



Testimony of Sofia Hamilton
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To the Committee on Health and Government Operations, Maryland General Assembly
February 26, 2025

RE: Americans for Prosperity Support of HB 0735 Certificate of Need - Psychiatric Health Care Facilities and Psychiatric and Mental Health Services – Exemption.

Dear Chair Pena-Melnyk and Members of the Committee,

On behalf of Americans for Prosperity, a nationwide grassroots advocacy organization that works to increase opportunities for all Americans, I am submitting the following comments regarding HB 0735 Certificate of Need - Psychiatric Health Care Facilities and Psychiatric and Mental Health Services – Exemption.

Countless studies have shown that Certificate of Need (CON) laws have been ineffective at their stated purpose: lowering health care costs, increasing access to services, and ensuring high quality of care. In practice, CON laws do the opposite. Compared to states without, states with CON laws are associated with higher patient spending, fewer medical facilities, and inferior patient outcomes.¹

States were initially compelled by the federal government to adopt CON laws or risk their health care funding. In 1986, Congress reversed this action and every presidential administration since has called for the total repeal of CON laws throughout the country.² Unfortunately, 35 states and Washington, D.C. have ignored this guidance and still have CON laws on their books.

Maryland currently regulates 18 broad categories of health care facilities, services, and equipment through its CON requirements.³ According to the Mercatus Center, Marylanders would save an average of \$243 a year on health care spending in the absence of CON laws. The researchers estimate that Maryland residents would also benefit from an estimated 57 more health care facilities and would rate

1. Matthew D. Mitchell, “Do Certificate-of-Need Laws Limit Spending?,” Mercatus Center at George Mason University, September 29, 2016, <https://www.mercatus.org/research/working-papers/do-certificate-need-laws-limit-spending>; Thomas Stratmann and Christopher Koopman, “Entry Regulation and Rural Health Care: Certificate-of-Need Laws, Ambulatory Surgical Centers, and Community Hospitals,” Mercatus Center at George Mason University, February 18, 2016, <https://www.mercatus.org/research/working-papers/entry-regulation-and-rural-health-care-certificate-need-laws-ambulatory>; and Thomas Stratmann and David Wille, “Certificate-of-Need Laws and Hospital Quality,” Mercatus Center at George Mason University, September 27, 2016, <https://www.mercatus.org/research/working-papers/certificate-need-laws-and-hospital-quality>.

2. Americans for Prosperity Foundation, <https://americansforprosperityfoundation.org/wp-content/uploads/2024/04/AFPF-CON-AdminQuotes.pdf>.

3. Matthew D. Mitchell, Anne Philpot, and Jessica McBirney, “CON Laws in 2020: About the Update,” Mercatus Center at George Mason University, February 19, 2021, <https://www.mercatus.org/publication/con-laws-2020-about-update>.

their experiences at hospitals 5% more favorably.⁴ There is no doubt that Maryland's CON laws are keeping Marylanders from accessing quality and affordable health care.

As a resident of the DMV area, I know firsthand how difficult the region's restricted health care market makes it to get timely and affordable care at any of our many wonderful health care facilities. Despite the region being home to many prestigious health care institutions, quality and affordable health care that is delivered in a timely manner is hard to come by. As the region's population inevitably increases and ages, the health care marketplace will only become further strained, inaccessible, and expensive — especially for the state's most vulnerable populations. The implementation of HB 0735 would result in Marylanders, and residents of surrounding states, having better access to sorely needed mental health services.

Americans for Prosperity is appreciative of the reforms proposed in HB 0735 and applauds the Committee for its important work on this bill — but further action must be taken. Getting rid of the CON requirement for psychiatric facilities and services is a necessary first step, but Marylanders will be left with 17 more CON requirements that will continue to make it difficult for them to receive quality and affordable health care in a reasonable timeframe. Some of the remaining CON requirements would include neonatal intensive care services, substance abuse services, and intermediate care facilities for individuals with intellectual disabilities. Looking forward, Maryland should join the growing trend of states and formulate a plan to fully repeal all the state's CON laws.

We appreciate the Committee opening this subject up for comment and are hopeful that Maryland's health care market will see these needed changes for the good of all Marylanders and the state itself.

With gratitude,



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4. "Certificate-of-Need Laws: Maryland State Profile," Mercatus Center at George Mason University, March 19, 2021, https://www.mercatus.org/sites/default/files/d7/maryland_constateprofile_2020.pdf.