

ENROLLED HOUSE
BILL NO. 2658

By: Johnson (Rob),
Thornbrugh and
Breckinridge of the
House

and

Smith of the Senate

An Act relating to public health and safety;
amending 63 O.S. 1991, Section 1-880.6, which
relates to applications for certificate of need
exemptions; clarifying cite relating to such
exemptions; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 63 O.S. 1991, Section 1-880.6 is amended to read as follows:

Section 1-880.6 A. Every entity desiring to establish a new psychiatric or chemical dependency service or to acquire, lease or expand an existing service whether through construction or conversion of facilities, shall make application to the State Department of Health for a certificate of need in such form and accompanied by such information, including a complete list of stockholders, partners, and owners, and any other information, as the Board shall prescribe.

B. The provisions of the Psychiatric and Chemical Dependency Facility Certificate of Need Act shall not apply to any hospital as defined by Section 1-710 of ~~Title 63 of the Oklahoma Statutes~~ this title licensed by the State Department of Health on or before December 31, 1990, which has:

1. Construction cost overruns or capital expenditures for completion of originally approved beds or completion of previously constructed and shelled space arising out of and based only upon the original certificate of need issued by the Commissioner for said construction, when such construction costs or capital expenditures do not or will not increase the approved number of beds, allow conversion of bed use, shall not be deemed new construction or increase pricing structure for treatment or services; or

2. Negotiated a contract with an agency of this state, the federal government or a Native American nation duly recognized by the federal government that specifies the number of beds and their uses. A hospital provided for by paragraph 2 of this subsection shall be exempt from the certificate of need required by the Psychiatric and Chemical Dependency Facility Certificate of Need Act for the purposes specified in the contract. This exemption shall not apply to Medicare or Medicaid contracts or contracts for inpatient services for children or adolescents.

C. The Commissioner of Health is authorized to grant a certificate of need if the entity applying for the certificate has filed a notice on a form prescribed by the State Department of Health which shall include, but not be limited to:

1. The name and location of the entity;
2. The name and address of each person having an ownership interest in the entity;
3. The nature of the acquisition, expansion, addition or conversion, whether by sale, lease or other arrangement;
4. The parties to the sale, lease or other arrangement;
5. The size of the acquisition, expansion, addition or conversion;
6. The approximate cost of the acquisition, expansion, addition or conversion; and
7. The projected date of completion.

D. The Commissioner of Health shall be notified, on a form prescribed by the State Department of Health, of the following:

1. Any decrease in the number of beds of a hospital, facility or hospital unit; and
2. Any change in the designation for a continuum of care in psychiatric or chemical dependency treatment.

E. Psychiatric and chemical dependency service for which a certificate of need is required shall include:

1. Any capital investment or lease of Five Hundred Thousand Dollars (\$500,000.00) or more, including predevelopment activities such as arrangements and commitments for financing, architectural designs, plans, working drawings, specifications and site acquisition; provided, that this dollar limit shall not apply to a change in bed capacity;

2. Acquisition of a facility by purchase, lease, donation or through transfer of stock or corporate merger. If the Department finds that a proposed acquisition is consistent with the criteria and standards for review of such projects, then the Department shall issue a certificate of need. If the Department finds that the proposed acquisition is not consistent with the criteria, the project will be referred to the Commissioner of Health for final determination. The Department's determination to approve the proposed acquisition or to refer it to the Commissioner shall be made no later than fifteen (15) days following the day the application is determined to be complete and review ready, or the proposed acquisition shall be automatically approved. Proposed acquisitions shall be reviewed against standards adopted by the Department which relate only to the acquirer's capability to operate a facility; or

3. Inpatient psychiatric and chemical dependency services for persons under eighteen (18) years of age offered or provided by a hospital or other health care facility, including but not limited to any conversion of existing beds, any increase in bed capacity and any new beds for the purpose of offering or providing said services, regardless of any capital or other costs of the project.

- a. The State Board of Health shall provide by rule for the temporary emergency use of beds ordinarily used for adult patients as psychiatric or chemical dependency beds for children or adolescents.
- b. Any application to establish or operate inpatient psychiatric or drug or alcohol treatment services for persons under eighteen (18) years of age shall include the establishment, operation and maintenance of a community-based service program or a day treatment program, as those terms are defined by Section 1101 of Title 10 of the Oklahoma Statutes, as an integral part of the total project.

F. Promptly upon receipt of any such application, the Department shall examine and transmit the application to reviewers

it may select to determine whether the application is complete. Once the Department has determined that the application is complete, it shall notify affected parties and other reviewing bodies and cause a thorough investigation to be made of the need for and appropriateness of such expanded psychiatric or chemical dependency service. The investigation made pursuant to an application for a certificate of need shall include the following:

1. The adequacy of psychiatric and chemical dependency services in relation to an optimal target ratio of psychiatric or chemical dependency beds to the population;

2. The availability of services which may serve as alternatives or substitutes;

3. The adequacy of financial resources for the new or expanded services and for the continued operation thereof;

4. The availability of sufficient manpower to properly staff and operate the proposed new or expanded service; and

5. Any other matter which the Department deems appropriate.

G. Each application for a certificate of need applied for pursuant to the provisions of this section except for those applications filed by state agencies shall be accompanied by an application fee in an amount established by the Department.

SECTION 2. This act shall become effective September 1, 1994.

Passed the House of Representatives the 2nd day of March, 1994.

Speaker of the House of
Representatives

Passed the Senate the 12th day of April, 1994.

President of the Senate