



AMERICANS FOR PROSPERITY[®]

SOUTH CAROLINA

The Honorable W. Brian White
Chairman, House Ways and Means Committee
Post Office Box 11867
Columbia, SC 29211

January 29, 2015

Dear Chairman White:

Americans for Prosperity – South Carolina is pleased that the Revenue Policy Subcommittee is holding this hearing today on H. 3250. However, we do not believe that this bill adequately reforms our law to make health care more affordable and increase access for all South Carolinians. We suggest a “strike and insert” amendment to this bill that includes full repeal of Certificate of Need (CON) regulations.

Certificate of Need restricts access to health care, increases costs and further complicates the bureaucratic maze that is Obamacare. It is neither compassionate, nor fair to demand that the most vulnerable pay out-of-control rates for procedures that could be done at a much lower cost. Repealing Certificate of Need is a common sense reform that would make South Carolina a better place to live, work and raise a family.

Other states like North Carolina and Florida have begun the legislative process to significantly roll back or repeal Certificate of Need regulations. If we don’t act quickly, this antiquated law will harm our ability to compete for jobs and economic growth.

CON laws do not increase indigent care as intended. One of the primary stated goals of CON laws was to expand healthcare access for indigent patients through the use of excess profits providers would receive as a result of decreased competition – twisted logic to say the least. Predictably, providers are cashing in on the protectionist structure of CON laws, while patients have fewer options for cost-competitive care.

A recent [study](#) by George Mason University’s Mercatus Center concluded that “CON regulations are effective at restricting the supply of regulated medical services” and that such regulation “does not correlate with an increase in the level of indigent care.”

CON laws limit the quality of healthcare services and facilities. CON laws work to limit provider's ability to improve facilities and add new and even basic technologies, specifically when compared with non-CON states. CON regulations limit the number of basic technologies hospitals are able to acquire such as MRI machines and even restrict the number of hospital beds a facility may have.

For instance, states such as South Carolina that have enacted CON laws have on average [13 percent fewer](#) hospital beds per 100,000 persons than non-CON states as a result of restrictions on provider's abilities to expand. CON laws also reduce the number of hospitals with MRI machines by 1-2 hospitals per 500,000 people, or an average of 2.5 fewer hospitals with MRI machines. As North Carolina and Florida begin to truly examine these laws, South Carolina will be out of the competition, and left in the dust.

CON laws result in higher healthcare costs and limit patient choice. As a result of the barriers put in place by CON laws in South Carolina, there is less competition in the healthcare market and as such existing providers have less incentive to offer competitive healthcare pricing or services. Moreover, with services such as the number of hospital beds and MRI machines restricted, prices are often higher. CON laws also strip consumers of the ability to decide which medical services are available to them in the state marketplace by empowering regulators and the local medical monopoly to dictate what services are offered.

Dr. Keith Smith opened a surgery center and was able to reduce patient cost to 1/10 of the cost for the same procedure in a hospital. So often, as it is now, the care provider cannot even tell the patient what the cost of their procedure is. We all know that competition drives down prices. After falling victim to Dr. Smith's low prices, the hospitals HAD to reduced their cost, which only betters our community and patient care. For a better understanding of how truly remarkable Dr. Smith is, watch this [interview](#).

Recommendation: Americans for Prosperity South Carolina supports a "strike and insert" amendment to repeal South Carolina's Certificate of Need laws.

Sincerely,

Vanessa Anderson
Policy Director