

House Research Act Summary

CHAPTER: 249

SESSION: 2006 Regular Session

TOPIC: Hospital Construction and Ambulances

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Analyst: Janelle Taylor

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Overview

This act contains: modifications to the hospital construction and modification moratorium and public interest review requirements; and adds ambulances to the new vehicle lemon law.

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- 1** **Restricted construction or modification.** Amends § 144.551, subd. 1. Adds exceptions to the hospital construction or modification moratorium for:
 - projects approved under section 144.553 (established in section 3);
 - a project in Cass County for up to 25 beds to be constructed within a 20-mile radius of the state Ah-Gwah-Ching facility, provided the license holder is approved by the Cass County Board; and
 - a project in Fergus Falls that would increase the hospital's bed capacity from 108 to 110 by increasing the rehabilitation bed capacity from 14 to 16 and by closing a separately licensed 13-bed skilled nursing facility.

- 2** **Public interest review.** Amends § 144.552. Makes conforming changes to existing public interest review requirements by modifying plan submission requirements for organizations wishing to obtain a hospital license; requiring only organizations that are notified by the commissioner under section 144.553 (established in section 3) to submit a plan.

Section**3 Alternative approval process for new hospital construction.** Adds § 144.553.**Subd. 1. Letter of intent; publication; acceptance of additional proposals.**

Paragraph (a) requires an organization wishing to obtain a hospital license to submit a letter of intent to the commissioner of health specifying which community the hospital would be located in and the number of licensed beds. Requires the commissioner to determine if competing proposals or separate proposals have been submitted when receiving multiple letters.

Paragraph (b) requires the commissioner to publish a notice in the State Registrar that includes the information in paragraph (a) and a notice stating that any additional organizations interested in seeking a hospital license to serve the same or similar service area must notify the commissioner within 30 days.

Paragraph (c) requires the commissioner to notify an organization submitting a letter of intent, if no additional organization notified the commissioner under paragraph (b), that the organization must submit a plan for the public interest review required under section 144.552, and requires that the legislature be notified that the project is subject to the review and requires an exception to the hospital construction moratorium under section 144.551.

Subd. 2. Needs assessment. Paragraph (a) requires the commissioner to complete a needs assessment to determine if a new hospital is needed in the proposed area, within 90 days, if another organization notifies the commissioner under paragraph (b).

Paragraph (b) requires organizations submitting a letter of intent or responding to one under subdivision 1, paragraph (b), to provide the commissioner, within 30 days, a statement justifying the need for a new hospital in the area and sufficient information to allow the commissioner to determine if there is a need for the new hospital.

Paragraph (c) requires the commissioner to make a determination of need and, if finding that the hospital is not needed, notify the organizations in writing, stating the reasons for the decision.

Subd. 3. Process when hospital need is determined. Paragraph (a) requires the commissioner, when it is determined that there is need for the hospital, to notify the organizations and select an organization based on the process and criteria established in this subdivision.

Paragraph (b) requires the commissioner to develop criteria to evaluate all proposals that includes standards regarding access to care, quality of care, cost of care, and overall project feasibility; and establish additional criteria, at the commissioner's discretion, considering the need for mental health services in the area, the provision of uncompensated care, and coordination with other hospitals in the area to avoid unnecessary duplication. Requires the commissioner to define the service area of a proposed hospital, as follows: the zip codes located within a 20-mile radius of the proposed hospital when located in the 11 county metro area, St. Cloud, or Duluth; or

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within a 30-mile radius of the proposed hospital in the remainder of the state.

Paragraph (c) requires the commissioner to publish the criteria developed in paragraph (b) and guidelines for a proposal and submission review process in the State Registrar within 60 days of determining that there is need for the new hospital. Prohibits the criteria from being modified, once published, with respect to the particular project and applicants.

Paragraph (d) requires the commissioner to accept proposals from organizations that have submitted a letter of intent or organizations that have provided notice to the commissioner under subdivision 1, paragraph (b), for 60 days following the publication in paragraph (c). Prohibits proposals submitted from being revised except corrections of material facts or in response to a request from the commissioner to provide clarification or further information.

Paragraph (e) requires the commissioner to determine, within 90 days from the deadline in paragraph (d), which organization has demonstrated that it is best able to provide services consistent with the published criteria. The determination must be made by order following a hearing that meets certain guidelines, with the purpose of receiving evidence to assist the commissioner in the determination.

Paragraph (f) requires the commissioner to hold a public hearing in the proposed hospital service area to accept comments from the public and to consider this information in making the determination. Allows the commissioner to appoint an advisory committee to assist in the recommendation process. Requires the commissioner to include a statement of the reasons for selecting the organization with the order.

Paragraph (g) requires the commissioner to recommend the selected proposal to the legislature within 30 days of the determination in paragraph (e).

Subd. 4. Payment of commissioner's expenses. Requires applicants who are party to any stage of the process established in this section to pay the cost of that stage of the process as determined by the commissioner. States that the cost of the needs assessment, criteria development, and hearing is to be divided equally among the applicants and that money received by the commissioner under this subdivision is for the purposes of administering this section.

4 Definitions. Amends § 325F.665, subd. 1. Modifies the definition of "consumer" by adding an ambulance service that has purchased or leased a new motor vehicle, and a person to whom the vehicle is transferred to for the same purpose during the duration of any applicable express warranty. Modifies the definition of "motor vehicle" to include the self-propelled motor vehicle chassis or van portion of an ambulance for the purposes of the state's new vehicle lemon law.

5 Study of medical facility construction. Requires the commissioner of health to study and report back to the legislature by February 15, 2007, on the need for a new process for approving the construction of medical facilities or the addition of services at medical facilities. States that the report must consider: what types of facilities, including services

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and investment thresholds, should be subject to prior approval; what entity should be responsible for the approval; what decision process should be used when multiple providers make similar proposals; what information would be required to determine the need for new medical facilities or services; and other relevant issues identified by the commissioner. Requires the report to include recommendations for legislative changes necessary to implement the new process.

6 **Sunset.** States that section 3 expires on January 1, 2009.

7 **Effective date; application.** States that section 4 is effective August 1, 2006, and applies to new motor vehicle sales and leases made on or after that date.