

# Florida nonprofit hospitals brace for legislative battle

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TALLAHASSEE - A growing number of Republican legislators are signing on to Gov. Rick Scott's call to deregulate the health care industry, a move that nonprofit hospitals fear could cripple their ability to care for the poor.

The deregulation push gained steam with Sen. Rob Bradley's bill to repeal the law that determines how many hospitals, nursing homes and hospices can be in one area at a time based on demand for their services. Bradley called the bill a "vehicle" for the Senate to join the House and governor in a debate Senate leaders have avoided that dates back years regarding the repeal of what is known as the state's certificate of need process.

"The bill is a reflection of the fact that there are many of us in the Senate that believe that our health care system could use a dose of free-market principles," Bradley, R-Fleming Island, said.

The arguments against the idea by the nonprofit hospital association have historically prevailed in the Senate, thus making repeal of the certificate-of-need regulatory process a perennial loser in the Legislature. Scott has defined the bill as one of his top priorities, and it has been pushed as a longtime priority of House Speaker Richard Corcoran, R-Land O'Lakes, as well as his likely successor, Rep. Jose Oliva.

"Hospitals are protected through the (certificate of need) program," Oliva, R-Hialeah, said.

Oliva added that hospitals protect regulation so fiercely, they force other health care providers to spend millions on qualifying for certification.

"Hospitals put on a full lobby press to make sure (certificate of need) is not given," Oliva said.

With the official lawmaking session still a month away, the state Capitol is buzzing with talk that the bill is more of a horse-trading chip to bring Corcoran on board with some of the Senate priorities.

"There's probably not a lot of appetite in the Senate for a total repeal of (certificate of need), but I think people are open to streamlining the process," said Sen. Grimsley, R-Sebring, a hospital administrator who chairs the subcommittee on general government.

"There is some valid discussion on (certificate of need) as it applies to hospitals. When it comes to hospices and nursing homes, certificate of need is a little bit different," said Sen. Kelli Stargel, R-Lakeland, who is vice chair of health and human services.

The Senate's budget chief, Jack Latvala, R-Clearwater, declined to comment but has said previously he didn't "think the Senate is on this wavelength" regarding Scott's desire to deregulate health care.

Just as with the governor's proposed Medicaid cuts, health care industry advocates say the deregulation would target nonprofit and mission-based hospitals, which must serve all patients, regardless of their ability to pay.

"If you let someone come in and develop a specialty hospital, then they can take the paying patients out of the hospital and leave those covered by government insurance or none. (Certificate of need) was designed to make sure that didn't happen," said Bruce Rueben, president of the Florida Hospital Association.

Experts say there hasn't been a lot of research done on the effects of deregulating the industry, since so many states have requirements that determines how many health care facilities can be in a given area. But one expert did testify in front of the Florida House subcommittee recently on what research had been done.

"We've seen a number of hospitals go out of business for various reasons. And the advent of new hospitals coming in and competing with existing hospitals for better-insured patients may be one factor for these hospitals going out of business or being forced to merge with others," said Marshall Kapp, the director for the Center for Innovative Collaboration in Medicine and Law at Florida State University.

Kapp said that in states such as California and Texas, where they have gotten rid of regulation, there is some evidence of a surge in for-profit hospitals, hospices and nursing homes in years immediately after the repeal was passed.

In addition, Kapp said that as the industry develops to care for as many patients as possible outside of hospitals, more competition will further squeeze nonprofits.

“It certainly does present competition for a shrinking market,” Kapp said.

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