

An Empirical Analysis of the Impact of Certificate of Need Law on Utilization of Inpatient Services¹

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Abstract

We investigate the impact of Certificate of Need (CON) Law and its stringency on Inpatient service utilization measured by hospital occupancy. We show that on average the CON legislation reduces utilization in Inpatient units. Besides, we do not find sufficient statistical evidence to reject the exogenous assumption of CON and its features. Furthermore, we confirm the qualitative nature of these key findings by an analysis featuring Inpatient length of stay (LOS). Other findings include the following: Inpatient utilization is positively related to proportion of females in a state and the proportion of Asian-Americans; a statistically significant positive relationship exists between GDP and utilization and a negative one is noted between utilization and proportion of population on Medicare; a statistically significant positive relationship is noted between population availing ED services in a state and Inpatient utilization;

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as the number of democratic senators in a state increases, it has a negative impact on utilization of Inpatient services.

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