

SENATE BILL 2648

By Reeves

AN ACT to amend Tennessee Code Annotated, Title 4 and
Title 68, relative to certificates of need.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 68, Chapter 11, Part 16, is amended by
adding the following section:

(a) As used in this section:

(1) "Annual operating expense" means the expense that, by generally
accepted accounting principles, is incurred by a new health service during the
first fiscal year in which the health service is in full operation after completion of
the project;

(2) "Capital expenditure":

(A) Means an expenditure for the plant or equipment that is not
properly chargeable as an expense of operation and maintenance and
includes acquisition by purchase, donation, leasehold expenditure, or
lease that is treated as capital expense in accordance with generally
accepted accounting standards for lease expenditures, calculated over
the length of the lease for plant or equipment; and

(B) Includes:

(i) Assets having an expected life of at least three (3)
years; and

(ii) The cost of studies, surveys, designs, plans, working
drawings, specifications, and other activities essential to the

acquisition, improvement, expansion, or replacement of the plant and equipment; and

(3) "New healthcare project" means the construction, development, purchase, renovation, or other establishment of a facility, or any capital expenditure by or on behalf of a facility.

(b) Notwithstanding this part to the contrary, a certificate of need is not required for a new healthcare project if:

(1) The new healthcare project is by or on behalf of a facility other than a hospital, and includes the following:

(A) The construction, development, purchase, renovation, or other establishment of a facility, or any capital expenditure by or on behalf of a facility, for which the capital expenditure is equal to or less than one million five hundred thousand dollars (\$1,500,000);

(B) The purchase, lease, or other comparable arrangement of a single piece of diagnostic or therapeutic equipment for which the cost, or in the case of a donation the value, is equal to or less than one million dollars (\$1,000,000); or

(C) Offering a health service or technology for which the annual operating expense is equal to or less than five hundred thousand dollars (\$500,000); or

(2) The new healthcare project is by or on behalf of a hospital, and includes the following:

(A) The construction, development, purchase, renovation, or other establishment of a facility, or any capital expenditure by or on behalf of a facility, for which the capital expenditure is equal to or less than three million dollars (\$3,000,000);

(B) The purchase, lease, or other comparable arrangement of a single piece of diagnostic or therapeutic equipment for which the cost, or

in the case of a donation the value, is equal to or less than one million five hundred thousand dollars (\$1,500,000); or

(C) Offering a health service or technology for which the annual operating expense is equal to or less than one million dollars (\$1,000,000).

SECTION 2. This act shall take effect July 1, 2020, the public welfare requiring it, and applies to new healthcare projects initiated on or after that date.