MHA Michigan Health & Hospital Association | Leading Healthcare

Memo

To: Members, House Health Policy Committee

From: Adam Carlson, Senior Director, Government and Political Affairs

Date: Dec. 1, 2020

Re: **House Bill 6325**

Certificate of Need (CON) is a state regulatory program intended to balance cost, quality and access issues to ensure that only needed healthcare services and facilities are developed in Michigan. The 11-member, governor-appointed state CON Commission meets five times per year to review standards that regulate covered healthcare services, beds, new construction and renovation. Proposed changes to the standards receive a public hearing, and, if approved by the CON Commission, are forwarded to the legislature and executive branch for final approval before taking effect. The CON Commission utilizes advisory committees, public work groups, and expert testimony to obtain recommendations on the merits of proposed changes to regulated services and facilities. The MHA has long supported Michigan's CON program as an effective means to advance competing goals of cost containment, patient access and quality of care. **The MHA is opposed to HB 6325, which would remove cardiac catheterization services from CON regulation.**

Cardiac catheterization procedures are used to diagnose and treat certain cardiovascular conditions. They are performed by inserting a catheter through arteries or blood vessels directly to the heart, where diagnostic tests can be undergone to determine any issues with blood flow. In many cases, minor blockages can be solved immediately during catheterization through the insertion of medical devices like stents and do not require invasive cardiac procedures. In less than 1% of cases per year[1], however, there are major complications in which emergency operative intervention is required. These cases are infrequent and unexpected, and often require an experienced team of on-staff invasive cardiologists, anesthesiologists, nurses and surgeons to deliver rapid response. The removal of cardiac catheterization from Michigan's CON law could potentially increase the likelihood that patients experiencing major complications during cardiac catheterization do not receive the immediate care they need, leading to higher risk of negative patient outcomes and even mortality. For example, a 2007 study by Rice University's James A. Baker III Institute for Public Policy found 103 cardiac patient deaths that could have been avoided by retaining CON rules[2].

This proposal would remove all cardiac catheterization procedure codes that have been approved by the Center for Medicare and Medicaid Services (CMS) for federal reimbursement in the outpatient setting from the definition of cardiac catheterization in Michigan's CON statute. Starting in 2019, CMS has approved 12 cardiac diagnostic codes to be eligible for outpatient reimbursement that were previously not. There is no language in this bill that maintains CON requirements for other cardiac catheterization procedures, meaning any future exemptions by CMS could lead to even more dangerous procedures being allowed to occur outside of a hospital setting. CMS deciding to reimburse for procedures conducted in outpatient settings does not mean appropriate patient safety enforcement is in place for all sites of service, and CON requirements should remain in place for these potentially dangerous procedures.

The benefits of maintaining CON standards for cardiac catheterization go beyond just quality, providing an example of how CON also can also improve access and lower costs for patients. For example, CON

[1] https://www.ncbi.nlm.nih.gov/books/NBK531461/
[2] https://www.bakerinstitute.org/media/files/Research/a455edfc/CardiacCON1.pdf

may limit the total number of providers offering cardiac catheterization services, but can improve access by preventing geographic and income-related maldistribution of health services. Michigan's CON program ensures that new providers will take all patients, regardless of the complexity of their condition, their type of insurance or their ability to pay. States without CON programs have seen a proliferation of specialty and for-profit facilities that cater to well-insured patients with uncomplicated conditions, leaving the less profitable services to community hospitals. This "cherry picking" of patients can inhibit a hospital's ability to continue to care for indigent and uninsured patients and can ultimately lead to the loss of certain services that become too expensive to continue.

CON regulations also prove to have a significant impact on lowering the per-patient costs of cardiac catheterization procedures through increased volume per facility. Hospitals in states that repealed CON coverage of diagnostic cardiac catheterization were found to have 3% higher mean patient costs due to the decrease in per-facility volume[3]. Maintaining coverage for cardiac catheterization can also help prevent unnecessary patient costs, as CON regulation has been associated with a lower rate of less-appropriate cardiac catheterizations[4].

The CON program regulates certain types of healthcare expenditures to avoid unnecessary duplication, ensure quality of care and foster cost-effective practice. Cardiac catheterization provides a clear example of a clinical service that has been greatly improved under this type of regulation. The MHA opposes removing diagnostic cardiac catheterization services from CON oversight.

[3] https://www.bakerinstitute.org/media/files/Research/a455edfc/CardiacCON1.pdf
[4] https://www.ahajournals.org/doi/10.1161/CIRCULATIONAHA.106.658377