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 AS OF JANUARY 2020**

- Ambulatory Surgical Centers (ASCs)
- Cardiac Catheterization
- Gamma Knives
- Home Health
- Hospital Beds (Acute, General Licensed, Med-Surg, etc.)
- Intermediate Care Facilities (ICFs) for Individuals with Intellectual Disabilities
- Long-Term Acute Care (LTAC)
- Magnetic Resonance Imaging (MRI) Scanners
- Mobile Hi Technology (CT/MRI/PET, etc.)
- New Hospitals or Hospital-Sized Investments
- 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
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**

$208 SAVED WITHOUT CON

**PHYSICIAN SPENDING**

$66 SAVED WITHOUT CON

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.

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.

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 Matthew D. Mitchell, Anne Philpot, and Jessica Mc Birney, “The State of Certificate-of-Need Laws in 2020,” Mercatus Center at George Mason University, November 11, 2020.