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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO HEALTH AND SAFETY - DETERMINATION OF NEED FOR NEW  
HEALTH CARE EQUIPMENT AND NEW INSTITUTIONAL HEALTH SERVICES

Introduced By: Senators Perry, Miller, Nesselbush, Walaska, and Maher

Date Introduced: February 16, 2011

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 23-15-2 of the General Laws in Chapter 23-15 entitled  
2 "Determination of Need for New Health Care Equipment and New Institutional Health Services"  
3 is hereby amended to read as follows:

4 **23-15-2. Definitions.** -- As used in this chapter:

5 (1) "Affected person" means and includes the person whose proposal is being reviewed,  
6 or the applicant, health care facilities located within the state which provide institutional health  
7 services, the state medical society, the state osteopathic society, those voluntary nonprofit area-  
8 wide planning agencies that may be established in the state, the state budget office, the office of  
9 health insurance commissioner, any hospital or medical service corporation organized under the  
10 laws of the state, the statewide health coordinating council, contiguous health systems agencies,  
11 and those members of the public who are to be served by the proposed new institutional health  
12 services or new health care equipment.

13 (2) "Cost impact analysis" means a written analysis of the effect that a proposal to offer  
14 or develop new institutional health services or new health care equipment, if approved, will have  
15 on health care costs and shall include any detail that may be prescribed by the state agency in  
16 rules and regulations.

17 (3) "Director" means the director of the Rhode Island state department of health.

18 (4) (i) "Health care facility" means any institutional health service provider, facility or

1 institution, place, building, agency, or portion of them, whether a partnership or corporation,  
2 whether public or private, whether organized for profit or not, used, operated, or engaged in  
3 providing health care services, which are limited to hospitals, nursing facilities, inpatient  
4 rehabilitation centers (including drug and/or alcohol abuse treatment centers), certain facilities  
5 providing surgical treatment to patients not requiring hospitalization (surgi-centers, multi-practice  
6 physician ambulatory surgery centers and multi-practice podiatry ambulatory surgery centers) and  
7 facilities providing inpatient hospice care. Single-practice physician or podiatry ambulatory  
8 surgery centers (as defined in subdivisions 23-17-2(13) and 23-17-2(14), respectively) are  
9 exempt from the requirements of chapter 15 of this title; provided, however, that such exemption  
10 shall not apply if a single-practice physician or podiatry ambulatory surgery center is established  
11 by a medical practice group (as defined in section 5-37-1) within two (2) years following the  
12 formation of such medical practice group, when such medical practice group is formed by the  
13 merger or consolidation of two (2) or more medical practice groups or the acquisition of one  
14 medical practice group by another medical practice group. The term "health care facility" does  
15 not include Christian Science institutions (also known as Christian Science nursing facilities)  
16 listed and certified by the Commission for Accreditation of Christian Science Nursing  
17 Organizations/Facilities, Inc.

18 (ii) Any provider of hospice care who provides hospice care without charge shall be  
19 exempt from the provisions of this chapter.

20 (5) "Health care provider" means a person who is a direct provider of health care  
21 services (including but not limited to physicians, dentists, nurses, podiatrists, physician assistants,  
22 or nurse practitioners) in that the person's primary current activity is the provision of health care  
23 services for persons.

24 (6) "Health services" means organized program components for preventive, assessment,  
25 maintenance, diagnostic, treatment, and rehabilitative services provided in a health care facility.

26 (7) "Health services council" means the advisory body to the Rhode Island state  
27 department of health established in accordance with chapter 17 of this title, appointed and  
28 empowered as provided to serve as the advisory body to the state agency in its review functions  
29 under this chapter.

30 (8) "Institutional health services" means health services provided in or through health  
31 care facilities and includes the entities in or through which the services are provided.

32 (9) "New health care equipment" means any single piece of medical equipment (and any  
33 components which constitute operational components of the piece of medical equipment)  
34 proposed to be utilized in conjunction with the provision of services to patients or the public, the

1 capital costs of which would exceed ~~one million dollars (\$1,000,000)~~ three million dollars  
2 (\$3,000,000); provided, however, that the state agency shall exempt from review any application  
3 which proposes one for one equipment replacement as defined in regulation.

4 (10) "New institutional health services" means and includes:

5 (i) Construction, development, or other establishment of a new health care facility.

6 (ii) Any expenditure except acquisitions of an existing health care facility which will not  
7 result in a change in the services or bed capacity of the health care facility by or on behalf of an  
8 existing health care facility in excess of ~~two million dollars (\$2,000,000)~~ seven million dollars  
9 (\$7,000,000) which is a capital expenditure including expenditures for predevelopment activities.

10 (iii) Where a person makes an acquisition by or on behalf of a health care facility or  
11 health maintenance organization under lease or comparable arrangement or through donation,  
12 which would have required review if the acquisition had been by purchase, the acquisition shall  
13 be deemed a capital expenditure subject to review.

14 (iv) Any capital expenditure which results in the addition of a health service or which  
15 changes the bed capacity of a health care facility with respect to which the expenditure is made,  
16 except that the state agency may exempt from review by rules and regulations promulgated for  
17 this chapter any bed reclassifications made to licensed nursing facilities and annual increases in  
18 licensed bed capacities of nursing facilities that do not exceed the greater of ten (10) beds or ten  
19 percent (10%) of facility licensed bed capacity and for which the related capital expenditure does  
20 not exceed two million dollars (\$2,000,000).

21 (v) Any health service proposed to be offered to patients or the public by a health care  
22 facility which was not offered on a regular basis in or through the facility within the twelve (12)  
23 month period prior to the time the service would be offered, and which increases operating  
24 expenses by more than ~~seven hundred and fifty thousand dollars (\$750,000)~~ two million dollars  
25 (\$2,000,000), except that the state agency may exempt from review by rules and regulations  
26 promulgated for this chapter any health service involving reclassification of bed capacity made to  
27 licensed nursing facilities.

28 (vi) Any new or expanded tertiary or specialty care service, regardless of capital expense  
29 or operating expense, as defined by and listed in regulation, the list not to exceed a total of twelve  
30 (12) categories of services at any one time and shall include full body magnetic resonance  
31 imaging and computerized axial tomography; provided, however, that the state agency shall  
32 exempt from review any application which proposes one for one equipment replacement as  
33 defined by and listed in regulation. Acquisition of full body magnetic resonance imaging and  
34 computerized axial tomography shall not require a certificate of need review and approval by the

1 state agency if satisfactory evidence is provided to the state agency that it was acquired for under  
2 one million dollars (\$1,000,000) on or before January 1, 2010 and was in operation on or before  
3 July 1, 2010.

4 (11) "Person" means any individual, trust or estate, partnership, corporation (including  
5 associations, joint stock companies, and insurance companies), state or political subdivision, or  
6 instrumentality of a state.

7 (12) "Predevelopment activities" means expenditures for architectural designs, plans,  
8 working drawings and specifications, site acquisition, professional consultations, preliminary  
9 plans, studies, and surveys made in preparation for the offering of a new institutional health  
10 service.

11 (13) "State agency" means the Rhode Island state department of health.

12 (14) "To develop" means to undertake those activities which, on their completion, will  
13 result in the offering of a new institutional health service or new health care equipment or the  
14 incurring of a financial obligation, in relation to the offering of that service.

15 (15) "To offer" means to hold oneself out as capable of providing, or as having the  
16 means for the provision of, specified health services or health care equipment.

17 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO HEALTH AND SAFETY - DETERMINATION OF NEED FOR NEW  
HEALTH CARE EQUIPMENT AND NEW INSTITUTIONAL HEALTH SERVICES

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- 1           This act would increase the dollar value in definitions used in determining the need for
- 2 new health care equipment and new institutional health services.
- 3           This act would take effect upon passage.

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