

# Florida legislators focus on hospital costs, competition

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(Photo: AP)

TALLAHASSEE – Florida House Republicans appear willing to sacrifice their plan to deregulate the entire state health care industry and focus instead on their boogeyman: hospitals.

For years, the more conservative legislative chamber has been trying to break up what it views as the "hospital industrial complex," which it blames for making health care more expensive and inefficient.

The House speaker and the governor have clashed often and early in this year's legislative session. But they agree the certificate-of-need law that governs how many hospitals can be built should be repealed.

This year, lawmakers in both chambers have introduced bills to repeal certificate-of-need laws for hospitals, nursing homes and hospices.

The governor has publicly supported the concept. But many lawmakers think hospitals, which are under financial fire from all sides this year, are the biggest priority.

If anything passes, it probably will be a modified version that excludes hospices and nursing homes, said Sen. Denise Grimsley, a Republican nurse and hospital administrator from Sebring.

"I think the current discussion is being geared to focus on hospitals," Grimsley said

It's a "real possibility" hospices and nursing homes would be excluded from the final bill, Rep. Alex Miller, R-Sarasota, said, referring to her [version of the legislation](http://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?FileName=h0007.docx&DocumentType=Bill&BillNumber=0007&Session=2017) (<http://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?FileName=h0007.docx&DocumentType=Bill&BillNumber=0007&Session=2017>).

"I think they should be repealed too, but this is political and they have a very strong lobby presence, which lends to pressure on members," said Miller, who was on the board of Sarasota Memorial Hospital for four years. "They're protecting their quasi-monopoly. Their argument will be that the system works just fine."

The nursing home lobby is even more aggressive than the entrenched hospital industry, Miller said, and while the hospitals were more used to the idea of the state repealing certificates of need, nursing homes were not.

The [House bill](http://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=57014) (<http://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=57014>) is moving, but the [Senate's version](https://www.flsenate.gov/Session/Bill/2017/00676/?Tab=BillText) (<https://www.flsenate.gov/Session/Bill/2017/00676/?Tab=BillText>) has yet to be heard and could run out of time in the 60-day session. The Senate's bill has more than the average committee assignments, suggesting disfavor by Senate leadership or its value as a hostage to negotiate other priorities.

"That is always a possibility," said Rep. Travis Cummings, R-Orange Park, chairman of the House's health and human services committee. "Word is they were going to workshop it this week, but it isn't on the agenda. Maybe next week. But workshop is just a start."

Cummings said he was going to meet with Sen. Dana Young, chair of the Senate's health policy committee, which has yet to hear the Senate's version of the bill, to get an "update on her thoughts on what she is focused on."

The Senate's health care plan has yet to take shape this session, but Cummings said bills can move out of the smaller and more moderate chamber more quickly once they get going.

There are still several possibilities for the [Senate's bill](https://www.flsenate.gov/Session/Bill/2017/676/BillText/Filed/PDF) (<https://www.flsenate.gov/Session/Bill/2017/676/BillText/Filed/PDF>), including that it might never get heard in the Senate.

The bill would repeal certificates of need across industries outright, but some of the potential market influx for the three health care industries would be mitigated by language that requires strict licensing requirements, said the bill sponsor, Sen. Rob Bradley, R-Fleming Island.

Conservative lawmakers say the cost for applying for certificates of need is too high and keeps competitors out of the market.

The Florida Health Care Association, which represents the majority of nursing homes and hospices in the state, said the entire process costs about \$125,000 for every new facility.

The state's health care agency approved a moratorium on nursing homes in 2001 to encourage home and community-based care to save money.

In 2014, it lifted that moratorium because managed care was being implemented. State officials say managed care is driving down costs in the Medicaid program that serves the state's poor.

Since the moratorium had been lifted, about 30 new nursing centers and 4,000 beds had been built or were being built in mostly rural areas that needed them most, said Kathy Gallin, director of legislative affairs for Signature HealthCARE, Florida's third largest nursing home provider.

Nursing homes take care of a large number of the state's Medicaid patients and receive state reimbursement for each, Gallin said. If nursing homes are only half full, she said, they won't have enough money to invest in therapies or technologies that are more expensive and provide better care.

To make matters worse, Florida's nursing shortage got more exacerbated once the state transitioned over to home-based care, according to the Florida Center for Nursing. There are about 22,440 extra nurses needed to meet the demand for care in Florida, 8,800 of which are needed in home health, the center estimates. This problem would only be exaggerated if more nursing homes enter the market and engage in bidding wars over the much-needed care providers, nursing home lobbyists say.

Research relating to the effects of repealing certificate of need is difficult to parse because there are so many factors and because so few states have fully repealed the laws, which were once federally mandated.

But, of the research that has been done, there is some evidence that hospices and nursing homes are hit harder than hospitals, especially right after the law is repealed, because they are cheaper and easier to build, said one expert who has compiled the current research on the 14 states that have repealed the law.

"When they started repealing the law, you saw a big surge. That's probably calmed down now but, right afterward, you saw the surge," said Marshall Kapp, director for the Center for Innovative Collaboration in Medicine and Law at Florida State University.

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