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March 30, 2019

Senator David Wilson, Chair
Senate Health and Social Services Committee
Room 111, State Capitol
Juneau, AK 99801

Re: SB 1 – Repeal Certificate of Need Program

Dear Senator Wilson:

Thank you for the opportunity to provide public comment on Senate Bill 1 – Repeal Certificate of Need Program. I am writing today in strong opposition to repealing Alaska’s Certificate of Need program and urge the Legislature and State to focus on necessary improvements to protect patients’ access to quality care rather than kowtowing to an oversold and misrepresented message that blames the CON for the high cost of healthcare.

I am a healthcare administrator with over 20 years of experience. Over ten years of my tenure as a healthcare administrator has been overseeing various sized healthcare operations in the state of AK. I currently serve as the CEO for Imaging Associates and the Chief Administrative Officer for Alaska Radiology Associates.

More than half of the US states have some sort of CON. There is nothing about the CON that prevents competition. It merely provides a mechanism for the state to determine what kind of healthcare investment is needed and allow it to go forward in a planned, thoughtful, and hopefully safe manor.

Alaska requiring a CON does not allow one business or provider to create a monopoly or prevent competition. The decision to issue or not to issue lies with the State of Alaska – specifically, the Department of Health and Human Services. It is my opinion that removing that check and balance would negatively impact patient safety and the quality of care.

Historically, the State of AK DHSS has been inconsistent and I would say even negligent in administering the CON, but not to limit competition, rather they have shirked the great responsibility given them through the CON to demand quality accessible investments that benefit all Alaskans.

Eliminating the CON entirely will do two things quickly:

First, it would encourage the worst kind of investment in Alaskan healthcare, that is, the kind that only intended to make money at the highest margins with no need to demonstrate quality, safety or necessity.

Secondly, it would cause quality centers currently holding CONs like ours to have to compete with other sites that do not share our community minded view of service and quality. We would be economically forced to match their model.

Currently we, like the local hospitals, are an all-modality service meaning we offer all imaging services for comprehensive and quality care. A number of those important services offer low margin to no margin alongside of the highest margin CTs and MRIs. Our services include best in class 3D Mammography, 128 slice dual energy CT, high field open MRI, and state of the art PET CT, offered to all patients not matter their payor. We provide significant financial support to charity organizations in Alaska, participate heavily in Anchorage Project Access charity care, and offer those who don't qualify for charity but remains uninsured a 60% discount.

If, however, the state allows a high margin only site like an MRI/CT centers to open on every street corner, bleeding away the modalities that pay the bills we will be forced to scale back to the same level of exclusive or limited services. We more than likely be forced to cease offering low margin services and ultimately either cap the number of Medicaid and Medicare patients we see or end up not participating in either. In the end Alaskans loose.

Rather than kill the CON and make Alaska the Wild West for healthcare, our legislator leadership should look for ways to strengthen it, to make it work even better. We offer three KEY opportunities for the State of AK to move forward and actually make the CON statute and regulation meaningful.... none of them would create monopolies or prevent competition.

- 1) Require each certificate seeker to clearly document how they intend to demonstrate and maintain QUALITY relevant to the type of investment they are making. That will mean different things to different investments. A new hospital, a new ER or a new surgery center will demonstrate quality in different ways. Quality in medical imaging means a state of the art low radiation dose CT scanner, as opposed to the 20+ year old scanners which are administering 10 times the radiation doses to their patients and yielding mostly non-diagnostic low resolution images.
- 2) Require each certificate seeker to guarantee that they will ensure access to all groups of Alaskans, most importantly those most easily forgotten, our elderly and our poor. If Alaska opens the door for someone to setup a 10 million dollar site to see only patients with blue cross, it will put those balancing their books with 50%, 60% or more government beneficiaries out of business or it will at the very least put those populations out in the cold. If an investment is right for the community then the certificate seeker should have no problem building a business model that is inclusive of the weakest among us. If they don't where will the state send its Medicaid beneficiaries and their traveling companions?

- 3) A worthwhile CON program would include ALL equipment and costs and standardize the level of investment which would trigger a CON (Example: 1 year lease or 5 year lease?). Right now those calculations seem to change with the seasons. It must be consistent to be fair, consistent over decades not months.

In closing, I encourage you to publicly rebut the notion that the CON prevents competition. I encourage AK legislators not to abandon CON but to strengthen the CON, protect those who have invested in quality services for all Alaskans, protect our state's major hospitals who see everyone regardless of ability to pay, and add to that CON process certain quality standards relevant to the type of investment proposed and an expectation that approved investments will continue to serve the poor and the elderly as long as they operate.

I am as much a free market conservative as a Libertarian could ever be. But healthcare is not a free market. Just like the auto industry has proven that it needs safety regulations to not put profits over people's lives and the banking industry needs regulations to insure the security of our citizens' savings, the healthcare industry has proven time and time again that it must have government checks and balances placed upon it to prevent the same kind of careless abuse.

Ultimately, if the state thinks there isn't enough competition in some area, all it has to do is approve more CONs in that area, but the very need for a CON should give the state control over the quality of that investment and how accessible it will be to the most vulnerable among us. **The CON doesn't prevent competition. But in its current state, it doesn't do enough to ensure quality competition.**

Sincerely,

**Ward
Hinger**

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Ward Hinger
CEO, Imaging Associates
CAO, Alaska Radiology Associates

cc: Senator John Coghill
Senator Cathy Giessel
Senator Gary Stevens
Senator Tom Begich