Murdo, Patricia

From: ida Jones [elbeez2000@yahoo.com]
Sent: Saturday, January 19, 2008 1:00 PM
To: Murdo, Patricia
Subject: legislative mtg

Dear Pat

Thanks so much for the info on the Jan. 24 meeting on economic credentialing. I am a physician with Flathead Orthopedic Center and we have our own ASC almost 2 years old. The concept of economic credentialing is obviously of great interest to us as relations with Kalispell Regional Medical Center are, to put it mildly, strained. We had initially tried to work with the hospital on a joint venture for our facility but the hospital demanded a majority ownership position which we felt would jeopardize our ability to control services, quality and cost at the ASC. We completed the project on our own after which KRMC recruited 3 out- of -area orthopedic surgeons, guaranteed $1.5 million in salaries and signed a contract with these providers to provide trauma coverage for the hospital (reimbursed at a per diem of $600).

The concept of competition between KRMC and HealthCenter Northwest is a moot point as both facilities are under the same parent organization, Northwest Health Care (a for-profit corporation with KRMC as its not-for-profit arm). Several years ago, a decision was made to close the Flathead Outpatient Surgery Center, a free standing ASC with 50/50 physician-hospital ownership, and replace that facility with HealthCenter Northwest. HCNW was initially concieved as primarily an outpatient surgery and imaging facility and subsequently morphed into and was licensed as a hospital, ostensibly to allow for physician investors but also, I suspect, to allow for billing of services at the higher reimbursement given to hospitals vs. outpatient facilities. There have been varying levels of pressure on providers to steer patients towards one institution or another first as a means of maximizing the profitability of HCNW and subsequently to avoid risks of having HCNW declared a surgical hospital based on patient mix. The details of all of these developments underline the convoluted nature of the legislation currently governing health care facilities.

We believe we have been able to survive by continuing to provide quality orthopedic care in a cost-effective environment. We have certainly been affected by losing a great percentage of trauma care, a service we had always provided without hospital reimbursement and continue to provide to any patients who request us. We have also been subjected to a large number of anti-competetive practices from our hospital and some larger physician practices and have documented these cases in detail. We are unsure, at this point, as to the appropriate avenue for reporting and seeking redress on these occurrences whether it be at the state or federal level. Regardless, the problem with competition between physicians and hospitals is that very often the benefit to the consumer becomes a secondary issue.

Our hospital administration, justifying in the local media their decision to recruit new orthopedic surgeons, declared, "Competition is good; it benefits the consumer". This attitude most certainly did NOT apply to their view of our surgery center project. The usual arguments against duplication of services ignores the fact that our community did not have a dedicated ASC and therefore was lacking a venue at which surgical services could be provided at lower cost (as determined by insurance reimbursements for outpatient vs. hospital based services).

Ideally, physicians and hospitals would be able to collaborate and cooperate on projects to improve care while maintaining control of costs. Such models can and do exist, but the pressure brought on by decreasing reimbursements and increased fixed costs often forces aggressive competition for an ever-shrinking health care dollar. Health care has NEVER, in my opinion, been just another service industry and the consequences to our patients when we allow economics to drive decision making are too critical. Legislation needs to be aimed at incentives to maintain quality while reducing costs, not at arbitrarily restricting the number or types of facilities. The increased costs associated with compliance with insurance regulations (whether Medicare, State Fund, private or etc.) have to be factored in as a component driving increasing health care costs.

Finally, we have to try to keep the care of the patient in the hands of their provider and not jeopardize it by allowing providers to become passive investors in entities that are driven by profit measures alone without regard to overall quality or cost. While much attention is devoted to physician-owned hospitals, there is at least equal risk in allowing

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hospital-owned physicians and the skewed sets of priorites that may be engendered therein.

I apologize for the length of this submission, but it is obviously a topic of great interest and priority to our group and to health care providers in general. I wish I were able to participate in the roundtable as I am sure that the discussion will be lively. Thank you again for providing a forum for the exchange of ideas.

Sincerely,
Bert Jones, M.D.
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