

HB 1537 -- CERTIFICATE OF NEED

SPONSOR: Schaaf

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Healthcare Facilities by a vote of 5 to 4.

This bill defines "long-term care facilities" for the purposes of the Certificate of Need Program and limits the application of certificate of need requirements to long-term care facilities. Currently, certificate of need requirements apply to a broader range of health care facilities, including hospitals and long-term care facilities.

FISCAL NOTE: Estimated Cost on General Revenue Fund of Less than \$404,165 in FY 2007, FY 2008, and FY 2009. No impact on Other State Funds in FY 2007, FY 2008, and FY 2009.

PROPOSERS: Supporters say the bill will create a free market system allowing hospitals to compete against one another and consumers to choose the best quality of care. Some argue that the Certificate of Need Program has failed to lower health care costs, is a barrier to health care innovation, and has reduced access and patient choice while not improving health care quality.

Testifying for the bill were Representative Schaaf; Missouri Association of Osteopathic Physicians and Surgeons; Signature Health Services; Citizens Health Care Association; Missouri State Medical Association; and Robert James Cimasi.

OPPOSERS: Those who oppose the bill say that repealing the certificate of need laws in other states has encouraged the development of specialty hospitals. Specialty hospitals, usually owned by specialist physicians, focus on the most lucrative procedures; and patients, thereby, undermine the few profitable services at community hospitals. Studies have shown that health care utilization increases when physician-owned specialty hospitals enter a market.

Testifying against the bill were Missouri Hospital Association; St. Louis Area Business Health Coalition; and United Auto Workers, Missouri State CAP Council.

Dominic Lackey, Legislative Analyst