Legislative Management's interim Health and Human Services Committee

Representative Robin Weisz, Chairman

June 16, 2010

I am Jerry E. Jurena, President of the North Dakota Hospital Association. I am here to address the questions regarding: "Unmet Health Care Needs Study".

1) The availability and affordability of health care services in the state.

   Currently there are six tertiary or Perspective Payment System (PPS) Hospitals located in the four major cities in North Dakota, all are members of the North Dakota Hospital Association.

   There are thirty-six Critical Access Hospitals (CAHs) located across the state in rural communities; thirty-four are members of the North Dakota Hospital Association.

   There are seven specialty hospitals in the state, as follows: two long term care acute hospitals both members of NDHA. The State Hospital in Jamestown; Prairie St. Johns a Physic Hospital in Fargo; and the VA Hospital in Fargo all are members of NDHA.

   There are two IHS Hospitals; neither are members of North Dakota Hospital Association.

   The viability of our Hospitals is at risk. The aggregate bottom line of the six PPS in 2008 was 1.6%. The profitability of our largest health care providers is affecting their ability to keep pace with salaries and technology of the adjoining states. Bond ratings are also being affected; thereby increasing the cost of capital improvements and the cost of business.

   The CAHs had an aggregate bottom line of minus 6.2%. Some of our CAHs are operating on revenues that are generated from other resource, i.e. taxes or they are using there depreciation funds to maintain their existence today. Either of these cash flow measures is short term. If a major replacement comes before

them they will not have the resources to pay for it and a decision will have to be made about continuation of the hospital. If the hospital closes access would be reduced that rural area.

In the past year we have seen our largest Hospital enter into a partnership with a system out of state. I believe we will see other mergers and networking in the future.

2) The role of tele-medicine in providing health care services in the state.

Currently there are contracts between several CAHs and a group of Physicians out of state to provide oversight by tele-e-care in their emergency rooms. This is a new venture for these hospitals; however, it has been successful in South Dakota. Issues will be: credentialing of out of state Physicians, liability and reimbursement for the covered services.

We also have tele-pharmacy in operation in several hospitals across the. Even though this has been a practice in retail pharmacies for some time it is new to hospitals.

3) Efforts to increase health care services in rural North Dakota.

Increases to health care services are limited to the availability of capital. With the margins of the hospitals across the state in the last couple of year's expansion of services difficult will be difficult and more expensive. Expansion will and must continue to meet the needs of the people in each community. If we do not figure out how to keep pace with services out of state all our health care will be delivered by out of state agreements or arrangements and it will be more costly.

Tele-medicine will be a solution to many services in the rural areas. Tele-medicine will also become a way of providing selected service in or major health care providers as well.

We will need to be more transparent with our hospitals. We are in discussions with venders out of state on or quality and pricing by procedure. In the near future we will be reimbursed on quality and outcomes. To collect and have the data available for the public will be expensive; there is very little reimbursement for this process. It meets our mission statement and is the right thing to do.

In line with transparency and collection of data we continue to work on an electronic health record. There is a group of CAHs in the northwest working collectively to have a common server to accomplish computerization of their

hospitals. Capital requirements to implement an IT system have brought the hospitals together to form the network to reduce costs. Grants for IT are very helpful in moving forward with the process.

Other issues that have come from the field are: Reimbursement for the costs of providing services is the number issue for all hospitals. Medicare on makes up over 50% of revenues, Medicaid is in the 12 to 20% and Blue Cross makes up 12 to 30% of the revenues.

Physician recruitment remains a major issue across the state and for all specialties. NDHA has entered in to a contract with a recruiter in Spokane, Washington to recruit for North Dakota hospitals. He is working for the North Dakota Hospital Association. We believe this is a step in the right direction, working collectively to meet the needs of our communities.

Professional Work Force is another issue with in the rural facilities. Rural areas have to deal with reduced reimbursement, high cost of services due to remote locations and outward migration. This will continue to be an issue with hands on services.

The last issue is the availability of Mental Health Services across the state. We need to address this issue from a statewide perspective; a possible solution could be in IT and with tele-health.

This concludes my presentation. I thank you for allowing me to be part of this process and I will gladly answer questions.

Respectfully submitted,

Jerry E. Jurena, President

North Dakota Hospital Association