



*A message from . . .*

## *The President*

### THE 'COST CONTAINMENT' (?) BILL

THIS month, I intended to discuss involvement, but after visiting Greenbrier Valley and Wetzel County Medical Societies, there were many questions on the so-called hospital cost containment bill. I would like to address it this month, with involvement to come in the future.

We must first realize "cost containment" is a misnomer for the legislation enacted in the last 16 minutes of the 60th day of the Legislative Session. The bill actually establishes a three-member authority to regulate and limit rates hospitals can charge but does not address any costs incurred by hospitals. Interestingly enough, the funding for this bill is borne by the hospitals themselves, thereby increasing their costs. This is reminiscent of medieval times when a condemned person was forced to pay for his own executioner in order to assure a swift and merciful death.

Before this authority has even met, hospital rates have been frozen at the level of February 1, 1983, regardless of any increases in costs for goods and services hospitals may have acquired since that time. In addition, the bill mandates a 12-per cent cap on increases in gross revenue for hospitals. Any funds in excess of this 12 per cent will go to the board itself with no indication as to how these monies are to be spent. Unfortunately, this provision is retroactive to the hospital's last reporting period. This means that if the hospital's fiscal year ended prior to the effective date of this legislation, then the 12-per cent cap could be on 1981 or 1982 revenues.

Many hospitals already may have exceeded those older limits through expanded services and offering improved care. This new legislation does not recognize these exceptions. The money is due *now*. This appears to me to be confiscation, not even an acceptable form of taxation. I am unaware of any other industry in our state which must turn over to a state-appointed bureaucracy a percentage of its gross revenue, not its profits.

Perhaps, if this legislation sets a precedent, the State Highway Department and the De-

partment of Motor Vehicles will set the same sort of cap on the revenues of the automobile dealers in our state and, by confiscating their money, could obtain the funding to fix the roads. In this example, one thing is for sure: there would be a lot fewer automobiles using those roads.

The bill also allows the rate regulators to have jurisdiction over the professional charges of a hospital-based physician under contract to a hospital. I do not feel that it would be advantageous to our attempts to attract top-flight radiologists, anesthesiologists, pathologists and emergency room physicians to West Virginia to have to inform them that their professional fees will be set in advance by a bureaucratic agency of the state government. Indeed, I wonder if we can retain some of the ones we now have.

As you have probably noticed, I do not like any part of this law. The original intent may have been good, but I feel it was an ill-conceived and politically motivated act which was passed in the closing moments of the session by political pressure, and possibly was poorly understood by a majority of the members of the legislature. I feel it will be detrimental to the quality of medical care of our citizens, as the regulators are given the authority to determine the "quality of care" without any representation or any input from the medical profession.

I fear in the future this will be considered the "Mandolidis decision" for the health care industry in our state. Down the road a few years we will need the same type of bail-out to recover from its effects as industry in our state received this year. Unfortunately, by then it may be far too late for many of our hospitals and physicians.

A handwritten signature in cursive script that reads "Harry Shannon M.D.".

HARRY SHANNON, M. D., *President*  
West Virginia State Medical Association