



Rich Rasmussen
Vice President of Strategic Communications
Florida Hospital Association
(850) 222-9800
rich@fha.org



Tony Carvalho
President
Safety Net Hospital Alliance of Florida
(850) 201-2096
tony@snhaf.net

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HOSPITAL LEADERS URGE LEGISLATORS NOT TO FURTHER DESTABILIZE FLORIDA'S HEALTHCARE LANDSCAPE

Eliminating planning for new hospitals will aggravate existing problems, CEOs say

TALLAHASSEE, FL, March 11, 2008 – Florida's hospital leaders today urged state legislators to reject a proposal to eliminate the state's planning process for new hospitals, warning it would further destabilize a healthcare system already bracing for huge cuts in funding to care for the elderly and poor, and already grappling with serious shortages of doctors and health workers.

Eliminating health planning for new hospitals would lead to an explosion of small, "limited service" hospitals and a two-tiered hospital system in the state – one for the poor and uninsured and the other for healthier patients with private insurance – hospital leaders said.

"Florida's hospitals cannot afford legislative action that will further destabilize our healthcare landscape," said Timothy Goldfarb, CEO of Shands HealthCare in Gainesville and board chair of the Florida Hospital Association (FHA). "We don't need more hospitals in Florida – what Floridians need are more doctors – particularly specialists – more nurses, more healthcare workers, and less uninsured."

Goldfarb's remarks were made at a state Capitol press conference jointly hosted by FHA and the Safety Net Hospital Alliance of Florida (SNHAF).

Florida's hospitals are already facing enormous demographic and social challenges. The state has the highest percentage of residents over ages 65 and 85 in the nation – groups that consume the most healthcare resources. One in four residents under age 65 has no health insurance and routinely uses the emergency room for basic care. This has contributed to a steady rise in uncompensated care provided by hospitals – in 2006, it hit \$2.4 billion.

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Against this backdrop and an economic slowdown, Florida hospitals are also facing enormous federal and state reimbursement cuts. President Bush is proposing \$458 million in Medicare cuts in 2009 to Florida's hospitals – and \$5 billion in cuts over five years. Last fall, the Florida Legislature cut hospital Medicaid reimbursements by \$132 million. This spring, the Legislature is making additional Medicaid cuts and the state's Low Income Pool – a crucial source of Medicaid reimbursement for safety net hospitals that provides most of the care to Florida's poor and uninsured – is facing a \$103 million deficit.

“With Florida in a historic economic downturn and more budget cuts certain, legislators must protect safety net hospitals that provide most of the state's Medicaid and charity care,” said Frank Sacco, President and CEO of Memorial Healthcare System in Hollywood, and board chair of the Safety Net Hospital Alliance of Florida. “With all of these challenges upon us, it simply isn't the time to consider eliminating the state's planning process for new hospitals.”

Limited service hospitals have rapidly proliferated in growing states such as Texas and Arizona, where the planning process for new hospitals was eliminated. Limited service hospitals thrive by providing limited, profitable services to healthier patients with private insurance. They provide limited or no emergency services and very little care to charity, uninsured or Medicaid patients – most of whom access hospital care through the emergency room.

If limited service hospitals were allowed in Florida, full-service hospitals would carry the burden for providing emergency services, caring for the poor and uninsured, and offering the vital, yet unprofitable health services to the community – such as trauma, burn and neonatal care.

Attending the press conference was Tracy Spivey, whose husband Steve died after suffering complications from spinal surgery at a 14-bed, limited service hospital in Abilene, Texas. Staff at the hospital had to call 911 because the facility's emergency department was not functioning. The hospital has since closed. Mrs. Spivey spoke out against limited service hospitals.

Additionally, hospital leaders say the current, 35-year-old Certificate of Need process is working – it has promoted orderly, competitive growth of full-service hospitals and beds. Since 1999, 28 acute care hospitals have been authorized in Florida: 21 new and 7 replacement hospitals. And since 2004, full-service hospitals have added 1,941 beds, with another 2,391 in development.

Hospital leaders also raised concerns that limited service hospitals will aggravate Florida's existing shortage of doctors, nurses, and health workers. Already, 16 hospitals are exempt from state rules that require them to provide certain emergency services 24/7, due to a shortage of physician specialists. In 2006, Florida's Agency for Workforce Innovation projected that the state will need another 112,843 health workers by 2014 – with huge gaps projected in registered nurses, physical therapists, pharmacists, and radiologists.

“Hospitals across Florida are already working hard to maintain adequate numbers of physician specialists, nurses, and other health workers,” Goldfarb said. “Eliminating the planning process for new hospitals and opening the door to the unchecked growth of limited service hospitals will only reduce healthcare access and patient safety.”