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HOUSE BILL NO. 1270

Offered January 24, 2000

A BILL to amend and reenact §§ 32.1-102.1:1, 32.1-102.3 and 32.1-102.6 of the Code of Virginia, relating to certificate of public need.

Patrons—Rust and Orrock

Referred to Committee on Health, Welfare and Institutions

Be it enacted by the General Assembly of Virginia:

1. That §§ 32.1-102.1:1, 32.1-102.3 and 32.1-102.6 of the Code of Virginia are amended and reenacted as follows:

§ 32.1-102.1:1. Equipment registration required.

Within thirty calendar days of becoming contractually obligated to acquire any medical equipment for the provision of cardiac catheterization, computed tomographic (CT) scanning, gamma knife surgery, lithotripsy, magnetic resonance imaging (MRI), magnetic source imaging (MSI), open heart surgery, positron emission tomographic (PET) scanning, radiation therapy, or other specialized service designated by the Board by regulation, any person shall register such purchase with the Commissioner and the appropriate health systems planning agency.

§ 32.1-102.3. Certificate required; criteria for determining need.

A. No person shall commence any project without first obtaining a certificate issued by the Commissioner. No certificate may be issued unless the Commissioner has determined that a public need for the project has been demonstrated. If it is determined that a public need exists for only a portion of a project, a certificate may be issued for that portion and any appeal may be limited to the part of the decision with which the appellant disagrees without affecting the remainder of the decision. Any decision to issue or approve the issuance of a certificate shall be consistent with the most recent applicable provisions of the State Medical Facilities Plan; however, if the Commissioner finds, upon presentation of appropriate evidence, that the provisions of such plan are not relevant to a rural locality's needs, inaccurate, outdated, inadequate or otherwise inapplicable, the Commissioner, consistent with such finding, may issue or approve the issuance of a certificate and shall initiate procedures to make appropriate amendments to such plan.

B. In determining whether a public need for a project has been demonstrated, the Commissioner shall consider:

1. The recommendation and the reasons therefor of the appropriate health systems planning agency.

2. The relationship of the project to the applicable health plans of the Board and the health system planning agency.

3. The relationship of the project to the long-range development plan, if any, of the person applying for a certificate.

4. The need that the population served or to be served by the project has for the project, including, but not limited to, the needs of rural populations in areas having distinct and unique geographic, socioeconomic, cultural, transportation, and other barriers to access to care.

5. The extent to which the project will be accessible to all residents of the area proposed to be served.

6. The area, population, topography, highway facilities and availability of the services to be provided by the project in the particular part of the health service area in which the project is proposed, in particular, the distinct and unique geographic, socioeconomic, cultural, transportation, and other barriers to access to care.

7. Less costly or more effective alternate methods of reasonably meeting identified health service needs.

8. The immediate and long-term financial feasibility of the project.

9. The relationship of the project to the existing health care system of the area in which the project is proposed; however, for projects proposed in rural areas, the relationship of the project to the existing health care services in the specific rural locality shall be considered.

10. The availability of resources for the project.

11. The organizational relationship of the project to necessary ancillary and support services.

12. The relationship of the project to the clinical needs of health professional training programs in the area in which the project is proposed.

13. The special needs and circumstances of an applicant for a certificate, such as a medical school, hospital, multidisciplinary clinic, specialty center or regional health service provider, if a substantial

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60 portion of the applicant's services or resources or both is provided to individuals not residing in the
61 health service area in which the project is to be located.

62 14. The special needs and circumstances of health maintenance organizations. When considering the
63 special needs and circumstances of health maintenance organizations, the Commissioner may grant a
64 certificate for a project if the Commissioner finds that the project is needed by the enrolled or
65 reasonably anticipated new members of the health maintenance organization or the beds or services to be
66 provided are not available from providers which are not health maintenance organizations or from other
67 health maintenance organizations in a reasonable and cost-effective manner.

68 15. The special needs and circumstances for biomedical and behavioral research projects which are
69 designed to meet a national need and for which local conditions offer special advantages.

70 16. In the case of a construction project, the costs and benefits of the proposed construction.

71 17. The probable impact of the project on the costs of and charges for providing health services by
72 the applicant for a certificate and on the costs and charges to the public for providing health services by
73 other persons in the area.

74 18. Improvements or innovations in the financing and delivery of health services which foster
75 competition and serve to promote quality assurance and cost effectiveness.

76 19. In the case of health services or facilities proposed to be provided, the efficiency and
77 appropriateness of the use of existing services and facilities in the area similar to those proposed,
78 including, in the case of rural localities, any distinct and unique geographic, socioeconomic, cultural,
79 transportation, and other barriers to access to care.

80 20. The need and the availability in the health service area for osteopathic and allopathic services
81 and facilities and the impact on existing and proposed institutional training programs for doctors of
82 osteopathy and medicine at the student, internship, and residency training levels.

83 § 32.1-102.6. Administrative procedures.

84 A. To obtain a certificate for a project, the applicant shall file a completed application for a
85 certificate with the Department and the appropriate health ~~systems~~ *planning* agency. In order to verify
86 the date of the Department's and the appropriate health ~~systems~~ *planning* agency's receipt of the
87 application, the applicant shall transmit the document by certified mail or a delivery service, return
88 receipt requested, or shall deliver the document by hand, with signed receipt to be provided.

89 Within ten calendar days of the date on which the document is received, the Department and the
90 appropriate health ~~systems~~ *planning* agency shall determine whether the application is complete or not
91 and the Department shall notify the applicant, if the application is not complete, of the information
92 needed to complete the application.

93 At least thirty calendar days before any person is contractually obligated to acquire an existing
94 medical care facility, the cost of which is \$600,000 or more, that person shall notify the Commissioner
95 and the appropriate health ~~systems~~ *planning* agency of the intent, the services to be offered in the
96 facility, the bed capacity in the facility and the projected impact that the cost of the acquisition will
97 have upon the charges for services to be provided. If clinical services or beds are proposed to be added
98 as a result of the acquisition, the Commissioner may require the proposed new owner to obtain a
99 certificate prior to the acquisition.

100 B. The appropriate health ~~systems~~ *planning* agency shall review each completed application for a
101 certificate within sixty calendar days of the day which begins the ~~120-calendar-day~~ *appropriate batch*
102 ~~review period~~ *cycle as established by the Board by regulation pursuant to subdivision A 1 of*
103 *§ 32.1-102.2, such cycle not to exceed 170 days in duration.* The health ~~systems~~ *planning* agency shall
104 hold one public hearing on each application in a location in the county or city in which the project is
105 proposed or a contiguous county or city. The health ~~systems~~ *planning* agency shall cause notice of the
106 public hearing to be published in a newspaper of general circulation in the county or city where a
107 project is proposed to be located at least nine calendar days prior to the public hearing. In no case shall
108 a health ~~systems~~ *planning* agency hold more than two meetings on any application, one of which shall
109 be the public hearing conducted by the board of the health ~~systems~~ *planning* agency or a subcommittee
110 of the board. The applicant shall be given the opportunity, prior to the vote by the board of the health
111 ~~systems~~ *planning* agency or a committee of the agency, if acting for the board, on its recommendation,
112 to respond to any comments made about the project by the health ~~systems~~ *planning* agency staff, any
113 information in a staff report, or comments by those voting; however, such opportunity shall not increase
114 the sixty-calendar-day period designated herein for the health ~~systems~~ *planning* agency's review unless
115 the applicant ~~requests or applicants request~~ a specific extension ~~in~~ *of* the health ~~systems~~ *planning*
116 agency's review period.

117 The health ~~systems~~ *planning* agency shall submit its recommendations on each application and its
118 reasons therefor to the Department within ten calendar days after the completion of its
119 sixty-calendar-day review or such other period in accordance with the applicant's request for extension.

120 If the health ~~systems~~ *planning* agency has not completed its review within the specified sixty
121 calendar days or such other period in accordance with the applicant's request for extension and

submitted its recommendations on the application and the reasons therefor within ten calendar days after the completion of its review, the Department shall, on the eleventh calendar day after the expiration of the health systems planning agency's review period, proceed as though the health systems planning agency has recommended project approval without conditions or revision.

C. After commencement of any public hearing and before a decision is made there shall be no ex parte contacts concerning the subject certificate or its application between (i) any person acting on behalf of the applicant or holder of a certificate or any person opposed to the issuance or in favor of revocation of a certificate of public need and (ii) any person in the Department who has authority to make a determination respecting the issuance or revocation of a certificate of public need, unless the Department has provided advance notice to all parties referred to in (i) of the time and place of such proposed contact.

D. The Department and the Commissioner shall commence the review of the application upon receipt of the each completed application upon the day which begins the appropriate batch review cycle and simultaneously with the review conducted by the health systems planning agency.

A determination whether a public need exists for a project shall be made by the Commissioner within 120 170 calendar days of the receipt of a completed application day which begins the appropriate batch cycle.

The 120-calendar-day 170-calendar-day review period shall begin on the date upon which the application is determined to be complete within the batching process specified in subdivision A 1 of § 32.1-102.2.

If the application is not determined to be complete within forty calendar days from submission, the application shall be refiled in the next batch for like projects.

The Commissioner shall make determinations in accordance with the provisions of the Administrative Process Act (§ 9-6.14:1 et seq.) shall only apply to except for those parts of the determination process for which timelines and specifications are not delineated in subsection E of this section. Further, the parties to the case shall include only the applicant, any person showing good cause, any third-party payor providing health care insurance or prepaid coverage to five percent or more of the patients in the applicant's service area, or the health systems planning agency if its recommendation was to deny the application.

E. Upon accepting an application as complete, the following procedure, in lieu of the Administrative Process Act, shall control:

1. The Department shall establish, for every application, a date between the eightieth and ninetieth calendar days within the 120-calendar-day review period for holding an informal fact-finding conference, if such conference is necessary.

2. The Department shall review every application at or before the seventy-fifth calendar day within the 120-calendar-day review period to determine whether an informal fact-finding conference is necessary.

3. Any informal fact-finding conference shall be to consider the information and issues in the record and shall not be a de novo review.

4. 3. In any case in which an informal fact-finding conference is held, a date shall be established for the closing of the record which shall not be more than forty-five thirty calendar days after the date for holding the informal fact-finding conference.

5.4. In any case in which an informal fact-finding conference is not held, the record shall be closed on the earlier of (i) the date established for holding the informal fact-finding conference or (ii) the date that the Department determines an informal fact-finding conference is not necessary.

6.5. If The provisions of subsection D of § 9-6.14:11 notwithstanding, if a determination whether a public need exists for a project is not made by the Commissioner within fifteen forty-five calendar days of the closing of the record, the Commissioner shall notify the Attorney General applicant or applicants and any persons seeking to show good cause, in writing, that the application or the application of each shall be deemed approved twenty-five calendar days after expiration of such forty-five-calendar-day period, unless the determination shall be made within forty calendar days of the closing of the record receipt of recommendations from the person performing the hearing officer functions permits the Commissioner to issue his case decision within that twenty-five-calendar-day period. The validity or timeliness of the aforementioned notice shall not, in any event, prevent, delay or otherwise impact the effectiveness of subdivision E6 of § 32.1-102.6 . The Commissioner shall transmit copies of the Attorney General's notice to the other parties to the case and to any person petitioning for good cause standing.

7.6. In any case when a determination whether a public need exists for a project is not made by the Commissioner within forty seventy calendar days after the closing of the record, the Department shall immediately refund fifty percent of the fee paid in accordance with § 32.1-102.2 A 4, the application shall be deemed to be approved, and the certificate shall be granted.

8.7. If a determination whether a public need exists for a project is not made by the Commissioner

183 within fifteen calendar days of the closing of the record, any applicant who is competing in the relevant
184 batch or who has filed an application in response to the relevant Request For Applications issued
185 pursuant to § 32.1-102.3:2 may, prior to the application being deemed approved, institute a proceeding
186 for mandamus against the Commissioner in any circuit court of competent jurisdiction.

187 9.8. If a writ of mandamus is issued against the Commissioner by the court, the Department shall be
188 liable for the costs of the action together with reasonable attorney's fees as determined by the court.

189 ~~10.9.~~ Upon the filing of a petition for a writ of mandamus, the relevant application shall not be
190 deemed approved, regardless of the lapse of time between the closing of the record and the final
191 decision.

192 F. Deemed approvals shall be construed as the Commissioner's case decision on the application
193 pursuant to the Administrative Process Act (§ 9-6.14:1 et seq.) and shall be subject to judicial review on
194 appeal as the Commissioner's case decision in accordance with such act.

195 Any person who has sought to participate in the Department's review of such deemed-to-be-approved
196 application as a person showing good cause who has not received a final determination from the
197 Commissioner concerning the good-cause petition shall be deemed to be a person showing good cause
198 for purposes of appeal of the deemed approval of the certificate.

199 G. For purposes of this section, "good cause" shall mean that (i) there is significant relevant
200 information not previously presented at and not available at the time of the public hearing, (ii) there
201 have been significant changes in factors or circumstances relating to the application subsequent to the
202 public hearing, or (iii) there is a substantial material mistake of fact or law in the Department staff's
203 report on the application or in the report submitted by the health ~~systems~~ *planning* agency.

204 H. The project review procedures shall provide for separation of the project review manager
205 functions from the hearing officer functions. No person serving in the role of project review manager
206 shall serve as a hearing officer.

207 I. The applicant, and only the applicant, shall have the authority to extend any of the time periods
208 specified in this section.