



February 6, 2018

SB 62 “An Act repealing the certificate of need program for health care facilities; making conforming amendments; and providing for an effective date.”

Thank you members of the Senate Labor and Commerce committee for the opportunity to testify today on the impact of SB62. I am the business manager of Alaska Emergency Medicine Associates, providing emergency care at Providence Alaska Medical Center, and speak today in opposition of SB62.

The CON is an important and effective process, essential for the state of Alaska to maintain access to highest quality care and to minimize excessive medical expenditure. In 2015-2017 Providence Alaska Medical Center applied to the CON process for the development of a Pediatric Specialty Emergency Care Center. The CON process allowed for a thoughtful discussion of this proposal and for a competing Free Standing Emergency Department proposal. In January of this year, the Children’s Emergency Care Center opened at Providence Alaska Medical Center in Anchorage and Alaska’s children now have access to pediatric specialty emergency care previously unavailable in the state. The CON process in this setting served Alaska well and allowed resources to be applied in an efficient path increasing access and care to Alaskans.

If the CON process were lifted, the outcome would be a proliferation of expensive facilities that would drive up costs while providing no coordinated benefit to the Alaska health care system. From the perspective of Emergency Medicine, this would come in the form of Free Standing Emergency Centers (FSECs). These facilities are emergency care clinics without attached hospital services, which are allowed by federal regulations to charge the same hospital facility fee as a traditional hospital based emergency department. In states such as Texas, where there is no CON requirement, these FSECs are ubiquitous, common through out profitable communities. The FSECs result in marked increase in system costs, as they drive up unnecessary and expensive emergency care utilization. In addition, the financial expenditure for construction of these facilities directly translates into an allowable increase in Medicaid fees to offset the infrastructure investment.

In summary, AEMA opposes efforts to repeal the CON process as introduced in SB62. The CON process provides thoughtful use of state medical resources, has been effective in developing a strong health care system, and has prevented the introduction of expensive, predatory medical entities that would drive up costs.

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