



HOUSE COMMERCE COMMITTEE

March 27, 2018

SB 502

Relative to Transparency and Standards for Acquisition Transactions in Health Care

Testimony

Good morning, Mr. Chairman and members of the committee. My name is Steve Ahnen, President of the New Hampshire Hospital Association (NHHA), representing all 26 of the state's community hospitals as well as all of our specialty hospitals.

SB 502 seeks to add additional criteria to the statute governing acquisition transactions involving health care charitable trusts. The national health care landscape is changing more rapidly and more profoundly than ever before. Change is coming to every hospital in the nation and is now a normal part of health care so the question isn't if, but when and how that change will occur. Examples abound across the country and we have certainly seen an increase in activity here in New Hampshire.

To thrive in the changing healthcare environment, hospitals and health systems are implementing a range of strategies, from population health management and retail clinics to partnerships and alliances with other hospitals and health systems, insurers and physicians. Nearly nine of out 10 hospitals in the country are considering some form of partnership or alignment as part of their strategic plans, according to a recent industry survey by Dixon Hughes Goodman, LLP.

The goal of these new relationships is to make the health care system more efficient and effective, as well as to ensure access to important health care services and providers is maintained and strengthened. By building integrated systems of care, we are closer to the goal of providing the right care, at the right place, at the right time, every time.

Hospitals support the work that the Charitable Trusts Unit of the NH Attorney Generals Office does in reviewing the transactions that come before it. We have worked closely with Director Donovan and his staff over the years on a number of important initiatives to improve transparency, clarity of reporting and ensuring New Hampshire's not-for-profit hospitals are fulfilling their missions of caring for the patients and communities who depend on them.

SB 502 would add additional criteria to the standards of review that the Director of Charitable Trusts would use to evaluate transactions involving health care charitable trusts, specifically focused on whether the transaction is in the best interests of the health care charitable trust and the community it serves, including the community's access to quality and affordable

physical and mental health care services. While we certainly are not opposed to transparency requirements, it is unclear to us that the Charitable Trusts Unit does not already possess the ability to review an acquisition involving health care charitable trusts with respect to its impact on the availability of health care services, including behavioral health care services. In fact, in a recent transaction that was reviewed and approved by the Charitable Trusts Unit, a requirement placed on that entity was to increase its number of behavioral health care providers by a certain amount and by a time certain.

And it would seem that this could have the effect of increasing the cost of these transactions should additional outside expertise be sought.

And it would also seem to lengthen the timeline of these reviews.

Again, Mr. Chairman, we appreciate the thoughtfulness of the sponsor and the work of the Director of Charitable Trusts and his staff, but at this time do not believe that SB 502 should move forward and would encourage further dialogue with stakeholders occur around these important issues.

Thank you for the opportunity to provide our comments. I'd be happy to answer any questions.