

## 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

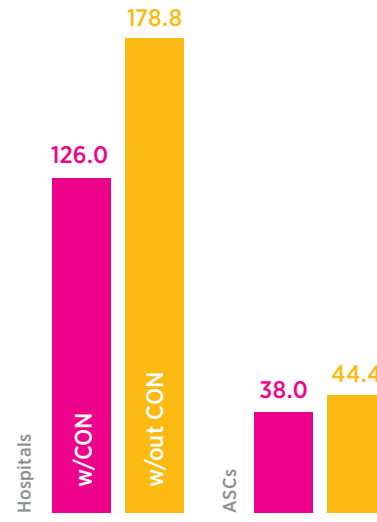


# ACCESS

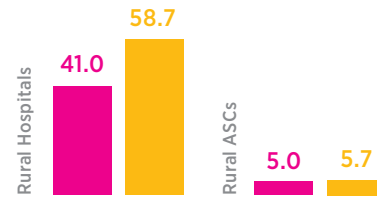
Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete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

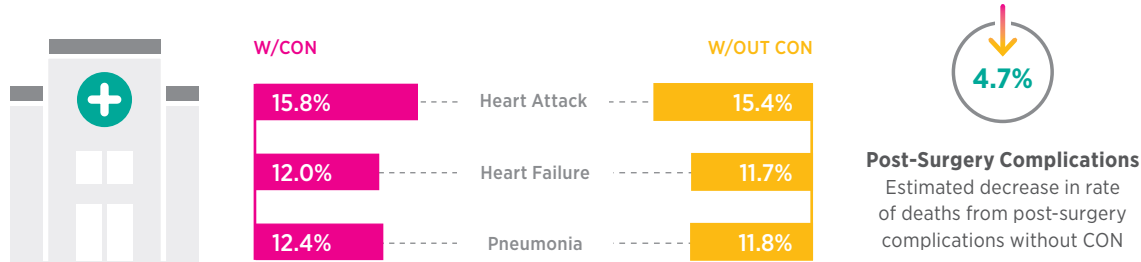


RURAL FACILITIES

# 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)

