

EXHIBIT NO. 8

BILL NO. SB 317

report on HEALTH CARE FACILITY "CONVERSION" LEGISLATION

LW Voters-Missoula -- Jane Ragsdale

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WHAT'S a "CONVERSION" of health care facilities?

A term for a shift from non-profit to for-profit status of a hospital, health clinic, HMO, health insurance company, etc. This can be effected through an outright sale, a merger, affiliation, a joint venture, a transfer of high-growth business to a for-profit subsidiary, etc

Examples: the "Blues" in 26 states have converted to for-profit status since the late '80s; to date, hospitals, clinics, etc. in the low hundreds have converted to for-profit status

WHY DOES CONVERSION MATTER?

Depending on the purchaser or merger-partner, etc, conversion MAY mean:

- loss of local control
- interests of stock-holders may be put before local health needs
- more costly services -- dialysis, maternity care, etc. -- may be cut back
- charity care may be cut back
- evidence is accumulating that for-profits (especially large hospital chains) often staff personnel, or require fewer nurses, technicians and others to work longer hours, harass doctors who bring in fewer dollars, and so forth

WHAT'S AT STAKE IN DOLLAR TERMS?

With good legislation in place BEFORE a conversion, community assets accumulated by non-profits can go into independent foundations to be used for unmet community health needs. For example, Grantmakers in Health (a D.C. non-profit that tracks what happens to conversion assets) estimates that in 2001 there were 139 new health foundations with over \$15 billion in assets.

"These figures do not reflect amounts that may be set aside in several significant BlueCross and BlueShield conversions in NY, Maryland, Delaware, DC and N. Carolina." (note from S. Benbow, staff atty., Consumers Union, S.F., 3/20/02)

HOW CAN PRIOR CONVERSION LEGISLATION HELP?

- can provide that a state's Atty.-General or Insurance Commissioner demand ample notice of a pending conversion
- widely advertise local and state public hearings so affected citizens can comment
- get access to relevant transaction documents
- make an independent evaluation of assets before the sale
- demand that several bidders be involved in sale, merger, etc.
- determine the true value of community assets invested in the facility
- ensure the continuance of the original charitable functions of the non-profit entity
- oversee the transfer of community assets to an independent foundation to be administered for unmet community health needs
- monitor the continued compliance of the for-profit entity with agreements made

HOW MANY STATES HAVE PASSED CONVERSION LEGISLATION?

currently 21 states have passed some 33 laws -- of widely different effectiveness. New Jersey & N. Carolina both claim they've passed "model" laws

HOW MUCH WOULD SUCH LEGISLATION COST THE STATE?

MIGHT be possible to charge a fee to potential sellers and buyers that would cover the state's costs to evaluate and monitor conversions (suggestion from Lois Steinbeck, MFL legislative fiscal analyst, 2/14/02)

SOURCES: Kaiser Family Foundation, Families USA, Consumers Union & Community Catalyst Foundation Web sites ; regional and national health-care-access conference: