

# 2024 ISSUE BRIEF

## Certificate of Need (CON)

### Why is CON Important for Alaska?

Certificate of Need (CON) laws protect against the development of expensive, unnecessary services and facilities while ensuring that underserved populations have sufficient access to care.

Because healthcare does not operate like a free market, the CON process provides regulatory controls to ensure a level playing field between hospitals and other providers that are not subject to the same stringent requirements. AHHA agrees with critics that the Alaska CON process and standards need to be improved and updated. We have made recommendations to the Department of Health, suggesting changes to strengthen Alaska's CON program.

**WHOLESALE REPEAL OF THE PROGRAM IS NOT THE ANSWER. WE NEED TO WORK TOGETHER TO IMPROVE THE PROCESS.**

### CON Analysis and Impact Study for Alaska

AHHA commissioned Ascendient, a national healthcare consulting firm, to conduct a CON analysis and impact study for Alaska in December 2022. The report contradicts anti-CON claims of the program's impact on access, cost, and quality. Based on the analysis and findings in this report, CON repeal would irreparably harm access to healthcare for Alaskans. Below is a summary of key findings.



#### Alaska has better access to healthcare services than its High/Moderate-CON peers, as well as No-CON states.

- Alaska has 3 hospitals for every 100,000 residents, a rate that is 50% higher than the No-CON state median.
- Alaska has 203 acute care hospital beds per 100,000 residents, virtually the same as No-CON states.
- The distribution of Alaska's hospitals is disproportionately higher in rural areas compared to the population, ensuring access to residents in more distant communities.
- Alaska has more access to Medicare-certified ambulatory surgery centers and services than No-CON states.



#### Alaska outperforms both its High/Moderate-CON peers and No-CON states.

- Based on the metrics examined in a study that alleges healthcare quality would be higher in Alaska without CON regulations, Alaska already outperforms No-CON states. Alaska's nursing home quality is even more stellar.



#### The factors contributing to the cost of healthcare in Alaska—access, terrain, small population, higher staffing costs and higher costs of living—will not change as a result of CON laws.

- A case study of states that have recently fully or partially repealed CON strongly suggests that Alaska's healthcare costs are likely to increase at a rate 20% higher than the national growth rate with CON repeal.

### What Happens When CON is Repealed?



Georgia added more than 180 single-specialty Ambulatory Surgery Centers (ASCs) in the first year of repeal. Within five years, the number had grown by nearly 500 percent. The volume of cases per facility declined for both the CON-approved ASCs and the single-specialty ASCs. Nine Georgia hospitals closed since repeal in 2008, with ASC development likely a factor.



After Pennsylvania CON laws were sunset, the number of ASCs increased by almost 200 percent over the next decade.



In the first three years following CON repeal, Ohio lost 14 of its 94 hospitals, or 15 percent of the supply of hospitals in the state.