

**COST &  
DISCHARGE  
ANALYSIS OF  
SELECT  
PROCEDURES**

CON STATES VS. NON-CON STATES



## Details of Findings

The average number of discharges per facility was determined for both Certificate of Need (CON) states and non-CON states for each given diagnosis-related group (DRG). The average CON facility cared for between 13% to 30% more Medicare patients for the corresponding diagnosis than the average non-CON facility. This outcome could indicate existing CON facilities are operating more efficiently and at a more ideal capacity given that many of these states require a need for more hospital beds within a given area before expanding.

A similar analysis was completed for the average covered charges per facility for both CON states and non-CON states. The average non-CON facility charged between 12% and 27% more, based on corresponding diagnosis, than the average CON facility charged for the same diagnosis. When compared to the national average for covered charges, an estimated 30 percent of CON facilities surpassed this threshold in contrast to an estimated 50 percent of all non-CON facilities that charged above the national average. In addition, 20 percent of the non-CON facilities are above the 85<sup>th</sup> percentile for highest average covered charges based on a normal distribution.

**Michigan charges less per procedure than both the national and CON state averages, which demonstrates how Michigan's CON process is the strongest and most effective in the country!**



# Analytical Approach

The DRG analysis was made by dividing the states into two groups: CON and Non-CON. CON states were determined to be states currently implementing an extensive CON program where regulations are multifaceted and not limited to hospice, nursing homes or long term care. Non-CON states in the DRG's group are determined to be states with no CON program or those with a limited CON program where standards are solely implemented to regulate hospices, nursing homes, and/or long term care facilities.

## Sources

Discharge and cost data: DRG Summary for Medicare Inpatient Prospective Payment Hospitals, FY2012. Top 100 DRGs Based on Total Discharges, <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Medicare-Provider-Charge-Data/Inpatient.html>. Data on CON state regulations: The National Conference of State Legislatures, <http://www.ncsl.org/research/health/con-certificate-of-need-state-laws.aspx>.

2012 Medicare Diagnosis-Related Group  
Average Discharges Per Facility



**On average, CON states have more discharges and lesser average charge per procedure than non-CON states.**

**This indicates that CON states are more efficient in both productivity and cost.**

## **About the Economic Alliance for Michigan (EAM)**



**Our goal is maintaining and growing Michigan's economy for both employers and workers.**

For over thirty years, the Economic Alliance for Michigan (EAM) has facilitated cooperation between businesses and labor unions by collaborating on matters that affect Michigan's economic environment. In 1982, The EAM was created as a private nonprofit corporation by companies and unions in the for-profit sector. *We are the leader in state government relations when it comes to bringing both political parties together for a common cause – the success of Michigan.*

The EAM excels on cooperative, action-oriented endeavors to maintain and improve the economic climate of Michigan as a place to do business and be employed. We focus on the issues that matter most to our members and legislation that is favorable to job growth. The EAM rallies behind issues that affect the state's economy, such as the cost of healthcare.



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