

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2005**

**H**

**D**

**HOUSE DRH70241-LK-128A (3/10)**

Short Title: Certificate of Need Amendments.

(Public)

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Sponsors: Representative Culpepper.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO AMEND THE CERTIFICATE OF NEED LAWS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 131E-176 reads as rewritten:

**"§ 131E-176. Definitions.**

As used in this Article, unless the context clearly requires otherwise, the following terms have the meanings specified:

(1) "Adult care home" means a facility with seven or more beds licensed under G.S. 131D-2 or Chapter 131E of the General Statutes that provides residential care for aged or disabled persons whose principal need is a home which provides the supervision and personal care appropriate to their age and disability and for whom medical care is only occasional or incidental.

(1a) (**See note**) "Air ambulance" means aircraft used to provide air transport of sick or injured persons between destinations within the State.

(1b) "Ambulatory surgical facility" means a facility designed for the provision of a specialty ambulatory surgical program or a multispecialty ambulatory surgical program. An ambulatory surgical facility serves patients who require local, regional or general anesthesia and a period of post-operative observation. An ambulatory surgical facility may only admit patients for a period of less than 24 hours and must provide at least one designated operating room and at least one designated recovery room, have available the necessary equipment and trained personnel to handle emergencies, provide adequate quality assurance and assessment by an evaluation and review committee, and maintain adequate medical records for each

1 patient. An ambulatory surgical facility may be operated as a part of a  
2 physician or dentist's office, provided the facility is licensed under  
3 G.S. Chapter 131E, Article 6, Part D, but the performance of  
4 incidental, limited ambulatory surgical procedures which do not  
5 constitute an ambulatory surgical program as defined in subdivision  
6 (1b) and which are performed in a physician's or dentist's office does  
7 not make that office an ambulatory surgical facility.

8 (1c) "Ambulatory surgical program" means a formal program for providing  
9 on a same-day basis those surgical procedures which require local,  
10 regional or general anesthesia and a period of post-operative  
11 observation to patients whose admission for more than 24 hours is  
12 determined, prior to surgery, to be medically unnecessary.

13 (2) "Bed capacity" means space used exclusively for inpatient care,  
14 including space designed or remodeled for licensed inpatient beds even  
15 though temporarily not used for such purposes. The number of beds to  
16 be counted in any patient room shall be the maximum number for  
17 which adequate square footage is provided as established by rules of  
18 the Department except that single beds in single rooms are counted  
19 even if the room contains inadequate square footage. The term "bed  
20 capacity" also refers to the number of dialysis stations in kidney  
21 disease treatment centers, including freestanding dialysis units.

22 (2a) "Bone marrow transplantation services" means the process of infusing  
23 bone marrow into persons with diseases to stimulate the production of  
24 blood cells.

25 (2b) "Burn intensive care services" means services provided in a unit  
26 designed to care for patients who have been severely burned.

27 (2c) "Campus" means the adjacent grounds and buildings, or grounds and  
28 buildings not separated by more than a public right-of-way, of a health  
29 service facility and related health care entities.

30 (2d) "Capital expenditure" means an expenditure for a project, including  
31 but not limited to the cost of construction, engineering, and equipment  
32 which under generally accepted accounting principles is not properly  
33 chargeable as an expense of operation and maintenance. Capital  
34 expenditure includes, in addition, the fair market value of an  
35 acquisition made by donation, lease, or comparable arrangement by  
36 which a person obtains equipment, the expenditure for which would  
37 have been considered a capital expenditure under this Article if the  
38 person had acquired it by purchase.

39 ~~(2e) "Cardiac angioplasty equipment" means the cardiac catheterization  
40 equipment used in surgery for the restoration, repair, or reconstruction  
41 of coronary blood vessels.~~

42 (2f) "Cardiac catheterization equipment" means the equipment required to  
43 ~~perform diagnostic procedures or therapeutic intervention in which a  
44 catheter is introduced into a vein or artery and threaded through the~~

1            ~~circulatory system to the heart.~~ used to provide cardiac catheterization  
2            services.

3            (2g) "Cardiac catheterization services" means those procedures, excluding  
4            pulmonary angiography procedures, in which a catheter is introduced  
5            into a vein or artery and threaded through the circulatory system into  
6            the heart specifically to diagnose abnormalities in the motion,  
7            contraction, and blood flow of the moving heart or to perform surgical  
8            therapeutic interventions to restore, repair, or reconstruct the coronary  
9            blood vessels of the heart.

10           (3) "Certificate of need" means a written order which affords the person so  
11           designated as the legal proponent of the proposed project the  
12           opportunity to proceed with the development of such project.

13           (4) Repealed by Session Laws 1993, c. 7, s. 2.

14           (5) "Change in bed capacity" means (i) any relocation of health service  
15           facility beds, or dialysis stations from one licensed facility or campus  
16           to another, or (ii) any redistribution of health service facility bed  
17           capacity among the categories of health service facility bed as defined  
18           in G.S. 131E-176(9c), or (iii) any increase in the number of health  
19           service facility beds, or dialysis stations in kidney disease treatment  
20           centers, including freestanding dialysis units.

21           (5a) "Chemical dependency treatment facility" means a public or private  
22           facility, or unit in a facility, which is engaged in providing 24-hour a  
23           day treatment for chemical dependency or substance abuse. This  
24           treatment may include detoxification, administration of a therapeutic  
25           regimen for the treatment of chemically dependent or substance  
26           abusing persons and related services. The facility or unit may be:

27           a.        A unit within a general hospital or an attached or freestanding  
28                  unit of a general hospital licensed under Article 5, Chapter  
29                  131E, of the General Statutes,

30           b.        A unit within a psychiatric hospital or an attached or  
31                  freestanding unit of a psychiatric hospital licensed under Article  
32                  1A of General Statutes Chapter 122 or Article 2 of General  
33                  Statutes Chapter 122C,

34           c.        A freestanding facility specializing in treatment of persons who  
35                  are substance abusers or chemically dependent licensed under  
36                  Article 1A of General Statutes Chapter 122 or Article 2 of  
37                  General Statutes Chapter 122C; and may be identified as  
38                  "chemical dependency, substance abuse, alcoholism, or drug  
39                  abuse treatment units," "residential chemical dependency,  
40                  substance abuse, alcoholism or drug abuse facilities," or by  
41                  other names if the purpose is to provide treatment of chemically  
42                  dependent or substance abusing persons, but shall not include  
43                  social setting detoxification facilities, medical detoxification  
44                  facilities, halfway houses or recovery farms.

- 1 (5b) "Chemical dependency treatment beds" means beds that are licensed  
2 for the inpatient treatment of chemical dependency. Residential  
3 treatment beds for the treatment of chemical dependency or substance  
4 abuse are chemical dependency treatment beds. Chemical dependency  
5 treatment beds shall not include beds licensed for detoxification.
- 6 (6) "Department" means the North Carolina Department of Health and  
7 Human Services.
- 8 (7) To "develop" when used in connection with health services, means to  
9 undertake those activities which will result in the offering of  
10 institutional health service or the incurring of a financial obligation in  
11 relation to the offering of such a service.
- 12 (7a) "Diagnostic center" means a freestanding facility, program, or  
13 provider, including but not limited to, physicians' offices, clinical  
14 laboratories, radiology centers, and mobile diagnostic programs, in  
15 which the total cost of all the medical diagnostic equipment utilized by  
16 the facility which cost ten thousand dollars (\$10,000) or more exceeds  
17 five hundred thousand dollars (\$500,000). In determining whether the  
18 medical diagnostic equipment in a diagnostic center costs more than  
19 five hundred thousand dollars (\$500,000), the costs of the equipment,  
20 studies, surveys, designs, plans, working drawings, specifications,  
21 construction, installation, and other activities essential to acquiring and  
22 making operational the equipment shall be included. The capital  
23 expenditure for the equipment shall be deemed to be the fair market  
24 value of the equipment or the cost of the equipment, whichever is  
25 greater.
- 26 (7b) "Expedited review" means the status given to an application's review  
27 process when the applicant petitions for the review and the Department  
28 approves the request based on findings that all of the following are  
29 met:
- 30 a. The review is not competitive.
- 31 b. The proposed capital expenditure is less than five million  
32 dollars (\$5,000,000).
- 33 c. A request for a public hearing is not received within the time  
34 frame defined in G.S. 131E-185.
- 35 d. The agency has not determined that a public hearing is in the  
36 public interest.
- 37 (7c) "Gamma knife" means equipment which emits photon beams from a  
38 stationary radioactive cobalt source to treat lesions deep within the  
39 brain and is one type of stereotactic radiosurgery.
- 40 (8), (9) Repealed by Session Laws 1987, c. 511, s. 1.
- 41 (9a) "Health service" means an organized, interrelated medical, diagnostic,  
42 therapeutic, and/or rehabilitative activity that is integral to the  
43 prevention of disease or the clinical management of a sick, injured, or

- 1 disabled person. "Health service" does not include administrative and  
2 other activities that are not integral to clinical management.
- 3 (9b) "Health service facility" means a hospital; long-term care hospital;  
4 psychiatric facility; rehabilitation facility; nursing home facility; adult  
5 care home; kidney disease treatment center, including freestanding  
6 hemodialysis units; intermediate care facility for the mentally retarded;  
7 home health agency office; chemical dependency treatment facility;  
8 diagnostic center; ~~oncology treatment center~~; ~~hospice~~, hospice office,  
9 hospice inpatient facility, hospice residential care facility; and  
10 ambulatory surgical facility.
- 11 (9c) "Health service facility bed" means a bed licensed for use in a health  
12 service facility in the categories of (i) acute care beds; (ii) psychiatric  
13 beds; (iii) rehabilitation beds; (iv) nursing home beds; (v) intermediate  
14 care beds for the mentally retarded; (vi) chemical dependency  
15 treatment beds; (vii) hospice inpatient facility beds; (viii) hospice  
16 residential care facility beds; ~~and~~-(ix) adult care home ~~beds~~.beds; and  
17 (x) long-term care hospital beds.
- 18 (10) "Health maintenance organization (HMO)" means a public or private  
19 organization which has received its certificate of authority under  
20 Article 67 of Chapter 58 of the General Statutes and which either is a  
21 qualified health maintenance organization under Section 1310(d) of  
22 the Public Health Service Act or:
- 23 a. Provides or otherwise makes available to enrolled participants  
24 health care services, including at least the following basic  
25 health care services: usual physician services, hospitalization,  
26 laboratory, X ray, emergency and preventive services, and  
27 out-of-area coverage;
- 28 b. Is compensated, except for copayments, for the provision of the  
29 basic health care services listed above to enrolled participants  
30 by a payment which is paid on a periodic basis without regard  
31 to the date the health care services are provided and which is  
32 fixed without regard to the frequency, extent, or kind of health  
33 service actually provided; and
- 34 c. Provides physicians' services primarily (i) directly through  
35 physicians who are either employees or partners of such  
36 organizations, or (ii) through arrangements with individual  
37 physicians or one or more groups of physicians organized on a  
38 group practice or individual practice basis.
- 39 (10a) "Heart-lung bypass machine" means the equipment used to perform  
40 extra-corporeal circulation and oxygenation during surgical  
41 procedures.
- 42 (11) Repealed by Session Laws 1991, c. 692, s. 1.

1 (12) "Home health agency" means a private organization or public agency,  
2 whether owned or operated by one or more persons or legal entities,  
3 which furnishes or offers to furnish home health services.

4 "Home health services" means items and services furnished to an  
5 individual by a home health agency, or by others under arrangements  
6 with such others made by the agency, on a visiting basis, and except  
7 for paragraph e. of this subdivision, in a place of temporary or  
8 permanent residence used as the individual's home as follows:

- 9 a. Part-time or intermittent nursing care provided by or under the  
10 supervision of a registered nurse;  
11 b. Physical, occupational or speech therapy;  
12 c. Medical social services, home health aid services, and other  
13 therapeutic services;  
14 d. Medical supplies, other than drugs and biologicals and the use  
15 of medical appliances;  
16 e. Any of the foregoing items and services which are provided on  
17 an outpatient basis under arrangements made by the home  
18 health agency at a hospital or nursing home facility or  
19 rehabilitation center and the furnishing of which involves the  
20 use of equipment of such a nature that the items and services  
21 cannot readily be made available to the individual in his home,  
22 or which are furnished at such facility while he is there to  
23 receive any such item or service, but not including  
24 transportation of the individual in connection with any such  
25 item or service.

26 (13) "Hospital" means a public or private institution which is primarily  
27 engaged in providing to inpatients, by or under supervision of  
28 physicians, diagnostic services and therapeutic services for medical  
29 diagnosis, treatment, and care of injured, disabled, or sick persons, or  
30 rehabilitation services for the rehabilitation of injured, disabled, or sick  
31 persons. The term includes all facilities licensed pursuant to  
32 G.S. 131E-77 of the General ~~Statutes~~.Statutes, except long-term care  
33 hospitals.

34 (13a) "Hospice" means any coordinated program of home care with  
35 provision for inpatient care for terminally ill patients and their  
36 families. This care is provided by a medically directed  
37 interdisciplinary team, directly or through an agreement under the  
38 direction of an identifiable hospice administration. A hospice program  
39 of care provides palliative and supportive medical and other health  
40 services to meet the physical, psychological, social, spiritual and  
41 special needs of patients and their families, which are experienced  
42 during the final stages of terminal illness and during dying and  
43 bereavement.

- 1 (13b) "Hospice inpatient facility" means a freestanding licensed hospice  
2 facility or a designated inpatient unit in an existing health service  
3 facility which provides palliative and supportive medical and other  
4 health services to meet the physical, psychological, social, spiritual,  
5 and special needs of terminally ill patients and their families in an  
6 inpatient setting. For purposes of this Article only, a hospital which  
7 has a contractual agreement with a licensed hospice to provide  
8 inpatient services to a hospice patient as defined in G.S. 131E-201(4)  
9 and provides those services in a licensed acute care bed is not a  
10 hospice inpatient facility and is not subject to the requirements in  
11 G.S. 131E-176(5)(ii) for hospice inpatient beds.
- 12 (13c) "Hospice residential care facility" means a freestanding licensed  
13 hospice facility which provides palliative and supportive medical and  
14 other health services to meet the physical, psychological, social,  
15 spiritual, and special needs of terminally ill patients and their families  
16 in a group residential setting.
- 17 (14) Repealed by Session Laws 1987, c. 511, s. 1.
- 18 (14a) "Intermediate care facility for the mentally retarded" means facilities  
19 licensed pursuant to Article 2 of Chapter 122C of the General Statutes  
20 for the purpose of providing health and habilitative services based on  
21 the developmental model and principles of normalization for persons  
22 with mental retardation, autism, cerebral palsy, epilepsy or related  
23 conditions.
- 24 (14a1) "Kidney disease treatment center" means a facility that is certified as  
25 an end-stage renal disease facility by the Centers for Medicare and  
26 Medicaid Services, Department of Health and Human Services,  
27 pursuant to 42 C.F.R. § 405.
- 28 (14b) Repealed by Session Laws 1991, c. 692, s. 1.
- 29 (14b1) "Linear accelerator" means a machine used to produce ionizing  
30 radiation in excess of one million electron volts in the form of a beam  
31 of electrons or photons to treat cancer patients.
- 32 (14c) "Lithotripter" means extra-corporeal shock wave technology used to  
33 treat persons with kidney stones and gallstones.
- 34 (14c1) "Long-term care hospital" means a hospital that has been classified  
35 and designated as a long-term care hospital by the Centers for  
36 Medicare and Medicaid Services, Department of Health and Human  
37 Services, pursuant to 42 C.F.R. § 412.
- 38 (14d) Repealed by Session Laws 2001-234, s. 2, effective January 1, 2002.
- 39 (14e) "Magnetic resonance imaging scanner" means medical imaging  
40 equipment that uses nuclear magnetic resonance.
- 41 (14f) "Major medical equipment" means a single unit or single system of  
42 components with related functions which is used to provide medical  
43 and other health services and which costs more than seven hundred  
44 fifty thousand dollars (\$750,000). In determining whether the major

1 medical equipment costs more than seven hundred fifty thousand  
2 dollars (\$750,000), the costs of the equipment, studies, surveys,  
3 designs, plans, working drawings, specifications, construction,  
4 installation, and other activities essential to acquiring and making  
5 operational the major medical equipment shall be included. The capital  
6 expenditure for the equipment shall be deemed to be the fair market  
7 value of the equipment or the cost of the equipment, whichever is  
8 greater. Major medical equipment does not include replacement  
9 equipment as defined in this section.

10 (15) Repealed by Session Laws 1987, c. 511, s. 1.

11 (15a) "Multispecialty ambulatory surgical program" means a formal program  
12 for providing on a same-day basis surgical procedures for at least three  
13 of the following specialty areas: gynecology, otolaryngology, plastic  
14 surgery, general surgery, ophthalmology, orthopedic, or oral surgery.

15 (15b) "Neonatal intensive care services" means those services provided by a  
16 health service facility to high-risk newborn infants who require  
17 constant nursing care, including but not limited to continuous  
18 cardiopulmonary and other supportive care.

19 (16) "New institutional health services" means any of the following:

20 a. The construction, development, or other establishment of a new  
21 health service facility.

22 b. The obligation by any person of a capital expenditure exceeding  
23 two million dollars (\$2,000,000) to develop or expand a health  
24 service or a health service facility, or which relates to the  
25 provision of a health service. The cost of any studies, surveys,  
26 designs, plans, working drawings, specifications, and other  
27 activities, including staff effort and consulting and other  
28 services, essential to the acquisition, improvement, expansion,  
29 or replacement of any plant or equipment with respect to which  
30 an expenditure is made shall be included in determining if the  
31 expenditure exceeds two million dollars (\$2,000,000).

32 c. Any change in bed capacity as defined in G.S. 131E-176(5).

33 d. The offering of dialysis services or home health services by or  
34 on behalf of a health service facility if those services were not  
35 offered within the previous 12 months by or on behalf of the  
36 facility.

37 e. A change in a project that was subject to certificate of need  
38 review and for which a certificate of need was issued, if the  
39 change is proposed during the development of the project or  
40 within one year after the project was completed. For purposes  
41 of this subdivision, a change in a project is a change of more  
42 than fifteen percent (15%) of the approved capital expenditure  
43 amount or the addition of a health service that is to be located in



- 1 the facility, or portion thereof, that was constructed or  
2 developed in the project.
- 3 f. The development or offering of a health service as listed in this  
4 subdivision by or on behalf of any person:
- 5 1. Bone marrow transplantation services.  
6 2. Burn intensive care services.  
7 2a. Cardiac catheterization services.  
8 3. Neonatal intensive care services.  
9 4. Open-heart surgery services.  
10 5. Solid organ transplantation services.
- 11 fl. The acquisition by purchase, donation, lease, transfer, or  
12 comparable arrangement of any of the following equipment by  
13 or on behalf of any person:
- 14 1. Air ambulance.  
15 ~~2. Cardiac angioplasty equipment.~~  
16 3. Cardiac catheterization equipment.  
17 4. Gamma knife.  
18 5. Heart-lung bypass machine.  
19 5a. Linear accelerator.  
20 6. Lithotripter.  
21 7. Magnetic resonance imaging scanner.  
22 8. Positron emission tomography scanner.  
23 9. Simulator.
- 24 g. to k. Repealed by Session Laws 1987, c. 511, s. 1.
- 25 l. The purchase, lease, or acquisition of any health service facility,  
26 or portion thereof, or a controlling interest in the health service  
27 facility or portion thereof, if the health service facility was  
28 developed under a certificate of need issued pursuant to  
29 G.S. 131E-180.
- 30 m. Any conversion of nonhealth service facility beds to health  
31 service facility beds.
- 32 n. The construction, development or other establishment of a  
33 hospice, hospice inpatient facility, or hospice residential care  
34 facility;
- 35 o. The opening of an additional office by an existing home health  
36 agency or hospice within its service area as defined by rules  
37 adopted by the Department; or the opening of any office by an  
38 existing home health agency or hospice outside its service area  
39 as defined by rules adopted by the Department.
- 40 p. The acquisition by purchase, donation, lease, transfer, or  
41 comparable arrangement by any person of major medical  
42 equipment.
- 43 q. The relocation of a health service facility from one service area  
44 to another.

- 1                   r.       The conversion of a specialty ambulatory surgical program to a
- 2                   multispecialty ambulatory surgical program or the addition of a
- 3                   specialty to a specialty ambulatory surgical program.
- 4                   s.       The furnishing of mobile medical equipment to any person to
- 5                   provide health services in North Carolina, which was not in use
- 6                   in North Carolina prior to the adoption of this provision, if such
- 7                   equipment would otherwise be subject to review in accordance
- 8                   with G.S. 131E-176(16)(f1.) or G.S. 131E-176(16)(p) if it had
- 9                   been acquired in North Carolina.
- 10                  t.       Repealed by Session Laws 2001-242, s. 4, effective June 23,
- 11                  2001.
- 12                  u.       **(See note)** The construction, development, establishment,
- 13                  increase in the number, or relocation of an operating room or
- 14                  operating rooms, other than the relocation of an operating room
- 15                  or operating rooms within the same building or on the same
- 16                  grounds or to grounds not separated by more than a public
- 17                  right-of-way adjacent to the grounds where the operating room
- 18                  is or operating rooms are currently located.
- 19       (17) "North Carolina State Health Coordinating Council" means the
- 20       Council that prepares, with the Department of Health and Human
- 21       Services, the State Medical Facilities Plan.
- 22       (17a) "Nursing care" means:
- 23           a.       Skilled nursing care and related services for residents who
- 24           require medical or nursing care;
- 25           b.       Rehabilitation services for the rehabilitation of injured,
- 26           disabled, or sick persons; or
- 27           c.       Health-related care and services provided on a regular basis to
- 28           individuals who because of their mental or physical condition
- 29           require care and services above the level of room and board,
- 30           which can be made available to them only through institutional
- 31           facilities.
- 32           These are services which are not primarily for the care and treatment
- 33           of mental diseases.
- 34       (17b) "Nursing home facility" means a health service facility whose bed
- 35       complement of health service facility beds is composed principally of
- 36       nursing home facility beds.
- 37       (18) To "offer," when used in connection with health services, means that
- 38       the person holds himself out as capable of providing, or as having the
- 39       means for the provision of, specified health services.
- 40       ~~(18a) "Oncology treatment center" means a facility, program, or provider,~~
- 41       ~~other than an existing health service facility that provides services for~~
- 42       ~~diagnosis, evaluation, or treatment of cancer and its aftereffects or~~
- 43       ~~secondary results and for which the total cost of all the medical~~
- 44       ~~equipment utilized by the center, exceeds two hundred fifty thousand~~

~~dollars (\$250,000). In determining whether costs are more than two hundred fifty thousand dollars (\$250,000), the costs of equipment, studies, surveys, designs, plans, working drawings, specifications, construction, installation, and other activities essential to acquiring and making operational the facility, program, or provider shall be included. The capital expenditure for the equipment shall be deemed to be the fair market value of the equipment or the cost of the equipment, whichever is greater.~~

- (18b) "Open-heart surgery services" means the provision of surgical procedures that utilize a heart-lung bypass machine during surgery to correct cardiac and coronary artery disease or defects.
- (19) "Person" means an individual, a trust or estate, a partnership, a corporation, including associations, joint stock companies, and insurance companies; the State, or a political subdivision or agency or instrumentality of the State.
- (19a) "Positron emission tomography scanner" means equipment that utilizes a computerized radiographic technique that employs radioactive substances to examine the metabolic activity of various body structures.
- (20) "Project" or "capital expenditure project" means a proposal to undertake a capital expenditure that results in the offering of a new institutional health service as defined by this Article. A project, or capital expenditure project, or proposed project may refer to the project from its earliest planning stages up through the point at which the specified new institutional health service may be offered. In the case of facility construction, the point at which the new institutional health service may be offered must take place after the facility is capable of being fully licensed and operated for its intended use, and at that time it shall be considered a health service facility.
- (21) "Psychiatric facility" means a public or private facility licensed pursuant to Article 2 of Chapter 122C of the General Statutes and which is primarily engaged in providing to inpatients, by or under the supervision of a physician, psychiatric services for the diagnosis and treatment of mentally ill persons.
- (22) "Rehabilitation facility" means a public or private inpatient facility which is operated for the primary purpose of assisting in the rehabilitation of disabled persons through an integrated program of medical and other services which are provided under competent, professional supervision.
- (22a) "Replacement equipment" means equipment that costs less than two million dollars (\$2,000,000) and is purchased for the sole purpose of replacing comparable medical equipment currently in use which will be sold or otherwise disposed of when replaced. In determining whether the replacement equipment costs less than two million dollars

1 (\$2,000,000), the costs of equipment, studies, surveys, designs, plans,  
2 working drawings, specifications, construction, installation, and other  
3 activities essential to acquiring and making operational the  
4 replacement equipment shall be included. The capital expenditure for  
5 the equipment shall be deemed to be the fair market value of the  
6 equipment or the cost of the equipment, whichever is greater.

7 (23) Repealed by Session Laws 1991, c. 692, s. 1.

8 (24) Repealed by Session Laws 1993, c. 7, s. 2.

9 (24a) "Service area" means the area of the State, as defined in the State  
10 Medical Facilities Plan or in rules adopted by the Department, which  
11 receives services from a health service facility.

12 (24a1) "Simulator" means a machine that produces high quality diagnostic  
13 radiographs and precisely reproduces the geometric relationships of  
14 megavoltage radiation therapy equipment to the patient.

15 (24b) "Solid organ transplantation services" means the provision of surgical  
16 procedures and the interrelated medical services that accompany the  
17 surgery to remove an organ from a patient and surgically implant an  
18 organ from a donor.

19 (24c) "Specialty ambulatory surgical program" means a formal program for  
20 providing on a same-day basis surgical procedures for only the  
21 specialty areas identified on the ambulatory surgical facility's 1993  
22 Application for Licensure as an Ambulatory Surgical Center and  
23 authorized by its certificate of need.

24 (25) "State Medical Facilities Plan" means the plan prepared by the  
25 Department of Health and Human Services and the North Carolina  
26 State Health Coordinating Council, and approved by the Governor. In  
27 preparing the Plan, the Department and the State Health Coordinating  
28 Council shall maintain a mailing list of persons who have requested  
29 notice of public hearings regarding the Plan. Not less than 15 days  
30 prior to a scheduled public hearing, the Department shall notify  
31 persons on its mailing list of the date, time, and location of the hearing.  
32 The Department shall hold at least one public hearing prior to the  
33 adoption of the proposed Plan and at least six public hearings after the  
34 adoption of the proposed Plan by the State Health Coordinating  
35 Council. The Council shall accept oral and written comments from the  
36 public concerning the Plan.

37 (26) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1002, s. 9.

38 (27) Repealed by Session Laws 1987, c. 511, s. 1."

39 **SECTION 2.** G.S. 131E-180 is repealed.

40 **SECTION 3.** G.S. 131E-182(a) reads as rewritten:

41 "(a) The Department in its rules shall establish schedules for submission and  
42 review of completed applications. The schedules shall provide that applications for  
43 similar proposals in the same ~~health~~-service area will be reviewed together."

44 **SECTION 4.** G.S. 131E-185(a1) reads as rewritten:

1       "(a1) Except as provided in subsection (c) of this section, there shall be a time limit  
2 of 90 days for review of the applications, beginning on the day established by rule as the  
3 day on which applications for the particular service in the service area shall begin  
4 review.

5           (1) Any person may file written comments and exhibits concerning a  
6 proposal under review with the Department, not later than 30 days  
7 after the date on which the application begins review. These written  
8 comments may include:

- 9           a. Facts relating to the service area proposed in the application;  
10          b. Facts relating to the representations made by the applicant in its  
11 application, and its ability to perform or fulfill the  
12 representations made;  
13          c. Discussion and argument regarding whether, in light of the  
14 material contained in the application and other relevant factual  
15 material, the application complies with relevant review criteria,  
16 plans, and standards.

17           (2) No more than 20 days from the conclusion of the written comment  
18 period, the Department shall ensure that a public hearing is conducted  
19 at a place within the appropriate ~~health~~-service area if one or more of  
20 the following circumstances apply; the review to be conducted is  
21 competitive; the proponent proposes to spend five million dollars  
22 (\$5,000,000) or more; a written request for a public hearing is received  
23 before the end of the written comment period from an affected party as  
24 defined in G.S. 131E-188(c); or the agency determines that a hearing is  
25 in the public interest. At such public hearing oral arguments may be  
26 made regarding the application or applications under review; and this  
27 public hearing shall include the following:

- 28           a. An opportunity for the proponent of each application under  
29 review to respond to the written comments submitted to the  
30 Department about its application;  
31           b. An opportunity for any ~~affected person as defined in~~  
32 ~~G.S. 131E-188(e),~~ person, except one of the proponents, to  
33 ~~present comments regarding comment on the~~ applications under  
34 review;  
35           c. An opportunity for a representative of the Department, or such  
36 other person or persons who are designated by the Department  
37 to conduct the hearing, to question each proponent of  
38 applications under review with regard to the contents of the  
39 application;

40           The Department shall maintain a recording of any required public  
41 hearing on an application until such time as the Department's final  
42 decision is issued, or until a final agency decision is issued pursuant to  
43 a contested case hearing, whichever is later; and any person may

1 submit a written synopsis or verbatim statement that contains the oral  
2 presentation made at the hearing.

3 (3) The Department may contract or make arrangements with a person or  
4 persons located within each ~~health~~-service area for the conduct of such  
5 public hearings as may be necessary. The Department shall publish, in  
6 each ~~health~~-service area, notice of the contracts that it executes for the  
7 conduct of those hearings.

8 (4) Within 15 days from the beginning of the review of an application or  
9 applications proposing the same service within the same service area,  
10 the Department shall publish notice of the deadline for receipt of  
11 written comments, of the time and place scheduled for the public  
12 hearing regarding the application or applications under review, and of  
13 the name and address of the person or agency that will preside.

14 (5) The Department shall maintain all written comments submitted to it  
15 during the written comment stage and any written submissions  
16 received at the public hearing as part of the Department's file  
17 respecting each application or group of applications under review by it.  
18 The application, written comments, and public hearing comments,  
19 together with all documents that the Department used in arriving at its  
20 decision, from whatever source, and any documents that reflect or set  
21 out the Department's final analysis of the application or applications  
22 under review, shall constitute the Department's record for the  
23 application or applications under review."

24 **SECTION 5.** G.S. 131E-188(c) reads as rewritten:

25 "(c) The term "affected persons" includes: the applicant; any person residing  
26 within the geographic area served or to be served by the applicant; any person who  
27 regularly uses health service facilities within that geographic area; health service  
28 facilities and health maintenance organizations (HMOs) located in the ~~health~~-service  
29 area in which the project is proposed to be located, which provide services similar to the  
30 services of the facility under review; health service facilities and HMOs which, prior to  
31 receipt by the agency of the proposal being reviewed, have formally indicated an  
32 intention to provide similar services to residents of the service area in the future; third  
33 party payers who reimburse health service facilities for services in the ~~health~~-service  
34 area in which the project is proposed to be located; and any agency which establishes  
35 rates for health service facilities or HMOs located in the ~~health~~-service area in which the  
36 project is proposed to be located."

37 **SECTION 6.** This act is effective when it becomes law.