Health Planning in Action—Accounts and Anecdotes

The following anecdotes are a sampling of the early experiences of the Health Systems Agencies and the State Health Planning and Development Agencies designated under the National Health Planning and Resources Development Act of 1974, Public Law 93-641. The accounts, which emphasize cost control because of the national attention and priority accorded that issue, were submitted by the agencies in response to a request from the Bureau for material describing significant progress, problems, and accomplishments of the agencies in carrying out their responsibilities under the law.

Though by no means reflective of the entire range of experiences of the health planning agencies, the stories nevertheless present a relatively vivid picture of the early work of these community and State agencies. We hope that they will inspire other health planning agencies to keep us informed, and that further accounts will serve to highlight those activities that have resulted in improved access and availability of care as well as helping to moderate increases in costs.

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Director
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ISSUE: *Cost Containment/Capital Expenditures Review*
SITE: *Health Systems Agency of Northern Virginia, Virginia 2, DHEW Region III*
SOURCE—*Gail Cooney, administrative assistant*

From October 1973 through October 1976, the Health Systems Agency of Northern Virginia (HSA) and its predecessor organization, the Comprehensive Health Planning Council of Northern Virginia (HPC), reviewed more than 40 applications for a certificate of need under the Virginia Medical Facilities Certificate of Need Law.

Through direct action, the agencies helped prevent more than $29 million in capital expenditures, plus substantial operating costs which would have been incurred, had the projects been approved. Considerable capital and operating costs have also been averted by successfully discouraging more than 25 additional applications from being filed, causing another application to be withdrawn, and influencing decisions limiting operating costs as a new facility.

One example of a planning agency's influence concerned a 120-bed proprietary hospital proposed for Centreville. The proposal for this hospital was filed before the certificate of need law went into effect, and thus it was exempt from review requirements. The HPC attempted to discourage development of the hospital proposal through contacts with the potential investors, local government bodies, and the State commissioner of health. The local government, after requesting and receiving an advisory opinion from the council, voted not to reissue a sewer permit to the developers of the proposed hospital. Preventing construction of the hospital resulted in a savings of more than $6 million in construction costs alone.

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ISSUE: *Cost Containment/Capital Expenditure Review*
SITE: *Pee Dee Regional Health Systems Agency, South Carolina 3, DHEW Region IV*
SOURCE—*W. L. Moore, Jr., executive director*

Since the April 1976 conditional designation of the Pee Dee Regional Health Systems Agency there has been a steady flow of applications for construction that would add nursing home beds in the 12-

county area. The applications are made under South Carolina's certificate of need law and Section 1122 of the Social Security Act. According to the existing State Hill-Burton Plan, additional nursing home beds were needed in the area. However, in September 1976, the board of directors of the health systems agency directed staff to survey all area nursing homes to determine how many people were actually waiting to be admitted. The survey showed that additional nursing home beds were not needed. As a result, the board recommended against approving a proposed 46-bed addition at an area facility and declared a moratorium on future expansions and additions for long-term care facilities.

The State Health Planning and Development Agency upheld the HSA's recommendation of disapproval. Also, recent revisions of the State Hill-Burton Plan indicate that the need for long-term care beds by 1982 should be met by existing beds together with those currently being built. If new data indicate need for additional beds, especially in outlying areas of the region, the HSA will recommend approval of applications meeting those needs.

This restraining of unnecessary capital expenditures should have significant impact, although there are no estimates of the health dollars saved.

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ISSUE: *Increased Accessibility and Availability of Medical Services*

SITE: *West Michigan Health Systems Agency, Michigan 4, DHEW Region V*

SOURCE—*Philip Van Heest, executive director*

During 1976 the West Michigan Health Systems Agency, in cooperation with the Michigan Heart Association, expanded a newly created hypertension screening program and worked to expand it to all area counties. This program consolidated the many fragmented programs that existed in the area. It provided for hypertension screening for the general public, appropriate referral for treatment, and the followup procedures to assure that needed services had been received. This program greatly enhanced the efficiency and effectiveness of the health care system and helped improve the health status of area residents. Through the West Michigan HSA's planning efforts, the areawide community was informed of the problems associated with hypertension and, subsequently, local resources were mobilized to meet this need.

The West Michigan HSA conducted a study of existing medical services in Lake County. On the basis of information compiled in the study, Lake County was designated by the Department of Health, Education, and Welfare as a critical health manpower shortage area and subsequently the county was able to apply, with West Michigan HSA assistance, for National Health Service Corps physicians. In July 1976, Lake County received two National Health Service Corps physicians for a period of 2 years. The addition of trained medical personnel has resulted in improved delivery of health services and health education to the public.

The health systems agency played a key role in establishing a needed community poison control center at the Blodgett Memorial Medical Center in Grand Rapids. The West Michigan HSA used funds from an emergency medical services grant to start the Western Michigan Poison Control Center which now provides 24-hour, 7-day poison control information and support services in poison control for physicians, industry, and the general public. The center, which is equipped with a complete toxicology laboratory, provides diagnostic and referral services to all hospitals in western Michigan and conducts a public education program in poison prevention in area schools and for various community groups. The center is already beginning to show results with a decrease in the number of poisoning cases being reported by hospital emergency departments.

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ISSUE: *Cost Containment/Capital Expenditure Review*

SITE: *Southwest Alabama Health Planning Council, Alabama 6, DHEW Region IV*

SOURCE—*Jim Holland, senior health planner, and Bob Powell, director, project review*

Since the Southwest Alabama Health Planning Council was conditionally designated on April 29, 1976, three projects were presented that did not conform with the health systems plan or where an alternative project was selected.

1. THOMASVILLE HOSPITAL. This project was primarily a request for revision of the plan to accommodate 16 additional beds in the Thomasville Hospital. The 16-bed addition was to include a 6-bed intensive care unit-coronary care unit as well as

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☐ *Tearsheet requests to Office of Evaluation and Legislation, Bureau of Health Planning and Resources Development, Health Resources Administration, 6–27 Center Bldg., 3700 East-West Highway, Hyattsville, Md. 20782.*

general modernization and renovation. The project was reviewed on two occasions by the project review committee, and both times it was decided that there were insufficient grounds based on data presented to recommend a revision in the plan to accommodate a 16-bed addition. The recommendation was upheld by the HSA's board of directors. Project cost was estimated at $800,000.

2. MONROEVILLE HOSPITAL. An application was received in June 1976 from the Monroe County Hospital that called for an addition of 24 beds as well as modernization and renovation. Staff met with the administrator and members of the hospital's board of trustees to discuss the project. It was explained the project was not in conformance with the plan because of the 24-bed addition. The hospital had a consulting firm do a long-range study to determine its immediate as well as future needs. It was decided that, rather than ask for a bed addition and renovation, the beds would be eliminated from the new application with only renovation to be accomplished. It was felt that the renovation would contribute a great deal to the effectiveness and quality of care being provided, with considerable savings through the elimination of the request for additional beds. The original project had cost estimates set at $4,054,000. The revised application had costs estimated at $2,550,000 or a saving of $1,504,000. The revised project was approved by the Council.

3. AZALEA NURSING HOME. In May 1976, notification was received from a representative of Azalea Nursing Home of its intention to construct a 100-bed facility in Mobile. In December 1976, the application was received on the project. Azalea Nursing Home was informed that the project was not in conformance with the plan. In this case, the applicant withdrew his application for an assurance of need certificate. The project cost was estimated at $1,073,400.

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ISSUE: *Community Involvement*
SITE: *Southwest Alabama Health Planning Council, Alabama 6, DHEW Region IV*
SOURCE—*Jim Holland, senior health planner*

The Southwest Alabama Health Planning Council HSA has made extensive efforts to promote community involvement in its operations. Community education and involvement of the proposed HSA began early after passage of Public Law 93–641. The first step was to orient the public as to the purpose and provisions of the act. This was accomplished through several mechanisms, including publishing a summary of the act in the council's newsletter, which is widely distributed in the health service area. The staff has made presentations on the legislation and the proposed program to numerous service clubs, health professional associations, and other interested groups. In addition, a workshop was conducted in July 1975, for area health and government interests, with staff of Region IV, Department of Health, Education, and Welfare, making a presentation on the provisions and implications of Public Law 93–641.

An attempt was also made to involve the community in the development of the area designation plan. The initial step was a public hearing held in Montgomery, where all interested parties were invited to present proposals for designating the health service areas in Alabama. From the consensus of opinions obtained at the public hearing, the local area designation plan was developed and submitted for review and comment to more than 100 health facilities, health service agencies, and units of local government within the 13 counties. Comments received are on file in the council's office.

Input from the public was also sought and obtained in the process of nominating and electing the current board of directors of the health planning council. Sixty days prior to the election of board members, the nominating committee solicited suggestions for nominations from more than 150 community groups. They included area health agencies, governmental units, medical societies, and other consumer and provider interests. From the suggestions received, a slate of nominees was recommended by the nominating committee.

In addition, board members nominated additional persons, which resulted in a total slate of 90 nominees for the 28 positions on the board of directors. A similar process of public involvement will be used for nominating and electing additional board members under the proposed HSA structure.

Individual and group meetings with consumer and provider interests within the health service area were held to gain input to the development of the HSA application. Advance notices of public hearings were published in the local newspapers so that interested persons could participate by expressing their views on the qualifications of the applicant, the proposed composition of the governing body, and the proposed work program. Letters of support and other comments received are on file in the council's office.

All meetings of the agency are open to the public and notification of the meetings and their agendas are published in local media before each board or

committee meeting. The results of the board and committee meetings, including recommendations on projects reviewed, are also disseminated in the media as well as in the agency's newsletter. These continuous attempts to involve the community were further supported through the development and implementation of a policy of allowing all agency records to be open to the public. The public was informed of the policy and the location of the agency and its records.

The Southwest Alabama Health Planning Council HSA's determination to have the community make major contributions to the establishment and governance of the HSA is further exemplified by the broad-based community representation apparent in the composition of its board and committees. The total effort toward public participation is also evidenced by the broad representation of the area's population on the agency's plan document development committee, a body that is responsible for preparing the agency's health systems plan.

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ISSUE: *Opportunity/Community Impact of HSA*
SITE: *Health Planning Association of Northwest Ohio, Ohio 4, DHEW Region V*
SOURCE—*Sam Long, executive director*

The Health Planning Association of Northwest Ohio has taken a number of actions that, although they do not result in immediate dollar savings, nevertheless have positive, constructive effects, and may have a lasting impact and a great potential for savings in the long run.

Following are some examples:

1. Assistance to the Toledo City Health Department in planning and implementing an occupational health program for all city employees.

2. Assistance to the Wood County Health Department in planning and implementing an occupational health program for small industries lacking this service.

3. Production and distribution of an Emergency Environmental Health Resource Guide which has been used in at least two emergency conditions.

4. A negative review and comments by the HSA to the local clearinghouse (A-95 agency) on housing projects being planned where there are no sanitary sewers or public water supply.

5. Public issue involvement on proposed solid waste regulations and legislation to lower air quality requirements to allow open burning. Both were altered as a response to our activities.

6. Production of a public health plan component that will be used in the health systems plan and the annual implementation plan; we hope it will be a major factor in changing Ohio's Public Health Law of 1919 during this next session of the legislature.

7. Completion of a report of the health needs of a health target area of inner-city Toledo. The report has been the basis of a city council policy to expand preventive health services to this area.

8. Planning and presentation, with the Medical College of Ohio at Toledo, of a workshop on the diagnosis, treatment, and prevention of infectious hepatitis. The workshop was attended by 100 health professionals from the area.

9. The implementation of smoking and nonsmoking sections of all meetings of the Health Planning Association of Northwest Ohio.

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ISSUE: *Cost Containment/Capital Expenditure Review*
SITE: *Health Planning Association of Northwest Ohio, Ohio 4, DHEW Region V*
SOURCE—*Sam Long, executive director*

Staff of the 11-county Health Planning Association of Northwest Ohio cited the following evidence of its cost effectiveness. During the period January 1, 1975, through January 1, 1977, the agency's volunteers bit the bullet and said "No" to nursing homes and hospital expansion projects totaling $25,622,500. They accomplished this with a staff operating on a budget, for the 2-year period, of approximately $541,000. This total was comprised of $265,800 in Federal funds and the balance of $274,200 from local funds (State, local government, industry, business, community chest, Blue Cross, and hospitals).

The agency's staff noted, "Any way you look at it, it represents a substantial return on the investment. However, it doesn't tell the whole story since health facilities that are not needed, once built and not fully occupied, or those fully occupied do have an adverse effect on other facilities' occupancy rates and carry added costs that must be considered on top of the basic construction costs."

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ISSUE: *Services to Medically Underserved Populations*
SITE: *Southwest Alabama Health Planning Council, Alabama 6, DHEW Region IV*
SOURCE—*Voris E. Kirkland, associate executive director*

The Southwest Alabama Health Planning Council provided technical assistance to several entities mak-

ing application for Public Health Service grants for primary health care delivery projects in rural underserved areas of the health service area. The agency has been especially helpful in making potential applicants aware of the availability of the grants, helping them to understand the nature of the grants, and assisting in the completion of their applications. Some of these grants have been completed and forwarded to the Public Health Service, while others are being readied for submission. The agency's staff, particularly in the sub-area region, is encouraging organizations located within these rural underserved areas to take advantage of the opportunities offered by the availability of the grants.

Also, the agency's staff, under the Public Health Service Act, is attempting to obtain Federal monies for the establishment of a county health department for Wilcox County. Residents of Wilcox County currently have to depend on neighboring Dallas County for health department services.

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ISSUE: *Cost Containment/Hospital Merger*
SITE: *Iowa State Health Planning and Development Agency, DHEW Region VII*
SOURCE—*Stephen N. Root, director*

Over the past 5 years, Burlington, Iowa, has negotiated the merger of three hospitals; all were losing money. As a result of the merger, the Burlington Medical Center has been able to document a saving of $500,000 a year and will soon begin construction of a $21.8 million addition without the necessity of a fund-raising drive, according to the medical center's administrator. The benefits of a merger became obvious soon after the consolidation of the third hospital in 1970. At a time when hospital expenses throughout the United States rose 15 percent annually, the newly merged hospitals saw expenses rise the first 3 years only 0.6 percent, 2.7 percent, and 3.7 percent.

Burlington, in 1970, had a population of 32,360 people, and it had four hospitals. In addition to Mercy Hospital, there was Burlington Hospital, St. Francis Hospital, and Klein Memorial Hospital. The four contained more than 500 beds, too many for a city that size, and they unnecessarily duplicated services.

As a result, only Burlington Hospital broke even financially, and it barely did so. None of the hospitals could afford the sophisticated diagnostic equipment available today. None provided coronary or intensive care units. New physicians became more difficult to attract. The need for a merger was obvious, but it took 5 years, some bitter fighting among hospital personnel, and some arm-twisting by the State's comprehensive health planning agency as well as Blue Cross and Blue Shield of Iowa to achieve the merger.

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ISSUE: *Cost Containment/Rate Review*
SITE: *Central Arizona Health Systems Agency, Arizona 1, DHEW Region IX*
SOURCE—*Milton Gan, executive director*

In 1971, the Arizona State Legislature enacted a rate review law which became effective in January 1972. The law provides for mandatory public hearings on rate increase requests from hospitals, nursing homes, and other health care institutions. Such public hearings are to be conducted by the local health systems agency. The agency has the responsibility of issuing findings, publicly releasing findings on such public hearings, and submitting recommendations emanating from such findings to the Arizona Department of Health Services.

While the law mandates public hearings, compliance with the findings and recommendations of both the local and State agencies is voluntary. Nevertheless, in the period January 1972 through 1976, no hospital in Health Service Area 1 and only 2 nursing homes out of a total of 100 institutions have increased their rates above those recommended by this agency.

For that same period, January 1972 through 1976, the records of this agency reveal that these institutions requested $110 million in rate increases. The recommendations of this agency which were voluntarily implemented were for $100 million worth of increases. Therefore, the agency can claim that this effort has resulted in a net savings of $10 million in unnecessary health care costs to this community.

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ISSUE: *Opportunity/Availability and Accessibility of Service*
SITE: *West Palm Beach, Florida Health Planning Council, Florida 7, DHEW Region IV*
SOURCE—*Richard D. Warfield, executive director*

The West Palm Beach, Florida Health Planning Council (HSA) played a key role in assuring the continuity of care under the Migrant Health Service Program administered by DHEW. Poor operational and financial management threatened the future of the program in the area served by the HSA. Funding was scheduled to be curtailed on June 30, 1976, but due to the assistance provided by the HSA in the

development of a new board of directors, improved budget procedures, and new bylaws and articles of incorporation, the funding for the program was continued, allowing for the provision of services without interruption. Additionally, new operational procedures were developed to improve services while expenditures were reduced. The reduction in expenditures did not adversely affect either the quantity or the quality of the health services provided.

The HSA also played a major role in the development of an end-stage renal dialysis network for the agency's service area. In the process, a proposal was developed for the establishment of a 15-station, freestanding renal dialysis unit to be located adjacent to St. Mary's Hospital on property provided by that institution. Funds for the facility, which is now in operation, were contributed by local residents. A special task force, created by the HSA, made an important contribution in the design of the facility and preparation of the plans for construction. The agency was instrumental in securing a $15,000 State grant in addition to local funds.

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ISSUE: *Opportunity/Alternative Modes of Delivering Services*
SITE: *Nebraska State Health Planning and Development Agency, DHEW Region VII*
SOURCE—*Kenneth Diamond, PhD, director*

The Nebraska State Health Planning and Development Agency (SHPDA) has assisted communities, counties, and groups of counties to examine alternative modes of delivering community health services. At least partially as a result of these efforts, a number of rural health departments, county nursing services, and home health care agencies have been established. A publication resulting from its long-term care study has heightened public awareness concerning alternatives to institutionalization for the aged population.

The Nebraska SHPDA has, through the sponsorship of workshops, the publication and distribution of planning objectives and of position papers addressed to the legislature, and other means, encouraged the development and use of physician extenders, such as physician's assistants and nurse clinicians. These efforts (along with those of other agencies of the State, notably the Nursing Association of the University of Nebraska Medical School) have resulted in a change in the Nurse Practice Act and the enactment of legislation to allow physician's assistants to practice in the State. Currently, 36 physician's assistants are working in hospitals and physicians' offices around the State, mostly in rural areas short of health manpower.

The agency has also assisted a number of communities to develop primary care health systems involving a core hospital and systems management utilizing satellite clinics. The communities of Albion and Mullen have obtained funds from the National Health Service Corps Rural Health Initiative Program to help them begin operations.

The Nebraska SHPDA coordinated recruitment and training of Vietnamese refugee physicians to practice in the State's rural areas that the agency found to be short of physician manpower. Twenty-four of these physicians are now licensed in the State, and nine others are being prepared for licensure.

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ISSUE: *Opportunity/HSA Facilitates Compromise*
SITE: *Central Maryland Health Systems Agency, Maryland 4, DHEW Region III*
SOURCE—*William Hiscock, executive director*

A prospective battle over which of two hospitals would be allowed to open a clinic in Dundalk has been forestalled—at least temporarily—by an agreement between Church and Baltimore City Hospitals to stop competing. The conciliatory approach was spurred by Mayor Donald Schaefer and the Baltimore County Executive and by a staff report issued by the Central Maryland Health Systems Agency; the staff found that no new primary care resources were needed in the Dundalk area. The planning agency's report said, "that new primary services were not needed doesn't mean a reordering of present ones wouldn't be better."

"The HSA didn't force us to get together but it certainly did facilitate things," said the assistant director of Baltimore City Hospital.

Now Church Hospital, which needs a way to expand, and City Hospital, which needs new customers, are working on a compromise.

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ISSUE: *Cost Containment/Standards for Acute Care Beds*
SITE: *State Health Planning and Development Agency of Massachusetts, DHEW Region I*
SOURCE—*Jacob Getson, director*

By 1985 the State of Massachusetts will have reduced the number of acute-care hospital beds by

5,000 and thus saved an estimated $60 to $100 million. This stated objective results from more than 2 years of planning by a task force composed of representatives of all agencies which are directly involved in or affected by certificate of need review.

After extensive review of existing and future needs for acute-care beds in the State, the task force recommended, and the State Health Council approved, acute-care standards and criteria. The standards, which will be used by the HSAs and the State, include a bed-need formula, accompanied by a method for determining the area served by a hospital. The standards have become part of the determination of need regulations of the State.

Use of the standards will reduce Massachusetts' hospital capacity from the current surplus of 4.6 beds per 1000 to 3.5 beds per 1,000 population by 1985; a total reduction of 5,000 beds. Since it has been estimated that the cost of an empty bed is half that of a filled bed (or about $20,000) a 3,000–5,000 bed reduction would mean a potential savings of from $60 to $100 million.

The 1985 target date will allow a gradual phasing out or redeployment of underutilized and duplicative beds and should have a significant impact on curtailing the spiraling health care costs in Massachusetts. The formula is flexible enough to allow for special circumstances and exceptions based on factors such as geographic isolation.

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ISSUE: *Cost Containment/Capital Expenditure Review/CAT Scanners*

SITE: *Health Systems Council of Eastern Pennsylvania, Pennsylvania 2, DHEW Region III*

SOURCE—*Michael J. Nathan, executive director*

In October 1976, after only 4 months of operation, the Health Systems Council (HSC) of Eastern Pennsylvania pointed out weaknesses in a proposed 120-bed nursing home addition which resulted in a revised application and a savings of $334,000. In the original application, filed under Section 1122 of the Social Security Act, financial documentation was lacking. That application proposed spending nearly $200,000 to build excess capacity areas which, at some future date, could provide for an additional 120 beds. The committee and staff of the HSA felt that the home did not have the necessary finances for this expenditure. In the revised application, the overall financial position of the institution was improved by decreasing the projected capital financial burden and space was planned more effectively.

Six months after installation of a $375,000 computerized axial tomograph (CAT), an eastern Pennsylvania health institution applied to the council for purchase of an updated mechanism. This equipment, costing $175,000, reduces scan time from 2½ minutes to ½ minute and thereby improves picture quality, according to the applicant.

The HSC review committee and staff did not recommend approval for several reasons. Another institution, only 10 miles away, was already approved for purchase of a $600,000 "fast" scanner, and the applicant did not document any need for two such scanners in the area. In addition, there was insufficient clinical evidence that reducing scan time would significantly improve diagnostic capabilities for most patients.

The applicant, unhappy with the HSC decision, planned to ask for board and State review and appeal but, 2 days before the HSC board meeting, the project was withdrawn. The resulting savings went far beyond the $175,000 capital investment to include unestimated savings which will come through reduced operating expenses.

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ISSUE: *Opportunity/Availability and Accessibility of Services*

SITE: *Bergen-Passaic Health Systems Agency, New Jersey 1, DHEW Region II*

SOURCE—*Marvin H. Burton, executive director*

The Bergen-Passaic Health Systems Agency in Rochelle Park has refused to endorse an application seeking additional beds at the Cupola Nursing Home in New Milford, because the applicant refused to include Medicaid beds. The rationale behind this decision, according to the HSA, is that Medicare and Medicaid patients are finding it necessary to spend longer periods in acute-care and general hospitals because of the "critical shortage" of nursing home beds. The HSA notes that "the word out now is that if you're coming into the Bergen-Passaic HSA for a nursing home (certificate of need approval), you'd better include Medicaid beds in your application."

The HSA has also awarded a $40,000 contract for a study of the utilization of existing health services by minority and low-income persons and the acceptability of current health care services. The study's goal is to identify inadequacies in the availability and accessibility to quality services. Some 300 to 400 persons will be personally interviewed during the 8-month study that will be used in the development of a master plan for meeting the health care needs of the two-county health service area.