

— LEGISLATIVE —
TESTIMONY

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**Reforming
Michigan's
Certificate-of-Need
Mandate**

Senate Health Policy &
Human Services Committee

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The following is testimony presented to the Senate Health Policy & Human Services Committee by the Mackinac Center's Vice President for Strategic Outreach and Communications Lindsay B. Killen on January 8, 2020. This testimony and others can be read online at mackinac.org/testimony.

Reforming Michigan's Certificate-of-Need Mandate

The Mackinac Center for Public Policy's mission is to advance liberty and opportunity for all people through research and education. We therefore submit this written testimony in support of Senate Bills 669-675, which independently and collectively endeavor to increase opportunities for higher quality, access and affordability of health care for all Michiganders.

Certificate-of-need laws require health care providers to seek permission from a government board before opening or expanding their practices. Not only must providers prove to this board that their plans are a "community necessity," they must also substantiate their plans before existing competitors, who may challenge the petitioners' efforts to enter or enlarge their presence in the health care marketplace.

Research suggests that these laws reduce access to and quality of care and can contribute to worse health outcomes for patients. Michigan legislators should amend these laws so that patients in our state have the opportunity to receive the best and most affordable care. This especially affects rural Michiganders who may face extra hurdles to obtaining care simply because of where they choose to reside.

The package of bills introduced by Sen. VanderWall — SB 669 through 675 — provide a common-sense approach to increasing quality, access and affordability of health care services in Michigan. Components of this package that would be especially helpful to rural areas would exempt facilities there from the CON process. Critical care services would then be

more free to open, allowing vulnerable patients to remain closer to home while receiving treatment.

Additionally, recent research by the Treatment Advocacy Center, a national, nonpartisan research organization, found that the number of psychiatric beds in the United States had fallen by 17% since 2010. This number, down from 43,318 to 37,559 this year, leaves just 11.7 beds per 100,000 people, far below the count in other developed countries. Sen. VanderWall's proposed exemption of certain CON requirements for psychiatric facilities seeking to increase the number of beds available will help to address the increased demand for these treatments and make them more affordable.

Indeed, 15 states have repealed their CON laws, while continuing to provide high quality care to patients. In fact, recent research published by the Mercatus Center, a think tank housed at George Mason University in Washington, D.C., found that the 35 states, including Michigan, that maintain a form of CON law have poorer health outcomes for patients than those states that have repealed CON. Most notably, rates for pneumonia, heart failure and heart attacks are significantly higher in these states, as were deaths from complications after surgery. The average 30-day mortality rate for patients with pneumonia, heart failure and heart attack who were discharged from hospitals in CON states was 2.5-5% higher than that of their counterparts elsewhere. The largest difference is in deaths following a serious post-surgery complication, with an average of six more deaths per 1,000 patient discharges in CON states.

In Michigan, many of our residents are forced to travel long distances just to obtain basic services like MRIs and CT scans. The state's CON program is associated with 5.5% more MRI scans, 3.6% more CT scans, and 3.7% more PET scans occurring in a different county than where the

patient resides. For especially vulnerable patients and their families, this can be a significant challenge. Michigan's CON program is also responsible for an estimated 71 fewer health providers across the state, including rural, suburban and urban areas.

Thus, the Mackinac Center encourages lawmakers to adopt these much-needed reforms to the state's CON process so that Michigan patients receive the best, most affordable care options available and are no longer forced to look elsewhere when in need of critical care.



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Additional information about the Mackinac Center and its mission to improve the quality of life in Michigan through sound public policy can be found at www.mackinac.org.