



My name is Sarah Giolando, Chief Strategy Officer of St. Elizabeth Healthcare. Today, I am going to be speaking on behalf of St. Elizabeth Edgewood, a 450-bed hospital serving more than 525,000 inpatients and outpatients annually. Like all St. Elizabeth facilities, we are the safety net hospital for the community we serve, which we've been doing for over 154 years. In 2013, St. Elizabeth Edgewood provided over \$21 million in charity care and experienced a loss of over \$11 million on care provided to patients with Medicaid. The percentage of our patients that are Medicaid, Medicare, or uninsured is nearly 68%. Caring for those most at risk is part of our mission, which is shared with the Cabinet for Health and Family Services. We appreciate the opportunity to inform the Cabinet on a path to modernization and applaud the core principles of this effort, which are aligned with the triple aim. However, we are concerned that the modernization efforts have been primarily focused on reducing the number and type of services that are allocated based on community need via the CON process, with less attention on the other core principles outlined by the Cabinet.

The Cabinet's **first stated principle is to support the evolution of care delivery.** St. Elizabeth supports and fosters innovations that provide additional access to primary care which is why we were the first and only provider group in the Greater Cincinnati/Northern Kentucky market to offer patients online scheduling, eVisits and video visits. Our physician group is one of the largest participants in the Comprehensive Primary Care Initiative, Medicare's multi-payer demonstration project to examine innovative care delivery models. The evolution of care delivery will be based on the medical home model, fostered by primary care physicians, with close coordination with specialists. All of these innovations are possible today, without significant CON restrictions. St. Elizabeth, along with several other Cincinnati-based health systems, have dozens of physician offices and outpatient centers across NKY that provide these services, without CON interference.

**The second principle is to incentivize development of a full continuum of care.** High quality, comprehensive care providers like St. Elizabeth provide a comprehensive continuum of care to all those who need it. The unfortunate result of removing CON guidelines would be to actually disrupt this continuum by introducing dozens of specialized providers who focus on narrow, profitable segments of the continuum of care. This is in direct contravention of the Cabinet's aim.

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**Quality, the Cabinet’s third principle,** is at the core of our patient-centered care at St. Elizabeth, evidenced by the many quality awards that we achieve each year, such as receiving straight A’s for each of our three main hospital campuses in the Leapfrog Group’s latest evaluation. St. Elizabeth is proud to be the most preferred health system by residents of Northern Kentucky by a margin of three to one over the next competitor. We agree with modernization efforts that seek to incorporate quality incentives into the evaluation of services, in concert with establishing a need for the service in the market area. Nowhere else is the linkage between need more paramount than in the quality dimension, as there is significant evidence in many clinical areas, such as in birthing centers and NICUs, that sufficient volumes are required to adequately maintain staff competency levels and quality of care.

**The Cabinet’s Access to Care principle** is one of the areas of greatest concern from the recommendations put forward by the Deloitte Study. The Cabinet is specifically seeking to ensure access for Medicaid members and the uninsured; recommendations to abandon the CON process for services such as ambulatory surgery centers (ASCs) would do exactly the opposite. In our market, for example, a Cincinnati-based independent orthopedic group established an NKY office, but does not accept Medicaid. They instead refer Medicaid patients to St. Elizabeth emergency rooms or the local orthopedic group, who, like St. Elizabeth, treats all patients, regardless of ability to pay. This same group takes its commercially-insured patients over the river to its ASC for procedures. This is exactly the kind of access that Deloitte’s ASC recommendations would create, resulting in an increasing shift of profitable business away from existing ASCs in the market, leaving the Medicaid and uninsured behind. The CON process is a stabilizing force in the marketplace that allows safety net facilities like St. Elizabeth Edgewood to be able to meet the mission of providing care to all those who come to our door.

St. Elizabeth is pleased to see the Cabinet’s focus on **promoting adoption of efficient technology.** As referenced above, St. Elizabeth is leading its market in the adoption of new technologies that increase patient experience, maintain high quality and increase access. We are on pace to achieve the highest level of medical technology capability this fall, as measured by HIMSS and have met or exceeded all meaningful use stages. All of the major health systems in our market use the Epic EMR, which allows all of the systems to have access to important patient data from any system through Epic-based sharing platforms. We have played an active role in the development of Kentucky’s Health Information Exchange and support data-sharing efforts that seek to improve quality of care for our patients. We do not know of any barriers that the CON process places on providers seeking to adopt efficient technology.

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The final aim of the Cabinet’s modernization seeks to exempt services for which CON are no longer necessary. Determining necessity must be based on the Cabinet’s principles stated above. Our concern is that the Cabinet is basing its thinking on flawed analysis from the Deloitte study. In the ASC example referenced above, for example, Deloitte examined only the capacity at free-standing ASCs, ignoring the significant amount of outpatient operating room capacity resident in many major health systems in the Commonwealth, as well as capacity in physician-owned ASCs exempt from the CON process. Outpatient cases have increased significantly in hospitals as procedures shift from inpatient to outpatient. At St. Elizabeth Healthcare, 66% of our procedures are outpatient. Deloitte used a methodology to project capacity that was not explained or verified and significantly varies from capacity calculations that are utilized by the Cabinet in current CON process.

The amount of ASC and outpatient surgery capacity is more than sufficient based on established need methodologies. All physicians in the market – whether part of a system or independent – have the ability to apply for privileges and perform procedures at all of the hospital-managed surgery centers. In fact, the majority of procedures performed at St. Elizabeth ASCs are by independent physicians. We are working together with these physicians on innovative procedures and operating efficiencies, such as Ocular Surface Transplantation procedures performed by one of the independent ophthalmologists in our market. Physician-owned ASCs are working with the independent physicians in the market to provide women’s reproductive services in NKY. The conclusion that ASCs are no longer necessary to be regulated by the CON process is unsound. Given the current available capacity, these criteria should not be changed.

One suggestion that we do have in terms of modernizing the payment and delivery system vs. the CON process is related to payment for behavioral health services. First, according to the Affordable Care Act, all insurers, including the Medicaid Managed Care companies in Kentucky are required to cover behavioral health and substance abuse disorders services. Unfortunately, the MCOs are denying payment for many of these critical services. Second, there is an existing federal law that prohibits dedicated behavioral health facilities with more than 16 beds from receiving payment from Medicaid. This rule has existed since the 1970s and was intended to prevent states from having to double pay facilities for care since they often operated the state psychiatry facilities. Now, many facilities throughout the state, including our 28 bed chemical dependency center in Falmouth, Kentucky, are providing the care but we cannot accept Medicaid patients because of the rule. Many other states have asked for and received a waiver from this rule and we are asking that Kentucky make this similar request to allow freestanding facilities to

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care for patients with Medicaid. The MCOs have indicated that they will honor the waiver if sought and approved.

While we believe significantly changing the CON process will result in reduced access for low-income patients, we do support innovative approaches to the delivery and payment approaches that will make a long term difference in controlling costs and improving the health of Kentucky. We look forward to providing input into the recent CMS Innovation grant that the Cabinet received to accomplish this objective. We do believe an increased focus on prevention, primary care, and chronic disease management is critical to the future of healthcare. These services are not burdened or impacted by the CON process and can proceed without negatively impacting safety net hospitals.

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# 2014

# KHIP



## Kentucky Health Issues Poll

INTERACT  
FOR HEALTH



HEALTHY  
KENTUCKY

Dear Sarah,

### Nearly 5 in 10 Northern Kentucky adults say they communicate electronically with their doctor; highest in state

The Kentucky Health Issues Poll (KHIP) has found that nearly half of Northern Kentucky adults (47 percent) reported having electronic communication with their doctor. This was a much higher rate than the state overall at 27 percent. Statewide results are similar to national results, where 70 percent of U.S. adults have NOT had electronic communication with their doctor.

Kentucky adults of all ages reported similar rates of electronic communication with their doctor. However, adults living below 200% of the Federal Poverty Level (FPL) (79 percent) were much more likely than adults living above 200% FPL (66 percent) to report having no electronic communication with their doctor.

More than 1 in 3 Kentucky adults were extremely or very confident they could find health care charges associated with certain treatments or procedures. About 1 in 3 adults were moderately confident. Fewer than 1 in 3 adults were not too confident or not confident at all. Responses did not differ significantly by income, age or region.

To see more information about Kentuckians' communication with their health care providers, and other topics, download the 2014 Kentucky Health Issues Poll data release available at: <https://www.interactforhealth.org/kentucky-health-issues-poll> or <http://www.healthy-ky.org>.

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**Our mission is to improve the health of the people of the Cincinnati region.  
Our vision is to be the healthiest region in the country.**

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