

A RESOLUTION OF THE SOUTH CAROLINA REPUBLICAN PARTY TO ELIMINATE CERTIFICATE OF NEED

WHEREAS, action needs to be taken to eliminate all Certificates of Need regulations to improve healthcare access, healthcare industry critical preparedness, and lower healthcare care costs.

WHEREAS, the proactive reduction of unnecessary and competition-stifling regulations is a universally proven method to improvement; and

WHEREAS, the recent pandemic generated temporary waivers of CON regulations have proven the positive results of eliminating health roadblocks; and

WHEREAS, by restricting new construction, CON programs may reduce price competition between facilities and keep prices high; and

WHEREAS, some changes in the Medicare payment system (such as paying hospitals according to Diagnostic Related Groups – “DRGs”) may make external regulatory controls unnecessary by sensitizing health care organizations to market pressures. CON programs vary state to state, with inconsistent metrics and management; and

WHEREAS, CON programs allow for political influence in deciding whether facilities will be built, which can invite manipulation and abuse; and

WHEREAS, some evidence suggests that lack of competition encourages construction and additional spending; and

WHEREAS, identifying the “best interests” of a community isn’t always clear; decisions ostensibly made for the greater good could have unintended consequences in the long-term, particularly in an unsteady economy or, for example, in a rapidly-gentrifying community; and

WHEREAS, Economic theory predicts that a CON law will restrict the supply of healthcare services, and that once repealed, patients will tend to access greater levels of care. Indeed, researchers have found that states that have removed these rules have more hospitals and more ambulatory surgery centers per capita; and

WHEREAS, after 40 years of assessing the effects of CON laws, researchers have become overwhelmingly critical of the process. A 2016 study from the Mercatus Center at George Mason University suggests that Certificate of Need policies have not only failed to reduce unnecessary healthcare spending, but have actually increased costs across the industry.

THEREFORE BE IT RESOLVED, the South Carolina Republican Party requests the State Legislature to take action to eliminate all Certificates of Need regulations in order to improve healthcare access, healthcare industry critical preparedness, and lower healthcare costs.