

REPEAL OF CERTIFICATE OF NEED FOR HOSPITALS AND COSTLY MEDICAL EQUIPMENT

Certificate of Need review is not a significant obstacle to the development of new capital in the health care market.

- Most CON applications involving new hospitals or medical equipment are approved, so the process is not blocking projects that meet a community need. The program appears to have reached equilibrium.
- The Certificate of Need process continues to provide a “sentinel effect” of discouraging applications that are marginal and/or controversial and unlikely to have broad community support.

Experience in other states has shown that the repeal of CON does not expand competition in a way that reduces health care costs or benefits the market.

- Is Kansas a competitive Nirvana? Idaho? South Dakota? Texas
- In states that repeal CON laws, there has been a proliferation of specialty hospitals.
- Specialty providers focus on the most lucrative patients and procedures and cherry pick the market, undermining community hospitals’ ability to sustain the money losing but essential services they provide to the community.

The adverse effect of CON repeal for hospitals and medical equipment would be most acute in rural communities.

- Hospitals in rural communities are especially vulnerable to the loss of the few services that supply a positive cash flow to support operations. CON repeal fosters providers who target those services, imperiling the viability of rural hospitals to offer a broader range of services to their communities. Eventually, this could force those residents to travel longer distances for basic treatments and services not offered by specialty providers.

CON is one of state government’s few sources of information about the evolving health care market. It maintains a limited inventory of what costly health care equipment is available and where it is located, who is offering those services, and trends in the evolution of health care technology.

- A past Senate interim committee report on the topic noted that. [CON] is *useful in helping the state maintain an inventory of facilities and services and in keeping track of the supply of health services and market.*