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From: Dr.Casscells <dr.casscells@gmail.com>
Sent: Monday, April 19, 2021 2:03 PM
To: Sen. Mia Costello <Sen.Mia.Costello@akleg.gov>; Sen. Roger Holland <Senator.Roger.Holland@akleg.gov>; Sen. Joshua Revak <Sen.Joshua.Revak@akleg.gov>; Sen. Gary Stevens <Sen.Gary.Stevens@akleg.gov>; Sen. Elvi Gray-Jackson <Sen.Elvi.Gray-Jackson@akleg.gov>
Cc: senate.labor.and.comerce@akleg.gov
Subject: Certificate of Need

When I first started my surgical Orthopaedic practice in 1986. I had considerable difficulty in obtaining operating time in the hospital, which was tightly controlled by the hospital to maximize OR (operating room) utilization, usually over 100%. This forced most urgent or emergency cases into the evening or late night. This also served to divert patients to older well established surgeons who did not have the training in newer technologies, but were well established and had prestigious hospital appointments such that they could control access to operating room time which they called "Block Time", reserved for them. In response to this we began to pursue building operating rooms to meet the demand, and developed techniques for doing these procedures outside of the hospital in Surgicenters. This threatened the hospital's major source of revenue and profit. The surgeries could be done more expeditiously, with lower cost and higher quality. The hospitals began to use the Certificate of Need laws to block the building of surgicenters. The hospitals merged and blocked out competition. They employed one person whose whole job was to monitor and blockout the creation of surgicenters. He was a golfing buddy of mine, so I knew the process well. He went on to become the Practice Manager for the Lancaster Radiology Group. Today there are multiple hospital employees who staff the Delaware Healthcare Commission which oversees the Health Resources Board whic issues the renamed CON, called a CPR or certificate of public review, but in fact an additional license to obtain to bring health resources, technology, hospital or nursing home beds or emergency rooms into Delaware. The CPR is a legal barrier.

In the latter half of the 1990's the CON committee was defunded and immediately 14 surgicenters sprang up. The hospital furiously bought controlling interest in some of them, including mine, the Glasgow Surgicenter. They have been a difficult partner regarding us as their fiercest competitors, even though they own 60% and are their most profitable partnership. As witnessed by 8 consecutive National Quality Awards, we do it better, faster and cheaper, with higher patient satisfaction and more charity care. We provide the sorely needed access to quality care.

Briefly stated, Certificate of Need laws serve to restrict the public's access to high quality, local, inexpensive health care. They were ill-conceived by the fear of new imaging technology

expansion and the fear of the financial burden that new advances would bankrupt the Federal/State partnership that is Medicaid in the 1970's.

The Federal government quickly realized that the advanced technology of CT scanning and MRI imaging was so groundbreaking that it could not be restricted as a cost saving measure. The end result was monopolies on the technology and price gouging as demand for the technology rapidly grew both from consumers and doctors.

The Federal government quickly realized its error and ended the CON program nationally. But it has persisted in the states where the dominant hospital systems, and other vested monopolies can drive business to very expensive venues to receive the latest technology by misusing CON laws to block the entry of more competitive lower cost providers to the state market. The CON law provides a significant barrier to entry into a state market such that many entities will not engage the legal and lobbying hurdle.

I have done over a decade of research into Certificate of Need effects and there is absolutely no evidence that it has reduced cost, improved access to healthcare or improved quality. There are dozens of studies to document the contrary to all three.

Please keep in mind as you consider this legislation, that CON laws do not serve to provide increased access to healthcare where it is lacking. They merely serve to block entry of increased services to a needy community marketplace, thereby steering underserved patients to central hospital locations and more expensive care.

The inevitable result is less access, lower quality and more expensive healthcare.

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Sent from my iPad