

FIRST REGULAR SESSION

# HOUSE BILL NO. 680

## 91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE SKAGGS.

Read 1<sup>st</sup> time February 7, 2001, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

1726L.011

### AN ACT

To repeal sections 197.305 and 197.366, RSMo 2000, relating to certificate of need, and to enact in lieu thereof one new section relating to the same subject.

*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 197.305 and 197.366, RSMo 2000, are repealed and one new section  
2 enacted in lieu thereof, to be known as section 197.305, to read as follows:

197.305. As used in sections 197.300 to 197.366, the following terms mean:

2 (1) "Affected persons", the person proposing the development of a new institutional  
3 health service, the public to be served, and health care facilities within the service area in which  
4 the proposed new health care service is to be developed;

5 (2) "Agency", the certificate of need program of the Missouri department of health;

6 (3) "Capital expenditure", an expenditure by or on behalf of a health care facility which,  
7 under generally accepted accounting principles, is not properly chargeable as an expense of  
8 operation and maintenance;

9 (4) "Certificate of need", a written certificate issued by the committee setting forth the  
10 committee's affirmative finding that a proposed project sufficiently satisfies the criteria  
11 prescribed for such projects by sections 197.300 to 197.366;

12 (5) "Develop", to undertake those activities which on their completion will result in the  
13 offering of a new institutional health service or the incurring of a financial obligation in relation  
14 to the offering of such a service;

15 (6) "Expenditure minimum" shall mean:

16 (a) For beds in existing or proposed health care facilities licensed pursuant to chapter

**EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

17 198, RSMo, and long-term care beds in a hospital as described in subdivision (3) of subsection  
18 1 of section 198.012, RSMo, six hundred thousand dollars in the case of capital expenditures,  
19 or four hundred thousand dollars in the case of major medical equipment, provided, however,  
20 that prior to January 1, 2003, the expenditure minimum for beds in such a facility and long-term  
21 care beds in a hospital described in section 198.012, RSMo, shall be zero, subject to the  
22 provisions of subsection 7 of section 197.318;

23 (b) For beds or equipment in a long-term care hospital meeting the requirements  
24 described in 42 CFR, Section 412.23(e), the expenditure minimum shall be zero; [and]

25 (c) For health care facilities, new institutional health services or beds not described in  
26 paragraph (a) or (b) of this subdivision one million dollars in the case of capital expenditures,  
27 excluding major medical equipment, and one million dollars in the case of medical equipment;  
28 **and**

29 **(d) For new services, defined as magnetic resonance imaging units, diagnostic**  
30 **imaging centers, positron emission tomography units, radiation therapy centers, lithotripsy**  
31 **units, cardiac catheterization laboratories, open-heart surgery services, ambulatory**  
32 **surgical centers and gamma knives in any location, the expenditure minimum shall be zero;**

33 (7) "Health care facilities", hospitals, health maintenance organizations, tuberculosis  
34 hospitals, psychiatric hospitals, intermediate care facilities, skilled nursing facilities, residential  
35 care facilities I and II, kidney disease treatment centers, including freestanding hemodialysis  
36 units, diagnostic imaging centers, radiation therapy centers and ambulatory surgical facilities,  
37 but excluding the private offices of physicians, dentists and other practitioners of the healing arts,  
38 and Christian Science sanatoriums, also known as Christian Science Nursing facilities listed and  
39 certified by the Commission for Accreditation of Christian Science Nursing  
40 Organization/Facilities, Inc., and facilities of not-for-profit corporations in existence on October  
41 1, 1980, subject either to the provisions and regulations of Section 302 of the Labor-Management  
42 Relations Act, 29 U.S.C. 186 or the Labor-Management Reporting and Disclosure Act, 29 U.S.C.  
43 401-538, and any residential care facility I or residential care facility II operated by a religious  
44 organization qualified pursuant to Section 501(c)(3) of the federal Internal Revenue Code, as  
45 amended, which does not require the expenditure of public funds for purchase or operation, with  
46 a total licensed bed capacity of one hundred beds or fewer;

47 (8) "Health service area", a geographic region appropriate for the effective planning and  
48 development of health services, determined on the basis of factors including population and the  
49 availability of resources, consisting of a population of not less than five hundred thousand or  
50 more than three million;

51 (9) "Major medical equipment", medical equipment used for the provision of medical  
52 and other health services;

- 53 (10) "New institutional health service":  
54 (a) The development of a new health care facility costing in excess of the applicable  
55 expenditure minimum;  
56 (b) The acquisition, including acquisition by lease, of any health care facility, or major  
57 medical equipment costing in excess of the expenditure minimum;  
58 (c) Any capital expenditure by or on behalf of a health care facility in excess of the  
59 expenditure minimum;  
60 (d) Predevelopment activities as defined in subdivision (13) hereof costing in excess of  
61 one hundred fifty thousand dollars;  
62 (e) Any change in licensed bed capacity of a health care facility which increases the total  
63 number of beds by more than ten or more than ten percent of total bed capacity, whichever is  
64 less, over a two-year period;  
65 (f) Health services, excluding home health services, which are offered in a health care  
66 facility and which were not offered on a regular basis in such health care facility within the  
67 twelve-month period prior to the time such services would be offered;  
68 (g) A reallocation by an existing health care facility of licensed beds among major types  
69 of service or reallocation of licensed beds from one physical facility or site to another by more  
70 than ten beds or more than ten percent of total licensed bed capacity, whichever is less, over a  
71 two-year period;  
72 (11) "Nonsubstantive projects", projects which do not involve the addition, replacement,  
73 modernization or conversion of beds or the provision of a new health service but which include  
74 a capital expenditure which exceeds the expenditure minimum and are due to an act of God or  
75 a normal consequence of maintaining health care services, facility or equipment;  
76 (12) "Person", any individual, trust, estate, partnership, corporation, including  
77 associations and joint stock companies, state or political subdivision or instrumentality thereof,  
78 including a municipal corporation;  
79 (13) "Predevelopment activities", expenditures for architectural designs, plans, working  
80 drawings and specifications, and any arrangement or commitment made for financing; but  
81 excluding submission of an application for a certificate of need.

2 [197.366. The provisions of subdivision (8) of section 197.305 to the  
3 contrary notwithstanding, after December 31, 2001, the term "health care facilities"  
4 in sections 197.300 to 197.366 shall mean:

- 5 (1) Facilities licensed under chapter 198, RSMo;  
6 (2) Long-term care beds in a hospital as described in subdivision (3) of  
7 subsection 1 of section 198.012, RSMo;  
8 (3) Long-term care hospitals or beds in a long-term care hospital meeting the  
9 requirements described in 42 CFR, section 412.23(e); and  
(4) Construction of a new hospital as defined in chapter 197.]