Certificate of Need (CON)

★ Overview

Iowa has one of the highest-quality, lowest-cost health care systems in the United States. One of the reasons for that success has been state oversight of institutional health care services (hospitals, nursing homes, ambulatory surgical centers, etc.) under Iowa’s Certificate of Need (CON) process. Iowa’s CON program was first enacted in 1977 for the express purpose of providing for the orderly and economic development of such new health care services, avoiding the unnecessary duplication of services and for controlling the growth of overall health care costs.

Iowa’s CON statute is administered by the Health Facilities Council, comprised of governor-appointed citizens who evaluate the need for new institutional health care facilities in communities across the state. CON in of itself does not prevent the development of such services, but requires health care providers to demonstrate that a true community need exists. In states that have abandoned CON laws, experience demonstrates that an abundance of for-profit health care enterprises have subsequently occurred. These organizations rarely provide emergency room or charity care services, instead focusing on only those procedures that contain the highest profit, leaving all other care to the local community hospital. Such scenarios significantly harm hospitals attempting to provide the full breadth of health care services to their patients and negatively impact employment opportunities provided by those hospitals.

By comparison, Iowa’s CON laws have fostered collaboration between health care providers across the state, which will have even greater importance in the future as health care providers come together in Accountable Care Organizations and other systems focused on overall population health. Thirty-five states including Iowa have some form of operational CON laws.

★ Background

Recent discussion regarding CON consideration of a for-profit behavioral health hospital in Davenport have reignited some criticism of the CON process. In truth, most of the criticism has been a result of the Health Facilities Council being unable to hold a full-member hearing on this topic.

However, the debate has raised the question of CON in general. Some who espouse that a “free market” approach helps lower health care costs fail to see the overall implications of such an act. Without statewide oversight, Iowa would experience a growth of for-profit health care services. Because such services today still rely on the traditional fee-for-service payment methodology, national data collected by the Dartmouth Atlas and other researchers suggest the resulting outcome would be an overutilization of services (meaning higher costs).

Additionally, while “free market” principles can work in a truly competitive business environment, hospital services are not paid on such a basis. Rather, large payers such as Medicare, Medicaid, Wellmark and others actually set the amount that will be paid for services.

The fundamental need to provide oversight regarding development of institutional health care facilities is further highlighted by federal law that has imposed a moratorium against the building of any new physician-owned hospitals in response to national concerns about health care costs and quality that have emerged in other states.

★ Action Needed
IHA urges the Legislature to oppose any changes to Iowa’s CON statute.

Additionally, IHA opposes any erosion of the statute by creating exemptions for single providers or classes of providers that circumvent the process.

Careful deliberation must occur before any changes are contemplated to Iowa’s CON program. CON is a very complex subject and involves many aspects of Iowa’s health care infrastructure. Much like the multi-year evaluation that occurred in the late 1990s, IHA would urge lawmakers interested in making changes to CON to engage in a similar process before proceeding. CON clearly has served in the interests of Iowa health care consumers in addressing health care costs. CON remains relevant for Iowa and not a statute to be lightly disregarded.

Enhanced Nurse Licensure Compact

★ Background

In 2000, Iowa entered into a nurse licensure compact that allows nurses to have a single multi-state license to practice in multiple states, subject to each state’s practice laws. Currently 25 states are members of this nurse licensure compact, which has proven extremely beneficial in both attracting nurses to Iowa and in supporting population health improvements in our border communities.

In 2015, members of the National Council of State Boards of Nursing drafted an “enhanced” nurse licensure compact that adds additional requirements (such as mandatory background checks) to current standards. The enhanced nurse licensure compact also addresses topics that the current compact did not envision (such as the utilization of telehealth services) and provides member states with the authority to facilitate a discipline case across state lines.

The enhanced nurse licensure compact becomes effective December 31, 2018. If Iowa does not update current nurse licensure compact laws to reflect the new standards by that time, our state would potentially no longer be a compact member and the Iowa health care system would lose the benefits that the current compact has brought to our state for more than 15 years.

★ Action Needed

The Iowa General Assembly should support efforts by the Iowa Board of Nursing to update the nurse licensure compact code sections so that Iowa can maintain its status as a member under the new enhanced nurse licensure compact guidelines.

AARP Caregiver Legislation

★ Background

During the 2016 session AARP lobbied in Iowa and other states for legislation commonly referred to as the CARE Act (Caregiver Advise, Record, Enable Act) that would require hospitals to train lay caregivers for any and all after-care tasks a patient being discharged to their home would require. IHA continues to oppose this proposal because of its one-size-fits-all mandate nature and the work hospitals are currently deploying to improve patient care, reduce readmissions and reduce avoidable complications stemming from the originating hospital visit.

Hospitals support initiatives, policies and procedures to ensure patients are fully prepared for a successful discharge home or to a lower level of care. In fact, all Iowa hospitals comply with discharge planning regulations set forth in the federal Medicare Conditions of Participation (COPs). The discharge planning process begins as soon as a patient is admitted to the hospital and includes patient and family member
education on matters like medication management, wound care, etc., when it is appropriate. Hospitals expend countless hours preparing patients for a successful transition from the hospital, which can be seen in declining readmissions data.

★ Action Needed

The CARE Act legislation should not be adopted as a mandate for the hospital community. Rather, stakeholders, along with the hospital community, should utilize resources like the State Innovation Model (SIM) grant funding—the goals of which include engaging patients and families to raise the standard of care—to improve areas such as hospital readmissions.