

Community Health Care Association of New York State

New York State Department of Health

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Division of Health Facility Planning

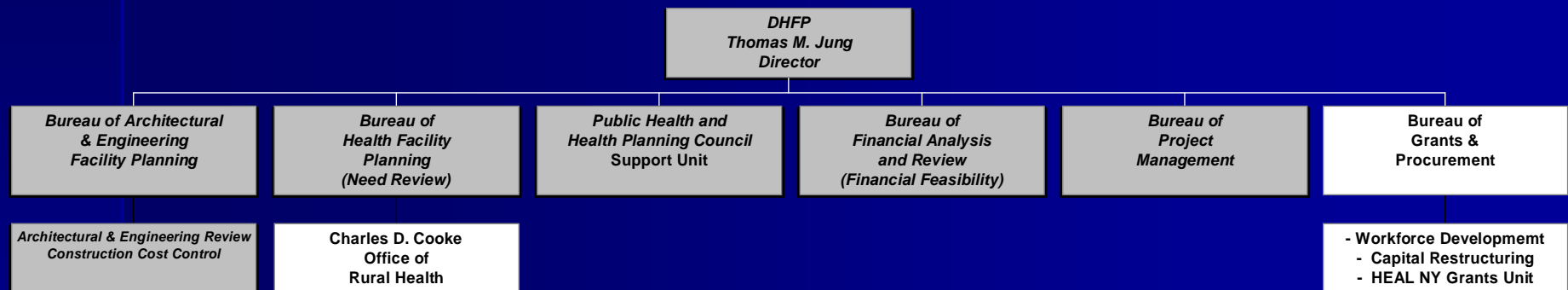
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Division of Health Facility Planning



Also input from: *Office of Long Term Care (NH's, Hospice and Home Health)*
Bureau of Hospitals and Primary Care Services (Hospitals and D&T's)
Division of Legal Affairs (Legal)
Office of Health Insurance Programs (Medicaid)

Why CON?

- **Control Costs**
- **Ensure Access**
- **Ensure Quality**

Costs

- Prevent Excess Capacity and
 - Temper Medical Arms Race
 - Control Premiums
 - Protect Taxpayer Interest



Access

- Redirect capital investment based on need
- Address Disparities



St. Peter's Hospital
Albany, NY

Quality

- **Character and Competence**
- **Volume and Outcomes**



Certificate of Need (CON) Program

- **Authorizes establishment and construction (new and renovation) of :**
 - **Hospitals**
 - **Nursing Homes**
 - **Clinics**
 - **Home Health Agencies**
 - **High Technology Specialty Services**
 - **Hospice & Home Health Care**

MAJOR ELEMENTS OF CON REVIEW

- **Review of Proposed Facilities and Services for:**
 - **Public Need**
 - **Financial Feasibility**
 - **Character and Competence of Owners and Operators**

Public Need

- **Determination of public need is based on:**
 - **Population demographics**
 - **Use of existing services**
 - **Bed occupancy**
 - **Volume of services/procedures**
 - **Epidemiology of selected diseases and conditions**
 - **Access**
 - **Travel time**
 - **Insurance status of population**

Financial Feasibility

- **Based on:**
 - **Projected revenues**
 - **Current financial status**
 - **Capacity to retire debt**

Character and Competence

- **Based on:**
 - **Experience and past performance of proposed owners/operators “substantially consistent high level of care”**
 - **Record of violations, if any**

Types of Review

(Part 710: CON's and Prior Reviews)

* Limited Review (<\$6 M)

* Administrative Review

- Commissioner approval only
- In general, \$6 million to \$15 million

* Full Review

- Public Health and Health Planning Council approval (formerly SHRPC and PHC)
- New facilities , new beds and high tech services
- >\$15 million

Prior Reviews

- **Limited Architectural Review**
 - BAEFP review – A/E Certification
 - Finance Review as needed
- **Prior Review notifications**
 - Bed & service de-certifications
 - Bed conversions
 - Minor Service additions
- **One-for-One equipment replacements**

Administrative Level CON's

- **All DHFP units review**
 - Associate program units review as needed
- **Approval issued by the Department**

Full Review CON

- **Department staff reviews CON application and makes recommendation for approval or disapproval to Public and Health Planning Council (PHHPC)**
- **PHHPC reviews recommendation and takes public comment**
- **PHHPC makes Recommendation to the Commissioner (for construction)**
- **PHHPC approves establishment**

Public Health and Health Planning Council

- **Governor appoints, Legislature confirms**
- **Reviews all full CON review projects**
- **Final decision-maker on establishment**

Full Review: Certificate of Need (CON)

Application

Public Need

Financial
Feasibility

Character,
Competence &
Programmatic

Architectural
and
Engineering

Legal

OHSM

Recommendation

Project Review Committee (Construction)
Establishment Committee (Establishment)
Recommendation

Public Health and Health Planning Council
25 Members

Decision
Commissioner of Health (Construction)
PHHPC (Establishment)

Post-CON Review

CON Approval

Project Development Track

Project Financing Track

DOH

Bond Insurer Review
FHA - Private - SONYMA

Resolution of
Contingency

Architectural
Development

Project Monitoring
Scope/Cost Changes etc.

Tax-Exempt Issuer
Dormitory Authority

CON Final Approval

DOH Update

D. A. Staff Review

Requisition Review
Process

D. A. Board

P. A. C. B. Review

Pre-Opening Inspection
by Regional Office for
Occupancy/licensure

Construction

Bonding Financing

CON Approval

- **Contingencies**

- Require specific action to resolve
- Typically subject to 60 Day time period
- Must be satisfied to complete (perfect) CON approval

- **Conditions**

- On-going requirements that must be complied with during life of project, as applicable

Recent CON Reforms

- Non-clinical projects <\$15 million as limited review
- Initial MRI purchase/certification Administrative CON instead of Full Review CON
- Relocation of Extension Clinic (< \$6 million) limited review instead of Administrative CON
- Raised thresholds of Administrative CON's from \$3 million to \$6 million; and Full Review CON's from \$10 million to \$15 million
- Eliminate Construction Start Approval letter?
(Under Review)

Tips on Completing CON Applications: General

- Use latest version of application at http://www.nyhealth.gov/nysdoh/cons/cons_application
- avoid 30-day letters (adds step in process)
 - Complete all necessary schedules
 - Ensure information in schedules is consistent

Tips on Completing CON Applications: Need

- Be specific and comprehensive when addressing need issues
 - Be familiar with applicable need methodologies and policy
 - Address all pertinent local factors
 - Clearly identify proposed primary service area
 - specific zip codes
 - specific population
 - demographics & health status indicators (PQI)

Tips on Need (*continued*)

- Capacity of Existing Providers
- Identify existing barriers to service provision
- Assumptions and data that support utilization
- Serving Medicaid beneficiaries & underserved

Primary Care

- No Need Methodology
- Guidelines:
 - Target Population and Service Area
 - Health Status (PQI's, etc.)
 - Special Needs or Conditions
 - Expansion of Access to Care

Primary Care

- Guidelines (cont'd.)
 - Capacity of Existing Providers
 - Ratio of physicians to population
 - Medicaid Physicians
 - D&TCs in service area
 - Primary care visits/population

Tips on Completing CON Applications: Architecture & Engineering

- **Architectural Narrative (6) : specific as possible**
 - Site (address and building location)
 - New versus Renovation
 - Number and types of spaces proposed
- **Functional Program**
 - Number of staff and patients/visits
 - Major functions & support space(s)
 - Types of services

Tips on Architecture (*continued*)

– Schematic Floor Plans

- Scaled
- All pertinent floors
- Clearly show exits and exit paths
- Site Plan if appropriate
- Focus of review
 - Function/State Hospital Code
 - Life Safety
 - Separate and Distinct (identifiable)

Tips on Architecture *(continued)*

– Letters of Certification

- A/E Certification of Design Compliance
- Physicists Certification for Radiation

– Proposed Space and Cost (10)

- Co\$t/SF will be compared to database
- Estimated costs must be accurate

Tips on Completing CON Applications: Financial Feasibility

- **Will determine:**
 - Ability to fund proposed project
 - Reasonableness of budget
 - Capacity to retire the new debt
- **Include in CON application:**
 - Letter of credit from intended source of financing
 - Revenue & expense projections
 - Amount (10% minimum) and source(s) of equity

Tips on Financial Feasibility *(continued)*

- **Working Capital: funds needed to initiate & maintain operations until revenue can support operations**
 - 2 mos. of 3rd year expenses for new
 - 2 mos. of 1st year expenses for existing
 - 50% cash equity
 - Need letter of interest for balance

Tips on Financial Feasibility

(continued)

- **Feasibility**
 - Existing: 3 years of certified financial statements (explain any losses)
- **Changes of operator**
 - Affidavit to be liable and responsible for any Medicaid overpayments and fees due from existing operator (unless agreement to contrary is documented)

Thank You....questions?

