

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

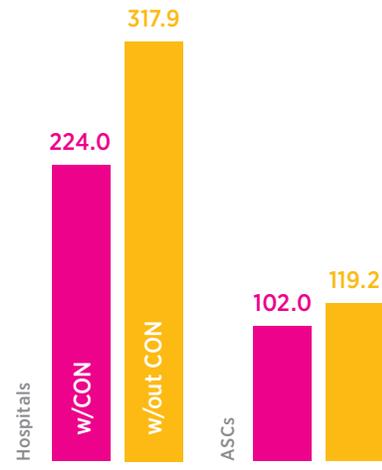


ACCESS

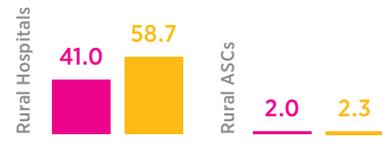
Comparing rural areas in CON states with rural areas in non-CON states, research finds that the presence of a CON program is associated with fewer rural hospitals. A subset of CON states specifically regulate the entry of ambulatory surgical centers (ASCs), which provide healthcare services and compete 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 York without CON



TOTAL FACILITIES

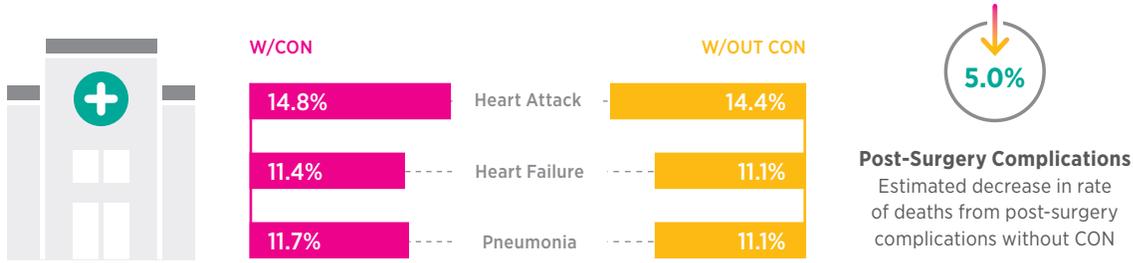


RURAL FACILITIES

QUALITY

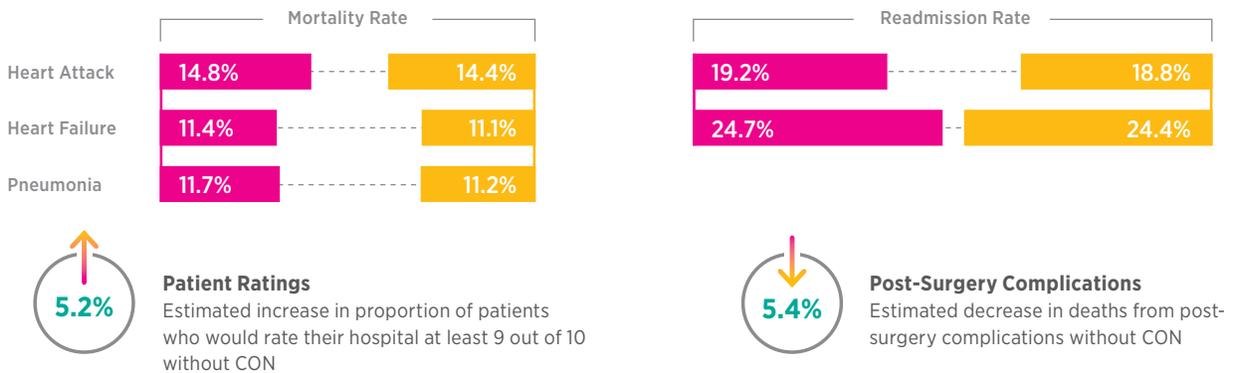
Supporters of CON suggest that these regulations positively impact healthcare quality, but research finds that the quality of hospital care in CON states is not systematically higher than the quality in non-CON states. In fact, mortality rates for pneumonia, heart failure, and heart attacks, as well 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.

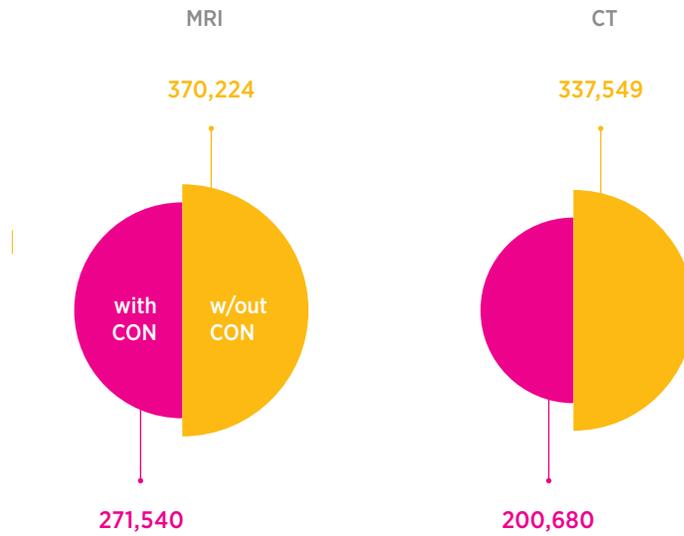
Estimated changes in New York healthcare quality indicators (restricted sample, four or more CON laws)



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

