

## Oregon Certificate of Need Testimony

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Chair Nosse, Vice-Chairs Goodwin and Nelson, and Distinguished Members of the Committee on Behavioral Health and Health Care:

My name is Sriparna Ghosh. I am an Assistant professor of Economics at University of Cincinnati Blue Ash, published peer reviewed articles on CON. and a Research Affiliate a Research Affiliate at Knee Center WVU. Today I am going to write in support of HB 4139.

### 1. Certificate of Need Laws (CON)

CON laws are designed to decrease healthcare costs, improve access to care, long term access to care and ensure quality care. The objective of the states behind imposition of CON law is to limit overspending on healthcare facilities and equipment, by restricting healthcare costs. By minimizing competition in the healthcare market, the original goal was to increase the cost for some and the medical providers would use the profit to provide discounted health care to rural areas and underserved communities.

According to the literature, overall, CON laws do not achieve the desired goals. On the contrary CON law mostly have opposite effects on healthcare access, quality and care. In those states that have repealed their Certificate of Need laws, patients enjoy greater access to care. higher quality care, and lower cost care.

- Research finds that in non-CON states, controlling for other factors:
  - There are approximately 30% more hospitals per capita. (Mitchell, 2017)
  - A study found that all-cause mortality is about 5 percent lower, 5 years after certificate of need repeal. (Bailey, 2018)
  - The states who reformed CON during COVID witnessed 10 less people dying from 100,000 residents from COVID (Roy Choudhury et al., 2022)

### 2. Status of CON in Oregon

Since 1971<sup>1</sup>, Oregon has restricted the supply of health care with certificate-of-need (CON) programs. These programs prohibit health care providers from entering new markets or making changes to their existing capacity without first gaining the approval of state regulators. Research shows that reforming or repealing these laws would improve both the quality and accessibility

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<sup>1</sup> <https://www.mercatus.org/publication/oregon-and-certificate-need-programs-2020>

of health care for Oregonians while lowering its cost. As of 2020, 19<sup>2</sup> services require CON in Oregon

In Oregon, the duration of the CON application process can take up to four months, contingent upon whether it undergoes full, abbreviated, expedited, or accelerated review and the application fee, based on the project cost and review type, spans from \$5,000 to \$90,900. (Cavanaugh et al., 2020)

### **3. Research on CON related to Psychiatric and Substance Use Disorder facilities**

Bailey and Lewis ( found that CON laws may reduce access to inpatient psychiatric care, 20% fewer psychiatric hospitals per million residents We find that counties in states with certificate-of-need laws that border the counties without such laws have nearly 10% less spatial accessibility to Substance Use Disorder treatment facilities. (Shakya and Fries). certificate-of-need laws reduce private insurance acceptance by about 6% (Bailey et al., 2022). While they find no statistically significant impact on beds or facilities.

### **4. Conclusion**

Comparing outcomes in CON and non-CON states and controlling for possibly confounding factors, there is abundant evidence that in Oregon without Certificate of Need, patients would enjoy greater access to higher quality and lower cost care.

Thank you for the opportunity to submit my testimony today. I look forward to any questions you might have.

### **References**

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<sup>2</sup> <https://www.mercatus.org/publication/oregon-and-certificate-need-programs-2020>