

House Select Committee on Certificate of Need Process Takes Action

02.08.2012

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The House Select Committee on the Certificate of Need (CON) Process and Related Hospital Issues recently began deliberating the wide-ranging issues raised by interested parties – primarily hospitals and hospital-based health care systems - in public hearings that took place across the state this past Fall. The committee's January 19 meeting was the first of several scheduled meetings aimed at considering suggestions for potential modifications to North Carolina's CON Law. Proposed changes under consideration include increases to many of the monetary thresholds in the law which some have contended are outdated and too low.

The committee voted to recommend the following changes to existing CON law:

- Increase the general monetary threshold for projects requiring a CON from \$2 Million to \$4 Million
- Increase the monetary threshold for major medical equipment requiring a CON from \$750,000 to \$1.5 Million
- Remove the \$5 Million ceiling on non-competitive projects eligible for expedited review
- Remove solid organ transplant services from CON regulation
- Remove air ambulance services from CON regulation (bringing NC law in line with federal case law).

The committee rejected a proposal to remove free-standing diagnostic centers (facilities with medical diagnostic equipment valued in excess of \$500,000) from CON regulation. The committee voted **not**

to recommend that change.

The committee deferred action on the following issues until its next meeting:

- Allowing or requiring electronic submission of CON applications. The committee asked the Division of Health Service Regulation for input on electronic submission of applications as well as electronic posting on the division's website of CON applications, other types of requests including no-review and exemption submissions, as well as Agency decisions
- Increasing the existing \$2 Million ceiling for replacement equipment eligible for exemption from CON review

Also tabled for further discussion were increasing the monetary threshold for diagnostic centers requiring a CON, and creating statutory deadlines for decisions on no-review, exemption and material compliance requests.

A host of other significant suggested changes to our state's existing CON law remain on the committee's to do List, to be explored in future meetings. These proposals include changes to expedite and streamline appeals of CON decisions, and narrow the types of parties eligible to challenge CON decisions, and modifications to State Medical Facilities Plan procedures and policies and the State Health Coordinating Council which directs the development of the state's annual SMFP.

The committee's next meeting is scheduled for February 15. The committee is expected to submit an interim report on its study and recommendations before the House reconvenes for the 2012 short session.

In addition to CON issues, the committee is charged with exploring questions relating to the Certificate of Public Advantage (COPA) process. These COPA issues have generated special interest and heated discussion in western North Carolina, where the Mission Health System (the only NC hospital system with a COPA) has a strong and growing presence. The committee did not take up any COPA issues at its recent meeting, deferring consideration of those questions to a later date.

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