



April 1, 2019

The Honorable David Wilson
State Senator
Chair, Senate Health & Social Services Committee
State Capitol Room 115
Juneau, AK 99801

Dear Sen. Wilson:

Thank you for the opportunity to comment in opposition to Senate Bill 1, the Repeal of the Certificate of Need program.

During my nearly 45 years in health care, I have served in various roles in states that both have the CON process and those that do not. I can attest first-hand that the CON process is absolutely necessary to protect the viability of community hospitals. Hospitals provide services that are not always profitable and rely in services that provide a profitable margin to offset those impacts to maintain operations. Providence's mission is to serve the poor and vulnerable and in 2017 we provided nearly \$23 million in free and discounted care for Alaskans in need; we are anticipating a higher number for 2018.

Without the CON process, stand-alone facilities are able to open with the financial motivation to provide profitable service lines in order to accept patients with commercial insurance plans. While at the same time, communities depend on their local hospitals to continue providing a wide range of services and emergency care. If left to subsidize the vast majority of services, hospitals have to make tough decisions about what level of care they are able to continue to provide.

There is no free market model related to health care. With a profit-driven mission, boutique facilities will work to expand their customer base. As a result, niche facilities do not drive down costs, but can actually increase health care costs by driving up demand for costly and at times unnecessary procedures.

Alaska's health care industry is facing a series of real and drastic challenges as we all look to continue to address the state's high health care costs. Repealing the CON process at this time would add to the ongoing uncertainty and negatively impact the health care industry.

Sincerely,

Robert Honeycutt
Chief Operating Officer
Providence Alaska Medical Center