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**HOUSE BILL NO. 1504**

Offered January 20, 2006

A *BILL to amend and reenact § 32.1-102.1 of the Code of Virginia, relating to a certificate of public need.*

Patrons—Hamilton and O'Bannon

Referred to Committee on Health, Welfare and Institutions

**Be it enacted by the General Assembly of Virginia:****1. That § 32.1-102.1 of the Code of Virginia is amended and reenacted as follows:**

§ 32.1-102.1. Definitions.

As used in this article, unless the context indicates otherwise:

"Certificate" means a certificate of public need for a project required by this article.

"Clinical health service" means a single diagnostic, therapeutic, rehabilitative, preventive or palliative procedure or a series of such procedures that may be separately identified for billing and accounting purposes.

"Health planning region" means a contiguous geographical area of the Commonwealth with a population base of at least 500,000 persons which is characterized by the availability of multiple levels of medical care services, reasonable travel time for tertiary care, and congruence with planning districts.

"Medical care facility," as used in this title, means any institution, place, building or agency, whether or not licensed or required to be licensed by the Board or the State Mental Health, Mental Retardation and Substance Abuse Services Board, whether operated for profit or nonprofit and whether privately owned or privately operated or owned or operated by a local governmental unit, (i) by or in which health services are furnished, conducted, operated or offered for the prevention, diagnosis or treatment of human disease, pain, injury, deformity or physical condition, whether medical or surgical, of two or more nonrelated mentally or physically sick or injured persons, or for the care of two or more nonrelated persons requiring or receiving medical, surgical or nursing attention or services as acute, chronic, convalescent, aged, physically disabled or crippled or (ii) which is the recipient of reimbursements from third-party health insurance programs or prepaid medical service plans. For purposes of this article, only the following medical care facilities shall be subject to review:

1. General hospitals.

2. Sanitariums.

3. Nursing homes.

4. Intermediate care facilities, except those intermediate care facilities established for the mentally retarded that have no more than 12 beds and are in an area identified as in need of residential services for people with mental retardation in any plan of the Department of Mental Health, Mental Retardation and Substance Abuse Services.

5. Extended care facilities.

6. Mental hospitals.

7. Mental retardation facilities.

8. Psychiatric hospitals and intermediate care facilities established primarily for the medical, psychiatric or psychological treatment and rehabilitation of alcoholics or drug addicts.

9. Specialized centers or clinics or that portion of a physician's office developed for the provision of outpatient or ambulatory surgery, cardiac catheterization, computed tomographic (CT) scanning, gamma knife surgery, lithotripsy, magnetic resonance imaging (MRI), magnetic source imaging (MSI), positron emission tomographic (PET) scanning, radiation therapy, nuclear medicine imaging, except for the purpose of nuclear cardiac imaging, or such other specialty services as may be designated by the Board by regulation.

10. Rehabilitation hospitals.

11. Any facility licensed as a hospital.

The term "medical care facility" shall not include any facility of (i) the Department of Mental Health, Mental Retardation and Substance Abuse Services; (ii) any nonhospital substance abuse residential treatment program operated by or contracted primarily for the use of a community services board under the Department of Mental Health, Mental Retardation and Substance Abuse Services' Comprehensive Plan; (iii) an intermediate care facility for the mentally retarded that has no more than 12 beds and is in an area identified as in need of residential services for people with mental retardation in any plan of the Department of Mental Health, Mental Retardation and Substance Abuse Services; (iv) a physician's office, except that portion of a physician's office described above in subdivision 9 of the definition of

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59 "medical care facility"; ~~or~~ (v) the Woodrow Wilson Rehabilitation Center of the Department of  
60 Rehabilitative Services; *or* (vi) *specialized centers for the provision of magnetic resonance imaging*  
61 *(MRI) restricted to obese, disabled, or claustrophobic patients*. "Medical care facility" shall also not  
62 include that portion of a physician's office dedicated to providing nuclear cardiac imaging.

63 "Project" means:

64 1. Establishment of a medical care facility;

65 2. An increase in the total number of beds or operating rooms in an existing medical care facility;

66 3. Relocation at the same site of 10 beds or 10 percent of the beds, whichever is less, from one  
67 existing physical facility to another in any two-year period; however, a hospital shall not be required to  
68 obtain a certificate for the use of 10 percent of its beds as nursing home beds as provided in § 32.1-132;

69 4. Introduction into an existing medical care facility of any new nursing home service, such as  
70 intermediate care facility services, extended care facility services, or skilled nursing facility services,  
71 regardless of the type of medical care facility in which those services are provided;

72 5. Introduction into an existing medical care facility of any new cardiac catheterization, computed  
73 tomographic (CT) scanning, gamma knife surgery, lithotripsy, magnetic resonance imaging (MRI),  
74 magnetic source imaging (MSI), medical rehabilitation, neonatal special care, obstetrical, open heart  
75 surgery, positron emission tomographic (PET) scanning, psychiatric, organ or tissue transplant service,  
76 radiation therapy, nuclear medicine imaging, except for the purpose of nuclear cardiac imaging,  
77 substance abuse treatment, or such other specialty clinical services as may be designated by the Board  
78 by regulation, which the facility has never provided or has not provided in the previous 12 months;

79 6. Conversion of beds in an existing medical care facility to medical rehabilitation beds or  
80 psychiatric beds;

81 7. The addition by an existing medical care facility of any medical equipment for the provision of  
82 cardiac catheterization, computed tomographic (CT) scanning, gamma knife surgery, lithotripsy, magnetic  
83 resonance imaging (MRI), magnetic source imaging (MSI), open heart surgery, positron emission  
84 tomographic (PET) scanning, radiation therapy, or other specialized service designated by the Board by  
85 regulation. Replacement of existing equipment shall not require a certificate of public need; or

86 8. Any capital expenditure of \$5 million or more, not defined as reviewable in subdivisions 1  
87 through 7 of this definition, by or in behalf of a medical care facility. However, capital expenditures  
88 between \$1 and \$5 million shall be registered with the Commissioner pursuant to regulations developed  
89 by the Board.

90 "Regional health planning agency" means the regional agency, including the regional health planning  
91 board, its staff and any component thereof, designated by the Virginia Health Planning Board to perform  
92 the health planning activities set forth in this chapter within a health planning region.

93 "State Medical Facilities Plan" means the planning document adopted by the Board of Health which  
94 shall include, but not be limited to, (i) methodologies for projecting need for medical care facility beds  
95 and services; (ii) statistical information on the availability of medical care facilities and services; and  
96 (iii) procedures, criteria and standards for review of applications for projects for medical care facilities  
97 and services.

98 "Virginia Health Planning Board" means the statewide health planning body established pursuant to  
99 § 32.1-122.02 which serves as the analytical and technical resource to the Secretary of Health and  
100 Human Resources in matters requiring health analysis and planning.