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COMMERCE CLAUSE - VIRGINIA

Colon Health Centers of America, LLC v. Hazel

United States Court of Appeals, Fourth Circuit - January 21, 2016 - F.3d - 2016 WL 241392

Out-of-state medical providers brought action against Virginia government officials, claiming that the requirement to obtain a certificate of need (CON) to establish or expand medical facilities and services violated the dormant aspect of the Commerce Clause. The United States District Court granted defendants' motion to dismiss for failure to state a claim. Providers appealed. The Court of Appeals reversed and remanded. On remand, the District Court granted summary judgment to defendants. Providers appealed.

The Court of Appeals held that:

- The CON requirement did not discriminate against out-of-state medical providers in its purpose;
- The CON requirement did not have a discriminatory effect on out-of state medical providers; and
- The burden of the CON requirement on interstate commerce was not clearly excessive to the putative local benefits.

The burden on interstate commerce of Virginia's statutory requirement for medical providers obtain a certificate of need (CON) to establish or expand medical facilities and services was not clearly excessive in relation to its putative local benefits, and thus the CON requirement did not violate the dormant Commerce Clause on Pike balancing, despite contention that the requirement reduced competition which allowed entrenched incumbents to exert market power and charge inefficiently high prices, where the State claimed that the CON requirement boosted healthcare quality, ensured underserved and indigent populations had access to medical care, and maintained a geographic distribution of health care facilities.

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