Vision
The North Dakota Hospital Association will take an active leadership role in major Healthcare issues.

Mission
The North Dakota Hospital Association exists to advance the health status of persons served by the membership.

TESTIMONY
HEALTH CARE REFORM REVIEW COMMITTEE
WEDNESDAY, SEPTEMBER 4, 2013
GRAND FORKS, NORTH DAKOTA

Good afternoon; Chairman Keiser and members of the Health Care Reform Review Committee. I am Jerry E. Jurena, President of the North Dakota Hospital Association.

I am here today to share information on the hospitals of North Dakota; the current status of our hospitals; plans regarding construction projects of our hospitals and what is in the future for the hospitals not only in North Dakota but across the country.

First some background; on the following pages I have provided a list of our hospitals and location of the hospitals. I have also provided a map of oil producing counties.

Now for some of my thoughts; since the Legislative Session came to a close in May I have attended meetings in Chicago, Colorado and California all hosted by the American Hospital Association. In each of these meetings the basic themes have been:

- Quality of care and how to improve upon it
- Reimbursement; finding a fair and equitable process to pay for health care
- Change regarding how health care is delivered

Currently there is a huge push by CMS to improve the quality of care delivered in every hospital across the country regardless of size or location. Tremendous improvements have been made over the last year. As a result of these efforts there have been less readmissions, infections have dropped and some elective procedures have been drastically reduce; i.e. early C-Sections. Eliminating early C-Sections has reduced complications to early births saving hundreds of thousands of dollars.

One item that always generates a lot of discussion is the geographic disparities of the Medicare reimbursement system. Currently some locations in rural states have an average wage index of 0.74 while others in urban locations are over 1.60. This means for a procedure with a weight of one; the hospital with a wage index of 1.60 will get 2.29 times as much for the same procedure. It is usually the large coastal urban states that get the higher reimbursement amounts.

PO Box 7340 Bismarck, ND 58507-7340 Phone 701 224-9732 Fax 701 224-9529

Currently there are a number of governmental organizations trying to come up with a system to reimburse hospitals not on the number of services provided but on the outcome of the services. This goes back to the push by CMS on quality. Currently prospective payment (PPS) hospitals have their reimbursement reduced by one percent; CMS will then use data collected on each hospital's quality score in ten areas to determine who will be rewarded. This is in the first year and I believe all hospitals in the near future will have a portion of their reimbursement withheld. We are moving from a system that paid on volume to one based on outcomes and quality.

Now in regards to change; it depends who you are talking to, if you are asking a consumer what change is I would be willing to say they want improved quality at a lower price. I believe the consensus across the country is health care is too expensive and it is viewed as an expense. The consumer wants high quality, efficient health care at a reduce cost.

If you ask a provider what change should be made; I would bet the answer is we need to get paid for what we are spending to provide quality care. I doubt that you will find anyone saying we are overpaid. Medicare/Medicaid costs are not the true cost of providing care and therefore we have become masters of cost shifting at the expense of those that do pay for health care, i.e. third party payers and consumers.

If you are talking with elected officials you would get an answer similar to the consumer; why does health care cost so much and isn't there anything that can be done to reduce the costs.

So, where are we and what is going to become of health care? Going back to my meetings this summer I believe we are in for a transformation of health care that we cannot imagine. One of the speakers I heard this summer talked about doing away with the stethoscope and using hand-held ultrasound devises that you carry around in your pocket, and using devises that monitor ones glucose constantly without drawing blood. Twenty-four hour monitoring of vital signs that can be down loaded to a physician's office or having a virtual office visit at your convenience. These all seem pretty futuristic but they are happening now. Most of the processes are available through your cell phone. They will become common practice in the near future.

The biggest break through is the mapping of one's genome. The possibilities of this a few years ago cost about 27 million dollars today it is down to 2,500 dollars. Chronic diseases are a focus at this time as is cancer and what medicines work on which type of cancer cell.

Right now a lot of attention is on Alzheimer's; the goal is to map the genome of people with Alzheimer's then to make an adjustment to correct. They have the area isolated at this point and they believe it will only be a matter of time. The saving will be huge once they find a cure or a medicine that will eliminate the dementia; this disease cost millions of dollars every year in skilled facilities. Recently while in an airport in a foreign country

I picked up a magazine and one of the articles said a cure for Alzheimer's had been found.

The individual that presented was Dr. Eric Topol a Cardiologist by trade. His book is the "Creative Destruction of Medicine". After listening to him and reading his book I believe that there will be a transformation of health care that is beyond what we know today. I believe it will be others such as Microsoft, Apple or a Wal-Mart that will define and control our health care not health care as we know it today.

A case in point is the auto industry and Detroit; too big to fail, too big to have someone beat them at their game; the big three dominated the industry for years. My concern is the health care delivery system is dealing with survival and today; whereas others are trying to figure out how to address symptoms and develop cures. Putting the control of health care in the hands of the consumer will be a monumental switch on who controls outcomes and quality. We will have a new and informed consumer to deal with.

Where does this leave the current providers; I am not sure, some will go by the wayside and others will make a transformation to meet the new demands. I am not a futurist but I see a change coming that will turn the health care industry upside down.

Thank you, I encourage you to buy and read Dr. Topol's book.

Jerry E. Jurena

North Dakota Hospital Association
As of September 2013

North Dakota Hospitals (Total = 50)

Perspective Payment System (PPS) Hospitals (Urban) – 6

Bismarck – 2
Fargo – 2
Grand Forks – 1
Minot – 1

Critical Access Hospital (Rural) – 36

Long Term Acute Hospitals - 2

Mandan
Fargo

Specialty Psychiatry Hospital - 2

Fargo
Grand Forks

North Dakota State Hospital – 1

North Dakota Veterans Hospital – 1

Fargo

Federal Indian Health Services Hospital – 2

Belcourt
Ft. Yates

Hospital Facts:

Hospitals that plan to build or renovate facilities in the future:

Fargo
Bowman
Dickinson
Hazen
Stanley
Tioga
Watford City
Williston

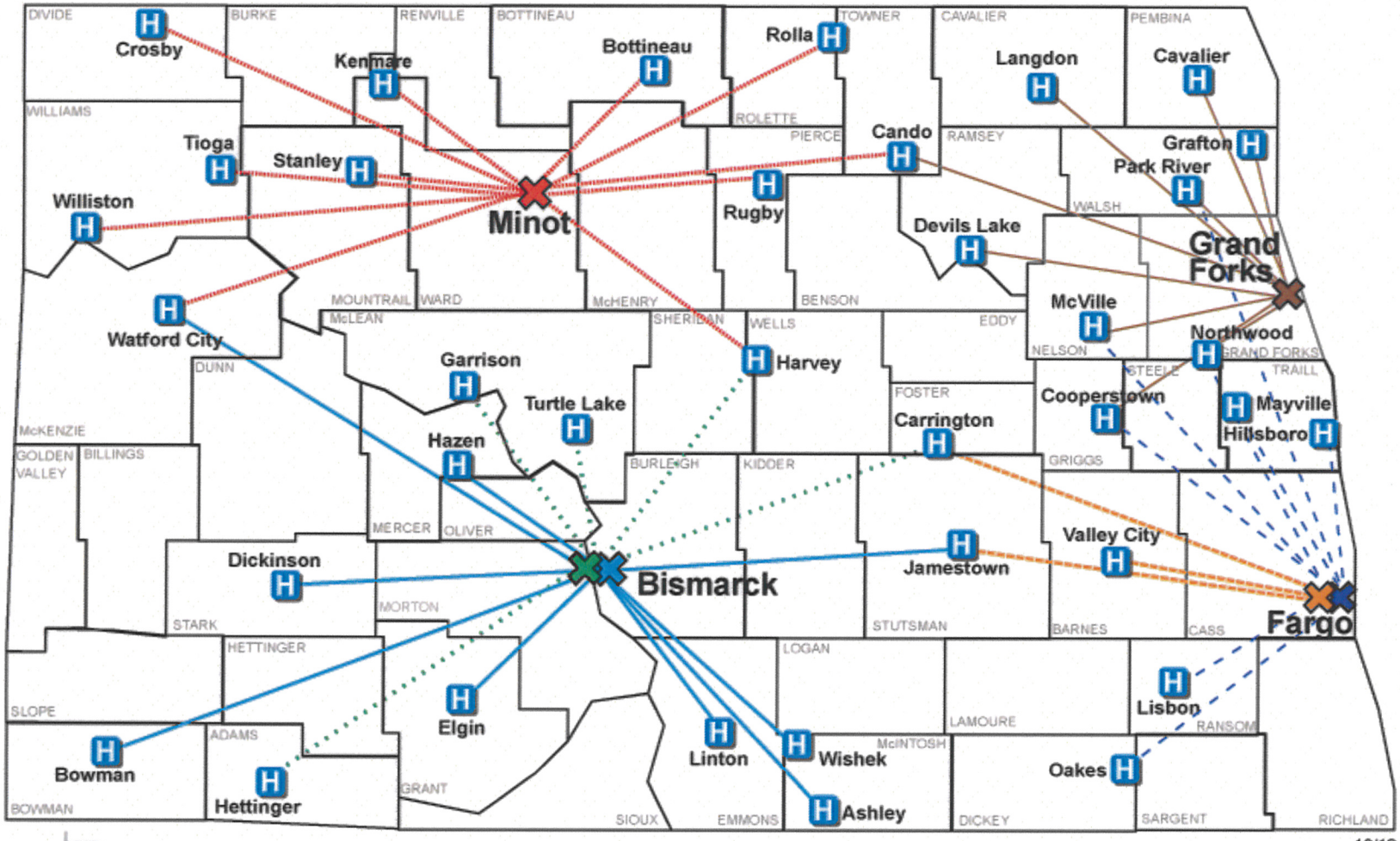
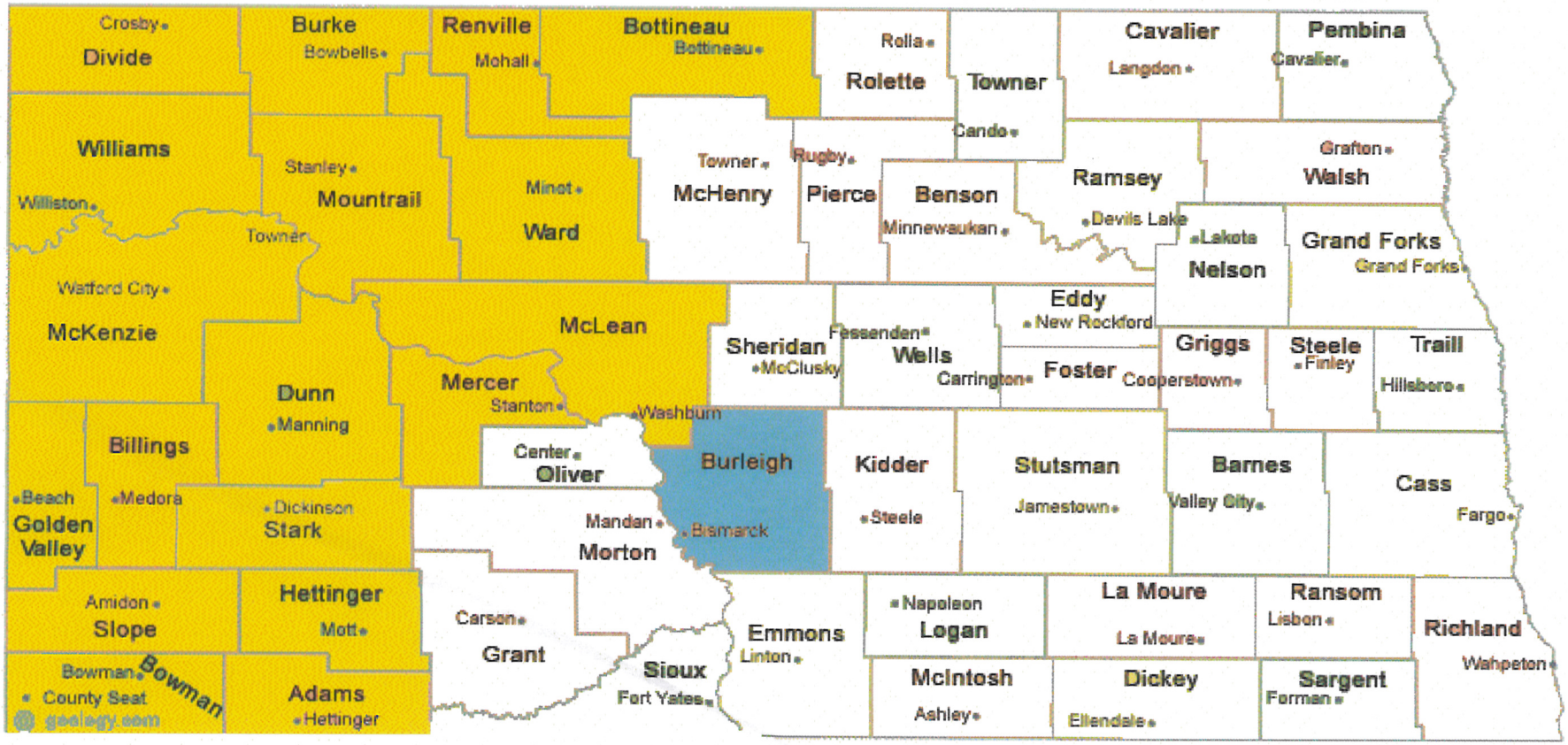
24 of 36 Critical Access Hospitals (rural) are losing money from operations.

Hospitals are often the largest employer in rural areas.

Healthcare is North Dakota's largest non-government employer.

14 hospitals are located in oil producing counties.

North Dakota Critical Access Hospitals & Referral Centers



Oil vs. Non-Oil Revenue Producing Counties