

House Ways and Means Subcommittee on Health
Testimony by Joe Minissale
President, Methodist McKinney Hospital

Chairman Brady, Ranking Member McDermott, members of the Ways and Means Health Subcommittee – thank you for inviting me to testify today. My name is Joe Minissale and I am the President of Methodist McKinney Hospital in Texas.

Hospital Overview

Methodist McKinney Hospital opened in February 2010, just months prior to the ACA prohibition on physician-owned hospitals. Our physician-owned hospital is a partnership with Methodist Health System, Nueterra Healthcare, and local physicians.

Our majority partner is Methodist Health System, a local non-profit system based in south Dallas. Over 51% of our profits go back to Methodist Health System, where they can be used to support the charitable missions of that health system, including caring for the underserved and indigent.

We accept Medicare, Medicaid, Tricare, Workers Compensation, and most managed care plans.

Our hospital employs over 119 full-time employees and has over 230 credentialed physicians, yet only 22 are physician investors.

We paid over \$2.5 million in taxes in 2014 alone, taxes not paid by non-profit hospitals.

Our hospital is also very active in the community. We support several local charitable organizations with volunteer time and/or donations.

Services provided include inpatient care (21 beds), emergency department (4 beds), surgery (8 OR's), imaging (MRI, CT, US, X-ray, mammography), physical therapy/occupational therapy, laboratory, pharmacy, sleep studies, GI, and pain management.

Our hospital offers a vast variety of specialties such as anesthesiology, cardiology, colo-rectal surgery, emergency medicine, ENT, family practice, gastroenterology, general surgery, gynecology, infectious diseases, internal medicine, neurosurgery, orthopaedics, pathology, plastic surgery, radiology, urology, and vascular surgery.

We have an average ER waiting time of just 76 minutes, compared to over 2 hours at our competitors.

We also have an incredibly low mortality rate, thanks in part to our inpatient nurse to patient ratio of 1 to 4.

Our hospital mission is to provide quality and compassionate care for our patients, incomparable service to our physicians, and an empowering workplace for our employees.

Our vision is to be recognized as the hospital of choice in the communities we serve by creating a destination medical center that sets the standard for superior healthcare delivery.

And we operate under our core values of S.E.R.V.E:

Servant Leadership – the service to others guides our actions

Enthusiasm – the celebration of our work as caregivers and healers

Respect – the courtesy extended to our employees and patrons

Visionary – embracing the changing needs of the community

Integrity – conducting our business in an honest and ethical manner

Compassion – providing service in a welcoming and caring environment

Excellence – the commitment to high standards of quality and performance

Why was Methodist McKinney Hospital Developed?

I think it is important to discuss why Methodist McKinney Hospital was developed. There are a lot of reasons, but I believe the primary reason was physician frustration and dissatisfaction with the existing local hospitals, their administration, and the health systems that owned them. The group of physicians who started Methodist McKinney wanted a hospital where patient care is the top priority, not the bottom line. They also wanted higher nurse to patient staffing ratios and grew tired of hearing patient complaints about quality and service. So they decided to take matters into their own hands and build a hospital which was driven by their values and principles.

The second reason is because of a demand for greater efficiency. Some doctors, especially surgeons, spend much of their time at a hospital. Having competent staff and high efficiency, especially in the peri-operative areas, significantly increases the quality of patient care and physician satisfaction with their job. Inefficiency in the peri-op department not only adds cost to healthcare delivery, but it directly affects a physician's ability to do more procedures in a given day. Because our hospital has higher staffing ratios and responds to the needs of our doctors and patients, we are able to operate more efficiently. This ultimately results in higher patient satisfaction.

Lastly, the doctors also believed that the future of healthcare was going to demand a higher quality, lower cost delivery model than the current big box hospitals provide. They knew that Value Based Purchasing (VBP) was coming and they wanted to respond to that need. Since the ACA's implementation of VBP, our hospital has consistently scored well for providing high quality, low cost care – yet the ACA simultaneously prohibits us from expanding.

Hospital-Physician-Employee-Community Alignment is Good for Care

Having spent my career managing hospitals, I know that the key to success is having a good alignment of goals between the physicians, staff, partners, patients, and the community. It is the philosophy of our partners and the MMH Board to operate the hospital based on the guidance of our local physicians and doing whatever is best for patient care at whatever the cost. This culture has endeared us greatly to local physicians, far beyond the 22 investors, because that is what they also want in a hospital. It is our physician ownership that makes this possible.

But we also care deeply about making sure we are addressing the needs of our staff, patients, and community. As a result, we have received many awards and achievements, including:

- receiving 4 out of 5 stars under CMS' Hospital Star Rating Program;
- scoring above the 90th percentile nationally for HCAHPS;
- exceeding 100% of the baseline for the CMS Value Based Purchasing Program;
- being awarded the Joint Commission's Gold Seal of Approval for accreditation;
- earning the recognition as a Dallas Fort Worth Top 100 Workplace in 2013 & 2014;
- receiving a score of 99 out of 100 on our lab survey (COLA 2014);
- being awarded a perfect survey with no findings noted on our 2014 Joint Commission Pathology Survey;
- earning a perfect survey with no findings noted on our 2015 Texas Department of State Health Services Mammography Survey; and
- being recognized as a 2014 Texas Hospital Quality Improvement Silver Award by the Texas Medical Foundation.

Methodist McKinney Hospital Expansion Dilemma

Thanks to strong support from the community, MMH is getting very close to the point where we have outgrown our facility and need to start expanding. McKinney and Collin County are growing at an incredible pace with a population increase of 70 percent since 2000. Patients can choose to receive their health care services at any one of many facilities in our area, but many chose MMH because of the quality of care provided by our hospital.

As a result, our board and partners are being forced by the ACA prohibition on expansion to make a very tough decision. Do we stop serving Medicare, Medicaid, and Tricare so that we can expand to meet the growing community demand or do we stop growing? If we are forced to drop out of the Medicare and Medicaid program, it will not only decrease competition and increase costs at other hospitals, but the 27% of our patients who are covered under those programs will be forced to receive care elsewhere.

While we have just started the process of discussing expansion, it is extremely discouraging to even consider undertaking the sometimes years long process to prove we meet the stringent requirements as a high-Medicaid facility or applicable hospital. As of today, only one – yes one – physician-owned hospital has been approved for expansion. But even if we did meet the

requirements for expansion, we would still be limited to the number of beds we could add. The arbitrary expansion exception under the ACA is not linked to quality of care or lower costs. Yet at the same time, lower quality, higher cost, for-profit and non-profit hospitals can expand without any limitations or hoops to jump through.

The Changing Healthcare Landscape in the McKinney, TX Area

Since MMH opened in February 2010 and after the ACA was passed, the healthcare landscape in and around McKinney has been changing at a rapid pace. For instance:

- Baylor, Texas Health Resources (THR), HCA, and Tenet have all begun buying up independent physician practices and recruiting new physicians to the market in a hospital employment model;
- THR purchased Medical Edge physician group (300+ physicians);
- THR bought 2 physician owned surgery centers near MMH;
- THR also bought Envision Imaging Centers;
- HCA bought CareNow urgent care centers; and
- Baylor Health System partnered with Select Medical (OP Physical Therapy Centers).

This is not nearly a comprehensive list, but a good example of consolidation that is occurring with the big hospitals in and around McKinney. Yet while these hospitals are consolidating practices, our hospital is unable to even add one bed because we have 22 physician investors.

Why does this matter? Data has shown that physician employment by hospitals and hospital consolidation is one of the biggest drivers of cost increases. So while we strive to reduce costs and provide care in the most cost-effective manner, we are being punished because of our physician-owners.

Emergency Department Myth

One of the main arguments against physician-owned hospitals is that they shouldn't be allowed to open or expand because they don't have EDs. I would like to set that record straight. Medicare does not require hospitals to have EDs. For instance, rural hospitals do not have EDs. What Medicare does require is that all Medicare providers comply with EMTALA. Not only does Methodist McKinney comply with EMTALA, we also have an ED.

Physician-Owned Hospitals and Cherry Picking Myth

There are those that argue physician-ownership of hospitals leads to cherry picking patients. But I can tell you based on my many years of working in hospitals, all hospitals and health systems, regardless of the ownership makeup, make decisions on which services to provide based in part on financial sustainability. So I'd like to take a moment to share a few experiences I have had in my career that touch on this point.

I previously worked for Rockwall Hospitals, a company that purchased Doctors Hospital Tidwell/Parkway in north Houston out of bankruptcy in 2007 with a group of physicians. This hospital is in a very underserved and economically disadvantaged area. It used to be owned by HCA, but they abandoned it despite maintaining a large presence in the Houston market. The local doctors felt it was essential to maintain service to this area and put their own capital up to do so. This hospital still serves that community today and is still physician owned. The question here is did the doctors at Tidwell/Parkway cherry pick or did HCA?

Second, I also worked for a county hospital and for-profit hospitals, including HCA and Community Health Systems. In every instance at those hospitals, our boards made decisions on what services to provide. We added new service lines and closed some service lines and in every case, a financial analysis was a major part of the decision process.

I am not sharing these examples to argue one ownership model is better than another. I mention them to show the inherent unfairness in saying because physicians have an ownership interest in a hospital, they act in bad-faith compared to for-profit or non-profit hospitals.

Conclusion:

In closing, I want to urge Congress to repeal Section 6001 of the ACA so that our hospital can meet the demands of our community. We believe that competition should be allowed in America and the market will decide who should survive and thrive based on cost, quality, service, etc. It should be the market and patients that chose winners and losers – not the federal government.