

# Certificate-of-need Programs, Market Structure, and Patient Health: Evidence from the U.S. Dialysis Industry

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September 26, 2021

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**Abstract.** CON programs are regulatory institutions designed to limit health care providers' entry and capacity investments. I examine CON programs in dialysis markets, where quality competition is local, patients are relatively vulnerable, CON programs are prevalent, and CON programs trade off fixed costs with treatment quality and access. I find evidence that dialysis CON programs are binding on entry in low-access areas using quasi-experimental variation generated in Washington and North Carolina. I find evidence that entries in these areas improve treatment access and health outcomes, but their costs may exceed the patient welfare gains in the short-run. I also find evidence that dialysis CON programs may create greater investment barriers for non-incumbents than for incumbents, raising concerns about potentially harmful competitive effects.

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