

January 28, 2022

## **Repealing certificate of need will reduce access to care and eliminate jobs for West Virginians**

By Jim Kaufman  
President & CEO  
West Virginia Hospital Association

West Virginia hospitals set a new record for COVID-19 hospitalizations this week, and models show we will exceed our previous peak by nearly 20%. Now, some have questioned whether our hospitals have the capacity to care for more patients, and they've erroneously linked the state's Certificate of Need (CON) program as a contributing problem.

The CON program was created to ensure West Virginians have access to high-quality, low-cost care. Today, more than 30 states use CON to ensure quality care and avoid duplication of health care services that would result in higher costs for everyone.

We know the political sentiment surrounding the CON program is divisive, but the reality is that for West Virginia communities, hospitals are not only their largest employers, but also the chief economic driver. They are a critical piece of the economic infrastructure that potential employers consider when deciding where to locate their next manufacturing facility or distribution center. Given the state's recent and outstanding economic development news, shouldn't we all be working together to support our hospitals – the largest employers in West Virginia – and our 49,000 employees who continue to battle on the frontlines of the COVID-19 pandemic?

Instead, the hospital and health care community each legislative session is left to repeatedly defend a state process that simply provides an outlet through which all stakeholders can provide input – from affected persons to other health care organizations like our remarkable hospice community and senior centers – so that health care delivery in our communities is offered in a rational and reasonable way.

Without the planning process of CON for hospitals, specialty health care facilities could simply establish a new facility next to a community hospital and siphon off commercially insured patients leaving hospitals to care for the sickest and most vulnerable members of our community. There's no other way to say, but if hospitals lose profitable service lines and commercially insured patients to specialty facilities, they will be unable to continue offering valuable services and programs that patients rely on, and this translates into a loss of jobs for West Virginians. Also impacted is the ability of hospitals to train our next generation of physicians and health care professionals at a time when we're facing a shortage of our most precious resource – our workforce. This will impact care for the entire State.

One of the main arguments against CON is focused on the free market. First and foremost, the health care system in West Virginia is *not* a free market and taking care of people is not a commodity. Hospitals in West Virginia are not free to serve only the people who can pay, nor can they set their own rates for the services they provide. These rates are set by federal and state agencies for patients covered by Medicare, Medicaid, and PEIA, which accounts for 75 percent of the patients treated in West Virginia hospitals. An astounding

statistic when compared to other states. That's a long way from a free market. We should continue to focus on economic development opportunities in our state that help increase our population and expand our employer-based health insurance so that there is less reliance on government payors.

We've stated one goal of CON is about cost-containment and the national data shows that West Virginia's CON program is delivering on its goal of low-cost, accessible health care. For example, information from the *Kaiser Family Foundation's State Health Facts 2019*, shows West Virginia is in the bottom quartile of states for cost per inpatient day with the national average of \$2,607 per day compared to West Virginia's \$1,831 cost per day, which is 42% below the national average.

Meanwhile, for hospital capacity *Kaiser Family Foundation* notes West Virginia is in the top quartile for hospital beds per population. The national average is 2.40 beds per 1,000 compared to West Virginia's 3.56 hospital beds per 1,000.

It's been incorrectly stated that West Virginia's CON program has resulted in 2,424 fewer hospital beds. Adding these beds would represent a 40% increase to the total capacity and would drive down occupancy rates statewide to approximately 40%. It would be economically irresponsible to add 2,424 licensed beds statewide when the current trend in health care is for the provision of services to be provided in outpatient settings and at home. Further, construction of additional hospital beds requires necessary support services, and significant capital investments. Based on industry estimates used in health care planning, each additional new hospital bed requires an expenditure of approximately \$1 million per bed. Therefore, to create the 2,424 beds cited in reports would require an estimated \$2.42 billion in additional health care dollars, when existing licensed beds are unable to be staffed due to a nationwide health care shortage.

Even as national data does not support their claims, think tanks will have you believe the West Virginia CON program is not working as intended. Not only is CON working but it has provided a level of predictability and stability for West Virginia hospitals, especially in these unprecedented times. If COVID taught us anything, it's that health care is not a luxury item people can choose to live without like other goods and services. We are proud of serving the residents of West Virginia in their time of need and our hope is that policymakers continue to support and recognize us as pillars of our communities offering services 24/7/365.