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State's stiffing of Nemours is bad medicine Published June 12, 2007

America is based on the belief we become more efficient through the brutal process of competition.

With that brief intro, I segue to the plan by Nemours to build a new children's hospital.

By now, Nemours should be designing the facility in preparation for construction. But state regulators have twice turned down the nonprofit foundation.

They operate under an antiquated, Soviet-style system that goes by the appropriate acronym: CON -- Certificate of Need.

The reason they rejected Nemours was to protect Orlando Regional Healthcare and Florida Hospital from competition. The theory is that unlike other industries, hospitals work most efficiently as quasi-monopolies.

Trying to overcome that idiotic assumption, Nemours has shuffled its paperwork and put in a third application. A decision is expected Friday.

Supporters of centralized control argue that competition increases health-care costs by duplicating services. I once bought into that.

But if thwarting competition reduces costs, where are the savings? We have the most expensive health-care system in the world, and it isn't getting any cheaper.

About three years ago, the U.S. Department of Justice and the Federal Trade Commission spent 27 days holding hearings on competition in health care.

They concluded that programs like Florida's CON process "are not successful in containing health care costs, and they pose serious anti-competitive risks that usually outweigh their purported economic benefits."

The report notes that CON programs could keep out medical facilities that could provide better services than the existing ones.

One example: specialty hospitals that deal in only certain fields, such as cardiac or orthopedic care. There is evidence they may do procedures more efficiently and with fewer complications.

The growth of these hospitals is concentrated in states that allow the free market to operate unhindered. Why? They compete with existing community hospitals, which can block them in states with heavy-handed regulation, such as Florida.

Medical technology is evolving rapidly. It may be that the aging model of large community hospitals becomes increasingly obsolete as we move toward smaller, more adaptable facilities.

As someone who works in an aging model of news delivery, going up against the more adaptable Internet, I know the pain of coming out on the losing end of economic Darwinism.

But I didn't have the government to keep out radio news in the 1930s or television news in the 1950s or the Internet in the 1990s.

Just because an industry has been there a long time and is an established part of the community doesn't entitle it to any special protection from market forces.

Even if you buy the assumption that this area is only big enough for one children's hospital, why do bureaucrats 300 miles away get to decide which one it will be?

Do you know what would happen to service at Orlando Regional's Arnold Palmer Hospital for Children if Nemours were to be built?

It would improve.

And to match that improvement, Nemours would have to improve.

And to whoever improves the most goes the victory.

Viva America!

We can only hope that with a nudge from Charlie Crist, the bureaucrats sign off on Nemours.

And then the Legislature should move toward getting Florida out of the hospital-regulatory business.

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