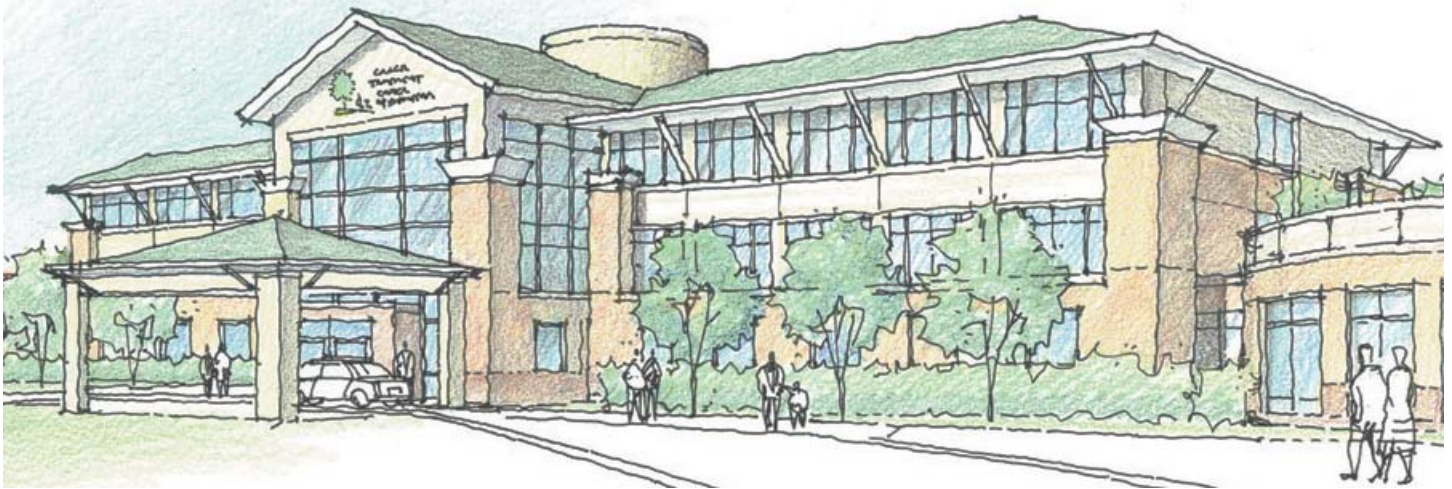


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Patients see hope, but the state says there's **No need**



CANCER TREATMENT CENTERS OF AMERICA RENDERING

This proposed Kent hospital would combine numerous cancer treatments, but the state has denied a certificate of need. The controversial gatekeeping law is under review.

BY PETER NEURATH
CONTRIBUTING WRITER

Cancer Treatment Centers of America wants to build a \$76 million hospital in Kent.

Kent city officials want the new facility, the hospital has bought the 10-acre site, and numerous Northwest cancer patients have made inquiries about getting treated there — but the state refuses permission to build it.

State regulators claim the hospital is not needed. The Department of Health has twice rejected the Illinois company's application to build, under a controversial state law requiring such proposals to gain a "certificate of need."

"Not needed? Boy, are they confused," said Bellevue resident Aaron Barrett, who has been coping with pancreatic cancer and received treatment at Cancer Treatment Centers' outpatient clinic in Seattle. "I can't fathom why they would turn it down."

Barrett said he had been treated with chemotherapy at two local hospitals but that they completely lacked Cancer Treatment Centers' expertise with naturopathy and nutrition that, in addition to chemotherapy, has made his cancer treatment so much more effective and comfortable.

The conflict over the proposed 24-bed Kent hospital has intensified an ongoing debate about



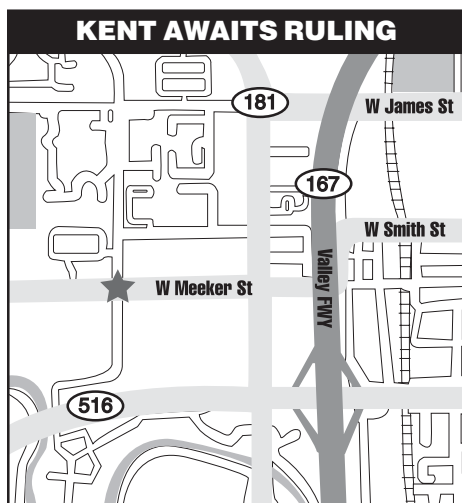
BUSINESS JOURNAL PHOTO/DAN SCHLATTER

Aaron Barrett of Bellevue does physical therapy for complications related to his pancreatic cancer. He would welcome the hospital that is being blocked by the state.

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certificates of need. The Legislature once again is reviewing the issue, through a task force, though a recommendation to repeal the law is considered unlikely.

Washington is one of 37 states that restrict the building of new health-care facilities through certificate of need laws, which generally aim to



control spending on health services by clamping down on supply. Applicants to build hospitals, nursing homes, dialysis centers, ambulatory surgical centers and other specified facilities must persuade regulators that existing providers cannot meet community needs.

Certificate of need laws have been hotly debated for some time. The Washington State Hospital Association, for one, continues to support this state's law as a protection against competition for the insured patients who subsidize vital hospital services that lose money.

On the other side, the Washington Policy Center, a nonprofit Seattle think tank that promotes competition, recently issued a report calling for repeal of the law, characterizing it as a "failure of government central planning."

"The law has not controlled costs, improved quality or increased access to health care," the report concluded. "In fact, the law has had the opposite effect, actively blocking citizens' access to health care choices and to modernized health care facilities."

Cancer Treatment Centers of America strongly concurs with the criticism of certificates of need, also known as CON.

"CON," said Robert Mayo, vice chairman of the for-profit chain, "has evolved into an anti-

consumer, anti-competitive obstruction in health care."

Mayo said his company has received thousands of inquiries from Northwest patients and caregivers during the past 12 months. He said patients travel an average of 500 miles for treatment at the company's three hospitals in Chicago, Philadelphia, and Tulsa, Okla.

The company claims that it alone focuses on treating late-stage cancer patients by fully integrating advanced medical technologies with complementary and alternative medicine — and all under the same roof.

Kent certainly wants the hospital.

"The bottom line is that it would have a huge economic impact on the city," said Kent Economic Development Manager Nathan Torgelson, adding that the company chose the area because of proximity to Seattle-Tacoma International Airport.

A Cancer Treatment Centers hospital, he said, would create 250 jobs, help diversify Kent's economy, pay property taxes and draw patients and their families from hundreds of miles away to Kent hotels, restaurants and shops.

The Cancer Treatment Centers' Mayo said that the state, instead of dictating who may build what, should move to a licensing process that focuses on patient results, quality, efficiency and patient satisfaction.

Cancer Treatment Centers of America is a family-owned, for-profit firm headquartered near Chicago. In addition to three cancer treatment hospitals, it runs clinics and community oncology programs in Illinois, Oklahoma and Pennsylvania. In Washington, the firm provides outpatient services in its Seattle Cancer Treatment & Wellness Center.

Washington state regulators rejected Cancer Treatment Centers of America's application for a certificate of need last September and turned down its appeal in November. The two sides are awaiting a hearing with an administrative law judge later this month.

"Should the administrative law judge not approve our appeal," Mayo said, "CTCA will have no other choice but to take this matter to the state's superior court."

While the company awaits the judge's decision, a state certificate of need task force created last year by the Legislature continues to meet as it prepares a report, due in November to Gov. Chris Gregoire.

The legislation authorizing the task force, SB 1688, "requires the certificate of need statute to be re-examined and strengthened to reflect changes in health care delivery and financing," according to the state Health Care Authority.

The measure was sponsored by Rep. Eileen

Cody, a Seattle Democrat and Group Health Cooperative nurse who chairs the House Health Care Committee. Cody last year said the state's certificate of need law was ineffective at controlling health-care expenditures, which were consuming 20 percent of the state's general-fund budget.

To make it effective, she said, the law should restrict more investments in health facilities and equipment, such as purchase of MRI (magnetic resonance imaging) scanners, of which she said there had been "a huge proliferation."

The bill seems to exclude the statute's repeal as an option.

And the Washington State Hospital Association unreservedly backs retention of the certificates of need.

"Our members are solidly in support of CON and do not want to see it terminated or diminished," said association Senior Vice President Robb Menaul.

The association said certificates of need provide a gatekeeping function that reduces the chance that a new hospital is built that can be selective about which patients it takes — for instance, better insured, relatively healthier patients for which profits are higher.

New hospitals drawing these patients would take away from the community hospital revenue that is needed to subsidize other services that typically do not make money, the association said. Psychiatric, emergency and obstetric services, for example, must be subsidized so they are available to the poor and uninsured.

Cancer Treatment Centers of America holds a different view. CON laws are outdated, Mayo said. What's more, he said, competition among hospitals "actually helps to improve quality and to moderate health-care costs."

In its report, the Washington Policy Center refers to a 2004 study by the Federal Trade Commission and Justice Department, which stated that although certificate of need laws are supposed to control health-care costs, "there is considerable evidence that they can actually drive up prices by fostering anticompetitive barriers to entry."

In any case, Cancer Treatment Centers of America contends that Washington state needs the hospital it has proposed for Kent.

"Today, consumers want to make their own choices about the health-care needs for themselves and their families," Mayo said. "They are more informed and are being asked to take more responsibility with their health-care spending. CON, as it is designed and practiced today, conflicts with all of that."

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