SJR 15:
A Study of Health Care Delivery

What are the Committee’s Goals?
- Accumulate Data Regarding Impacts of:
  - Self-referrals/Conflict of interest on community hospitals/patients?
  - Specialty hospitals, economic credentialing on health care access/costs?
  - Specialty hospitals on health care quality, effectiveness, innovation?
  - Community hospital service as a public health safety net?
- Legislation Restricting Specialty Hospitals, Physician Referrals?
- Legislation that levels playing fields and allows co-existence of specialty hospitals and community-based hospitals?
- Education -- but not legislation -- on certain of these topics?

Physician Self-Referral Complaints
- Self-referrals drive up use & costs
- Self-referrals leave low-paying patients with nonprofit providers & steer better payors to specialty hospitals
- More competition means all providers:
  - have to buy expensive technology to compete, meaning more overall use to pay off equipment;
  - Compete for scarce staff, with resulting pay boosts
- Self-referrals jeopardize nonprofits’ ability to provide low-return services (like emergency) through cross-subsidy. May result in nonprofits expanding into other areas of care.

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Changing Health Care Scene (1)

- **Vertical Integration**
  More hospital control

- **Horizontal**

  - Independent Doctors
  - Outside Services
  - Hospitals
  - Community Health Centers

Self-Referrals/Conflict of Interest

- **Independent Providers**
  - Free-standing clinics
  - Ambulatory surgery
  - Specialty hospitals
  - Privileges at hospitals?

- **Hospital-Employed Providers**
  - Hospital-owned Clinics
  - Hospitalists
  - In-hospital Services
  - Outpatient Services
  - Joint ventures

**Equal-Opportunity Docs**
(need another entity before being engaged with patient)

- Anesthesiologists
- Pathologists
Changing Health Care Scene (2)

- Cost of technology
- Cost of education (upfront and CE)
- Cost of malpractice insurance
- Cost of staffing
- Medicaid, other payments below costs
- Higher health care costs and unequal insurance coverage impacting uncompensated care.
- Increase in number of for-profit hospitals, providers?

Independent Providers

- Traditional approach
- Request privileges at hospitals
- Can perform specialty practices without challenge under self-referral constraints if in own office
Hospital-Employed Providers

- Clinics – Physician practices owned by hospitals. May agree not to practice within hospital and to refer patients to hospital. May receive economies of scale and efficiency with billing, supplies, staffing pools
- Hospitalists (may be direct or under contract)
- In-hospital services, including labs, imaging, physical or occupational therapy, sleep labs
- Outpatient services – may compete with free-standing clinics, providers

Equal-Opportunity Docs

- Anesthesiologists – E.g. In Missoula the majority have joined in a practice. Provide on-call to hospitals, write own contracts with insurers, but would have no service without separate entity.
- Pathologists – also need to have lab or separate entity to deal with patients
Access and Delivery

Physician Clinics
With Hospital As Employer

Hospitals
• Imaging
• Hospitalists & Health Care
• Physical Therapy

Adjunct Services
• Imaging
• Physical Therapy

Physician Clinics
In Independent Practice

Malpractice Insurance, Billing Assistance, Supplies

Referrals

Competitors

Privileges

Referrals

Health Care Cost Contributors

- Technology
- Uncompensated Costs
- Cost of Educating Providers
- Malpractice Insurance
- In Montana, Limited Competition
  - Competition in Missoula, Billings between hospitals
  - Competition between towns for patients who can afford to travel (some travel just to get to care)
  - Competition without pricing transparency means choice among providers is rarely a question of cost and more likely to be word of mouth on quality
Patient Mix:
determines how costs shifted among payors

- Medicaid
- Medicare
- Insurance
- Self-Pay
- Uncomp. Care

- Set amount
- Set amount
- Adjustable
- Adjustable but limited ... if unable to pay, care is uncompensated

Competition and Market Approaches

- **What is needed for competition:**
  - Informed Public
  - Provider Competition/Availability

- **What about monopolies?**
  - Is a health care market like a utility market – limited suppliers, many users?

- **What is the role of regulation?**
  - What types of regulation would help to create level playing field – if any?
Costs and Ownership Transparency

- Allows choice

- Is the choice “portal” through insurance rather than provider ownership/type? Would transparency of ownership impact choice?

Quality – Effective Care

- Physician Credentialing by Insurers
  - Provides way to monitor providers
  - States vary in ways to streamline this

- Specialty Hospitals/ASCs
  - May have better length of stay (ASCs can’t be more than 24 hours or past midnight of day of service) – but what are the roles of patient acuity and the economic incentives to increase quality control?
Economic Credentialing

- Used by hospitals to detect competing financial interests
  - services provided
  - equipment sales
  - lawyer relatives working on malpractice cases, etc.
- Typically extends to family members

Personal Responsibility Factors

- Ability to choose type of care
- How to avoid inappropriate use?
Access – Provider Availability

- Community Health Center
  - Direct Care Model – Can serve uninsured (56% of case mix), boost primary care, decrease hospitalizations, lower uncompensated costs
  - In rural areas – assists those unable to travel to larger medical service areas
- Discounted Services by Providers
- Adequate Provider Compensation
  - Short-changed providers don’t participate
- Who provides the safety net?
  - Depends on area. Rural Health Clinics, Critical Access or Nonprofit Hospitals, Sole Providers

Other financial considerations

- Nonprofit hospitals and taxation issues
- Relationship with insurers
- Montana Facility Finance Authority
- Lack of control over expanding facilities (Certificate of Need)
What Topics to Cover?

☐ Research:
- Costs and outcomes for nonprofit and specialty hospitals (ASCs and specialized facilities) – Use Attorney General data for nonprofits
- Range of services at various facility types
- Health care quality, effectiveness at various facility types
- Impacts on nonprofit community hospitals of competition – using GAO questionnaire

☐ Exploring Good/Bad of Information Technology?
☐ Exploring Workforce and Educational Tie-ins?
☐ Education on Certain of These Topics?
☐ Legislation?