



House Rural Development Council: CON Discussion

Presented by:

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Jimmy Lewis has roots in rural South Georgia where he was born in Cordele, Georgia. Having graduated high school in Cordele, he attended Middle Georgia College and then Auburn University. He received a Bachelor's Degree in Industrial Engineering from Auburn. Jimmy has held senior management positions in six fortune five hundred companies. He has been instrumental in passing key rural legislation and regulation for hospital based nursing homes, state merit, PPS and critical access hospitals. All of these have been key to the survival of rural hospitals and rural health care in Georgia. Under his leadership, HomeTown Health has grown to a Georgia-based virtual company where 60+ hospital members and 60 business partners cumulatively have over \$800 million in sales. HomeTown Health activities range from the identification of best practice solutions, to education, collective purchasing, developing managed care strategies, reimbursement advocacy, as well as legislative representation. HomeTown Health's efforts have been very instrumental in saving many of Georgia's rural hospitals. Jimmy is married with two grown sons. He and his wife, June, live in Cumming, Georgia.

State Health Planning Strategies



Ensure Patient Access:

- State administers CON and licensure regulations
- CON rules and regulations are antiquated at best having been implemented in 1978 and only tweaked once in about 2006
- Rules are questionably administered as a function of who has the best lawyer
- DCH most effectively controls access through CMO rules and contracts

Quality:

- Mostly controlled by rules and regulations through CMOs and their regulations and contracts
- HEDIS measurements through CMOs

Affordability:

- State does little to help affordability
- Current Administration Simplification Committee is primary tool to cut overhead
- Contrary to affordability, the state has four independent proprietary platforms for its CMOs
- Rural Hospital Stabilization Committee to set sustainability programs for rural hospitals

Possible Changes to the CON Program



How will possible changes to the CON program impact...

Patient Access:

- Overall elimination without a long-term highly planned transition would devastate rural hospitals through hospital closures.

Quality:

- The Federal Government, with its “star rating” and “.com” websites, replaces much of the intent that CON was intended to preserve.
- Federal Government did not think much of CON forasmuch as it withdrew its mandate. Thus, 15 states dropped it.

Affordability:

- Reduction or elimination of CON would probably improve affordability by opening up much competition; however, this would devastate many rural hospitals who have to abide by EMTALA, carry the 7/24 access, the overhead to carry this much service line, and the higher degree of health care provision (such as ICU).

CON Discussion



Have you (as hospital organizations) engaged in discussions with various stakeholders regarding the CON program? If so, what have been the results of those discussions?

HTH has discussed these CON issues with many:

Legislators

- They are worn out, fed up and want change to get it off the table.

Hospital CEO Members in Rural Hospitals

- Universally want to keep CON overall as a planning tool.
 - Protect from loss of AMSURG
 - Get rid of unnecessary capital thresholds

CTCA

- Negotiate a final settlement to get them what they want and get this issue off the table, as it has little meaning for rural hospitals.
- There is very little impact on the hospital system that is materially substantial.

CON Discussion



How does the CON program protect both urban and rural hospitals differently?

- CON protects urban hospitals by preserving their service level franchise.
 - Such as heart surgery
 - Owned AMSURG and imaging centers

- CON protects rural hospitals primarily by preventing standalone AMSURG and imaging centers from entering the community where the local rural hospital provides these services.
 - Estimated to be about 20 rural hospitals total, but 10-15 most vulnerable due to volume that would be lost from hospital if AMSURG or imaging center granted.

CON Discussion



How does CON impact urban and rural hospitals differently?

- Rural CON costs the local hospital a lot of money to apply for permits and CON's
- Would devastate the rural hospital if AMSURG and imaging is lost

How would possible changes to CON affect urban and rural hospitals differently?

- Urban hospital suffer little from loss of CON besides franchise premiums
- Otherwise preserve their franchise

CON is an antiquated system having not been reviewed for necessary changes since 1978, except for minor tweaks in 2006, but it is all we have at this time. Maybe needs a major study/committee to study needed changes.

CON Discussion



How are Georgia's hospitals working to combat the critical shortage of medical professionals in our state?

Examples:

- Miller County endows nursing students at Andrew College
- ABAC conducts intern programs with various rural industries
- Otherwise very difficult to combat losses due to Walmart and Disney higher minimum wage payments and inability to recruit physicians to rural communities



Thank you!

Questions?

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