



## **Testimony submitted by Zachary Janowski, director of external affairs of the Yankee Institute for Public Policy, to the Judiciary Committee on S.B. 1120.**

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The Yankee Institute for Public Policy is a Connecticut think tank that develops and advances policy solutions to promote smart, limited government; fairness for taxpayers; and an open road to opportunity for all the people of our state.

### **I submit this testimony in opposition to Senate Bill 1120.**

First, I'd like to say this bill has an important goal. I share this committee's concern about hospital consolidation, market concentration and the ability of hospitals to increase prices without accountability.

Unfortunately, I think certain state regulators are working against our shared goal of better, more affordable healthcare for the people of Connecticut.

Connecticut requires hospitals and other healthcare providers to ask for permission before expanding or making investments. These requests go to the Office of Health Care Access, part of the Department of Public Health.

Hospitals have to ask this office for a certificate of need, basically a permission slip. Connecticut has more services covered by certificate of need than 32 other states, including 14 states that don't have any permission slip requirements.

To be clear these certificates have nothing to do with the quality of healthcare, instead they limit the quantity of health care.

For example, Connecticut has a third fewer hospital beds per capita than the national average. The certificate of need process is at least partly to blame.

Should Connecticut have the national average number of hospital beds per capita? I don't know. No one does. That's why it doesn't make much sense to try to guess the right number.

Few people know about this function of state government, except for hospitals. And they use this to their advantage. The certificate of need process allows hospitals to intervene to oppose changes in the healthcare supply.



Why does that matter? A fixed supply with increasing demand will cause prices to rise.

I urge you to remove the certificate of need barrier to entry before you apply any new anti-trust regulations to hospital mergers.

Right now, hospitals have the luxury of knowing when a competitor plans to enter the market, the ability to contest a competitor's ability to do so, and the confidence that these regulations are cumbersome and time-consuming.

One study found that even though the number of heart surgeries continued to increase after certificate of need laws were repealed, the decline in price caused overall spending on heart surgeries to fall.

If hospitals begin to fear that innovative competitors will take better care of their patients, they might become more innovative themselves without those competitors even showing up.

Thank you for your time.