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**Date:** 10/21/2008 12:17 PM  
**Subject:** October 16, 2008 HB Public Hearing Written Testimony (ContentID - 196938)

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  5. Testimony: The Economic Alliance for Michigan
- Public Comments û October 16, 2008  
Regarding the 2009 CON Work Plan  
By Dennis McCafferty

Transplant services (BMT, Heart, Lung, Liver and Pancreas)

The Economic Alliance for MichiganÆs positions on transplant services has always been that unless new, compelling evidence can be presented, additional Transplant service capacity is not needed in Michigan. Our memberÆs Health Staff Group and the EAM Board recently reaffirmed this position.

Data provided by the MDCH (see table) shows that over the last eight years, some yearÆs annual volumes are higher and some yearÆs are lower. In 2007, the annual volumes for most CON-Regulated Transplant Services were close to the average annual statewide volume for the last eight years. The one exception being Bone Marrow Transplant and almost all of this increase is attributable to a large increase at Karmanos. The Economic Alliance remains open to the need for greater geographic distribution of Bone Marrow Transplant services. Potentially there is a need for two planning areas, one on the east side and a second on the west side of the state. However, additional access to Bone Marrow Transplant services in Southeast Michigan does not seem to be an issue. We are also open to new information regarding the possibility that access concerns may be depressing the volume of Pancreas transplants. In response to these concerns we have invited interested parties, to present their position to our memberÆs prior to the CON Work Plan meeting in January.

#### MRI Services

The Michigan CON standards for MRI services have resulted in lowering the 3 domestic auto companiesÆ cost per covered person for MRI services by 20%. This study of their combined 2006 claim data compared Michigan to 9 other states where the 3 autos collectively have large covered populations. None of these 9 other states have CON standards that are as effective in holding down costs as the Michigan CON standards. We have canvassed a number of radiologist and other imaging professionals and we have not learned of any pressing issues that would warrant re-opening of these standards. We are, however open to new, compelling information that supports changing the standards to improve access and quality or to lower the cost.

#### Psychiatric Beds

These standards were reviewed in 2007 and took effect in February of this year. This effort was headed up by Commissioner DeRemo. We would like to commend

Commissioner DeRemo and the SAC for their efforts on these new standards and see no reason for re-opening them in 2009.

#### Hospital Beds

We would like to commend the Commission and Department for their work on the technical updates to the hospital bed standards. We would also like to go on record to say that we know of no other reason for these standards to be re-opened in 2009. From March 2002 to March 2007 there were 4 separate efforts to review these standards and a total of 60 public meetings were held. The issue of relocation of existing hospitals was specifically addressed and four times the Commission decided that this part of the standard should not be changed.

However, during this period the standards for access have been relaxed. The definition for full occupancy has been reduced from 90% to 85% to 80%. Other exceptions have also been made in determining high occupancy. This has resulted in the Hospital Bed Need in Michigan increasing from 17,000 to over 20,000 when the state's population has been static or decreasing. In spite of these changes, recent data shows that there are over 26,000 licensed hospital beds (30% more than need) and in every sub-area in the state, there are licensed beds in excess of hospital bed needs. Our members would oppose any efforts to further loosen these standards.

#### CT Imaging

The Economic Alliance supports the migration of advanced imaging technology to physician offices when there is strong medical evidence that this is in the best interest of the patients. Currently, patient access to advanced imaging services is not an issue. We continue to be open to information that demonstrates that office-based advanced imaging is a cost-effective, high-quality alternative to current imaging center-based technology. We have continued to participate in the MDCH workgroup that is examining this question for ENT and dental office-based CT. It is our hope that reasonable accommodations can be reached to allow this new technology to benefit patients.

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Testimony to the Certificate of Need Commission  
Hospital Bed Public Hearing October 16, 2008

Dear Commissioners,

Trinity Health Michigan commends the Certificate of Need Commission for their work on the CON Review Standards for Hospital Beds and believes that no further review is necessary at this time.

The bed need methodology outlined in the Hospital Bed Standards and the resulting Michigan Department of Community Health Statewide Hospital Bed Inventory demonstrate a surplus of 6472 hospital beds across the state of Michigan (September 2, 2008). Without new evidence of bed need in Michigan, Trinity Health supports the continued implementation of the current CON Review Standards for Hospital Beds.

During the period March 2002 to March 2007, there were four efforts to review the standards along with a total of 60 public meetings. The issue of relocation of existing hospitals was addressed and four times the Commission decided that this part of the standards should not be changed. Without new evidence of bed need, Trinity Health supports the continued implementation of the current standards.

Michigan's Certificate of Need program has been a crucial tool that allows Trinity Health to provide affordable quality health care while maintaining our commitment to serve the poor and underserved. We strongly support the Certificate of Need program and commend the Commission on their work to support access to healthcare while ensuring that only needed health care services are developed as identified in Public Act 256 of 1972.

Thank you for your work on this important healthcare issue.

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6. Testimony: Blue Cross Blue Shield of Michigan/Blue Care Network  
Public Hearing  
October 16, 2008

On behalf of Blue Cross Blue Shield of Michigan (BCBSM) and Blue Care Network (BCN), I would like to thank the Commission for this opportunity to testify. BCBSM and BCN continue to support the Certificate of Need (CON) program, which is designed to ensure the delivery of cost-effective, high quality health care to Michigan residents.

#### Hospital Beds

As we stated at the September 16th CON commission meeting, BCBSM and BCN supported updating the Hospital Bed Review Standards and applauded the Commission's proposed action to do so. These proposed standards serve an important function by clarifying and updating the language including a recalculated hospital bed need based on more current conditions. Keeping the standards as relevant as possible by using current data is vitally important. We commend the CON Commission for moving this updated language forward for proposed action.

#### Bone Marrow Transplant Services

For the reasons listed below, BCBSM/BCN believes that there is no need to formally address the Bone Marrow Transplant (BMT) Service standards at this time:

- ò An informal BMT work group, facilitated by CON Commissioner Dr. Michael Young, met multiple times during 2006. The workgroup was comprised of expert physicians, providers and purchasers. The majority of workgroup members requested that the Commission determine whether a standard advisory committee (SAC) should be appointed, however, a very vocal minority indicated there was no need. Ultimately the Commission did not appoint a SAC, as they didn't feel it was necessary at that time.
- ò Since the BMT work group was convened, public testimony has been given almost routinely at Commission meetings by providers interested in initiating new BMT programs. No compelling evidence, however, has been provided as to the need for additional programs; rather only anecdotal accounts have been described.
- ò While the geographic distribution of existing programs may not be perfectly distributed, the current programs appear sufficient to support current patient volumes.
- ò Annualized state-wide bone marrow transplant service trends indicate that the volume of these procedures has stabilized with some decreases in volumes observed. Due

to low patient volumes, Oakwood Health Care voluntarily surrendered its BMT program CON.

ò Opening up the standards for review could result in more programs, which could seriously deplete existing programs' patient volumes and staffing; reduce the quality of care and increase health care costs.

ò The recent Commission action to modify the BMT standards allowed for an expedient technical solution. This action allowed the retention of a highly regarded BMT program with a long history of service to residents throughout the State of Michigan.

BCBSM/BCN, however, would consider supporting a review of the BMT standards if compelling evidence of community benefit, in terms of cost, quality and/or access concerns, were provided.

#### Heart/Lung and Liver Transplantation Services

A review of state-wide transplant services data for heart, lung and liver transplants shows stable individual program volumes. No evidence of a need for increased access exists.

BCBSM/BCN, thus, sees no compelling need to review these standards.

#### MRI Services

BCSM/BCN has performed state-wide reviews of MRI access over the past few years and found no access to care issues. We are also not aware of any compelling new applications or scientific evidence that would merit a complete review of these standards. Additionally, based on the Commission's ability to address issues on an ad hoc basis, a potential problem was addressed expeditiously that allows the use of intra-operative MRI units (IMRI) in the acute care setting. BCSM/BCN strongly supported the Commission's action that allowed for this new application of MRI technology. This quick action results in improved patient safety and quality of health care.

#### Pancreas Transplantation Services

A review of state-wide pancreas transplant data shows relatively consistent individual program volumes for these services. In fact, due to low patient volumes, Harper and St. John Hospitals voluntarily surrendered their CONs for this service. BCBSM/BCN is not aware of any access issues and, thus, sees no reason to review these standards.

