

REGULATORY UPDATE

Platt HMC, Inc.

Healthcare Management Consulting

6/24/2015 North Carolina Update

The June 18, 2015 edition of the North Carolina Health News published by the State Health Agency highlighted the demise of a proposed Senate bill put forward in the North Carolina legislature this year to remove ambulatory surgery centers from the State's Certificate of Need laws. The failed legislation could not gain sufficient traction in the North Carolina House.

The North Carolina Legislature's subcommittee Committee on Market Based Solutions and Elimination of Anti-Competitive Practices in Health Care had been tasked with finding ways to make the State's health care system more competitive.

The North Carolina Orthopedic Association, a proponent of the legislation, argued before the Subcommittee that the legislation would save Medicaid and the State Health Plan for state employees between \$12 million and \$24 million every year over the next six years.

Hospitals, however, maintained that removing limits on the number of ambulatory surgery centers would shift the more profitable surgeries and procedures out of hospitals and to the surgery centers. This would leave the hospitals with a greater percentage of Medicare and Medicaid patients, whose reimbursement rates cannot be altered to assist the hospitals in remaining financially viable. The rate of closure of rural hospitals is an indication of the shaky financial standings most hospitals in the State have even without this legislation.

A health policy expert formerly with the Sheps Center for Health Services Research highlighted the machinations of the free market economy in Ohio. After Ohio decimated its CON regulations, 133 ambulatory surgery centers opened within 3 years mostly in wealthy areas. As the supply far outweighed the demand for such services, ambulatory surgery centers started going out of business.

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Platt HMC, Inc. is a health care consulting firm with a focus on health planning, regulatory planning, strategic planning, financial analysis, litigation support, and health policy.

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