

Good afternoon and thank you Chairman and members of the committee – my name is Sal Nuzzo and I have the pleasure of serving as the Vice President of Policy for The James Madison Institute – a public policy think tank in Florida. I am testifying today to provide you with a brief outside perspective on the repeal of Certificate of Need laws.

There are two things that I would like to offer to you. One is the policy intent. CON was established by the Federal Government in the 1970's and was such a terrible idea that it was repealed by the 1980s with an advisement for states to get rid of these programs. The federal CON program was the exception to the Reagan quote about "a government program is the nearest thing we will ever see to eternal life on earth." Since the federal program was repealed, it remains as one of the single most bi-partisan policy goals of the federal government. FTC's under Bush, Clinton, Bush, Obama, and Trump have all called for state CON programs to be repealed. Why? Because they do the opposite of their intent – they decrease supply, they increase costs, and they hamper quality of care for patients.

The second thing is the reality of what you can expect to happen when you do repeal CON laws. I can speak to this because Florida did this very thing in 2019. Since that time, we have seen new hospitals being built in underserved areas, existing hospitals building organ transplant operations, and care being extended into communities that have desperately needed it. This is basic supply and demand economics at work. And if I remember anything at all from my economics 101 class it is this – as demand increases, unless supply increases with it price goes up. CON repeal tackles the supply end of the equation.

In closing, I would like to address a concern that seems to get raised often – the idea sometimes floated that "there is no free market in healthcare." That government is so entwined and involved in the equation that we shouldn't think of policy through market lenses.

So, I'd like to offer an answer before that question can be asked. The answer is – it is precisely BECAUSE we have so much government involvement that healthcare costs have risen so dramatically. It is BECAUSE we have anticompetitive regulations like CON that spending is so high.

You have an opportunity before you to right that ship. I encourage you all to take it. I thank you for your time and I'm happy to answer any questions.