



Written by [William F. Jasper](#) on September 18, 2014

The “Certificate of Need” Con

Here’s an important issue many Americans probably have not even heard of, let alone given any thought to. It involves what are called “Certificate Of Need” laws.

Let’s say you have the desire and the wherewithal to open a new auto dealership, or a grocery store, appliance repair shop, or a clothing boutique — or any other business. Would you think it fair if, before you could open your store, you had to get permission from a government bureaucracy, in the form of a “certificate of need”?



Central planners — bureaucrats — in the state or federal agency would determine whether your area, city, county, or region “needed” another dealership, grocery store, boutique, etc. If, in their alleged wisdom, the bureaucrats decide your product or service is not “needed,” they won’t issue a certificate and you’re out of luck.

Or, let’s say you’re already in the auto mechanic business and you want to install new automated equipment that will make your business more efficient and cost competitive. But a government agency denies you permission — a certificate of need — to install the equipment, claiming there are already enough shops with that equipment.

“Outrageous!” — “Un-American!” — “Socialistic!” — “Tyrannical!” you say.

And you would be right to say so. After all, America is the land of free enterprise, is it not? We let consumers and entrepreneurs operating in the free marketplace decide what goods and services they will exchange, not government central planners. Right?

Then why do we tolerate “Certificate Of Need” laws in medicine and healthcare that restrict market entry and protect corrupt and overpriced hospitals and medical providers? More than 30 states, as well as the federal Department of Housing and Urban Development, exercise authority over issuance of Certificates Of Need.

Before a hospital, clinic, nursing home, or other healthcare facility can be built, a Certificate Of Need, a CON, must be obtained. Not only that, but in many jurisdictions, a facility must obtain a CON even to install new equipment, such as a CT scanner, MRI machine, a lithotripsy machine, or other important medical technology.

This system prevents new competitors from entering the market and rewards the current dominant players. It is a corrupt cartel system that prevents innovation and competition, denies consumers choices in healthcare, and guarantees ever-rising prices. It’s no surprise, then, that the big companies in the healthcare industrial complex and their Big Government allies support this system. Certificate Of Need laws are indeed a *con* game — and we are the victims.

Dr. Keith Smith of the Surgery Center of Oklahoma takes on the Certificate Of Need con in his video interview with *The New American* on “[How Government Can Drive Up Healthcare Costs.](#)”



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