

Certificate of Need Reform

PUBLIC CHAPTER 557



What would be regulated by CON under Public Chapter 557?

Initiation, modification, or *substantial* relocation of:

- Hospitals
- Nursing Homes
- ~~Recuperation Centers~~
- Ambulatory Surgical Treatment Centers (ASTCs)
- ~~Mental Health Hospitals~~
- Intellectual Disability Institutional Habilitation Facilities
- Home Care Organizations (Home Health and Hospice)
- Outpatient Diagnostic Centers (ODCs)
- Rehabilitation Facilities
- Residential Hospice
- Nonresidential Substitution-based Treatment Centers for Opiate Addiction
- Burn Units
- Neonatal Intensive Care Units
- Open Heart Surgery Services
- Positron Emission Tomography Services *in counties with a population of 175,000 or less*
- Organ Transplantation Services
- Pediatric (14 years or younger) Magnetic Resonance Imaging Services
- Magnetic Resonance Imaging Services in counties with populations of ~~250,000~~ *175,000* or less
- Cardiac Catheterization Services
- Linear Accelerator Services

Other CON Exemptions under Public Chapter 557

- **Elimination of all CON regulation in economically distressed counties without a hospital:**
 - Currently Lake, Clay, and Grundy
 - Distressed county list is determined by the TN Department of Economic and Community Development and is updated annually
- Hospitals may add acute or rehabilitation beds if they are already licensed for that category of beds
- St. Jude Children's Research Hospital can provide hospice services to its patients
- Home health agencies that are limited to serving the following patients:
 - Pediatric patients (17 or younger)
 - Patients who are part of the Energy Employees Occupational Illness Compensation Program Act of 2000

Other CON Exemptions under Public Chapter 557 (cont.)

- Nursing Homes may now increase their beds by up to 10% once every three years
- Hospitals in rural counties that have closed within the past 15 years may be reopened without having to obtain a CON prior to licensing (but the must obtain a CON within 12 months of licensure)
- CON-holders who wish to relocate a short distance that will not result in an underserved population may request administrative approval of the relocation without obtaining a CON
 - Administrative approval could require providing notice to public and is reviewable by agency members
 - Home Health Agencies may now relocate their primary office to another county within their licensed service area without obtaining a CON

Changes to Standards and Criteria under PC 557

1. Need

- a) Population to be served
- b) Minimum utilization levels

~~2. Economic Feasibility~~

- ~~a) Adequacy of funds to complete the project~~
- ~~b) Sustainable revenue projections~~

~~3. Contribution to the Orderly Development of Health Care~~ → Consumer Advantage

- a) Impact on existing patients
- ~~b) Impact on existing providers~~

4. Appropriate Quality Standards

- a) Accreditation by respected organization

Other Changes to the CON Process under PC 557

- “Use it or lose it” provision would require HSDA to void fully-implemented CONs when the activities authorized have not been provided for **12 consecutive months**
 - Agency would be able to waive this if good cause is shown in advance of the 12-month period
- Opposition to CON applications are restricted to providers within a **35-mile radius** of the proposed project
- Opposing institutions must provide advance notice to HSDA and applicant of the grounds on which the application is being opposed
- Attorney’s fees may now be assessed against the loser of an appealed CON decision

Reducing application fees

Establish new revenue stream:

- A. Take licensure fees currently dedicated to the Health Planning Division
- B. Increase those fees to a level that could support the majority of the Agency's expenses

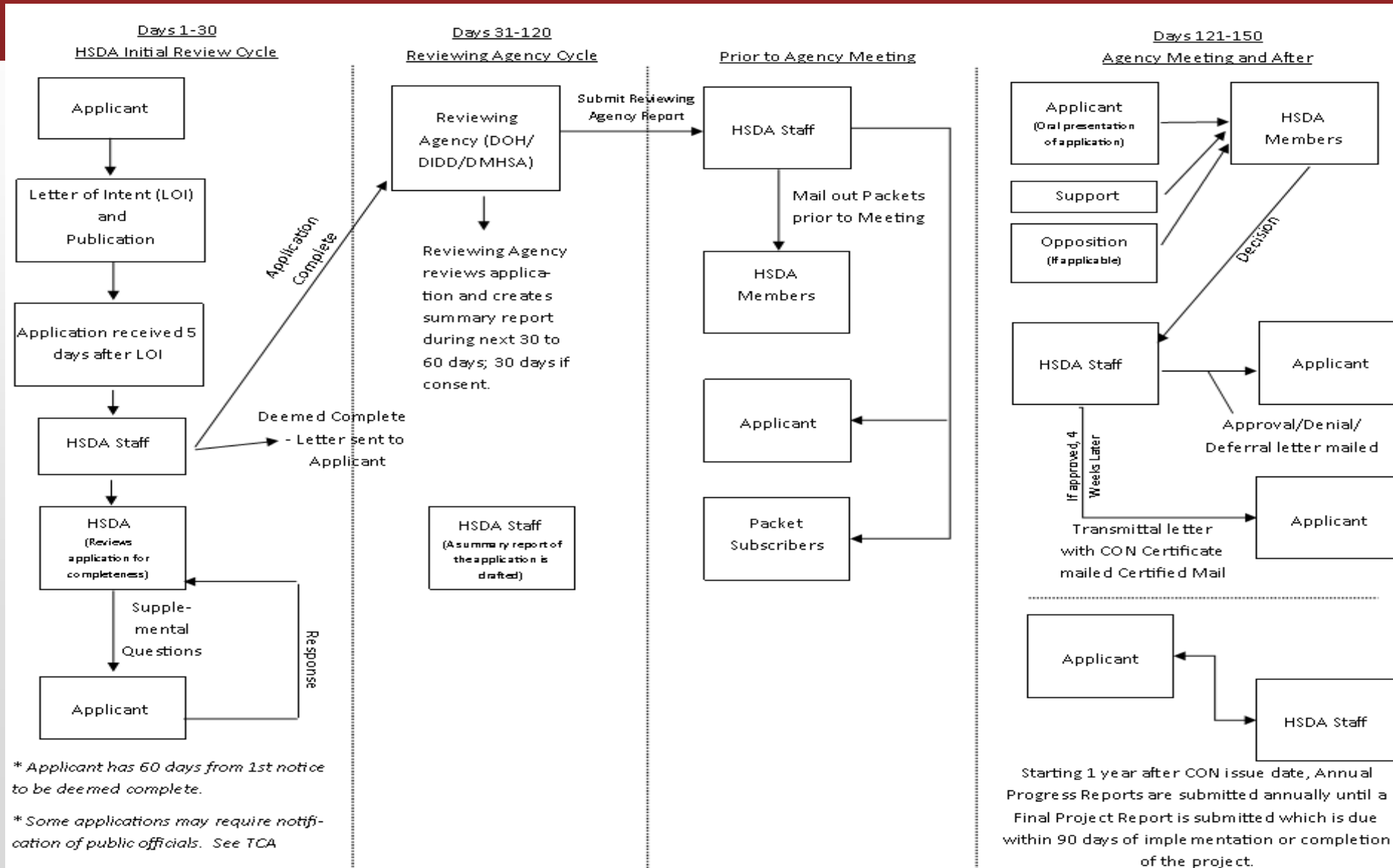
Application Fees:

\$5.75/\$1,000
min \$15,000
max \$95,000

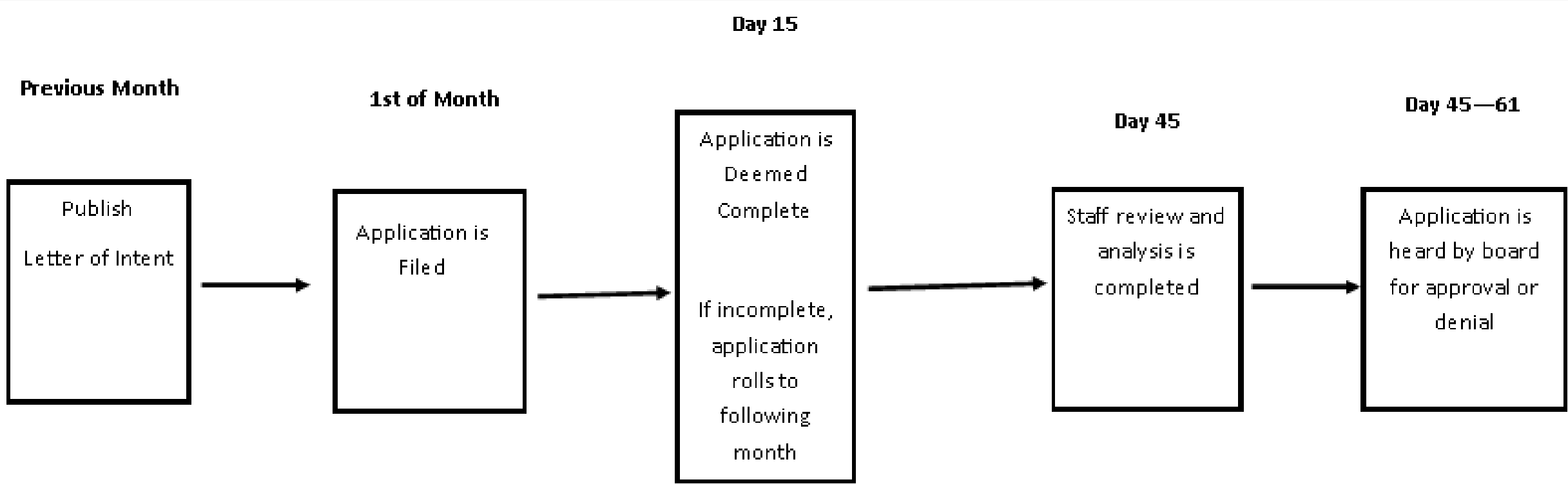


\$2.25/\$1,000
min \$3,000
max \$45,000

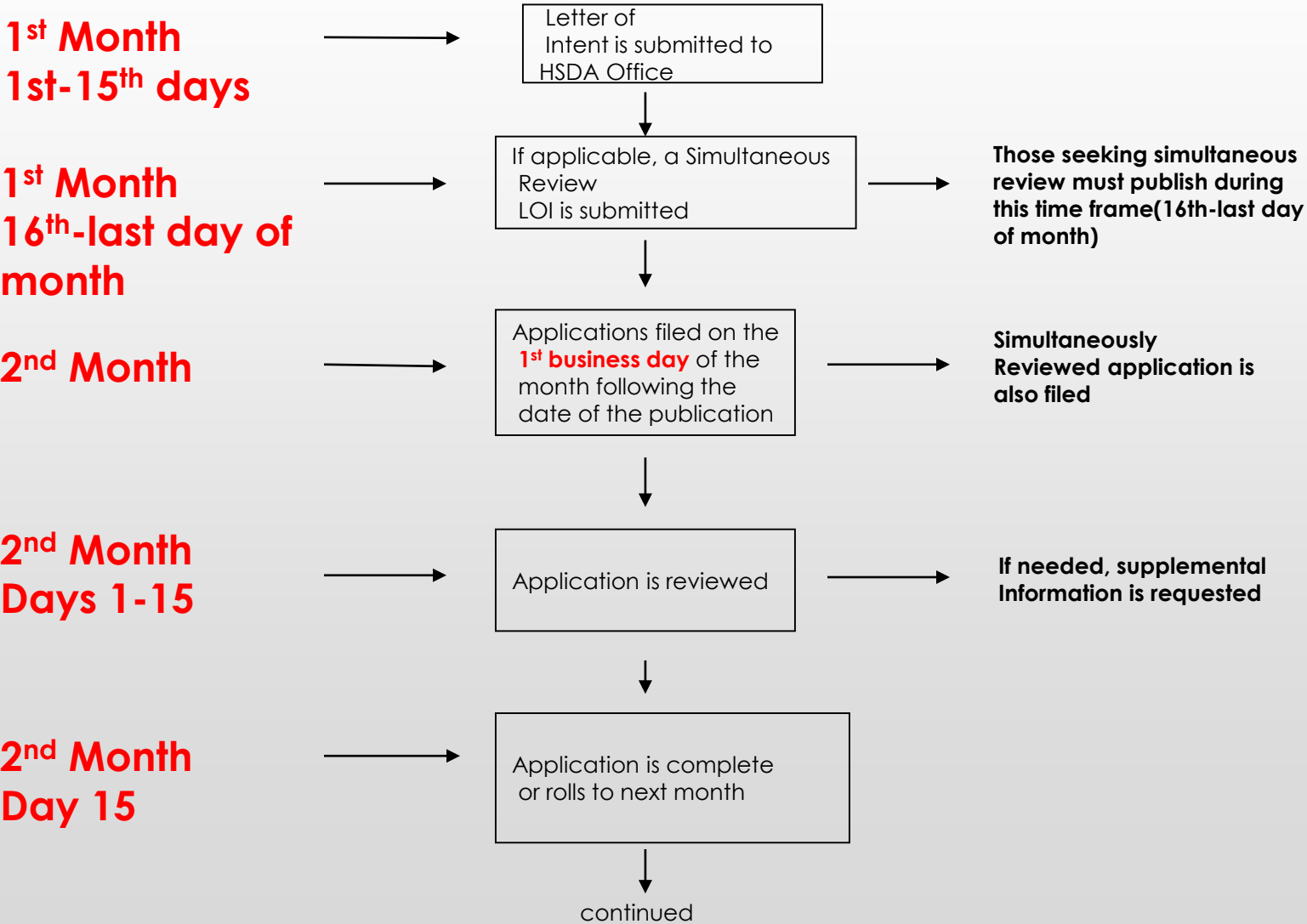
Current Application Process



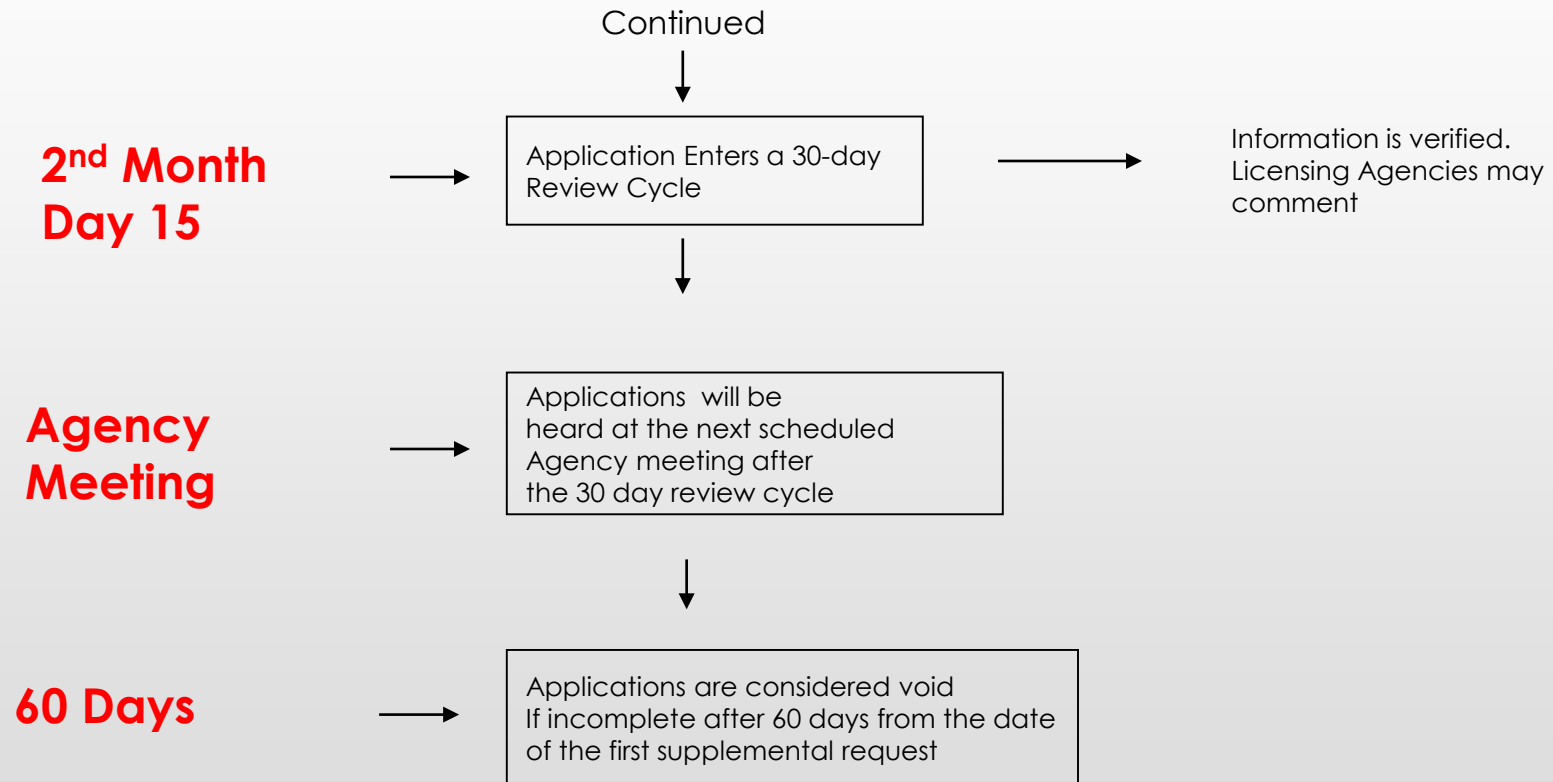
Application Process Under PC 557



Application Process Under PC 557

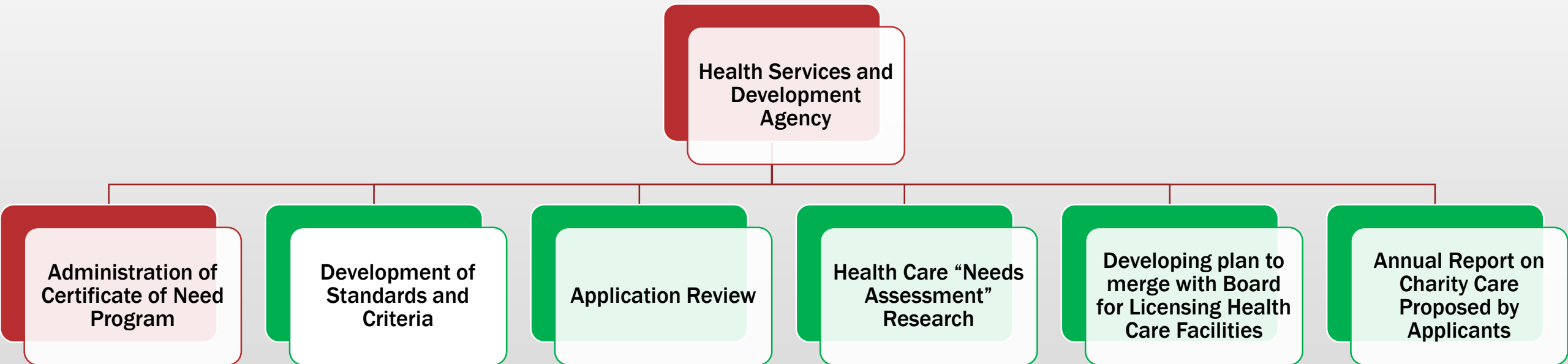


Application Process Under PC 557 (cont.)



Consolidation of Functions into HSDA

Agency Responsibilities:



Implementation

- **June Meeting:**
 - ED will make presentation on legislation to public
- **August Meeting:**
 - Promulgation of emergency rules
 - Subsequent rules will be promulgated using the regular rulemaking process, and will possibly require additional meetings solely for that purpose
- Procedural changes will take effect on **October 1**, at which time the board will begin to meet monthly instead of every other month.
- HSDA staff will be holding regular meetings with stakeholders on changes and posting updates on website

Thank you!