



Public Policy Foundation
of West Virginia

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STUDY RECOMMENDS CREATION OF HOSPITAL FACILITIES AUTHORITY Agency would be tasked with considering privatization

The Public Policy Foundation of West Virginia has issued a report recommending that the Legislature create the Hospital Facilities Authority (HFA) with the power to privatize all or part of each of the state's seven hospitals. The study found that all of the facilities provide a high degree of quality care despite chronic underfunding, critical shortages and high turnover of staff due to the state's strict compensation policies.

"West Virginia is decades behind almost all other states in transitioning their acute and long-term care facilities to structures with greater flexibility that will allow them to attract and retain nurses and other health care providers," stated Dr. Terry Wallace, a Senior Distinguished Scholar with the organization. "Moreover, it will take at least \$100 million to modernize these facilities – something the state is just not in a position to do."

Wallace, who administered similar facilities in Ohio, cited Department of Health and Human Resources (DHHR) officials who stated that the \$70 million in improvements recommended in a 2012 report has now increased to nearly \$100 million.

During the 2018 session, the Legislature considered a DHHR proposal that would have created a new cabinet level position to maintain the facilities. Wallace noted that such a move would not address the need to eliminate the state's restrictive personnel policies.

"Hospital officials told us that when they asked for the authority to offer nurses \$3 to \$4 an hour more, the Division of Personnel denied their request saying, 'If you paid them more, we would have to pay other nurses more'." Wallace said.

The report places the blame on the state maintaining a bureaucratic model to operate the hospitals while most other states have moved to some form of privatization. The report notes that the types of privatization that other states have employed include sales of the entities to both for-profit and non-profit organizations; leases; joint operating agreements; joint ventures; community-wide public-private partnerships; comprehensive outsourcing; and service shedding.

“The mission of the HFA would be to align each hospital with a privatization model that would best suit their own unique circumstances.” Wallace stated.

The report also cites a study conducted by the American Medical Association that concluded that, overall, privatization improved the fiscal health of facilities and did not impact the level of quality care provided or the proportion of low income or minority patients receiving care.

“We sent a copy of the report to Senator Greg Boso who expressed an interest in addressing this problem during the last session.” Wallace added. Boso will serve as chair of the Senate Government Organizations Committee during the upcoming session which begins on Wednesday, January 9, 2019.

A copy of the report can be found at www.ppfwv.org.

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