

DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

CHAPTER 106

HEALTH CARE FACILITIES

Subchapter 1

Certificate of Need

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37.106.101 DEFINITIONS (1) For the purpose of this subchapter:

(a) "Current state health plan" means the compilation of components containing guidelines for determining need for health care facilities and services subject to certificate of need review that is most recently adopted by the governor and a statewide health coordinating council appointed by the governor; a separate component adopted by the statewide health coordinating council and the governor for a single type of service or facility is part of the current state health plan.

(b) "Health service" means a major subdivision, as determined by the department, within diagnostic, therapeutic, or rehabilitative areas of care, including alcohol, drug abuse, and mental health services, that may be provided by a health care facility. Specific treatments, tests, procedures, or techniques in the provisions of care do not, by themselves, constitute a health service.

(i) "Health service" includes radiological diagnostic health services offered in, at, through, by, or on behalf of a health care facility, including services offered in space leased or made available to any person by a health care facility except when the capital expenditure for the addition to or replacement of the same service is less than \$750,000.

(c) "Major medical equipment" is defined as provided in 50-5-101, MCA, and the department interprets the phrase "substantial sum of money" in that definition to mean "more than \$750,000".

(d) "Swing bed" means a licensed hospital or medical assistance facility bed that is also certified for the provision of long-term care pursuant to 42 CFR 482.66.

(2) The following terms appear in the Montana Code Annotated, are not defined in the statutes, and are interpreted by the department to mean the following:

(a) The phrase "enforceable capital expenditure commitment", as used in 50-5-305, MCA, means an obligation incurred by or on behalf of a health care facility when:

(i) an enforceable contract is entered into by such facility or its agent for the construction, acquisition, lease or financing of a capital asset;

(ii) a formal internal commitment of funds by such a facility which constitutes a capital expenditure; or

(iii) in the case of donated property, the date on which the gift vested.

(b) The phrase "office of a private physician, dentists or other physical or mental health care professionals, including chemical dependency counselors", used in 50-5-301, MCA, as an exception from the definition of "health care facility", to mean the private offices of those professionals, whether practicing individually or as a group, and associated facilities that are:

(i) located on the premises of the professional's offices;

(ii) operated as an integral part of the professional's private practice; and

(iii) primarily available only to the professionals whose offices are located on the premises. Such facilities may include outpatient services and observation beds, but may not include inpatient services. (History: subsection (2) is advisory only but may be a correct interpretation of the law; Sec. 50-5-103 and 50-5-302, MCA; IMP, Sec. 50-5-101, 50-5-301, 50-5-302, 50-5-304, 50-5-305, 50-5-306, 50-5-307, 50-5-308, 50-5-309, 50-5-310, 50-5-316 and 50-5-317, MCA; NEW, 1979 MAR p. 1670, Eff. 12/28/79; AMD, 1983 MAR p. 732, Eff. 7/1/83; AMD, 1987 MAR p. 1074, Eff. 7/17/87; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)

Rule 02 reserved

37.106.103 LONG-TERM CARE: WHERE ALLOWED

(1) A health care facility, as defined in 50-5-301, MCA, may provide longterm care only if:

(a) it is licensed to provide the level of care in question; or

(b) it has received certificate of need approval pursuant to ARM 37.106.126 for the establishment of swing beds, is certified to provide long-term care in such swing beds, and the provision of long-term care is limited to such swing beds.

(2) A hospital may provide long-term care only if:

(a) it has received certificate of need approval from the department for the establishment of swing beds, is certified to provide long-term care in such swing beds, and the provision of long-term care is limited to such swing beds; or

(b) whenever the number of beds in which long term care is provided is five or fewer, the facility is certified to provide long-term care in those beds as swing beds, and the provision of long-term care is limited to such swing beds. (History: Sec. 50-5-103 and 50-5-302, MCA; IMP, Sec. 50-5-201 and 50-5-301, MCA; NEW, 1986 MAR p. 38, Eff. 1/17/86; AMD, 1987 MAR p. 1074, Eff. 7/17/87; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)

Rules 04 and 05 reserved

37.106.106 SUBMISSION OF LETTER OF INTENT

(1) Any person proposing an activity other than those to which (3) and (4) below apply and that is subject to review under 50-5-301, MCA, and not exempt under 50-5-309, MCA, shall submit to the department a letter of intent that contains the following:

(a) name of applicant;

(b) proposal title;

(c) a detailed statement outlining whether the proposal involves:

(i) the addition of a new service, and, if so, an estimate of the annual operating and amortization expenses required to provide it;

(ii) the construction, development, or other establishment of a health care facility that did not previously exist or is being replaced;

(iii) the construction, remodeling, renovation, or replacement of a health care facility requiring a capital expenditure of more than \$1,500,000;

(iv) a change in bed capacity through an increase in the number of beds or a relocation of beds from one facility or site to another;

(v) the expansion of a geographic service area of a home health agency;

(vi) the use of hospital beds to provide nursing or intermediate developmental disability care and, if so, the number of beds involved; or

(vii) other (explain);

(d) a narrative summary of the proposal;

(e) an itemized estimate of proposed capital expenditures, including a list of proposed major medical equipment with a description of each and the cost of the construction of any building, including remodeling, necessary to house it;

(f) anticipated methods and terms of financing the proposal;

(g) effects of the proposal on the cost of patient care in the service area affected;

(h) projected dates for commencement and completion of the proposal;

(i) the proposed geographic area to be served;

(j) an itemized estimate of increases in annual operating and/or amortization expenses resulting from new health services;

(k) the location of the proposed project, including its street address;

(l) if the person desires comparative review of their proposal with that of another applicant, the name of the other applicant;

(m) the name of the person to contact for further information, including city, state, zip code and telephone number; and

(n) the dated signature of an authorized representative of the applicant.

(2) For letters of intent submitted under (1) of this rule, in determining whether or not a capital expenditure for equipment is over \$750,000, the department will review the list submitted by the applicant pursuant to (1)(e) of this rule and will include in the cost calculation the cost of any support equipment necessary to the proper function of the item of major medical equipment in question.

(3) Any person or persons desiring to acquire or enter into a contract to acquire 50% or more of an existing health care facility (whether through a single transaction or by adding to a portion already owned) must submit to the department a written letter noting intent to acquire the facility and containing the following:

(a) the services currently provided by the health care facility and the present and proposed bed capacity of the facility;

(b) any additions, deletions, or changes in such services which will result from the acquisition; and

(c) the projected cost of care at the facility compared to the cost under the current ownership, as well as any other factors which may cause an increase in the cost of care.

(4) Any person proposing to increase or relocate from one facility or site to another no more than 10 beds or 10% of the licensed beds must submit to the department a letter of intent containing the following as one of the conditions that 50-5-301(1)(b), MCA,

requires to be met in order to be exempt from certificate of need review for the change:

(a) the licensed capacity of the facility, the number of beds to be added or relocated, and in the latter case, the facilities or sites in question; and

(b) the cost of the addition or relocation and its likely effect on the cost of patient care.

(5) As required by 50-5-302(2), MCA, persons who acquire health care facilities but who do not file the notice of intent required by (3) of this rule are subject to certificate of need review for the purposes of this subchapter. (History: Sec. 50-5-103 and 50-5-302, MCA; IMP, Sec. 50-5-301 and 50-5-302, MCA; NEW, 1979 MAR p. 1670, Eff. 12/28/79; AMD, 1983 MAR p. 732, Eff. 7/1/83; AMD, 1984 MAR p. 27, Eff. 1/13/84; AMD, 1985 MAR p. 602, Eff. 5/31/85; AMD, 1987 MAR p. 1074, Eff. 7/17/87; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)

37.106.107 SUBMISSION OF APPLICATIONS

(1) An application will be accepted only after submission of a letter of intent.

(2) The deadline set by the department for submission of an application will not exceed 90 days unless the department and all affected applicants agree to a longer period.

(3) No application for a proposal will be accepted earlier than the deadline set by 50-5-302(5), MCA, for receipt of a letter of intent requesting comparative review with that proposal, with the exception of a proposal for which a letter of intent was submitted requesting comparative review with an earlier proposal.

(4) The application must contain, at a minimum, the information as specified by the department pursuant to ARM 37.106.133 and 37.106.134.

(5) The original and six copies of the application must be submitted to the department.

(6) If the application is received without the full fee (\$500 or 0.3% of the application's projected capital expenditure, whichever is larger), it will not be considered submitted to the department until the date the full fee due is received by the department. The fee must be paid by check made out to the department of public health and human services.

(7) Within 20 working days after receipt of an application, if the application is determined to be incomplete, the department shall notify the applicant in writing by mail

of that fact and of the specific information that is necessary to complete the application. The department shall also indicate a time, which may be no less than 15 calendar days, within which the department must receive the additional information requested. Within 15 working days after receipt of the additional information, the department shall determine whether the application is complete.

(8) If an applicant does not submit adequate information within the time specified, their application will be considered withdrawn.

(9) If the applicant materially changes the proposal or the capital expenditures projected are increased by 15% or \$150,000, whichever is greater, after the department declares, the application complete, the department may cease review of the original application and require the applicant to begin the process again by filing a new letter of intent for the revised proposed project if it desires a certificate of need for it. If, after the department gives the applicant notice that the department considers the original proposal so altered that the review process must begin again, the department will continue on the original review schedule if the applicant notifies the department that it chooses to have review continue on the original application, rather than to commence a new review process on the revised application.

(10) The department may, in its discretion, conduct a comparative review of competing applications if such applications are being reviewed concurrently, if such comparative review can be conducted consistently with all other time constraints imposed by Title 50, chapter 5, part 3, MCA, and this subchapter, and if, as required by 50-5-302(12), MCA, they pertain to similar types of facilities or equipment affecting the same health service area, subject to the limitation that a proposal for which a letter of intent is submitted requesting comparative review, pursuant to 50-5-302(5), MCA, will not be reviewed comparatively with a proposal for which a letter of intent is filed after the 30-day deadline referred to in 50-5-302(5), MCA. (History: Sec. 2-4-201, 50-5-103 and 50-5-302, MCA; IMP, Sec. 50-5-302 and 50-5-310, MCA; NEW, 1983 MAR p. 732, Eff. 7/1/83; AMD, 1984 MAR p. 27, Eff. 1/13/84; AMD, 1985 MAR p. 602, Eff. 5/31/85; AMD, 1987 MAR p. 1074, Eff. 7/17/87; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)

37.106.108 NOTICE OF ACCEPTANCE OR EFFECTIVE WITHDRAWAL OF APPLICATION

(1) When an application is determined to be complete, the department shall issue a letter of acceptance.

(2) When an application is determined to be incomplete after the applicant has been given an opportunity to submit additional information, the department will issue the applicant a letter declaring the application is effectively withdrawn. (History: Sec. 50-5-103 and 50-5-302, MCA; IMP, Sec. 50-5-302, MCA; NEW, 1979 MAR p. 1670, Eff. 12/28/79; AMD, 1983 MAR p. 732, Eff. 7/1/83; AMD, 1985 MAR p. 602, Eff. 5/31/85; AMD, 1987 MAR p. 1074, Eff. 7/17/87; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)

Rules 09 through 11 reserved

37.106.112 INFORMATIONAL HEARING PROCEDURES

(1) Any affected person may request an informational hearing to be held during the course of the review period by writing to the department. The department may also hold a hearing on its own initiative.

(2) Whenever an application is received by the department, the department will publish a notice of that fact in a newspaper of general circulation in the area to be served by the proposal, unless the application is subject to comparative review with another, in which case the newspaper notice will be published after receipt of all of the applications to be comparatively reviewed. A hearing request must be received by the department within 30 calendar days after the date the newspaper notice is published.

(3) Notice of the informational hearing will be given at least 14 calendar days before the hearing date by the following means:

(a) Written notice must be sent by mail to the person requesting the hearing, the applicant, and all other applicants assigned for comparative review with the applicant, if any. Other persons who have requested notice will be notified by mail.

(b) Notice to all other affected persons will be by legal advertisement in a newspaper with general circulation in the service area affected by the application.

(c) The notice must indicate:

(i) the date of the hearing;

(ii) the time of the hearing;

(iii) the location of the hearing; and

(iv) the person to whom written comments may be sent prior to the hearing.

(4) Whenever a hearing is held for an application which is being comparatively reviewed with another application, the hearing will be conducted as a joint hearing on all such applications.

(5) Any person may comment during the hearing, and all comments made at the hearing will be tape-recorded and retained by the department until the project is completed or the certificate of need expires.

(6) The hearing will be informal, and neither the Montana Administrative Procedure Act nor the Rules of Civil Procedure will apply.

(7) Any person wishing to make a factual allegation at the hearing must first swear or affirm that his testimony is true.

(8) No person other than the department may conduct reasonable questioning of any person who makes relevant factual allegations. (History: Sec. 50-5-103 and 50-5-302, MCA; IMP, Sec. 50-5-302, MCA; NEW, 1985 MAR p. 602, Eff. 5/31/85; AMD, 1987 MAR p. 1074, Eff. 7/17/87; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)

37.106.113 CRITERIA AND FINDINGS

(1) The criteria listed in (a) through (k) below are statutory criteria required by 50-5-304, MCA, and will be considered by the department in making its decision:

(a) the degree to which the proposal being reviewed:

(i) demonstrates that the service is needed by them population within the service area defined in the proposal;

(ii) provides data that demonstrates the need for services contrary to the current state health plan, including but not limited to waiting lists, projected service volumes, differences in cost and quality of services, and availability of services; or

(iii) is consistent with the current state health plan.

(b) the need that the population served or to be served by the proposal has for the services;

- (c) the availability of less costly quality-equivalent or more effective alternative methods of providing the services;
- (d) the immediate and long-term financial feasibility of the proposal as well as the probable impact of the proposal on the costs of and charges for providing health services by the person proposing the health service;
- (e) the relationship and financial impact of the services proposed to be provided to the existing health care system of the area in which such services are proposed to be provided;
- (f) the consistency of the proposal with joint planning efforts by health care providers in the area;
- (g) the availability of resources, including health manpower, management personnel, and funds for capital and operating needs, for the provision of services proposed to be provided and the availability of alternative uses of the resources for the provision of other health services;
- (h) the relationship, including the organizational relationship, of the health services proposed to be provided to ancillary or support services;
- (i) in the case of a construction project, the costs and methods of the proposed construction, including the costs and methods of energy provision, and the probable impact of the construction project reviewed on the costs of providing health services by the person proposing the construction project;
- (j) the distance, convenience, cost of transportation, and accessibility of health services for persons who live outside urban areas in relation to the proposal; and
- (k) in the case of a project to add long-term care facility beds:
 - (i) the need for the beds that takes into account the current and projected occupancy of long-term care beds in the community;
 - (ii) the current and projected population over 65 years of age in the community; and
 - (iii) other appropriate factors.

(2) In addition to the statutory criteria cited in (1) above, the department will consider the following in making its decision:

- (a) the equal access the medically underserved population, as well as all other people within the geographical area documented as served by the applicant, will have to the subject matter of the proposal;
- (b) whether patients will experience problems including, but not limited to, cost, availability, or accessibility in obtaining care of the type proposed in the absence of the proposed new service. (History: Sec. 50-5-103 and 50-5-304, MCA; IMP, Sec. 50-5-304, MCA; NEW, 1979 MAR p. 1670, Eff. 12/28/79; AMD, 1983 MAR p. 732, Eff. 7/1/83; AMD, 1985 MAR p. 602, Eff. 5/31/85; AMD, 1987 MAR p. 1074, Eff. 7/17/87; AMD, 1988 MAR p. 2484, Eff. 11/24/88; AMD, 1994 MAR p. 1296, Eff. 5/13/94; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.) 37-25916 3/31/02 37.106.114 DEPARTMENT DECISION

(1) If the department fails to reach and issue a decision within the deadlines established by 50-5-302, MCA, a certificate of need will not automatically issue unless the delay is due to an abuse of discretion by the department and the applicant obtains a writ of mandamus ordering the department to issue the certificate.

(2) If the certificate of need is issued with conditions, the conditions must be directly related to the project under review, and to the criteria listed in 50-5-304, MCA, and ARM 37.106.113, and cannot increase the scope of the project.

(3) The basis for the decision of the department must be expressed in written findings of fact and conclusions of law, which must be sent via certified mail to the applicant and all other applicants assigned for comparative review with the applicant, along with a notice of the right to a reconsideration hearing pursuant to 50-5-306, MCA, and the deadline for requesting such a hearing. The findings, conclusions, and notice will be made available, upon request, to others for cost.

(4) Notice, in summary form, of the department's decision, the right to request a reconsideration hearing, and the deadline for such a request will also be sent to each health care facility of the type affected by the application or applications in question within the geographic area affected by the application(s). (History: Sec. 50-5-103 and 50-5-302, MCA; IMP, Sec. 50-5-302 and 50-5-304, MCA; NEW, 1979 MAR p. 1670, Eff. 12/28/79; AMD, 1983 MAR p. 732, Eff. 7/1/83; AMD, 1985 MAR p. 602, Eff. 5/31/85; AMD, 1987 MAR p. 1074, Eff. 7/17/87; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)

37.106.115 APPEAL PROCEDURES

(1) Any affected person who requests a hearing to reconsider the department's decision must submit a check for \$500 to the department along with the request. No hearing will be scheduled or held unless the department has received the fee.

(2) Immediately after receipt of a request for a hearing, a copy of the request will be sent to all affected persons, as defined in 50-5-101, MCA, who participated in any informational hearing that was held concerning the affected proposal.

(3) Notice of the date and time of a reconsideration hearing will be sent to the affected person requesting the hearing and, if the applicant did not request the hearing, the applicant as well.

(4) If a hearing to reconsider a decision is requested, any affected person, other than the requestor of the hearing, who wishes to participate in the hearing must, at least two weeks after the date the request for hearing is received, submit a written notice of intent to participate to the department along with a check for \$500, unless the affected person is an applicant whose proposal was approved and is the subject of the hearing, in which case only the notice of intent must be received by the department.

(5) The fees required by (1) and (4) above must be paid by check made out to the department of public health and human services.

(6) Counsel for the department and the health planning staff may participate in the hearing to provide testimony and exhibits, and to cross-examine witnesses, but are not considered parties for the purposes of 2-4-613, MCA.

(7) A copy of any pre-hearing motion filed by an affected person must be served by mail upon the department and any other affected person participating in the hearing.

(8) The department's hearing officer may require the direct testimony of the witnesses of each affected person participating in the hearing to be in writing and filed prior to hearing with the department, with copies served upon the department and every other participating affected person.

(9) At the reconsideration hearing, the parties or their counsel will be given the opportunity to present written or oral evidence or statements concerning the department's action and the grounds upon which it was based.

(10) The department shall send the written findings of fact and conclusions of law that state the basis for its decision to all parties participating in the hearing. Any other person upon request may receive a copy for cost.

(11) The decision of the department following the reconsideration hearing shall be considered the department's final decision for the purpose of appealing the decision to district court.

(12) The hearing, any discovery, and other related matters are subject to the Montana Administrative Procedure Act, Title 2, chapter 4, part 6, MCA, and ARM 1.3.215 through 1.3.225 and ARM 1.3.230 through 1.3.233.

(13) The department hereby adopts and incorporates by reference ARM 1.3.215 through 1.3.225 and ARM 1.3.230 through 1.3.233, which contain attorney general's model rules for contested cases, implementing the Montana Administrative Procedure Act. Copies of the rules may be obtained from the Department of Public Health and Human Services, Office of Legal Affairs, 1400 Broadway, P.O. Box 202951, Helena, MT 59620-2951, phone: (406)444-9503. (History: Sec. 50-5-103 and 50-5-306, MCA; IMP, Sec. 50-5-306 and 50-5-310, MCA; NEW, 1979 MAR p. 1670, Eff. 12/28/79; AMD, 1983 MAR p. 732, Eff. 7/1/83; AMD, 1985 MAR p. 602, Eff. 5/31/85; AMD, 1987 MAR p. 1074, Eff. 7/17/87; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)

Rules 16 through 19 reserved

37.106.120 DURATION OF CERTIFICATE: TERMINATION; EXTENSION

(1) The department may, after notice and opportunity for a hearing, suspend or revoke a certificate of need upon a finding that the holder of the certificate is in violation of the certificate of need law, this chapter, or the terms of the certificate of need. The notice and hearing provisions of the Montana Administrative Procedure Act (Title 2, chapter 4, part 6, MCA) will apply.

(2)(a) A holder of a certificate of need may submit to the department a written request for a 6-month extension of his certificate of need, for good cause. The request must set forth the reasons constituting good cause for the extension and must be received by the department by 5:00 p.m. on the expiration date if it is to be considered.

(b) Within 20 days after receipt of the request, the department must issue its written decision granting or denying the extension. The decision must be sent to the applicant by certified mail, and distributed at cost to others who request it.

(c) Reconsideration of the department's decision may be requested by the holder and will be granted if the requester:

(i) presents significant relevant information not previously considered by the department; or

(ii) demonstrates that there have been significant changes in factors or circumstances relied upon by the department in reaching its decision.

(d) "Good cause" for the purpose of (2)(a) includes, but is not limited to, emergency situations which prevent the recipient of the certificate of need from obtaining necessary financing, commencing construction, or implementing a new service.

(3) A certificate of need, once granted to an applicant, may not be transferred to another person. In addition to a transfer from one person to another, such a transfer will be considered to have taken place if the applicant to which the certificate was granted is an organization and there is a change of ownership of 50% or more of that organization. (History: Sec. 50-5-103, 50-5-302 and 50-5-305, MCA; IMP, Sec. 50-5-302 and 50-5-305, MCA; NEW, 1979 MAR p. 1670, Eff. 12/28/79; AMD, 1983 MAR p. 732, Eff. 7/1/83; AMD, 1985 MAR p. 602, Eff. 5/31/85; AMD, 1987 MAR p. 1074, Eff. 7/17/87; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)

37.106.121 INCREASE IN CERTIFIED COST

(1) The recipient of a certificate of need shall report to the department any increase in the cost of an approved project in excess of \$150,000 or 15% of the approved budget for the project, whichever is greater. Any cost increase that exceeds the foregoing threshold must be approved by the department. (History: Sec. 50-5-302, MCA; IMP, Sec. 50-5-106 and 50-5-301, MCA; NEW, 1979 MAR p. 1670, Eff. 12/28/79; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)

Rules 22 through 25 reserved

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37.106.126 SWING BEDS: REVIEW CRITERIA

(1) A certificate of need may be issued to a hospital or medical assistance facility to establish swing beds only if, in addition to compliance with all other applicable provisions of 50-5-304, MCA, and ARM 37.106.113:

(a) existing licensed long-term care facilities in the service area, which provide the level of care proposed to be provided by the hospital or medical assistance facility, have an aggregate average occupancy level of at least 95% during the three years prior to the date of the application for certificate of need; and

(b) no more than 50% of the excess bed capacity of the hospital or medical assistance facility will be approved as swing beds. Excess bed capacity is the difference between the number of licensed beds in the facility and the average acute care occupancy level of the facility over the three years prior to the date of the application for certificate of need.

(2) The utilization of swing beds by a medical assistance facility is subject to certificate of need review only if, as required by 50-5-301(1)(c), MCA, the facility did not offer long-term care during the 12 months prior to the month the service is scheduled to commence and the service will add annual operating and amortization expenses of \$150,000 or more. (History: Sec. 50-5-304, MCA; IMP, Sec. 50-5-304, MCA; NEW, 1986 MAR p. 38, Eff. 1/17/86; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)

Rules 27 through 32 reserved

37.106.133 CERTIFICATE OF NEED APPLICATION: INTRODUCTION AND COVER LETTER

(1) It is suggested that the applicant contact the health planning program before completing and submitting the necessary information. If an early contact is made, the applicant will be made aware of what will be required in specific cases before a formal application is completed and submitted.

(2) The applicant must send a cover letter, containing the information included in the original letter of intent with any pertinent revisions, to the Department of Public Health and Human Services, Quality Assurance Division, 2401 Colonial Drive, P.O. Box

202953, Helena, MT 59620-2953. The cover letter must accompany the original and each of the six copies of the information required by ARM 37.106.134. (History: Sec. 2-4-201 and 50-5-302, MCA; IMP, Sec. 50-5-302, MCA; NEW, 1984 MAR p. 27, Eff. 1/13/84; AMD, 1987 MAR p. 1074, Eff. 7/17/87; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)

37.106.134 CERTIFICATE OF NEED APPLICATION: REQUIRED INFORMATION

The following must be included in a certificate of need application:

- (1) An explanation of the need for the facility or service, including the following information:
 - (a) the geographic area the proposed project will serve and the criteria being used for determining this service area;
 - (b) the current population of that service area (identify the source of information);
 - (c) the five-year projected population of that service area (identify the source of information);
 - (d) the percent of the population in that service area expected to be served;
 - (e) in terms of age, ethnic background and economic status, a description of the specific population which will be served by the proposed new institution or service. The applicant shall indicate the number of people matching this description in the service area (general public should be indicated if the facility is for non-specific population);
 - (f) an explanation of current and projected future trends in health care which might affect facility usage which were given consideration in the development of this project (identify source of information);
 - (g) a patient origin study for the last three years of operation;
 - (h) why the service or institution is needed in the identified service area;
 - (i) the purposes and goals of the project;
 - (j) whether there is a waiting list of persons desiring the proposed services. If so, a copy of the list must be provided.
- (2) A description of the project's accessibility to the public. In particular, the following information must be included:
 - (a) the location of the proposed facility;
 - (b) the manner in which the architectural plan promotes access for the physically handicapped;
 - (c) other health care institutions which serve this area or portions thereof and provide similar services to those proposed in this application;
 - (d) if there are no similar services in the area, the nearest facility or facilities providing these services must be identified.
- (3) A discussion of planning and environmental considerations, including the following information:
 - (a) an explanation of how the proposed service or facility is compatible with the current state health plan (a copy of which may be obtained from the Department of Public Health and Human Services, Health Policy Services Division, Health Systems Bureau, 1400 Broadway, P.O. Box 202951, Helena, MT 59620-2951). If it is not compatible, an explanation of why it should be approved must be included;

(b) whether a short, long-range, master plan or capital expenditure plan is available for the facility. If so, a copy must be provided. The applicant shall also provide applicable city, county or regional land use, zoning, transportation, utilities or parking plans;

(c) a description of existing or proposed working relationships or joint planning efforts with other providers or services in the community or service area. If there are no such efforts, an explanation must be provided;

(d) whether the affected consumer/provider and related groups in the service area have indicated support for the proposal (agencies, groups, and their reactions must be listed);

(e) a discussion of environmental considerations, including architectural compatibility, waste disposal, traffic impacts, economic and social impacts on the area, etc.

(4) A discussion of the organizational aspects of the project, including the following information:

(a) the type of organization or entity responsible for the day-to-day operation of the facility (e.g., state, county, city, federal, hospital district, church related, nonprofit corporation, individual, partnership, business corporation);

(b) whether the controlling organization leases the physical plant from another organization. If so, the name and type of organization that owns the plant;

(c) any changes in the ownership of the applicant during the past year;

(d) the name and title of the chief administrator of the applicant's facility, and whether employed by the applicant or another organization as identified in (e) below;

(e) if the controlling organization has placed responsibility for the administration of the facility with another organization, the name and type of organization that manages the facility;

(f) if the facility is operated as a part of a multifacility system (e.g., medical center, chain of hospitals owned by a religious order, etc.) the name and address of the parent organization;

(g) whether the applicant's facility has received or intends to apply for state licensure or federal certification.

(5) A discussion of the program staffing and operational capabilities of the project, including the following information:

(a) an itemized list of full-time-equivalent staff positions (current and after completion of project), and estimated number of personnel available, including:

(i) administration;

(ii) physician services;

(iii) nursing services;

(iv) social services;

(v) other professional/technical;

(vi) all other (specify);

(b) if the applicant operates an existing facility, whether it meets current staffing standards.

(6) A discussion of the physical structure and services to be provided, including the following information:

(a) a narrative description of the project, including:

(i) size, type construction, floor space to be added or renovated, beds, square feet per bed, parking, etc.;

(ii) description of both old and new facilities where applicable;

- (iii) time frame(s) for construction;
- (iv) a line drawing of proposal;
- (b) a discussion of legal considerations, including:
 - (i) whether the project will correct non-conforming conditions;
 - (ii) whether the project is in conformance with current local zoning laws (city or county);
 - (iii) whether the structures meet current safety and building codes;
- (c) a listing of current licensed beds, certified medicare or medicaid beds, and beds to be added in each of the basic service categories;
- (d) for home health agencies, the current and proposed number of patient visits and consultations, and the reporting period;
- (e) in order to show utilization levels, indication of each of the following for the applicant's facility, if already in existence, and for every other facility of the same kind within the same service area, for each of the past full three years and the current year, as well as utilization projections for each of the foregoing facilities for one, two, and three years:
 - (i) average daily census;
 - (ii) percent occupancy;
 - (iii) average length of stay;
 - (iv) total discharges;
 - (v) outpatient visits;
 - (vi) home care visits;
 - (vii) surgical procedures, inpatient and outpatient.
- (f) If the applicant's facility is not yet in existence, the applicant must submit all of the above for any other parallel facility in the same service area, along with projections for (i) through (vii) above for the first, second, and third years of operation of the proposed facility.
- (7) A discussion of capital expenditure requirements, including the following information:
 - (a) the approximate date that obligation of funds will be incurred for the proposal;
 - (b)(i) the source of funds (specify cash on hand, commercial or government loans, grants, net earnings and reserve, bequests and endorsements, charitable fund raising, revenue bonds, other);
 - (ii) amount available;
 - (iii) amount to be borrowed;
 - (c) term and interest rate of loan;
 - (d) copies of the complete financial operating statements for the last three years and, if available, audited statements;
 - (e) copies of the following:
 - (i) projected revenue and expense statements with supportive population and utilization assumptions both during construction and the first two years of operation;
 - (ii) utilization projections demonstrating need for the project.
- (8) Estimated project costs for each of the following:
 - (a) consultant, legal, architect, engineering, and construction supervision;
 - (b) financing fees;
 - (c) feasibility study (include a copy);
 - (d) interest, principle to be borrowed, reserves related to public bond issue;

- (e) land acquisition, site development, and construction.
- (9)(a) Effect of project on costs and charges for room rates or specific services;
- (b) discussion of operating fund demands and budget factors, including the following:
 - (i) the sources of operating revenue in percentages (specify medicare, medicaid, private pay, or insurance);
 - (ii) if grant support is provided for the project, how the service will be financed upon termination of this support;
 - (iii) whether depreciation will be funded;
 - (iv) explanation of plans for meeting possible operating deficits;
- (c) effect the proposed capital expenditure will have on annual operating costs. Whether the operating costs will be increased or decreased and by how much;
- (10) A discussion of cost containment factors, including the following information:
 - (a) how the proposal demonstrates superior community costbenefit or community cost-effectiveness;
 - (b) description of shared services which are available as an alternative to duplication (explain in detail);
 - (c) alternatives which have been considered to provide the service proposed by the project.
- (11) A discussion specifically addressing the review criteria listed in 50-5-304, MCA and ARM 37.106.113.
- (12) The signature of a responsible representative of the applicant, the title of the signatory, and the date of signing. (History: Sec. 2-4-201 and 50-5-302, MCA; IMP, Sec. 50-5-302, MCA; NEW, 1984 MAR p. 27, Eff. 1/13/84; AMD, 1987 MAR p. 1074, Eff. 7/17/87; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)

Rules 35 and 36 reserved

37.106.137 ANNUAL OPERATIONAL REPORTS BY HOSPITALS

- (1) Every hospital shall submit an annual report to the department on a form provided by the department and no later than the deadline specified on the form. The annual reports must be signed by the hospital administrator and must include whichever of the following information is requested on the form:
 - (a) whether the hospital has received JCAH accreditation, and if so, for what period;
 - (b) beginning and ending dates of the hospital's reporting period, and whether the facility has been in operation for 12 full months at the end of the most recent reporting period;
 - (c) a discussion of the organizational aspects of the facility, including the following information:
 - (i) the type of organization or entity responsible for the day-to-day operation of the hospital (e.g., state, county, city, federal, hospital district, church related, nonprofit corporation, individual, partnership, business corporation);
 - (ii) whether the controlling organization leases the physical plant from another organization, and if so, the name and type of organization that owns the plant;
 - (iii) any changes in the ownership, board of directors or articles of incorporation during the past year;
 - (iv) the name of the current chairman of the board of directors;

- (v) if the controlling organization has placed responsibility for the administration of the hospital with another organization, the name and type of organization that manages the facility. A copy of the latest management agreement must be provided;
- (vi) if the hospital is operated as a part of a multifacility system (e.g., medical center, chain of hospitals owned by a religious order, etc.) the name and address of the parent organization;
- (d) whether the hospital provides primarily general medical/surgical services, or specialty services (specify);
- (e) specific facilities and services provided by the hospital, bed capacities for each service (where applicable), and whether such services are provided full or part-time, by hospital personnel, or by contracting providers;
- (f) newborn nursery statistics, including:
 - (i) number of bassinets set up and staffed;
 - (ii) total number of births;
 - (iii) total new born days;
 - (iv) neonatal intensive care admissions and inpatient days;
- (g) surgery statistics, including:
 - (i) number of inpatient and outpatient surgery suites;
 - (ii) number of inpatient and outpatient operations performed;
 - (iii) number of adult and pediatric open-heart surgical operations performed;
 - (iv) total adult and pediatric cardiac catheterization and intracardiac and/or coronary artery procedures;
- (h) number of beds set up and staffed and total inpatient days (excluding newborns) in each basic inpatient service category;
 - (i) inpatient statistics, including:
 - (i) number of licensed hospital beds (excluding bassinets and long-term care beds);
 - (ii) number of admissions (excluding newborns);
 - (iii) number of discharges (including deaths);
 - (iv) number of deaths (excluding fetal deaths);
 - (v) census on last day of reporting period (excluding newborns);
 - (j) information on other services, including number of rooms or units, number of inpatient and outpatient procedures, and number of outpatient visits in at least the following areas:
 - (i) emergency room;
 - (ii) organized outpatient department;
 - (iii) x-ray, ultrasound, nuclear medicine, cobalt therapy, CT scans;
 - (iv) physical therapy;
 - (v) respiratory therapy;
 - (vi) renal dialysis;
 - (vii) other ancillary services;
- (k) information on changes in total number of beds during the reporting period;
- (l) whether there is a separate long-term care unit, and if so, how many beds;
- (m) patient origin data, including every town of origin and number of discharges;
- (n) total medicare and medicaid admissions and inpatient days;

(o) size of medical and non-medical staff, including number of active and consulting physicians, medical residents and trainees, registered and licensed professional or vocational nurses, and all other personnel;

(p) name of person to contact in the event the department has questions concerning the information provided in the annual report. (History: Sec. 2-4-201, 50-5-103 and 50-5-302, MCA; IMP, Sec. 50-5-106 and 50-5-302, MCA; NEW, 1984 MAR p. 27, Eff. 1/13/84; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)

37.106.138 ANNUAL FINANCIAL REPORTS BY HOSPITALS

(1) Every hospital shall submit an annual financial report to the department on a form provided by the department and no later than the deadline specified on the form. The annual financial report must be signed by the hospital administrator and must include whichever of the following information is requested on the form:

(a) hospital revenues for both acute and long-term care units, including:

(i) gross revenue from inpatient and outpatient service;

(ii) deductions for contractual adjustments, bad debts, charity, etc.;

(iii) other operating revenue;

(iv) nonoperating revenue (such as government appropriations, mill levies, contributions, grants, etc.);

(b) hospital expenses for both acute and long-term care units, including:

(i) payroll expenses for all categories of personnel;

(ii) nonpayroll expenses, including employee benefits, professional fees, depreciation expense, interest expense, others;

(c) detail of deductions for both acute and long-term care units, including:

(i) bad debts;

(ii) contractual adjustments (specifying medicare, medicaid, blue cross or other);

(iii) charity/Hill-Burton;

(iv) other;

(d) medicaid and medicare program revenue for both acute and long-term care units;

(e) unrestricted fund assets, including dollar amounts of:

(i) current cash and short-term investments;

(ii) current receivables and other current assets;

(iii) gross plant and equipment assets; deductions for accumulated depreciation;

(iv) long-term investments;

(v) other;

(f) unrestricted fund liabilities, including dollar amounts of:

(i) current liabilities;

(ii) long-term debts;

(iii) other liabilities;

(iv) unrestricted fund balance;

(g) restricted fund balances, with identification of specific purposes for which funds are reserved, including plant replacement and expansion, and endowment funds;

(h)(i) capital expenditures made during the reporting period, including expenditures, disposals and retirements for land, building and improvements, fixed and moveable equipment, and construction in progress;

(ii) whether a permanent change in bed complement or in the number of hospital services offered will result from any capital acquisition projects begun during the reporting period (specify);

(iii) whether a certificate of need was received for any projects during the reporting period, and if so, the total capital authorization included in such approvals. (History: Sec. 2-4-201, 50-5-103 and 50-5-302, MCA; IMP, Sec. 50-5-106 and 50-5-302, MCA; NEW, 1984 MAR p. 27, Eff. 1/13/84; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)

37.106.139 ANNUAL REPORTS BY LONG-TERM CARE AND PERSONAL CARE FACILITIES

(1) Every long-term care and personal care facility shall submit an annual report to the department on a form provided by the department and no later than the deadline specified on the form. The annual report must be signed by the facility administrator and must include whichever of the following information is requested on the form:

(a) the facility's reporting period, and whether the facility was in operation for a full 12 months at the end of the reporting period;

(b) a discussion of the organizational aspects of the facility, including the following information:

(i) the type of organization or entity responsible for the day-to-day operation of the facility (e.g., state, county, city, federal, hospital district, church related, nonprofit corporation, individual, partnership, business corporation);

(ii) whether the controlling organization leases the physical plant from another organization. If so, the name and type of organization that owns the plant;

(iii) any changes in the ownership, board of directors or articles of incorporation of the facility during the past year;

(iv) the name of the current chairman of the board of directors of the facility;

(v) if the controlling organization has placed responsibility for the administration of the facility with another organization, the name and type of organization that manages the facility. A copy of the latest management agreement must be provided;

(vi) if the facility is operated as a part of a multifacility system (e.g., medical center, chain of hospitals owned by a religious order, etc.) the name and address of the parent organization;

(c) utilization information, including:

(i) licensed bed capacity (skilled and intermediate);

(ii) whether the facility is certified for medicare or medicaid;

(iii) number of beds currently set up and staffed;

(iv) total patient census on first day of reporting period; total admissions, discharges, patient deaths, and patient-days of service during the reporting period;

(v) patient census on last day of reporting period, broken down by sex and age categories;

(d) financial data, including:

(i) total annual operating expenses (payroll and nonpayroll);

(ii) closing date of financial statement;

(iii) sources of operating revenue, indicating percent received from medicare, medicaid, private pay, insurance, grants, contributions, and other;

(e) staff information, including number and classification of full and part-time medical personnel, as required on the survey form;

(f) patient origin data, including patients' counties of residence, and number of admissions from state institutions and from out-of-state;

(g) name of person to contact should the department have any questions regarding the information on the report. (History: Sec. 2-4-201, 50-5-103 and 50-5-302, MCA; IMP, Sec. 50-5-106 and 50-5-302, MCA; NEW, 1984 MAR p. 27, Eff. 1/13/84; AMD, 1987 MAR p. 1074, Eff. 7/17/87; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)

37.106.140 ANNUAL REPORTS BY HOME HEALTH AGENCIES

(1) Every home health agency shall submit an annual report to the department on a form provided by the department and no later than the deadline specified on the form. The report must be signed by the administrator of the agency and must include whichever of the following information is requested on the form:

(a) whether the agency has medicare certification, and if so, the term of such certification;

(b) the agency's reporting period, and whether the agency was in operation for a full 12 months at the end of the reporting period;

(c) a discussion of the organizational aspects of the project, including the following information:

(i) the type of organization or entity responsible for the day-to-day operation of the agency (e.g., state, county, city, federal, hospital district, church related, nonprofit corporation, individual, partnership, business corporation);

(ii) whether the home health agency is owned by the same organization that controls it. If not, the name and type of organization that owns the agency;

(iii) any changes in the ownership, board of directors or articles of incorporation of the agency during the past year;

(iv) the name of the current chairman of the board of directors of the agency;

(v) if the controlling organization has placed responsibility for the administration of the agency with another organization, the name and type of organization that manages the facility. A copy of the latest management agreement must be provided;

(vi) if the agency is operated as a part of a multifacility system (e.g., medical center, chain of hospitals owned by a religious order, etc.) the name and address of the parent organization;

(d) a listing of specific services provided by the agency, and the number of people served and number of visits made for each service;

(e) a description of the geographic area served by the agency;

(f) the number of persons served by the agency and the number of new cases acquired by the agency during the reporting period;

(g) financial data, including:

(i) payroll and non-payroll expenses;

(ii) closing date of financial statement;

(iii) sources of operating revenue, indicating percentage received from medicare, medicaid, private pay, insurance, grants, contributions, other;

(h) staff information, including number of full, part-time and contracted registered and licensed professional nurses, home health aids, student nurses, and others;

(i) the name of the person to contact should the department have questions regarding the information on the report. (History: Sec. 2-4-201, 50-5-103 and 50-5-302, MCA;

IMP, Sec. 50-5-106 and 50-5-302, MCA; NEW, 1984 MAR p. 27, Eff.

1/13/84; AMD, 1996 MAR p. 1975, Eff. 7/19/96; TRANS, from DHES, 2002 MAR p. 185.)