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VIEWPOINTS

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Michigan needs more nursing homes; why are we still blocking them?

Certificate of Need laws deliberately limit health care for seniors

By Jeffery L. Degner | July 2026

Imagine being confined to a nursing home bed, falling out and breaking a femur. When you complain of the pain, you aren't offered any pain medication, and you have to wait 20 hours before being sent to an emergency room.

This situation isn't fiction for one Michigan-based patient. While the facility and many like it maintain a respectable online rating, inspections by the Center for Medicare and Medicaid Studies paint a different picture. Unfortunately, Michigan's nursing homes and long-term care facilities are characterized by overloaded staff, bed shortages, and decreased quality of care.

The pathology that causes these sub-standard outcomes in all but 11 states has a name: Certificate of Need, or CON. Most Michigan residents are unaware that Certificate of Need laws deliberately limit their supply of nursing homes, MRI machines, and psychiatric beds. These goods and services are in high demand, and limiting supplies inevitably results in higher prices.

Michigan's Certificate of Need Board determines the supply of medical care. It has two inherent flaws. The first is conflict of interest. While board members themselves may not directly benefit from their roles on the board, the hospital systems and insurers they represent stand to gain financially by blocking new competitors or from limiting their own services.

Michigan's CON Board is filled by 11 unelected members who are appointed by the governor and approved by the Senate. They are required to declare conflicts of interest in every meeting. However, the board's bylaws only vaguely define conflicts and leave it to board members to decide whether any exists.

Continued on back

This sets the stage for problematic incentives that tend to result in tit-for-tat voting patterns. Most people would view this set of incentives and probable outcomes as being full of conflicts of interest. Likely due to this weak definition, in the nine meetings held in 2024 and 2025, there was only one record of a voting abstention due to conflict of interest.

The second flaw is what's known as "technocratic washing." The CON Board outsources its bed-need decision to a complicated, 47-year-old clustering algorithm. Some CON board members have voiced concerns about the need to increase the number of nursing homes and beds, particularly in rural areas. But ultimately, the determination of whether the state needs new beds is not made by physicians or patients. Instead, the decision comes from a mathematical formula.

In meeting transcripts from January 2025, the statistician who developed the algorithm reported to the CON Board that for 2024, the state only needed 41,400 beds. The actual number at that time was 44,689. In other words, the algorithm's output said that the state should eliminate 3,289 beds. In 2025, the same calculation would have the board believe that there were 2,792 too many nursing homes and long-term care beds.

According to the state of Michigan, the 75-84 age group may grow by approximately 45% by 2039. With Michigan seniors already paying $485 per day for nursing home beds, it's no time to limit their supply. That daily price is nearly $30 more than the national average, and $75 per day more than it is in states without CON regulations (excluding California and Pennsylvania). The difference adds up to more than $2,000 more per patient per month in Michigan. Higher-than-average costs and higher-than-average occupancy would unquestionably invite more competition in a free market. Instead, Michigan's CON board calls for the opposite.

Nursing facility expansion is a decision that should be handled by doctors, patients, or elder-care advocates. Instead, Michigan maintains a system that limits competition, reduces availability, and provides worse patient outcomes. The obvious solution would be to allow new competitors into this critical area of need.

State lawmakers may be unaware that special interests on the CON Board limit competition under the guise of high-sounding mathematics. In states where these boards don't exist, citizens pay nearly 25% less per nursing home bed than in states like Michigan. In an age where affordability is on everyone's mind, and where the senior population is surging, our lawmakers must set aside partisan differences and special interest loyalties in order to unleash competitive forces that better serve our aging population.

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