

TOP STORY

Certificate-of-need reform passes General Assembly

By Jon Styf The Center Square contributor May 11, 2021 🗨

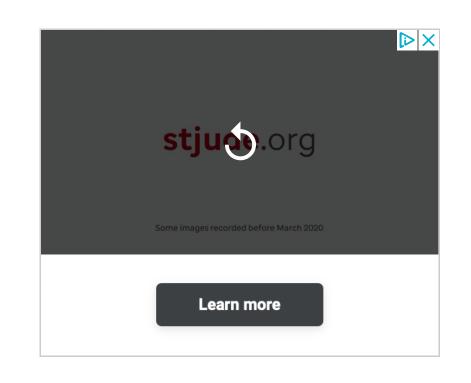


Tennessee's certificate-of-need laws came into play in August, when Vanderbilt University Medical Center, shown here, and Ascension Saint Thomas applied to open new hospitals in Murfreesboro. Vanderbilt's 48-bed hospital proposal was denied. Mark Humphrey / Associated Press

Before leaving Nashville last week, Tennessee lawmakers passed certificate-of-need reform, which would reduce the requirements and costs associated with opening, reopening or expanding a hospital.

CON laws require providers to prove an area has a need before they can provide health care services. The idea behind CON regulations was that the state would limit the number of hospital beds available because empty beds, in theory, amounted to higher costs for those who used the hospital.

Many states, including Tennessee, suspended CON rules during the COVID-19 pandemic and now are moving to limit their cost and impact going forward. Thirty-five states require CONs and, according to a Mercatus Center study, Tennessee ranked in the top 12 of states with the highest number of regulated hospital services.



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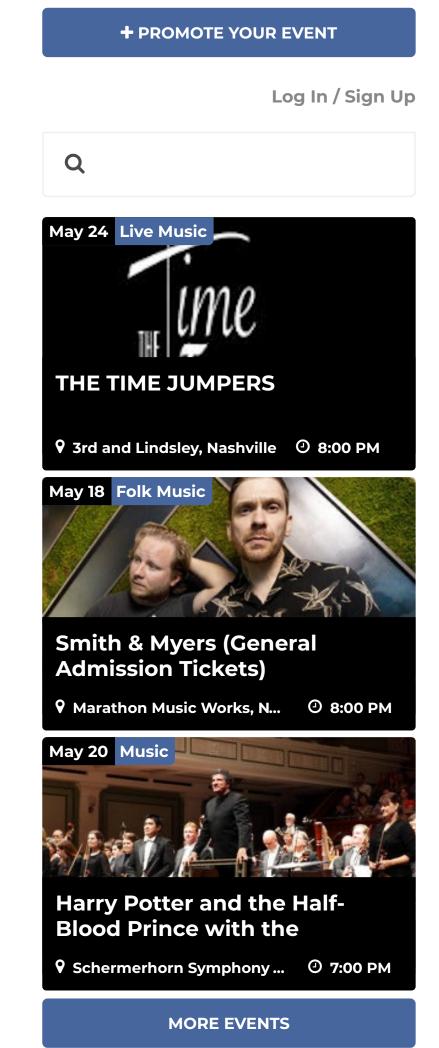
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Americans for Prosperity-Tennessee said the state's CON laws have prevented more than 100 hospitals and ambulatory services from opening since the 1990s.

The laws came into play in August, when Vanderbilt University Medical Center and Ascension Saint Thomas applied to open new hospitals in Murfreesboro. Vanderbilt's 48-bed hospital proposal was denied.

"The Tennessee legislature should be commended for taking another important step to lift protectionist restrictions that limit access to quality, affordable health care," AFP-Tennessee Deputy State Director James Amundsen said. "Although there is still much more work to be done to end the CON outright, it cannot be overlooked that (House Bill 948) greatly streamlines the current process, eliminates several protectionist aspects for incumbent providers, and creates greater access to certain health services in Tennessee."

Sen. Shane Reeves, R-Murfreesboro, said HB 948 came about after two years of work between both legislative bodies and key health care stakeholders. The Senate sponsor outlined key components of the bill, which would expedite the CON application process from 135 days to 60 days and lower costs, he said.

The bill also would exempt services, such as nonpediatric MRI equipment in counties with populations higher than 175,000 and mental health services, and would allow hospitals to move small distances or rural hospitals to reopen without restarting the CON process.

Sen. Page Walley, R-Bolivar, said one hospital in Haywood County was sold and is set to reopen and another in Decatur County could be on its way.

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"Many of you throughout your districts, particularly in our rural areas, have experienced the trauma of having community hospitals close," Walley said. "In my eight-county district, we had four of our seven hospitals close in the last decade. To say the least, that put an extraordinary burden on our citizens for obtaining health care."

The Beacon Center of Tennessee said the state has rejected 10.4% of the applications it has received over the past three years.

"But why is the government involved in this decision at all?" Beacon Center Executive Vice President Stephanie Whitt asked. "Shouldn't patients decide what they need in their communities, and shouldn't competition be a good thing? When the government decides winners and losers, it's rarely at the advantage of the people it impacts."

While the bill passed by a 30-1 vote in the Senate, it wasn't without some hesitation.

<image>

"I think that there are lots of positive developments in this bill," said Sen. Jeff Yarbro, D-Nashville. "Like lots of legislation, there are compromises in here. There's lots of things that I think could be problematic for some of our hospitals that don't have the luxury of ... who have to take a certain number of patients and face remarkable competitive pressures, especially in the year after a pandemic. It makes me nervous to make these changes that could destabilize those hospitals further."

Sen. Todd Gardenhire, R-Chattanooga, hopes the bill will be a step toward additional deregulation and the eventual elimination of CONs.

"I am glad the sponsor kept the (population) threshold," Gardenhire said. "In a couple of years, when we see that this has done exactly what we want it to do, we can come back and lower that threshold even more."

The measure requires Gov. Bill Lee's approval to go into effect.

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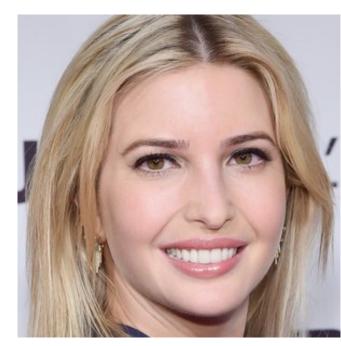
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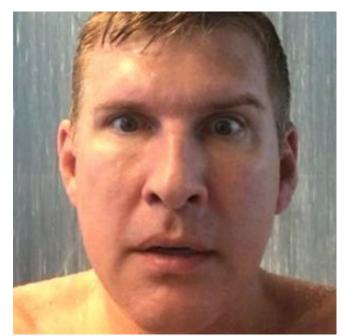
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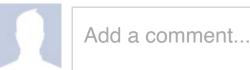
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