SECOND REGULAR SESSION

SENATE BILL NO. 776

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHAAF.

Pre-filed December 3, 2015, and ordered printed.

5102S.01I

ADRIANE D. CROUSE, Secretary.

AN ACT

To repeal sections 197.300, 197.305, 197.310, 197.311, 197.315, 197.318, 197.325, 197.330, 197.335, 197.340, 197.345, 197.355, 197.357, 197.366, and 197.367, RSMo, section 197.326 as enacted by senate bill no. 491, ninety-seventh general assembly, second regular session, and section 197.326 as enacted by senate bills nos. 573 & 634, eighty-sixth general assembly, second regular session, and to enact in lieu thereof fifteen new sections relating to certificate of need for long-term care facilities, with existing penalty provisions.

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

Section A. Sections 197.300, 197.305, 197.310, 197.311, 197.315, 197.318, 197.325, 197.330, 197.335, 197.340, 197.345, 197.355, 197.357, 197.366, and $\mathbf{2}$ 3 197.367, RSMo, section 197.326 as enacted by senate bill no. 491, ninety-seventh general assembly, second regular session, and section 197.326 as enacted by 4 $\mathbf{5}$ senate bills nos. 573 & 634, eighty-sixth general assembly, second regular session, are repealed and fifteen new sections enacted in lieu thereof, to be known as 6 7 sections 197.300, 197.305, 197.310, 197.311, 197.315, 197.318, 197.325, 197.326, 8 197.330, 197.335, 197.340, 197.345, 197.355, 197.357, and 197.367, to read as follows: 9

197.300. Sections 197.300 to [197.366] **197.367** shall be known as the 2 "Missouri **Long-term Care** Certificate of Need Law".

197.305. As used in sections 197.300 to [197.366] **197.367**, the following 2 terms mean:

3 (1) "Affected persons", the person proposing the development of a new 4 institutional [health] **long-term care** service, the public to be served, and 5 [health] **long-term** care facilities within the service area in which the proposed

36

new [health] long-term care service is to be developed; 6

(2) "Agency", the certificate of need program of the Missouri department 7 8 of health and senior services;

9 (3) "Capital expenditure", an expenditure by or on behalf of a [health care] facility which, under generally accepted accounting principles, is not 10 properly chargeable as an expense of operation and maintenance; 11

12(4) "Certificate of need", a written certificate issued by the committee 13 setting forth the committee's affirmative finding that a proposed project sufficiently satisfies the criteria prescribed for such projects by sections 197.300 1415to [197.366] 197.367;

16 (5) "Develop", to undertake those activities which on their completion will 17result in the offering of a new institutional [health] long-term care service or 18 the incurring of a financial obligation in relation to the offering of such a service; 19

(6) "Expenditure minimum" shall mean:

20(a) For beds in existing or proposed [health care] facilities licensed 21pursuant to chapter 198 and long-term care beds in a hospital [as described in 22subdivision (3) of subsection 1 of section 198.012] licensed under this chapter, 23six hundred thousand dollars in the case of capital expenditures, or four hundred 24thousand dollars in the case of major medical equipment, provided, however, that 25prior to January 1, 2003, the expenditure minimum for beds in such a facility and 26long-term care beds in a hospital described in section 198.012 shall be zero, 27subject to the provisions of subsection 7 of section 197.318; and

28(b) For beds or equipment in a long-term care hospital meeting the 29requirements described in 42 CFR, Section 412.23(e), the expenditure minimum 30 shall be zero; [and

31 (c) For health care facilities, new institutional health services or beds not 32described in paragraph (a) or (b) of this subdivision one million dollars in the case of capital expenditures, excluding major medical equipment, and one million 33 dollars in the case of medical equipment;] 34

- 35 (7) "Long-term care facility" or "facility":
 - (a) A facility licensed under chapter 198;

37 (b) Long-term care beds in a hospital as described in subdivision (3) of subsection 1 of section 198.012; and 38

39 (c) A long-term care hospital or beds in a long-term care hospital meeting the requirements described in 42 CFR, section 412.23(e); 40

41 (8) "[Health] Long-term care service area", a geographic region 42 appropriate for the effective planning and development of [health] long-term
43 care services, determined on the basis of factors including population and the
44 availability of resources, consisting of a population of not less than five hundred
45 thousand or more than three million;

46 [(8)] (9) "Major medical equipment", medical equipment used for the 47 provision of medical and other health services;

48

[(9)] (10) "New institutional [health] long-term care service":

49 (a) The development of a new [health care] facility costing in excess of the50 applicable expenditure minimum;

51 (b) The acquisition, including acquisition by lease, of any [health care] 52 facility, or major medical equipment costing in excess of the expenditure 53 minimum;

54 (c) Any capital expenditure by or on behalf of a [health care] facility in 55 excess of the expenditure minimum;

(d) Predevelopment activities as defined in subdivision (12) [hereof] of
this section costing in excess of one hundred fifty thousand dollars;

(e) Any change in licensed bed capacity of a [health care] facility which
increases the total number of beds by more than ten or more than ten percent of
total bed capacity, whichever is less, over a two-year period;

(f) [Health] Long-term care services, excluding home health services,
which are offered in a [health care] facility and which were not offered on a
regular basis in such [health care] facility within the twelve-month period prior
to the time such services would be offered;

(g) A reallocation by an existing [health care] facility of licensed beds
among major types of service or reallocation of licensed beds from one physical
facility or site to another by more than ten beds or more than ten percent of total
licensed bed capacity, whichever is less, over a two-year period;

[(10)] (11) "Nonsubstantive projects", projects which do not involve the addition, replacement, modernization or conversion of beds or the provision of a new [health] long-term care service but which include a capital expenditure which exceeds the expenditure minimum and are due to an act of God or a normal consequence of maintaining [health] long-term care services, facility or equipment;

[(11)] (12) "Person", any individual, trust, estate, partnership,
corporation, including associations and joint stock companies, state or political
subdivision or instrumentality thereof, including a municipal corporation;

[(12)] (13) "Predevelopment activities", expenditures for architectural designs, plans, working drawings and specifications, and any arrangement or commitment made for financing; but excluding submission of an application for a certificate of need.

197.310. 1. The "Missouri [Health] Long-term Care Facilities Review 2 Committee" is hereby established. The agency shall provide clerical and 3 administrative support to the committee. The committee may employ additional 4 staff as it deems necessary.

5 2. The committee shall be composed of:

6 (1) Two members of the senate appointed by the president pro tem, who 7 shall be from different political parties; and

8 (2) Two members of the house of representatives appointed by the 9 speaker, who shall be from different political parties; and

10 (3) Five members appointed by the governor with the advice and consent11 of the senate, not more than three of whom shall be from the same political party.

3. No business of this committee shall be performed without a majorityof the full body.

4. [The members shall be appointed as soon as possible after September 28, 1979. One of the senate members, one of the house members and three of the members appointed by the governor shall serve until January 1, 1981, and the remaining members shall serve until January 1, 1982.] All [subsequent] members shall be appointed in the manner provided in subsection 2 of this section and shall serve terms of two years.

5. The committee shall elect a [chairman] **chair** at its first meeting which shall be called by the governor. The committee shall meet upon the call of the [chairman] **chair** or the governor.

6. The committee shall review and approve or disapprove all applications for a certificate of need made under sections 197.300 to [197.366] **197.367**. It shall issue reasonable rules and regulations governing the submission, review and disposition of applications.

7. Members of the committee shall serve without compensation but shall
be reimbursed for necessary expenses incurred in the performance of their duties.
8. Notwithstanding the provisions of subsection 4 of section 610.025, the
proceedings and records of the facilities review committee shall be subject to the
provisions of chapter 610.

197.311. No member of the Missouri [health] long-term care facilities

2 review committee may accept a political donation from any applicant for a license.

197.315. 1. Any person who proposes to develop or offer a new 2 institutional [health] long-term care service within the state must obtain a 3 certificate of need from the committee prior to the time such services are offered.

2. Only those new institutional [health] long-term care services which are found by the committee to be needed shall be granted a certificate of need. Only those new institutional [health] long-term care services which are granted certificates of need shall be offered or developed within the state. No expenditures for new institutional health services in excess of the applicable expenditure minimum shall be made by any person unless a certificate of need has been granted.

3. After [October 1, 1980] August 28, 2016, no state agency charged by
 statute to license or certify [health care] facilities shall issue a license to or
 certify any such facility, or distinct part of such facility, that is developed without
 obtaining a certificate of need.

4. If any person proposes to develop any new institutional [health] longterm care service without a certificate of need as required by sections 197.300 to 17 197.366, the committee shall notify the attorney general, and he shall apply for an injunction or other appropriate legal action in any court of this state against that person.

5. After [October 1, 1980] August 28, 2016, no agency of state government may appropriate or grant funds to or make payment of any funds to any person or [health care] facility which has not first obtained every certificate of need required pursuant to sections 197.300 to [197.366] **197.367**.

6. A certificate of need shall be issued only for the premises and persons named in the application and is not transferable except by consent of the committee.

27 7. Project cost increases, due to changes in the project application as
28 approved or due to project change orders, exceeding the initial estimate by more
29 than ten percent shall not be incurred without consent of the committee.

8. Periodic reports to the committee shall be required of any applicant
who has been granted a certificate of need until the project has been
completed. The committee may order the forfeiture of the certificate of need upon
failure of the applicant to file any such report.

34
9. A certificate of need shall be subject to forfeiture for failure to incur a
35 capital expenditure on any approved project within six months after the date of

36 the order. The applicant may request an extension from the committee of not37 more than six additional months based upon substantial expenditure made.

10. Each application for a certificate of need [must] **shall** be accompanied by an application fee. The time of filing commences with the receipt of the application and the application fee. The application fee is one thousand dollars, or one-tenth of one percent of the total cost of the proposed project, whichever is greater. All application fees shall be deposited in the state treasury. Because of the loss of federal funds, the general assembly will appropriate funds to the Missouri [health] **long-term care** facilities review committee.

11. In determining whether a certificate of need should be granted, no
consideration shall be given to the facilities or equipment of any other [health
care] facility located more than a fifteen-mile radius from the applying facility.

48 12. When a [nursing] facility shifts from a skilled to an intermediate level
49 of nursing care, it may return to the higher level of care if it meets the licensure
50 requirements, without obtaining a certificate of need.

51 13. In no event shall a certificate of need be denied because the applicant52 refuses to provide abortion services or information.

53 14. A certificate of need shall not be required for the transfer of ownership 54 of an existing and operational [health] facility in its entirety.

55 15. A certificate of need may be granted to a facility for an expansion, an 56 addition of services, a new institutional service, or for a new [hospital] facility 57 which provides for something less than that which was sought in the application.

16. The provisions of this section shall not apply to facilities operated by the state, and appropriation of funds to such facilities by the general assembly shall be deemed in compliance with this section, and such facilities shall be deemed to have received an appropriate certificate of need without payment of any fee or charge.

17. Notwithstanding other provisions of this section, a certificate of need
may be issued after July 1, 1983, for an intermediate care facility operated
exclusively for the intellectually disabled.

18. To assure the safe, appropriate, and cost-effective transfer of new medical technology throughout the state, a certificate of need shall not be required for the purchase and operation of research equipment that is to be used in a clinical trial that has received written approval from a duly constituted institutional review board of an accredited school of medicine or osteopathy located in Missouri to establish its safety and efficacy and does not increase the 52 bed complement of the institution in which the equipment is to be located. After 53 the clinical trial has been completed, a certificate of need must be obtained for 54 continued use in such facility.

197.318. 1. As used in this section, the term "licensed and available"
means beds which are actually in place and for which a license has been issued.
2. The committee shall review all letters of intent and applications for

4 long-term care hospital beds meeting the requirements described in 42 CFR,
5 Section 412.23(e) under its criteria and standards for long-term care beds.

6 3. Sections 197.300 to [197.366] **197.367** shall not be construed to apply 7 to litigation pending in state court on or before April 1, 1996, in which the 8 Missouri [health] **long-term care** facilities review committee is a defendant in 9 an action concerning the application of sections 197.300 to [197.366] **197.367** to 10 long-term care hospital beds meeting the requirements described in 42 CFR, 11 Section 412.23(e).

12

4. Notwithstanding any other provision of this chapter to the contrary:

13 (1) A facility licensed pursuant to chapter 198 may increase its licensed14 bed capacity by:

(a) Submitting a letter of intent to expand to the division of regulation
and licensure within the department of health and senior services and the
[health] long-term care facilities review committee;

(b) Certification from the division of regulation and licensure within
the department of health and senior services that the facility:

a. Has no patient care class I deficiencies within the last eighteen months;
and

b. Has maintained a ninety-percent average occupancy rate for theprevious six quarters;

(c) Has made an effort to purchase beds for eighteen months following the
date the letter of intent to expand is submitted pursuant to paragraph (a) of this
subdivision. For purposes of this paragraph, an "effort to purchase" means a copy
certified by the offeror as an offer to purchase beds from another licensed facility
in the same licensure category; and

(d) If an agreement is reached by the selling and purchasing entities, the
[health] long-term care facilities review committee shall issue a certificate of
need for the expansion of the purchaser facility upon surrender of the seller's
license; or

33

(e) If no agreement is reached by the selling and purchasing entities, the

34 [health] long-term care facilities review committee shall permit an expansion35 for:

a. A facility with more than forty beds may expand its licensed bed
capacity within the same licensure category by twenty-five percent or thirty beds,
whichever is greater, if that same licensure category in such facility has
experienced an average occupancy of ninety-three percent or greater over the
previous six quarters;

b. A facility with fewer than forty beds may expand its licensed bed
capacity within the same licensure category by twenty-five percent or ten beds,
whichever is greater, if that same licensure category in such facility has
experienced an average occupancy of ninety-two percent or greater over the
previous six quarters;

c. A facility adding beds pursuant to subparagraphs a. or b. of this
paragraph shall not expand by more than fifty percent of its then licensed bed
capacity in the qualifying licensure category;

49 (2) Any beds sold shall, for five years from the date of relicensure by the
50 purchaser, remain unlicensed and unused for any long-term care service in the
51 selling facility, whether they do or do not require a license;

(3) The beds purchased shall, for two years from the date of purchase,
remain in the bed inventory attributed to the selling facility and be considered
by the department of social services as licensed and available for purposes of this
section;

56 (4) Any residential care facility licensed pursuant to chapter 198 may 57 relocate any portion of such facility's current licensed beds to any other facility 58 to be licensed within the same licensure category if both facilities are under the 59 same licensure ownership or control, and are located within six miles of each 60 other;

61 (5) A facility licensed pursuant to chapter 198 may transfer or sell 62 individual long-term care licensed beds to facilities qualifying pursuant to 63 paragraphs (a) and (b) of subdivision (1) of this subsection. Any facility which 64 transfers or sells licensed beds shall not expand its licensed bed capacity in that 65 licensure category for a period of five years from the date the licensure is 66 relinquished.

5. Any existing licensed and operating health care facility offering long-term care services may replace one-half of its licensed beds at the same site or a site not more than thirty miles from its current location if, for at least the most recent four consecutive calendar quarters, the facility operates only fifty
percent of its then licensed capacity with every resident residing in a private
room. In such case:

(1) The facility shall report to the division of regulation and
licensure within the department of health and senior services vacant longterm beds as unavailable for occupancy for at least the most recent four
consecutive calendar quarters;

(2) The replacement long-term beds shall be built to private roomspecifications and only used for single occupancy; and

(3) The existing facility and proposed facility shall have the same owner or owners, regardless of corporate or business structure, and such owner or owners shall stipulate in writing that the existing facility **long-term** beds to be replaced will not later be used to provide long-term care services. If the facility is being operated under a lease, both the lessee and the owner of the existing facility shall stipulate the same in writing.

6. Nothing in this section shall prohibit a [health] **long-term** care facility licensed pursuant to chapter 198 from being replaced in its entirety within fifteen miles of its existing site so long as the existing facility and proposed or replacement facility have the same owner or owners regardless of corporate or business structure and the [health care] facility being replaced remains unlicensed and unused for any long-term care services whether they do or do not require a license from the date of licensure of the replacement facility.

197.325. Any person who proposes to develop or offer a new institutional
[health] long-term care service shall submit a letter of intent to the committee
at least thirty days prior to the filing of the application.

197.326. 1. Any person who is paid either as part of his or her normal employment or as a lobbyist to support or oppose any project before the [health] $\mathbf{2}$ 3 long-term care facilities review committee shall register as a lobbyist pursuant to chapter 105 and shall also register with the staff of the [health] long-term 4 care facilities review committee for every project in which such person has an $\mathbf{5}$ interest and indicate whether such person supports or opposes the named 6 7project. The registration shall also include the names and addresses of any 8 person, firm, corporation or association that the person registering represents in 9 relation to the named project. Any person violating the provisions of this 10 subsection shall be subject to the penalties specified in section 105.478.

11

2. A member of the general assembly who also serves as a member of the

12 [health] **long-term care** facilities review committee is prohibited from soliciting 13 or accepting campaign contributions from any applicant or person speaking for 14 an applicant or any opponent to any application or persons speaking for any 15 opponent while such application is pending before the [health] **long-term care** 16 facilities review committee.

173. Any person regulated by chapter 197 or 198 and any officer, attorney, agent and employee thereof, shall not offer to any committee member or to any 18 19 person employed as staff to the committee, any office, appointment or position, 20or any present, gift, entertainment or gratuity of any kind or any campaign 21contribution while such application is pending before the [health] long-term care facilities review committee. Any person guilty of knowingly violating the 2223provisions of this section shall be punished as follows: For the first offense, such 24person is guilty of a class B misdemeanor; and for the second and subsequent 25offenses, such person is guilty of a class E felony.

197.326. 1. Any person who is paid either as part of his normal employment or as a lobbyist to support or oppose any project before the [health] $\mathbf{2}$ 3 **long-term care** facilities review committee shall register as a lobbyist pursuant to chapter 105 and shall also register with the staff of the [health] long-term 4 care facilities review committee for every project in which such person has an $\mathbf{5}$ interest and indicate whether such person supports or opposes the named 6 7 project. The registration shall also include the names and addresses of any 8 person, firm, corporation or association that the person registering represents in 9 relation to the named project. Any person violating the provisions of this 10 subsection shall be subject to the penalties specified in section 105.478.

2. A member of the general assembly who also serves as a member of the [health] **long-term care** facilities review committee is prohibited from soliciting or accepting campaign contributions from any applicant or person speaking for an applicant or any opponent to any application or persons speaking for any opponent while such application is pending before the [health] **long-term care** facilities review committee.

Any person regulated by chapter 197 or 198 and any officer, attorney,
 agent and employee thereof, shall not offer to any committee member or to any
 person employed as staff to the committee, any office, appointment or position,
 or any present, gift, entertainment or gratuity of any kind or any campaign
 contribution while such application is pending before the [health] long-term
 care facilities review committee. Any person guilty of knowingly violating the

provisions of this section shall be punished as follows: For the first offense, such
person is guilty of a class B misdemeanor; and for the second and subsequent
offenses, such person is guilty of a class D felony.

197.330. 1. The committee shall:

2 (1) Notify the applicant within fifteen days of the date of filing of an 3 application as to the completeness of such application;

4 (2) Provide written notification to affected persons located within this 5 state at the beginning of a review. This notification may be given through 6 publication of the review schedule in all newspapers of general circulation in the 7 area to be served;

8 (3) Hold public hearings on all applications when a request in writing is 9 filed by any affected person within thirty days from the date of publication of the 10 notification of review;

11 (4) Within one hundred days of the filing of any application for a 12 certificate of need, issue in writing its findings of fact, conclusions of law, and its 13 approval or denial of the certificate of need; provided, that the committee may 14 grant an extension of not more than thirty days on its own initiative or upon the 15 written request of any affected person;

(5) Cause to be served upon the applicant, the respective health system
agency, and any affected person who has filed his prior request in writing, a copy
of the aforesaid findings, conclusions and decisions;

(6) Consider the needs and circumstances of institutions providingtraining programs for health personnel;

(7) Provide for the availability, based on demonstrated need, of both
medical and osteopathic facilities and services to protect the freedom of patient
choice; and

(8) Establish by regulation procedures to review, or grant a waiver from review, nonsubstantive projects. The term "filed" or "filing" as used in this section shall mean delivery to the staff of the [health] long-term care facilities review committee the document or documents the applicant believes constitute an application.

29 2. Failure by the committee to issue a written decision on an application 30 for a certificate of need within the time required by this section shall constitute 31 approval of and final administrative action on the application, and is subject to 32 appeal pursuant to section 197.335 only on the question of approval by operation 33 of law. 197.335. Within thirty days of the decision of the committee, the applicant 2 may file an appeal to be heard de novo by the administrative hearing 3 commissioner, the circuit court of Cole County or the circuit court in the county 4 within which such [health] **long-term** care service or facility is proposed to be 5 developed.

197.340. Any [health] facility providing a [health] long-term care service [must] shall notify the committee of any discontinuance of any previously provided [health] long-term care service, a decrease in the number of licensed beds by ten percent or more, or the change in licensure category for any such facility.

197.345. Any [health] facility with a project for facilities or services for which a binding construction or purchase contract has been executed prior to October 1, 1980, or [health care] facility which has commenced operations prior to October 1, 1980, shall be deemed to have received a certificate of need, except that such certificate of need shall be subject to forfeiture under the provisions of subsections 8 and 9 of section 197.315.

197.355. The legislature [may] shall not appropriate any money for 2 capital expenditures for [health care] facilities until a certificate of need has been 3 issued for such expenditures.

197.357. For the purposes of reimbursement under section 208.152, project $\mathbf{2}$ costs for new institutional [health] long-term care services in excess of ten percent of the initial project estimate whether or not approval was obtained under 3 subsection 7 of section 197.315 shall not be eligible for reimbursement for the 4 first three years that a facility receives payment for services provided under $\mathbf{5}$ section 208.152. The initial estimate shall be that amount for which the original 6 certificate of need was obtained or, in the case of facilities for which a binding 7 construction or purchase contract was executed prior to October 1, 1980, the 8 amount of that contract. Reimbursement for these excess costs after the first 9 three years shall not be made until a certificate of need has been granted for the 10 excess project costs. The provisions of this section shall apply only to facilities 11 which file an application for a certificate of need or make application for 12cost-overrun review of their original application or waiver after August 13, 1982. 13197.367. Upon application for renewal by any residential care facility or 2assisted living facility which on [the effective date of this act] August 28, 1999,

3 has been licensed for more than five years, is licensed for more than fifty beds

4 and fails to maintain for any calendar year its occupancy level above thirty

5 percent of its then licensed beds, the division of regulation and licensure
6 within the department of health and senior services shall license only fifty beds
7 for such facility.

	[197.366. The term "health care facilities" in sections
2	197.300 to 197.366 shall mean:
3	(1) Facilities licensed under chapter 198;
4	(2) Long-term care beds in a hospital as described in
5	subdivision (3) of subsection 1 of section 198.012;
6	(3) Long-term care hospitals or beds in a long-term care
7	hospital meeting the requirements described in 42 CFR, section
8	412.23(e); and
9	(4) Construction of a new hospital as defined in
10	chapter 197.]

B1ll

1

Copy