

CERTIFICATE-OF-NEED LAWS



ALABAMA STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in an Alabama without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN ALABAMA

Acute Hospital Beds
Ambulatory Surgical Centers (ASCs)
Burn Care
Cardiac Catheterization
Gamma Knives
Home Health

Hospice
Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)
Long-Term Acute Care (LTAC)
Neo-Natal Intensive Care

Nursing Home Beds/
Long-Term Care Beds
Obstetrics Services
Open-Heart Surgery
Organ Transplants
Psychiatric Services

Radiation Therapy
Rehabilitation
Renal Failure/Dialysis
Substance/Drug Abuse
Swing Beds

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Alabama without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

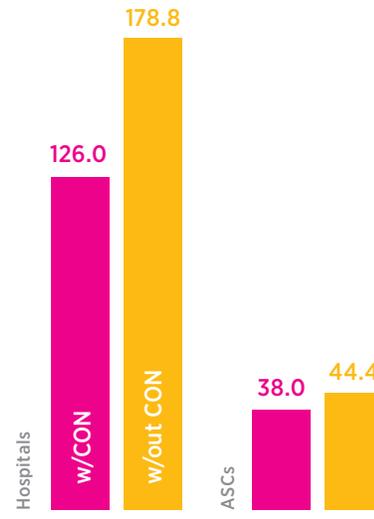


ACCESS

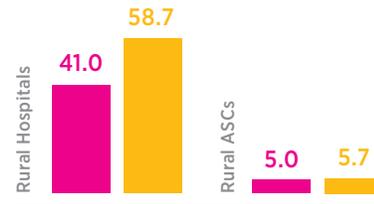
Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete with traditional hospitals. These states have fewer rural ASCs.

Research also finds that states with CON programs have fewer hospitals in general (in rural and nonrural areas alike), and states with ASC-specific CON regulations have fewer ASCs in general.

Estimated changes in access to healthcare facilities in Alabama without CON



TOTAL FACILITIES

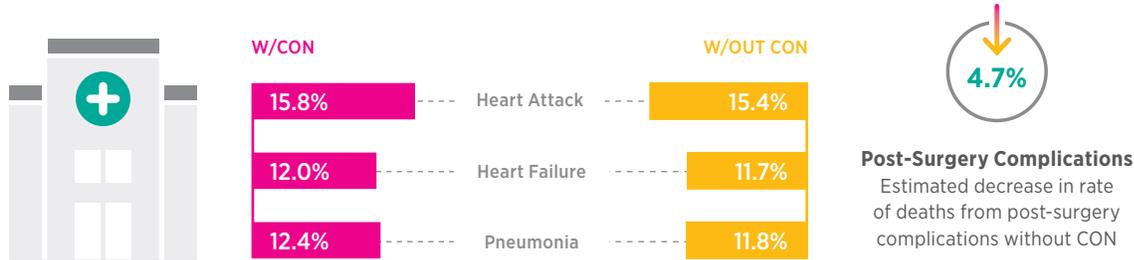


RURAL FACILITIES

QUALITY

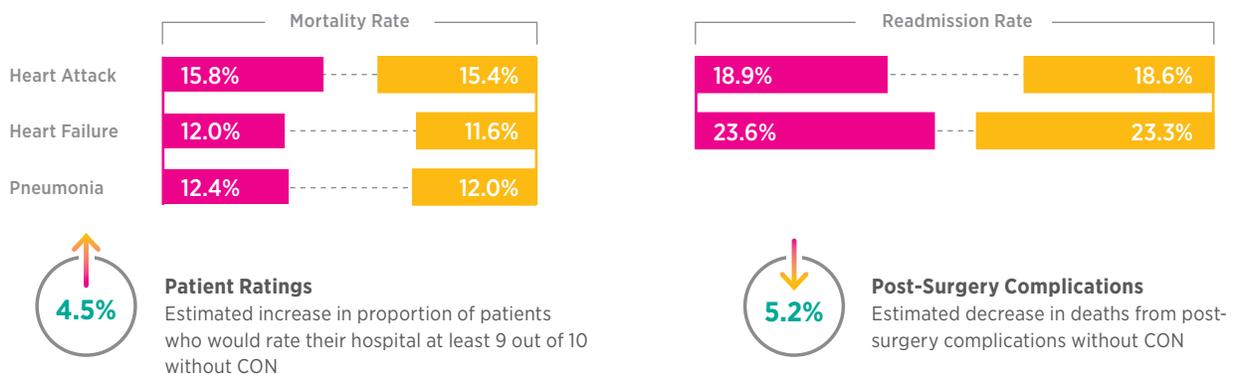
Supporters of CON suggest these regulations positively impact healthcare quality, but research finds the quality of hospital care in CON states is not systematically higher than hospital quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Alabama healthcare quality indicators (full sample, at least one CON law)



Alabama is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

Estimated changes in Alabama healthcare quality indicators (restricted sample, four or more CON laws)



CERTIFICATE-OF-NEED LAWS



ALASKA STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in an Alaska without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN ALASKA

Acute Hospital Beds	Gamma Knives	Neonatal Intensive Care	Positron Emission Tomography (PET) Scanners
Ambulatory Surgical Centers (ASCs)	Lithotripsy	Nursing Home Beds/ Long-Term Care Beds	Psychiatric Services
Burn Care	Long-Term Acute Care (LTAC)	Obstetrics Services	Radiation Therapy
Cardiac Catheterization	Magnetic Resonance Imaging (MRI) Scanners	Open-Heart Surgery	Renal Failure/Dialysis
Computed Tomography (CT) Scanners	Mobile Medical Imaging	Organ Transplants	Subacute Services

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Alaska without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

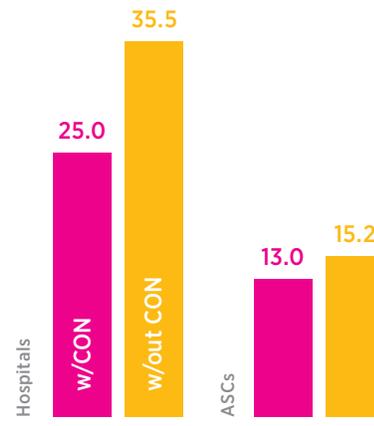


ACCESS

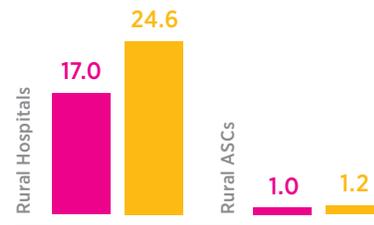
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Research also finds that states with CON programs have fewer hospitals in general (in rural and nonrural areas alike), and states with ASC-specific CON regulations have fewer ASCs in general.

Estimated changes in access to healthcare facilities in Alaska without CON



TOTAL FACILITIES

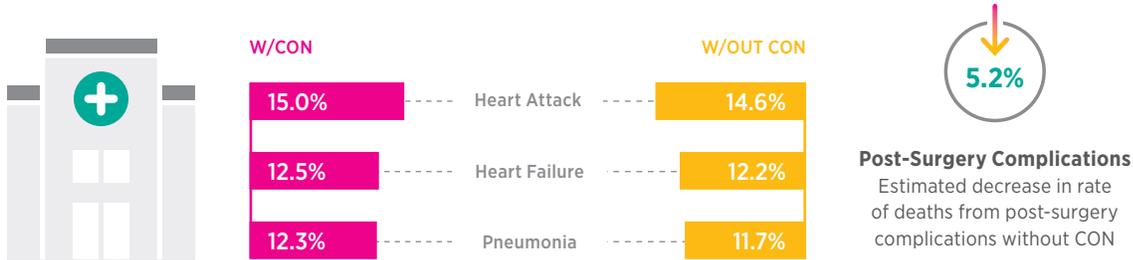


RURAL FACILITIES

QUALITY

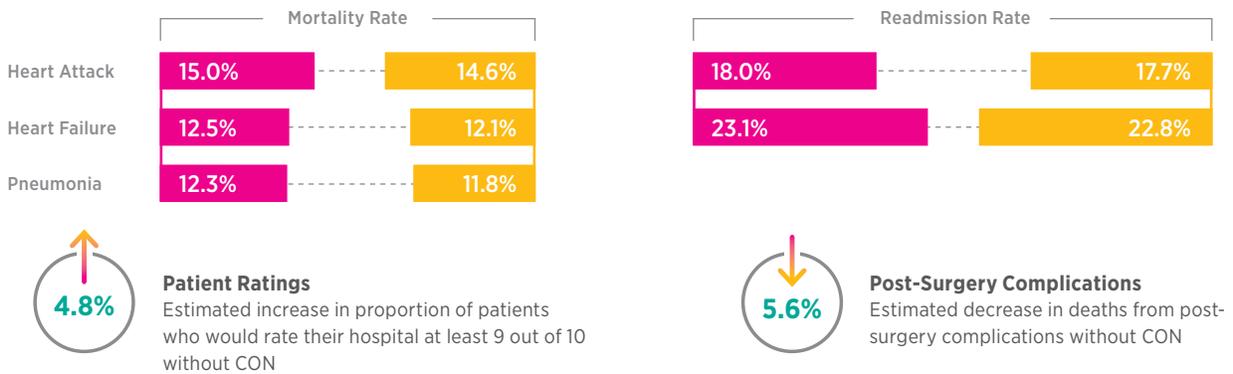
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Estimated changes in Alaska healthcare quality indicators (full sample, at least one CON law)



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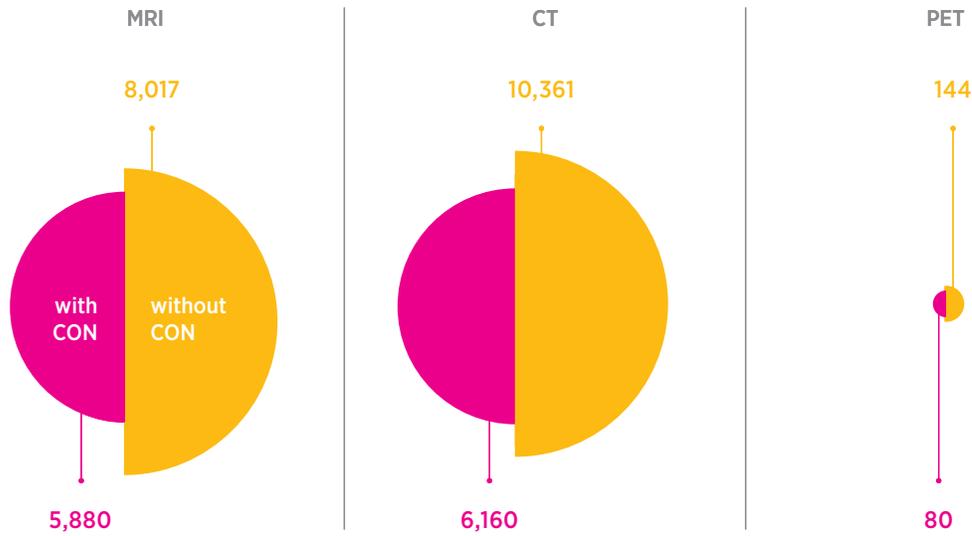
Estimated changes in Alaska healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

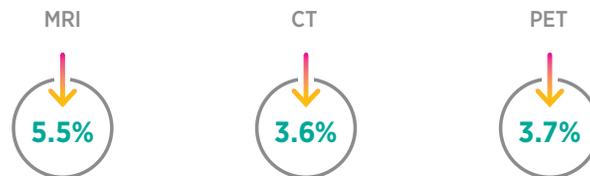
CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



Thomas Stratmann and Matthew C. Baker look at the relationship between CON and the imaging claims of Medicare beneficiaries, which constitute only a portion of the total market for medical imaging services. However, CON laws limit the supply of imaging technologies to all consumers, meaning the results here underestimate the total effect of CON regulation on the utilization of medical imaging services.

While CON programs are associated with reduced use of imaging services by nonhospital providers, they were found to have no statistically significant effect on the use of imaging services provided by hospitals. This suggests that CON laws protect hospitals from nonhospital competition. The net effect is to lower the overall use of imaging services.

The effect of CON on MRI and CT scans per 1,000 Medicare beneficiaries was statistically significant at the 15% level. The effect of CON on a patient's probability of traveling outside the patient's county of residence for PET services was also statistically significant at the 15% level. All other variables were statistically significant at levels ranging from 1% to 5%.

Some states have added CON requirements for particular services since these analyses were conducted; the states with such new requirements are not visualized. For the latest information on which states regulate which procedures through CON, see Christopher Koopman and Anne Philpot, "The State of Certificate-of-Need Laws in 2016," Mercatus Center at George Mason University, September 27, 2016.

Source: Thomas Stratmann and Matthew C. Baker, "Barriers to Entry in the Healthcare Markets: Winners and Losers from Certificate-of-Need Laws" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2017).

CERTIFICATE-OF-NEED (CON) LAWS



ARIZONA STATE PROFILE

Arizona regulates ground ambulance services with a certificate-of-need (CON) law. However, because its CON only applies to ambulance services, most researchers do not include the state in their regression analyses. For this reason, we do not provide a profile for Arizona.



HEALTHCARE SERVICES THAT REQUIRE A CON IN ARIZONA

Ambulance Services

CERTIFICATE-OF-NEED LAWS



ARKANSAS STATE PROFILE

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HEALTHCARE SERVICES THAT REQUIRE A CON IN ARKANSAS

Assisted Living/Residential
Care Facilities
Home Health
Hospice

Intermediate Care Facilities
for Individuals with
Intellectual Disability
(ICF/IDs)

Nursing Home Beds/
Long-Term Care Beds

Psychiatric Services

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Arkansas without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

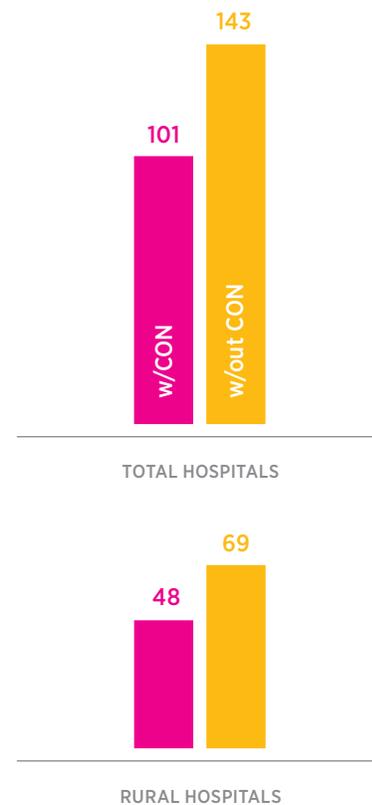


ACCESS

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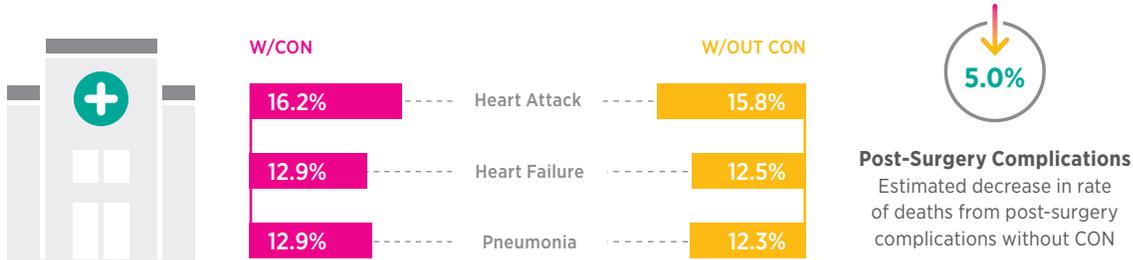
Estimated changes in access to healthcare facilities in Arkansas without CON



QUALITY

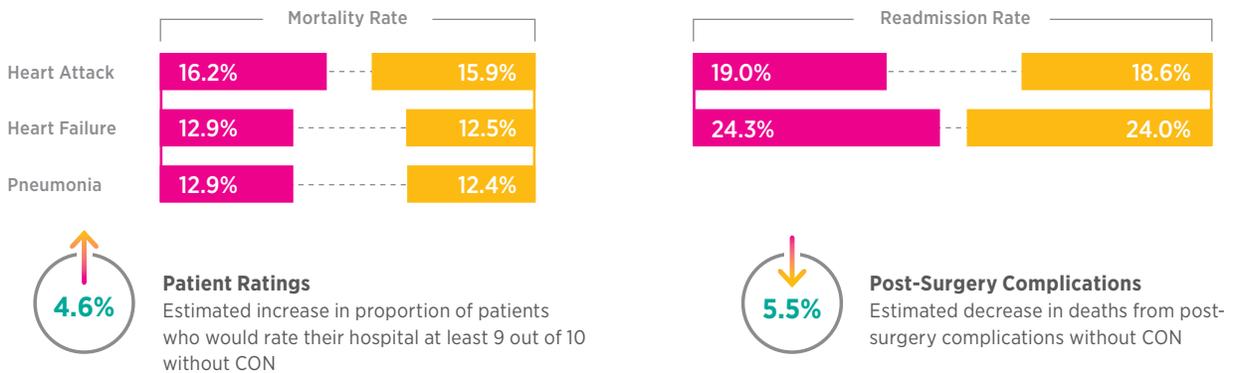
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Arkansas healthcare quality indicators (full sample, at least one CON law)



Arkansas is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

Estimated changes in Arkansas healthcare quality indicators (restricted sample, four or more CON laws)



Findings on heart failure readmission rates, heart attack readmission rates, and the percentage of patients giving their hospital a 9 out of 10 or 10 out of 10 overall rating were statistically significant only in the restricted sample of states that regulate four or more services with certificate of need.

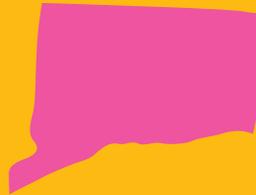
This study uses an identification strategy that exploits the fact that, on occasion, a local healthcare market is divided between two states, one with a CON law and the other without. Four is the median number of CON laws for CON states in this subsample.

The survey referred to is the Hospital Consumer Assessment of Healthcare Providers and Systems survey. It was developed by the Centers for Medicare and Medicaid Services in partnership with the Agency for Healthcare Research and Quality, and it is based on a standardized instrument and data collection methodology that allows for cross-hospital comparisons of patients' experiences related to different aspects of care. "Highest overall quality rating" is defined as a 9 out of 10 or 10 out of 10 rating on the survey.

Some states have added CON requirements for particular services since these analyses were conducted; the states with such new requirements are not visualized. For the latest information on which states regulate which procedures through CON, see Christopher Koopman and Anne Philpot, "The State of Certificate-of-Need Laws in 2016," Mercatus Center at George Mason University, September 27, 2016.

Source: Thomas Stratmann and David Wille, "Certificate-of-Need Laws and Hospital Quality" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2016).

CERTIFICATE-OF-NEED LAWS



CONNECTICUT STATE PROFILE

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HEALTHCARE SERVICES THAT REQUIRE A CON IN CONNECTICUT

Acute Hospital Beds
Ambulatory Surgical
Centers (ASCs)
Cardiac Catheterization

Computed Tomography
(CT) Scanners
Linear Accelerator
Radiology
Long-Term Acute Care
(LTAC)

Magnetic Resonance
Imaging (MRI) Scanners
Mobile Medical Imaging
Positron Emission
Tomography (PET)
Scanners

Psychiatric Services
Radiation Therapy
Substance/Drug Abuse

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Connecticut without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

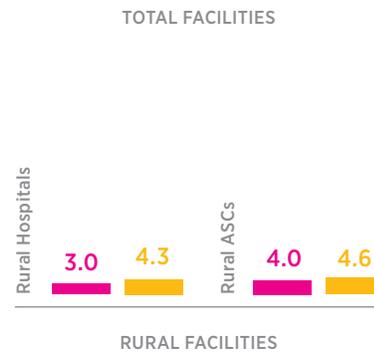
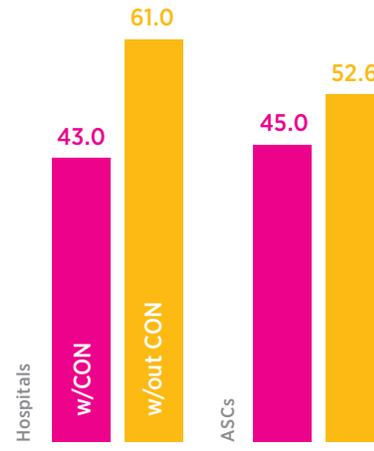


ACCESS

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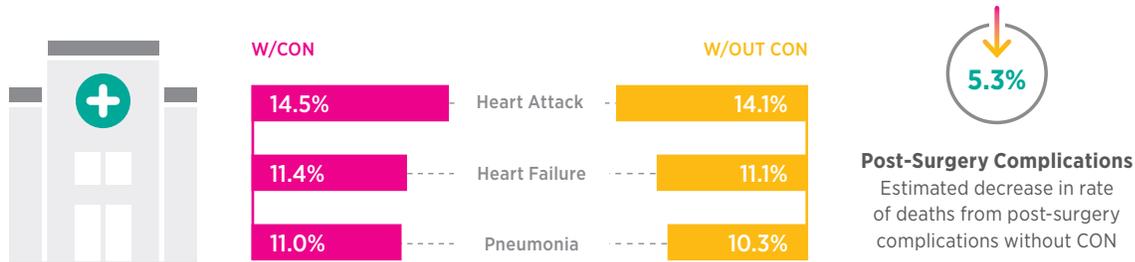
Estimated changes in access to healthcare facilities in Connecticut without CON



QUALITY

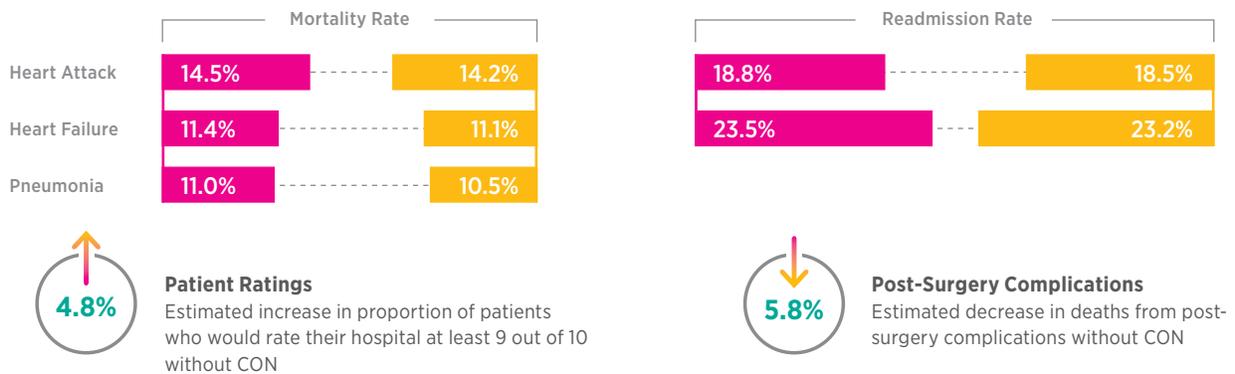
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Connecticut healthcare quality indicators (full sample, at least one CON law)



Connecticut is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

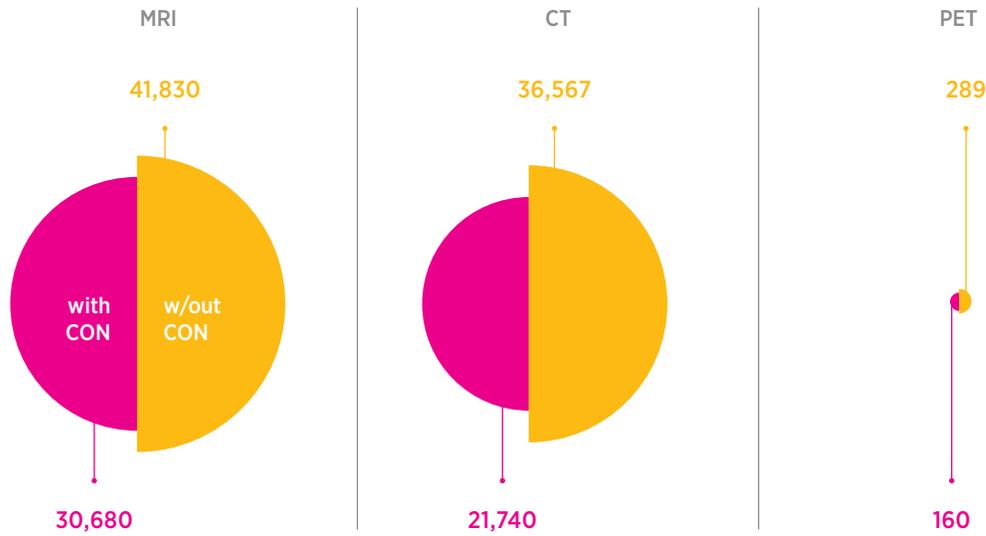
Estimated changes in Connecticut healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

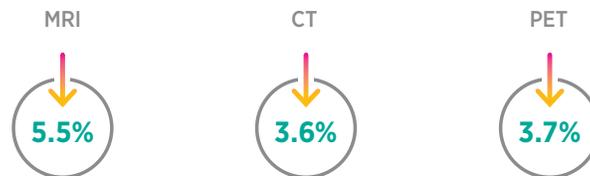
CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



Thomas Stratmann and Matthew C. Baker look at the relationship between CON and the imaging claims of Medicare beneficiaries, which constitute only a portion of the total market for medical imaging services. However, CON laws limit the supply of imaging technologies to all consumers, meaning the results here underestimate the total effect of CON regulation on the utilization of medical imaging services.

While CON programs are associated with reduced use of imaging services by nonhospital providers, they were found to have no statistically significant effect on the use of imaging services provided by hospitals. This suggests that CON laws protect hospitals from nonhospital competition. The net effect is to lower the overall use of imaging services.

The effect of CON on MRI and CT scans per 1,000 Medicare beneficiaries was statistically significant at the 15% level. The effect of CON on a patient's probability of traveling outside the patient's county of residence for PET services was also statistically significant at the 15% level. All other variables were statistically significant at levels ranging from 1% to 5%.

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CERTIFICATE-OF-NEED LAWS



DELAWARE STATE PROFILE

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HEALTHCARE SERVICES THAT REQUIRE A CON IN DELAWARE

Acute Hospital Beds
Ambulatory Surgical
Centers (ASCs)

Cardiac Catheterization
Lithotripsy

Long-Term Acute Care
(LTAC)
Nursing Home Beds/
Long-Term Care Beds

Positron Emission Tomography
(PET) Scanners
Radiation Therapy

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Delaware without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

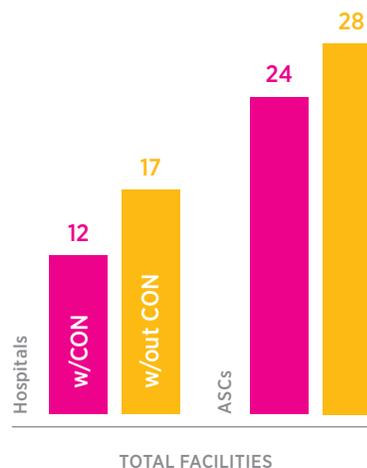


ACCESS

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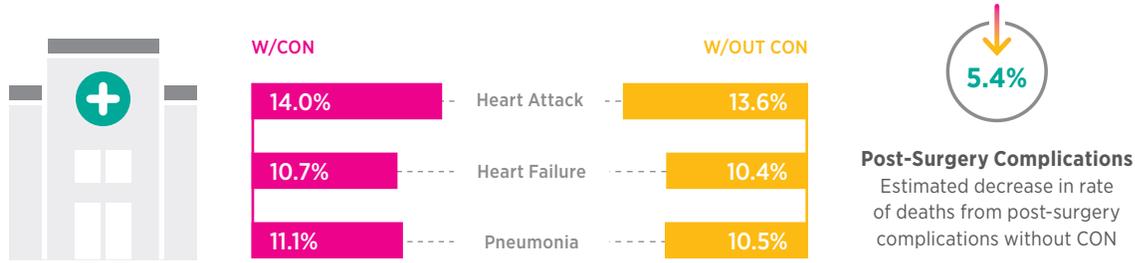
Estimated changes in access to healthcare facilities in Delaware without CON



QUALITY

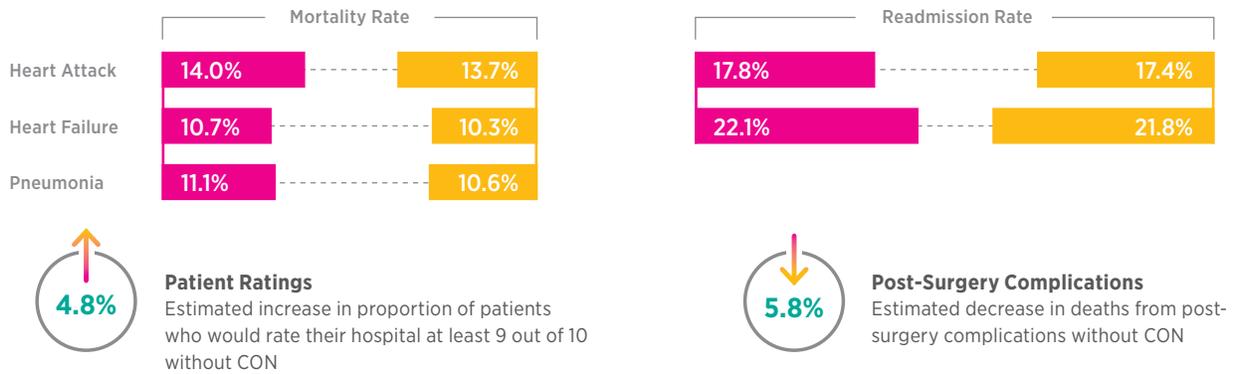
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Estimated changes in Delaware healthcare quality indicators (full sample, at least one CON law)



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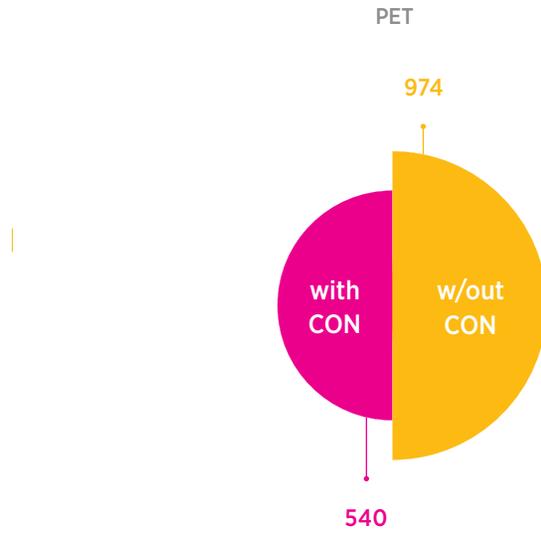
Estimated changes in Delaware healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

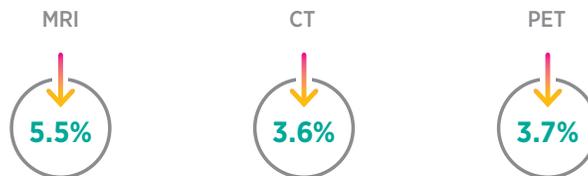
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Estimated effect on medical imaging by nonhospital providers without CON



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Estimated percentage point reduction in out-of-county scans without CON



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Source: Thomas Stratmann and Matthew C. Baker, "Barriers to Entry in the Healthcare Markets: Winners and Losers from Certificate-of-Need Laws" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2017).

CERTIFICATE-OF-NEED LAWS



FLORIDA STATE PROFILE

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HEALTHCARE SERVICES THAT REQUIRE A CON IN FLORIDA

Acute Hospital Beds

Assisted Living/Residential
Care Facilities

Burn Care

Cardiac Catheterization

Home Health

Hospice

Intermediate Care Facilities
for Individuals with
Intellectual Disability
(ICF/IDs)

Long-Term Acute Care
(LTAC)

Neonatal Intensive Care

Nursing Home Beds/
Long-Term Care Beds

Open-Heart Surgery

Organ Transplants

Psychiatric Services

Rehabilitation

Subacute Services

Substance/Drug Abuse

Swing Beds

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Florida without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

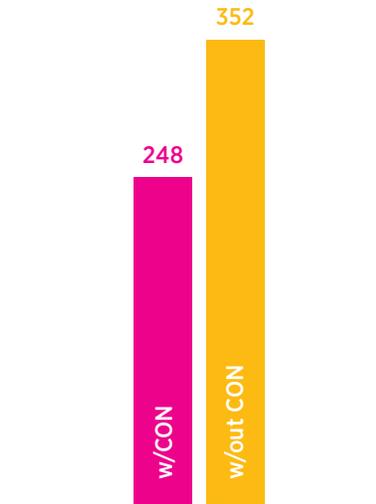


ACCESS

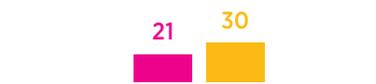
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Research also finds that states with CON programs have fewer hospitals in general (in rural and nonrural areas alike), and states with ASC-specific CON regulations have fewer ASCs in general.

Estimated changes in access to healthcare facilities in Florida without CON



TOTAL HOSPITALS

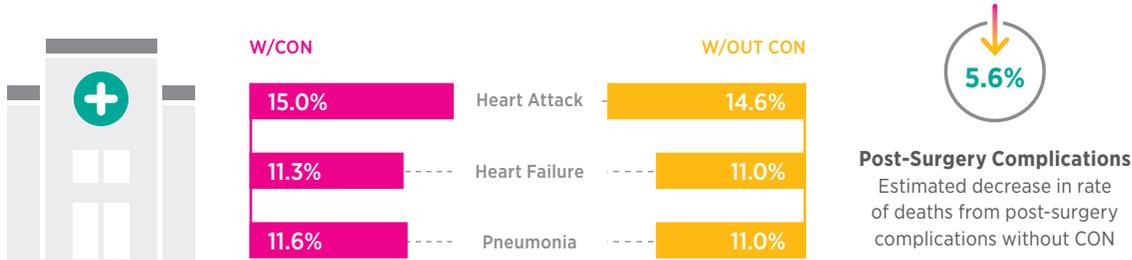


RURAL HOSPITALS

QUALITY

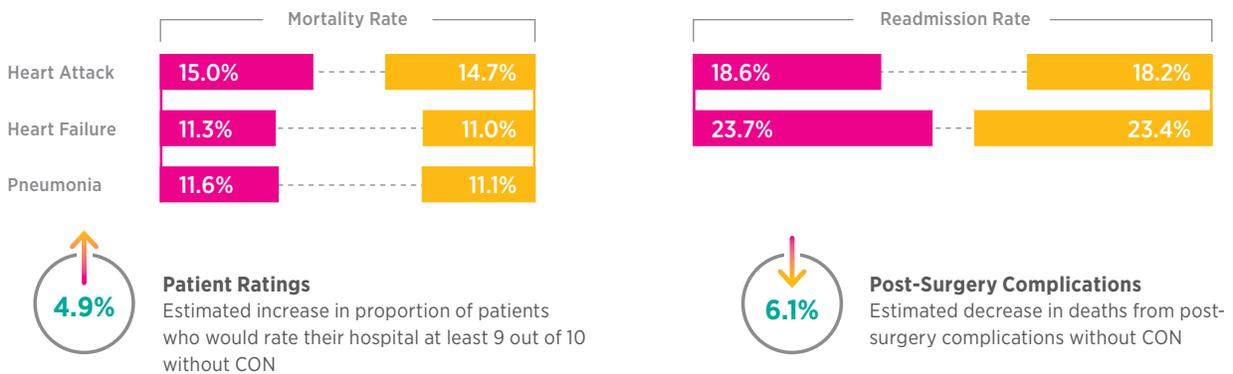
Supporters of CON suggest these regulations positively impact healthcare quality, but research finds the quality of hospital care in CON states is not systematically higher than hospital quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Florida healthcare quality indicators (full sample, at least one CON law)



Florida is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

Estimated changes in Florida healthcare quality indicators (restricted sample, four or more CON laws)



Findings on heart failure readmission rates, heart attack readmission rates, and the percentage of patients giving their hospital a 9 out of 10 or 10 out of 10 overall rating were statistically significant only in the restricted sample of states that regulate four or more services with certificate of need.

This study uses an identification strategy that exploits the fact that, on occasion, a local healthcare market is divided between two states, one with a CON law and the other without. Four is the median number of CON laws for CON states in this subsample.

The survey referred to is the Hospital Consumer Assessment of Healthcare Providers and Systems survey. It was developed by the Centers for Medicare and Medicaid Services in partnership with the Agency for Healthcare Research and Quality, and it is based on a standardized instrument and data collection methodology that allows for cross-hospital comparisons of patients' experiences related to different aspects of care. "Highest overall quality rating" is defined as a 9 out of 10 or 10 out of 10 rating on the survey.

Some states have added CON requirements for particular services since these analyses were conducted; the states with such new requirements are not visualized. For the latest information on which states regulate which procedures through CON, see Christopher Koopman and Anne Philpot, "The State of Certificate-of-Need Laws in 2016," Mercatus Center at George Mason University, September 27, 2016.

Source: Thomas Stratmann and David Wille, "Certificate-of-Need Laws and Hospital Quality" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2016).

CERTIFICATE-OF-NEED LAWS



DISTRICT OF COLUMBIA STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a District of Columbia without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN THE DISTRICT OF COLUMBIA

Acute Hospital Beds	Hospice	Medical Office Buildings	Psychiatric Services
Ambulatory Surgical Centers (ASCs)	Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)	Neonatal Intensive Care	Radiation Therapy
Burn Care	Lithotripsy	Nursing Home Beds/ Long-Term Care Beds	Rehabilitation
Cardiac Catheterization	Long-Term Acute Care (LTAC)	Obstetrics Services	Renal Failure/Dialysis
Computed Tomography (CT) Scanners	Magnetic Resonance Imaging (MRI) Scanners	Open-Heart Surgery	Subacute Services
Gamma Knives		Organ Transplants	Substance/Drug Abuse
Home Health		Positron Emission Tomography (PET) Scanners	Swing Beds
			Ultrasound

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

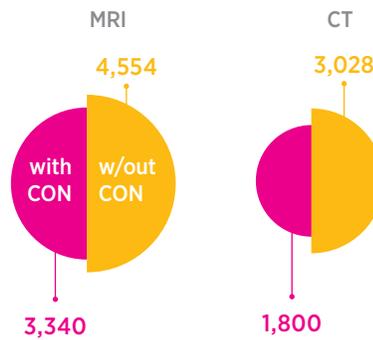
Estimated changes in annual per capita healthcare spending patterns in the District of Columbia without CON



MEDICAL IMAGING SERVICES

CON programs are associated with lower utilization rates for medical imaging technologies through non-hospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

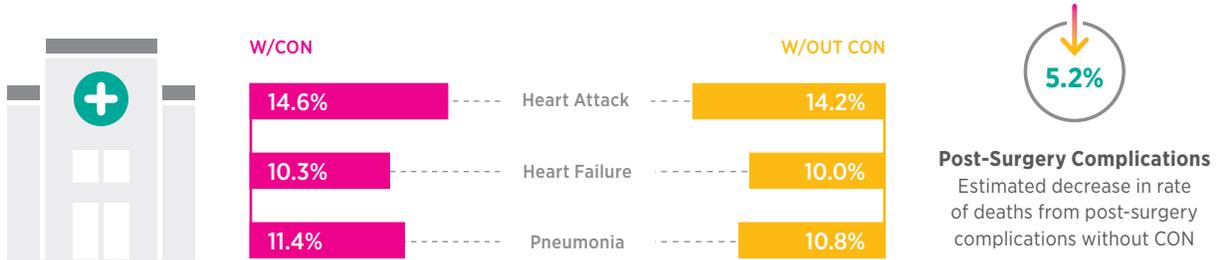
Estimated percentage point reduction in out-of-county scans without CON



QUALITY

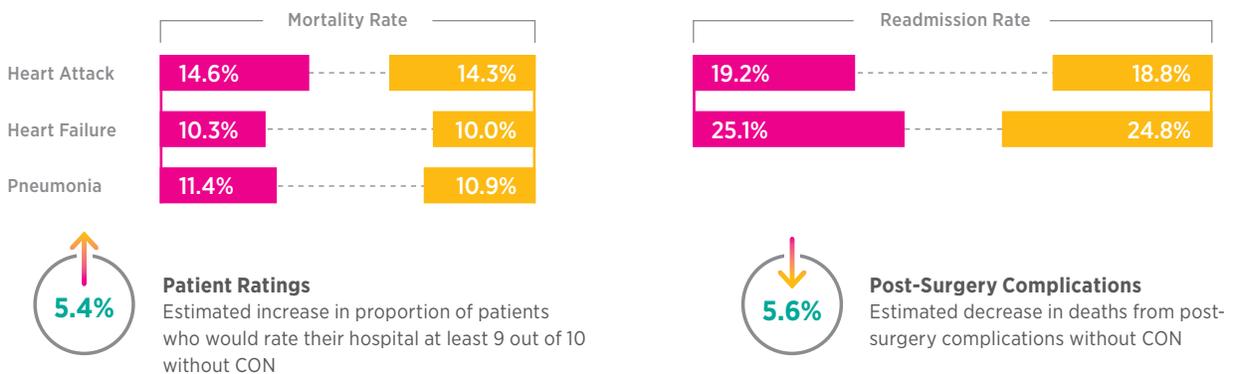
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in District of Columbia healthcare quality indicators (full sample, at least one CON law)



32 states and the District of Columbia have four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

Estimated changes in District of Columbia healthcare quality indicators (restricted sample, four or more CON laws)





CERTIFICATE-OF-NEED LAWS



FLORIDA STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a Florida without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN FLORIDA

Acute Hospital Beds

Assisted Living/Residential Care Facilities

Burn Care

Cardiac Catheterization

Home Health

Hospice

Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)

Long-Term Acute Care (LTAC)

Neonatal Intensive Care

Nursing Home Beds/ Long-Term Care Beds

Open-Heart Surgery

Organ Transplants

Psychiatric Services

Rehabilitation

Subacute Services

Substance/Drug Abuse

Swing Beds

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Florida without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

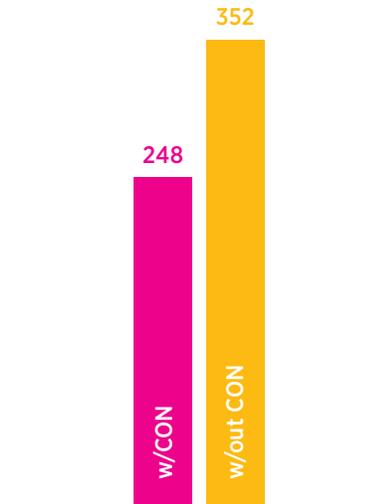


ACCESS

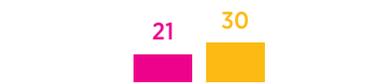
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Research also finds that states with CON programs have fewer hospitals in general (in rural and nonrural areas alike), and states with ASC-specific CON regulations have fewer ASCs in general.

Estimated changes in access to healthcare facilities in Florida without CON



TOTAL HOSPITALS

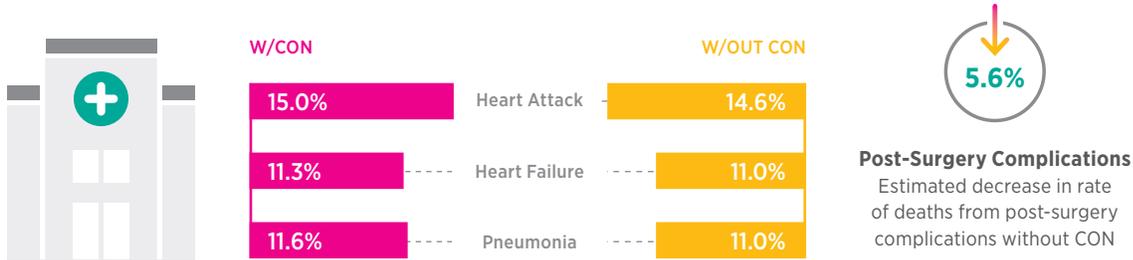


RURAL HOSPITALS

QUALITY

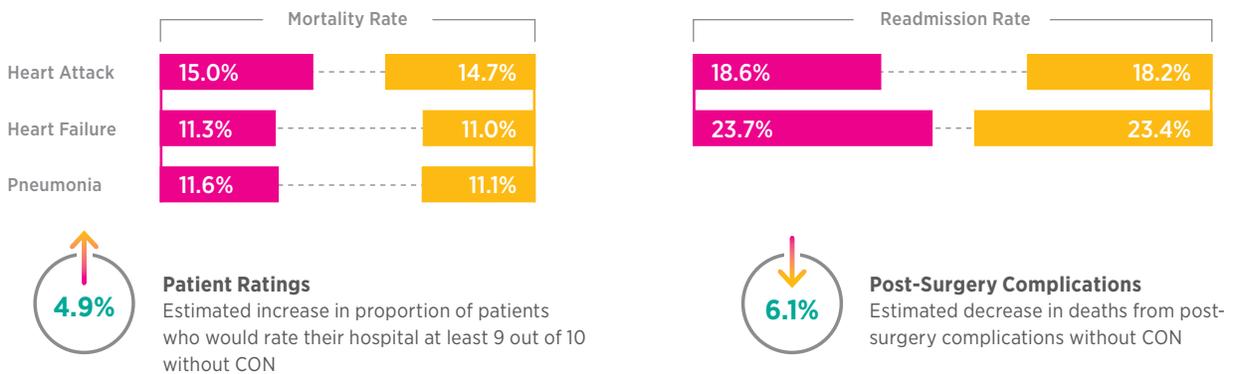
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Estimated changes in Florida healthcare quality indicators (full sample, at least one CON law)



Florida is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

Estimated changes in Florida healthcare quality indicators (restricted sample, four or more CON laws)



Findings on heart failure readmission rates, heart attack readmission rates, and the percentage of patients giving their hospital a 9 out of 10 or 10 out of 10 overall rating were statistically significant only in the restricted sample of states that regulate four or more services with certificate of need.

This study uses an identification strategy that exploits the fact that, on occasion, a local healthcare market is divided between two states, one with a CON law and the other without. Four is the median number of CON laws for CON states in this subsample.

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CERTIFICATE-OF-NEED LAWS



GEORGIA STATE PROFILE

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HEALTHCARE SERVICES THAT REQUIRE A CON IN GEORGIA

Acute Hospital Beds
Ambulatory Surgical Centers (ASCs)
Cardiac Catheterization
Computed Tomography (CT) Scanners
Gamma Knives

Home Health
Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)
Lithotripsy
Long-Term Acute Care (LTAC)

Magnetic Resonance Imaging (MRI) Scanners
Medical Office Buildings
Neonatal Intensive Care
Nursing Home Beds/ Long-Term Care Beds
Obstetrics Services

Open-Heart Surgery
Positron Emission Tomography (PET) Scanners
Psychiatric Services
Radiation Therapy
Rehabilitation
Substance/Drug Abuse

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Georgia without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

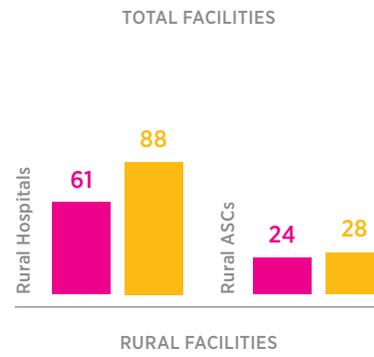
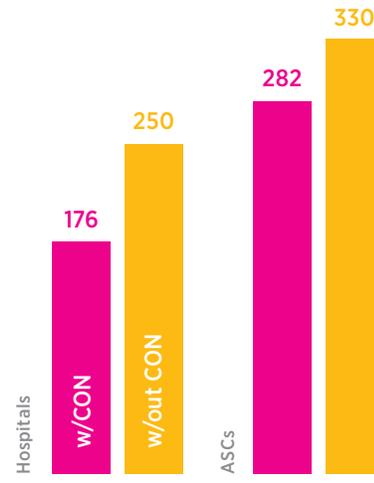


ACCESS

Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete with traditional hospitals. These states have fewer rural ASCs.

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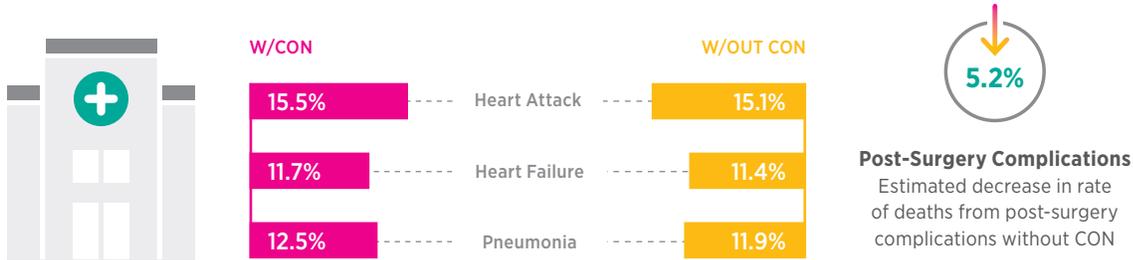
Estimated changes in access to healthcare facilities in Georgia without CON



QUALITY

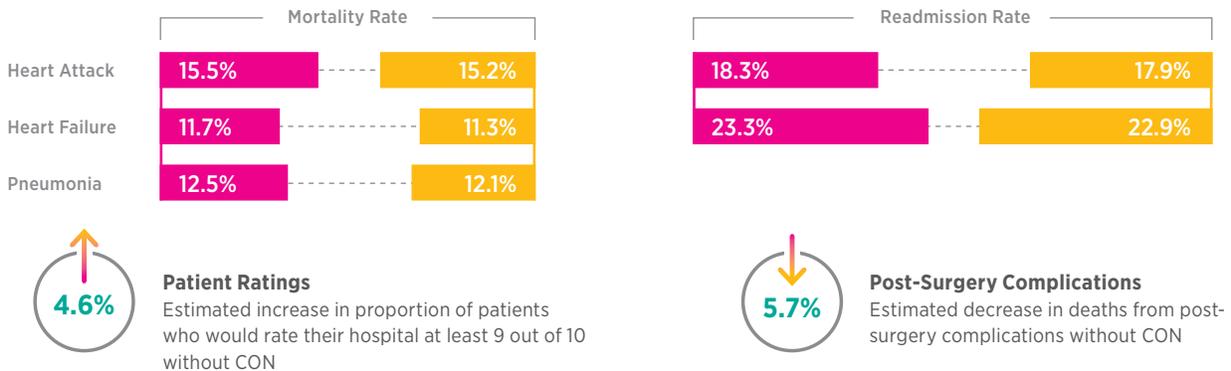
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Estimated changes in Georgia healthcare quality indicators (full sample, at least one CON law)



Georgia is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

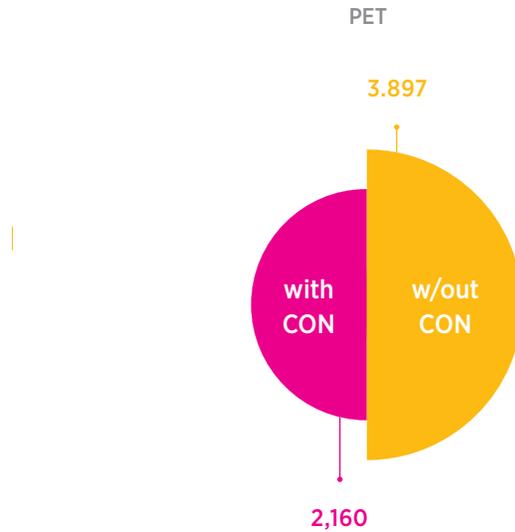
Estimated changes in Georgia healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

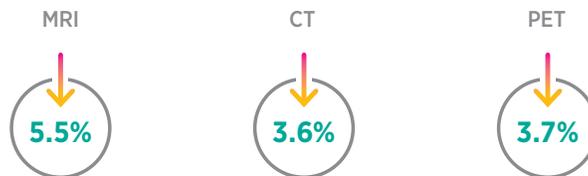
CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



Thomas Stratmann and Matthew C. Baker look at the relationship between CON and the imaging claims of Medicare beneficiaries, which constitute only a portion of the total market for medical imaging services. However, CON laws limit the supply of imaging technologies to all consumers, meaning the results here underestimate the total effect of CON regulation on the utilization of medical imaging services.

While CON programs are associated with reduced use of imaging services by nonhospital providers, they were found to have no statistically significant effect on the use of imaging services provided by hospitals. This suggests that CON laws protect hospitals from nonhospital competition. The net effect is to lower the overall use of imaging services.

The effect of CON on MRI and CT scans per 1,000 Medicare beneficiaries was statistically significant at the 15% level. The effect of CON on a patient's probability of traveling outside the patient's county of residence for PET services was also statistically significant at the 15% level. All other variables were statistically significant at levels ranging from 1% to 5%.

Some states have added CON requirements for particular services since these analyses were conducted; the states with such new requirements are not visualized. For the latest information on which states regulate which procedures through CON, see Christopher Koopman and Anne Philpot, "The State of Certificate-of-Need Laws in 2016," Mercatus Center at George Mason University, September 27, 2016.

Source: Thomas Stratmann and Matthew C. Baker, "Barriers to Entry in the Healthcare Markets: Winners and Losers from Certificate-of-Need Laws" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2017).

CERTIFICATE-OF-NEED LAWS



HAWAII STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a Hawaii without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN HAWAII

- Acute Hospital Beds
- Air Ambulance
- Ambulance Services, Ground
- Ambulatory Surgical Centers (ASCs)
- Burn Care
- Cardiac Catheterization
- Computed Tomography (CT) Scanners
- Gamma Knives

- Home Health
- Hospice
- Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)
- Lithotripsy
- Long-Term Acute Care (LTAC)
- Magnetic Resonance Imaging (MRI) Scanners

- Mobile Medical Imaging
- Neonatal Intensive Care
- Nursing Home Beds/ Long-Term Care Beds
- Obstetrics Services
- Open-Heart Surgery
- Organ Transplants
- Positron Emission Tomography (PET) Scanners

- Psychiatric Services
- Radiation Therapy
- Rehabilitation
- Renal Failure/Dialysis
- Subacute Services
- Substance/Drug Abuse
- Swing Beds
- Ultrasound

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Hawaii without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

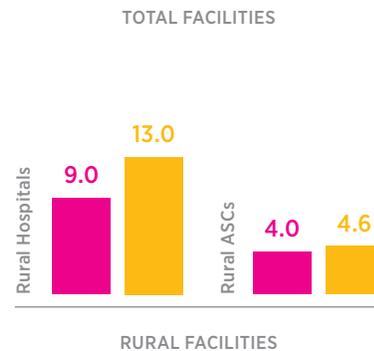
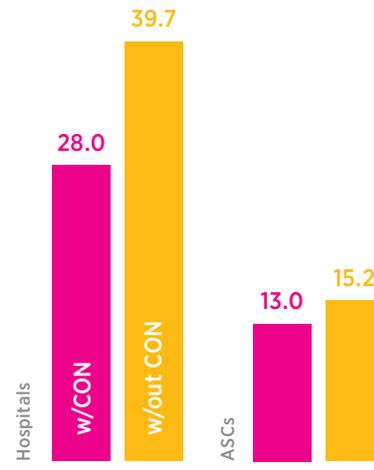


ACCESS

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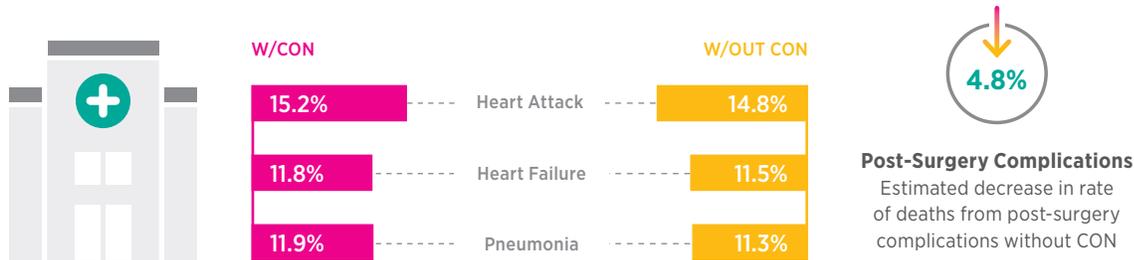
Estimated changes in access to healthcare facilities in Hawaii without CON



QUALITY

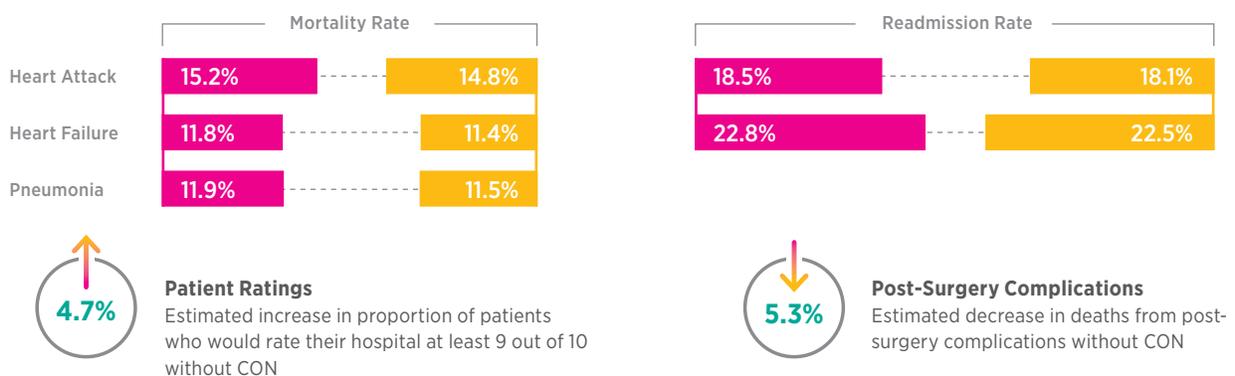
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Estimated changes in Hawaii healthcare quality indicators (full sample, at least one CON law)



Hawaii is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

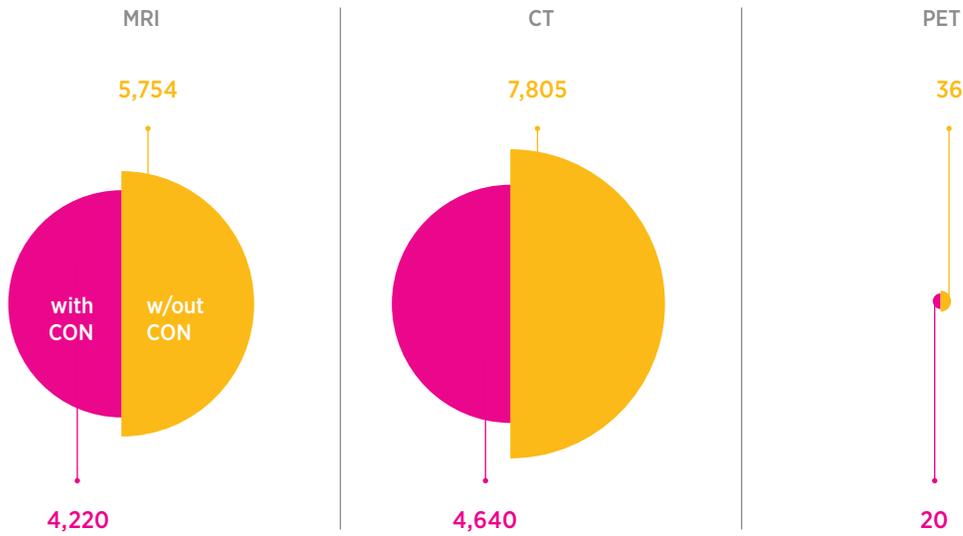
Estimated changes in Hawaii healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

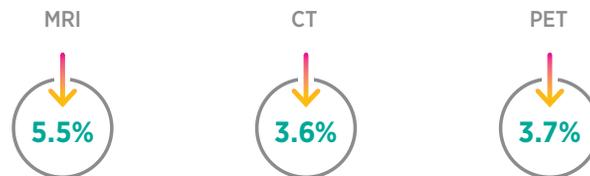
CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



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CERTIFICATE-OF-NEED LAWS



ILLINOIS STATE PROFILE

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HEALTHCARE SERVICES THAT REQUIRE A CON IN ILLINOIS

Acute Hospital Beds

Ambulatory Surgical Centers
(ASCs)

Cardiac Catheterization

Intermediate Care Facilities
for Individuals with
Intellectual Disability
(ICF/IDs)

Long-Term Acute Care
(LTAC)

Neonatal Intensive Care

Nursing Home Beds/
Long-Term Care Beds

Obstetrics Services

Open-Heart Surgery

Organ Transplants

Rehabilitation

Renal Failure/Dialysis

Subacute Services

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Illinois without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

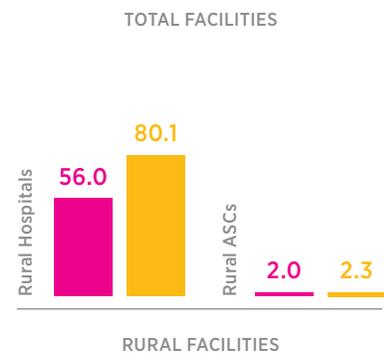
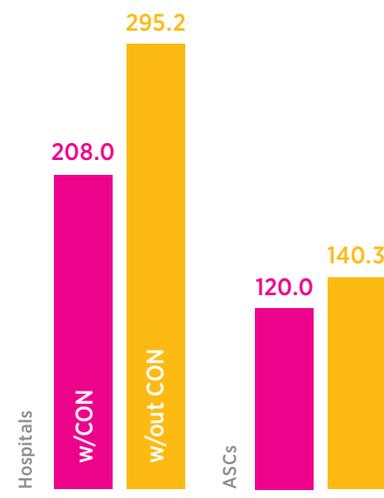


ACCESS

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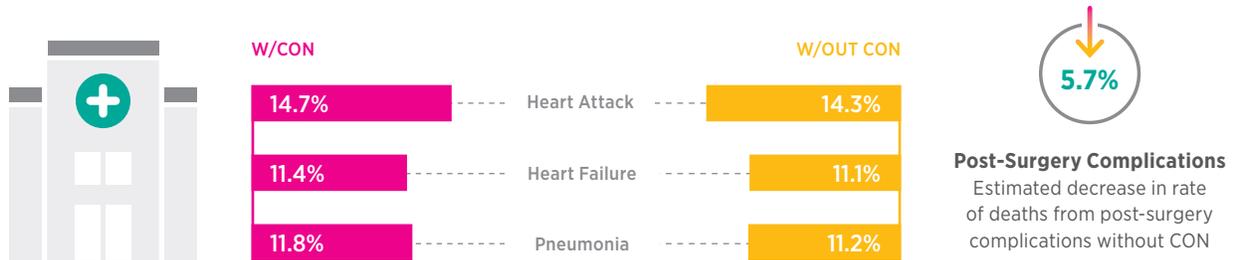
Estimated changes in access to healthcare facilities in Illinois without CON



QUALITY

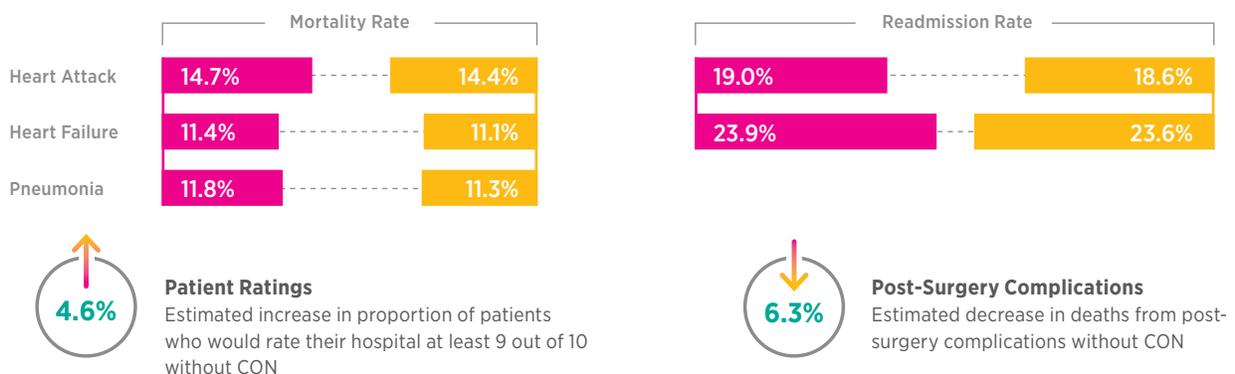
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Estimated changes in Illinois healthcare quality indicators (full sample, at least one CON law)



Illinois is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

Estimated changes in Illinois healthcare quality indicators (restricted sample, four or more CON laws)



CERTIFICATE-OF-NEED LAWS



KENTUCKY STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a Kentucky without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN KENTUCKY

Acute Hospital Beds	Hospice	Mobile Medical Imaging	Positron Emission Tomography (PET) Scanners
Ambulance Services, Ground	Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)	Neonatal Intensive Care	Psychiatric Services
Ambulatory Surgical Centers (ASCs)	Long-Term Acute Care (LTAC)	Nursing Home Beds/ Long-Term Care Beds	Radiation Therapy
Assisted Living/Residential Care Facilities	Magnetic Resonance Imaging (MRI) Scanners	Obstetrics Services	Rehabilitation
Cardiac Catheterization		Open-Heart Surgery	Substance/Drug Abuse
Home Health		Organ Transplants	

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Kentucky without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

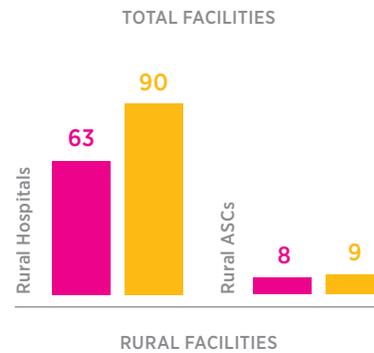
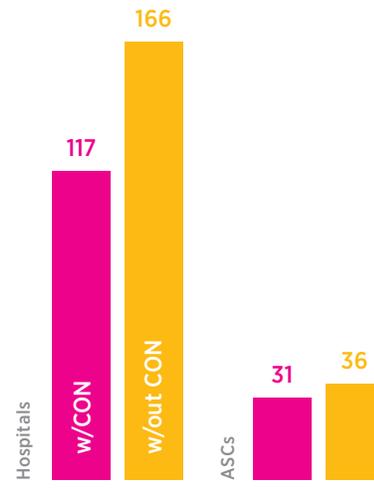


ACCESS

Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete with traditional hospitals. These states have fewer rural ASCs.

Research also finds that states with CON programs have fewer hospitals in general (in rural and nonrural areas alike), and states with ASC-specific CON regulations have fewer ASCs in general.

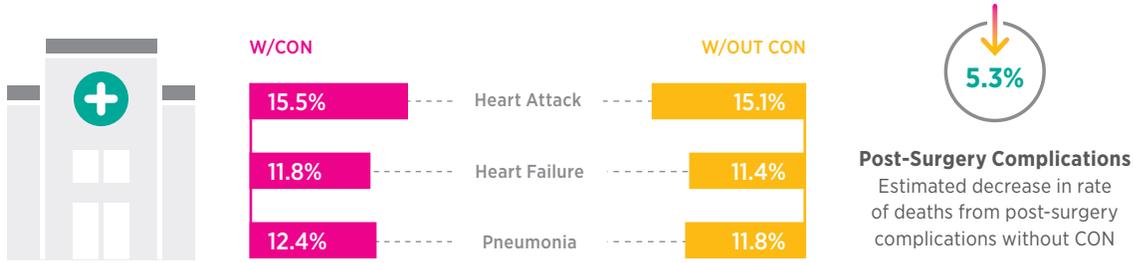
Estimated changes in access to healthcare facilities in Kentucky without CON



QUALITY

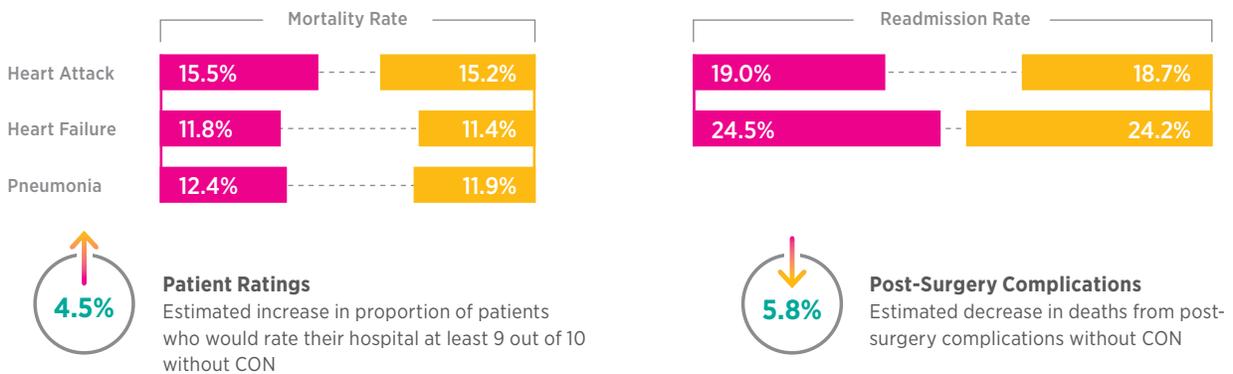
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Kentucky healthcare quality indicators (full sample, at least one CON law)



Kentucky is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

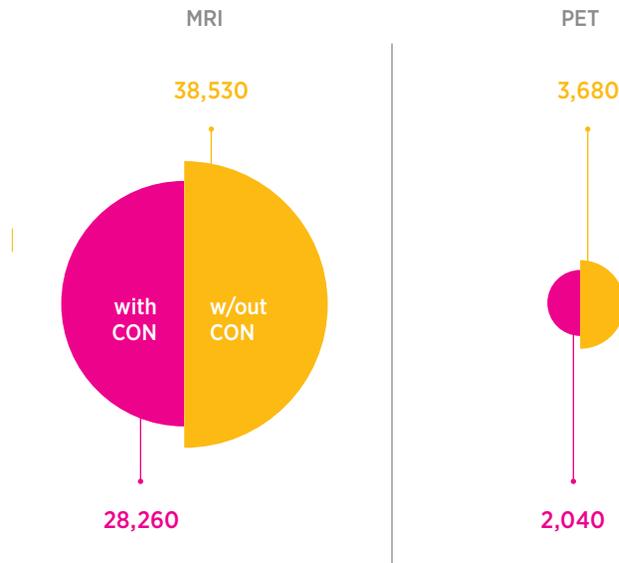
Estimated changes in Kentucky healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

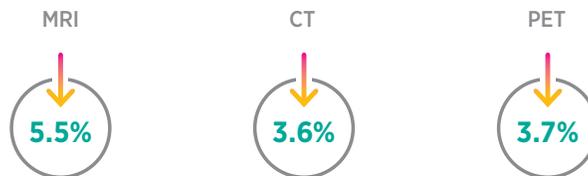
CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



Thomas Stratmann and Matthew C. Baker look at the relationship between CON and the imaging claims of Medicare beneficiaries, which constitute only a portion of the total market for medical imaging services. However, CON laws limit the supply of imaging technologies to all consumers, meaning the results here underestimate the total effect of CON regulation on the utilization of medical imaging services.

While CON programs are associated with reduced use of imaging services by nonhospital providers, they were found to have no statistically significant effect on the use of imaging services provided by hospitals. This suggests that CON laws protect hospitals from nonhospital competition. The net effect is to lower the overall use of imaging services.

The effect of CON on MRI and CT scans per 1,000 Medicare beneficiaries was statistically significant at the 15% level. The effect of CON on a patient's probability of traveling outside the patient's county of residence for PET services was also statistically significant at the 15% level. All other variables were statistically significant at levels ranging from 1% to 5%.

Some states have added CON requirements for particular services since these analyses were conducted; the states with such new requirements are not visualized. For the latest information on which states regulate which procedures through CON, see Christopher Koopman and Anne Philpot, "The State of Certificate-of-Need Laws in 2016," Mercatus Center at George Mason University, September 27, 2016.

Source: Thomas Stratmann and Matthew C. Baker, "Barriers to Entry in the Healthcare Markets: Winners and Losers from Certificate-of-Need Laws" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2017).

CERTIFICATE-OF-NEED LAWS



IOWA

STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in an Iowa without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN IOWA

Acute Hospital Beds
Ambulatory Surgical Centers (ASCs)
Cardiac Catheterization
Computed Tomography (CT) Scanners

Gamma Knives
Hospice
Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)
Long-Term Acute Care (LTAC)

Magnetic Resonance Imaging (MRI) Scanners
Mobile Medical Imaging
Nursing Home Beds/ Long-Term Care Beds
Open-Heart Surgery

Organ Transplants
Positron Emission Tomography (PET) Scanners
Psychiatric Services
Radiation Therapy
Rehabilitation

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Iowa without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

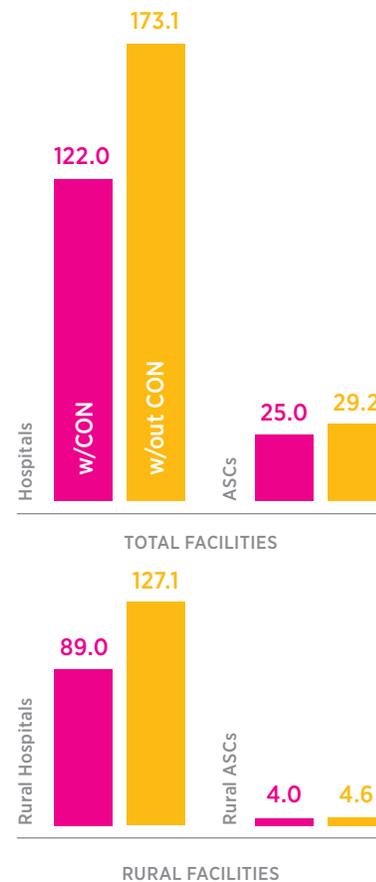


ACCESS

Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete with traditional hospitals. These states have fewer rural ASCs.

Research also finds that states with CON programs have fewer hospitals in general (in rural and nonrural areas alike), and states with ASC-specific CON regulations have fewer ASCs in general.

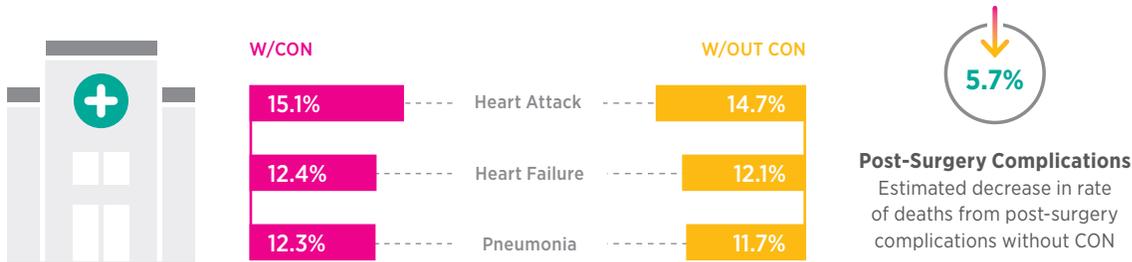
Estimated changes in access to healthcare facilities in Iowa without CON



QUALITY

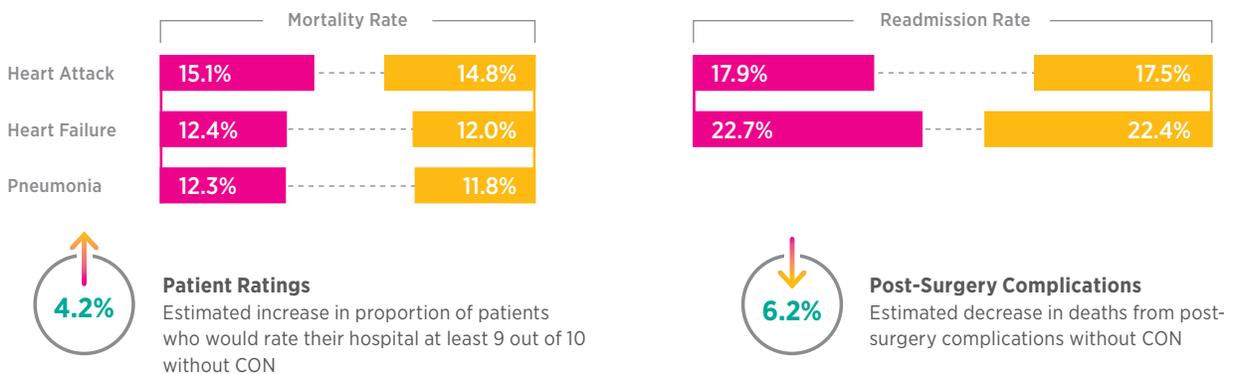
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Iowa healthcare quality indicators (full sample, at least one CON law)



Iowa is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

Estimated changes in Iowa healthcare quality indicators (restricted sample, four or more CON laws)



Findings on heart failure readmission rates, heart attack readmission rates, and the percentage of patients giving their hospital a 9 out of 10 or 10 out of 10 overall rating were statistically significant only in the restricted sample of states that regulate four or more services with certificate of need.

This study uses an identification strategy that exploits the fact that, on occasion, a local healthcare market is divided between two states, one with a CON law and the other without. Four is the median number of CON laws for CON states in this subsample.

The survey referred to is the Hospital Consumer Assessment of Healthcare Providers and Systems survey. It was developed by the Centers for Medicare and Medicaid Services in partnership with the Agency for Healthcare Research and Quality, and it is based on a standardized instrument and data collection methodology that allows for cross-hospital comparisons of patients' experiences related to different aspects of care. "Highest overall quality rating" is defined as a 9 out of 10 or 10 out of 10 rating on the survey.

Some states have added CON requirements for particular services since these analyses were conducted; the states with such new requirements are not visualized. For the latest information on which states regulate which procedures through CON, see Christopher Koopman and Anne Philpot, "The State of Certificate-of-Need Laws in 2016," Mercatus Center at George Mason University, September 27, 2016.

Source: Thomas Stratmann and David Wille, "Certificate-of-Need Laws and Hospital Quality" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2016).

CERTIFICATE-OF-NEED LAWS



LOUISIANA STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a Louisiana without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN LOUISIANA

Assisted Living/Residential
Care Facilities

Intermediate Care Facilities
for Individuals with
Intellectual Disability
(ICF/IDs)

Nursing Home Beds/
Long-Term Care Beds

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Louisiana without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

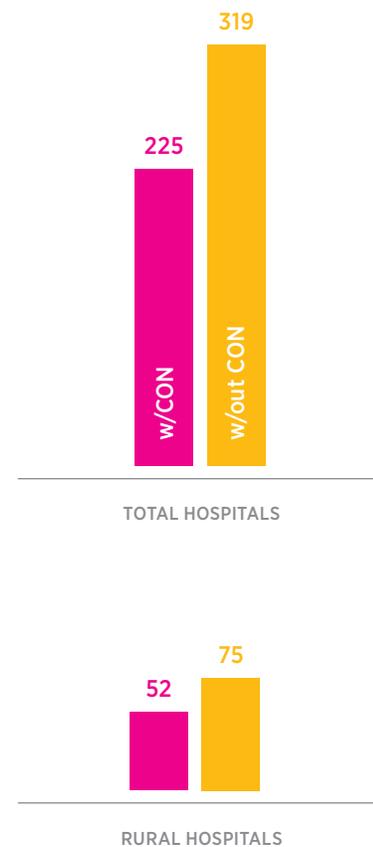


ACCESS

Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete with traditional hospitals. These states have fewer rural ASCs.

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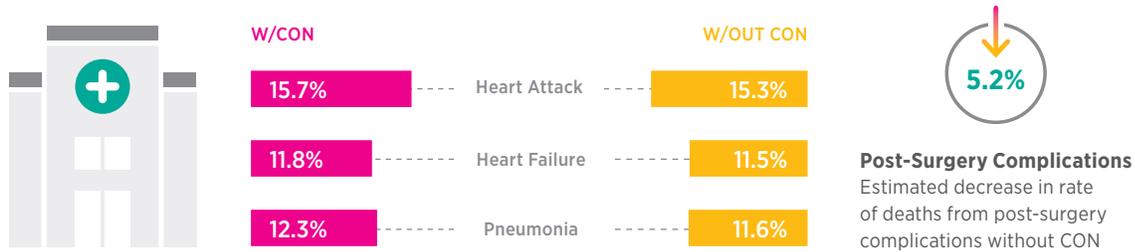
Estimated changes in access to healthcare facilities in Louisiana without CON



QUALITY

Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Louisiana healthcare quality indicators



This study uses an identification strategy that exploits the fact that, on occasion, a local healthcare market is divided between two states, one with a CON law and the other without. Four is the median number of CON laws for CON states in this subsample.

Some states have added CON requirements for particular services since these analyses were conducted; the states with such new requirements are not visualized. For the latest information on which states regulate which procedures through CON, see Christopher Koopman and Anne Philpot, "The State of Certificate-of-Need Laws in 2016," Mercatus Center at George Mason University, September 27, 2016.

Source: Thomas Stratmann and David Wille, "Certificate-of-Need Laws and Hospital Quality" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2016).



CERTIFICATE-OF-NEED LAWS



MAINE STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a Maine without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN MAINE

Ambulatory Surgical Centers (ASCs)
Cardiac Catheterization
Gamma Knives

Long-Term Acute Care (LTAC)
Nursing Home Beds/
Long-Term Care Beds
Psychiatric Services

Radiation Therapy
Rehabilitation
Renal Failure/Dialysis

Substance/Drug Abuse
Swing Beds
Ultrasound

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Maine without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

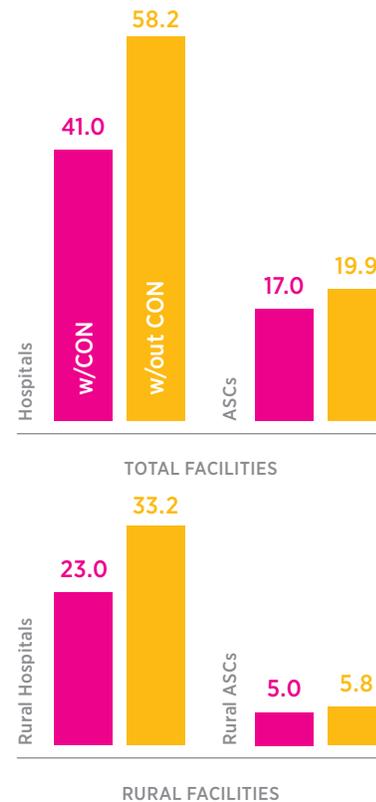


ACCESS

Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete with traditional hospitals. These states have fewer rural ASCs.

Research also finds that states with CON programs have fewer hospitals in general (in rural and nonrural areas alike), and states with ASC-specific CON regulations have fewer ASCs in general.

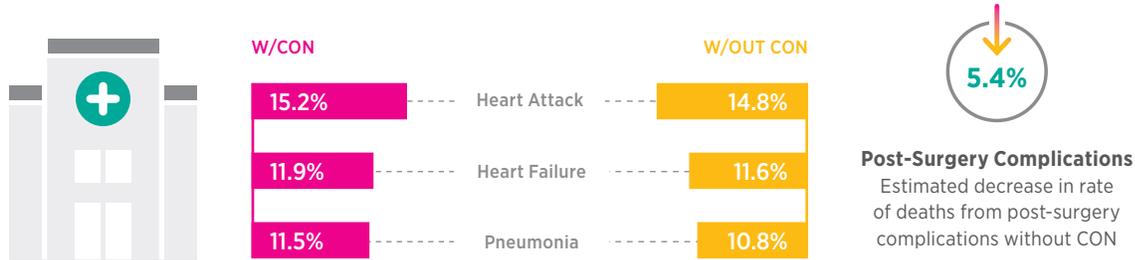
Estimated changes in access to healthcare facilities in Maine without CON



QUALITY

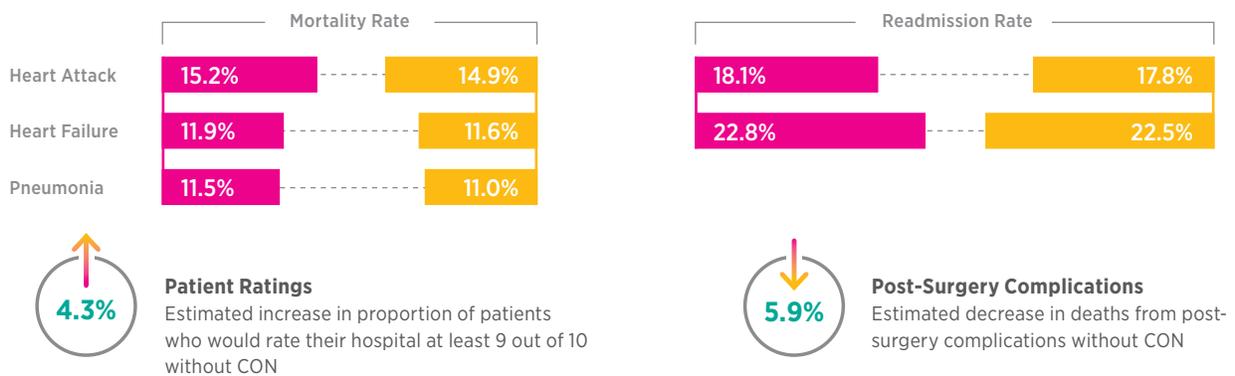
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Maine healthcare quality indicators (full sample, at least one CON law)



Maine is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

Estimated changes in Maine healthcare quality indicators (restricted sample, four or more CON laws)



Findings on heart failure readmission rates, heart attack readmission rates, and the percentage of patients giving their hospital a 9 out of 10 or 10 out of 10 overall rating were statistically significant only in the restricted sample of states that regulate four or more services with certificate of need.

This study uses an identification strategy that exploits the fact that, on occasion, a local healthcare market is divided between two states, one with a CON law and the other without. Four is the median number of CON laws for CON states in this subsample.

The survey referred to is the Hospital Consumer Assessment of Healthcare Providers and Systems survey. It was developed by the Centers for Medicare and Medicaid Services in partnership with the Agency for Healthcare Research and Quality, and it is based on a standardized instrument and data collection methodology that allows for cross-hospital comparisons of patients' experiences related to different aspects of care. "Highest overall quality rating" is defined as a 9 out of 10 or 10 out of 10 rating on the survey.

Some states have added CON requirements for particular services since these analyses were conducted; the states with such new requirements are not visualized. For the latest information on which states regulate which procedures through CON, see Christopher Koopman and Anne Philpot, "The State of Certificate-of-Need Laws in 2016," Mercatus Center at George Mason University, September 27, 2016.

Source: Thomas Stratmann and David Wille, "Certificate-of-Need Laws and Hospital Quality" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2016).

CERTIFICATE-OF-NEED LAWS



MARYLAND STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a Maryland without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN MARYLAND

Acute Hospital Beds

Ambulatory Surgical Centers (ASCs)

Assisted Living/Residential Care Facilities

Burn Care

Cardiac Catheterization

Home Health

Hospice

Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)

Long-Term Acute Care (LTAC)

Neonatal Intensive Care

Nursing Home Beds/Long-Term Care Beds

Obstetrics Services

Open-Heart Surgery

Organ Transplants

Psychiatric Services

Rehabilitation

Substance/Drug Abuse

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Maryland without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

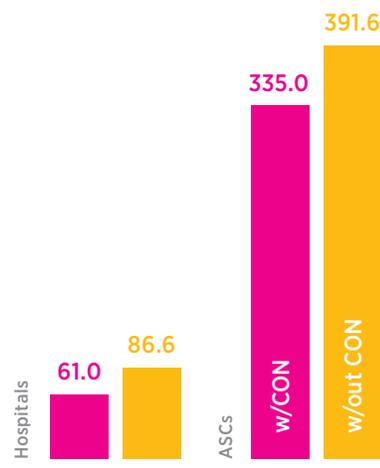


ACCESS

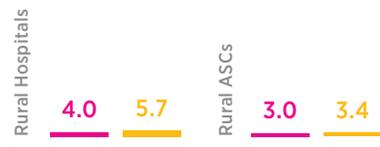
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Research also finds that states with CON programs have fewer hospitals in general (in rural and nonrural areas alike), and states with ASC-specific CON regulations have fewer ASCs in general.

Estimated changes in access to healthcare facilities in Maryland without CON



TOTAL FACILITIES

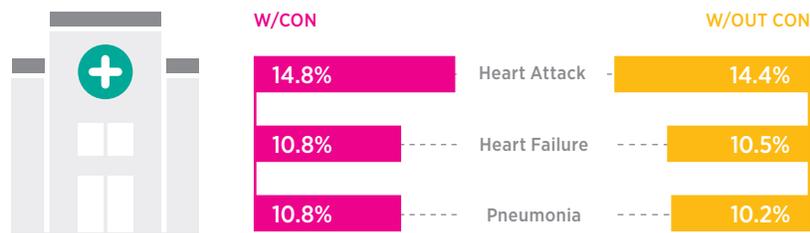


RURAL FACILITIES

QUALITY

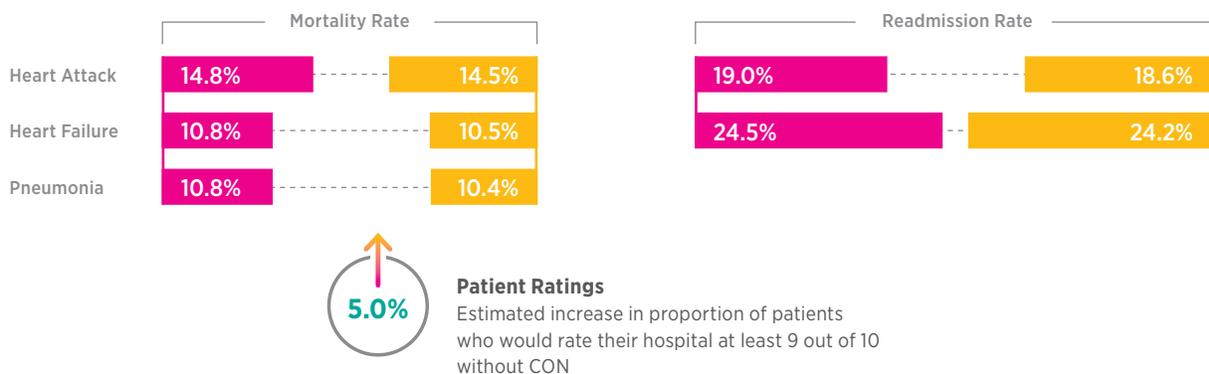
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Maryland healthcare quality indicators (full sample, at least one CON law)



Maryland is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

Estimated changes in Maryland healthcare quality indicators (restricted sample, four or more CON laws)



Findings on heart failure readmission rates, heart attack readmission rates, and the percentage of patients giving their hospital a 9 out of 10 or 10 out of 10 overall rating were statistically significant only in the restricted sample of states that regulate four or more services with certificate of need.

This study uses an identification strategy that exploits the fact that, on occasion, a local healthcare market is divided between two states, one with a CON law and the other without. Four is the median number of CON laws for CON states in this subsample.

The survey referred to is the Hospital Consumer Assessment of Healthcare Providers and Systems survey. It was developed by the Centers for Medicare and Medicaid Services in partnership with the Agency for Healthcare Research and Quality, and it is based on a standardized instrument and data collection methodology that allows for cross-hospital comparisons of patients' experiences related to different aspects of care. "Highest overall quality rating" is defined as a 9 out of 10 or 10 out of 10 rating on the survey.

Maryland does not have data for deaths among patients with serious complications after surgery. We therefore cannot estimate this death rate in a Maryland without CON. Research suggests, however, that—in general—states without CON laws have around 6 fewer deaths per 1,000 surgical discharges with complications.

Some states have added CON requirements for particular services since these analyses were conducted; the states with such new requirements are not visualized. For the latest information on which states regulate which procedures through CON, see Christopher Koopman and Anne Philpot, "The State of Certificate-of-Need Laws in 2016," Mercatus Center at George Mason University, September 27, 2016.

Source: Thomas Stratmann and David Wille, "Certificate-of-Need Laws and Hospital Quality" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2016).

CERTIFICATE-OF-NEED LAWS



MASSACHUSETTS STATE PROFILE

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HEALTHCARE SERVICES THAT REQUIRE A CON IN MASSACHUSETTS

Acute Hospital Beds

Air Ambulance

Ambulatory Surgical Centers (ASCs)

Assisted Living/Residential Care Facilities

Cardiac Catheterization

Gamma Knives

Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)

Lithotripsy

Long-Term Acute Care (LTAC)

Magnetic Resonance Imaging (MRI) Scanners

Neonatal Intensive Care

Nursing Home Beds/Long-Term Care Beds

Open-Heart Surgery

Organ Transplants

Positron Emission Tomography (PET) Scanners

Psychiatric Services

Radiation Therapy

Rehabilitation

Substance/Drug Abuse

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Massachusetts without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

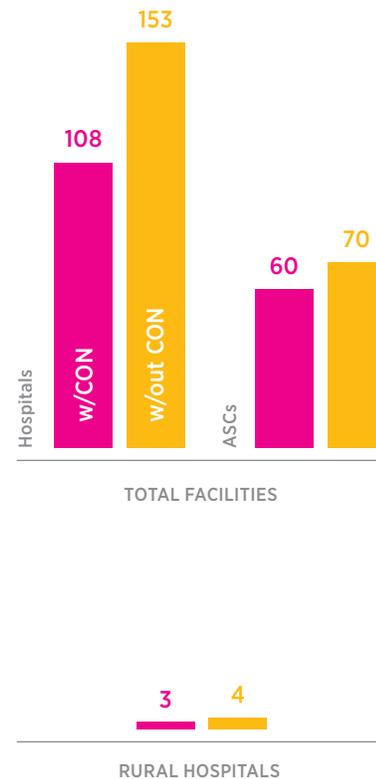


ACCESS

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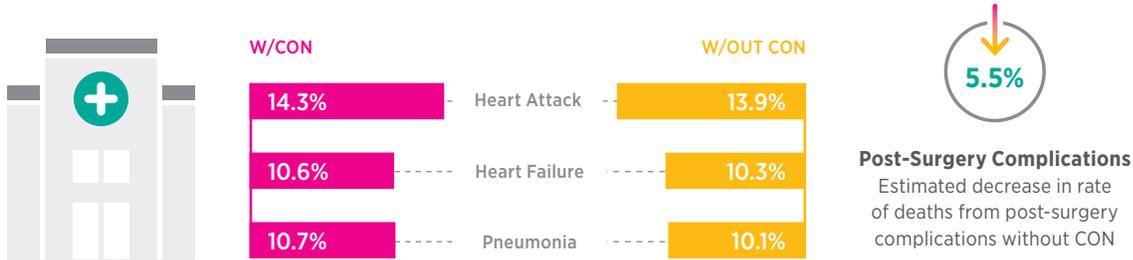
Estimated changes in access to healthcare facilities in Massachusetts without CON



QUALITY

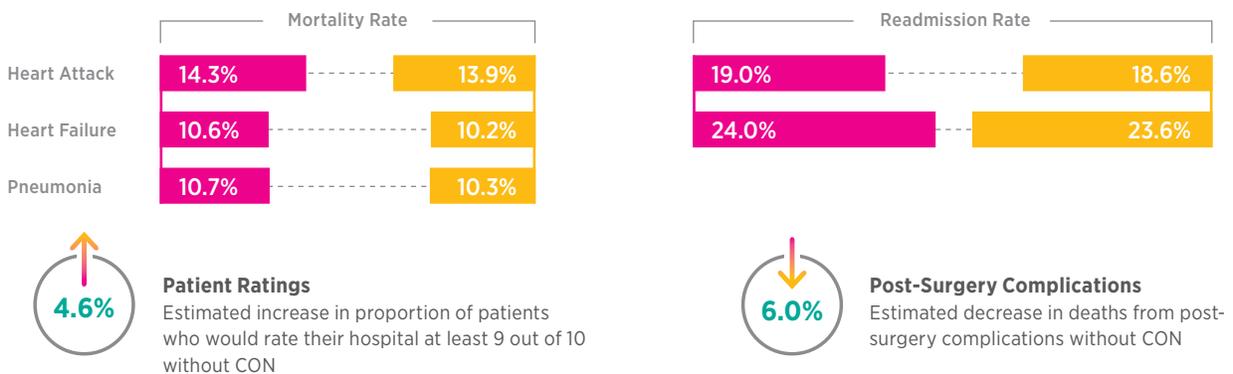
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Estimated changes in Massachusetts healthcare quality indicators (full sample, at least one CON law)



Massachusetts is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

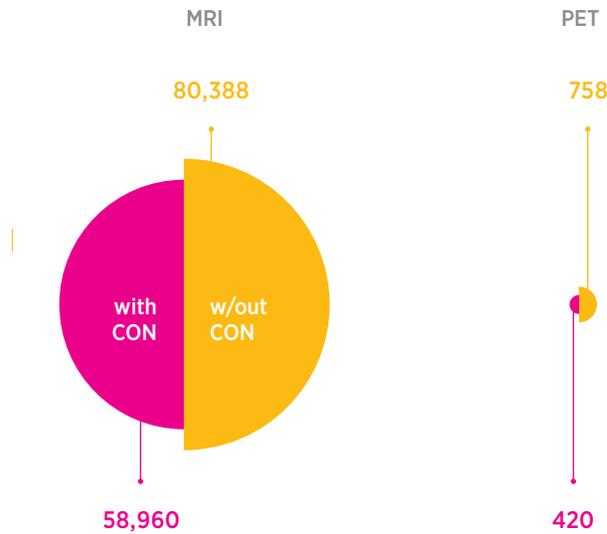
Estimated changes in Massachusetts healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



CERTIFICATE-OF-NEED LAWS



MICHIGAN STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a Michigan without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN MICHIGAN

Acute Hospital Beds
Air Ambulance
Ambulatory Surgical Centers (ASCs)
Cardiac Catheterization
Computed Tomography (CT) Scanners

Gamma Knives
Lithotripsy
Long-Term Acute Care (LTAC)
Magnetic Resonance Imaging (MRI) Scanners

Mobile Medical Imaging
Neonatal Intensive Care
Nursing Home Beds/
Long-Term Care Beds
Open-Heart Surgery
Organ Transplants

Positron Emission Tomography (PET) Scanners
Psychiatric Services
Radiation Therapy
Swing Beds

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Michigan without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

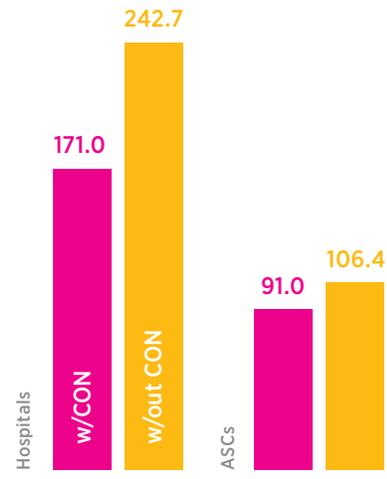


ACCESS

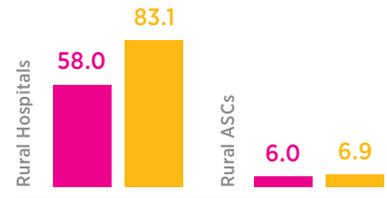
Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete with traditional hospitals. These states have fewer rural ASCs.

Research also finds that states with CON programs have fewer hospitals in general (in rural and nonrural areas alike), and states with ASC-specific CON regulations have fewer ASCs in general.

Estimated changes in access to healthcare facilities in Michigan without CON



TOTAL FACILITIES

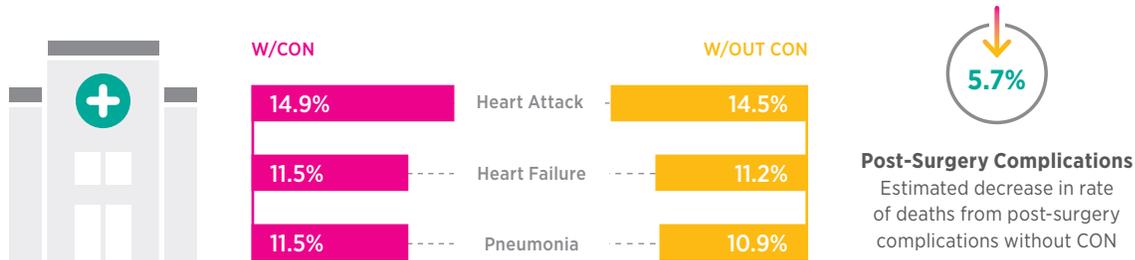


RURAL FACILITIES

QUALITY

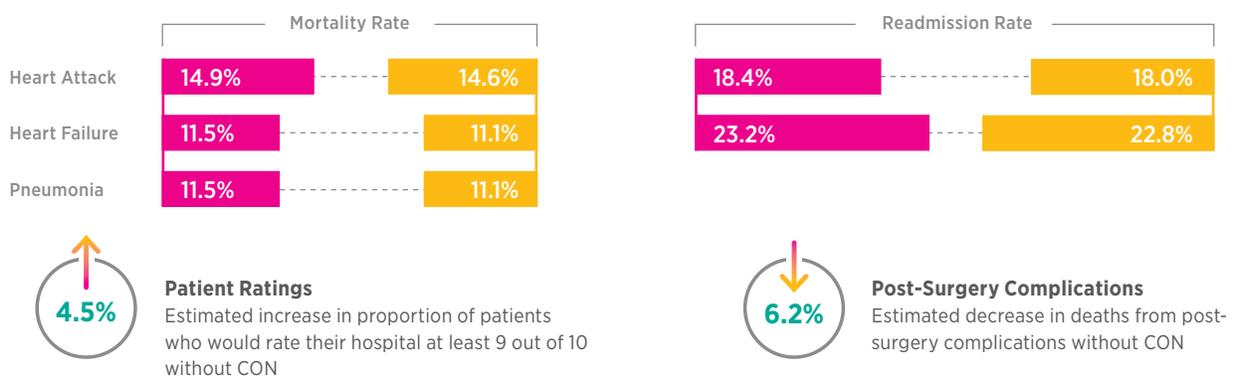
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Michigan healthcare quality indicators (full sample, at least one CON law)



Michigan is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

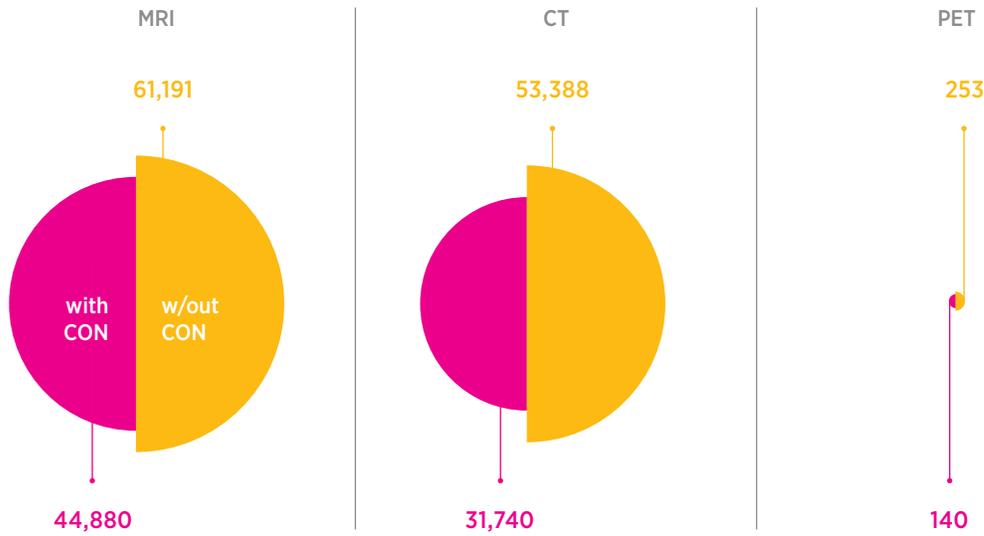
Estimated changes in Michigan healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

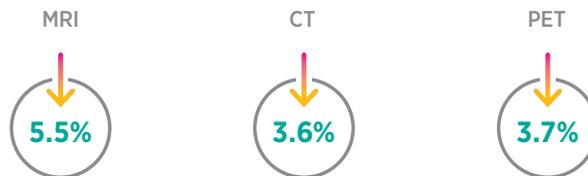
CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



Thomas Stratmann and Matthew C. Baker look at the relationship between CON and the imaging claims of Medicare beneficiaries, which constitute only a portion of the total market for medical imaging services. However, CON laws limit the supply of imaging technologies to all consumers, meaning the results here underestimate the total effect of CON regulation on the utilization of medical imaging services.

While CON programs are associated with reduced use of imaging services by nonhospital providers, they were found to have no statistically significant effect on the use of imaging services provided by hospitals. This suggests that CON laws protect hospitals from nonhospital competition. The net effect is to lower the overall use of imaging services.

The effect of CON on MRI and CT scans per 1,000 Medicare beneficiaries was statistically significant at the 15% level. The effect of CON on a patient's probability of traveling outside the patient's county of residence for PET services was also statistically significant at the 15% level. All other variables were statistically significant at levels ranging from 1% to 5%.

Some states have added CON requirements for particular services since these analyses were conducted; the states with such new requirements are not visualized. For the latest information on which states regulate which procedures through CON, see Christopher Koopman and Anne Philpot, "The State of Certificate-of-Need Laws in 2016," Mercatus Center at George Mason University, September 27, 2016.

Source: Thomas Stratmann and Matthew C. Baker, "Barriers to Entry in the Healthcare Markets: Winners and Losers from Certificate-of-Need Laws" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2017).

CERTIFICATE-OF-NEED LAWS



MISSISSIPPI STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a Mississippi without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN MISSISSIPPI

Acute Hospital Beds
Ambulatory Surgical Centers (ASCs)
Cardiac Catheterization
Gamma Knives
Home Health

Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)
Long-Term Acute Care (LTAC)
Magnetic Resonance Imaging (MRI) Scanners

Mobile Medical Imaging
Nursing Home Beds/ Long-Term Care Beds
Open-Heart Surgery
Positron Emission Tomography (PET) Scanners

Psychiatric Services
Radiation Therapy
Rehabilitation
Renal Failure/Dialysis
Substance/Drug Abuse
Swing Beds

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Mississippi without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

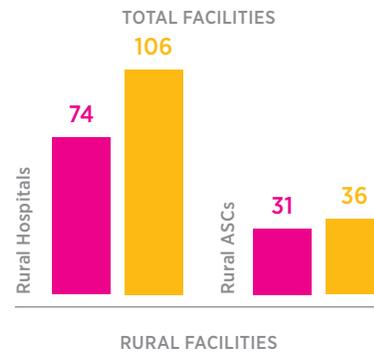
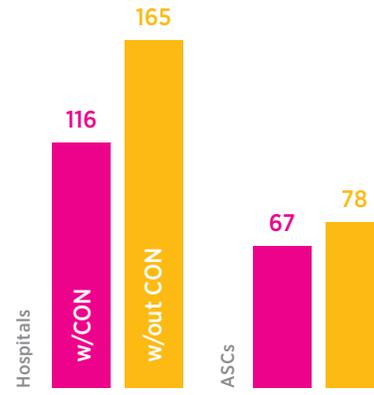


ACCESS

Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete with traditional hospitals. These states have fewer rural ASCs.

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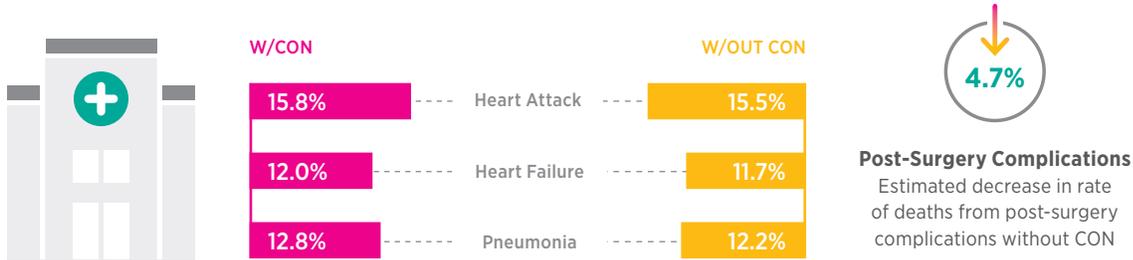
Estimated changes in access to healthcare facilities in Mississippi without CON



QUALITY

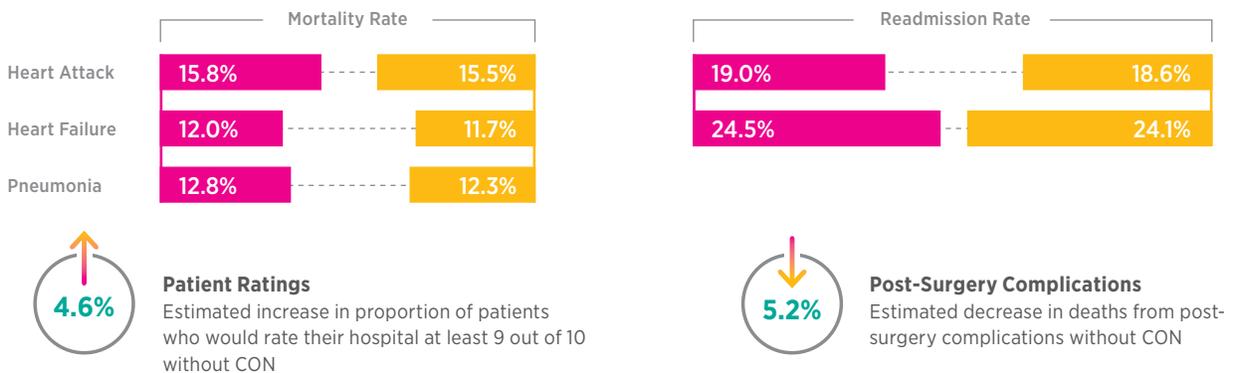
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Mississippi healthcare quality indicators (full sample, at least one CON law)



Mississippi is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

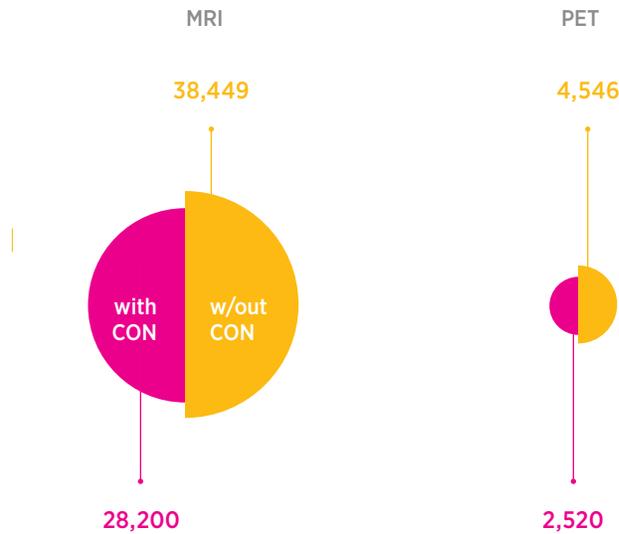
Estimated changes in Mississippi healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



Thomas Stratmann and Matthew C. Baker look at the relationship between CON and the imaging claims of Medicare beneficiaries, which constitute only a portion of the total market for medical imaging services. However, CON laws limit the supply of imaging technologies to all consumers, meaning the results here underestimate the total effect of CON regulation on the utilization of medical imaging services.

While CON programs are associated with reduced use of imaging services by nonhospital providers, they were found to have no statistically significant effect on the use of imaging services provided by hospitals. This suggests that CON laws protect hospitals from nonhospital competition. The net effect is to lower the overall use of imaging services.

The effect of CON on MRI and CT scans per 1,000 Medicare beneficiaries was statistically significant at the 15% level. The effect of CON on a patient's probability of traveling outside the patient's county of residence for PET services was also statistically significant at the 15% level. All other variables were statistically significant at levels ranging from 1% to 5%.

Some states have added CON requirements for particular services since these analyses were conducted; the states with such new requirements are not visualized. For the latest information on which states regulate which procedures through CON, see Christopher Koopman and Anne Philpot, "The State of Certificate-of-Need Laws in 2016," Mercatus Center at George Mason University, September 27, 2016.

Source: Thomas Stratmann and Matthew C. Baker, "Barriers to Entry in the Healthcare Markets: Winners and Losers from Certificate-of-Need Laws" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2017).

CERTIFICATE-OF-NEED LAWS



MISSOURI STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a Missouri without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN MISSOURI

Acute Hospital Beds
Assisted Living/Residential
Care Facilities
Cardiac Catheterization
Computed Tomography
(CT) Scanners
Gamma Knives

Intermediate Care
Facilities for Individuals
with Intellectual
Disability (ICF/IDs)
Linear Accelerator
Radiology
Lithotripsy

Long-Term Acute Care
(LTAC)
Magnetic Resonance
Imaging (MRI) Scanners
Mobile Medical Imaging
Nursing Home Beds/
Long-Term Care Beds

Obstetrics Services
Positron Emission Tomography
(PET) Scanners
Psychiatric Services
Radiation Therapy
Rehabilitation
Substance/Drug Abuse

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Missouri without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

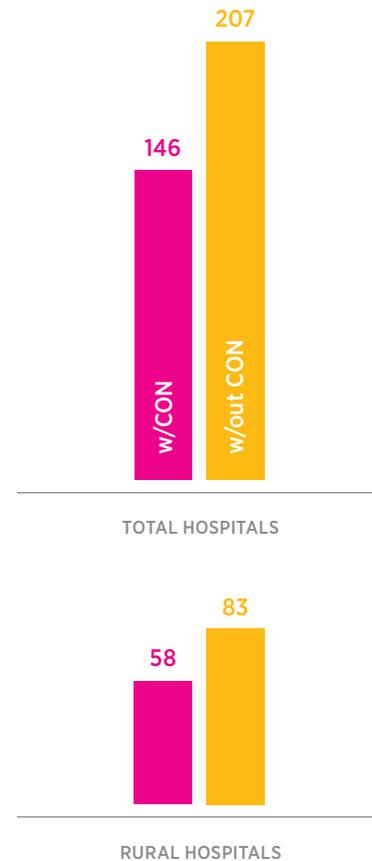


ACCESS

Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete with traditional hospitals. These states have fewer rural ASCs.

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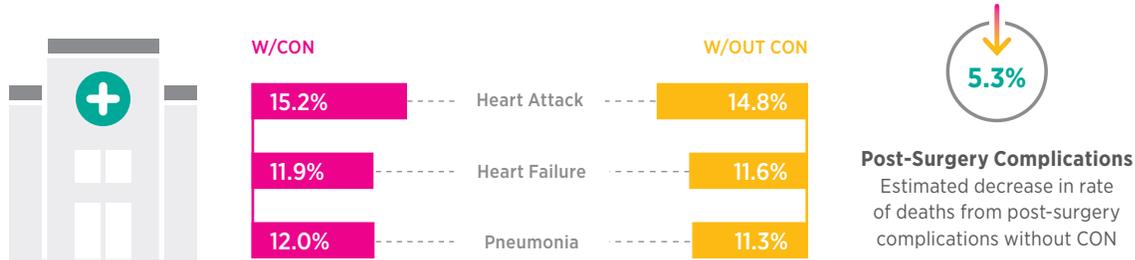
Estimated changes in access to healthcare facilities in Missouri without CON



QUALITY

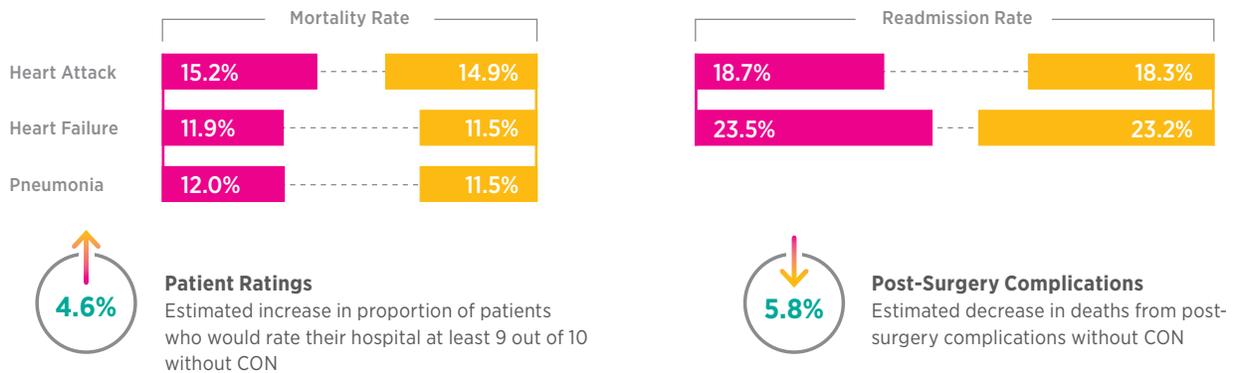
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Missouri healthcare quality indicators (full sample, at least one CON law)



Missouri is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

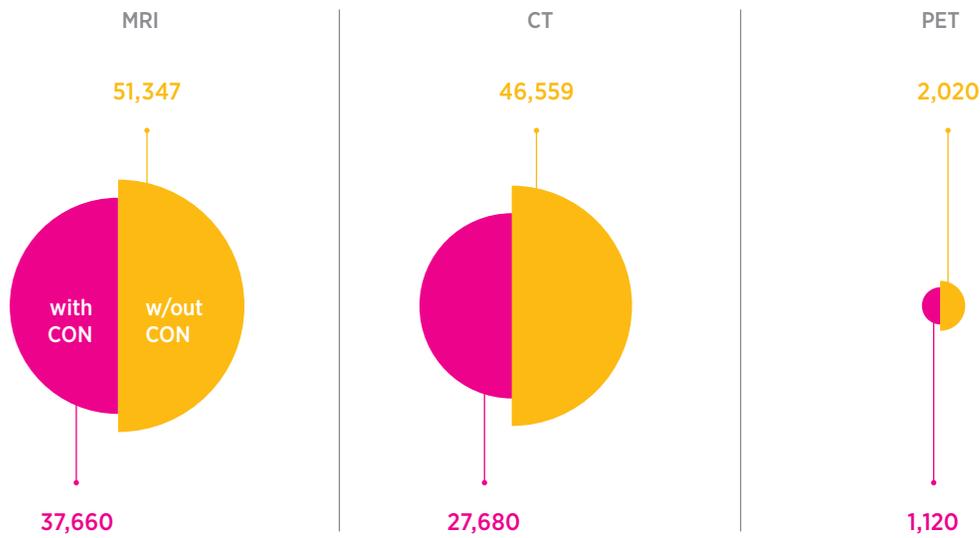
Estimated changes in Missouri healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



Thomas Stratmann and Matthew C. Baker look at the relationship between CON and the imaging claims of Medicare beneficiaries, which constitute only a portion of the total market for medical imaging services. However, CON laws limit the supply of imaging technologies to all consumers, meaning the results here underestimate the total effect of CON regulation on the utilization of medical imaging services.

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Source: Thomas Stratmann and Matthew C. Baker, "Barriers to Entry in the Healthcare Markets: Winners and Losers from Certificate-of-Need Laws" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2017).

CERTIFICATE-OF-NEED LAWS



MONTANA STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a Montana without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN MONTANA

Ambulatory Surgical Centers (ASCs)
Home Health

Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)
Long-Term Acute Care (LTAC)

Nursing Home Beds/
Long-Term Care Beds
Rehabilitation

Substance/Drug Abuse
Swing Beds

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Montana without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

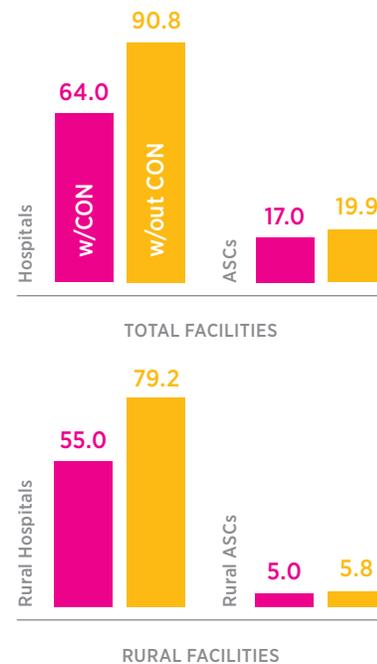


ACCESS

Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete with traditional hospitals. These states have fewer rural ASCs.

Research also finds that states with CON programs have fewer hospitals in general (in rural and nonrural areas alike), and states with ASC-specific CON regulations have fewer ASCs in general.

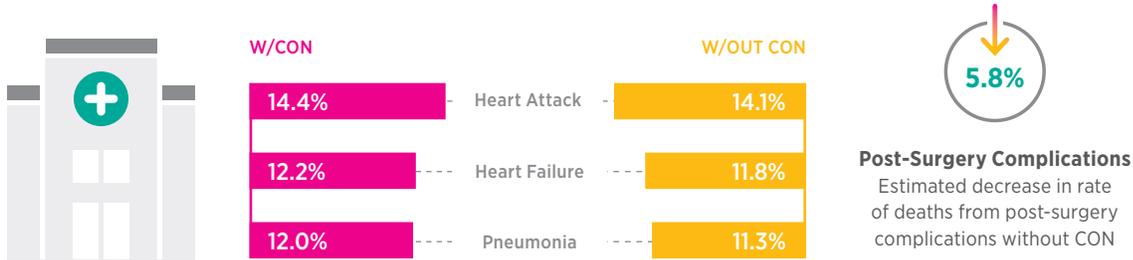
Estimated changes in access to healthcare facilities in Montana without CON



QUALITY

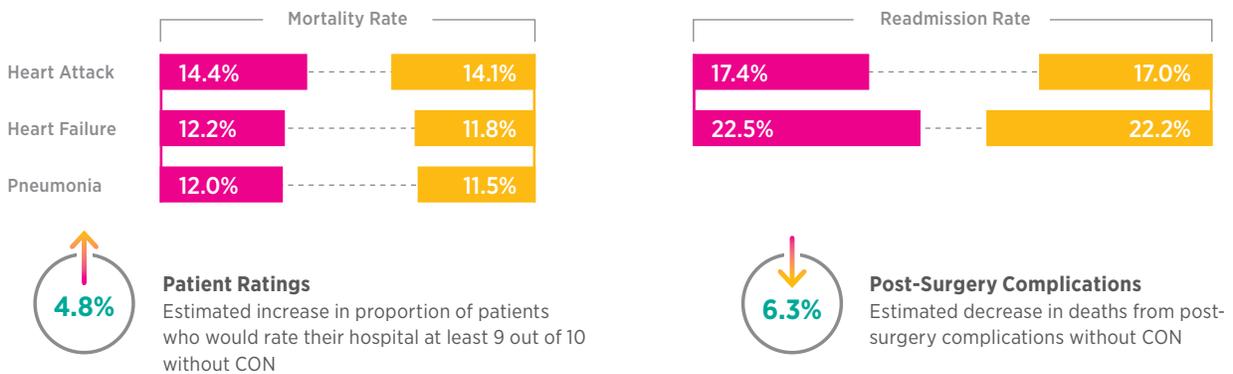
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Montana healthcare quality indicators (full sample, at least one CON law)



Montana is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

Estimated changes in Montana healthcare quality indicators (restricted sample, four or more CON laws)



CERTIFICATE-OF-NEED LAWS



NEBRASKA

STATE PROFILE

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HEALTHCARE SERVICES THAT REQUIRE A CON IN NEBRASKA

Intermediate Care
Facilities for Individuals
with Intellectual Disability
(ICF/IDs)

Long-Term Acute Care
(LTAC)

Nursing Home Beds/
Long-Term Care Beds

Rehabilitation

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Nebraska without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

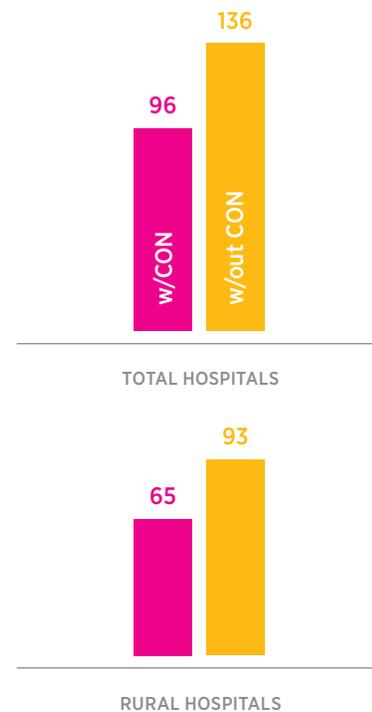


ACCESS

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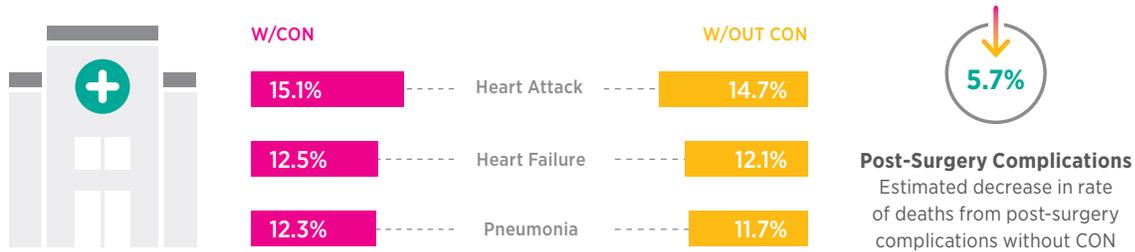
Estimated changes in access to healthcare facilities in Nebraska without CON



QUALITY

Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Nebraska healthcare quality indicators



This study uses an identification strategy that exploits the fact that, on occasion, a local healthcare market is divided between two states, one with a CON law and the other without. Four is the median number of CON laws for CON states in this subsample.

Some states have added CON requirements for particular services since these analyses were conducted; the states with such new requirements are not visualized. For the latest information on which states regulate which procedures through CON, see Christopher Koopman and Anne Philipot, "The State of Certificate-of-Need Laws in 2016," Mercatus Center at George Mason University, September 27, 2016.

Source: Thomas Stratmann and David Wille, "Certificate-of-Need Laws and Hospital Quality" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2016).

CERTIFICATE-OF-NEED LAWS



NEVADA STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a Nevada without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN NEVADA

Acute Hospital Beds
Air Ambulance
Ambulatory Surgical Centers (ASCs)

Intermediate Care Facilities
for Individuals with Intellectual
Disability (ICF/IDs)
Nursing Home Beds/
Long-Term Care Beds

Psychiatric Services
Rehabilitation

Substance/Drug Abuse

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Nevada without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

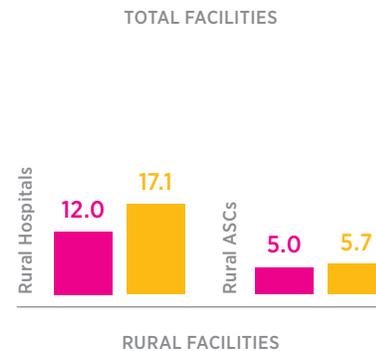
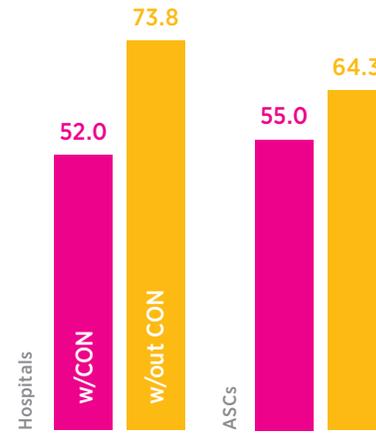


ACCESS

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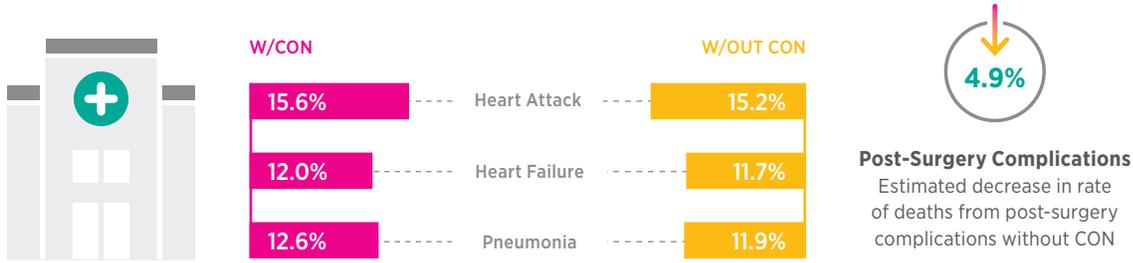
Estimated changes in access to healthcare facilities in Nevada without CON



QUALITY

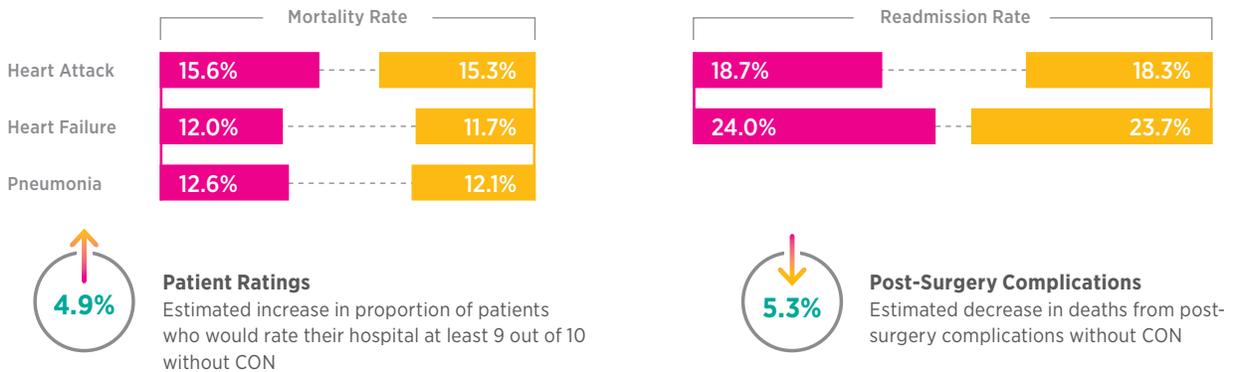
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Estimated changes in Nevada healthcare quality indicators (full sample, at least one CON law)



Nevada is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

Estimated changes in Nevada healthcare quality indicators (restricted sample, four or more CON laws)



CERTIFICATE-OF-NEED LAWS



NEW JERSEY STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a New Jersey without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN NEW JERSEY

Acute Hospital Beds	Gamma Knives	Long-Term Acute Care (LTAC)	Open-Heart Surgery
Ambulatory Surgical Centers (ASCs)	Home Health	Magnetic Resonance Imaging (MRI) Scanners	Organ Transplants
Assisted Living/Residential Care Facilities	Hospice	Mobile Medical Imaging	Positron Emission Tomography (PET) Scanners
Burn Care	Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)	Neonatal Intensive Care	Psychiatric Services
Cardiac Catheterization	Linear Accelerator Radiology	Nursing Home Beds/Long-Term Care Beds	Rehabilitation
Computed Tomography (CT) Scanners	Lithotripsy	Obstetrics Services	Renal Failure/Dialysis
			Subacute Services
			Substance/Drug Abuse

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in New Jersey without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

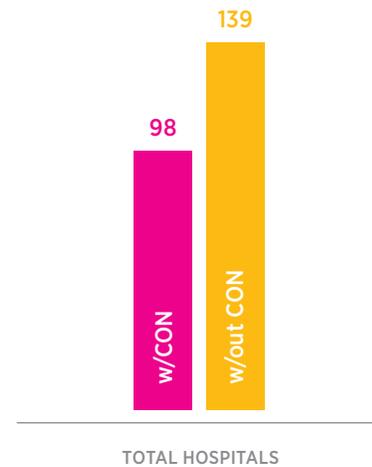


ACCESS

Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete with traditional hospitals. These states have fewer rural ASCs.

Research also finds that states with CON programs have fewer hospitals in general (in rural and nonrural areas alike), and states with ASC-specific CON regulations have fewer ASCs in general.

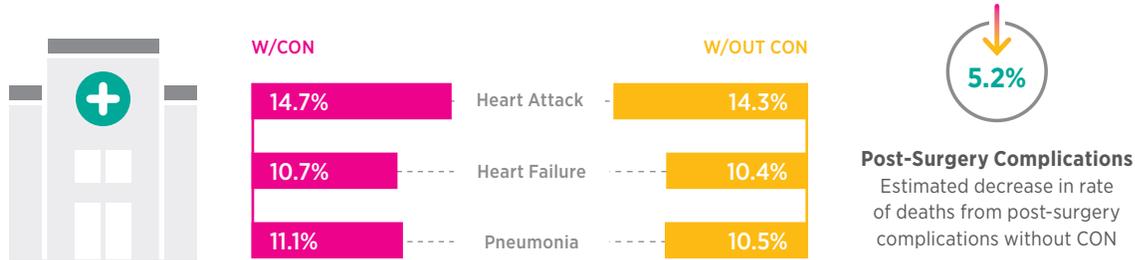
Estimated changes in access to healthcare facilities in New Jersey without CON



QUALITY

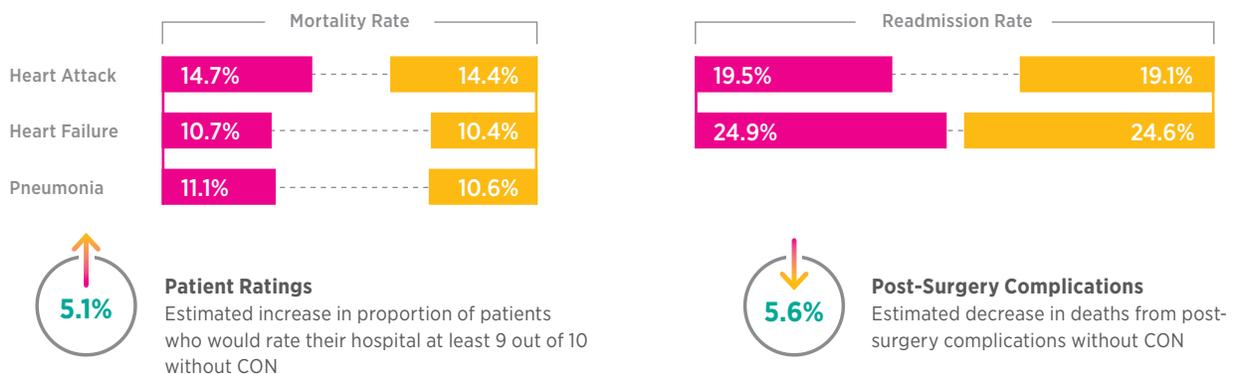
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in New Jersey healthcare quality indicators (full sample, at least one CON law)



New Jersey is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

Estimated changes in New Jersey healthcare quality indicators (restricted sample, four or more CON laws)



Findings on heart failure readmission rates, heart attack readmission rates, and the percentage of patients giving their hospital a 9 out of 10 or 10 out of 10 overall rating were statistically significant only in the restricted sample of states that regulate four or more services with certificate of need.

This study uses an identification strategy that exploits the fact that, on occasion, a local healthcare market is divided between two states, one with a CON law and the other without. Four is the median number of CON laws for CON states in this subsample.

The survey referred to is the Hospital Consumer Assessment of Healthcare Providers and Systems survey. It was developed by the Centers for Medicare and Medicaid Services in partnership with the Agency for Healthcare Research and Quality, and it is based on a standardized instrument and data collection methodology that allows for cross-hospital comparisons of patients' experiences related to different aspects of care. "Highest overall quality rating" is defined as a 9 out of 10 or 10 out of 10 rating on the survey.

Some states have added CON requirements for particular services since these analyses were conducted; the states with such new requirements are not visualized. For the latest information on which states regulate which procedures through CON, see Christopher Koopman and Anne Philpot, "The State of Certificate-of-Need Laws in 2016," Mercatus Center at George Mason University, September 27, 2016.

Source: Thomas Stratmann and David Wille, "Certificate-of-Need Laws and Hospital Quality" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2016).

CERTIFICATE-OF-NEED LAWS



NEW YORK STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a New York without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN NEW YORK

- Acute Hospital Beds
- Ambulance Services, Ground
- Ambulatory Surgical Centers (ASCs)
- Burn Care
- Cardiac Catheterization
- Computed Tomography (CT) Scanners

- Home Health
- Hospice
- Hypodermic Syringes and Needles
- Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)
- Lithotripsy

- Long-Term Acute Care (LTAC)
- Magnetic Resonance Imaging (MRI) Scanners
- Mobile Medical Imaging
- Neonatal Intensive Care
- Nursing Home Beds/Long-Term Care Beds

- Obstetrics Services
- Open-Heart Surgery
- Organ Transplants
- Radiation Therapy
- Rehabilitation
- Renal Failure/Dialysis
- Substance/Drug Abuse

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in New York without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

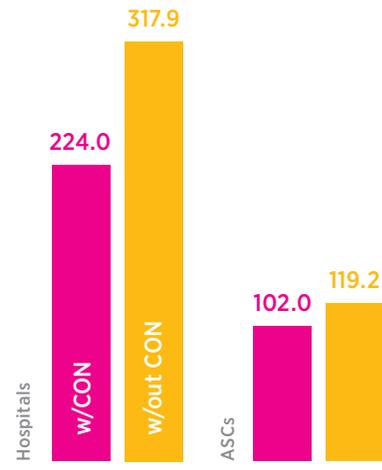


ACCESS

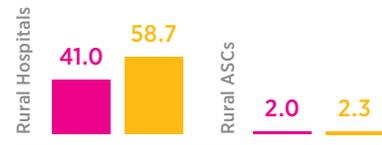
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Research also finds that states with CON programs have fewer hospitals in general (in rural and nonrural areas alike), and states with ASC-specific CON regulations have fewer ASCs in general.

Estimated changes in access to healthcare facilities in New York without CON



TOTAL FACILITIES

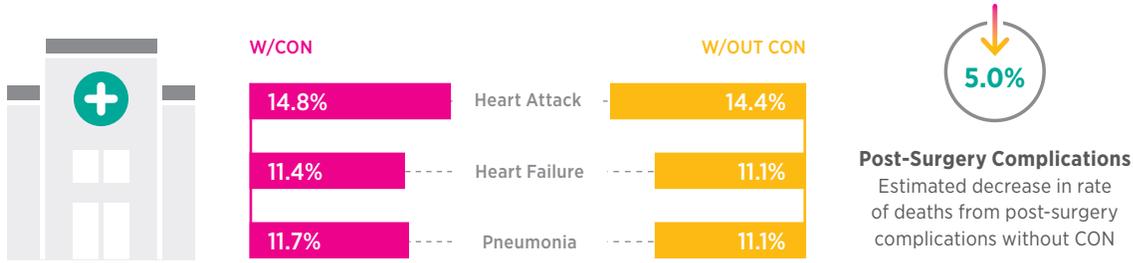


RURAL FACILITIES

QUALITY

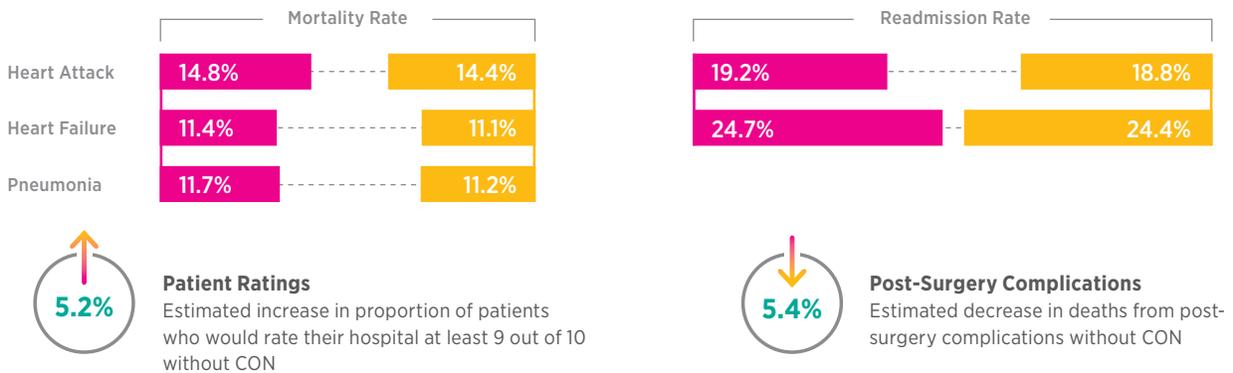
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in New York healthcare quality indicators (full sample, at least one CON law)



New York is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

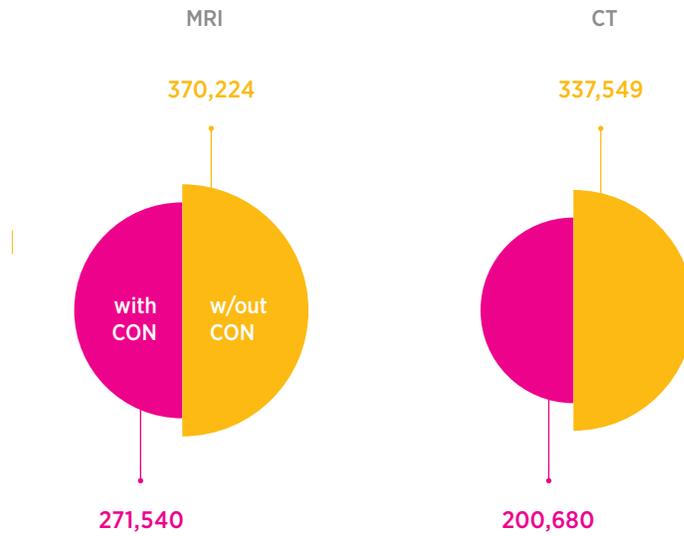
Estimated changes in New York healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

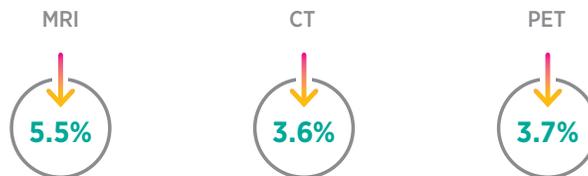
CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



CERTIFICATE-OF-NEED LAWS



NORTH CAROLINA STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a North Carolina without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN NORTH CAROLINA

Acute Hospital Beds	Hospice	Magnetic Resonance Imaging (MRI) Scanners	Positron Emission Tomography (PET) Scanners
Ambulatory Surgical Centers (ASCs)	Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)	Mobile Medical Imaging	Psychiatric Services
Assisted Living/Residential Care Facilities	Linear Accelerator Radiology	Neonatal Intensive Care	Radiation Therapy
Burn Care	Lithotripsy	Nursing Home Beds/Long-Term Care Beds	Rehabilitation
Cardiac Catheterization	Long-Term Acute Care (LTAC)	Open-Heart Surgery	Renal Failure/Dialysis
Gamma Knives		Organ Transplants	Subacute Services
Home Health			Substance/Drug Abuse

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in North Carolina without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

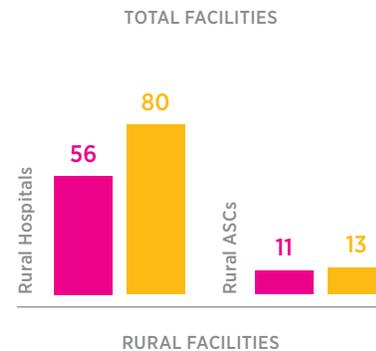
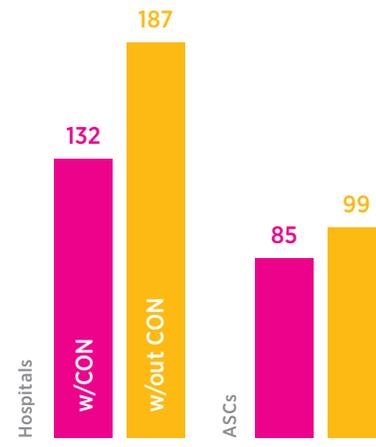


ACCESS

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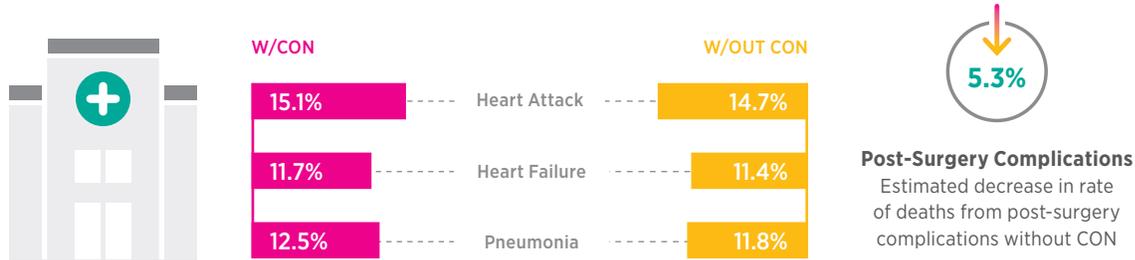
Estimated changes in access to healthcare facilities in North Carolina without CON



QUALITY

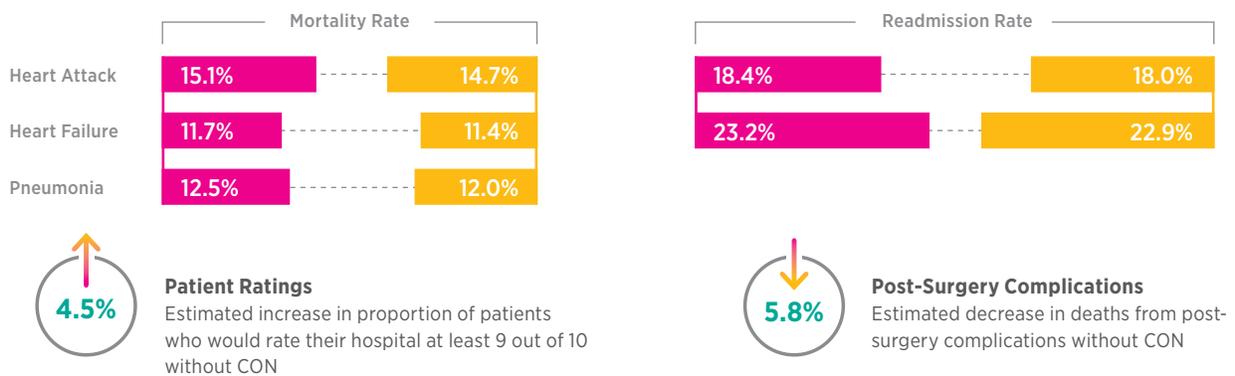
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Estimated changes in North Carolina healthcare quality indicators (full sample, at least one CON law)



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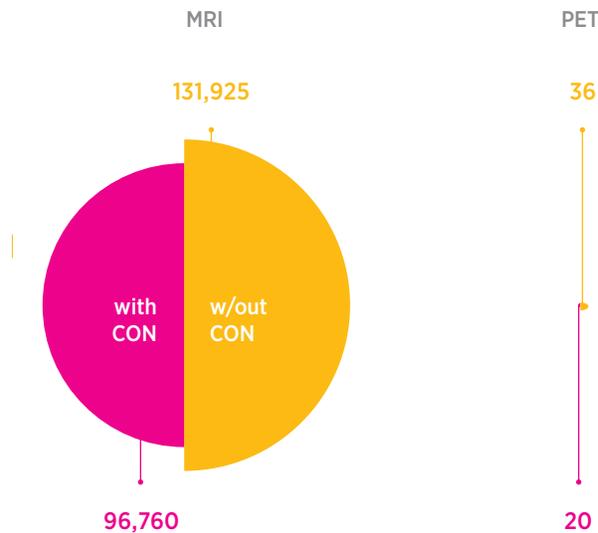
Estimated changes in North Carolina healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



Thomas Stratmann and Matthew C. Baker look at the relationship between CON and the imaging claims of Medicare beneficiaries, which constitute only a portion of the total market for medical imaging services. However, CON laws limit the supply of imaging technologies to all consumers, meaning the results here underestimate the total effect of CON regulation on the utilization of medical imaging services.

While CON programs are associated with reduced use of imaging services by nonhospital providers, they were found to have no statistically significant effect on the use of imaging services provided by hospitals. This suggests that CON laws protect hospitals from nonhospital competition. The net effect is to lower the overall use of imaging services.

The effect of CON on MRI and CT scans per 1,000 Medicare beneficiaries was statistically significant at the 15% level. The effect of CON on a patient's probability of traveling outside the patient's county of residence for PET services was also statistically significant at the 15% level. All other variables were statistically significant at levels ranging from 1% to 5%.

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Source: Thomas Stratmann and Matthew C. Baker, "Barriers to Entry in the Healthcare Markets: Winners and Losers from Certificate-of-Need Laws" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2017).

CERTIFICATE-OF-NEED LAWS



OHIO

STATE PROFILE

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HEALTHCARE SERVICES THAT REQUIRE A CON IN OHIO

Nursing Home Beds/
Long-Term Care Beds

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Ohio without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

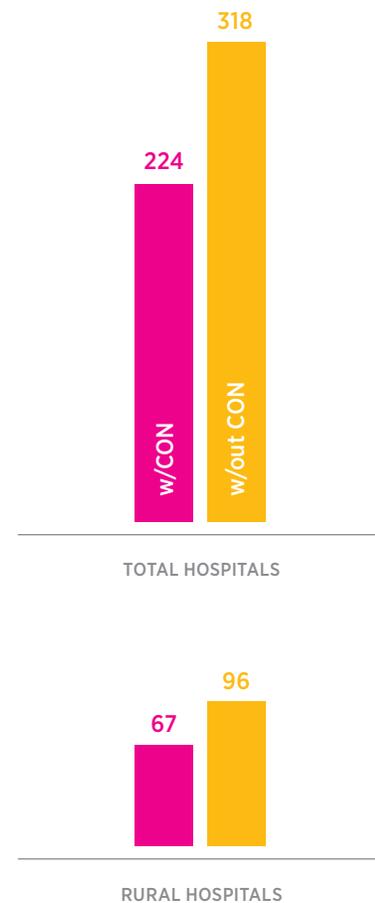


ACCESS

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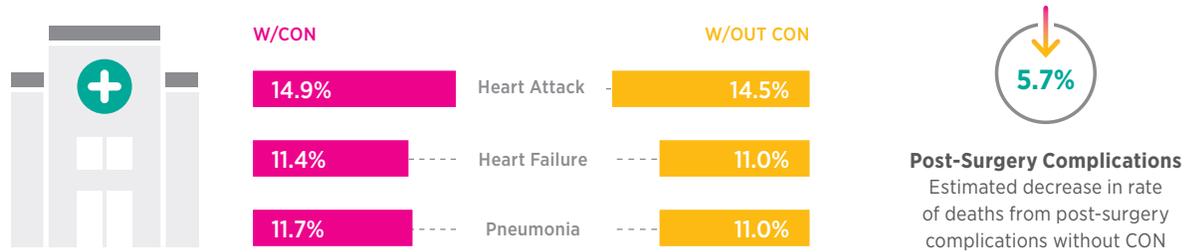
Estimated changes in access to healthcare facilities in Ohio without CON



QUALITY

Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Ohio healthcare quality indicators



CERTIFICATE-OF-NEED LAWS



OKLAHOMA STATE PROFILE

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HEALTHCARE SERVICES THAT REQUIRE A CON IN OKLAHOMA

Intermediate Care Facilities
for Individuals with
Intellectual Disability
(ICF/IDs)

Nursing Home Beds/
Long-Term Care Beds

Psychiatric Services
Subacute Services

Substance/Drug Abuse

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Oklahoma without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

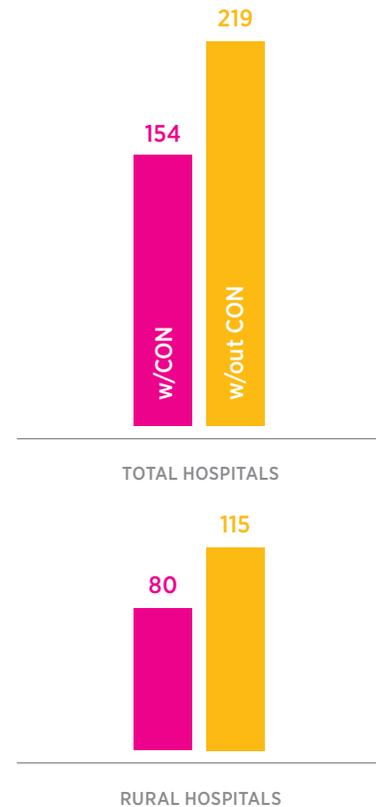


ACCESS

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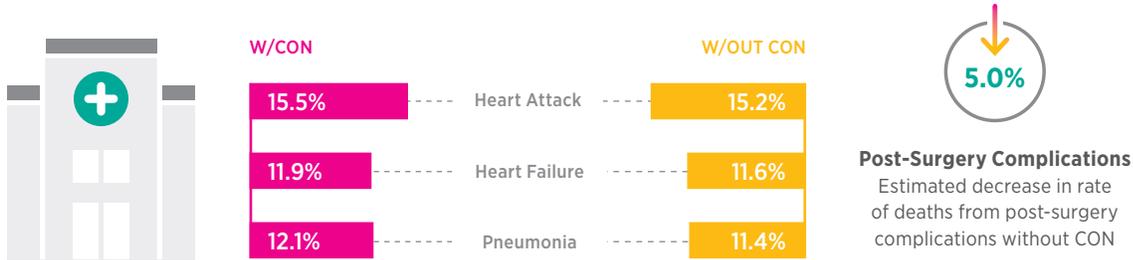
Estimated changes in access to healthcare facilities in Oklahoma without CON



QUALITY

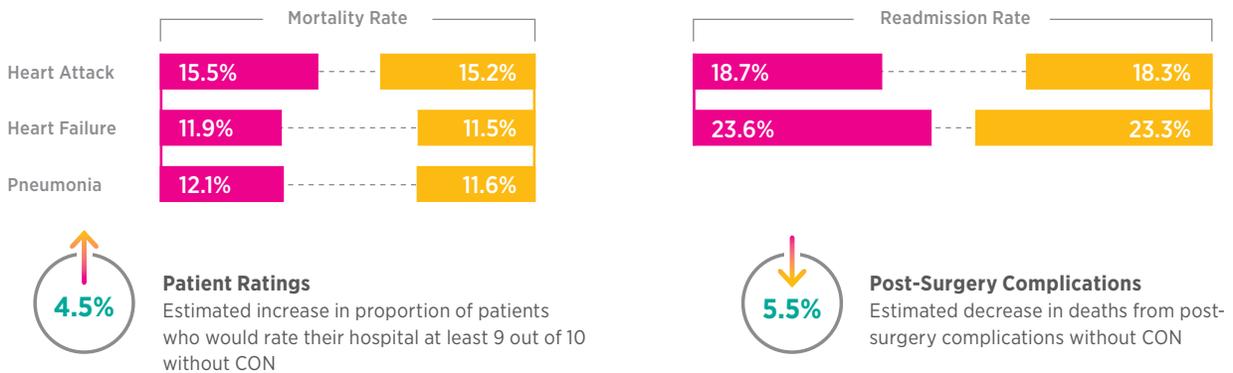
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Estimated changes in Oklahoma healthcare quality indicators (full sample, at least one CON law)



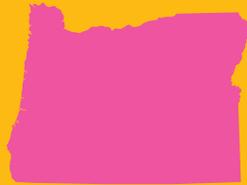
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Estimated changes in Oklahoma healthcare quality indicators (restricted sample, four or more CON laws)





CERTIFICATE-OF-NEED LAWS



OREGON STATE PROFILE

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HEALTHCARE SERVICES THAT REQUIRE A CON IN OREGON

Acute Hospital Beds
Ambulatory Surgical Centers (ASCs)
Burn Care
Computed Tomography (CT) Scanners
Hospice

Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)
Lithotripsy
Long-Term Acute Care (LTAC)

Magnetic Resonance Imaging (MRI) Scanners
Neonatal Intensive Care
Nursing Home Beds/ Long-Term Care Beds
Positron Emission Tomography (PET) Scanners

Psychiatric Services
Radiation Therapy
Rehabilitation
Substance/Drug Abuse
Swing Beds

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Oregon without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

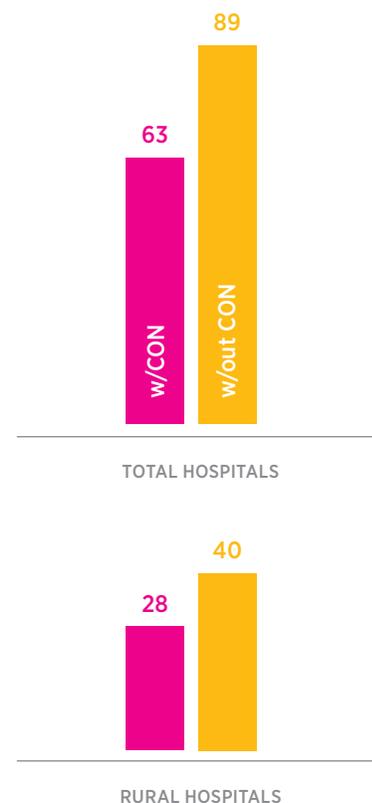


ACCESS

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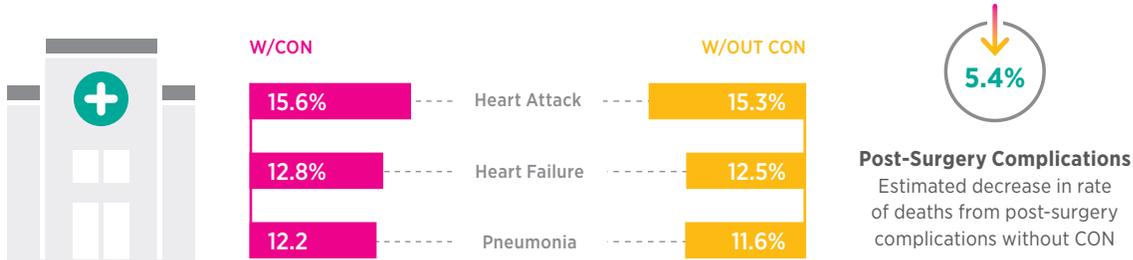
Estimated changes in access to healthcare facilities in Oregon without CON



QUALITY

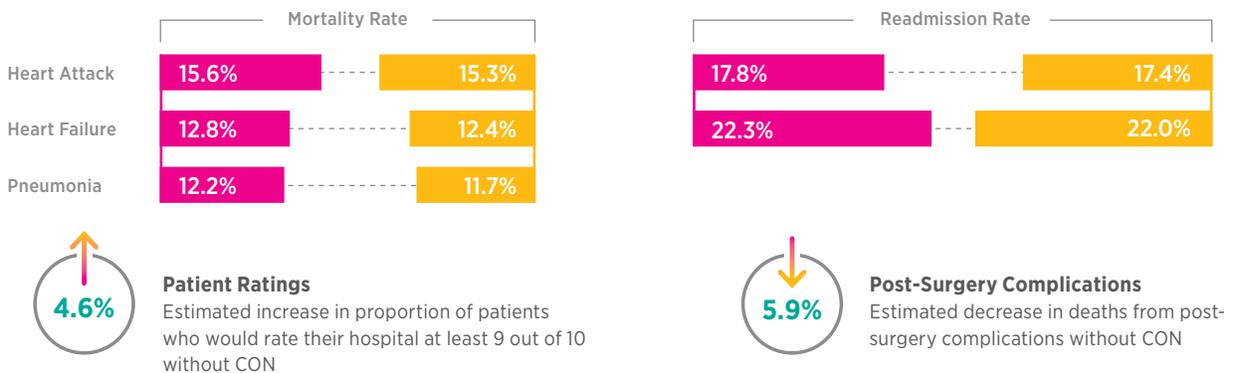
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Estimated changes in Oregon healthcare quality indicators (full sample, at least one CON law)



Oregon is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

Estimated changes in Oregon healthcare quality indicators (restricted sample, four or more CON laws)



CERTIFICATE-OF-NEED LAWS



RHODE ISLAND STATE PROFILE

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HEALTHCARE SERVICES THAT REQUIRE A CON IN RHODE ISLAND

Acute Hospital Beds
Ambulatory Surgical Centers (ASCs)
Cardiac Catheterization
Computed Tomography (CT) Scanners
Gamma Knives
Home Health

Hospice
Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)
Linear Accelerator Radiology
Long-Term Acute Care (LTAC)

Magnetic Resonance Imaging (MRI) Scanners
Mobile Medical Imaging
Neonatal Intensive Care
Nursing Home Beds/ Long-Term Care Beds
Obstetrics Services
Open-Heart Surgery

Organ Transplants
Positron Emission Tomography (PET) Scanners
Psychiatric Services
Radiation Therapy
Rehabilitation
Subacute Services
Substance/Drug Abuse

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Rhode Island without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

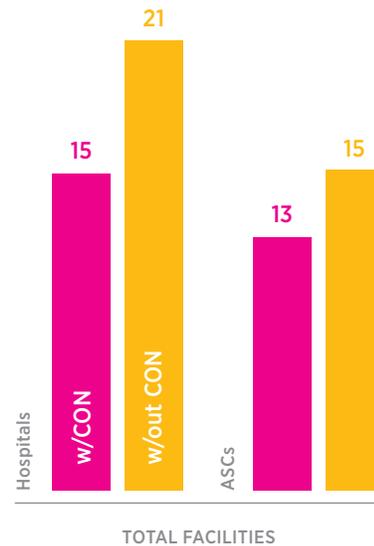


ACCESS

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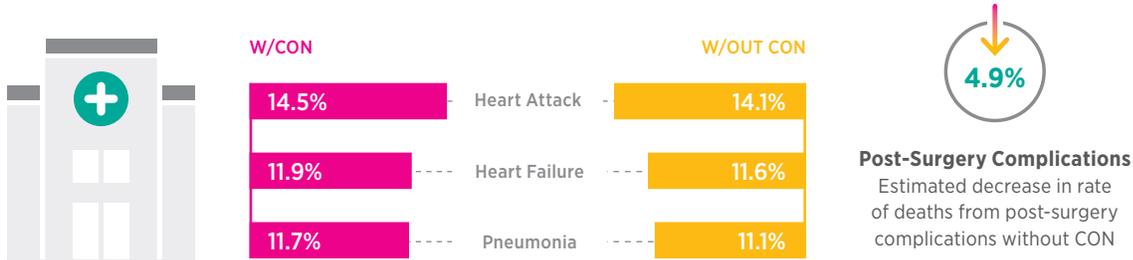
Estimated changes in access to healthcare facilities in Rhode Island without CON



QUALITY

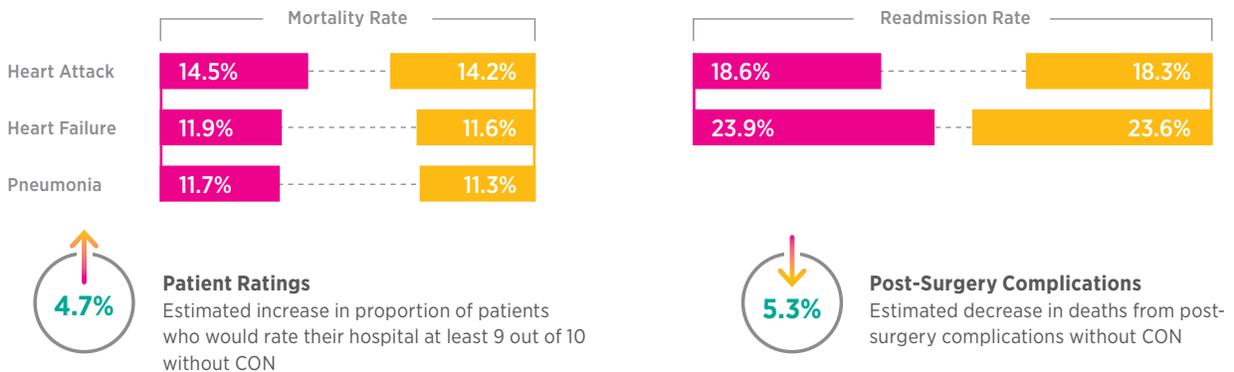
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Estimated changes in Rhode Island healthcare quality indicators (full sample, at least one CON law)



Rhode Island is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

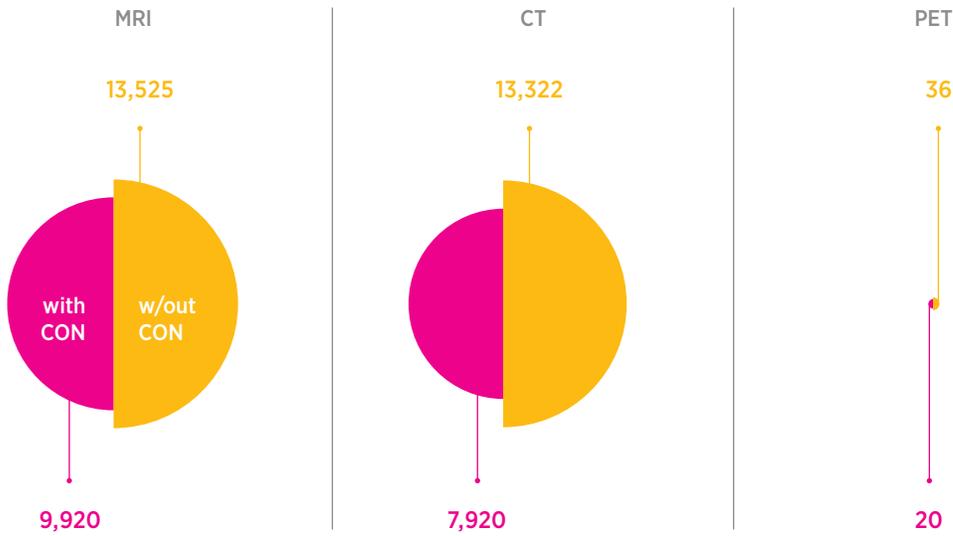
Estimated changes in Rhode Island healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

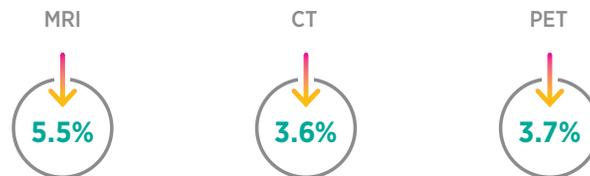
CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



Thomas Stratmann and Matthew C. Baker look at the relationship between CON and the imaging claims of Medicare beneficiaries, which constitute only a portion of the total market for medical imaging services. However, CON laws limit the supply of imaging technologies to all consumers, meaning the results here underestimate the total effect of CON regulation on the utilization of medical imaging services.

While CON programs are associated with reduced use of imaging services by nonhospital providers, they were found to have no statistically significant effect on the use of imaging services provided by hospitals. This suggests that CON laws protect hospitals from nonhospital competition. The net effect is to lower the overall use of imaging services.

The effect of CON on MRI and CT scans per 1,000 Medicare beneficiaries was statistically significant at the 15% level. The effect of CON on a patient's probability of traveling outside the patient's county of residence for PET services was also statistically significant at the 15% level. All other variables were statistically significant at levels ranging from 1% to 5%.

Some states have added CON requirements for particular services since these analyses were conducted; the states with such new requirements are not visualized. For the latest information on which states regulate which procedures through CON, see Christopher Koopman and Anne Philpot, "The State of Certificate-of-Need Laws in 2016," Mercatus Center at George Mason University, September 27, 2016.

Source: Thomas Stratmann and Matthew C. Baker, "Barriers to Entry in the Healthcare Markets: Winners and Losers from Certificate-of-Need Laws" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2017).

CERTIFICATE-OF-NEED LAWS



SOUTH CAROLINA STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a South Carolina without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN SOUTH CAROLINA

Acute Hospital Beds	Hospice	Mobile Medical Imaging	Psychiatric Services
Ambulatory Surgical Centers (ASCs)	Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)	Neonatal Intensive Care	Radiation Therapy
Cardiac Catheterization	Lithotripsy	Nursing Home Beds/Long-Term Care Beds	Rehabilitation
Computed Tomography (CT) Scanners	Long-Term Acute Care (LTAC)	Obstetrics Services	Subacute Services
Gamma Knives	Magnetic Resonance Imaging (MRI) Scanners	Open-Heart Surgery	Substance/Drug Abuse
Home Health		Positron Emission Tomography (PET) Scanners	

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in South Carolina without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

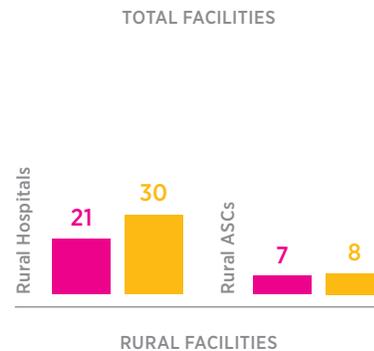
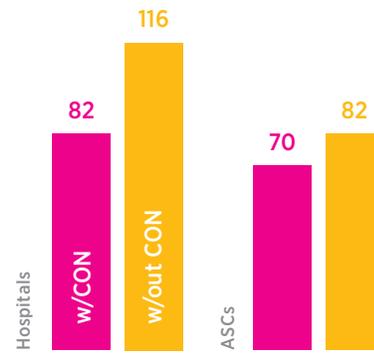


ACCESS

Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete with traditional hospitals. These states have fewer rural ASCs.

Research also finds that states with CON programs have fewer hospitals in general (in rural and nonrural areas alike), and states with ASC-specific CON regulations have fewer ASCs in general.

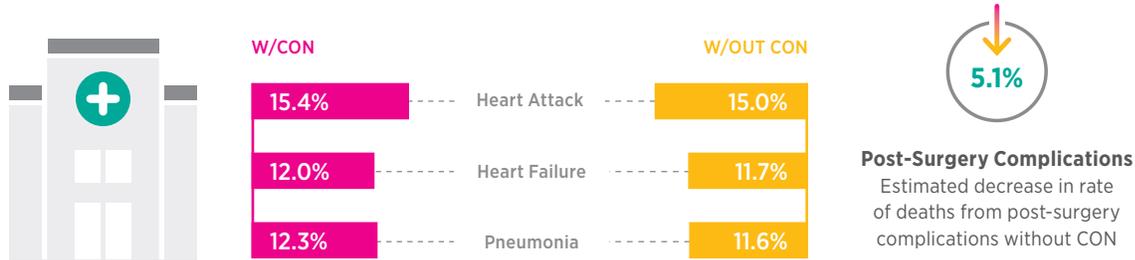
Estimated changes in access to healthcare facilities in South Carolina without CON



QUALITY

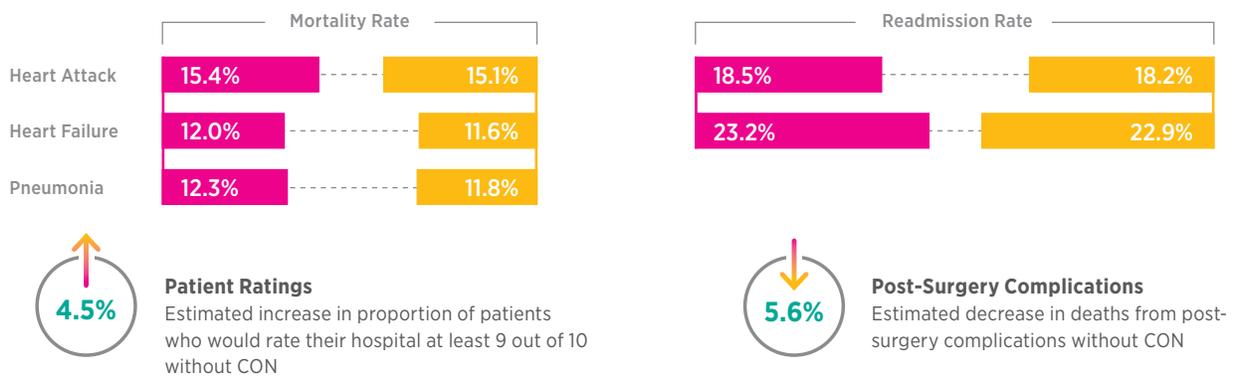
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in South Carolina healthcare quality indicators (full sample, at least one CON law)



South Carolina is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

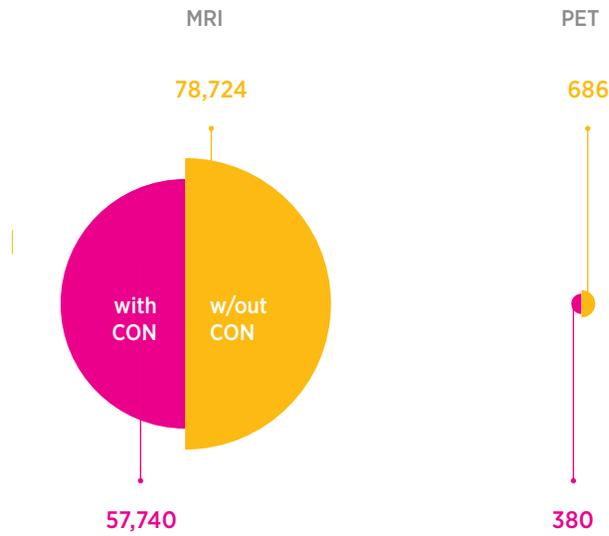
Estimated changes in South Carolina healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



CERTIFICATE-OF-NEED LAWS



TENNESSEE STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a Tennessee without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN TENNESSEE

Acute Hospital Beds
Ambulatory Surgical Centers (ASCs)
Burn Care
Cardiac Catheterization
Computed Tomography (CT) Scanners
Home Health

Hospice
Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)
Linear Accelerator Radiology
Lithotripsy
Long-Term Acute Care (LTAC)

Magnetic Resonance Imaging (MRI) Scanners
Neonatal Intensive Care
Nursing Home Beds/ Long-Term Care Beds
Open-Heart Surgery
Positron Emission Tomography (PET) Scanners

Psychiatric Services
Radiation Therapy
Rehabilitation
Subacute Services
Substance/Drug Abuse
Swing Beds
Ultrasound

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Tennessee without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

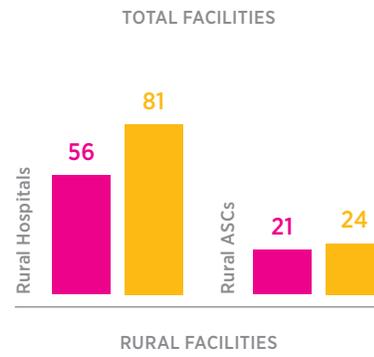
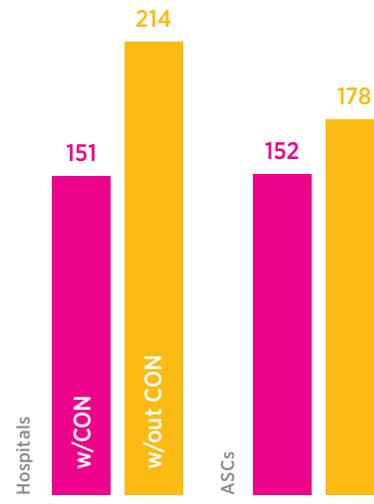


ACCESS

Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete with traditional hospitals. These states have fewer rural ASCs.

Research also finds that states with CON programs have fewer hospitals in general (in rural and nonrural areas alike), and states with ASC-specific CON regulations have fewer ASCs in general.

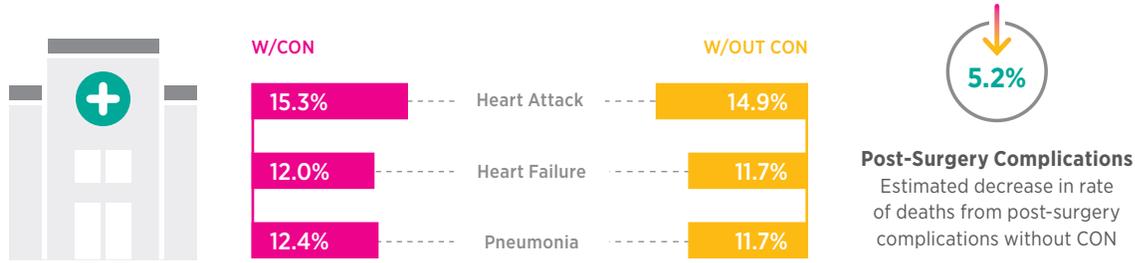
Estimated changes in access to healthcare facilities in Tennessee without CON



QUALITY

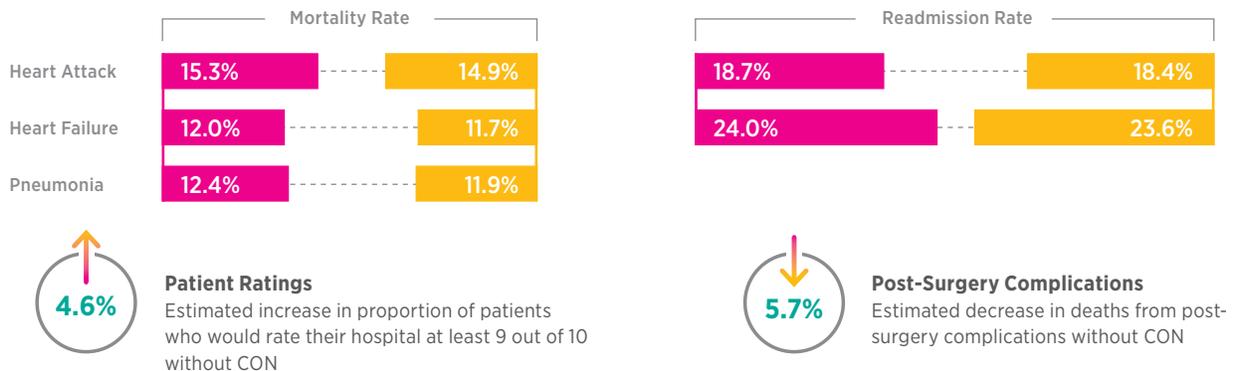
Supporters of CON suggest these regulations positively impact healthcare quality, but research finds the quality of hospital care in CON states is not systematically higher than hospital quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Tennessee healthcare quality indicators (full sample, at least one CON law)



Tennessee is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

Estimated changes in Tennessee healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



CERTIFICATE-OF-NEED LAWS



VERMONT STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a Vermont without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN VERMONT

Acute Hospital Beds	Home Health	Medical Office Buildings	Psychiatric Services
Air Ambulance	Hospice	Mobile Medical Imaging	Radiation Therapy
Ambulatory Surgical Centers (ASCs)	Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IDs)	Neonatal Intensive Care	Rehabilitation
Assisted Living/Residential Care Facilities	Lithotripsy	Nursing Home Beds/Long-Term Care Beds	Renal Failure/Dialysis
Burn Care	Long-Term Acute Care (LTAC)	Obstetrics Services	Subacute Services
Cardiac Catheterization	Magnetic Resonance Imaging (MRI) Scanners	Open-Heart Surgery	Substance/Drug Abuse
Computed Tomography (CT) Scanners		Organ Transplants	Swing Beds
Gamma Knives		Positron Emission Tomography (PET) Scanners	Ultrasound

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Vermont without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

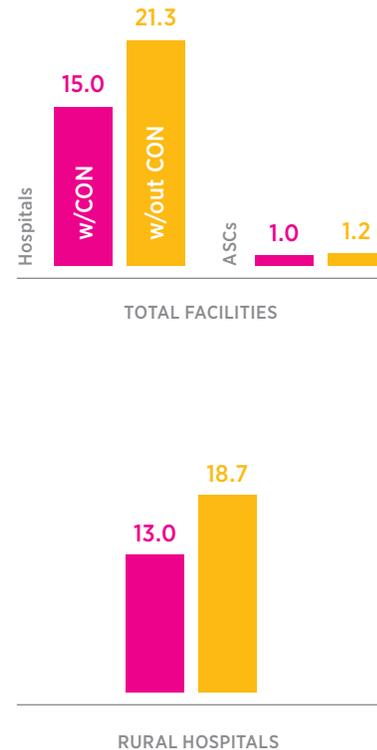


ACCESS

Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete with traditional hospitals. These states have fewer rural ASCs.

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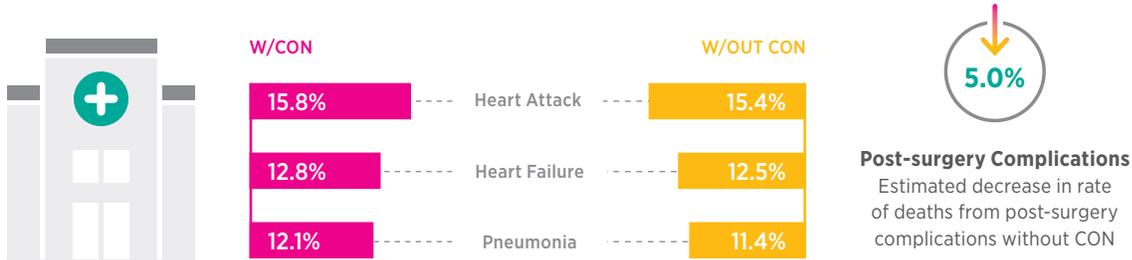
Estimated changes in access to healthcare facilities in Vermont without CON



QUALITY

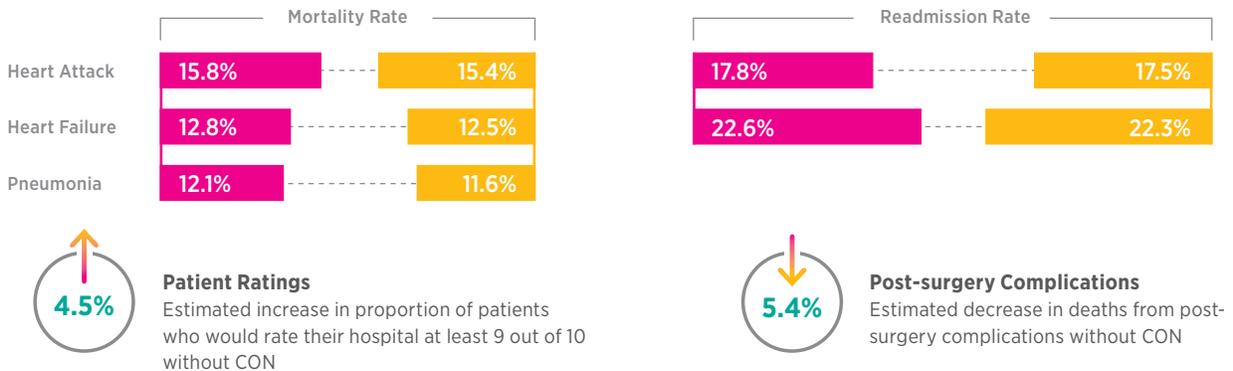
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in Vermont healthcare quality indicators (full sample, at least one CON law)



Vermont is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

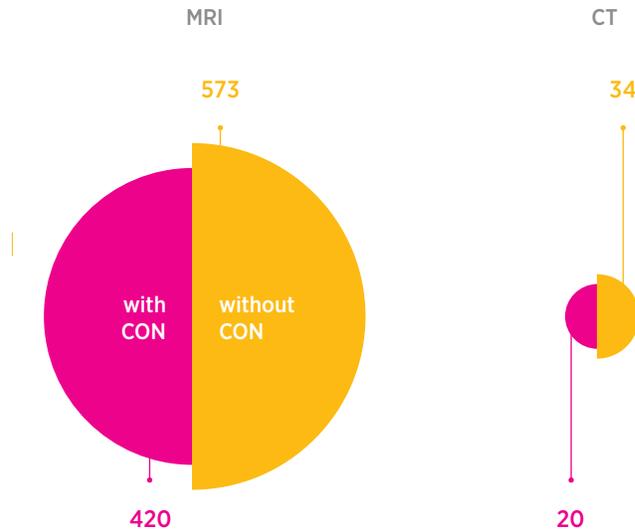
Estimated changes in Vermont healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



At the time it was studied, Vermont medical facilities provided no PET scans to Medicare beneficiaries, although the state regulated the use of PET machines. We therefore cannot estimate the number of scans that would likely take place in the event that the state had no CON law. Research suggests, however, that—in general—states without CON laws provide 45% more scans than CON states.

Thomas Stratmann and Matthew C. Baker look at the relationship between CON and the imaging claims of Medicare beneficiaries, which constitute only a portion of the total market for medical imaging services. However, CON laws limit the supply of imaging technologies to all consumers, meaning the results here underestimate the total effect of CON regulation on the utilization of medical imaging services.

While CON programs are associated with reduced use of imaging services by nonhospital providers, they were found to have no statistically significant effect on the use of imaging services provided by hospitals. This suggests that CON laws protect hospitals from nonhospital competition. The net effect is to lower the overall use of imaging services.

The effect of CON on MRI and CT scans per 1,000 Medicare beneficiaries was statistically significant at the 15% level. The effect of CON on a patient's probability of traveling outside the patient's county of residence for PET services was also statistically significant at the 15% level. All other variables were statistically significant at levels ranging from 1% to 5%.

Some states have added CON requirements for particular services since these analyses were conducted; the states with such new requirements are not visualized. For the latest information on which states regulate which procedures through CON, see Christopher Koopman and Anne Philpot, "The State of Certificate-of-Need Laws in 2016," Mercatus Center at George Mason University, September 27, 2016.

Source: Thomas Stratmann and Matthew C. Baker, "Barriers to Entry in the Healthcare Markets: Winners and Losers from Certificate-of-Need Laws" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2017).

CERTIFICATE-OF-NEED LAWS



VIRGINIA STATE PROFILE

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HEALTHCARE SERVICES THAT REQUIRE A CON IN VIRGINIA

Acute Hospital Beds
Ambulatory Surgical Centers (ASCs)
Cardiac Catheterization
Computed Tomography (CT) Scanners
Gamma Knives

Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)
Lithotripsy
Long-Term Acute Care (LTAC)
Magnetic Resonance Imaging (MRI) Scanners

Magnetic Source Imaging (MSI) Scanners
Mobile Medical Imaging
Neonatal Intensive Care
Nursing Home Beds/ Long-Term Care Beds
Obstetrics Services

Open-Heart Surgery
Organ Transplants
Positron Emission Tomography (PET) Scanners
Psychiatric Services
Radiation Therapy
Rehabilitation

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Virginia without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

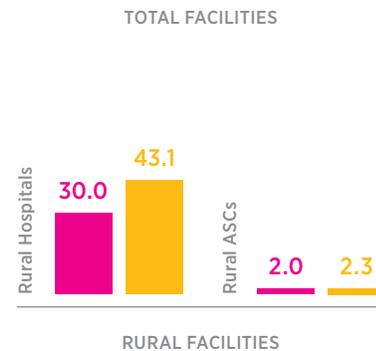
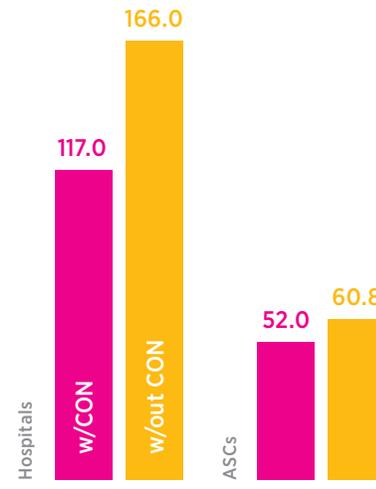


ACCESS

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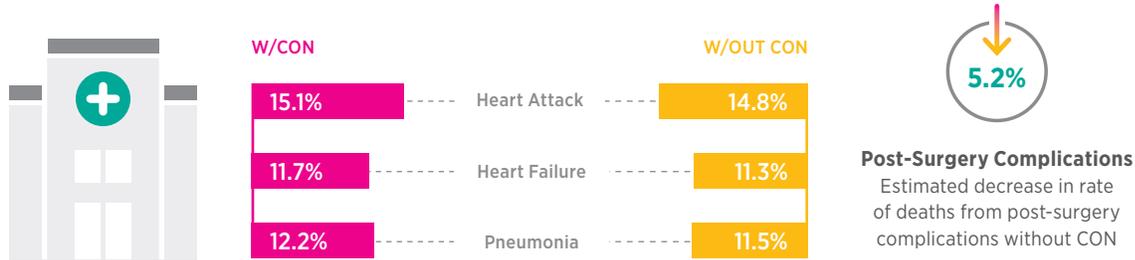
Estimated changes in access to healthcare facilities in Virginia without CON



QUALITY

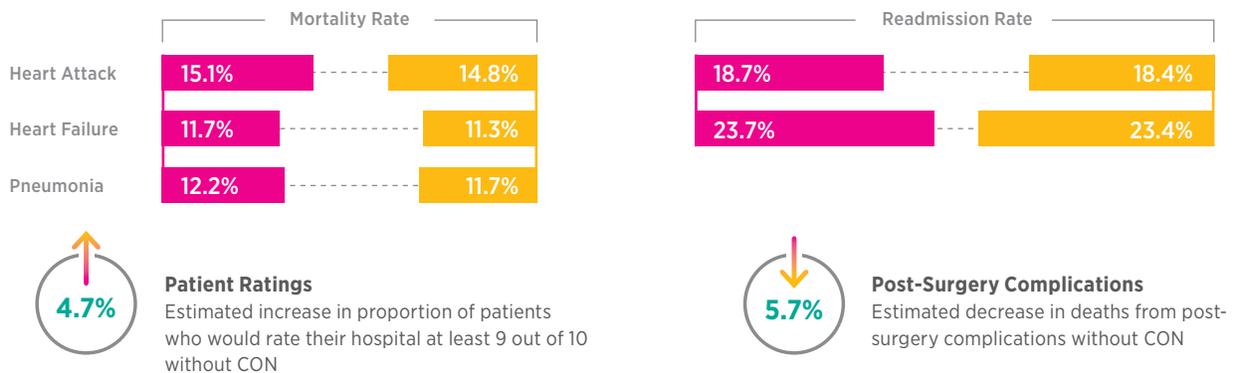
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Estimated changes in Virginia healthcare quality indicators (full sample, at least one CON law)



Virginia is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

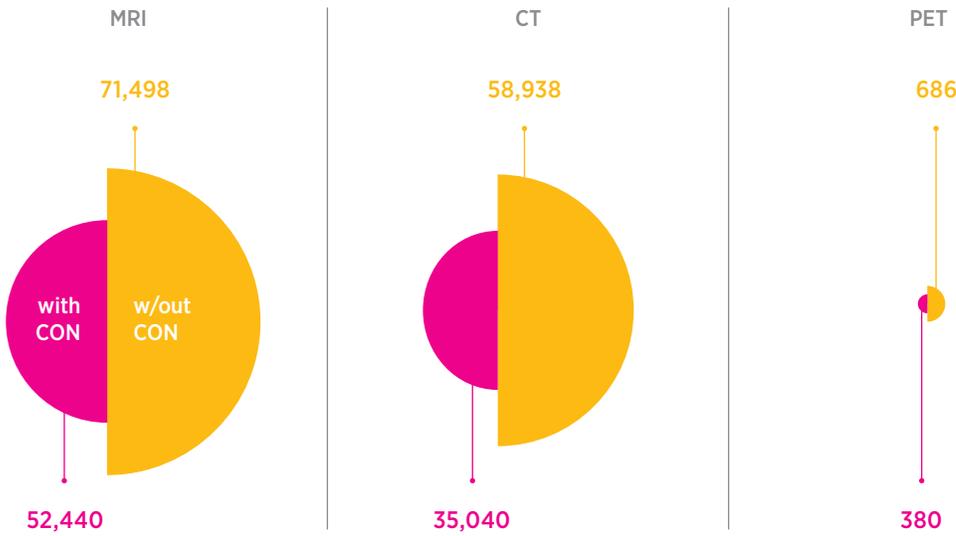
Estimated changes in Virginia healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



Thomas Stratmann and Matthew C. Baker look at the relationship between CON and the imaging claims of Medicare beneficiaries, which constitute only a portion of the total market for medical imaging services. However, CON laws limit the supply of imaging technologies to all consumers, meaning the results here underestimate the total effect of CON regulation on the utilization of medical imaging services.

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CERTIFICATE-OF-NEED LAWS



WASHINGTON STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a Washington without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN WASHINGTON

Acute Hospital Beds
Ambulatory Surgical Centers (ASCs)
Burn Care
Cardiac Catheterization

Home Health
Hospice
Long-Term Acute Care (LTAC)
Neonatal Intensive Care

Nursing Home Beds/
Long-Term Care Beds
Obstetrics Services
Open-Heart Surgery
Organ Transplants

Psychiatric Services
Rehabilitation
Renal Failure/Dialysis
Subacute Services
Swing Beds

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in Washington without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

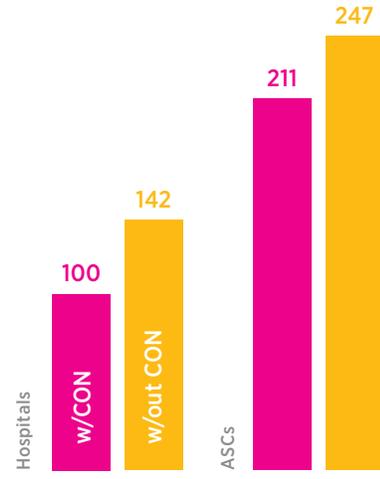


ACCESS

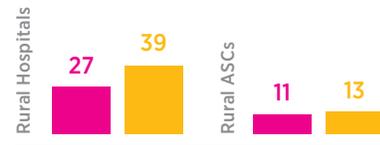
Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete with traditional hospitals. These states have fewer rural ASCs.

Research also finds that states with CON programs have fewer hospitals in general (in rural and nonrural areas alike), and states with ASC-specific CON regulations have fewer ASCs in general.

Estimated changes in access to healthcare facilities in Washington without CON



TOTAL FACILITIES

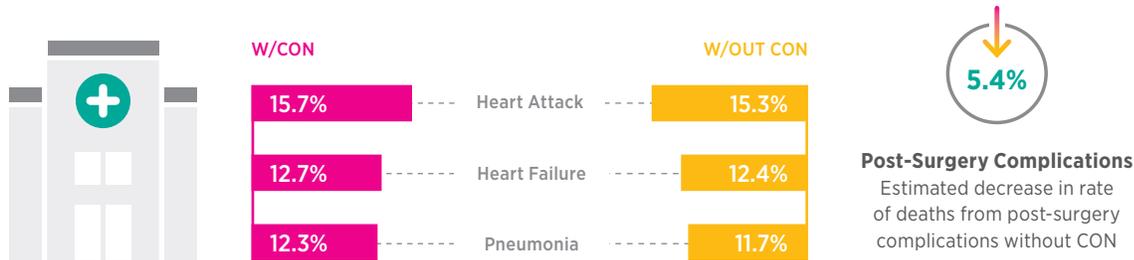


RURAL FACILITIES

QUALITY

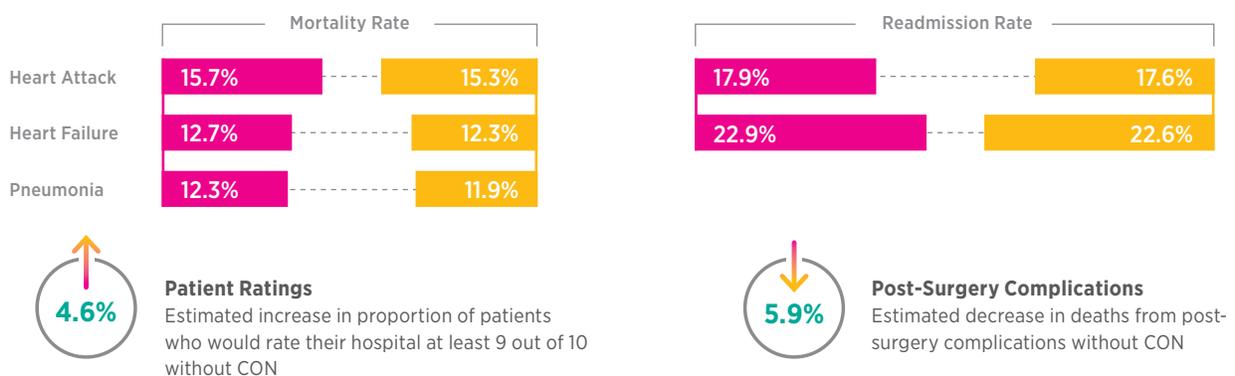
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Estimated changes in Washington healthcare quality indicators (full sample, at least one CON law)

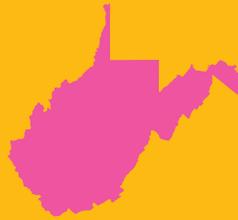


Washington is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

Estimated changes in Washington healthcare quality indicators (restricted sample, four or more CON laws)



CERTIFICATE-OF-NEED LAWS



WEST VIRGINIA STATE PROFILE

Certificate-of-need (CON) laws require healthcare providers to obtain permission before they open or expand their practices or purchase certain devices or new technologies. Applicants must prove that the community “needs” the new or expanded service, and existing providers are invited to challenge would-be competitors’ applications. CON laws have persisted in spite of mounting evidence from health economists, regulatory economists, and antitrust lawyers showing that these laws fail to achieve their intended goals. The following charts are based on studies comparing outcomes in states that have CON laws with outcomes in those that do not. These comparisons account for socioeconomic differences and differences in the underlying health of the populations across states. The studies give some insight into what is likely to happen in a West Virginia without CON laws.



HEALTHCARE SERVICES THAT REQUIRE A CON IN WEST VIRGINIA

Acute Hospital Beds

Ambulatory Surgical Centers (ASCs)

Burn Care

Cardiac Catheterization

Computed Tomography (CT) Scanners

Home Health

Hospice

Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IDs)

Long-Term Acute Care (LTAC)

Magnetic Resonance Imaging (MRI) Scanners

Mobile Medical Imaging

Neonatal Intensive Care

Nursing Home Beds/ Long-Term Care Beds

Obstetrics Services

Open-Heart Surgery

Organ Transplants

Positron Emission Tomography (PET) Scanners

Psychiatric Services

Radiation Therapy

Rehabilitation

Renal Failure/Dialysis

Substance/Drug Abuse

Ultrasound

SPENDING

Research finds that CON laws are associated with higher healthcare spending per capita and higher physician spending per capita.

Estimated changes in annual per capita healthcare spending patterns in West Virginia without CON

TOTAL HEALTHCARE SPENDING



PHYSICIAN SPENDING

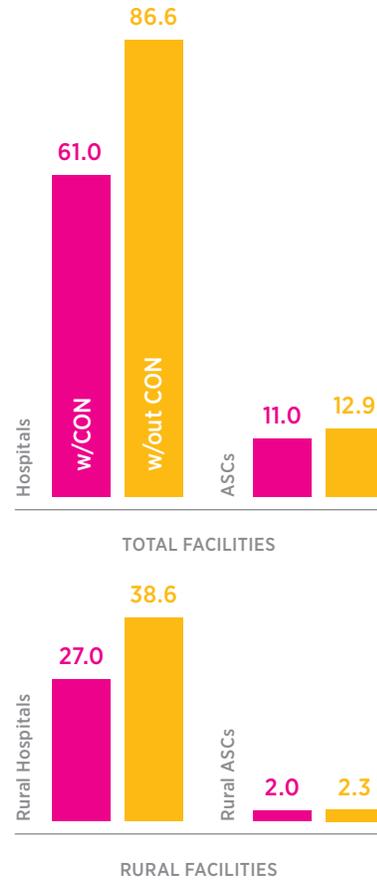


ACCESS

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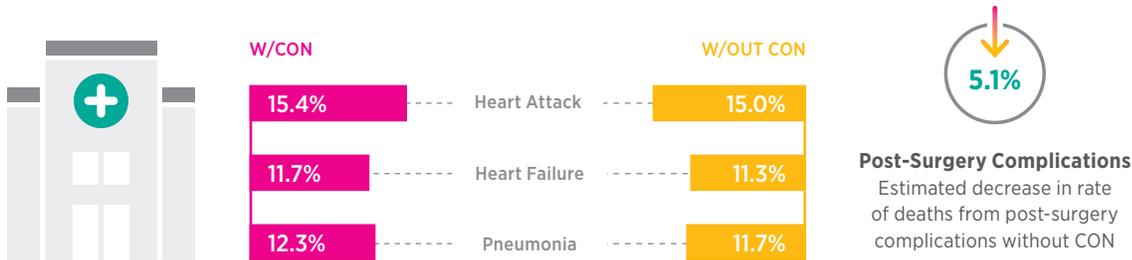
Estimated changes in access to healthcare facilities in West Virginia without CON



QUALITY

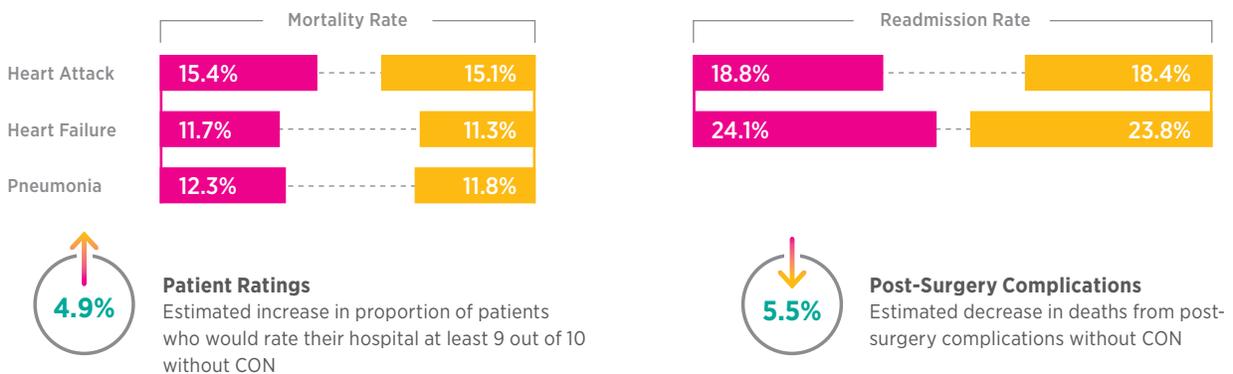
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well as patient deaths from serious complications after surgery, are statistically significantly higher in hospitals in states with at least one CON regulation.

Estimated changes in West Virginia healthcare quality indicators (full sample, at least one CON law)



West Virginia is one of 32 states with four or more CON restrictions. The effects of CON regulations may be cumulative, meaning states with more entry restrictions may experience larger quality differences than states with fewer restrictions. Research finds that states with four or more CON laws have systematically lower-quality hospitals than non-CON states. The effect is evident across other quality indicators, including the share of patients surveyed giving their hospital the highest overall quality rating, heart failure readmission rate, and heart attack readmission rate.

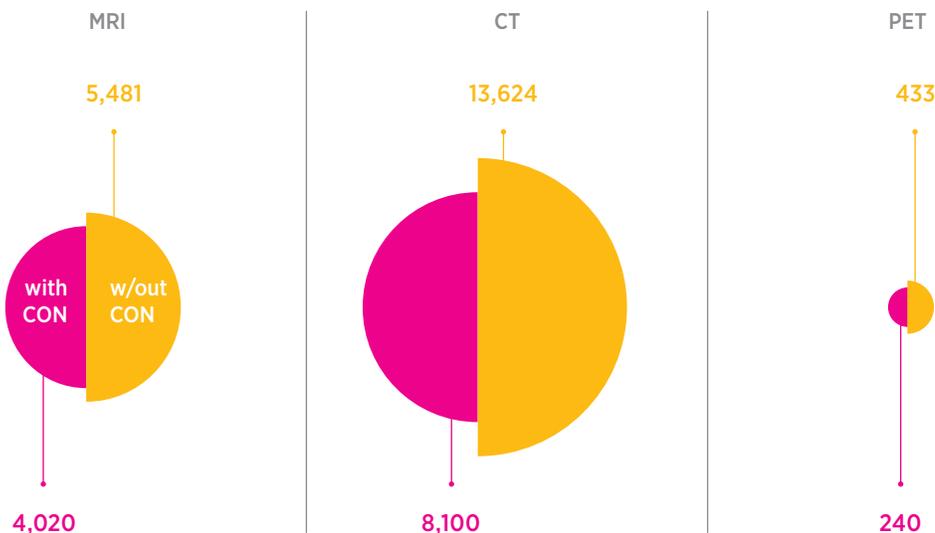
Estimated changes in West Virginia healthcare quality indicators (restricted sample, four or more CON laws)



MEDICAL IMAGING SERVICES

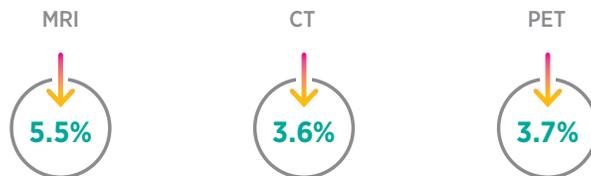
CON programs are associated with lower utilization rates for medical imaging technologies through nonhospital providers.

Estimated effect on medical imaging by nonhospital providers without CON



CON laws are also associated with more out-of-county travel for imaging services. Research finds that the presence of a CON program is associated with 5.5 percent more MRI scans, 3.6 percent more CT scans, and 3.7 percent more PET scans occurring out of county.

Estimated percentage point reduction in out-of-county scans without CON



Thomas Stratmann and Matthew C. Baker look at the relationship between CON and the imaging claims of Medicare beneficiaries, which constitute only a portion of the total market for medical imaging services. However, CON laws limit the supply of imaging technologies to all consumers, meaning the results here underestimate the total effect of CON regulation on the utilization of medical imaging services.

While CON programs are associated with reduced use of imaging services by nonhospital providers, they were found to have no statistically significant effect on the use of imaging services provided by hospitals. This suggests that CON laws protect hospitals from nonhospital competition. The net effect is to lower the overall use of imaging services.

The effect of CON on MRI and CT scans per 1,000 Medicare beneficiaries was statistically significant at the 15% level. The effect of CON on a patient's probability of traveling outside the patient's county of residence for PET services was also statistically significant at the 15% level. All other variables were statistically significant at levels ranging from 1% to 5%.

Some states have added CON requirements for particular services since these analyses were conducted; the states with such new requirements are not visualized. For the latest information on which states regulate which procedures through CON, see Christopher Koopman and Anne Philpot, "The State of Certificate-of-Need Laws in 2016," Mercatus Center at George Mason University, September 27, 2016.

Source: Thomas Stratmann and Matthew C. Baker, "Barriers to Entry in the Healthcare Markets: Winners and Losers from Certificate-of-Need Laws" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2017).