

ALASKA STATE LEGISLATURE

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Senator David Wilson

Senate Bill 62

“An Act repealing the certificate of need program for health care facilities; making conforming amendments; and providing for an effective date.”

Senate Bill 62 repeals Alaska’s certificate of need (CON) program and provides for a two year window before the repeal becomes effective.

The certificate of need programs were first mandated nationally by the federal government in 1974, then subsequently repealed in 1987 by the federal government. Thirteen states have since repealed their certificate of need programs across the nation; thirty four have CON laws, and three don’t have a CON program, but require approval for certain facilities and services.

Certificate of need programs were originally intended to reduce healthcare costs, improve access to care, and regulate and limit the entry and supply of medical services and facilities. CON programs create internal subsidies and encourage the use of the economic profits to cross-subsidize indigent care.

However, the healthcare system has evolved from a fee-for-service system, which lacked incentives to lower prices, to a prospective payment system. CON laws over the last forty years have stifled competition, created a barrier to new medical facilities and services for healthcare consumers, and prevented the free market forces which improve the quality and lower the costs of healthcare services.

Alaska’s certificate of need program poses a substantial threat to the proper performance of healthcare markets and services.

I respectfully ask for your support!