

February 16, 2026
House Health Committee
Re: Testimony on HB 632

Chair Bagnall, Vice Chair Cullison, and all distinguished members of the Health Committee:

My name is Liam Sigaud. I am a research analyst at the Knee Regulatory Research Center at West Virginia University. I appreciate this opportunity to comment on House Bill 632. This comment is not submitted on behalf of any party or interest group.

Under Maryland's certificate-of-need statute, certain types of proposed health care facility or service projects must be reviewed and authorized by the Maryland Health Care Commission. This bill would exempt psychiatric and mental health facilities from needing to complete this complex, costly, and uncertain bureaucratic process. It is important to note that certificate-of-need regulations are purely economic constraints on the health care system. Enacting this reform would not weaken licensing or staffing requirements at psychiatric or mental health facilities.

These laws originated in the US more than 60 years ago; they were intended to control health care costs by preventing over-investment in facilities and equipment. The effects of these laws on a variety of outcomes have been extensively studied. Overwhelmingly, research finds that these laws have not achieved their goals.¹ In 2016, the Federal Trade Commission and the Antitrust Division of the US Department of Justice released a joint statement on the impact of certificate-of-need laws on the health care system. The agencies wrote:

“...after considerable experience, it is now apparent that [certificate-of-need] laws can prevent the efficient functioning of health care markets in several ways that may undermine those goals. First, [certificate-of-need] laws create barriers to entry and expansion, limit consumer choice, and stifle innovation. Second, incumbent firms seeking to thwart or delay entry or expansion by new or existing competitors may use [certificate-of-need] laws to achieve that end. Third, ...[certificate-of-need] laws can deny consumers the benefit of an effective remedy following the consummation of an anticompetitive merger. Finally, the evidence to date does not suggest that [certificate-of-need] laws have generally succeeded in controlling costs or improving quality.”²

Recent studies have found that certificate-of-need laws undermine access to psychiatric and mental health treatment³ and have helped fuel the opioid crisis.⁴

Informed by decades of research and practical experience, many states have rolled back their certificate-of-need laws on psychiatric and mental health facilities – most recently Tennessee and North Carolina. Many other states are considering similar changes to encourage investment in mental health treatment. The evidence strongly suggests that the reforms proposed in this bill would make vital mental health services more broadly accessible to Marylanders.

Thank you for your kind consideration.

Liam Sigaud

¹ Mitchell, M. D. (2024). Certificate of Need Laws in Health Care: Past, Present, and Future. *INQUIRY: The Journal of Health Care Organization, Provision, and Financing*, 61, 00469580241251937.

² Federal Trade Commission and U.S. Department of Justice. “Joint Statement of the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice on Certificate-of-Need Laws and South Carolina House Bill 3250,” January 11, 2016. Available at: https://www.ftc.gov/system/files/documents/advocacy_documents/joint-statement-federal-trade-commission-antitrust-division-u.s.department-justice-certificate-need-laws-south-carolina-house-bill-3250/160111ftc-doj-sclaw.pdf

³ Bailey, J., & Lewin, E. (2021). Certificate of Need and Inpatient Psychiatric Services. *The Journal of Mental Health Policy and Economics*, 24(4), 117-124.

⁴ Plemmons, A., Deyo, D., & Drain, S. (2024). The effect of Certificate-of-Need laws on substance use disorder care for vulnerable populations. *Southern Economic Journal*.