

April 13, 2017
Opposition to SB 1054

Chair Boquist members of the committee,

For the record my name is Felisa Hagins and I am the Political Director for the Service Employees International Union (SEIU) Local 49. I'm here today to oppose Senate Bill 1054. SEIU has over 65,000 members in the state of Oregon and we are the largest union of health care providers nationally. Locally SEIU represents health care workers and in home care givers in a community care based settings, in patient settings, and hospital settings. We are deeply committed quality, affordable and accessible patient care. We believe that SB 1054 puts that in danger in the state of Oregon.

Although SB 1054 seems to be a bill that gives the certificate of need process a break for those who contract with veterans services, it's actually a bill that gives the run around on a process that works.

Certificate of Need process is critical to efficiently using healthcare resources in Oregon

Oregon's Certificate of Need program has been in existence for over thirty years (since 1971). According to the OHA's website, the program "arose out of the legislature's desire to achieve reasonable access to quality health care at a reasonable cost."¹ I think that desire, to achieve reasonable access to quality health care at a reasonable cost, is still an aim of our union and our state today.

The Certificate of Need (C.O.N.) program is less of a certificate and more of a process. A process that is meant to create a rational allocation of health care resources, particularly hospital and nursing home services, to ensure that the public need is being met in the most cost-effective manner. The process lowers costs by ensuring economies of scale, avoiding duplication of services and efficiently distributing services across the state.

The CON program plays an integral role in protecting and promoting access to quality health care for Oregonians. As health care costs skyrocket, the need for consumer protections in the health care system becomes even more vital. Expansion of hospital services must be done in a thoughtful manner that considers the overall health care needs of the community. The program also creates minimal quality safeguards so that when Oregonians seek care there is some reasonable expectation of quality.

It does this through a prescribed process. There are eight, clear areas of criteria that an applicant should demonstrate. While the process provides opportunity for stakeholder input, it also provides repeat opportunity for an applicant to revise and re-revise their application and submit additional information if they choose to do so.

Certificate of Need isn't the end-all-be-all; we need to do more in Oregon to control cost and quality

We aren't under the illusion that having a Certificate of Need program solves everything, but it is a critical piece of the puzzle. Healthcare simply isn't driven by market forces. Consumers



1-800-955-3352
MAIN OFFICE
503-238-6692
FAX
3536 SE 26TH AVE
PORTLAND, OR 97202

@SEIU49
TWITTER
SEIU LOCAL 49
FACEBOOK
WWW.SEIU49.ORG

don't have enough information nor power to be rational, economic actors when it comes to healthcare.

Oregon's Certificate of Need program provides a first line of defense for Oregon patients. We believe the program should be strengthened, not placed on hold for two years. A stronger CON program could protect vulnerable populations from a loss in health care services, helping to dispel any financial incentive hospitals may have to leave lower-income areas of the state in favor of more affluent populations. A stronger program could drive centers of excellence reducing costly redundancies in our health care system. As healthcare clinics pop-up around the state, concentrated at times on top of each other leaving huge swaths elsewhere in the state without any services, we contemplate whether the Certificate of Need program should be extended to the healthcare clinic level.

We also believe that Oregon should consider community benefits in granting CONs. Oregon does not currently require a specific level of commitment for hospitals to provide that care. Inclusion of community benefit in the CON process would create incentives for positive behavior and make sure communities get the services they need.

This bill creates a loop hole for two years, allowing denied applicants a back door

This bill allows applicants, who have been denied or declared incomplete under the Certificate of Need process, to proceed with constructing psychiatric hospitals, despite the state finding that there was not a demonstrated need or adherences to the standards set forth in the CON process.

Earlier this year the Oregon Health Authority recommended to deny the CON application of Universal Health Systems, or UHS2. The company failed to meet seven of the eight criteria. We believe that if this bill is passed, UHS is likely to take advantage of this loop hole. After not being successful in the CON process, a process that has included numerous, extended deadlines and ample opportunity for UHS to present a compelling case and respond to concerns, we should not then create an alternative process just to get a different answer.

There is a process for appeals built into the CON process. It is not necessary, or wise, to scrap a well-designed and thoughtful process simply because one company does not get what they want. We strongly oppose SB1054 because the Certificate of Need program should be expanded and we do not support a loop hole that would allow companies with concerning track records to open additional hospitals in our state.

We, and many others, have grave concerns about Universal Health Services as an operator

We have serious concerns about Universal Health Services' (UHS) demonstrated record of failing to comply with basic patient health and safety requirements expected of all hospitals in communities across the U.S. Our concerns have been presented in detail to OHA, and I believe Disability Rights Oregon has submitted for the record our testimony and others from the CON hearing.

Prominent media outlets such as the Dallas Morning News, Boston Globe and Chicago Tribune, just to name a few, have chronicled the questionable practices and troubling breakdowns in care at facilities operated by UHS. BuzzFeed News investigated how scores of employees and



1-800-955-3352
MAIN OFFICE

503-238-6692
FAX

3536 SE 26TH AVE
PORTLAND, OR 97202

@SEIU49
TWITTER

SEIU LOCAL 49
FACEBOOK

WWW.SEIU49.ORG

patients say the nation's largest psychiatric chain turns patients into profits by locking patients in and holding them until their insurance runs out. The State of Massachusetts sued them in federal court earlier this week (April 10, 2017).

The State of Oregon CON process was right to deny UHS a Certificate of Need

If you read the Oregon Health Authorities summaries of findings, which I have submitted for the record, you will see that the Newco Inc a wholly owned subsidiary of UHS does not meet the standards for a CON in our state. Below are a short summary of the findings.

- The state is concentrating efforts on community based care for the mentally ill and de-emphasizing hospitalization.
- The opening of the Unity Center in Portland, with a psychiatric emergency department will alleviate the need for transfers to a new inpatient psychiatric facility.
- There is no foreseeable general inpatient need in the service area.
- The applicant hasn't demonstrated that there is a lack of alternatives to its proposal.
- There is a lack of support from Coordinated Care Organizations for the proposed project.

The report then continues to outline how the applicant did not meet the criteria including how "This project will not improve access for patients that rely on public funding to pay for mental health services for a number of reasons:" The facility would have also duplicated services having a negative financial impact on costs and other providers.

The Certificate of Need program allows the state and healthcare stakeholders to safeguard the efficient use of resources and most rudimentary quality standards. We think SB1054 would be detrimental to Oregon patients.



1-800-955-3352
MAIN OFFICE

503-238-6692
FAX

3536 SE 26TH AVE
PORTLAND, OR 97202

@SEIU49
TWITTER

SEIU LOCAL 49
FACEBOOK

WWW.SEIU49.ORG