



HEALTH POLICY BULLETIN

FOCUS:
CERTIFICATE OF
NEED REFORM

Behind-the-scenes negotiations among the Michigan Hospital Association, the Michigan Department of Public Health (MDPH), and the Economic Alliance of Michigan are moving toward a consensus on certificate of need (CON) reform. The demise of the federal health planning and capital review programs, growing competition in the health care industry, and the cumbersome CON regulatory process have prompted opening the state statute to revision. According to Raj Wiener, chief of the MDPH Bureau of Health Facilities and now acting director of the department, "Regulatory programs must have a public policy purpose; we need to be more competitive in the nonregulated areas and to regulate more tightly those areas needing regulation." The department's three reform objectives are to reduce the scope of regulation over vital facilities and services, to ensure that necessary services and facilities are available, and to remove regulatory distinctions among health care providers (some are exempt from regulation regarding building facilities or adding services, while others are restricted).

Administrative rules adopted in 1986 improved the efficiency of CON review in the MDPH and resulted in a fairer process for applicants. Wiener noted the number of pending CON appeals has declined. "In 1986, 23 appeals were pending [12 were appeals of comparative reviews] while 16 appeals are pending now [5 are comparative reviews]." Nonetheless, appeals hearings are still scheduled through February 1989.

Wiener believes the CON process is necessary to balance policy objectives as diverse as protecting access to facilities and services in rural areas and avoiding duplication in urban areas. "We are doing a lot of thinking about the future in rural areas--when a hospital closes, the physicians leave, compounding the access problem. We do not want to see full-service community facilities displaced by specialized for-profit services," she declared. The recent lithotripsy controversy is, she believes, a perfect example of how not to design and implement a planning policy--"the results were absurd." (The final court decision put four fixed lithotripters in southeastern Michigan and a fifth in Grand Rapids. A sixth unit, which will be a mobile lithotripter in Lansing, will serve the mid-state region. Six lithotripters is twice as many as were recommended by state planners.)

Michigan needs more consistency, coordination, and direction in its health policies, Wiener believes. Three separate state agencies--the Office of Health and Medical Affairs in the Department of Management and Budget, the Statewide Health Coordinating Council, and the MDPH--have planning and regulatory responsibilities. This is especially pertinent to CON because planning policies effectively become the criteria for CONs. The MDPH currently is working on new planning policies for magnetic resonance imaging and cardiac catheterization and interventional cardiology services. Policies on transplantation facilities and services are not likely to change.

FOCUS: MAGNETIC
RESONANCE IMAGING

Settlement finally has been reached in a complex dispute among nine southeastern Michigan applicants and the MDPH about CONs for magnetic resonance imaging (MRI) services and facilities. CONs for fixed MRI units were awarded to Beaumont (Royal Oak facility), Oakwood, and Sinai hospitals and to two private, for-profit firms: Biomedical Diagnostic Services and Advanced Medical Diagnostics/Southfield. Port Huron Hospital

and a group led by St. Joseph Mercy Hospital each received a CON for mobile MRI units. Henry Ford (Detroit facility) and Detroit Osteopathic Hospital Corporation received go-aheads on CONs awarded to them 21 months ago by the MDPH.

As part of the settlement, all parties accepted the MRI criteria adopted by the statewide Health Coordinating Council in March 1987 and incorporated in the State Medical Facilities Plan (SMFP). Holders of CONs for mobile units agreed that additional host sites must have valid CONs (for change of service) before the mobile unit can provide services. Only the Port Huron Hospital CON will permit a mobile unit to establish host sites outside its home county (St. Clair). All the approvals are conditional and require that a minimum level of 3,000 procedures be performed annually by the end of three years of unit operation and that data documenting appropriate MRI use be submitted in accordance with the Phase I requirements of the SMFP. The value of the projects range from \$2.4 million to \$3.9 million.

Two more appeals remain to be settled--the Munson Medical Center (Traverse City) is appealing the approval granted to Northern Michigan Hospitals (Petoskey), and the Greater Flint Imaging Centers are appealing the CON granted to a consortium, the Greater Flint Area Hospitals.

Six MRI units are now operational in Michigan, twelve more have received approval, and two are pending. It is likely that additional applications will be received from the Upper Peninsula and several smaller institutions and rural referral centers in the western part of the state.

OF INTEREST

The Michigan State Medical Society, as part of its drive to further malpractice reform in the state, sponsored a meeting in December to begin exploring patient compensation alternatives. The subject of the meeting was the Health Policy Agenda for the American People (HPA) proposals, which the MSMS supports. The HPA recommends determining awards by a broadly representative panel, capping awards, joint public and private financing of a patient compensation fund, compensating for injuries on a predetermined severity scale with limits on noneconomic damages, limiting access to the tort system, and imposing significant monetary penalties on those who go to court and are unsuccessful. The MSMS also supports establishing a State Medical Liability Trust and expects to have introduced in mid-January new malpractice legislation based on this concept.

In the next thirty days, look for four House of Representatives health subcommittees to be active.

- The subcommittees on certificate of need and AIDS will hold hearings on the bills before them. Legislative staff do not expect any of the CON bills to be reported to the full committee before February, but the AIDS bills are expected by the end of January.
- The subcommittee on nursing homes will continue work on the Bullard Medicaid antidiscrimination and the Power preadmission screening bills. The subcommittee has set a January 15 deadline for a final draft; observers don't expect the full committee to see the bills before February.
- The subcommittee on health insurance will put together a 22-bill package dealing with long-term care insurance.

--Frances L. Faverman
Editor