

END CERTIFICATE OF NEED REQUIREMENTS

David R. Burton, Senior Fellow in Economic Policy



TOPLINE: State lawmakers should end certificate of need (CON) requirements in health care that require hospitals and other health care providers to demonstrate a “need” to state authorities before obtaining permission to build or expand their facilities or offer new services or technologies.

BACKGROUND: CON requirements are in place in [38 states](#) plus Washington, D.C. The statutes vary substantially in their scope, but generally require bureaucratic approval before opening a new health care facility or expanding an existing facility. In many cases, permission is required before utilizing new technologies, purchasing new equipment, or offering new services. The provider must prove to the state’s CON board that the community “needs” the new service. The applications involve significant cost and delay. Existing providers almost always challenge the proposals to prevent competition. Empirical studies estimate that CON requirements raise health care costs by [3-4% overall and by 7% for Medicare](#). CON requirements have a particularly adverse impact on rural communities. Patients benefit from competition and a robust supply of hospital beds, medical equipment, modern technology, and services. The government should not stand in the way. Government bureaucracies simply cannot determine “need” better than businesses investing their own money.

Action Items (State and Local Governments):

- **Repeal existing state CON statutes and prohibit local governments from imposing CON requirements.**
 - In states where CON requirements exist, executive branch authorities should **approve applications and liberalize regulations to ensure applications are much more likely to be granted.**

How It Would Make Life More Affordable:

- Repealing CON requirements would reduce health care costs and prices to consumers, improve competition and quality of care, and reduce wait times.

Related Legislation: The trend has been to liberalize or repeal CON laws. See, e.g., [Tennessee SB 1369](#), enacted May 2026.

BOTTOMLINE: The government should encourage competition in health care service provision, not stand in its way.