

Certificate of Need (CON) Overview for Nevada

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Website: health2k.state.nv.us/vs/letter.htm

EXHIBIT N Health Care Document consists of 22 slides

- ☒ Entire document provided.
- ☐ Due to size limitations, pages ____ provided.

A copy of the complete document is available through the Research Library
(775/684-6827 or e-mail library@lcb.state.nv.us). Meeting Date: April 13, 2006

CON Statute NRS 439A.100

- In a county whose population is less than 100,000, no person may undertake any expenditure for new construction on behalf of a **health facility**, in excess of \$2,000,000, without first applying for and obtaining the written approval of the Director of the Department of Health and Human Services.
- The Health Division shall not issue a license unless the Director has issued an approval.

NRS 439A.015

- Defines a **health facility** as a facility in or through which health services are provided.
 - ▶ Examples: includes but not limited to hospitals, ambulatory surgery centers, and skilled nursing facilities
 - ▶ Exclusions: office of a practitioner used solely to provide routine services to patients

Pursuant to NRS 439A.100, In reviewing the application the Director shall:

- Comparatively assess applications for similar projects in the same geographic area.
- Base his decision on established criteria, including:
 - ▶ The appropriateness of the project in the area to be served;
 - ▶ The financial feasibility of the project;
 - ▶ The effect of the project on the cost of health care;
 - ▶ The extent the project is consistent with NRS 439A.020 and priorities set in NRS. 439A.081.

NRS 439A.020 (Purpose of Chapter)

- Promote equal access to quality health care at a reasonable cost;
- Promote an adequate supply and distribution of health resources;
- Promote uniform, effective methods of delivering health care;
- Promote the adequate distribution of health care facilities and man power;
- Encourage participation in health planning by members of several health professions, and the general public;
- Utilize the viewpoint of the general public for making decisions;
- Encourage public education regarding health care;
- Promote a program of technical assistance to contain the cost of health care.

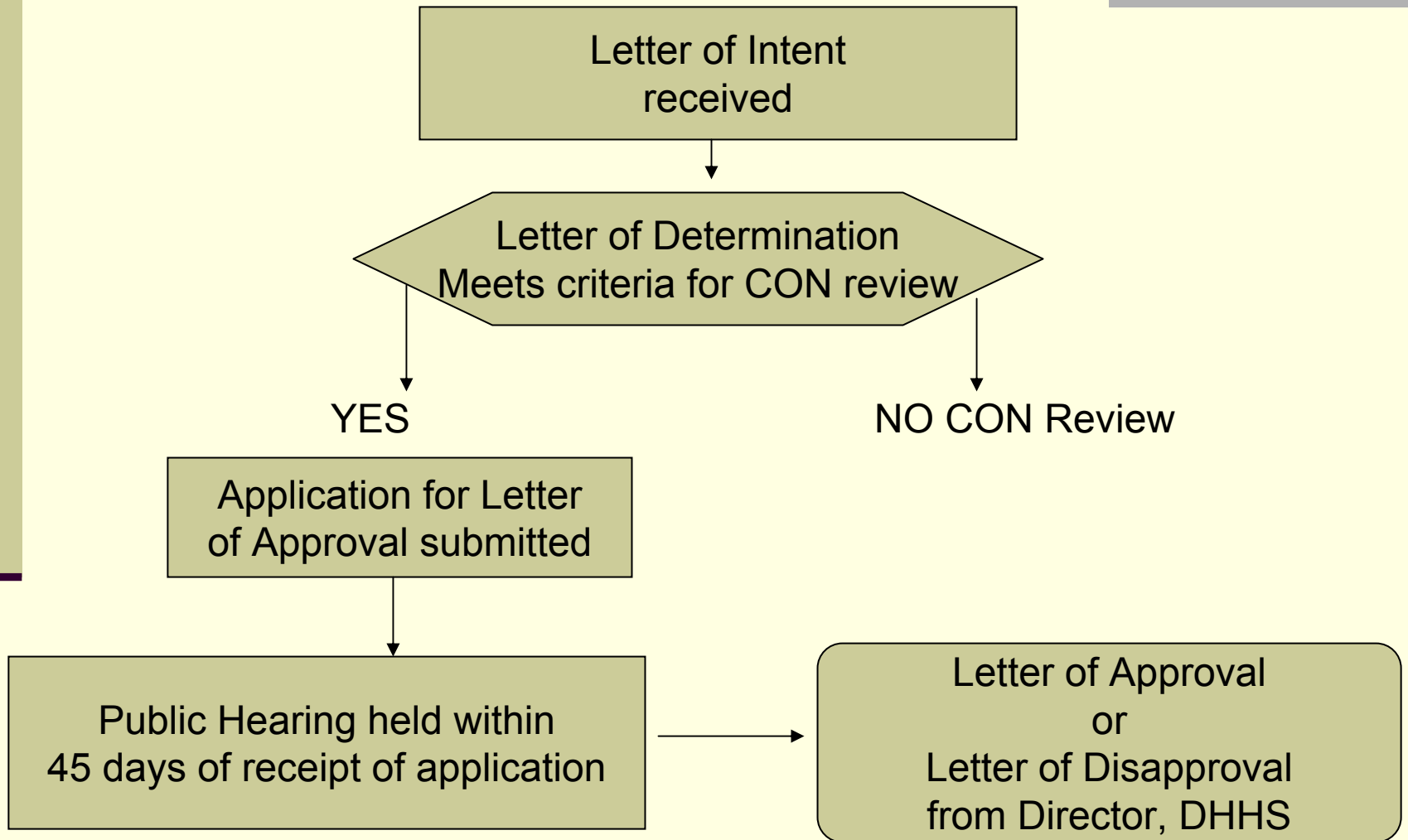
NRS 439A.081

- The Department shall perform the function of health planning according to the following priorities:
 - ▶ Providing for the effective use of methods for controlling increase in the cost of health care
 - ▶ Providing for the adequate supply and distribution of health resources
 - ▶ Providing for equal access to health care of good quality at a reasonable cost
 - ▶ Providing education to the public regarding personal health and use of health services

Certificate of Need History

- Enacted by the Nevada State Legislature during the 1971 session,
- Became effective in August 1972.
- Amended in 1991 to exempt Counties with populations of 100,000 or more.
- Amended in 1995 to include only construction of new health facilities involving capital expenditures over \$2 million.
- Amended in 2003, to exclude construction of hospitals in unincorporated towns from CON review, if:
 - ▶ The population of the town is more than 24,000,
 - ▶ No other hospital exists in the town,
 - ▶ The town is at least a 45-minute drive from the nearest trauma center,
 - ▶ No other hospital has been approved for construction.

CON Process



CON Process

Pursuant to Chapter NAC 439A

- Letter of Intent, NAC 439A.305 to NAC 439A.315
 - ▶ Any person who intends to initiate a project that may be subject to CON review shall submit a Letter of Intent to the Department of Health and Human Services before incurring a capital expenditure for the project.
 - ▶ A determination is made whether the project meets the criteria, pursuant to NRS 439A.100, for a full CON review. The applicant will be notified of the decision by mail.

Letter of Approval Application Form

- CON review requirements, NAC 439A.345 to NAC 439A.445
 - ▶ An original and three copies of a completed application are submitted to the Department.
 - ▶ A cashier's check for \$9,500 must be submitted with the application.
 - ▶ The \$9,500 application fee is deposited in the State's general fund.
 - ▶ The application fee was established in 1984, and has never been adjusted.
 - ▶ The application review period begins the day the application is received by the Department.
 - ▶ Within 45 days of application receipt, the Department will provide a public hearing.

Letter of Approval

- Letter of Approval, NAC 439A.455
 - ▶ Within 30 days after the public hearing, the Director will issue to each applicant a Letter of Approval or Disapproval, together with the Findings of Fact.
- Reconsideration of decisions, NAC 439A.515
 - ▶ Any applicant who is subject to a letter of disapproval or whose Letter of Approval has been withdrawn may request reconsideration of the decision by the Director.

Additional Approvals

- Further approval from the Director for CON projects is required for:
 - ▶ Extension of the approved timetable, NAC 439A.475
 - ▶ Transfer of interest, NAC 439A.485
 - ▶ Removal or alteration of conditions, NAC 439A.495
 - ▶ Withdrawal of a letter of approval, NAC 439A.505
 - ▶ Reconsideration of decisions, NAC 439A.515

CON Projects 1995-2005

Fiscal Year	Applicant	Project	Estimated Cost	Approval/ Disapproval	Status
95-96	Virginia Creek SNF	90 Bed SNF Gardnerville	\$2,812,000	Approved 3/1/1996	Open and operating as Evergreen at Gardnerville
95-96	Carson Healthcare	120 Bed SNF Carson City	\$5,066,000	Approved 4/29/1996	Open and operating as Evergreen at Carson City
96-97	Pahrump Healthcare	120 Bed SNF Pahrump	\$4,719,000	Approved 10/2/1996	Open and operating as Evergreen at Pahrump

CON Projects 1995–2005

Fiscal Year	Applicant	Project	Estimated Cost	Approval/ Disapproval	Status
96-97	Carson-Tahoe Hospital	20 Bed Sub-acute Care/Rehab	\$5,000,000	Approved 11/7/1996	Closed 12/18/2005 Relocated service to new hospital
98-99	Integrated Health Services	73 Bed SNF Carson City	\$5,000,000		Withdrawn 9/17/1998
98-99	RFMS, Inc. dba Elko Manor	112 Bed SNF Elko County	\$4,791,914	Approved 12/9/1998	Highland Manor of Elko

CON Projects 1995–2005

Fiscal Year	Applicant	Project	Estimated Cost	Approval/ Disapproval	Status
99-00	Province Healthcare	75 bed Replacement Hospital Elko	\$30,000,000	Approved 10/11/1999	Completed 9/2001 Northeastern NV Regional Hospital
00-01	Pahrump Hospital District <i>Comparative Review</i>	40 bed Hospital Pahrump	\$26,305,000	Disapproved 6/8/2001	
00-01	Banner Health System <i>Comparative Review</i>	40 bed Hospital Pahrump	\$26,000,000	Approved 6/8/2001	Voluntarily Withdrawn 11/8/2001
01-02	Douglas County Healthcare	150 bed SNF Minden	\$7,256,000	Approved 9/7/2001	<i>Has not broken ground to date</i>

CON Projects 1995-2005

Fiscal Year	Applicant	Project	Estimated Cost	Approval/ Disapproval	Status
01-02	Pahrump Health Facilities <i>Comparative Review</i>	25 bed Hospital Pahrump	\$10,838,690	Disapproved 7/17/20002	
01-02	Rural Health Management Corporation (RHMC) <i>Comparative Review</i>	25 bed Hospital Pahrump	\$28,604,638	Approved 7/17/20002	<i>Open to visitors, not licensed for patient care at this time.</i>
01-02	North Las Vegas	HUD 242 Feasibility Study required by HUD regulation	\$144,000,000	Approved 10/22/2003	<i>Has not broken ground to date</i>

CON Projects 1995-2005

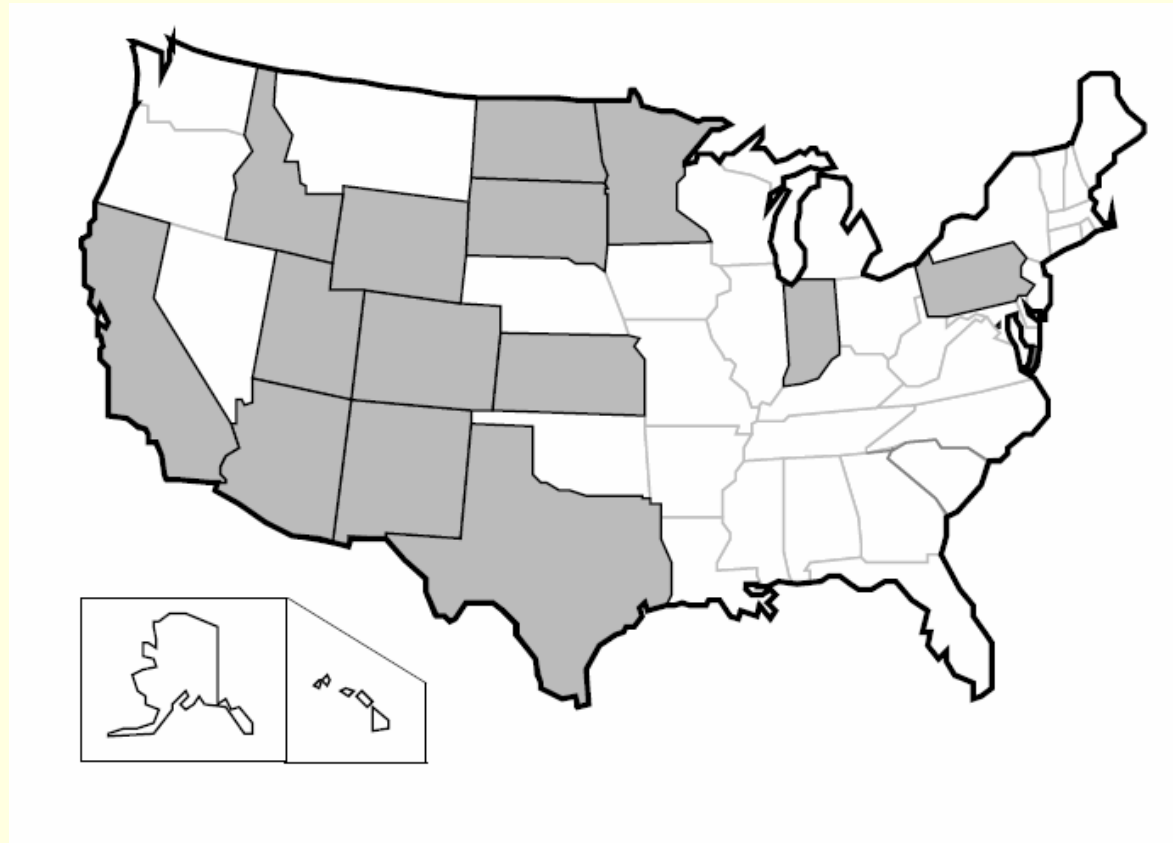
Fiscal Year	Applicant	Project	Estimated Cost	Approval/ Disapproval	Status
02-03	Banner Health System	MRI Suite Addition to Banner Churchill Community Hospital	\$2,778,886	Approved 3/7/2003	Completed 6/2004
02-03	Carson-Tahoe Hospital	119 bed Replacement Hospital Carson City	\$132,000,000	Approved 3/25/2003	Completed 12/2005
02-03	Carson Ambulatory Surgery Center	Replacement Facility Carson ASC	\$21,400,000	Approved 4/7/2003	Completed 3/2005

CON Projects 1995-2005

Fiscal Year	Applicant	Project	Estimated Cost	Approval/ Disapproval	Status
02-03	RFMS, Inc	102 bed SNF Fallon	\$5,726,655	Approved 12/13/2004	Completed 12/2004 Highland Manor of Fallon
03-04	Vitality Center	52 Bed Residential Substance Abuse Elko	\$3,745,485	Approved 12/13/2004	Has not broken ground to date
04-05	CTH Dayton Hospital (Carson-Tahoe Hospital)	15 bed Hospital Dayton	\$12,662,000	Approved 5/13/2005	Has not broken ground to date
04-05	Carson-Douglas Ambulatory Surgery Center	Freestanding ASC	\$3,592,040	Approved 7/28/05	Leased space not ready for ASC build out

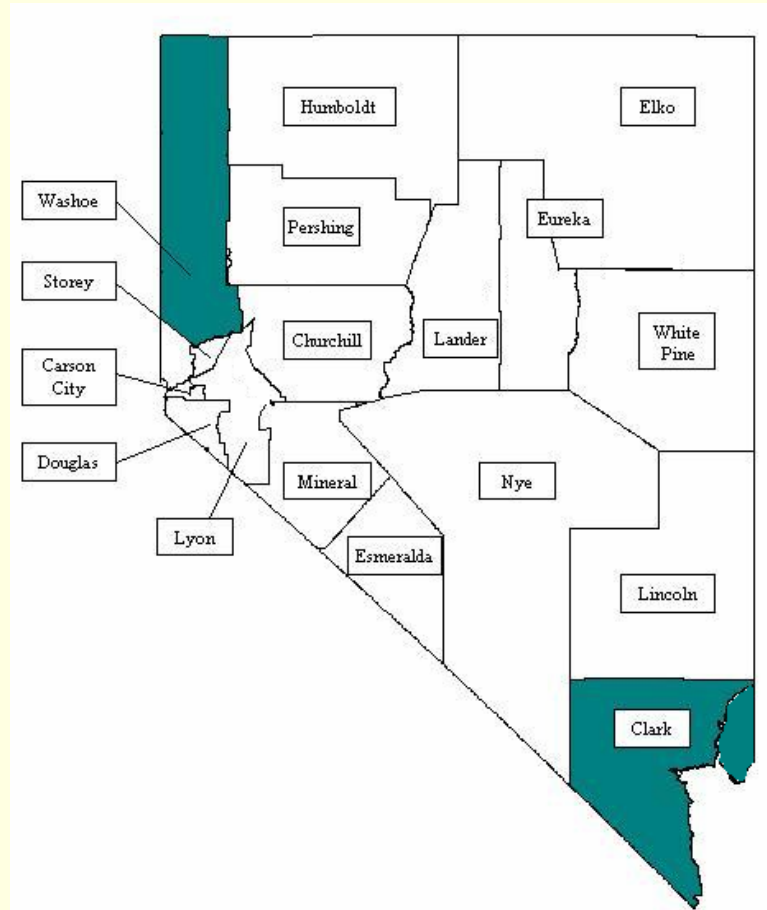
Non CON States

Arizona
California
Colorado
Idaho
Indiana
Kansas
Minnesota
New Mexico
North Dakota
Pennsylvania
South Dakota
Texas
Utah
Wyoming



Nevada Counties

Clark and Washoe Counties are exempt from the CON Review



Advantages of CON in Nevada

- Potentially decreases health care costs by limiting competition.
Any decreases in health care costs from CON in Nevada cannot be verified.
- Gives the public an opportunity for input on CON projects, through the public hearing or individually to the Department.
- Reviews the sufficiency of the applicant's capital for completion of the project.

Disadvantages of CON in Nevada

- Potentially increases health care costs by limiting competition.
Any increases in health care costs from CON in Nevada cannot be verified.
- Delays the construction process, increasing public frustration.
- Limits access to new technology in favor of old technology.
- Potential for abuse, for applicants who rush to get approval, then make significant changes to the project, including increasing the scope and cost of the project, and increasing administrative work load.
- A State administrative burden.