North Carolina’s Certificate of Need (CON) program controls costs for NC’s Medicaid program, which pays in part for 64% of all skilled nursing facility (SNF) resident days, by setting the supply of beds available. Repealing CON will add an estimated 5000-6000 beds within 6-12 months, and adding unneeded beds will increase costs to Medicaid, not lower them.

CON facilitates lower per-day costs to the Medicaid program while preserving quality care. The current economic model for many SNFs utilizes higher Medicare and private-pay reimbursement to help offset the losses borne by facilities when caring for Medicaid patients at rates below cost. Without CON, new entrants into the SNF market could cherry pick the higher-paying patients, leaving existing SNFs to manage the financially unsustainable Medicaid population without a financial offset. A change in the current equation would drive up Medicaid costs to the State due to a loss of balance in the payer mix and the subsequent cost shift or likely result in decreased quality care due to fewer resources for care workers.

CON ensures access to SNF care for all North Carolinians, as 98 of NC’s 100 counties have at least one SNF. Repealing CON would lessen or eliminate growth of SNF services in rural areas, because without CON intervention population trends and health care workforce supply will drive virtually all new beds to urban areas.

CON allows the State to better balance institutional services with community-based services and ensures that SNF beds are efficiently used by those who need them most.

36 states and the District of Columbia have CON for skilled nursing facility services, including North Carolina’s neighbors and virtually all southern states. States without CON for skilled nursing facilities use other means to restrict the supply of beds, such as bed moratoria.

The North Carolina Health Care Facilities Association supports CON for skilled nursing facilities.