

**WAC 246-310-040 Exemptions from requirements for a certificate of need for health maintenance organizations.** (1) Provisions for exemptions.

The secretary's designee shall grant an exemption from the requirements for a certificate of need for the offering of an inpatient institutional health service, the acquisition of major medical equipment for the provision of an institutional health service, or the obligation of a capital expenditure in excess of the expenditure minimum for the provision of an inpatient institutional health service to any entity meeting the eligibility requirements set forth in subsection (1)(a) of this section for such an exemption and submitting an application for an exemption meeting the requirements of subsection (1)(b) of this section.

(a) Eligibility requirements.

To be eligible for an exemption from the requirements for a certificate of need for the offering of an inpatient institutional health service, the acquisition of major medical equipment for the provision of an inpatient institutional health service, or the obligation of a capital expenditure in excess of the expenditure minimum for the provision of an institutional health service, an applicant entity shall be one of the following:

(i) A health maintenance organization or a combination of health maintenance organizations if:

(A) The organization or combination of organizations has, in the service area of the organization or the service areas of the organizations in the combination, an enrollment of at least fifty thousand individuals;

(B) The facility in which the service will be provided is or will be geographically located so the service will be reasonably accessible to such enrolled individuals; and

(C) At least seventy-five percent of the patients reasonably expected to receive the institutional health service will be individuals enrolled in such organization or organizations in the combination;

(ii) A health care facility if:

(A) The facility primarily provides or will provide inpatient health services;

(B) The facility is or will be controlled, directly or indirectly, by a health maintenance organization or a combination of health maintenance organizations which has, in the service area of the organization or service areas of the organizations in the combination, an enrollment of at least fifty thousand individuals;

(C) The facility is or will be geographically located so the service will be reasonably accessible to such enrolled individuals; and

(D) At least seventy-five percent of the patients reasonably expected to receive the institutional health service will be individuals enrolled with such organization or organizations in the combination; or

(iii) A health care facility (or portion thereof) if:

(A) The facility is or will be leased by a health maintenance organization or combination of health maintenance organizations which has, in the service area of the organization or the service areas of the organizations in the combination, an enrollment of at least fifty thousand individuals and, on the date the application for an exemption is submitted, at least fifteen years remain in the term of the lease;

(B) The facility is or will be geographically located so the service will be reasonably accessible to such enrolled individuals; and

(C) At least seventy-five percent of the patients reasonably expected to receive the institutional health service will be individuals enrolled with such organization;

(b) Requirements for an application for exemption.

An application for an exemption from a certificate of need shall meet the following requirements:

(i) The application for an exemption shall have been submitted at least thirty days prior to the offering of the institutional health service, acquisition of major medical equipment, or obligation of the capital expenditure to which the application pertains. A copy of the application for the exemption shall be sent simultaneously to the appropriate advisory review agencies.

(ii) A complete application shall be submitted in such form and manner as has been prescribed by the department. The information which the department prescribes shall include:

(A) All of the information required to make a determination that the applicant entity qualifies in accordance with subsection (1)(a) of this section; and

(B) A complete description of the offering, acquisition, or obligation to which the application pertains.

(2) Action on an application for exemption.

(a) Within thirty days after receipt of a complete application for exemption from certificate of need requirements, the department shall send the applicant a written notice the exemption has been granted or denied. A copy of such written notice shall be sent simultaneously to the appropriate advisory review agencies.

(b) The secretary's designee shall deny an exemption if he or she finds the applicant has not met the requirements of subsections (1)(a) and (b) of this section. Written notice of the denial shall include the specific reasons for the denial.

(c) In the case of an application for a proposed health care facility (or portion thereof) which has not begun to provide institutional health services on the date the application for an exemption is submitted, the secretary's designee shall grant the exemption if he or she determines the facility (or portion thereof) will meet the applicable requirements of subsection (1)(a) of this section when the facility first provides health services.

(d) If the secretary's designee fails to grant or deny an exemption in accordance with the provisions of this section within thirty days after receipt of a complete application for such exemption, the applicant for the exemption may seek a writ of mandamus from superior court pursuant to chapter 7.16 RCW.

(3) Subsequent sale, lease, or acquisition of exempt facilities or equipment.

Subsequent sale, lease, or acquisition of exempt health care facilities (or portions thereof) or medical equipment for which an exemption was granted under the provisions of subsection (2) of this section, any acquisition of a controlling interest in such facility or equipment, and any use of such facility or equipment by a person other than the one to whom the exemption was granted, shall meet one of the following conditions:

(a) A certificate of need for the purchase, lease, acquisition of controlling interest in, or use of such facility or equipment, shall have been applied for and issued by the department; or

(b) The department shall have determined, after receipt of an application for an exemption, submitted in accordance with subsection (1) of this section, that the requirements of either subsection (1)(a)(i) or subsection (1)(a)(ii)(A) and (B) are met.

(4) The method of payment for services (i.e., prepaid or fee for service) shall not be considered relevant in determining whether an undertaking of a health maintenance organization qualifies for an exemption under this section.

[Statutory Authority: RCW 43.70.040. WSR 91-02-049 (Order 121), recodified as § 246-310-040, filed 12/27/90, effective 1/31/91. Statutory Authority: RCW 70.38.135. WSR 86-06-030 (Order 2344), § 248-19-405, filed 2/28/86; WSR 81-09-012 (Order 210), § 248-19-405, filed 4/9/81, effective 5/20/81.]