



# HOUSE BILL 126: Amend Certificate of Need Laws.

2019-2020 General Assembly

---

<b>Committee:</b>	Senate Rules and Operations of the Senate	<b>Date:</b>	July 16, 2019
<b>Introduced by:</b>	Reps. Murphy, Dobson, Potts, Sasser	<b>Prepared by:</b>	Jason Moran-Bates
<b>Analysis of:</b>	Third Edition		Staff Attorney

---

**OVERVIEW:** *House Bill 126 would amend Article 9 of Chapter 131E (Certificate of Need) by (i) raising the dollar thresholds that require a certificate of need for diagnostic centers, major medical equipment, and capital expenditures; (ii) making certificates of need that are not used expire under certain circumstances; (iii) removing psychiatric facilities, chemical dependency treatment facilities, the conversion of single specialty ambulatory surgical facilities to multispecialty ambulatory surgical facilities, and certain home health agencies from certificate of need review; (iv) reducing the charity care requirement for facilities that received Dorteia Dix funds, and (v) removing dialysis facilities in populous counties from certificate of need review.*

## BILL ANALYSIS:

**Part I** of the bill would be effective January 1, 2020, and would do the following:

- Raise the dollar threshold that subjects a diagnostic center to certificate of need (CON) review from \$500,000 to \$1,500,000.
- Raise the dollar threshold that subjects major medical equipment to CON review from \$750,000 to \$2,000,000.
- Raise the dollar threshold that subjects capital expenditures to CON review from \$2,000,000 to \$4,000,000.
- Index all dollar thresholds to inflation.
- Require a CON to expire in the following circumstances:
  - When a project that costs more than \$50 million does not begin construction within four years of CON approval.
  - When a project that costs less than \$50 million does not begin construction within two years of CON approval.
  - When any CON has not been used within the immediately preceding twelve months.

**Part II** of the bill would be effective eighteen months after it becomes law and would:

- Remove psychiatric facilities and chemical dependency treatment facilities from CON review.
- Remove the conversion of single specialty ambulatory surgical facilities to multispecialty ambulatory surgical facilities from CON review.
- Remove home health agencies located in continuing care retirement communities from CON review when those communities provide care to residents pursuant a contract.

Karen Cochrane-Brown  
Director



Legislative Analysis  
Division  
919-733-2578

# House Bill 126

Page 2

- Reduce the percentage of charity care beds that are required to be maintained by institutions that received Dorthea Dix funds from 50% to 25%.

**Part III** of the bill would be effective three years after it becomes law and would:

- Remove kidney dialysis treatment centers located in counties with a population greater than 300,000 from CON review.

**EFFECTIVE DATE:** Except as otherwise provided, this act is would be effective when it becomes law. Part II would become effective 18 months after the act becomes law. Part III would become effective 3 years after the act becomes law.