

What We Have Learned So Far

AN OVERVIEW OF CON TASK FORCE EDUCATION APRIL – AUGUST 2016

OFFICE OF POLICY AND MANAGEMENT

AUGUST 15, 2016

What Have We Learned So far?

- ▶ The history of CON programs nationally and in Connecticut;
- ▶ Current purpose and goals of Connecticut CON program;
- ▶ Current oversight structure of CON at OHCA and DSS;
- ▶ Services and actions subject to CON review in Connecticut;
- ▶ Connecticut statutes and regulations pertaining to CON;
- ▶ CON applications currently before OHCA and DSS;
- ▶ The structure of CON programs in other states;
- ▶ Findings of several studies and articles related to the effectiveness of CON programs in the domains of cost, quality, access, planning, need and competition;
- ▶ Task Force member views regarding the purpose and goals of CON.

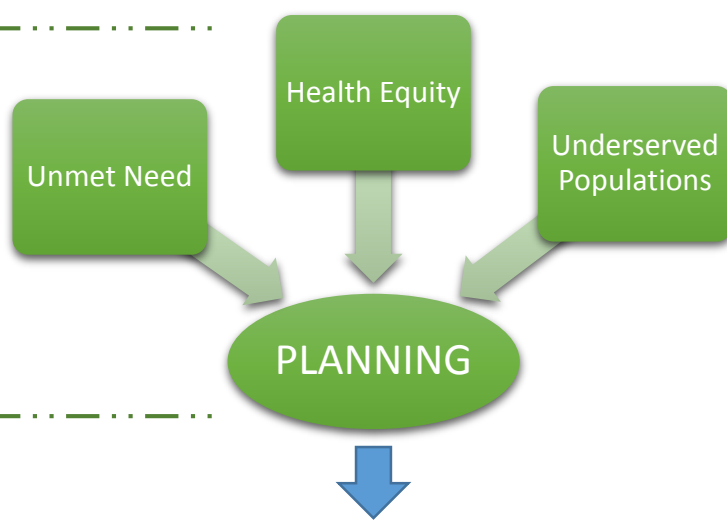
How Did We Learn This Information?

- ▶ Speakers were brought in to educate the Task Force:
 - ▶ Staff from OHCA and DSS presented an overview of the CON program as it currently exists in Connecticut;
 - ▶ Nationally recognized CON expert Thomas Piper presented on CON in other states;
 - ▶ Zack Cooper, Ph.D., presented his findings on the effect of competition on health care costs and quality;
 - ▶ Victoria Veltri, Senior Health Care Advisor to the Lt. Governor, provided updates on the Health Care Cabinet's Cost Containment study;
 - ▶ OHCA staff presented detailed information on how CON programs are administered in a subset of other states.
- ▶ Provision of literary reviews and research;
- ▶ Topic specific summary documents created by OPM staff;
- ▶ Survey of Task Members.

Goals of Today's Meeting

- ▶ Finalize revised goal of Connecticut's Certificate of Need program
- ▶ Determine what services and actions should or should not be subject to the Certificate of Need process to align with the revised program goal.
- ▶ What to Expect Over The Next Month...
 - ▶ Today's meeting will conclude with an overview of the work before the Task Force over the next month.

External to CON process; identifies clear planning goals to fulfill unmet needs and promote health equity in the health care system



CON program review implements the statewide health planning efforts and preserves competition in the health care market place.

CERTIFICATE OF NEED (CON) PROGRAM

Preserving
COMPETITION

Improving
ACCESS

Improving
QUALITY

Containing
COST

RESULTS: By preserving competition and aligning CON review with statewide planning efforts, access and quality are improved and costs are contained.

- Existing Regulatory Processes***
- DSS
 - Medicaid Initiatives (PCMH, ICM, MQISSP, LTSS Rebalancing, ASOs, eligibility expansion)
 - DPH
 - Licensure Standards
 - SHIP – Healthy CT 2020
 - DCF
 - Standard Practice Model
 - Differential Response
 - Shifts in Congregate Care Utilization
 - Intensive In-Home Supports
 - DDS
 - Quality Service Review
 - Provider Certification
 - Group Home Licensing
 - Audit, Billing, Rate Setting Services
 - DMHAS
 - Provider Quality Reports
 - Frequent User Interventions
 - Behavioral Health Homes
 - CID
 - External Review
 - Rate Review Program
 - Minimum Loss Ratio
 - Mandate Review Program
- *This is not an exhaustive list of all state regulatory initiatives that aim to improve access, improve quality, and contain costs.

To improve access to and quality of health care services and contain costs by preserving competition in the health care market and implementing statewide planning efforts aimed at promoting health equity and fulfilling unmet needs. 4

Actions And Services Subject To Certificate Of Need

SIX MAIN CATEGORIES OF DISCUSSION:

1. Acquiring Equipment
2. Initiating Services or Increasing Capacity
3. Terminating Services
4. Changes in Ownership
5. Actions Subject to DSS CON Review
6. New Actions or Services Currently Not Subject to CON

Questions To Consider

- ▶ Does the action subject to review by CON:
 - ▶ PRESERVE or LIMIT competition?
 - ▶ PROMOTE or IMPEDE health equity and meeting unmet needs?
 - ▶ OR, does the review have no effect at all?

Definition of Health Care Facility

CGS section 19a – 630, Definitions: (11) “Health care facility” means

(A) hospitals licensed by the Department of Public Health under chapter 368v;

(B) specialty hospitals;

(C) freestanding emergency departments;

(D) outpatient surgical facilities, as defined in section 19a-493b and licensed under chapter 368v;

(E) a hospital or other facility or institution operated by the state that provides services that are eligible for reimbursement under Title XVIII or XIX of the federal Social Security Act, 42 USC 301, as amended;

(F) a central service facility;

(G) mental health facilities;

(H) substance abuse treatment facilities; and

(I) any other facility requiring certificate of need review pursuant to subsection (a) of section 19a-638. “Health care facility” includes any parent company, subsidiary, affiliate or joint venture, or any combination thereof, of any such facility.

Acquiring Equipment

- ▶ Does limiting the purchase of equipment by health care facilities effectively:
 - ▶ preserve competition in market?
 - ▶ promote health equity and meeting unmet needs?
- ▶ Considerations:
 - ▶ Limiting “excess” capacity does not result in lower health care costs.
 - ▶ Limiting capacity through CON programs can give preference to incumbents in the system and actually impede access to services, especially new technologies.

Applies to....	Acquiring
All health care entities	CT, MRI, PET, and PET-CT scanners
All health care entities	Equipment utilizing technology that has not previously been used in the state

Initiating Services Or Increasing Capacity

▶ Does requiring CON review of health care facilities' plans to initiate new services or increase capacity effectively:

- ▶ preserve competition in market?
- ▶ promote health equity and meeting unmet needs?

▶ Considerations:

- ▶ The consolidation and merging of health care facilities and services, not an excess of capacity or duplication, is a primary driver in increasing health care costs.
- ▶ In general, research indicates that competition in the health care market enhances quality and lowers costs.
- ▶ Competition is supported by removing barriers that impede entry or exit into the market.

Applies to....	Planning to...
All health care entities	Establish a new health care facility
All health care entities	Establish cardiac services, including catheterization, interventional cardiology and cardiovascular surgery
All DPH-licensed facilities	Increase licensed bed capacity of a health care facility
All health care entities	Establish an outpatient surgical facility
Outpatient surgical facilities, short-term acute care general hospital	An increase of two or more operating rooms within any three-year period

Terminating Services

- ▶ Does requiring CON review of health care facilities' plans to terminate services effectively:
 - ▶ preserve competition in market?
 - ▶ Promote health equity and meeting unmet needs?
- ▶ Considerations:
 - ▶ Research indicating that CON programs have improved access to care for the underserved or increased uncompensated care is limited, with mixed results.
 - ▶ Competition is supported by removing barriers that impede entry or exit into the market.

Applies to....	Planning to terminate...
Hospitals	Mental health or substance abuse services
Hospitals	Inpatient or outpatient services
Outpatient surgical facility	Surgical services
Short-term acute care general hospital	An emergency department
Hospitals operated by the state that are eligible for reimbursement under the Social Security Act	Inpatient or outpatient services

Changes In Ownership

- ▶ Does requiring CON review changes in ownership effectively:
 - ▶ preserve competition in market?
 - ▶ promote health equity and meeting unmet needs?
- ▶ Considerations:
 - ▶ The consolidation and merging of health care facilities and services, not an excess of capacity or duplication, is a primary driver in increasing health care costs.
 - ▶ In general, research indicates that competition in the health care market enhances quality and lowers costs.
 - ▶ Studies show that non-profits are affected by the same market pressures as for-profit hospitals and are just as likely to have prices rise based on market pressures.

Applies to....	Planning to...
All health care entities	Transfer ownership of a large group practice, one which is comprised of eight or more full-time equivalent physicians, unless transfer is to a physician or a group of physicians
All health care entities	Transfer of ownership of a health care facility
Not-for-profit hospitals	Transfer a material amount of its assets or change control of operations to a for-profit entity.

Actions Subject To DSS CON Review

- ▶ Is the goal of DSS CON review to preserve competition and promote health equity and meeting unmet needs?
- ▶ Considerations:
 - ▶ The same market forces do not often apply for entities covered under DSS CON review, as most costs are fixed and funded by the state. As a result, unlike the actions regulated by OHCA, DSS CON decisions initiate an approval process that is directly linked to the amount of state funding entities will receive (e.g. state grant funding or Medicaid reimbursement).
 - ▶ Building a new facility associated with a continuing care facility is the only action subject to the DSS CON process that is not associated with state or Medicaid reimbursement rates.

Applies to....	Planning to ...
NH RCH ICF-IDD	<ul style="list-style-type: none"> • Make a capital expenditure exceeding \$2 million. • Make a capital expenditure exceeding \$1 million, which increases facility square footage by five thousand square feet or five percent of existing square footage. • Make an acquisition of major medical equipment in excess of \$400,000 • Introduce or expand any new or additional function or service. • Terminate a health service including facility closure or a substantial decrease in total bed capacity by a facility or institution. • Transfer all or part of ownership or control prior to being initially licensed
NH	<ul style="list-style-type: none"> • Build a new facility associated with a continuing care facility provided such beds do not participate in the Medicaid program. • Relocate Medicaid certified beds from one licensed nursing facility to another licensed nursing facility to meet a priority need identified in the strategic plan developed pursuant to subsection (c) of section 17b-369 of the Connecticut General Statutes. • Add nursing home beds restricted to use by patients with AIDS or requiring neurological rehabilitation • Add nursing home beds associated with a continuing care facility which guarantees life care • Relocate Medicaid beds from a licensed facility to a newly licensed facility, provided at least one currently licensed facility is closed in the transaction, and the new facility bed total is not less than 10% lower than total number of beds relocated
RCH ICF-IDD	Request a license for a new facility

Next Steps

- ▶ Complete a CON Criteria and Principles survey (indicating what changes are needed to align with revised CON goals and services subject to CON) and submit responses to OPM staff by 9/1/16.
- ▶ Goals of next meeting:
 - ▶ Discuss the criteria and principles used to determine whether a CON is approved;
 - ▶ Discuss CON decision-making authority.