



**St. Elizabeth**  
HEALTHCARE

# **CERTIFICATE OF NEED TASK FORCE**

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# ST. ELIZABETH HEALTHCARE

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# THE ST. ELIZABETH STORY

# MORE THAN 160 YEARS OF SERVICE TO NORTHERN KENTUCKY

## Evolution to an award-winning health system



*First St. Elizabeth Hospital – Covington*

- **Founded before the Civil War in 1861 to serve the needy in Northern Kentucky**
- **Mission-focused with continued investment in increasingly complex care**

### **VISION**

*We will lead the communities we serve to be among the healthiest in the nation.*

### **MISSION**

*As a Catholic healthcare ministry, we provide comprehensive and compassionate care that improves the health of the people we serve.*

# HOSPITALS

St. Elizabeth has five facilities operating throughout Northern Kentucky and Southeastern Indiana as well as 165 St. Elizabeth Physicians offices located throughout Kentucky, Ohio and Indiana.



# ONE OF THE TOP HOSPITALS IN KENTUCKY



# EVOLUTION TO AN INTEGRATED HEALTH SYSTEM

## Millions now invested in Northern Kentucky healthcare

- **Merged with St. Luke Hospital after implosion of the Health Alliance, a multi-system joint operating agreement between Cincinnati and Northern Kentucky hospitals**
  - Health Alliance strategy to pull Northern Kentucky patients to Cincinnati for more complex care – cherry picking profitable patients
  - Minimal investment in Northern Kentucky facilities led to quality declines and dissatisfaction among clinical staff at St. Luke
- **St. Elizabeth has invested more than \$400 million in the former St. Luke hospitals, now thriving, high-quality hospitals**
- **Patients benefit from an integrated system of care**

**The Federal Trade Commission concluded that the St. Elizabeth and St. Luke merger did not create a monopoly because of the intense competition in the Greater Cincinnati market which includes Northern Kentucky**

# NORTHERN KENTUCKY IS PART OF THE GREATER CINCINNATI MARKET



## Distance to Competitors

The Christ Hospital	11 Miles
UC Medical Center	12 Miles
Good Samaritan Hospital	13 Miles
Mercy Anderson	17 Miles
Mercy West	17 Miles

*Distance from St. Elizabeth Edgewood*

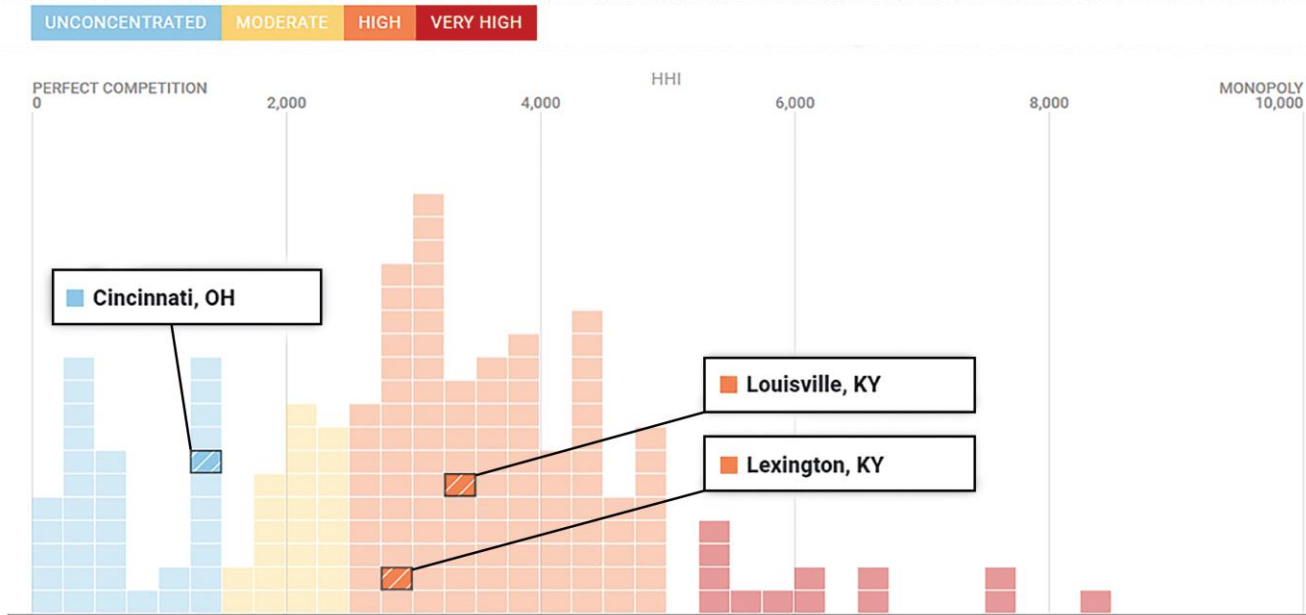
## Number of Acute Care Hospitals

Greater Cincinnati	19 Hospitals
Louisville Metro	8 Hospitals
Lexington Metro	5 Hospitals



# GREATER CINCINNATI IS A HIGHLY COMPETITIVE MARKET

## Hospital Market Concentration Levels, 2017- 2021



Data from the Healthcare Cost Institute shows Greater Cincinnati to be a more competitive market than Lexington or Louisville

# GREATER CINCINNATI IS A HIGHLY COMPETITIVE MARKET

Northern Kentucky is often considered a suburb of Cincinnati.

# 60,000

Northern Kentucky residents  
cross into Ohio for work

# EVERYDAY.

Source: JobsEQ (Q1 2023) commuter data



# NORTHERN KENTUCKY HAS CHOICE

## 95% of healthcare is delivered in office or outpatient settings

- 109 Certificate of Need-approved healthcare services in Northern Kentucky – only 19 are St. Elizabeth
- Physician practices or most outpatient services do not require a Certificate of Need
- 100+ independent physician offices, clinics and urgent cares operate in Northern Kentucky today, including those affiliated with three different Cincinnati healthcare systems

# NORTHERN KENTUCKY HAS CHOICE

## *You have choices for OB/GYN care in Northern Kentucky.*

The Christ Hospital Physicians - Obstetrics & Gynecology providers go above and beyond for our patients, taking the time to get to know you, your history, your concerns, and your goals. Our providers specialize in all aspects of women's health—from adolescent gynecology, maternity, menopause, comprehensive reproductive health and beyond.

We build trust, and listen without judgement. Patients are encouraged to ask any question—and share any experience—with someone who understands. Someone that doesn't just sound like a doctor, but like a friend.

### *Meet a few of our OBGYNs*



**Samantha K. Sinclair, MD**  
Obstetrics & Gynecology



**Laura S. Van Wyck, DO**  
Obstetrics & Gynecology,  
Certified Menopause Provider



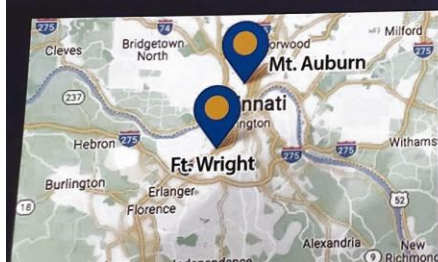
**Christopher T. Carls, DO**  
Obstetrics & Gynecology



2139 Auburn

**“You have choices for...  
care in Northern Kentucky”**

**– The Christ Hospital Health Network**



## *Two Convenient Locations Close to Home*

### **Fort Wright**

1955 Dixie Hwy., Suite C, Fort Wright, KY 41011

### **Mt. Auburn**

2123 Auburn Ave., Suite 300 Cincinnati, OH 45219

# THERE IS NO FREE MARKET IN HEALTHCARE



- ✓ Set your own prices
- ✓ Decide what products to offer
- ✓ Only serve customers who can pay



- ✓ 75% of prices set by government
- ✓ Highly regulated
- ✓ Must offer many required services
- ✓ Must serve everyone who comes

# CERTIFICATE OF NEED ENSURES ACCESS FOR ALL

## Unintended Consequences of Certificate of Need Repeal

### Florida

- Certificate of Need lifted
- 65+ new facilities – but only in urban markets
- Created excess capacity
- Exacerbated high prices

### Texas

- Allowed establishment of Freestanding Emergency Departments
- 200 new are built but do not accept many insurance plans
- Prices same as hospital Emergency Departments
- Patients stuck with surprise bills
- Legislature must enact new laws to prevent profit-seeking behavior

# ACCESS PROLIFERATES IN PROFITABLE MARKETS

## Commercial Payor % - Downtown vs. Suburb

	2022 COMMERCIAL RATE	
HOSPITAL NETWORK	Downtown Hospitals	Suburban Hospitals
The Christ Hospital	<b>34.5%</b> The Christ Hospital Main Campus	<b>75.1%</b> The Christ Hospital Liberty Campus
UC Health Network	<b>22.5%</b> UC Medical Center (Clifton)	<b>30.7%</b> West Chester Hospital
Cincinnati Children's	<b>42.9%</b> Children's Main	<b>51.8%</b> Children's Liberty Campus

Cincinnati hospitals  
investing in suburban,  
affluent areas with  
better payor mix

*All data and hospital location designations sourced from Ohio Hospital Association*

# CERTIFICATE OF NEED PERSPECTIVE



# ST. ELIZABETH OPPOSES REPEAL OF CERTIFICATE OF NEED

## Certificate of Need Provides Significant Benefits

### Ensures Access to Health Services/Facilities

- Kentucky has more hospitals per 100,000 population (2.2) than states with no Certificate of Need laws (2.0 median)
- Kentucky has over 1.5 times the number of physicians per 1,000 square miles (246) than states with no Certificate of Need laws (149 median)
- Protects rural healthcare access

### Contains Healthcare Cost

- Kentucky has the tenth lowest price per inpatient discharge in the US (\$6,561) compared to states with no Certificate of Need laws (\$7,474)
- If Kentucky charged as much as non- Certificate of Need states for inpatient services, payors would pay \$450 million more each year

**Eleven of Kentucky's rural hospitals are at risk of closure.**

**Eliminating Certificate of Need would exacerbate this problem.**

# ST. ELIZABETH SUPPORTS CERTIFICATE OF NEED MODERNIZATION

## HB 444 (2018) Exempted from Certificate of Need:

- Special health clinics (except pain management)
- Non-State Health Plan diagnostic services (e.g., CT, X-ray, etc.)
- Retail clinics (non-invasive, non-emergency care)
- Ambulatory Care Clinics (Christ Hospital, Kenton County)
- Rehabilitation Agencies
- Hospital-acquired physician practices (off campus)

## HB 777 (2022):

- Removed Certificate of Need requirement for many ambulance services

**There are no Certificate of Need requirements to establish physician practices or outpatient clinics in Kentucky.**

# FEDERAL COURTS UPHOLD KENTUCKY'S CERTIFICATE OF NEED LAW

## *Tiwari v. Friedlander* (Home Health Services) (2021)

### Judge Stivers found three plausible benefits of Kentucky's CON program

- The CON law **promotes greater cost-efficiency** because it increases patient volume at home health agencies, which allows them to leverage economies of scale and operate more efficiently.
- The stability of the CON program helps to protect patients and **encourages agencies to invest in quality improvements**.
- The CON process **helps ensure access** for all patients by constraining the proliferation of agencies that will only poach profitable patients and leave low-income patients without access to care.

The opinion by Judge Stivers was affirmed by the U.S. Court of Appeals for the Sixth Circuit. *Kentucky's CON law is constitutional.*

# FEDERAL COURTS UPHOLD KENTUCKY'S CERTIFICATE OF NEED LAW

## *Legacy Medical Transport v. Friedlander (Ambulance Services) (2022)*

Judge Van Tatenhove found that Kentucky's CON law provides plausible benefits:

- The CON law **helps ensure access** to 911-response ambulance services, particularly residents of rural counties.
- “If outside companies are permitted to perform non-emergency transports without having to shoulder the burden of 911-response transports, this could lead to either a reduction in 911-response transports or the need for additional tax revenue to support emergency medical services.”
- “Kentucky's CON law aims to incentivize ambulance providers **to serve underserved and disadvantaged areas** of the Commonwealth by providing both emergency and non-emergency services.”

The case is on appeal to the Sixth Circuit.

## **CERTIFICATE OF NEED IS NOT A BARRIER IN NORTHERN KENTUCKY**

**Since 2015, 61 Certificate of Need applications were filed by providers in Boone, Kenton and Campbell Counties.** Of those applications, only three Certificate of Need applications have been denied – on par with statewide approval percentage of 94%.

**Since 2015, St. Elizabeth Healthcare has only opposed one Certificate of Need application for an ambulatory surgery center.**

# HIGH VOLUME RESULTS IN HIGHER QUALITY

## St. Luke Open Heart Surgery (2005)

Issue: Access to a Quality Program

High Volume of Specialized Procedures Leads to Higher Quality

Choice: One Quality Program or Two Mediocre Programs

St. Elizabeth's Interventional Cardiology Program is a Leader in Greater Cincinnati

# ST. ELIZABETH IS THE HIGHEST RANKED HEART PROGRAM IN GREATER CINCINNATI



Top Performer on Joint Commission Key Quality Measures™ 2011

- First EP room
- First cryoablation procedure
- First aortic valvuloplasty
- First robotic-assisted atrial myxoma surgery



2021 Redesignation by TJC as Comprehensive Cardiac Center



The Joint Commission

CERTIFICATION

Meets standards for Comprehensive Cardiac Center



American Heart Association

2010

Cardiovascular Mobile Health Unit

- Only hospital in Kentucky to receive Healthgrades 2023 Specialty Excellence Awards for heart bypass and heart valve surgery
- St. Elizabeth Cardiac Surgery achieving “3 out of 3 stars” in Society of Thoracic Surgeons (STS) Database
- Women’s Choice Award, Best Hospitals for Patient Experience in Cardiology

2012

2014

- Built Hybrid OR
- First TAVR procedure

Second EP room

2016

- First in region to offer world’s smallest pacemaker
- First in region to implant fully dissolving heart stent

First Watchman procedure

2018

First Mitraclip procedure



American Heart Association

ACCREDITATION

CARDIOVASCULAR CENTER OF EXCELLENCE

2020

First VAD implant

2023 Redesignation as VAD implanting center by DNV



2022

# CHERRY PICKING HURTS SAFETY NET HOSPITALS

Cherry picking private pay patients leaves **safety net hospitals** caring for uninsured and Medicaid patients. It compromises the ability to reinvest excess revenue into the community.

**St. Elizabeth is a safety net hospital.**

## Northern Kentucky Primary Service Area Market Share by Payor Source – 2022

	Commercial	Medicaid, Medicare & Self-Pay
<b>St. Elizabeth Healthcare</b>	<b>24.5%</b>	<b>75.5%</b>
University of Cincinnati Medical Center	38.3%	61.7%
The Christ Hospital	48.0%	52.0%
Mercy Health	49.8%	50.2%
Trihealth	67.7%	32.3%



# CHERRY PICKING HURTS SAFETY NET HOSPITALS

## Proliferation of services offering only profitable services only increases cherry picking

- **Ambulatory surgery centers exponentially increased when Ohio removed Certificate of Need requirements – from 27 centers to 179 centers in just three years**
  - Do not have to accept Medicaid or Medicare patients
- **Costs remain high – Ohio healthcare costs remain above those of Kentucky**
- **Ohio also saw the closure of 14 hospitals once Certificate of Need requirements were removed for all but long-term care facilities**

# KENTUCKY COSTS COMPARE FAVORABLY TO STATES WITHOUT CERTIFICATE OF NEED

## Lower Costs Even With Challenging Population

	CON	No CON			
Measure	Kentucky	Indiana	Ohio	Florida	Texas
<b>Net Price per Inpatient Discharge</b>	<b>\$6,561</b>	<b>\$7,847</b>	<b>\$7,005</b>	<b>\$7,076</b>	<b>\$7,104</b>
% Inpatient Discharges Medicaid	25.10%	23.20%	23.50%	19.40%	18.20%
% Inpatient Discharges Medicare/Medicaid	71.30%	69.40%	69.70%	63.50%	57.90%
% Pop in Rural Areas	32.10%	23.20%	18.70%	2.60%	7.70%
Pop % Below Poverty	16.50%	12.20%	13.40%	13.10%	14.20%
% Adults Reporting Fair or Poor Health	22.60%	16.70%	16.80%	18.20%	18.10%

Source: Ascendient Report

# **SUPPORT QUALITY, ACCESSIBLE CARE FOR ALL**

- **Protect safety net care for underserved Kentuckians**
- **Protect our community from outsiders cherry picking profitable patients**
- **Protect rural healthcare access**

# QUESTIONS?