



ALASKA

POLICY FORUM

April 21, 2021

LEGISLATIVE TESTIMONY

Senate Bill 26

Repeal Certificate of Need Program

Senate Labor & Commerce Committee

Senator Costello, Chairman

Senator Holland, Vice Chair

Senator Revak, Member

Senator Stevens, Member

Senator Gray-Jackson, Member

During the height of the COVID-19 pandemic, the Alaska legislature, along with 23 other states, suspended requirements for some Certificates of Need. As with other government regulations that were suspended during this crisis, the government got out of the way to allow delivery of essential services to people who needed them in a timely manner. If this flexibility was needed during a health crisis (and the suspension clearly did no harm during the last year), then action should be taken to extend this policy. The requirement for burdensome Certificates of Need in Alaska should be repealed.

Currently, by requiring entrepreneurs to prove that there is a need for their services, rather than letting the market determine that, Certificates of Need make it difficult and expensive to open new health facilities. And in a state like ours with significant health care access issues, that is a hard pill to swallow. Less access means fewer facilities and providers, which prevents people from getting the care they need while also driving up costs. Certificate requirements also stifle innovation and competition by establishing a system of a central-planning and cronyism. Patients are left with high costs, lower quality, and fewer health care options.

The solution is to repeal the requirement for Certificates of Need for new health care facilities, expansions and renovations of existing facilities, and the addition of new technology or equipment.

Established hospitals, clinics, and other medical providers, as well as special interest groups representing these entities, are big fans of Certificates of Need because they quash potential competitors. Existing providers are allowed to give input on matters that would bring in businesses that will be in direct competition with them. That's good for existing providers, but bad for health care consumers, who pay the ultimate price.

Patients, providers, and the market should be the determiners of what new medical facilities may open in an area. This open process will provide innovative, convenient, and lower-cost medical care for the citizens of our state.

With 15 states having already removed their requirements, it's time for Alaska to follow suit. Over 100 million Americans now live and receive quality health care in states without CON laws. This is a very popular policy reform with voters. A recent poll showed that 59% of all voters support eliminating certificate of need licensing processes.

Alaska already has some of the most challenging access and most expensive health care in the country. The legislature should do everything it can to alleviate this situation.

Thank you for the opportunity to testify on behalf of Alaska Policy Forum.

Bethany Marcum
CEO