



# SENATE BILL 462: Certificate of Need/Threshold Amendments & Certificate Expirations.

2021-2022 General Assembly

<b>Committee:</b>	<b>Date:</b>	December 8, 2021
<b>Introduced by:</b>	<b>Prepared by:</b>	Jason Moran-Bates Staff Attorney
<b>Analysis of:</b>	S.L. 2021-129	

**OVERVIEW:** *S.L. 2021-129 increases the dollar threshold that diagnostic center equipment, major medical equipment, and capital expenditures for new institutional health services must exceed before they are subject to certificate of need review. It also requires projects subject to a certificate of need to initiate construction within a specified timeframe.*

*The severability clause in the act became effective August 30, 2021, and the certificate of need threshold and construction deadline provisions became effective October 1, 2021.*

**CURRENT LAW:** The current law is underlined in the Bill Analysis section.

### BILL ANALYSIS:

**Section 1** of the act increases the dollar threshold various types of healthcare equipment and facilities must exceed before becoming subject to Certificate of Need (CON) review:

- For diagnostic centers, the aggregate dollar value of equipment with an individual value over \$10,000 is increased to \$1.5 million. The current threshold is \$500,000.
- For major medical equipment, the threshold is increased to \$2 million. The current threshold is \$750,000.
- For capital expenditures for new institutional health services, the threshold is increased to \$4 million. The current threshold is \$2 million.

The new amounts are indexed for inflation and would adjust each year beginning September 30, 2022.

**Section 2** of the act requires certificate of need holders to initiate construction on projects withing a specified timeframe. If the project is not initiated by the deadline, the certificate of need would expire. There is currently no specified timeframe for projects to initiate construction.

- Projects costing over \$50 million must initiate construction within 4 years of the certificate of need becoming final.
- Projects costing \$50 million must initiate construction within 4 years of the certificate of need becoming final.
- Projects that already have a certificate and a deadline for completion must be completed by that deadline.

**Section 3** of the act is a severability clause.

**EFFECTIVE DATE:** The severability clause became effective August 30, 2021. The CON threshold and construction deadline provisions became effective October 1, 2021.

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Director



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