

certificate of need: scha's position



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SCHA supports the Health Planning and Certificate of Need (CON) process because it is successful in controlling health care costs, reducing duplication of services, making services available where they otherwise might not be, and protecting communities' investments in their healthcare facilities.

CON provides a public safety net so that citizens in rural areas and the medically underserved will have access to health care facilities, including emergency medical services. The existence of financially strong hospitals provides stable employment opportunities and supports long term economic development. Maintaining a fair state health planning process is in the best interests of South Carolinians and their communities.

Health Care is Not Like Any Other Business

- Government sets prices for healthcare services provided to Medicare and Medicaid patients and greatly influences payment policies of other payers.
- A federal mandate requires hospitals to provide medical care regardless of the consumer's ability to pay for the services.
- Price is not a factor in most health care purchasing decisions.
- Increasing costs threaten the health and welfare of citizens, who need assurance of economical, readily available health care.
- Left to the market place, geographical maldistribution of services and facilities would occur, negatively impacting access for the medically underserved.
- Access to health care services and facilities is critical to the welfare of rural citizens and to the continued viability of rural communities.
- The proliferation of unnecessary health service facilities results in costly duplication, under-use of facilities, unnecessary use of expensive resources and over-utilization of health care services.
- Excess capacity of health service facilities places an enormous economic burden on the public as patients and taxpayers.

CON Works for South Carolina

South Carolina's CON law regulates health care services and facilities to control costs, utilization, and distribution.

South Carolina's CON law protects patients by ensuring the quality of services provided. Studies have linked volumes of services provided to the quality of those services. CON limits capacity. Scarce resources and talents are concentrated in a limited number of providers, thereby increasing volumes and improving quality.

South Carolina's CON law ensures access to medically underserved and indigent patients. New programs and services must plan and budget to serve indigent populations in their community.

South Carolina's CON law ensures the appropriate distribution of resources. Without the CON law, healthcare facilities and services tend to locate in urban areas. By determining where need exists, the CON process helps ensure South Carolina's rural citizens access to services that they otherwise would be denied.

South Carolina's CON law protects the state Medicaid budget by limiting capacity only to that which is needed and protecting against over-utilization of healthcare services.

South Carolina's CON program helps contain the cost of medical care. After Ohio recently repealed its CON law, almost \$700 million was spent on new capacity during a 30-month period. The additional investment must be recouped — either through increased utilization by patients or by increased charges to payers.

South Carolina's planning and CON process ensures that need drives creation of new services. The biannual revision of the State Health Plan, which identifies need throughout the state, allows timely input from communities, providers and research institutions. This process produces a State Health Plan that reflects new technologies and health care delivery trends.

CON Benefits South Carolina

The fabric of most South Carolina communities is woven around their hospitals. CON has benefited community hospitals. In turn, hospitals, through CON, benefit their communities and the State.

South Carolina's CON law protects communities' investments in their hospitals. By law, hospitals must provide certain services to any patient. By mission, hospitals frequently provide virtually any service to any patient. Financially viable hospitals are the state's assurance of economical, readily available health care for all populations.

Communities depend upon their hospitals to maintain emergency departments that often mean life to critically sick or injured patients. Physicians depend on hospitals as venues for safe, effective treatment of their patients. Without a community hospital, physician services would disappear from the community, along with the 24/7 care.

Hospitals are often among the leading employers in a community and play a major role in a community's economic well being. Along those lines, economic development can be heavily influenced by accessibility to and quality of health care services available when recruiting industries to South Carolina.

The CON law protects South Carolina's citizens and communities by preventing Wall Street-financed, carve-out organizations from enriching a few investors at the community's expense. A hospital offsets losses by providing services to uninsured patients with revenues from insured patients. If carve-out companies are allowed to offer only lucrative services to paying patients, community hospitals will be left with a disproportionate number of uninsured and sicker patients. CON prevents carve-out organizations from locating where hospitals and/or other providers already meet community needs.

Opponents of both state health planning and the CON processes argue that market forces should determine if, when and where new health services are established. They maintain that CON hinders competition and that market forces will protect communities against unnecessary duplication of health care resources. As proponents of CON, we must question if market forces will encourage competition for the uninsured. Will the market encourage providers to locate in both rural and urban settings and provide care 24 hours a day, seven days a week? Will market forces ensure that all patients get the care they need even if they have no way to pay for it?

Recommendation

SCHA recommends that the South Carolina General Assembly maintain the Certificate of Need law.