

Health & Human Services
Committee
Presentation
On
Community Health Systems'
Monopolistic Overcharging Abuse
In
Carlsbad, New Mexico
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Co-Chairs Mayor's Hospital Reform Committee
August 26, 2015

MAYOR'S HEALTH CARE
COMMITTEE CONCERNS

PURPOSE:

- Demonstrate OVER Charging abuse
- Define Service Deficiencies
- Define Impact On Business
- Define Impact On Business Recruitment
- Suggest Solutions

INTREPID POTASH
INFORMATION
AND
STUDY RESULTS

SHARED OBJECTIVE

- For the citizens of Carlsbad and surrounding areas to enjoy high quality healthcare at a **reasonable** cost.



CHS Stated Objectives

- CHS Health Systems, Inc.—
“We believe that smaller populations support less direct competition for hospital-based services and these communities generally view the local hospital as an integral part of the community.”

National Data

- Modern Healthcare’s analysis found that the average hospital **operating margin in 2013 was 3.1%**, down from 3.6% in 2012 based on data available for 179 health systems.



Reported Financials Carlsbad Medical Center	
Inpatient Revenue	\$147,446,560
Outpatient Revenue	\$203,397,360
Total Patient Revenue	\$350,843,920
Contractual Allowances	\$240,906,560
Net Patient Revenues	\$109,937,360
Total Operating Expenses	\$ 75,664,328
Operating Income	\$ 34,273,032
Other Income:	
Miscellaneous Non Patient Rev.	\$ 1,997,777
Total Non Patient Revenue	\$ 1,997,777
Total Other Expenses	\$ --0--
Net Income or (Loss)	\$ 36,270,809

CHS
Community Health Systems

- Santa Fe New Mexican – Aug 5, 2014

“Hospital firm owes feds \$100 Million in over-billing scheme”

- Admission rates from the emergency departments at three of the company’s New Mexico hospitals – Alta Vista Regional Hospital in Las Vegas, **Carlsbad Medical Center** and Eastern New Mexico Medical Center in Roswell – were in the **top 90 percent** of hospitals nationwide

- Community Health Systems' hospitals charged the highest sticker prices for medical services in the state, according to *The New Mexican's* analysis of 2012 hospital price data.



Another Fine Department of Justice


"Community Health Systems' Professional Services Corporation and Three Affiliated New Mexico Hospitals to Pay \$75 Million to Settle False Claims Act Allegations"

Charge Comparisons

- MRI – Lower Extremities
- Knee Surgery
- Colonoscopy
- Intolerable CMC Model
- Gall Bladder Surgery

**MRI—Lower Extremities
No Joint, No Contrast**

- **CMC** **\$3,327**
- Carlsbad Open MRI \$ 625
- Lubbock Covenant \$ 682
- Albuquerque Low \$ 691



**Knee Surgery
Arthroscopic Meniscus Tear**

- **CMC** **\$23,000**
- Artesia \$11,500
- Albuquerque Range \$ 3,875
- UMC Lubbock \$ 4,700
- Other Lubbock Surg Center \$ 3,400
- El Paso (Providence) \$ 3,414










Colonoscopy --Preventive

- **CMC** **\$10,220**
- Artesia \$ 6,155
- Nor-Lea \$ 5,300
- UMC Lubbock \$ 2,100
- Lubbock Surg Cnt \$ 1,800
- El Paso \$ 1,500
- Albuquerque \$ 1,100

Intolerable CMC Model

- Gall Bladder Surgery at CMC --\$25,606
- RT Airfare for two to Hawaii at \$1,466 
- 7 Day Island Cruise for 2 on NCL \$3,000 
- Gall Bladder Surgery in Honolulu \$12,200 
- Cost Savings by Sending Employee to Hawaii \$8,900  

Gall Bladder Surgery

- **CMC** **\$24,628**
 - Honolulu \$12,200
 - Roswell Lovelace: \$10,424
 - Lubbock UMC \$ 3,748
 - Lubbock Covenant \$ 7,059
 - Albuquerque Low \$ 9,093
 - El Paso Low \$ 4,581
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MEDICAL SERVICES DEFICIENCY

- Many Doctors Have Left Due to Hospital
No Cardiologist, E&T, Dermatologist, GI
- Public Frustration Due to Revolving Door of Physicians
 - New Doctor Retention Poor
 - Physician-Patient Relationship Very Personal
 - Women's Health Major Problem
- Certain Specialties Unavailable

Intrepid's Current Initiatives

- Established a Health Clinic
- Hired Benefits Value Advisor with BCBSNM
- Introduced High Deductible Program
- MOVING ALL CARE OUT OF CARLSBAD
- Recruiting Healthcare Providers--Lubbock

Providing Travel Benefits

- Qualifications for Travel Benefits
 - Must be available through CMC
- Milage Reimbursement
- Cash Incentive Based on Cost
- Hotel Reimbursement
 - 1 day max for outpatient
 - 3 day max for inpatient



"America's Top 50 Health Care Thugs"

- Community Health Systems operates 25 of the hospitals on the list, Hospital Corp. of America operates another 14. "They are price-gouging because they can," said Gerard Anderson, a professor at Johns Hopkins Bloomberg School of Public Health, co-author of the study in *Health Affairs*. They are marking up prices because no one is telling them they can't."

THE
STATE LEGISLATURE
SHOULD TELL THEM THEY
CAN'T

IMPACT ON LOCAL BUSINESS

- Hospital Costs Are Increasing Insurance Costs – CHS Very Hard to Negotiate
- Dramatic Impact On Bottom Line
 - Some Companies Compete Internationally
 - U.S. Health Care Costs Twice Other Countries
 - Public Entities Must Freeze Salaries to Offset



IMPACT ON BUSINESS RECRUITMENT

- High Hospital Costs Affect Business Recruitment
 - Medical Insurance Costs Are A Significant Cost Center For All Businesses
 - All Businesses Consider Health Care Costs Before Locating
- Medical Costs Are Major Concern When Recruiting Retirees
- Medical Services and Specialists Are A Major Concern of Retirees

POSSIBLE SOLUTIONS

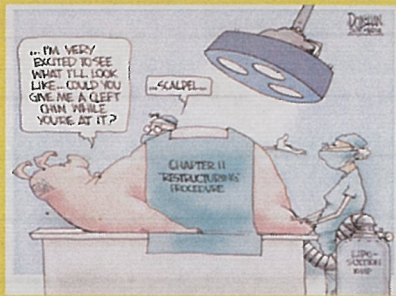
- Demand CHS Sell Hospital
 - Another Hospital Group
 - City/County Buy Hospital & Hire Operator
 - Hospital Financing Authority Available
- Develop Significant Competition
 - Create An Agreement With Outside Hospital
 - Provide Major Clinic With Specialties
 - Create a Surgi-Center
 - Imaging and Full Scope of Outpatient Services
- All Concerned Companies Create An Insurance Pool and Negotiate With Hospital As Group Plan
- Seek Possible Legislative Fix
- Companies Direct Employees Away for All Non-Emergency And Elective Care

Legislative Solution

- Sole Community Hospitals Are Monopolies and also Utilities
- County Hospitals Charges Are Controlled Thru Political Pressure on Commission
- There is NO Control Over Private Hospital
- Legislation Designates SCH as Monopoly
- SCH then Controlled by SCH Rate Review Board
- Rate Review Board set SCH Rates
 - Board would hold Rate Hearings like Utilities

Maryland Approach

- Price Control Board for all SCP Hospitals
- Establishes a Gross Revenue Cap for Each
- Adjust Cap Annually based on Population, whether over or under, special services, etc
 - If under Cap amount added to next year
 - If over Cap amount subtracted from next year
- Targets a Controlled Growth by Inflation
- Promotes Wellness
- Reduces Utilization & Gaming System
- Successful – Only State With Medicare Waiver



QUESTIONS ABOUT

