

Senate Study Bill 127

Bill Text

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1 1 Section 1. Section [135.61](#), subsection 14, Code 1997, is
1 2 amended to read as follows:

1 3 14. "Institutional health facility" means any of the
1 4 following, without regard to whether the facilities referred
1 5 to are publicly or privately owned or are organized for profit
1 6 or not or whether the facilities are part of or sponsored by a
1 7 health maintenance organization:

- 1 8 a. A hospital.
1 9 b. A health care facility.

1 10

~~c. A kidney disease treatment center, including any~~

1 11

~~freestanding hemodialysis unit but not including any home~~

1 12

~~hemodialysis unit.~~

1 13

- ~~d~~
- ~~c~~. An organized outpatient health facility.

1 14

- ~~e~~
- ~~d~~. An outpatient surgical facility.

1 15

- ~~f~~
- ~~e~~. A community mental health facility.

1 16

- ~~g~~
- ~~f~~. A birth center.

1 17 Sec. 2. Section [135.61](#), subsection 18, paragraphs c, e,
1 18 and g through m, Code 1997, are amended to read as follows:

- 1 19 c. Any capital expenditure, lease, or donation by or on
1 20 behalf of an institutional health facility in excess of

~~eight~~

1 21 one million five hundred thousand dollars within a twelve-
1 22 month period.

- 1 23 e. Any expenditure in excess of

~~three~~

- ~~five~~ hundred

1 24 thousand dollars by or on behalf of an institutional health
1 25 facility for health services which are or will be offered in
1 26 or through an institutional health facility at a specific time
1 27 but which were not offered on a regular basis in or through
1 28 that institutional health facility within the twelve-month
1 29 period prior to that time.

1 30 g. Any acquisition by or on behalf of a health care
1 31 provider or a group of health care providers of any piece of
1 32 replacement equipment with a value in excess of

~~four~~

- one

1 33 million five hundred thousand dollars, whether acquired by
1 34 purchase, lease, or donation.

1 35 h. Any acquisition by or on behalf of a health care
2 1 provider or group of health care providers of any piece of
2 2 equipment with a value in excess of

~~three~~

- one million five

2 3 hundred thousand dollars, whether acquired by purchase, lease,
2 4 or donation, which results in the offering or development of a
2 5 health service not previously provided. A mobile service
2 6 provided on a contract basis is not considered to have been
2 7 previously provided by a health care provider or group of
2 8 health care providers.

2 9 i. Any acquisition by or on behalf of an institutional
2 10 health facility or a health maintenance organization of any
2 11 piece of replacement equipment with a value in excess of

~~four~~

- one million five hundred thousand dollars, whether acquired by
2 12 purchase, lease, or donation.

2 14 j. Any acquisition by or on behalf of an institutional
2 15 health facility or health maintenance organization of any
2 16 piece of equipment with a value in excess of

~~three~~

- one million

2 17 five hundred thousand dollars, whether acquired by purchase,
2 18 lease, or donation, which results in the offering or
2 19 development of a health service not previously provided. A
2 20 mobile service provided on a contract basis is not considered
2 21 to have been previously provided by an institutional health
2 22 facility.

2 23 k. Any air transportation

~~system~~

- service for

2 24 transportation of patients or medical personnel offered
2 25 through an institutional health facility at a specific time
2 26 but which was not offered on a regular basis in or through
2 27 that institutional health facility within the twelve-month
2 28 period prior to the specific time.

2 29 1. Any mobile health service with a value in excess of
2 30

~~three~~

- one million five hundred thousand dollars.

2 31 m. Any of the following:
2 32 (1) Cardiac catheterization service.
2 33 (2) Open heart surgical service.
2 34 (3) Organ transplantation service.
2 35 (4) Radiation therapy.

3 1 Sec. 3. Section 135.62, subsection 2, paragraph c, Code
3 2 1997, is amended to read as follows:

3 3 c. MEETINGS. The council shall hold an organizational
3 4 meeting in July of each odd-numbered year, or as soon
3 5 thereafter as the new appointee or appointees are confirmed
3 6 and have qualified. Other meetings shall be held

~~at least~~

~~once each month, and may be held more frequently if~~

~~as~~

3 8 necessary to enable the council to expeditiously discharge its
3 9 duties. Meeting dates shall be set upon adjournment or by
3 10 call of the chairperson upon five days' notice to the other
3 11 members. Each member of the council shall receive a per diem
3 12 as specified in section 7E.6 and reimbursement for actual
3 13 expenses while engaged in official duties.

3 14 Sec. 4. Section [135.63](#), subsection 1, Code 1997, is
3 15 amended to read as follows:

3 16 1. A new institutional health service or changed
3 17 institutional health service shall not be offered or developed
3 18 in this state without prior application to the department for
3 19 and receipt of a certificate of need, pursuant to this
3 20 division. The application shall be made upon forms furnished
3 21 or prescribed by the department and shall contain such
3 22 information as the department may require under this division.
3 23 The application shall be accompanied by a fee equivalent to
3 24 three-tenths of one percent of the anticipated cost of the
3 25 project with a minimum fee of six hundred dollars and a
3 26 maximum fee of twenty-one thousand dollars. The fee shall be
3 27 remitted by the department to the treasurer of state, who
3 28 shall place it in the general fund of the state. If an
3 29 application is voluntarily withdrawn within thirty calendar
3 30 days after submission, seventy-five percent of the application
3 31 fee shall be refunded; if the application is voluntarily
3 32 withdrawn more than thirty but within sixty days after
3 33 submission, fifty percent of the application fee shall be
3 34 refunded; if the application is withdrawn voluntarily more
3 35 than sixty days after submission, twenty-five percent of the
4 1 application fee shall be refunded. Notwithstanding the
4 2 required payment of an application fee under this subsection,
4 3 an applicant for a new institutional health service or a
4 4 changed institutional health service offered or developed by
4 5 an intermediate care facility for persons with mental
4 6 retardation or an intermediate care facility for persons with
4 7 mental illness as defined pursuant to section 135C.1 is exempt
4 8 from payment of the application fee.

4 9 Sec. 5. Section [135.63](#), subsection 2, Code 1997, is
4 10 amended by adding the following new paragraphs:

4 11 NEW PARAGRAPH. j. The construction, modification, or
4 12 replacement of nonpatient care services, including parking
4 13 facilities, heating, ventilation and air conditioning systems,
4 14 computers, telephone systems, medical office buildings, and
4 15 other projects of a similar nature, notwithstanding any
4 16 provision in this division to the contrary.

4 17 NEW PARAGRAPH. k. The redistribution of beds by a
4 18 hospital within the acute care category of bed usage,
4 19 notwithstanding any provision in this division to the
4 20 contrary, if all of the following conditions exist:

4 21 (1) The hospital reports to the department the number and
4 22 type of beds to be redistributed on a form prescribed by the
4 23 department at least thirty days before the redistribution.

4 24 (2) The hospital reports the new distribution of beds on
4 25 its next annual report to the department.

4 26 If these conditions are not met, the redistribution of beds
4 27 by the hospital is subject to review as a new institutional
4 28 health service or changed institutional health service
4 29 pursuant to section 135.61, subsection 18, paragraph "d", and
4 30 is subject to sanctions under section 135.73.

4 31 NEW PARAGRAPH. l. An intermediate care facility for
4 32 persons with mental retardation, as defined in section 135C.1,
4 33 notwithstanding any provision in this division to the
4 34 contrary.

4 35 NEW PARAGRAPH. m. A psychiatric medical institution for
5 1 children, as defined in section 135H.1, notwithstanding any
5 2 provision in this division to the contrary.
5 3 NEW PARAGRAPH. n. The replacement or modernization of any
5 4 institutional health facility if the replacement or
5 5 modernization does not add new health services or additional
5 6 bed capacity for existing health services, notwithstanding any
5 7 provision in this division to the contrary.
5 8 NEW PARAGRAPH. o. Hemodialysis services provided by a
5 9 hospital or freestanding facility, notwithstanding any
5 10 provision in this division to the contrary.
5 11 NEW PARAGRAPH. p. Hospice services provided by a
5 12 hospital, notwithstanding any provision in this division to
5 13 the contrary.
5 14 Sec. 6. Section [135.65](#), subsection 1, Code 1997, is
5 15 amended to read as follows:
5 16 1. Before applying for a certificate of need, the sponsor
5 17 of a proposed new institutional health service or changed
5 18 institutional health service shall submit to the department a
5 19 letter of intent to offer or develop a service requiring a
5 20 certificate of need. The letter shall be submitted as soon as
5 21 possible after initiation of the applicant's planning process,
5 22 and in any case not less than

~~sixty~~

~~thirty~~ days before

5 23 applying for a certificate of need and before substantial
5 24 expenditures to offer or develop the service are made. The
5 25 letter shall include a brief description of the proposed new
5 26 or changed service, its location, and its estimated cost.

5 27 Sec. 7. Section [135.71](#), unnumbered paragraph 1, Code 1997,
5 28 is amended to read as follows:

5 29 A certificate of need shall be valid for a maximum of one
5 30 year from the date of issuance. Upon the expiration of the
5 31 certificate, or at any earlier time while the certificate is
5 32 valid the holder thereof shall provide the department such
5 33 information on the development of the project covered by the
5 34 certificate as the department may request. The council shall
5 35 determine at the end of the certification period whether
6 1 sufficient progress is being made on the development of the
6 2 project

~~and whether there has been compliance with any~~

~~6 3~~

~~conditions on which issuance of the certificate was premised~~

6 4 The certificate of need may be extended by the council for
6 5 additional periods of time as are reasonably necessary to
6 6 expeditiously complete the project, but may be revoked by the
6 7 council at the end of the first or any subsequent
6 8 certification period for insufficient progress in developing
6 9 the project

~~or noncompliance with any conditions on which~~

~~6 10~~

~~issuance of the certificate was premised~~

6 11 Sec. 8. Section [135H.6](#), subsection 4, Code 1997, is
6 12 amended by striking the subsection.

6 13 Sec. 9. REVIEW OF CERTIFICATE OF NEED PROGRAM. The Iowa
6 14 department of public health shall complete a comprehensive
6 15 review of the certificate of need program and shall submit a
6 16 written report of the findings and recommendations as to the

6 17 continued relevance of the program to the general assembly by
6 18 January 15, 2000.

6 19

EXPLANATION

6 20 This bill makes changes to the certificate of need (CON)
6 21 program. Kidney disease treatment centers and hemodialysis
6 22 units are eliminated from the definition of an institutional
6 23 health facility with the intended result being to not review
6 24 these services under the program. The capital expenditure
6 25 threshold for review of a number of services and types of
6 26 equipment are increased and certain conditions are placed on
6 27 review of other services and expenditures. The bill exempts
6 28 certain services and equipment from CON including certain
6 29 nonpatient care services such as parking facilities,
6 30 redistribution of acute care beds under certain conditions,
6 31 intermediate care facilities for persons with mental
6 32 retardation, psychiatric medical institutions for children,
6 33 replacement or modernization of an institutional health
6 34 facility under certain conditions, hemodialysis services
6 35 provided by a hospital or freestanding facility, and hospice
7 1 services provided by a hospital. The bill establishes a
7 2 minimum application fee of \$600 and a maximum fee of \$21,000.
7 3 The bill also shortens the period between the time a letter of
7 4 intent to offer or develop a service requiring a certificate
7 5 of need is submitted and initiation of the application process
7 6 is begun from 60 to 30 days. The bill provides that the state
7 7 health facilities council is to meet as necessary rather than
7 8 at least once monthly. The bill also deletes a reference to
7 9 CON review of psychiatric medical institutions for children
7 10 and directs the department to conduct a review of the CON
7 11 program and submit a report of findings and recommendations as
7 12 to the continued relevance of the program to the general
7 13 assembly by January 15, 2000.

7 14 LSB 2205SC 77

7 15 pf/sc/14.1