

Certificate of Need

A Comprehensive Review of the Literature

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Game Plan

What is a Certificate of Need anyway?

A History Lesson

The Literature

What is a Certificate of Need anyway?



What is a Certificate of Need anyway?

CON-Regulated Services and Technologies in GA

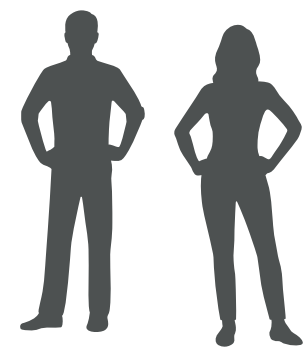
Ambulatory Surgical Centers (ASC)	Mobile Hi Technology (CT/MRI/PET, etc.)
Cardiac Catheterization	Neonatal Intensive Care
Computed Tomography (CT) Scanners	New Hospitals or Hospital-Sized Investments
Gamma Knives	Nursing Home Beds/Long-Term Care Beds
Home Health	Obstetrics Services
Hospital Beds (Acute, General, Med-Surg, etc.)	Open-Heart Surgery
Intermediate Care Facilities (ICFs) for Individuals with Intellectual Disabilities	Positron Emission Tomography (PET) Scanners
Linear Accelerator Radiology	Psychiatric Services
Lithotripsy	Radiation Therapy
Long-Term Acute Care (LTAC)	Rehabilitation
Magnetic Resonance Imaging (MRI) Scanners	Substance/Drug Abuse

What is a Certificate of Need anyway?

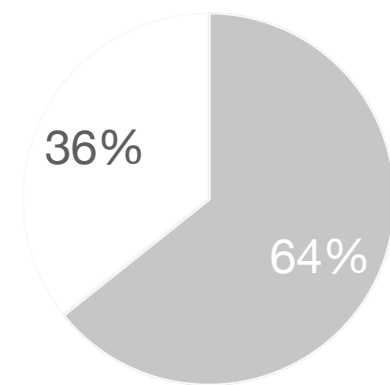
Anticompetitive Features of CON



Competitors are allowed to weigh-in on the CON process
(Not so in NY, IN, LA, MI, NE)



“Duplication”



Formulas, including % utilization

Game Plan

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A History Lesson



1974: The National Health Planning and Resources Development Act (NHPRDA)



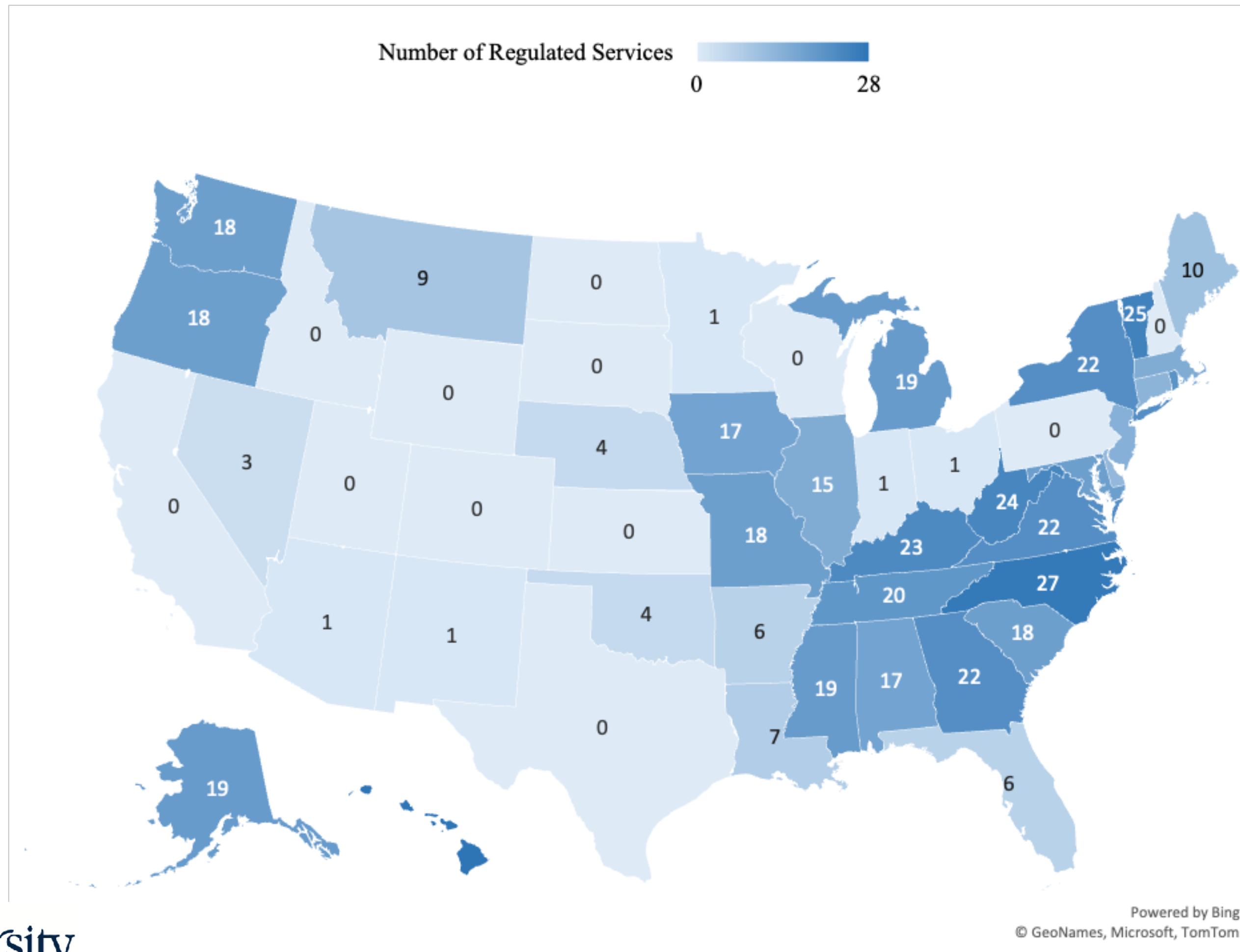
1986: NHPRDA Repealed



1988: Rep. Roy Rowland (D-GA): "It's time to abolish it throughout the nation."

A History Lesson

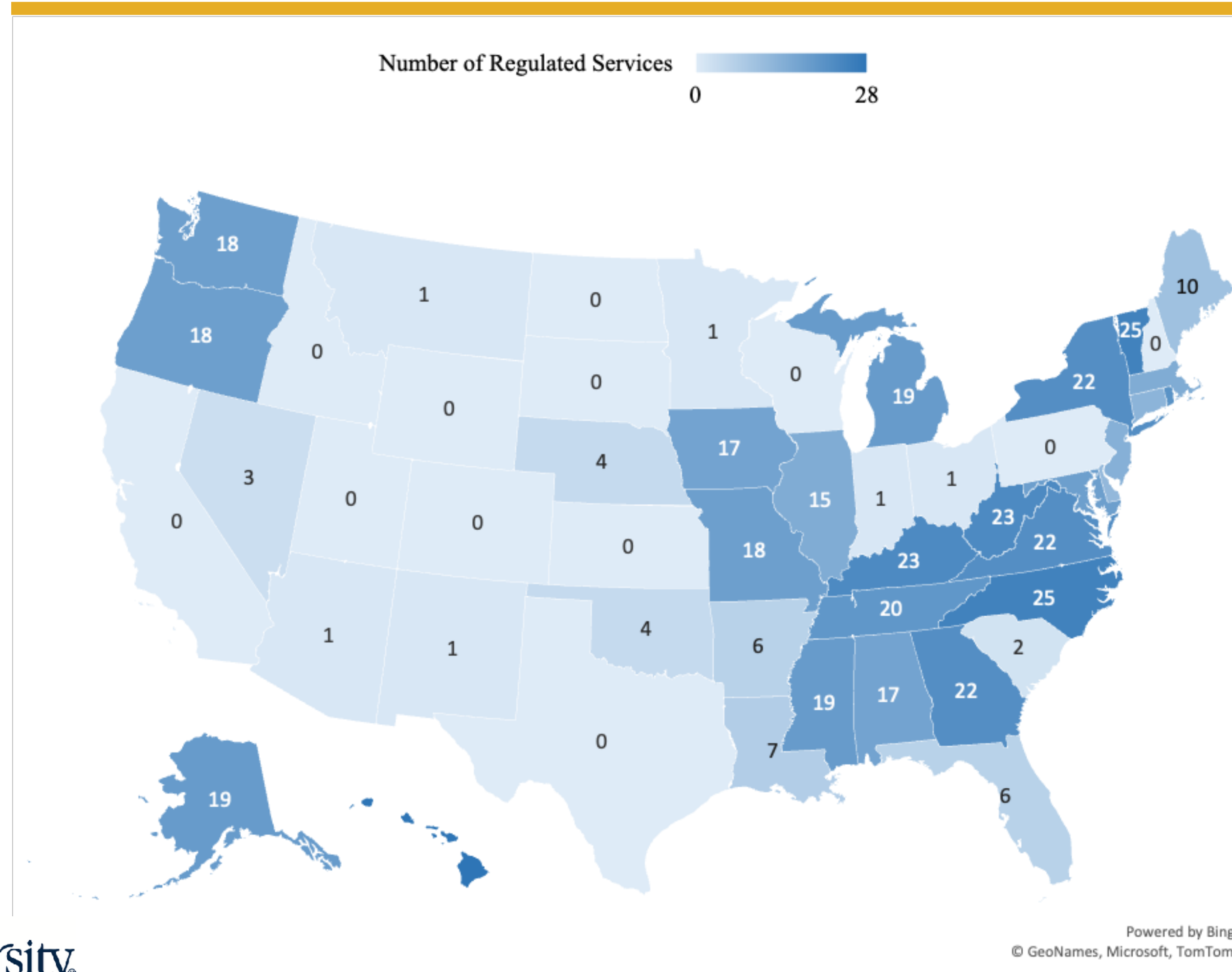
2022



A History Lesson

2024

MT, WV, NC,
and SC reforms



I



federalism

(for the natural experiments)

Game Plan

What is a Certificate of Need anyway?

A History Lesson

The Literature

The Literature



127

Peer-reviewed studies

The Literature



415 tests

The Literature



Spending

Access

Quality

Underserved Populations

How CON Affects: Spending



How CON Affects: Spending

$\$/Q$

“Price”

$\$/person$

“Expenditures”

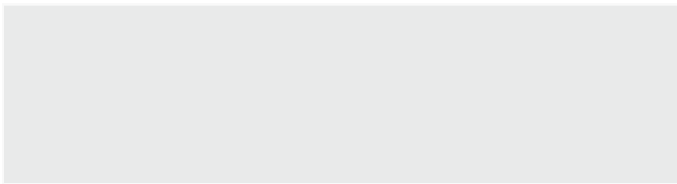
Output/
input

“Efficiency”

How CON Affects: Spending

\$/Q
“Price”

7% associate
CON with lower
\$/Q



3 tests

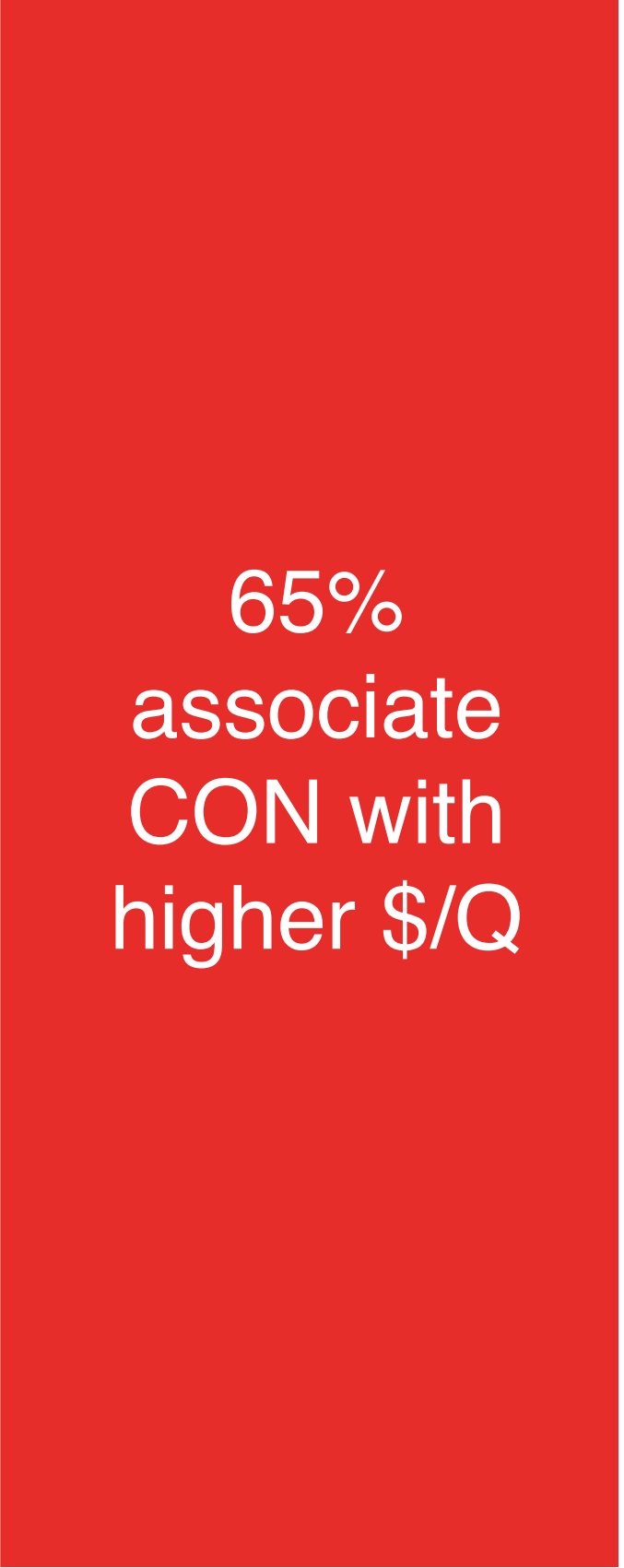
28%
Find mixed or
inconclusive
results



12 tests

(43 \$/Q tests)

65%
associate
CON with
higher \$/Q



28 tests

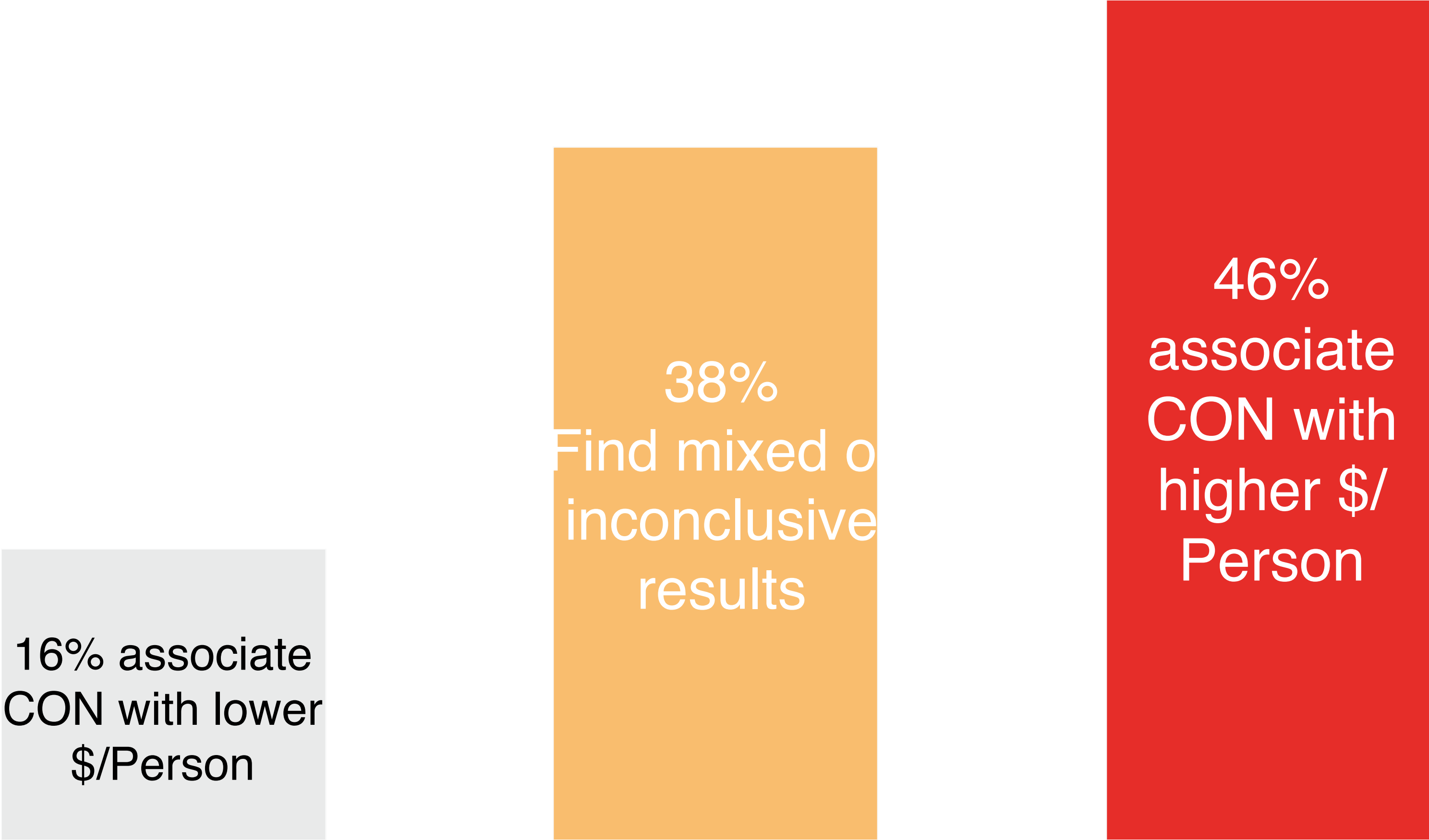
How CON Affects: Spending

\$/Q
“Price”

- Reimbursement costs for coronary artery bypass grafts fell **2.8** percent in Ohio and **8.8** percent in Pennsylvania following repeal (Ho and Ku-Goto 2013)
- Hospital charges are **5.5** percent lower in repealing states **five** years after repeal (Bailey 2016)
- Medicare reimbursements for total knee arthroplasty are **5 to 10** percent lower in non-CON states than in CON states (Browne et al. 2018)
- Spinal surgery reimbursements fell faster in non-CON than in CON states (about **11** percent per year) (Ziino et al. 2020)

How CON Affects: Spending

\$/person
“Expenditures”



8 tests

19 tests

23 tests

(50 \$/Person tests)

How CON Affects: Spending

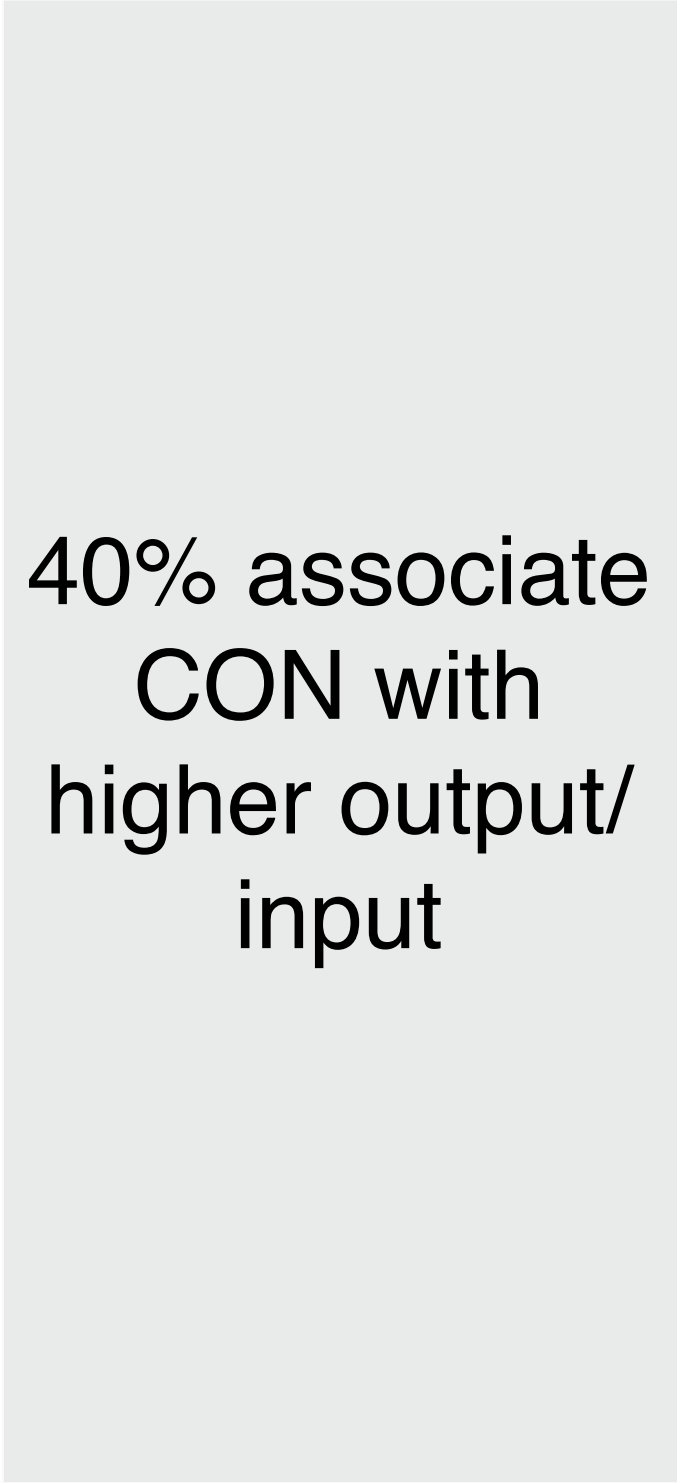
\$/person
“Expenditures”

- Medicaid community-based care expenditures per capita are higher in CON than in non- CON states (Miller, Harrington, and Goldstein 2002)
- Hospital expenditures per adjusted admission are higher in CON than in non-CON states (Rivers, Fottler, and Younis 2007)
- States that eliminate CON experience **5** percent reductions in real per capita health care spending (Bailey 2019)
- Medicare spending per rural beneficiary is **\$295** more in CON than in non-CON states (Stratmann and Baker 2020)

How CON Affects: Spending

Output/ input

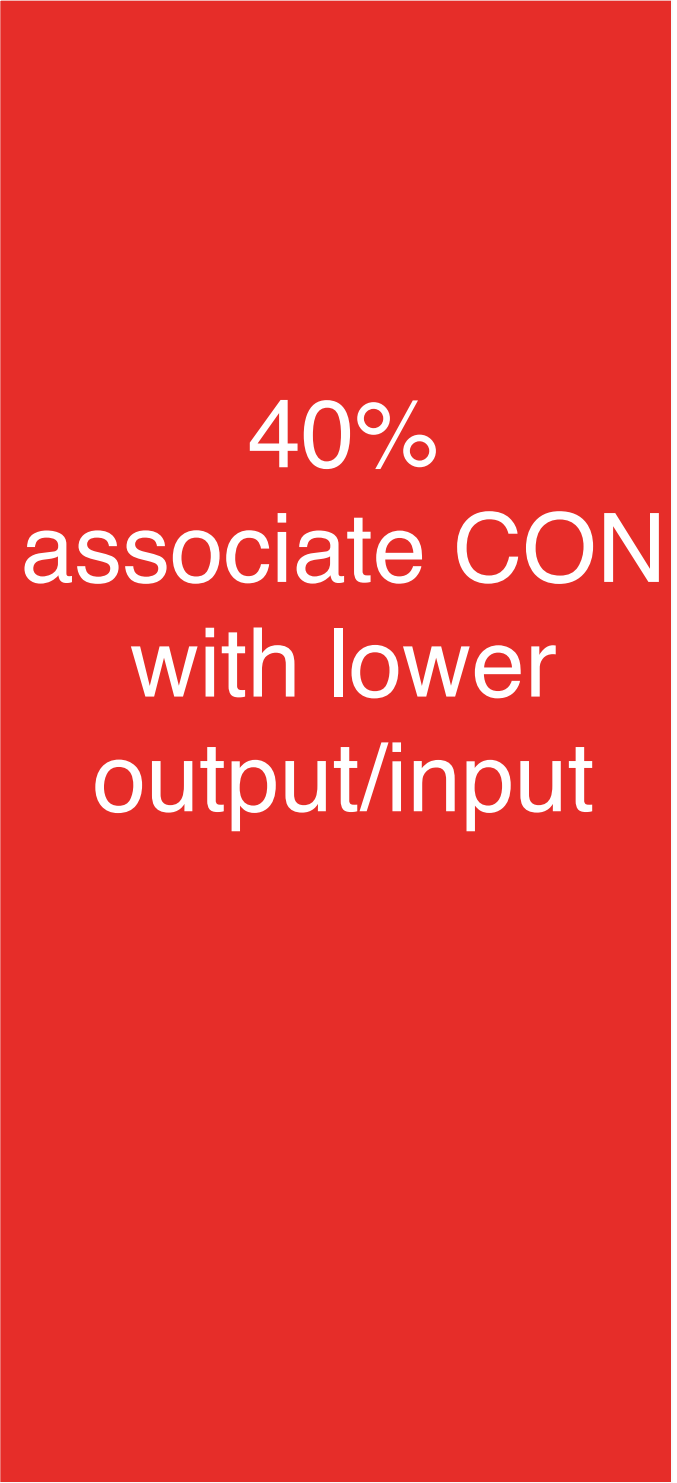
“Efficiency”



4 tests



2 tests



4 tests

(10 output/input)

How CON Affects: Spending

Output/
input

“Efficiency”

- CON is associated with lower bed utilization rates (Jomon, Ni, and Bagchi 2019)
- States with bed CONs had **12** percent higher bed utilization rates during COVID (Mitchell and Stratmann 2022)

The Literature



Spending

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Quality

Underserved Populations

How CON Affects: Access



How CON Affects: Access

“Crudely put, the butter producers wish to suppress margarine and encourage the production of bread.”
-George Stigler, 1971



How CON Affects: Access



Are Services
(easily) Available?



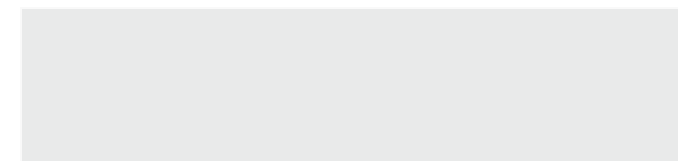
Do People Use
the Services?

How CON Affects: Access



Are Services
(easily) Available?

8% associate
CON with
greater
availability of
services



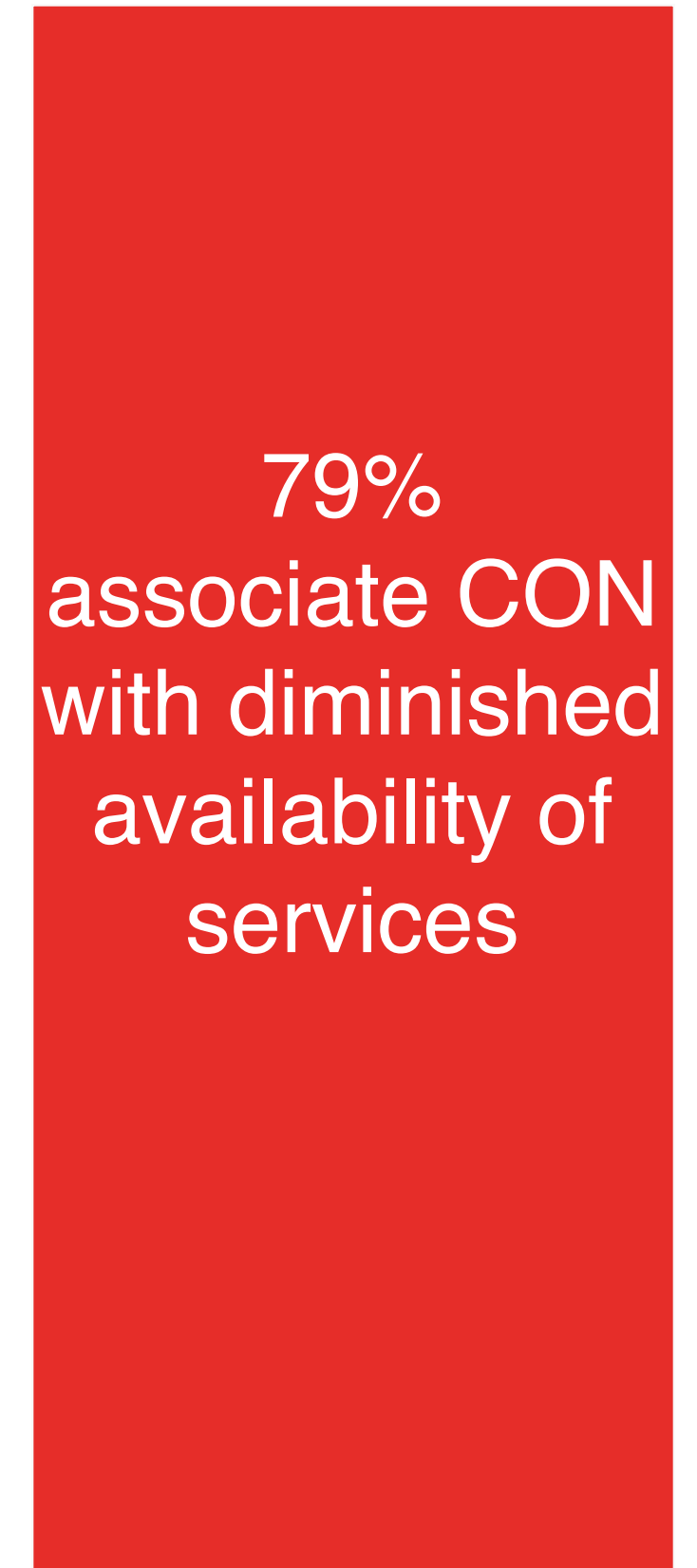
6 tests

14% Find
mixed or
inconclusive
results



11 tests

79%
associate CON
with diminished
availability of
services



63 tests

(80 availability of services tests)

How CON Affects: Access



Are Services
(easily) Available?



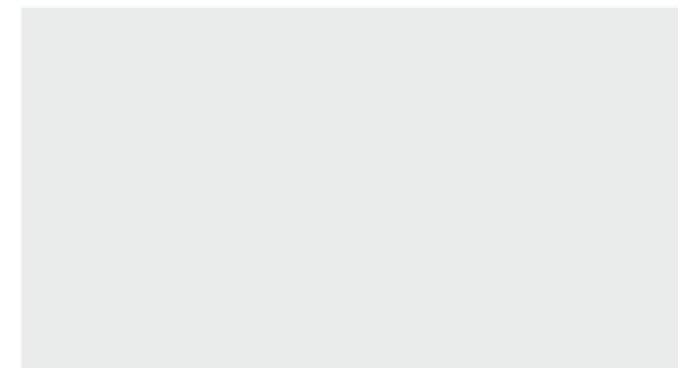
Do People Use
the Services?

How CON Affects: Access



Do People Use the Services?

13% associate CON with greater utilization of services



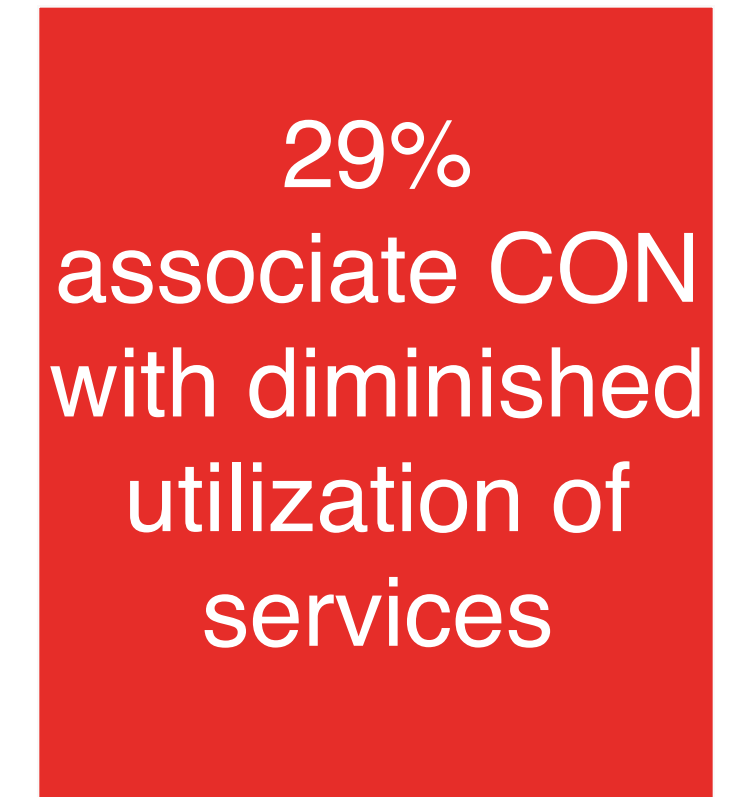
12 tests

58% Find mixed or inconclusive results



53 tests

29% associate CON with diminished utilization of services



26 tests

(91 utilization of services tests)

How CON Affects: Access

- The typical patient in a CON state has access to fewer hospitals, ASCs, hospice care facilities, dialysis clinics, cancer treatment facilities, home health agencies, psychiatric care facilities, drug and substance abuse centers, open-heart surgery programs, revascularization programs, and percutaneous coronary intervention programs.
- There are also fewer rural hospitals and rural ASCs in CON states
- Patients in these states have access to fewer hospital beds and are more likely to have been denied beds during the COVID-19 pandemic.
- These patients have access to fewer medical imaging devices.
- Patients in states with CON laws must travel longer distances for care, are more likely to leave their state for care, and must wait longer for care.

The Literature



Spending

Access

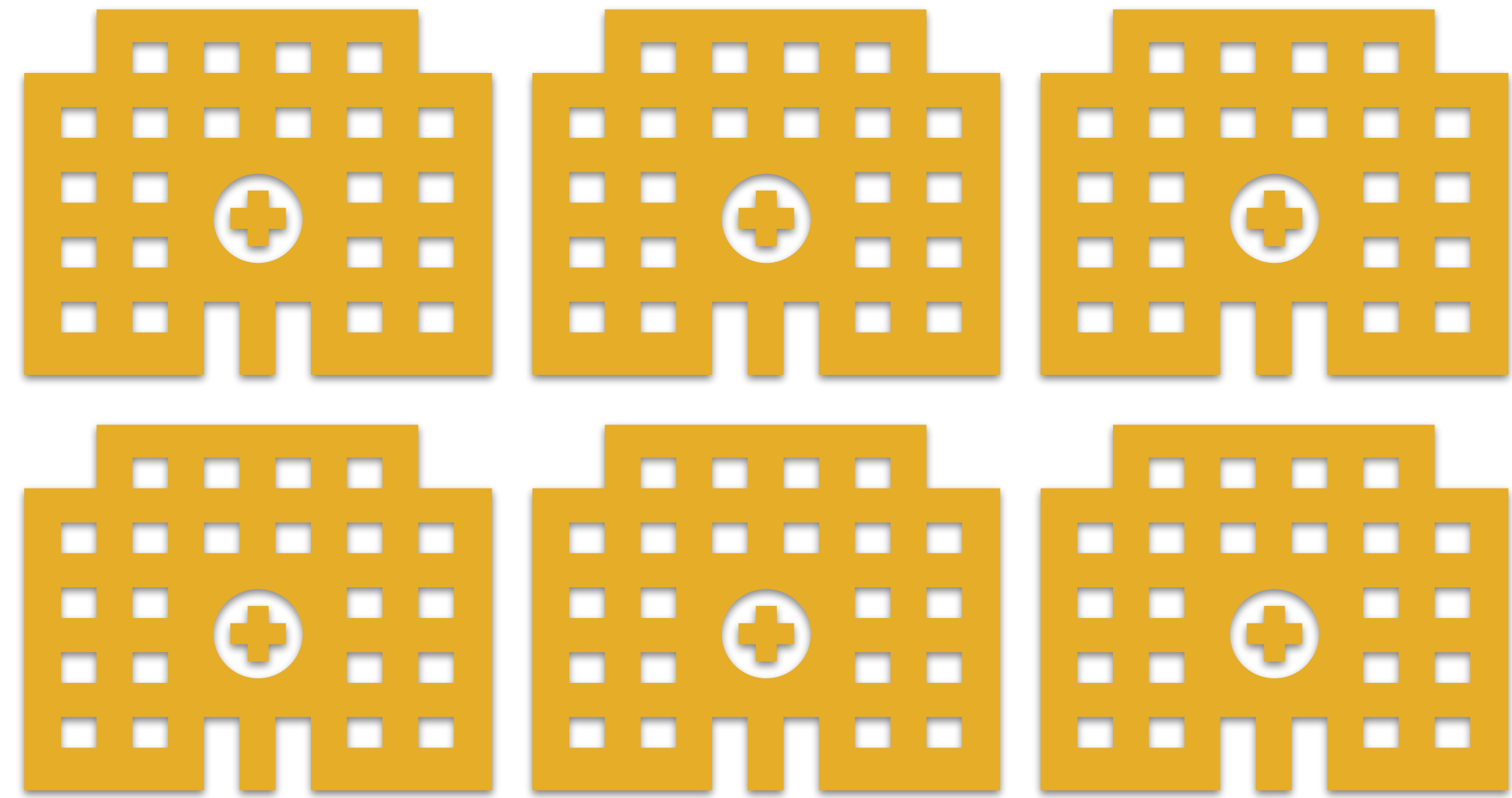
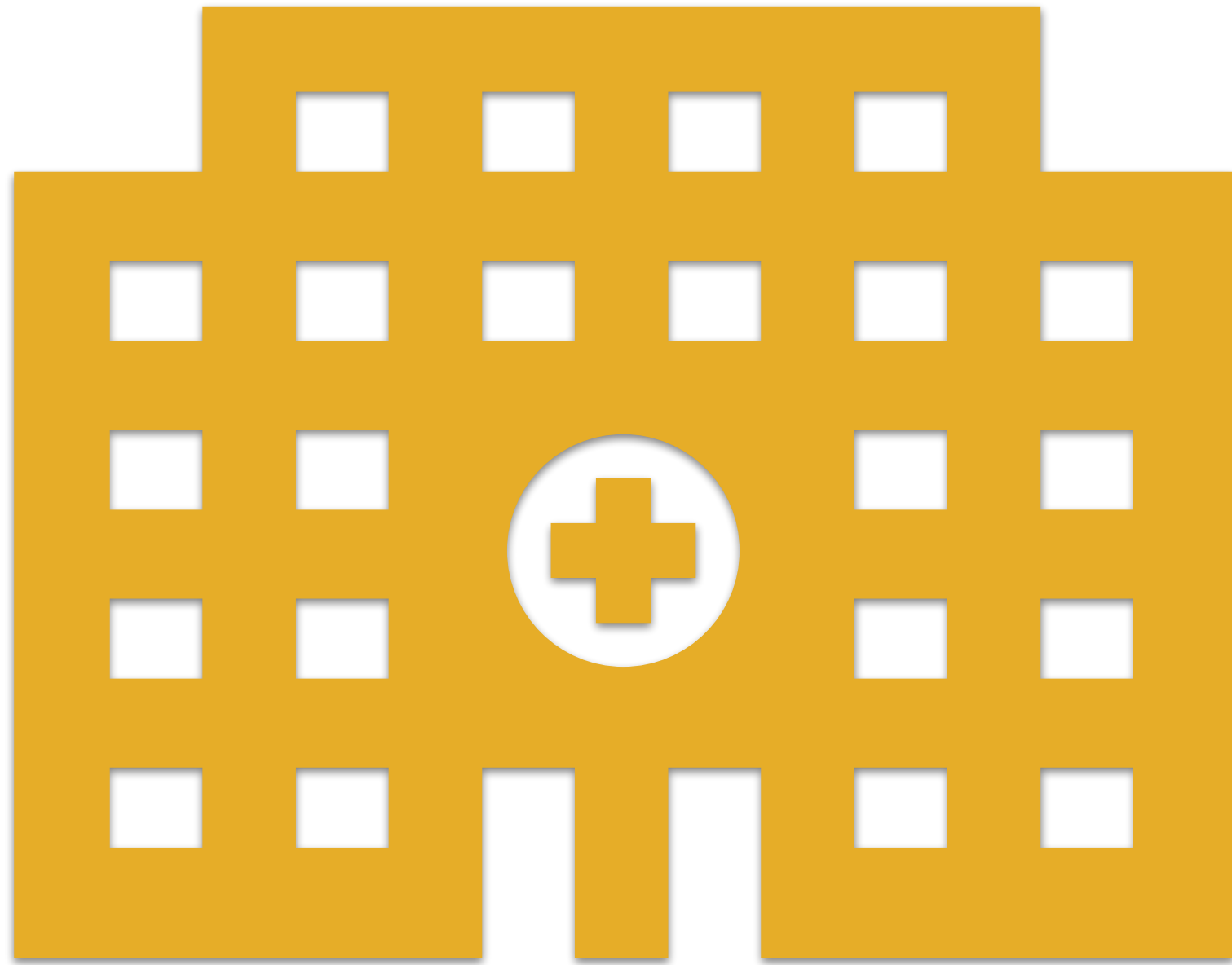
Quality

Underserved Populations

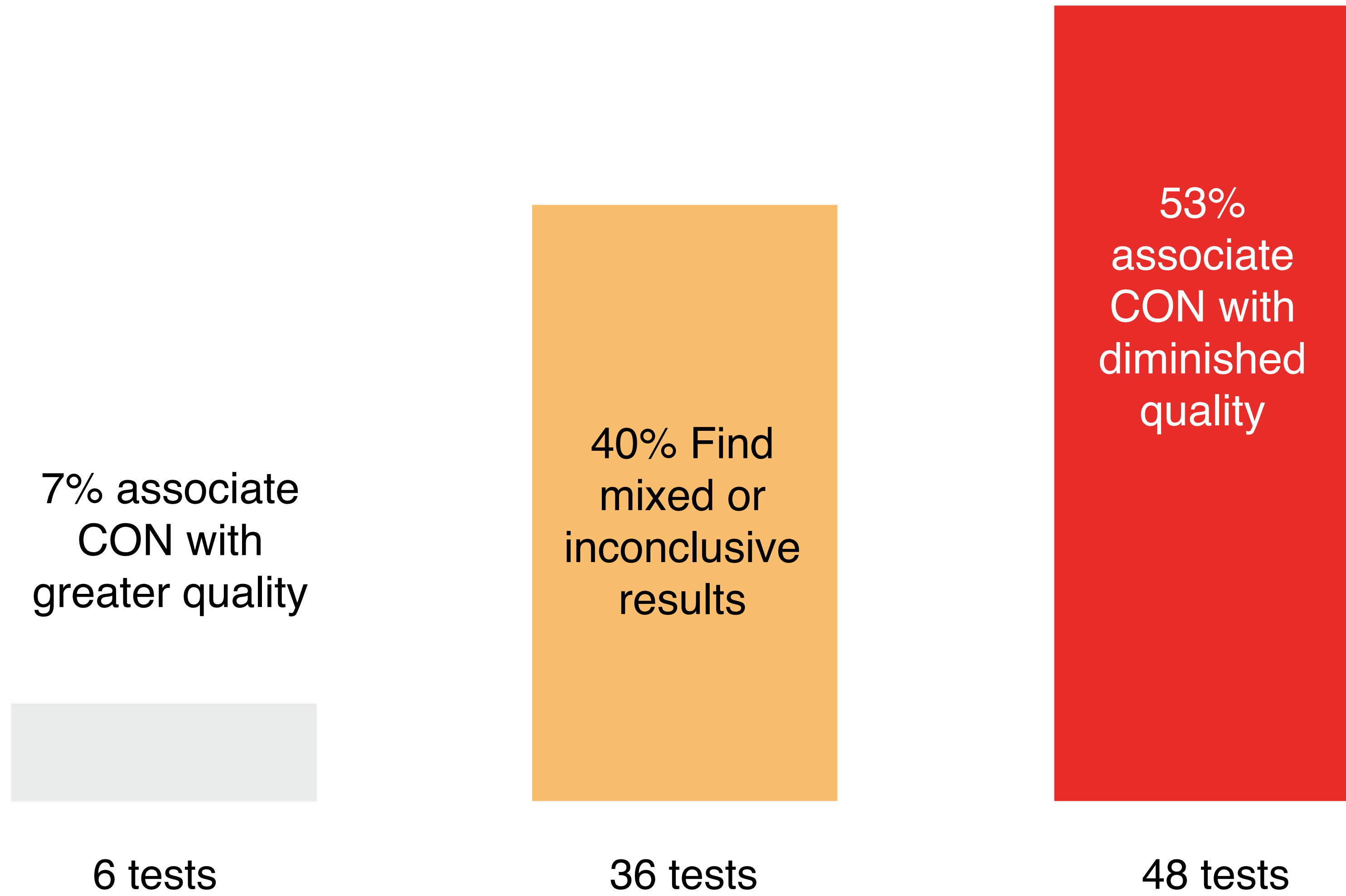
How CON Affects: Quality



How CON Affects: Quality



How CON Affects: Quality



How CON Affects: Quality

- Higher mortality rates following heart attack, heart failure, and pneumonia.
- Higher readmission rates,
- Higher death rates from postsurgery complications,
- Lower hospital ratings,
- Lower nursing home ratings,
- Lower home health agency scores,
- Nursing home patients are more likely to be restrained,
- Home health agency clients are less likely to see improvements in mobility,
- Surgeries are more likely to be performed by lower-quality surgeons.
- Most positive quality results suggest that CON suppresses unwarranted or expensive procedures.

(90 quality tests)

The Literature



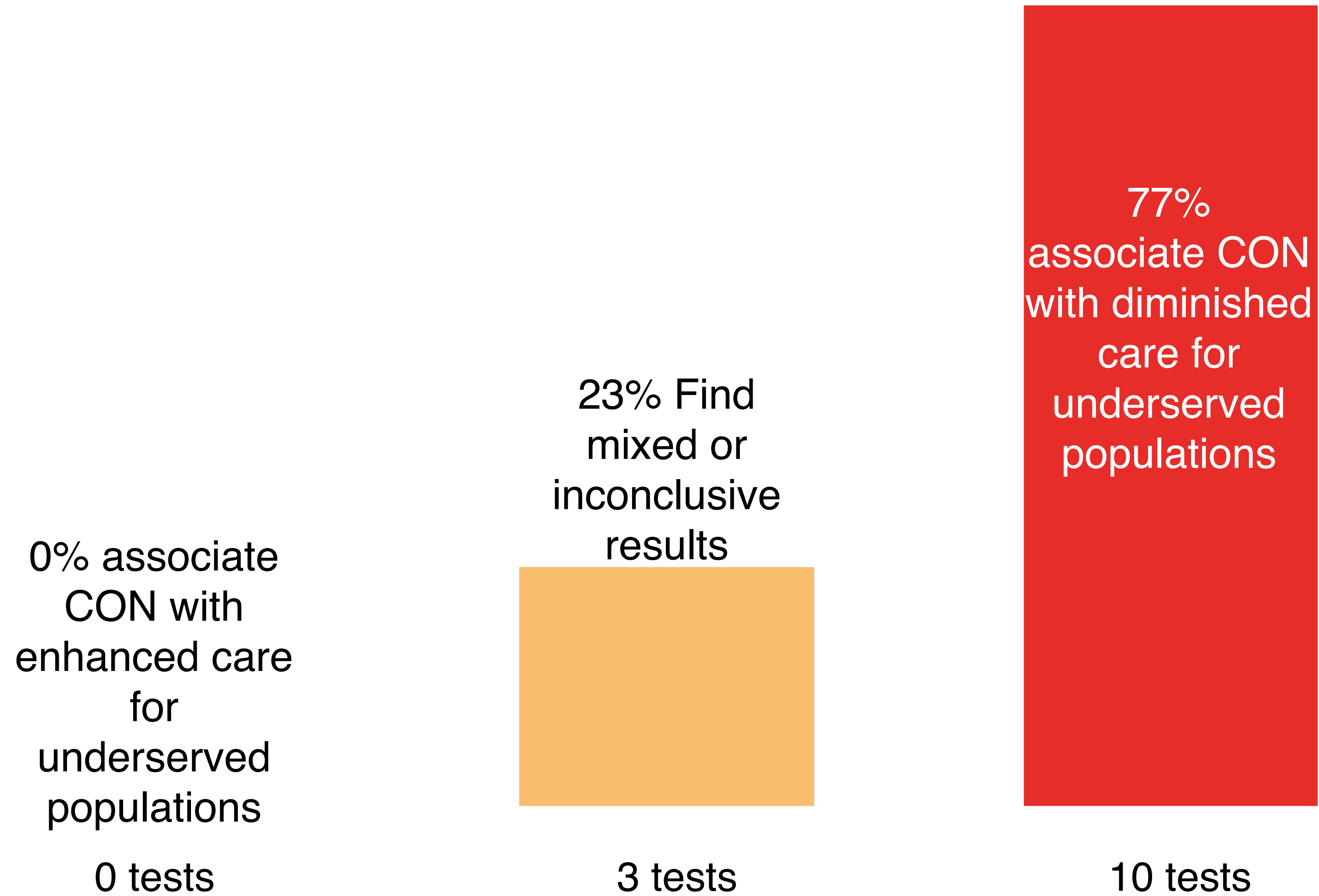
Spending

Access

Quality

Underserved Populations

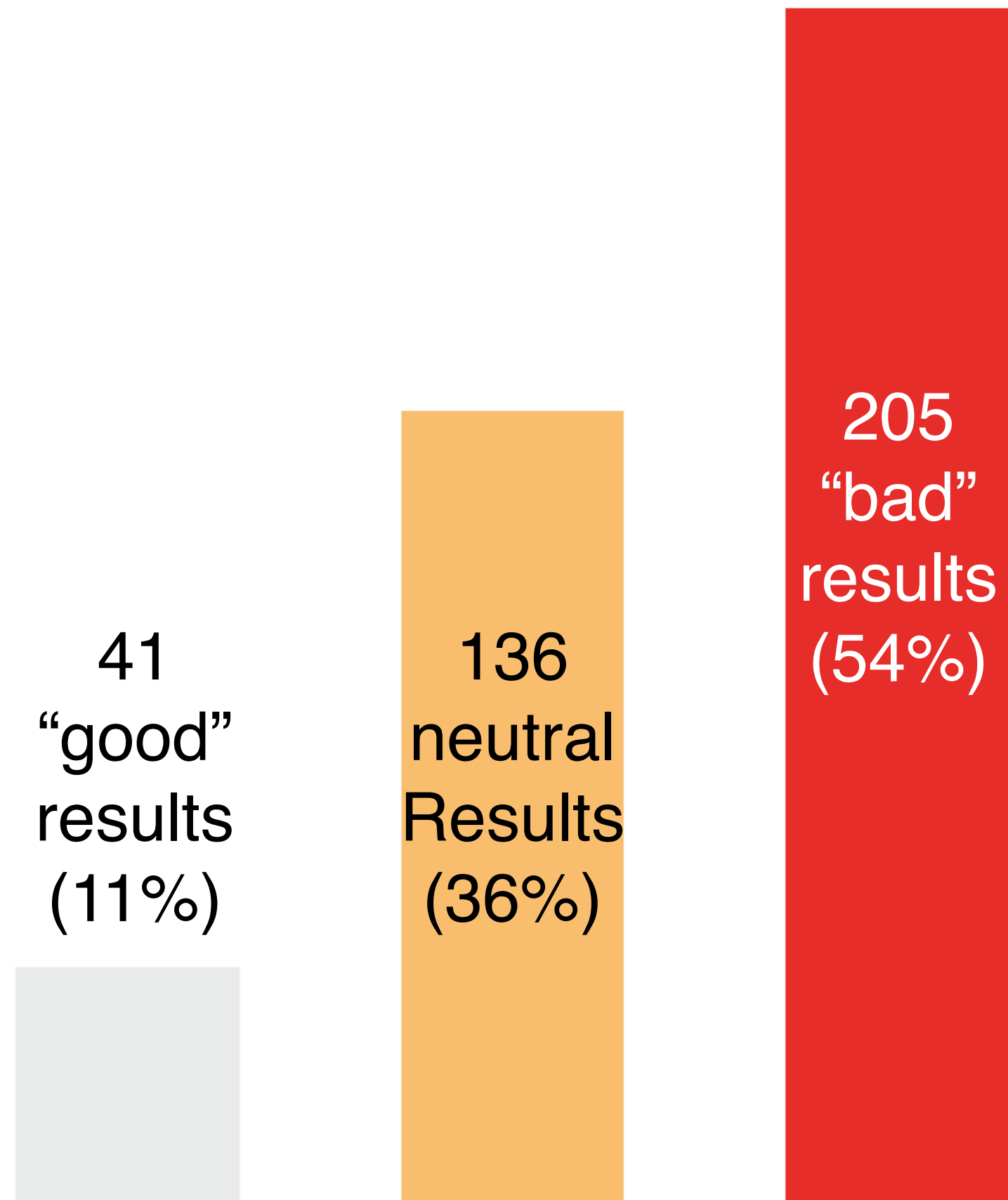
How CON Affects: Underserved Populations



How CON Affects: Underserved Populations

- Rural hospitals in CON states are less likely to adapt (D'Aunno et al. 2000)
- Safety net hospitals in CON states have lower margins (Dobson et al. 2007)
- A large black-white disparity in angiography disappeared after repeal (Cantor et al. 2009; DeLia et al 2009).
- No difference in charity care between CON and non-CON states (Stratmann and Russ, 2014)

The Literature



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