

Health care in Georgia would look very different if bills pass Legislature

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This could be the General Assembly session that rocks Georgia health care.

Between the regulatory reform measures already introduced, and the coming bill on federal “waivers,” lawmakers have a chance to reconfigure the medical landscape in the state.

The waiver proposal from Gov. Brian Kemp is expected to be twofold. One proposal, if approved by the feds, would likely extend coverage to more uninsured Georgians through Medicaid. The other would shore up the health insurance exchange under the Affordable Care Act.

Extension of insurance coverage to more people is a long-desired goal of medical provider groups and patient advocates.

Meanwhile, the proposed major reform of the state regulatory apparatus, known as certificate of need (CON), has rattled the hospital industry to its core. Year after year, hospital groups have fought much less sweeping CON proposals in the state Legislature. This year’s legislation would fundamentally revamp the whole system.

The bills would generally replace the current CON structure (except as it applies to nursing homes and home health agencies) with a licensing framework.

Georgia’s CON process, which has counterparts in some other states, governs the construction and expansion of health care facilities and services. A provider must obtain a “certificate of need” to proceed with such a project, and an application for a CON can be challenged by competitors or others.

Despite the ferocity of past battles, opposition by hospitals to the latest CON legislation is not uniform, industry officials say. Some may like certain provisions of the companion bills (Senate Bill 74 and House Bill 198) but not others.

The Georgia Alliance of Community Hospitals and the Georgia Hospital Association emphasize that they are “in lockstep” in opposition to the bills, saying they have rural hospitals on their side.

However, an association of rural hospitals, HomeTown Health, says its membership is split on the CON legislation. “It has significant carve-outs and protections for rural hospitals,” says Jimmy Lewis, CEO of HomeTown Health. “Members are all over the gamut [on the legislation]. There is no unity for or against.”

The House version of CON reform would raise the popular tax credit donation program for rural hospitals from \$60 million to \$100 million.

Atlanta’s Grady Health System says it’s reviewing the legislation. HCA, which recently acquired Memorial Health in Savannah, told GHN that it’s studying the bills as well.

A sponsor of the bill, Sen. Ben Watson (R-Savannah), says he senses that the hospital opposition to CON legislation is not monolithic.

Fifteen states have eliminated their certificate-of-need systems. Proponents of the CON reform legislation in Georgia say it would promote competition in health care, increasing patient choice. “We think costs should come down” if the measures are passed, said Matt Brass (R-Newnan), lead sponsor of the Senate legislation, according to the Macon Telegraph.

A letter by Georgia Hospital Association executive Ethan James to member hospital officials paints a negative picture of the potential changes, saying that passing the CON bills would allow “unchecked growth of multi-specialty ambulatory surgery centers and other facilities that would seek only to cherry-pick the well-insured patients, leaving our hospitals to stand alone in the service of the more medically complex and uninsured patients.”

Among provisions of the legislation:

Metro Atlanta vs. rest of the state: Outside metro Atlanta, hospitals would be allowed to object to facilities proposed within 10 miles of their location. But within metro Atlanta, there would generally be no provision for objecting to such projects.

CTCA: The Cancer Treatment Centers of America has long sought to relax state restrictions on its Newnan hospital’s size and the percentage of Georgia patients it can serve. That has drawn fierce opposition from other hospitals. But the CON bills would pave the way for CTCA to escape the state-imposed limits.

Charity care: Nonprofit hospitals would be required to adhere to indigent and charity care requirements of what experts say is 7-plus percent of revenues. For-profit hospitals would face a

requirement of 4-plus percent because they also pay taxes. Hospitals not reaching those required amounts would face a fine.

Transparency: Nonprofit hospitals would be required to disclose financial information on their websites, including their IRS 990 forms and executive salaries, as well as their community benefit spending, terms of their debt, and properties owned, including those that are vacant. Hospital authorities would be subject to the Georgia Open Records Act.

Sports medicine center: A proposed sports medicine center in Alpharetta, which would be called Legacy Sports Institute, may also gain a route to state approval under the legislation. The surgery and training center, which is associated with famed sports medicine physician James Andrews, has been blocked in the courts due to resistance by Northside Hospital.

Retired Atlanta Braves star John Smoltz said in a statement that “Dr. Andrews and his staff have had a huge impact on my career and have provided so much for so many athletes around the world that I cannot think of any other institute which has done more or whom I would recommend to have in Georgia than Legacy Sports Institute.” (Legacy Sports Institute is also the subject of separate legislation, unconnected to the CON bills.)

Easing of other rules: The CON bills would reduce restrictions on hospital bed additions, capital equipment expenditures, and surgery centers.

Covering more people

The waiver bill is expected to be much shorter and less controversial than the CON reform proposals.

Republican lawmakers say they are looking for a “Georgia solution” to the issue of access to care. Georgia has one of the highest uninsured rates in the nation, and the state has not expanded Medicaid, saying that would be too costly.

State Rep. Sharon Cooper, a Marietta Republican, told GHN recently, “I’m interested in finding ways to get the best care at the best price possible to the most people in Georgia.”

“Medicaid waivers are obviously now a bipartisan issue,” said Sen. Brass, according to the Valdosta Daily Times. “You couldn’t have said that maybe a year ago. Again, with the electorate sending that

message, I think we heard it loud and clear,” he said. “And in order to get the waivers, some CON reforms are going to need to take place.”

Kemp has included \$1 million in his budget for a consulting firm to help develop the waivers.

Democrats argue that Medicaid expansion would provide coverage to the most people. State Rep. Bob Trammell, a Democrat from Luthersville, points to a recent fiscal analysis showing how Georgia could save money through expansion.

“We’re contemplating hiring someone to fill out a waiver and go through a process to see who we could cover and how we could construct it, but Medicaid is an existing program,” Trammell said recently, according to the AJC. “Expanding Medicaid is a sure, certain way to cover over a half-million Georgians. It’s the fastest way to provide relief for people who don’t have insurance who could be covered under Medicaid expansion.”

Republican state Rep. Ed Setzler of Acworth said any plan to increase the number of people with health coverage should be more strategic than Medicaid expansion.

“I think making it easier for people and creating perverse incentives for people to take a free benefit, as opposed to working for better benefits and a higher paying job, is moving in the wrong direction,” said Setzler, according to the AJC. “I think we want to create incentives for able-bodied adults to be as productive as they possibly can be and contribute as much as they possibly can. Creating conditions in which people who are employed want to stay employed is important.”