

Minutes of Meeting - HEALTH AND WELFARE COMMITTEE - 56th  
ASSEMBLY SESSION - March 31, 1971

Present: Prince, Smalley, Homer, Poggione, Wilson, Swallow,  
Glaser, and Valentine

Absent: White

Guests: W.S. Bennett, Administrator of the Churchill Public Hospital; Sister Maire Brigil, Administrator to Hospital in Henderson; Norman Peterson, Assistant Administrator for Washoe Medical Center; Sister Domingo, Nevada Hospital Association; Richard Lasbell and Mrs. Veroni, Independent laboratory owners; Dr. Jesto; Wilfred Sebbas, Administrator of the Pershing General Hospital; Clara Barnett, Administrator for the Lyon Health Center; Bill Ross, Health Division; Jack Goldin, Comprehensive Health Planning; Georgia Fulstone, Board of Health; John Carr, Health Division; Donald Grant, State Board of Health; and Dan Walsh, Nevada Chiropractic Association.

Meeting was convened by Chairman Wilson at 4:05 P.M.

S.B. 326: Establishes state comprehensive planning agency.

Sharon Greene, Executive Director of the Nevada Hospital Association, gave each member a prepared statement. (Attachment 1)

Dr. Jesto stated he is not in favor of legislation that picks out a specific interested group and protects them. This only protects people that currently have hospitals. This would give the advisory group too much power that is not originally intended.

Dr. Carr, Health Division, stated that if extended care facilities were converted without a need, this would just cost the public extra dollars. He felt the agency should stay with planning only. They want the Health Division to be able to issue or deny a new license or alter an existing license for an increase in the number of beds.

Sister Marie Brigil stated this bill would protect the consumer against quackes and improper care.

Mr. Wilson stated that of all of the facilities we have, sometimes there are even patients in the isles, yet we have a controversy when someone wants to build another hospital. He wanted to know who is responsible to state how many beds are needed and who gives some guidelines so the people will know what is going on.

PAGE 2

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Mrs. Green stated the Clark County agency reviewed this. The Counsel feels there are enough beds to take care of the needs for the next five years. Anything over that would be an over supply.

Assemblyman Branch stated he is a member of the Comprehensive Planning Agency in Clark County. He is very much in favor of this bill but he wanted an amendment. (Attachment 2)

Dr. Jesto stated somebody said this is a consumer's bill. He felt this authority to deny a license is an attempt for current hospitals to take control of the number of beds. He felt there will never be any new hospitals with this type of legislation. This bill provides them with veto power. If they can deny beds, this isn't a consumer's bill.

Mrs. Green reminded him that the counsel is made up of eleven people chosen by the Governor. Six of the members are consumers. She did not feel the Governor would pick anybody that he did not feel would do a good job.

S.B. 335: Repeals certain provisions concerning food and drink establishments and removes money limitation for foodhandlers' physical examinations.

Windell Macuran, Health Division, stated this removes certain sections of the statutes which were adopted by the Board of Health. This bill would just clean up the statutes.

S.B. 347: Makes certain changes in chiropractic practice administration.

Dan Walsh, Nevada Chiropractic Association, stated the main purpose for this type of legislation is to eliminate advertising that is not true. This will also exempt licensee's over the age of 70 years from attending extra schooling each year.

A.B. 501: Provides for licensing of medical laboratory personnel and revises procedure for licensing certain medical laboratories.

Mr. Veroni, Independent Laboratory Owner, felt this group of lab owners have been discriminated against. She didn't understand why independent lab owners who have been in business before 1967 have to take an examination, while others that are new in the state have gotten their license with taking an examination. She felt they should have been grandfathered in but were not. She gave each of the Committee members an article on this subject to read.

Richard Lasbell stated some of the lab owners took the exam and passed but were still not issued a license. He felt the law should be more specific. Some of the labs are being discriminated against.

Meeting adjourned at 5:30 P.M.

ASSEMBLY

AGENDA FOR COMMITTEE ON HEALTH AND WELFARE

Date March 31 Time P.M. RecessRoom 328

<u>Bills or Resolutions to be considered</u>	<u>Subject</u>	<u>Counsel requested*</u>
<u>S.B. 326</u>	<u>Establishes state comprehensive health planning agency.</u>	<u></u>
<u>S.B. 335</u>	<u>Repeals certain provisions concerning food and drink establishments and removes money limitation for food- handlers' physical examinations.</u>	<u></u>
<u>S.B. 347</u>	<u>Makes certain changes in chiropractic practice administration.</u>	<u></u>
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\*Please do not ask for counsel unless necessary.

HEARINGS PENDING

Date \_\_\_\_\_ Time \_\_\_\_\_ Room \_\_\_\_\_  
Subject \_\_\_\_\_

Date \_\_\_\_\_ Time \_\_\_\_\_ Room \_\_\_\_\_  
Subject \_\_\_\_\_

## COMPREHENSIVE HEALTH PLANNING

Mr. Chairman, Committee Members;

I am Sharon Greene, Executive Director of the Nevada Hospital Association. The individual members of the Association and I are pleased to be able to comment on S. B. 326.

We are here to support this bill because we believe the personal and economic benefits to be derived by Nevadans as a result of this bill's potential enactment is as great as any bill before this Legislature. ~~With the proper amendments~~ This bill will:

1. Conserve dollars now expended for hospital and medical services.
2. Provide a better distribution of facilities, and consequently increase the availability of health care.
3. Reduce the direct demand upon the state government for construction and operational dollars of state health facilities.
4. Reduce county tax loads as they relate to health services.
5. Reduce the welfare costs by reducing the cost that is paid to the providers of health care services.
6. Provide Nevada with a health care system which has continuity and unison of effort.

These are strong statements of expectation from one single bill which has been introduced relatively late in this session by the administration. These expectations are not unreal, however, The health industry, which is the nation's third largest, is fast moving into the realm of the utilities. The reasons are

very simple:

1. The demand for consumer dollars has hit an unprecedented level. Seventy <sup>6</sup> billion per year is being spent on health care.
2. The distribution of services alone precludes their availability to all our citizens.
3. Traditional laws of supply and demand in the free enterprise system do not contribute towards expected economies.

In very simple terms, the health industry needs to plan and this bill can provide that mechanism.

Many states have gone through the voluntary planning stage and found that planning without "teeth" is relatively ineffective. New York, Connecticut, Massachusetts, Maryland, Rhode Island, and California are six states which have put teeth into planning... primarily through the licensure mechanism which is incorporated into S. B. 326. Their general feeling is this - competition created through over supply of hospital beds does not create any more economies than the franchising of two electric or gas companies for the same area. The capital investment required and realities of operational economics can only result in a higher cost to the consumer when two hospitals serving the same geographic area are allowed to create facilities that exceed the demand. Therefore, the general consensus of those involved in the planning of health care services almost universally recommended that the state licensing agency be given the authority to withhold the license of those facilities that expand regardless of the planning agencies' recommendations.

Without a State Comprehensive Health Planning Agency with authority, the effective return to the public of benefits for the tax dollars spent will be minimal if not non-existent. Currently the Comprehensive Health Planning Agency in Clark County is having little effect upon the health facilities or services. Their recommendations are almost totally ignored unless the recommendations happen to be consistent with the goals of the facility, service organization, or commission. It is nothing more than an exercise in futility of effort and a waste of tax dollars when you establish a planning agency without authority.

By Federal law, the majority of the Council members must be consumers. This gives John Doe Public, who is paying the bills, the opportunity to be a part of the decision making body working to build a better health system.

The hospitals of our state are willing to put themselves under the regulating authority of a Comprehensive Health Planning Council, in order to make an effort to contain the high rising costs of hospital care. We realize if we don't make this effort, someone else will come in and make it for us.

The following are excerpts from various speeches given at a "Conference on Effective Utilization of Health Care Facilities and Services", held recently in Chicago:

"As a nation, we are putting much faith in comprehensive health planning to bring about orderly growth. We see health planning agencies fast becoming viable and politically significant. They are the best hope we have to properly assess needs, set priorities, and determine how best to meet the needs. "

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"The potential of health planning as a cost control has long been recognized by those in the health business."

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"At the national health scene, most particularly at the Federal level, is confusion, lack of leadership, apparently no specific direction, no real goals, and, as many people see it, is really in crisis.

Now in the states, the situation obviously varies around the country, but in many ways the states can't help but reflect the national picture perhaps partly because the Feds have so large a piece of the action these days.

How are the States different from the national scene? It is a difference of magnitude rather than substance. We have the problem of the cities, spread out rural areas with their growing dearth of health care resources, the manpower shortages, the financial crises, delivering system dilemmas, drug addiction, alcoholism, nutritional problems, lack of adequate long-term facilities, emotional and behavioral disorders.

Without doubt, comprehensive health planning can help solve some of these problems."

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"CHIP can devise an orderly method by which we sort out the problems and apply the best answers within the resources we are able and willing to supply. This process should not be a one-shot affair, as it too often is, but a continuing process that involves both the providers and consumers,

consumers being not only those who receive services and benefits but also those who pay for them. We can absolutely no longer afford the luxury and wastefulness of wide-scale duplication of services and facilities, costly inefficiencies and vested interest competition... Providers and consumers must recognize and accept the leadership responsibility to sit down together to explore intelligently and factually the problems we have, classify them in terms of needs, rank them in priority order and assist in devising the alternatives to meet those needs, then seeing to it that the resources are deployed to meet those priority needs. This, is perhaps the most revolutionary idea behind comprehensive health planning; namely, that health is not a commodity that is bought, sold and manipulated by the so-called health professionals. On the contrary, health is first and foremost a right of the people and the people, as consumers of health services, must assume the dominant role in planning how these services, these health resources are to be dispensed and allocated. "

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'Regarding the functioning of planning services, Dr. Guthrie said he would continue to favor consumer majorities. He also hopes that consumer dominated agencies will not be rendered ineffectual by functional restrictions. 'Some people', he said, 'have felt that planning agencies should stick close to the collection of planning data, studying and indexing... the extent, quality, etc., of health resources...' and to the identification of the health needs of people and the priorities of those needs in order to develop 'a plan'. Some people have declared, Dr. Guthrie noted, that this is not only the primary but the sole function of a planning agency.

'We find, however, planning agencies being faced with tough decisions requiring entry into the operational arena, i. e., as they come across serious needs and there is no one currently able or willing to take on the chore, the planning agency is asked to step in. Originally, I felt that planning would be dealt a serious blow if it had to put its foot in the operational water.'

He said he has found, however, that planning agencies can and, when necessary, should '... step into the operating water in order to accomplish a particularly high priority need...'

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"The problems which had stirred an interest in health planning... continued to grow and elicit more public concern. This concern for the problem and the desire to 'do something' has led to increasing pressure on the comprehensive health network to become a decision-making body as well as -- or instead of, depending on your philosophy -- a planning body. "

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20—Thursday, March 25, 1971 Reno Evening Gazette

# Nevada Senate passes comprehensive health planning bill

Nevada's first comprehensive health planning program would be created under a bill that has been approved by the state Senate.

The bill, SB 326, establishes an 11-man health advisory coun-

cil, a health planning agency to serve as staff to the council and a state health planner who would be responsible only to the governor's office. It was passed unanimously Wednesday and sent to the Assembly.

The council's main function would be to develop a health plan for Nevada over the next two years. The plan would identify state health problems and propose solutions to them.

The council would also have final say over the issuance of licenses for hospital beds or other health services throughout the state. The State Health Division would not be able to issue such licenses without written approval from the council.

This provision was the only one to cause concern before the bill was passed.

Sen. Carl F. Dodge, R-Fallon, asked if the bill's intention were to give the council veto power over the health division. If so, he asked if that was desirable.

Sen. Lee Walker, D-North Las

Vegas, chairman of the health and welfare committee that introduced the bill, said it does not tend to give veto power. That is the only way to make the council effective, he said. The Senate Finance Committee has already approved spending \$36,550 over the next two years to fund the program. The money, which represents only 25 per cent of the total cost and will be supplemented by federal funds, would help pay for the health planner and two assistants.

S. B. 326

Section 11. 1. The Health Division of the Department of Health, Welfare and Rehabilitation may issue or deny a new license, or may alter an existing license for an increase in the number of beds or types of services offered by a health facility; provided, however, it shall take such action in accordance with the written recommendation of the comprehensive health planning agency.

December, 1969

# Opinion of the Department of Justice

The Department of Justice charged that the public throughout the country has been forced to pay excessive prices for blood tests, urinalysis and other medical laboratory services because of an antitrust conspiracy by the College of American Pathologists.

Attorney General Nicholas deB. Katzenbach said the charges were contained in a civil antitrust suit brought against the College, a nationwide association of about 4,500 medical doctors specializing in pathology. Members of the association own virtually all the 20,000 COMMERCIAL MEDICAL LABORATORIES in the United States, which have annual sales exceeding three billion dollars.

The association was charged with illegally monopolizing and restraining the medical laboratory trade. The Department asked for a court order to end the association's practices which assertedly violate the restraint-of-trade and monopoly sections of the Sherman Antitrust Act.

The suit said the association and its members are engaged in a conspiracy aimed at operation of all commercial medical laboratories solely for the profit of pathologists, elimination of such laboratories owned or operated by others—such as chemists, biologists or physicists—regardless of the quality of their work and an absence of price competition among members of the association.

Acting in the conspiracy, the suit alleged, the association and its members have:

—Agreed to refuse affiliation with any commercial medical laboratory not operated solely for the profit of pathologists and to establish a commercial

## OPINION (continued from page 2)

boycott of such laboratories by all doctors.

—Agreed to refuse positions with any profit-making hospital unless its entire medical laboratory profit goes to a pathologist.

Made price-fixing agreements under which prices for laboratory services have been maintained at artificially high levels and under which prices for goods and services purchased by laboratories from hospitals and other institutions have been maintained at artificially low levels.

As a result of these actions, the public has been forced to pay higher prices

for medical laboratory services and for insurance covering these services and in some cases, has been unable to obtain all necessary medical laboratory tests.

Doctors are prevented from dealing with the laboratories of their choice and are unable to take advantage of many scientific and technological advancements in the laboratory field.

The Department asked for an injunction against further monopolistic practices by the College of American Pathologists and also an order requiring whatever action is judged necessary to restore competition to the commercial medical laboratory industry in this country.

## Sherman Act

**Conspiracy to Monopolize—Commercial Medical Laboratories:** An association of pathologists was barred by the terms of a consent decree from attempting to prevent other persons from entering or conducting a commercial medical laboratory business. The decree prohibits the defendant, and any persons acting with it, from restricting or preventing any person from organizing, owning or operating any laboratory, from referring specimens or patients to any laboratory, from performing laboratory services for any person, or from associating or affiliating with any laboratory or being employed by any laboratory. The decree also prohibits the association from attempting to control or influence prices for medical laboratory services.

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