

RESEARCH SUMMARY

Addressing the Rural Health Crisis through CON Law Reform: How to Increase Access and Improve Outcomes across America

Rural communities face greater challenges than their urban counterparts in accessing healthcare, especially the long distances involved in reaching medical providers. The situation is exacerbated by government-imposed restrictions on the provision of new medical services, often through state certificate-of-need (CON) laws.

In “[Examining Certificate-of-Need Laws in the Context of the Rural Health Crisis](#),” Thomas Stratmann and Matthew Baker compare healthcare outcomes and common measures of wasteful spending in rural states with and without CON laws. Reforming CON laws would encourage competitive forces to drive innovation in rural states to provide cost-effective services to rural communities.

WHAT ARE CON LAWS AND HOW DO THEY HURT RURAL COMMUNITIES?

A primary justification for CON laws was to reduce the risk of price increases after expensive duplication of services. In practice, however, CON laws block medical providers from offering new or expanded services in rural areas. They require that facilities intending to increase bed and building capacity prove the new services are “needed” before obtaining authorization from the state’s health department.

Consequently, Americans living in rural areas find it harder to access care. They have to travel longer distances, wait longer for appointments, and pay more for care. Residents of rural states, on average, spend more and use more healthcare services in CON states compared to non-CON states. Rural residents in CON states have higher levels of the following:

- Medicare spending per beneficiary
- Hospital readmission rates
- Ambulance utilization
- Emergency room utilization

CON LAW REFORM—WHAT IT CAN BRING, HOW TO GET IT

Because the outcomes of CON laws are the reverse of expressed goals, their repeal may help bridge the gap of 13 percent fewer hospitals per capita between rural states with CON laws and those without CON laws. It may also lower per capita medical spending observed in rural states with CON laws, closing the gap between these states and those without CON laws.

While wholesale repeal may be politically unfeasible in some jurisdictions, other steps can be taken, such as phased or partial repeal of the most egregious CON laws. Transparency can also help—that is, transparency about which

CON applications are opposed by incumbent providers, the financial ties of CON board members, and which board members work in the industry and may thus see new applicants as competitors.

KEY TAKEAWAY

Decades of research have questioned the value of CON laws for public health. However, the current rural health crisis may provide the political will to finally address this barrier to healthcare infrastructure. Reducing the regulatory burden on providers attempting to serve underserved rural communities can allow for development of both more and novel methods of healthcare for those populations, potentially increasing access and lowering per capita costs.