

SB

65

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: SB065-DHSS-HCS-03-06-07
 Bill Version: SB 65
 () Publish Date: _____
 Dept. Affected: Health & Social Services
 RDU Health Care Services
 Component Medicaid Services

Revision Date/Time (Note if correction): _____
 Title MEDICAL FACILITY CERTIFICATE OF NEED

Sponsor HUGGINS
 Requester SENATE (HES)

Component No. 2077

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims
Miscellaneous						
TOTAL OPERATING

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES (0)						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

In state fiscal year 2006, the department paid \$1.06 billion in Medicaid claims for health care services. Approximately \$353 million of that amount was paid to health care facilities subject to the certificate of need program including hospitals, residential psychiatric treatment centers and nursing homes. Of the \$353 million, approximately 42% was expended from the state general fund. It is not possible to predict with any certainty the impacts of passage of the proposed legislation including the cost to the state through the Medicaid program. Therefore, an indeterminate fiscal note is being submitted. There will also be an indeterminate fiscal impact on Behavioral Health Medicaid Services and Division Support Services. (Cont. on page 2)

Prepared by: Janet Clarke
 Division Finance and Management Services
 Approved by: Karleen Jackson, Commissioner
 Agency Department of Health and Social Services

Phone (907) 465-1630
 Date/Time _____
 Date 03/06/2007

STATE OF ALASKA
2007 LEGISLATIVE SESSION

ANALYSIS CONTINUATION
(Cont. from page 1)

However, the experience of two states suggests that the rapid expansion of some specialty health care facilities and services may be linked to the elimination of certificate of need requirements (Presentation to the Department of Health and Social Services, August 2006, Mr. Dean Montgomery, HSANV). If Alaska's experience proved to be similar, significant additional Medicaid costs would likely result.

STATE OF OHIO (Phased-out CON requirements for most services between 1995 and 1998)

	Before CON Repeal	After CON Repeal	
Hospitals with cardiac catheterization	86	94 (2005)	
Hospitals with open heart surgery	38	55 (2005)	
Mobile or Free-Standing MRIs	23	126 (1999)	400 (2006)
Hospitals with fixed MRIs	35	150 (1999)	All (2006)
Freestanding Radiation Therapy Ctrs	10	28 (1999)	40 (2006)
Ambulatory Surgery Facilities	31	186 (2001)	224 (2006)
Outpatient Dialysis Stations	1,053	2,100 (2001)	3,087 (2006)

STATE OF VIRGINIA (Eliminated CON requirements for most services between 1989 and 1992 - CON restored by Legislature in 1992)

Hospitals with cardiac catheterization	26	44 (1992)
MRI Services (all settings)	28	58 (1992)
CT Services	86	103 (1992)
Radiation therapy facilities	27	44 (1992)
Lithotripsy services	19	27 (1992)

Don Burrell

From:
Sent:
To:
Subject:

RECEIVED
MAR 23 2007

akroses@alaska.net
Thursday, March 22, 2007 11:11 AM
Sen. Bettye Davis
SB65

SB65 is waiting to be heard by the HESS Committee. I was curious as to why there is a holdup? This bill would allow greater patient choice as to where they would receive services in the communities that they live. I have a daughter that has Down syndrome. She also has scoliosis. Right now, if she needs another MRI, I have no choice but to go to Fairbanks Memorial Hospital to receive it. My other choice is to go to Anchorage. I much prefer going to Anchorage which by the way, is actually less expensive for me to do so. If we had more choice in Fairbanks, the cost would go down not only for me but for my insurance as well. I am tired of FMH/Banner Health, and the government telling me where to go for my health services. Please let SB65 go through your committee.

Thank you

Janet Maddox

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Anchorage Daily News

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Imaging firm awaits ruling: Is it physicians' office?**SIMILAR: Court said no in another case, sparking a review of its status.**By BECKY STOPPA
Anchorage Daily News*(Published: April 25, 2007)*

It could be another week before Imaging Associates of Providence learns whether it can continue operating its Mat-Su and Anchorage facilities or whether it must close both centers within the next six months.

The state health commissioner, Karleen Jackson, in August 2006 ordered Imaging Associates to file for a certificate of need, a permit issued by the state to health care facilities with capital investments of more than \$1 million.

Imaging Associates appealed and asked for an administrative hearing to overturn Jackson's order.

The certificate-of-need law applies only to independent diagnostic testing facilities, the group contends.

Imaging Associates, which is owned jointly by Providence Health Systems and a group of physicians, is exempt from the law because it is a physicians' office, the Providence group contends.

What's more, it contends, Jackson's August order to apply for the certificate violates state statutes, since she twice in 2006 deemed Imaging Associates a physicians' office and exempted it from the law.

Jackson's August decision came on the heels of a Fairbanks Superior Court ruling in another certificate-of-need case between Banner Health Systems, which owns and operates Fairbanks Memorial Hospital, and Alaska Open Imaging.

As with Imaging Associates, Jackson had determined Alaska Open Imaging's Fairbanks facility to be a physicians' office and exempted it from the certificate. The judge in that case, though, deemed the center an independent diagnostic testing facility and accused Jackson of misinterpreting the intent of Alaska's certificate-of-need laws.

The Alaska Department of Administrative Hearings had been expected to rule on Imaging Associates' appeal by mid April.

But Neil Roberts, an assistant from the department's Juneau office, said the decision will likely come sometime after the first week in May.

The Providence Mat-Su facility sits near Mat-Su Regional Medical Center on Woodworth Loop near Trunk Road and the Parks Highway.



The Imaging Associates of Providence building, a Providence partner, is located a few blocks south of the Mat-Su Regional Medical Center, which is the light-colored brick building in the background, off South Woodworth Loop. (JOSHUA BOROUGH / Daily News archive 2007)

Since it opened in June 2006, it has pulled diagnostic imaging customers away from the hospital, according to Norman Stephens, Mat-Su Regional's chief executive officer.

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March 19, 2007

LESLIE P. DEAN, MD
Surgery of the hand and wrist

RICHARD W. GARNER, MD
*Foot and ankle, arthroscopy
Arthritis, total joint replacement*

JOHN E. LAPKASS, MD
*Total joint replacement
Arthroscopy and sports medicine*

RICHARD D. MCEVOY, MD
*Knee and shoulder surgery
Arthroscopy and sports medicine*

DECLAN R. NOLAN, MD
Non-surgical orthopedics

DAVIS C. PETERSON, MD
Spinal disorders

GEORGE D. RHYNEER, MD
*Cartilage transplantation
Knee and shoulder arthroscopy*

ADRIAN B. RYAN, MD
*Knee and shoulder arthroscopy
Hip and knee replacement*

UPSHUR M. SPENCER, MD
*Spinal disorders
Trauma*

STEPHEN S. TOWER, MD
*Primary joint replacement
Revision joint replacement*

THOMAS P. VASILEFF, MD
*Knee arthroscopy, ACL reconstruction
Hip and knee replacement*

TIMOTHY J. FAGGIONATO, PA-C
DAVID P. WONCHALA, PA-C
GREGG ZAPORZAN, PA-C
Physician Assistants

BETH A. BALEN, MBA, FACMPE
Administrator

Senator Bettye Davis
State Legislature
Alaska State Capitol
Juneau, Alaska 99801-1182

RECEIVED
MAR 23 2007

Re: State of Alaska Certificate of Need

Dear Senator Davis:

As a member of Anchorage Fracture and Orthopaedic Clinic and as a practicing orthopedic surgeon in the state of Alaska, I would like to strongly recommend that you seriously consider eliminating the requirement for a Certificate of Need.

My practice involves a moderate amount of surgery in the variety of facilities in the Anchorage area. It is not infrequent that I am required to shift from one institution to another in order to obtain reasonable access to operating room space and time. Without the requirement of a Certificate of Need other entities could develop small, efficient ambulatory outpatient surgery centers which would better meet the needs of practitioners such as myself. Doing so would appreciably improve access to care for my patients and allow more expeditious return to a productive lifestyle.

Please contact me with further concerns that you might have on this issue.

Respectfully yours,

Richard W. Garner, MD

RWG/lml

Richard Benavides

From: Sen. Charlie Huggins
Sent: Tuesday, March 20, 2007 4:40 PM
To: Sen. Battye Davis; Richard Benavides
Cc: Michael Sica (Michael_Sica@legis.state.ak.us)
Subject: CON
Importance: High

Dear Sen. Davis and Richard,

I'd like to update you on the Certificate of Need situation since I last spoke with you. Governor Palin met with Commissioner Jackson last week and discussed CON and her support for a change and flexibility regarding the CON regulations. Governor Palin then called our office to let us know that Commissioner Jackson would be supporting our legislation, and offered assistance if needed.

Sen. Huggins and I have a meeting with Commissioner Jackson and Dept. of Law Asst. AG, Stacie Kraly, on Thursday, March 22, at 11:15am. It is my understanding that some amendments are going to be requested by the Dept. that will hopefully create a win-win situation for all.

I respectfully request a brief meeting with Sen. Davis, Sen. Huggins, and myself to discuss the Certificate of Need issues, answer any questions, and hopefully, obtain a firm date for a committee hearing in the next two weeks. Is it possible to set up a time for us to meet next Tuesday - anytime between 3pm and 5pm? Please contact me at extension 2661. I appreciate your consideration.

*Karen Sawyer, Staff
Office of Senator Charlie Huggins*

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907-465-3878 Main
907-465-3265 Fax*

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Juneau AK 99801-1182
Karen_Sawyer@legis.state.ak.us*