplication of expensive equipment and facilities. There would no longer be any rational planning of health care facilities. Hospitals would not be required to have reason for excess capacities. There would be no sharing of medical technology or no rationale for planning of a new health care facility.

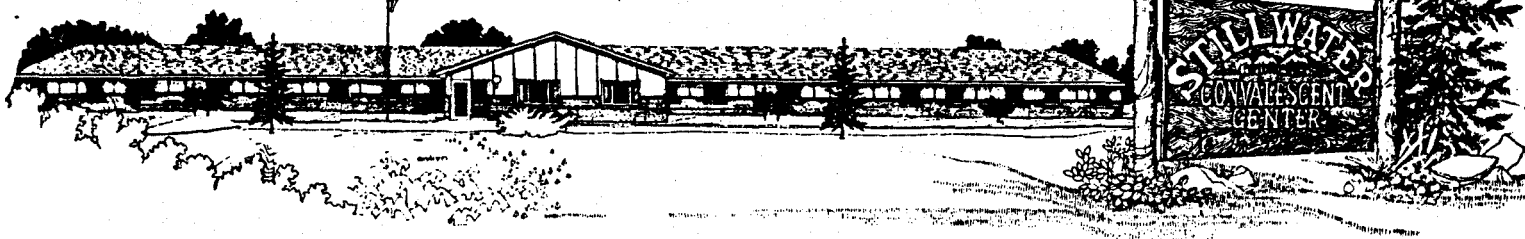
We urge you to vote DO NOT PASS on this bill.

SENATE HEALTH & WELFARE

EXHIBIT NO. #18

DATE 2-10-89

BILL NO. SB 217



350 West Pike Avenue • P.O. Box 898 • Columbus, Montana 59019 • (406) 322-5342

Public Health, Welfare & Safety Committee:

Mr. Tom Hager, Chairman

Testimony in favor of S.B. #217

Members of the Committee:

My name is Ron Borgman. I'm the Administrator of Stillwater Convalescent Center in Columbus, Montana. I have been in long term care for 15 years, as Administrator of 4 different facilities in three states.

I urge you to support the **Certificate of Need Law--S.B. 217**, for the following reasons and as it relates to Long Term Care.

1. The Certificate of Need allows for an organized planning procedure for determining need. We have, in the Health Dept., knowledgeable individuals making decisions with information obtained through this process.
2. Without the Certificate of Need law, any individual, corporation, etc., with the necessary funding can come in and build a health care facility, and service, irregardless of their history in providing care. As a result,
3. Quality of care will deteriorate. Individuals inexperienced and untrained may be providing care for our elderly. Experience shows me a greater amount of health problems will surface. Professionals in health care have adopted their training and abilities into specialized areas resulting in greater health care to all. Example, Geriatric residents have distinctly different physical, pharmacological, and emotional needs, best met by staff with experience and dedication in these areas.
4. Personal involvement in the C.O.N. process has allowed me to see the importance of a plan developed with involved professionals having input into creating the best care delivery system possible. **It works well.**
5. In summary, health planning provides quality care in an organized atmosphere, allowing professionals involved in health care to create the best care possible.

Ron Borgman

(This sheet to be used by those testifying on a bill)

NAME: Sandra Erickson DATE: 2-10-89

ADDRESS: 401 3rd Ave North Great Falls, MN

PHONE: 406 927-2512

REPRESENTING WHOM? Providence Chemical dependency treatment
Centers - Cascade, Pondera, Glacier Counties

APPEARING ON WHICH PROPOSAL: SB 217

DO YOU: SUPPORT? X AMEND? _____ OPPOSE? _____

COMMENT:
see attached

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Gentlemen:

I was prepared for oral testimony in support of SB217 and now respectfully submit it in written form as requested. I am the Director for Providence Chemical Dependency Treatment Center with centers in Great Falls, Conrad and Cut Bank. Providence is a private, non-profit organization chartered over 20 years ago. We have provided service to over 12,000 persons.

CON has protected our center and others like it by requiring adherence to careful area health care planning. That process is used for chemical dependency treatment centers as well. County plans are prepared every four years to carefully assess needs.

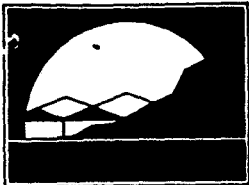
Nationwide, chemical dependency treatment centers have opened up at the rate of one every four weeks. This is with CON processes in place in most states. Without that safeguard, a flood of service providers will absolutely dilute the quality of care and cause locally owned non-profits such as ours to close its doors. Our emerging component in the health care industry must be fashioned in a responsive and responsible manner.

Maintaining the CON process is a major step in this direction. Let us not abandon this vital tool.

Respectfully submitted

Sandra Erickson, Director

Providence Chemical Dependency Treatment Center
Cascadia, Pondera, Glacier Counties



St. John's Lutheran Home

3940 Rimrock Road • Billings, MT 59102 • (406) 656-2710

SENATE HEALTH & WELFARE
EXHIBIT NO. 20
DATE 2-10-89
BILL NO. SB 217-340

TO: YELLOWSTONE COUNTY LEGISLATORS
FROM: KRISTIN RAPACZ, ADMINISTRATOR
ST. JOHN'S LUTHERAN HOME
DATE: FEBRUARY 7, 1989
SUBJECT: SENATE BILL #217

The purpose of this letter is to notify you of our deep concern regarding the sunseting of the CON process in Montana, and to strongly encourage you to see that the CON process is preserved.

THE CON PROCESS HAS HAD A POSITIVE IMPACT ON MONTANA:

1. The CON process in Montana has prevented unnecessary duplication of services. It has prevented the "for profit" take over of a wide range of services including nursing homes, chemical dependency treatment centers and psychiatric treatment centers.
2. The CON process in Montana has provided the careful planning that is necessary to ensure high occupancy rates and high utilization rates of nursing homes and other services. High utilization rates are necessary to keep costs down and provide high quality services.

THE SUNSETTING OF THE CON PROCESS IN MONTANA WOULD HAVE A NEGATIVE IMPACT ON MONTANA:

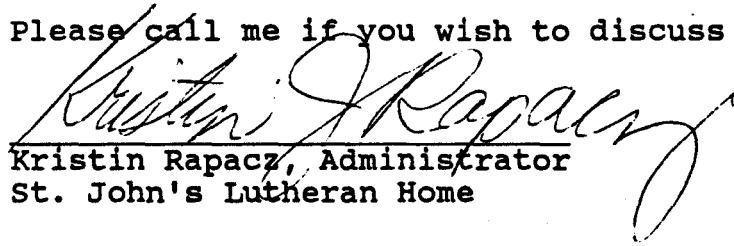
1. The sunseting of the CON process in Montana would open the door for overbuilding and the unnecessary duplication of services.
2. The sunseting of the CON process in Montana would bring in a flux of for-profit providers and would upset the balance of for-profit and not-for-profit providers that currently exist in this state.
3. The sunseting of the CON process in Montana would permit overbuilding that would result in lower occupancy and utilization rates which would then lead to higher costs and lower quality of care and services.

Page 2
Cont.

Normal market forces will not adequately regulate the supply and demand for services in the absence of the CON process. In the states of Utah, Arizona, Kansas and California, where the CON process has sunsetted, the negative forces mentioned above have occurred.

Please see that the CON process in Montana is preserved so that high quality services can continue to be provided at reasonable costs.

Please call me if you wish to discuss this further.



Kristin Rapacz, Administrator
St. John's Lutheran Home

KR:pk



Montana Association of Homes for the Aging

P.O. Box 5774 • Helena, MT 59604 • (406) 443-1185

SENATE HEALTH & WELFARE

EXHIBIT NO. #21

DATE 2-10-89

BILL NO. SB 217-340

TO: Members of the Senate Public Health Committee
FROM: Jean Johnson, Executive Director
Montana Association of Homes for the Aging
DATE: February 10, 1989
RE: SB 217 and SB 340

Mister Chairman, members of the committee, I am here on behalf of the Montana Association of Homes for the Aging to support SB 217. The Montana Association of Homes for the Aging represents twenty-two nonprofit retirement and nursing homes.

Because our homes are nonprofit and sponsored by religious, fraternal, and governmental means, our focus is not the "bottom line of the ledger" but rather, successfully meeting the needs of our elderly residents. For that reason, we are concerned that without a certificate of need requirement, for-profit providers may contribute to an "over-bedding" situation in Montana. "Over-bedding" can result in lower occupancy and utilization rates which in turn can lead to higher costs and lower quality care and services.

The Montana Association of Homes for the Aging wishes to go on record as opposing SB 340 which exempts hospitals from the certificate of need requirement. The reason for our opposition is that we fail to see a compelling need for the exemption

NAME: R. Joseph Rud DATE 2-10-89 BILL NO SB 217-340 DATE: 2.10.89

ADDRESS: 4619 Rimrock Rd. Billings MT.

PHONE: 259-9034

REPRESENTING WHOM? Health & Marketing West

APPEARING ON WHICH PROPOSAL: SB 217

DO YOU: SUPPORT? AMEND? OPPOSE?

COMMENT: In a delicate economic environment

CON is essential to the survival of Health Care facilities. CON avoids unnecessary duplication. maintains lower costs in health care and helps maintain the quality of care.

In neighboring states the loss of CON has contributed to the closure of small rural hospitals.

SB. 217 is preferred to 340 because it has 1) no sunset

2). is broader in its coverage.

3). provides better protection



Community Hospital

Grant M. Winn, EXECUTIVE DIRECTOR

SENATE HEALTH & WELFARE

EXHIBIT NO. # 23

DATE 2-10-89

BILL NO. SB 217-340

Community Medical Center
2827 Fort Missoula Road
Missoula, Montana 59801
(406) 728-4100

February 10, 1989

Senate Public Health, Welfare and Safety Committee

Chairman Tom Hager
Tom Rasmussen
Matt Himsl
J.D. Lynch

Harry H. "Doc" McLane
Bill Norman
Bob Pipinich

Dear Senators:

I support SB 340 which removes hospitals from the Certificate of Need Law (CON). SB 340 maintains CON for the services that many providers believe should remain in the process.

I support SB 340 for the following reasons:


- * Since 1984 hospitals have been reimbursed on a prospective basis by Medicare and by Medicaid. This payment system does not allow hospitals to pass on extra costs to patients.
- * Hospitals are in an increasingly competitive environment that requires sound business decisions, CON requirements are superfluous to this process.
- * CON is itself contributing to health care costs. For example, Community Medical Center is currently building a state of the art rehabilitation center that will replace inadequate beds currently in use. The service is running at maximum capacity and the new facility is necessary to meet the current demand. The CON application was \$28,000 and the estimated cost of preparing the CON report was \$50,000. Community has spent thousands over the years on CON applications. None of Community's applications have been denied.

Page Two

Although I question the need for any CON law given the future cost constraints anticipated in health care, I believe SB 340 provides an acceptable alternative.

Thank you.

Sincerely,



WILLIAM J. MCDONALD
Asst. Vice-President
Corporate Services

WJM:edn

SENATE HEALTH & WELFARE

EXHIBIT NO # 24

DATE 2-10-89

BILL NO SB 217-340

TESTIMONY OF JACK TENGE BEFORE
THE SENATE COMMITTEE
February 10, 1989
CERTIFICATE OF NEED LEGISLATION

Mr. Chairman and members of the committee, my name is John aka as Jack Tenge. I am a seniors' advocate and a member of the Golden Care Plus board of Saint Vincent Hospital.

I am here in support of the elimination of Certificate of Need law as it relates to hospitals and is incorporated in Senator Williams' bill No. 340. I am opposed to Senate Bill No. 217.

In my judgement, a Certificate of Need law for hospitals is no longer needed and if one is enacted, hospitals should be exempt therefrom. Medicare and Medicaid hospital patient costs are now reimbursed on the principal diagnosis made by the physician under a code number called a Diagnostic Related Group, commonly referred to as a DRG. Medicare and Medicaid pay a set fee for each DRG, regardless of the length of the patient's stay, the complications he or she may experience or the hospital's actual costs. In short, there is a "cap" on the reimbursement a hospital receives for patient care, thereby creating a real incentive for management to control its costs. Any costs above the amount allowed under the DRG is absorbed by the hospital.

The funding of patient care in a nursing home however, is quite different, and for the present at least, I believe a Certificate of Need law makes sense.

The quality of our lives is important to all of us. It is especially important to those of us in our sunset years when anxiety about our ability to care and provide for ourselves is frequently on our minds.

All of us want our golden years to be happy, enriching and free of care or worry. Many of us however, will not be permitted to enjoy them in the freedom, comfort, security and serenity of our own homes, in familiar surroundings and amid the loving care of family members. Instead, we may be confined to a nursing home where the quality of our care for these "golden years" becomes the responsibility of the nursing home staff. I am a frequent visitor in nursing homes and am constantly amazed at the tender and compassionate care given the residents, as well as the efforts made to provide a cheerful and interesting atmosphere. It is nevertheless not the same as "being home", but as someone remarked, "growing old is not for sissies".

Living in a nursing home is also expensive. When an elderly

citizen's savings are gone and the family is no longer able to pay, the nursing home turns to Medicaid, which then picks up the tab in full. Surveys report that at least 50% of the residents in Montana nursing homes are destitute and completely dependent upon Medicaid to pay for their care. The present method under which Medicaid reimburses the home is on the basis of the number of beds it has, as related to the number of beds statewide, with some adjustment for the cost of labor and the acuity level of patients. This may be the best that can be done, but it has its shortcomings in that it provides no incentive for management to reduce the costs to the resident. On the other hand, it enables management to maximize its revenue by controlling the number of beds statewide. To that extent, a Certificate of Need law providing review of additional nursing home facilities seems reasonable, but it does nothing to reduce the costs of patient care.

With more elderly each year, an average nursing home occupancy of about 91% statewide, and construction costs of \$25-30,000 per bed, new nursing home construction may be profitable. For hospitals, however, the figures are quite different. Their average occupancy rate in 1987 was under 50% and the cost of each acute care bed, I am informed, ranges from approximately \$65,000 upwards.

Therefore, because of the changes in the way Medicare and Medicaid now reimburse hospitals, the Certificate of Need law is no longer effective as a way to control a hospital's costs. I believe a far better way is to reduce government regulation to a minimum and encourage open competition, thereby giving management a real incentive to be creative in finding ways to reduce its costs and those for its patients.

The growing elderly will eventually require more Medicaid funding to cover the costs of their care and Medicaid may change the way it reimburses the nursing homes, just as it has changed the way it reimburses hospitals. When that happens, the Certificate of Need law will cease to be an effective strategy for a nursing home as well.

In summary, the Certificate of Need law seems to make sense for nursing homes right now, but it is no longer needed to control hospital costs. Competition and a less restrictive environment is a far more effective strategy. For the reasons stated, I am opposed to Senate Bill No. 217, but heartily endorse enactment of Senate Bill No. 340 proposed by Senator Williams, as it relates to hospitals.

STATEMENT IN SUPPORT OF SB 340

BY

SENATOR BOB WILLIAMS, DISTRICT 15
FEBRUARY 10, 1989

SENATE HEALTH & WELFARE
EXHIBIT NO. _____
DATE 2/10/89
BILL NO. SB 340

SENATE PUBLIC HEALTH COMMITTEE

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

MY NAME IS SENATOR BOB WILLIAMS. I AM PLEASED TO BE THE SPONSOR OF SB 340 ALONG WITH MORE THAN 50 OTHER SENATE AND HOUSE MEMBERS. SB 340 DOESN'T ELIMINATE CERTIFICATE OF NEED FOR ALL HEALTH CARE FACILITIES EVEN THOUGH THERE IS CONSIDERABLE SUPPORT TO DO SO.

SB 340 SIMPLY EXEMPTS HOSPITALS, WHICH IS A NEEDED COMPROMISE.

DOES THIS MEAN THAT A HOSPITAL COULD NOW OPEN A NURSING HOME WITHOUT GOING THROUGH THE CON PROCESS? THE ANSWER IS NO, AND LET ME TELL YOU WHY.

UNDER THIS BILL, AMBULATORY SURGICAL CENTERS, HOME HEALTH PROGRAMS, NURSING HOME BEDS, INPATIENT MENTAL HEALTH PROGRAMS, CHEMICAL DEPENDENCY TREATMENT PROGRAMS AND REHAB BEDS WILL STILL BE COVERED. ALL OTHER SERVICES, AS THEY RELATE TO HOSPITALS, ARE EXEMPT.

WHY SHOULD HOSPITALS BE EXEMPTED NOW?

CON LAW WAS FIRST ENACTED IN 1975 AS A COST-CONTROL DEVICE. AT THAT TIME MEDICARE AND MEDICAID WERE REIMBURSING HOSPITALS FOR THEIR COSTS. THERE WAS THEN LITTLE INCENTIVE FOR HOSPITALS TO CONTROL COSTS. AND WHY SHOULD THEY IF THEY COULD EXPECT TO BE REIMBURSED FOR ALL COSTS. THIS HAS NOW CHANGED.

TODAY, MEDICARE AND MEDICAID REIMBURSE ON A DRG-BASED SYSTEM. THE DRG SYSTEM ASSIGNS A "CODE NUMBER" TO EACH PATIENT, BASED ON THE PHYSICIAN'S DIAGNOSIS. MEDICARE AND MEDICAID PAY A FIXED AMOUNT PER DRG, REGARDLESS OF THE LENGTH OF STAY, COMPLICATIONS, ETC.

SO, IN EFFECT, MEDICARE AND MEDICAID HAVE REPLACED THE CON PROCESS AS THE COST-CONTROL DEVICE.

THE LEGISLATIVE AUDITOR'S REPORT RELEASED THE DAY BEFORE YESTERDAY IS THE BEST EVIDENCE AVAILABLE TO EXEMPT HOSPITALS, WHILE CONTINUING TO REVIEW THE PROJECTS OF OTHER HEALTH CARE FACILITIES.

ONE FINAL FACT SHOULD BE CLEARLY UNDERSTOOD: MONTANA IS THE ONLY ROCKY MOUNTAIN STATE WITH A CON LAW. STATES SUCH AS WYOMING, WHICH IS EVEN MORE RURAL THAN MONTANA ARE NOT EXPERIENCING ANY OF THE SO-CALLED FEARS YOU WILL HEAR TODAY.

FINALLY, I BELIEVE THIS LEGISLATION WILL NOT BE HARMFUL TO RURAL HOSPITALS. AS A FORMER BOARD MEMBER OF ONE OF THEM, I AM CERTAIN THAT THERE WILL BE MANY RURAL HOSPITALS WHO WILL SUPPORT THIS BILL.

THIS BILL IS A COMPROMISE--IT EXEMPTS ACUTE CARE FACILITIES FROM THE COSTLY AND UNNECESSARY CON PROCESS.

SENATOR HALLIGAN'S BILL IS THE WRONG BILL AT THE WRONG TIME.

I URGE YOUR SUPPORT FOR SB 340.

THANK YOU.

PETITIONERS

DATE 2-10-89

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BILL NO. SB 340

We, the undersigned, do hereby support the passage of SB 340 - the Certificate of Need (CON) compromise bill introduced by Senator Williams at the request of the Montana Hospital Association. This bill recommends the elimination of CON regulation for hospitals only.

SIGNATURE	PRINTED NAME	ADDRESS
Cindy K. Leenknecht	Cindy K. (Liams) Leenknecht	641 Sapphire Blgs MT 59105
Walter Reichenberg	Walter Reichenberg	916 North 19th St. Billings
K P Lucien	K P LUCIEN	1132 Ave F Blg Mt
Shauna McBride	Shauna McBride	3121 10th Ave N Bldg MD 59101
Jerry Stagner	Jerry Stagner	3543 Cook, Billings, MT
Marguerite Galk	Marguerite Galk	2600 Terrace Dr. Sky
Katherine Maurakis	Katherine Maurakis	135 Burlington Bldg Mt
Gus Maurakis	GUS MAURAKIS	135 Burlington Bldg Mt
Donuthy Leone	Donuthy LEONE	1298 Governors
Kera Reineking	Kera Reineking	1724 Mariposa
Kyle Latham	Kyle Latham	4 Rodeo Place Blgs - 59102
MARVIE LUX	MARVIE LUX	3892 N. JAMES
Ralph Peleison	Ralph Peleison	Elk Creek HT 59101
ANN GERHARZ	ANN GERHARZ	2307 Spruce St.
Rose Goontanis	Rose GOONTANIS	1105 7th 26th
Lydia Besser	Lydia Besser	1059 Easter Ave Bldg MT 59102
JAMES G MILLIGAN	JAMES G MILLIGAN	1635 Bitterroot DR Bldg 59105
Leo R McDonnell	Leo R McDonnell	2315 Catter Blvd - Blgs. MT. 59102.
Marrin H. Crick	Marrin H. CRICK	5010 Rimrock Rd 59102
Halmer Haagenzen	Halmer Haagenzen	1542 Canary 59101
JOE P BESSO	JOE P BESSO	1923-12th St West
George P. Lensty	George P. LENSTY	1025 Howard Ave
Ruth Larson	Ruth LARSON	1925 Lake Elm Dr.
J. E. FRY	J. E. FRY	1746 Parkside Dr.
Virginia Latham	Virginia Latham	4 Rodeo Place
BOYD PARK CITY MT.	BOYD PARK CITY MT.	
135 Blvd. Ave. Bldg. MD. 59101	135 Blvd. Ave. Bldg. MD. 59101	135 Blvd. Ave. Bldg. MD. 59101
2010-16th NW	2010-16th NW	Billings MT 59107
2115 George St	2115 George St	Billings
2206 Grand	2206 Grand	Billings
769 Yellow Pine #330	769 Yellow Pine #330	Billings 59105

DATE 2-10-89

COMMITTEE ON Public Health

SB 217

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
James F. Ahern	Mt Hospital Assn		340	217
Steve Waldron	Mental Health Centers		217	340
Wendy Johnson	MT Assoc. Homes for the Aging		SB217	SB34
Kyle Hopstad	France Mahon Deaconess		217	340
Pat Melby	Kimrock Foundation		217	340
Jenny Bequaert	Sho-dan Memorial Hospital		340	217
John	Deaconess Med Center - Billings		217	340
W. Sue	UAW Vista Manor - Lewistown		217	340
M. Posey	ALLIANCE FOR THE MENTALLY ILL		217	340
ARRY AKEY	MONTEANA HEALTH NETWORK		217	340
Wm L. Lindark	Monteana Health Assn		340	217
Jack Casey	Shodan Hosp		340	217
Tom Wingardner	Chemical Dependency		217	340
Joseph Rued	Health Marketing West		217	340
Rose Hughes	Mt. Health Care Assn		217	340
George M. Finer	CDPM		217	340
Wm Cunningham	Kimrock Fdn		217	
Donna Simpson	Kimrock Foundation		217	
Jolli J. Telfer MD	Montana Medical Association		340	217
Richard Brown	Liberty County Hospital		340	217
Anthony L. Wellever	Montana Hospital Assn		340	217
Collin R. Braden	MHCA		217	340
Mona Jamison	LMT C	217	217 ✓	
Mona Jamison	LMT C, BILLING DEPARTMENT	340		✓
Wilbur Behmann	Montana Nurses Assoc.		217	340
Jim Spady	Bozeman Care Center		217	340

(Please leave prepared statement with Secretary)

DATE

2/10/89

COMMITTEE ON

Public Health

BILL NO.

217

SB 217
SB-340

VISITOR'S REGISTER

NAME	REPRESENTING	Check One	
		Support	Oppose
Kerly Wilson	Lantic of Montana	✓	
RON BOREMAN	Stillwater Com. Center	✓	
Charles Rogers	Dept of Health & Environmental Sciences	✓ 340	✓ 217
Jim Paquette	SAINT VINCENT HOSPITAL		
L. McLoover	MONTANA ASSOC Phys	340	217
TIM BERNBACH	BILLINGS PHYSICIAN.	340	217
Ray Gibbons	Montana Deaconess Med Ctr	340	217
JOHN E Tenge	St Vincent Hosp	340	217
JOHN W. JOHNSON	Wheatlan & Mem. Hosp & N.H.	340	217
Richard Brown	Liberty County Hospital	340	217
J. [unclear]	Trinity Hospital	340	217
John [unclear]	St. Luke Cross Hosp	340	217
David E. Klein	St. Vincent Surgeon	340	217
Gaye Staley	St. Vincent Hospital	340	217
Mary Taylor	Saint Vincent Hospital	340	217
Jerry Hogan	Saint Vincent Hospital	340	217
Cal Norton	Saint Vincent Hospital	340	217
Fred Patten	AARP.	217	
Fred Patten	AARP		340
Debra Lewis	AARP 299d	217	
Debra Lewis	AARP		340
George M. Fennel	CDPM	217	340
W. [unclear]	CDPM	217	
India [unclear]	Providence Healthcare Center	217	340
Ed [unclear]	1731 5th and Helena 59607	340	217
David [unclear]	1731 5th and Helena 59607	217	

(Please leave prepared statement with Secretary)

