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SCOA Supports S. 164 to Substantially Repeal CON



The Certificate of Need law has a direct connection to the medical debt crushing South Carolinians.

ASCs offer dramatically lower cost surgical care as compared to hospitals. The CON statute is an obstacle to the construction of new ASCs because large competitors are allowed to oppose the applications. ASCs are generally much smaller private businesses that cannot afford to fight the legal battles associated with CON applications under today's rules.

As a result, South Carolinians who are already struggling to pay their out-of-pocket healthcare expenses and their employers who are struggling to provide health insurance have significantly fewer options for lower cost surgical care.

Per Kaiser Family Foundation, 1 in 10 adults owe medical debt.

The average individual deductible in the US last year = \$2,825

56% of private sector workers were enrolled in high deductible health plans in 2021.

Even insured patients are required to pay a large portion of their healthcare and many cannot afford to do so.

Hospitals insist they need the revenue from the less complex, insured procedures to offset the care they provide to indigent patients. In other words, people with insurance and the employers who provide that insurance are paying 2-5 x more at a hospital as compared to an ASC because the hospital is shifting cost to them that was incurred by indigent patients.

Without question, the care hospitals provide to indigent patients is critically important, but equally important are working patients with high deductibles they cannot afford to pay.

Non-profit hospitals receive the following benefits precisely because they treat indigent patients:

- Exemption from federal, state and local property taxes
- Disproportionate share funds from the federal government to offset uncompensated care
- Ability to issue tax-exempt bonds, which lowers their borrowing cost
- Ability to receive tax-deductible contributions

None of those benefits are offered to private ASCs.

It's inappropriate for hospitals to accept the benefits of non-profit status while simultaneously blocking lower-cost options for insured South Carolinians, their employers and those who self-pay for care.

Rural healthcare has unique challenges, but CON has not mitigated them. 6 rural hospitals have closed since 2010 and 8 others are at risk of closing. The SC Office for Rural Health published a Rural Health Action Plan which includes many recommendations to improve rural healthcare in SC, but does not include preserving CON. The focus should be on implementing those recommendations to improve rural healthcare.