

By: Representative Yancey

To: Public Health and Human Services

HOUSE BILL NO. 1414

1 AN ACT TO AMEND SECTION 41-7-173, MISSISSIPPI CODE OF 1972,
2 TO INCREASE THE MINIMUM DOLLAR AMOUNTS OF CAPITAL EXPENDITURES AND
3 MAJOR MEDICAL EQUIPMENT THAT REQUIRE THE ISSUANCE OF A CERTIFICATE
4 OF NEED; AND FOR RELATED PURPOSES.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

6 **SECTION 1.** Section 41-7-173, Mississippi Code of 1972, is
7 amended as follows:

8 41-7-173. For the purposes of Section 41-7-171 et seq., the
9 following words shall have the meanings ascribed herein, unless
10 the context otherwise requires:

11 (a) "Affected person" means (i) the applicant; (ii) a
12 person residing within the geographic area to be served by the
13 applicant's proposal; (iii) a person who regularly uses health
14 care facilities or HMOs located in the geographic area of the
15 proposal which provide similar service to that which is proposed;
16 (iv) health care facilities and HMOs which have, prior to receipt
17 of the application under review, formally indicated an intention
18 to provide service similar to that of the proposal being
19 considered at a future date; (v) third-party payers who reimburse



20 health care facilities located in the geographical area of the
21 proposal; or (vi) any agency that establishes rates for health
22 care services or HMOs located in the geographic area of the
23 proposal.

24 (b) "Certificate of need" means a written order of the
25 State Department of Health setting forth the affirmative finding
26 that a proposal in prescribed application form, sufficiently
27 satisfies the plans, standards and criteria prescribed for such
28 service or other project by Section 41-7-171 et seq., and by rules
29 and regulations promulgated thereunder by the State Department of
30 Health.

31 (c) (i) "Capital expenditure," when pertaining to
32 defined major medical equipment, shall mean an expenditure which,
33 under generally accepted accounting principles consistently
34 applied, is not properly chargeable as an expense of operation and
35 maintenance and which exceeds * * * One Million Seven Hundred
36 Twenty-five Thousand Dollars (\$1,725,000.00), adjusted for
37 inflation as published by the State Department of Health.

38 (ii) "Capital expenditure," when pertaining to
39 other than major medical equipment, shall mean any expenditure
40 which under generally accepted accounting principles consistently
41 applied is not properly chargeable as an expense of operation and
42 maintenance and which exceeds, for clinical health services, as
43 defined in * * * paragraph (k) below, * * * Five Million Seven
44 Hundred Fifty Thousand Dollars (\$5,750,000.00), adjusted for



45 inflation as published by the State Department of Health or which
46 exceeds, for nonclinical health services, as defined in * * *
47 paragraph (k) below, * * * Eleven Million Five Hundred Thousand
48 Dollars (\$11,500,000.00), adjusted for inflation as published by
49 the State Department of Health.

50 (iii) A "capital expenditure" shall include the
51 acquisition, whether by lease, sufferance, gift, devise, legacy,
52 settlement of a trust or other means, of any facility or part
53 thereof, or equipment for a facility, the expenditure for which
54 would have been considered a capital expenditure if acquired by
55 purchase. Transactions which are separated in time but are
56 planned to be undertaken within twelve (12) months of each other
57 and are components of an overall plan for meeting patient care
58 objectives shall, for purposes of this definition, be viewed in
59 their entirety without regard to their timing.

60 (iv) In those instances where a health care
61 facility or other provider of health services proposes to provide
62 a service in which the capital expenditure for major medical
63 equipment or other than major medical equipment or a combination
64 of the two (2) may have been split between separate parties, the
65 total capital expenditure required to provide the proposed service
66 shall be considered in determining the necessity of certificate of
67 need review and in determining the appropriate certificate of need
68 review fee to be paid. The capital expenditure associated with
69 facilities and equipment to provide services in Mississippi shall



70 be considered regardless of where the capital expenditure was
71 made, in state or out of state, and regardless of the domicile of
72 the party making the capital expenditure, in state or out of
73 state.

74 (d) "Change of ownership" includes, but is not limited
75 to, inter vivos gifts, purchases, transfers, lease arrangements,
76 cash and/or stock transactions or other comparable arrangements
77 whenever any person or entity acquires or controls a majority
78 interest of an existing health care facility, and/or the change of
79 ownership of major medical equipment, a health service, or an
80 institutional health service. Changes of ownership from
81 partnerships, single proprietorships or corporations to another
82 form of ownership are specifically included. However, "change of
83 ownership" shall not include any inherited interest acquired as a
84 result of a testamentary instrument or under the laws of descent
85 and distribution of the State of Mississippi.

86 (e) "Commencement of construction" means that all of
87 the following have been completed with respect to a proposal or
88 project proposing construction, renovating, remodeling or
89 alteration:

90 (i) A legally binding written contract has been
91 consummated by the proponent and a lawfully licensed contractor to
92 construct and/or complete the intent of the proposal within a
93 specified period of time in accordance with final architectural



94 plans which have been approved by the licensing authority of the
95 State Department of Health;

96 (ii) Any and all permits and/or approvals deemed
97 lawfully necessary by all authorities with responsibility for such
98 have been secured; and

99 (iii) Actual bona fide undertaking of the subject
100 proposal has commenced, and a progress payment of at least one
101 percent (1%) of the total cost price of the contract has been paid
102 to the contractor by the proponent, and the requirements of this
103 paragraph (e) have been certified to in writing by the State
104 Department of Health.

105 Force account expenditures, such as deposits, securities,
106 bonds, et cetera, may, in the discretion of the State Department
107 of Health, be excluded from any or all of the provisions of
108 defined commencement of construction.

109 (f) "Consumer" means an individual who is not a
110 provider of health care as defined in paragraph (q) of this
111 section.

112 (g) "Develop," when used in connection with health
113 services, means to undertake those activities which, on their
114 completion, will result in the offering of a new institutional
115 health service or the incurring of a financial obligation as
116 defined under applicable state law in relation to the offering of
117 such services.



118 (h) "Health care facility" includes hospitals,
119 psychiatric hospitals, chemical dependency hospitals, skilled
120 nursing facilities, end-stage renal disease (ESRD) facilities,
121 including freestanding hemodialysis units, intermediate care
122 facilities, ambulatory surgical facilities, intermediate care
123 facilities for the mentally retarded, home health agencies,
124 psychiatric residential treatment facilities, pediatric skilled
125 nursing facilities, long-term care hospitals, comprehensive
126 medical rehabilitation facilities, including facilities owned or
127 operated by the state or a political subdivision or
128 instrumentality of the state, but does not include Christian
129 Science sanatoriums operated or listed and certified by the First
130 Church of Christ, Scientist, Boston, Massachusetts. This
131 definition shall not apply to facilities for the private practice,
132 either independently or by incorporated medical groups, of
133 physicians, dentists or health care professionals except where
134 such facilities are an integral part of an institutional health
135 service. The various health care facilities listed in this
136 paragraph shall be defined as follows:

137 (i) "Hospital" means an institution which is
138 primarily engaged in providing to inpatients, by or under the
139 supervision of physicians, diagnostic services and therapeutic
140 services for medical diagnosis, treatment and care of injured,
141 disabled or sick persons, or rehabilitation services for the



142 rehabilitation of injured, disabled or sick persons. Such term
143 does not include psychiatric hospitals.

144 (ii) "Psychiatric hospital" means an institution
145 which is primarily engaged in providing to inpatients, by or under
146 the supervision of a physician, psychiatric services for the
147 diagnosis and treatment of persons with mental illness.

148 (iii) "Chemical dependency hospital" means an
149 institution which is primarily engaged in providing to inpatients,
150 by or under the supervision of a physician, medical and related
151 services for the diagnosis and treatment of chemical dependency
152 such as alcohol and drug abuse.

153 (iv) "Skilled nursing facility" means an
154 institution or a distinct part of an institution which is
155 primarily engaged in providing to inpatients skilled nursing care
156 and related services for patients who require medical or nursing
157 care or rehabilitation services for the rehabilitation of injured,
158 disabled or sick persons.

159 (v) "End-stage renal disease (ESRD) facilities"
160 means kidney disease treatment centers, which includes
161 freestanding hemodialysis units and limited care facilities. The
162 term "limited care facility" generally refers to an
163 off-hospital-premises facility, regardless of whether it is
164 provider or nonprovider operated, which is engaged primarily in
165 furnishing maintenance hemodialysis services to stabilized
166 patients.



167 (vi) "Intermediate care facility" means an
168 institution which provides, on a regular basis, health-related
169 care and services to individuals who do not require the degree of
170 care and treatment which a hospital or skilled nursing facility is
171 designed to provide, but who, because of their mental or physical
172 condition, require health-related care and services (above the
173 level of room and board).

174 (vii) "Ambulatory surgical facility" means a
175 facility primarily organized or established for the purpose of
176 performing surgery for outpatients and is a separate identifiable
177 legal entity from any other health care facility. Such term does
178 not include the offices of private physicians or dentists, whether
179 for individual or group practice, and does not include any
180 abortion facility as defined in Section 41-75-1(f).

181 (viii) "Intermediate care facility for the
182 mentally retarded" means an intermediate care facility that
183 provides health or rehabilitative services in a planned program of
184 activities to persons with an intellectual disability, also
185 including, but not limited to, cerebral palsy and other conditions
186 covered by the Federal Developmentally Disabled Assistance and
187 Bill of Rights Act, Public Law 94-103.

188 (ix) "Home health agency" means a public or
189 privately owned agency or organization, or a subdivision of such
190 an agency or organization, properly authorized to conduct business
191 in Mississippi, which is primarily engaged in providing to



192 individuals at the written direction of a licensed physician, in
193 the individual's place of residence, skilled nursing services
194 provided by or under the supervision of a registered nurse
195 licensed to practice in Mississippi, and one or more of the
196 following services or items:

- 197 1. Physical, occupational or speech therapy;
- 198 2. Medical social services;
- 199 3. Part-time or intermittent services of a
200 home health aide;
- 201 4. Other services as approved by the
202 licensing agency for home health agencies;
- 203 5. Medical supplies, other than drugs and
204 biologicals, and the use of medical appliances; or
- 205 6. Medical services provided by an intern or
206 resident-in-training at a hospital under a teaching program of
207 such hospital.

208 Further, all skilled nursing services and those services
209 listed in items 1 through 4 of this subparagraph (ix) must be
210 provided directly by the licensed home health agency. For
211 purposes of this subparagraph, "directly" means either through an
212 agency employee or by an arrangement with another individual not
213 defined as a health care facility.

214 This subparagraph (ix) shall not apply to health care
215 facilities which had contracts for the above services with a home
216 health agency on January 1, 1990.



217 (x) "Psychiatric residential treatment facility"
218 means any nonhospital establishment with permanent licensed
219 facilities which provides a twenty-four-hour program of care by
220 qualified therapists, including, but not limited to, duly licensed
221 mental health professionals, psychiatrists, psychologists,
222 psychotherapists and licensed certified social workers, for
223 emotionally disturbed children and adolescents referred to such
224 facility by a court, local school district or by the Department of
225 Human Services, who are not in an acute phase of illness requiring
226 the services of a psychiatric hospital, and are in need of such
227 restorative treatment services. For purposes of this
228 subparagraph, the term "emotionally disturbed" means a condition
229 exhibiting one or more of the following characteristics over a
230 long period of time and to a marked degree, which adversely
231 affects educational performance:

232 1. An inability to learn which cannot be
233 explained by intellectual, sensory or health factors;

234 2. An inability to build or maintain
235 satisfactory relationships with peers and teachers;

236 3. Inappropriate types of behavior or
237 feelings under normal circumstances;

238 4. A general pervasive mood of unhappiness or
239 depression; or

240 5. A tendency to develop physical symptoms or
241 fears associated with personal or school problems. An



242 establishment furnishing primarily domiciliary care is not within
243 this definition.

244 (xi) "Pediatric skilled nursing facility" means an
245 institution or a distinct part of an institution that is primarily
246 engaged in providing to inpatients skilled nursing care and
247 related services for persons under twenty-one (21) years of age
248 who require medical or nursing care or rehabilitation services for
249 the rehabilitation of injured, disabled or sick persons.

250 (xii) "Long-term care hospital" means a
251 freestanding, Medicare-certified hospital that has an average
252 length of inpatient stay greater than twenty-five (25) days, which
253 is primarily engaged in providing chronic or long-term medical
254 care to patients who do not require more than three (3) hours of
255 rehabilitation or comprehensive rehabilitation per day, and has a
256 transfer agreement with an acute care medical center and a
257 comprehensive medical rehabilitation facility. Long-term care
258 hospitals shall not use rehabilitation, comprehensive medical
259 rehabilitation, medical rehabilitation, sub-acute rehabilitation,
260 nursing home, skilled nursing facility or sub-acute care facility
261 in association with its name.

262 (xiii) "Comprehensive medical rehabilitation
263 facility" means a hospital or hospital unit that is licensed
264 and/or certified as a comprehensive medical rehabilitation
265 facility which provides specialized programs that are accredited
266 by the Commission on Accreditation of Rehabilitation Facilities



267 and supervised by a physician board certified or board eligible in
268 physiatry or other doctor of medicine or osteopathy with at least
269 two (2) years of training in the medical direction of a
270 comprehensive rehabilitation program that:

271 1. Includes evaluation and treatment of
272 individuals with physical disabilities;

273 2. Emphasizes education and training of
274 individuals with disabilities;

275 3. Incorporates at least the following core
276 disciplines:

277 * * *a. Physical Therapy;

278 * * *b. Occupational Therapy;

279 * * *c. Speech and Language Therapy;

280 * * *d. Rehabilitation Nursing; and

281 4. Incorporates at least three (3) of the
282 following disciplines:

283 * * *a. Psychology;

284 * * *b. Audiology;

285 * * *c. Respiratory Therapy;

286 * * *d. Therapeutic Recreation;

287 * * *e. Orthotics;

288 * * *f. Prosthetics;

289 * * *g. Special Education;

290 * * *h. Vocational Rehabilitation;

291 * * *i. Psychotherapy;



292 * * *j. Social Work;

293 * * *k. Rehabilitation Engineering.

294 These specialized programs include, but are not limited to:
295 spinal cord injury programs, head injury programs and infant and
296 early childhood development programs.

297 (i) "Health maintenance organization" or "HMO" means a
298 public or private organization organized under the laws of this
299 state or the federal government which:

300 (i) Provides or otherwise makes available to
301 enrolled participants health care services, including
302 substantially the following basic health care services: usual
303 physician services, hospitalization, laboratory, x-ray, emergency
304 and preventive services, and out-of-area coverage;

305 (ii) Is compensated (except for copayments) for
306 the provision of the basic health care services listed in
307 subparagraph (i) of this paragraph to enrolled participants on a
308 predetermined basis; and

309 (iii) Provides physician services primarily:

310 1. Directly through physicians who are either
311 employees or partners of such organization; or

312 2. Through arrangements with individual
313 physicians or one or more groups of physicians (organized on a
314 group practice or individual practice basis).

315 (j) "Health service area" means a geographic area of
316 the state designated in the State Health Plan as the area to be



317 used in planning for specified health facilities and services and
318 to be used when considering certificate of need applications to
319 provide health facilities and services.

320 (k) "Health services" means clinically related (i.e.,
321 diagnostic, treatment or rehabilitative) services and includes
322 alcohol, drug abuse, mental health and home health care services.
323 "Clinical health services" shall only include those activities
324 which contemplate any change in the existing bed complement of any
325 health care facility through the addition or conversion of any
326 beds, under Section 41-7-191(1)(c) or propose to offer any health
327 services if those services have not been provided on a regular
328 basis by the proposed provider of such services within the period
329 of twelve (12) months prior to the time such services would be
330 offered, under Section 41-7-191(1)(d). "Nonclinical health
331 services" shall be all other services which do not involve any
332 change in the existing bed complement or offering health services
333 as described above.

334 (l) "Institutional health services" shall mean health
335 services provided in or through health care facilities and shall
336 include the entities in or through which such services are
337 provided.

338 (m) "Major medical equipment" means medical equipment
339 designed for providing medical or any health-related service which
340 costs in excess of * * * One Million Seven Hundred Twenty-five
341 Thousand Dollars (\$1,725,000.00), adjusted for inflation as



342 published by the State Department of Health. However, this
343 definition shall not be applicable to clinical laboratories if
344 they are determined by the State Department of Health to be
345 independent of any physician's office, hospital or other health
346 care facility or otherwise not so defined by federal or state law,
347 or rules and regulations promulgated thereunder.

348 (n) "State Department of Health" or "department" shall
349 mean the state agency created under Section 41-3-15, which shall
350 be considered to be the State Health Planning and Development
351 Agency, as defined in paragraph (u) of this section.

352 (o) "Offer," when used in connection with health
353 services, means that it has been determined by the State
354 Department of Health that the health care facility is capable of
355 providing specified health services.

356 (p) "Person" means an individual, a trust or estate,
357 partnership, corporation (including associations, joint-stock
358 companies and insurance companies), the state or a political
359 subdivision or instrumentality of the state.

360 (q) "Provider" shall mean any person who is a provider
361 or representative of a provider of health care services requiring
362 a certificate of need under Section 41-7-171 et seq., or who has
363 any financial or indirect interest in any provider of services.

364 (r) "Radiation therapy services" means the treatment of
365 cancer and other diseases using ionizing radiation of either high
366 energy photons (x-rays or gamma rays) or charged particles



367 (electrons, protons or heavy nuclei). However, for purposes of a
368 certificate of need, radiation therapy services shall not include
369 low energy, superficial, external beam x-ray treatment of
370 superficial skin lesions.

371 (s) "Secretary" means the Secretary of Health and Human
372 Services, and any officer or employee of the Department of Health
373 and Human Services to whom the authority involved has been
374 delegated.

375 (t) "State Health Plan" means the sole and official
376 statewide health plan for Mississippi which identifies priority
377 state health needs and establishes standards and criteria for
378 health-related activities which require certificate of need review
379 in compliance with Section 41-7-191.

380 (u) "State Health Planning and Development Agency"
381 means the agency of state government designated to perform health
382 planning and resource development programs for the State of
383 Mississippi.

384 **SECTION 2.** This act shall take effect and be in force from
385 and after July 1, 2024.

