MINUTES

HOUSE SELECT COMMITTEE ON CERTIFICATE OF NEED AND RELATED HOSPITAL ISSUES

THURSDAY, NOVEMBER 17, 2011

6:00 p.m.

CAPE FEAR COMMUNITY COLLEGE, WILMINGTON, NC

The House Select Committee on Certificate of Need and Related Hospital Issues met on Thursday, November 17, 2011 at the Cape Fear Community College in Wilmington, NC at 6:00 p.m. Representatives Avila, Brandon, Steen, and Torbett were present.

Representative Steen presided. He welcomed members and audience and introduced members and staff. Representative Torbett welcomed everyone.

The following presentations were given:

Denise Mihal, RN, MBA, President, Brunswick Novant Medical Center COO, Novant Health's Eastern Carolina Market (see attached)

Dennis Coffey, Chief Financial Officer, Dosher Memorial Hospital(see attached)

Sue Collier, RN, MSN, Vice President, University Health Systems of Eastern Carolina(see attached)

Herbert G. Garrison, MD, MPH,Vice President, Medicaid Affairs, Pitt County Memorial Hospital Professor of Emergency Medicine, Department of Emergency Medicine, The Brody School of Medicine at East Carolina University(see attached)

Brian Kuszyk, MD, Chief of Staff, Department of Radiology, Chief of Staff Elect, Pitt County Memorial Hospital (see attached)

John Gizdic Vice President of Strategic Services and Business Development, New Hanover Regional Medical Center (see attached)

Representative Torbett: On line 7 you mentioned 29.6 million in bad debt, is that fiscal year?
John Gizdic: That is an annual amount that we provide in bad debt, and bad debt as opposed to charity care, those who qualify with guidelines, as Denise went over in her presentation as it relates to the poverty level, bad debt are accounts that we would expect to collect, but people do not pay.
Representative Torbett: Slide 8, can you give me your qualifiers for your listing of uncompensated care clause?
John Gizdic: Two ways to look at uncompensated care. On this slide this is the total amount of bad debt and charity care. This is gross charges, on the prior slide I mentioned the ANDI report because that is a consistent way for hospitals across the state to identify community benefit.

Representative Avila: Back in your uncompensated care slide, how does your cost per patient compare from 2001 to current? And in the number, are you serving more patients? You just have a gross number here. Serving more people is going to make that go up.
John Gizdic: Probably the easier way to describe that would be on a percentage basis or percent of our revenue that is uncompensated. About seven years ago I believe our uncompensated care was running about three percent and today it is approaching seven percent. Proportionately it has gone up dramatically. Those are the dollar amounts. So certainly serving more patients, as we have grown, that has grown with it, but is has grown at a higher rate than the patient volume has grown.
Representative Avila: The gross patient revenue by payer is probably one of the most amazing things I have ever seen. How in the world are you able to go with 67%, with those that do not pay 100% or not at all if you are staying in business. What is the secret?
John Gizdic: I think that is the struggle of every not for profit hospital in the country right now, is how much longer can we survive with cuts in reimbursement and our expenses continuing to go up. I think almost half of the hospitals in North Carolina lost money last year. So it is certainly a challenge. Through collaboration, through our commitment to our employees, we've been able to sustain solid financial performance, but it is a greater challenge every year as that payer mix changes and reimbursements go down.

Representative Brandon: If you are a public hospital, that is also a teaching hospital, are you able to qualify an AMC exemption also, how does that work?
John Gizdic: No we are not classified as an academic medical center, we are just a teaching hospital. We get residents from those fine facilities.

Public Speakers deferred.

Representative Avila: The resident program has always been an issue for me, because I find a number of young people I know, that have gone to medical school and they go outside of the state for residency because there are issues with having enough slots here. How is that program set up and what happens with it?
Paul Vick, East University Medical Center: It is a national system in which there are x number of slots for students to apply. There is actually a national matching system, matching students to their first choices and institutions to their first choices. So students from North Carolina choose programs that are out of state or there may be a specialty in which there are residency slots in North Carolina.
Representative Avila: One of the things that I have seen that happens is that most of the time the students that stay in the general area where their residency is. Where does the money come from?
Paul Vick, East University Medical Center: Part of the money comes from Medicare, which is payment in the GME system, but in most cases GME only pays a portion of the cost of residents. The individual institutions have to come up with the additional dollars. There are a limit to the number of residencies that Medicare will pay for. Most of the institutions in North Carolina, we may have 400 slots that Medicare compensates part for, but most of us have residents in excess of that.

Representative Torbett: Is there some way to increase the number of slots?
Paul Vick, East University Medical Center: There has been legislation from the federal level for several years to try to increase the number of slots by 15,000 and it has not been successful at the federal level. The thing that you could do at the state level would be for the state to increase the compensation at public institutions at East Carolina and UNC by actually funding additional residency slots.

Representative Steen adjourned the meeting.

Representative Fred Steen, Co-Chair, Presiding

Viddia Torbett, Committee Clerk

Representative John Torbett, Co-Chair