

Please note: I am writing this opinion piece as a Hospital Foundation Board Member, but my opinions are entirely my own. I am not writing as a representative of the board, but as a concerned citizen and knowledgeable community member.

Dear Editor:

An Ad appeared in this past Sunday's News-Miner which deserves a rebuttal. It was a full-page notice about the subject of Certificate of Need (CON) laws in Alaska, and it contains some very distorted and misleading claims and statements. It also poorly and unfairly characterizes our hospital and its management by Banner Health Inc. Let me first be clear about my interest in all this. I have been a board member of the Fairbanks Community Hospital Foundation for 20 years, and serve on its construction committee. I am well informed about hospital costs and operations, and am familiar with the Certificate of Need process and law. The Hospital Foundation does have considerable real estate and financial holdings. Just look at the Hospital: it is a huge complex of very expensive and highly technical buildings. The hospital is the most complex building in the Interior of Alaska. You bet it is valuable! Who would want it otherwise? Would you prefer a low-bid operating room? The entire array of buildings and utilities/improvements are worth between \$200 and \$250 million dollars (an estimate of replacement costs). And we have cash in the bank but considerable bonded indebtedness. But even more important, is that the FMH Foundation is a non-profit, community based organization. This community non-profit Foundation *owns* Fairbanks Memorial hospital. This is the way a community should be built! It is exemplary. You can join, anyone can, simply by making a small donation. It is not a for-profit operation, nor is Banner health, who we hire to operate and manage this complicated facility for a management fee.

But to the accusations in the ad: The Certificate of Need is posed in the ad as a sort of protection scheme for the hospital. It is that, but it also is what it was intended to be: a cost saving idea. The purpose for a Certificate of need is to prevent, as much as possible, the duplication and overbuilding of medical facilities. It really does tend to protect the hospital, but in a community where there IS only one hospital, how could this NOT be the case? The purpose is the same as the situation for an electric utility. It makes no sense to allow full "free market" access to all customers for three different utilities. They'd all have to run separate power lines to the houses at great expense. Competition would make everyone's costs higher. It doesn't make sense to have utilities compete "head-to-head", because they are what is aptly characterized as "natural monopolies". That is not an evil thing, it is just reality. Similarly, there are many aspects of the hospital which are natural monopolies that duplication would not help, nor would it lower costs to have competition.

The problem is, most of the more self-supporting (financially) of the hospital's activities, are precisely those which a private corporation would want to invest in and compete with the hospital, because they are the profit centers. But the hospital has some operations which are clearly not profitable, but without which the community is not adequately served with health care. Our mental health care service will never be sought by private investors. But the hospital would be very remiss not to care for this segment of our community. We've brought a Cancer Center, and most recently a cardiac clinic to

Fairbanks, both in very positive collaborations with doctors. Partnerships can work. And finally, the hospital is the health care service of last resort. It has to take everyone, including the uninsured. 17% of Alaskans are uninsured, and not surprisingly, the hospital collects about 85% of every dollar it bills. Those percentages are just what you'd expect with that number of uninsured. If the hospital didn't pay for this, would a private company do it? It also points up that we pay for the uninsured in our community anyway, so it might be a good idea to look at insurance for all, too.

Which brings me to a final and personal opinion. The premise of the accusing ad is that we do not allow a "free market" in health care services. My opinion is, of course we don't, nor should we. Harkening back to my point about the utility "natural monopoly", let me give a further example. I firmly believe health care should not be a free market. To really control costs, we should treat health care like we do the fire and police departments. Should the entire health care system be based on profiting from illness and medication? Or should this be as it is in most other countries, a basic human right and available to all? Profiting on health and illness is the problem, not the solution. In that context, the entire premise of the ad is simply wrong.

Accusations abound in these contentious and poorly understood situations. But don't be fooled. Some things the hospital does make it much money. Other services do not. If all the profitable services are available for the "cherry picking", hospital costs would have to rise to cover those costs which aren't as self-supporting. And now, our Fairbanks Memorial Hospital costs, for an impatient room, as an example, are the least expensive in the state. The CON process is one reason why this important fact is so.

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