Oppose House Bill 123

Oppose Costly Mandates and Uncertainty in the Certificate of Need Process

Issue: House Bill 123 attempts to block the proposed closure of Westlake Hospital. Moreover, it would grant the Governor unprecedented authority to reverse any certificate of exemption decisions, including ones granted years ago, without providing any standards or due process for facilities.

IHA Position: IHA appreciates the concerns raised in response to the proposed closure of Westlake Hospital. However, instead of simply changing the planning process that applies to discontinuing a facility, this bill increases the regulatory burden and costs for other healthcare projects, makes the process less predictable, and undermines confidence in the health planning program.

Background: Under the current Health Facilities Planning Act, if a facility provides the information required for a Certificate of Exemption (COE) to close the facility, the Health Facilities and Services Review Board (HFSRB) must issue the COE. HB 123 changes the current law as follows:

- Authorizes the Governor to reverse any HFSRB decision on any Certificate of Exemption.
- Requires a Certificate of Need to close a facility, which means that the HFSRB may grant or deny the application, as opposed to being required to approve it.
- Suspends action by the HFSRB on a pending COE application to close a facility if litigation is filed.
- Totally eliminates the current procedures for a COE for a change of ownership of a facility.

HB 123 should be opposed because:

- Granting the Governor carte blanche to overrule the decisions of an independent Board, whose members are approved by the Senate, will result in unpredictability and an erosion of confidence in the health planning program. Under this bill, the COE decision of the HFSRB is never final.
- It will increase the costs and delay the approval of changes of ownership by eliminating the streamlined procedures that are in current statute. Increasing such transaction costs and the time to complete the review process will discourage facilities from attempting to make the health system more efficient.
- It creates less certainty and predictability in the health planning process, which will discourage facilities from responding to changes in the competitive healthcare environment.

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