



Testimony before the Committee on Health and Social Services  
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The Heartland Institute  
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A nonprofit organization  
devoted to discovering,  
developing, and  
promoting free-market  
solutions to social and  
economic problems.

Chairman and members of the Committee, thank you for giving me the opportunity to contribute to the discussion regarding repeal of certificate of need (CON) laws in Alaska. The Heartland Institute is a 37-year-old independent, national, nonprofit organization whose mission is to discover, develop, and promote free-market solutions to social and economic problems. Heartland is headquartered in Illinois and focuses on providing national, state, and local elected officials with reliable and timely research and analyses on important policy issues. Heartland would like to submit the following testimony on repealing outdated CON laws, which contribute to increased health care costs and less access to quality care.

Herbert J. Walberg, Ph.D.  
Chairman Emeritus

CON laws hinder technological expansion in the health care marketplace, drive up costs by restricting competition, and create barriers to entry in the health care industry. Alaska has some of the highest health care costs in the country. Spending on hospitals and on physician and clinical services are 50 to 80 percent higher than national averages, according to [a recent report](#) by the Alaska Policy Forum. Moreover, Medicaid expenditures in Alaska are 56 percent higher than the national average.

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The great state of Alaska should be making strides to lower costs and create more accessible care for patients, and this starts with repealing antiquated CON laws. Supporters of CON typically argue these laws lower health care costs by preventing overinvestment in a certain area, but this couldn't be further from the truth. As lowering costs for the states most vulnerable patients is well intentioned, that isn't the reality. According to the Kaiser Family Foundation, health care costs are [11 percent higher in states operating with CON laws](#) than those without. Furthermore, the negative impact of CON laws extends well beyond higher prices. CON laws are directly linked to reduced quality of care in hospitals and less health care access for rural communities. The stark truth is that states operating with CON laws have rates of mortality about 5.5 percent higher than states operating without CON laws, according to a [report](#) by the Mercatus Center.

There is inherent cronyism embedded deep into the roots of CON laws. Established industry leaders are protected from competition by limiting entry into the marketplace, which in turn hurts consumers, resulting in fewer health care choices at higher costs. If Alaska repealed CON laws, the state would have at least 10 additional health care facilities, three additional ambulatory surgical centers, and seven rural hospitals, [according to a Mercatus profile on Alaska's CON laws](#).

[Alaska temporarily suspended CON laws during the height of the COVID-19 pandemic](#), allowing the medical industry to meet the needs of patients with increased beds and necessary equipment. The market demanded what was needed and the medical industry reacted accordingly—without going through the hoops of providing CON. Alaska lawmakers should repeal CON laws to increase accessibility, improve quality, and lower health care costs.

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Thank you for the opportunity to present this information before the Committee.

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