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## Health Care & Wellness Committee

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### HB 1777

**Brief Description:** Exempting certain existing ambulatory surgical facilities from certificate of need.

**Sponsors:** Representatives Cody, Harris, Macri, Schmick, Vick, Appleton and Robinson.

<p><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Exempts certain ambulatory surgical facilities from certificate of need requirements.</li></ul>
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**Hearing Date:** 2/19/19

**Staff:** Jim Morishima (786-7191).

**Background:**

Before a health care facility, including an ambulatory surgical facility, may be constructed, renovated, or sold, the Department of Health (DOH) must issue a certificate of need. When determining whether to issue a certificate of need, the DOH must consider a variety of factors, including:

- the population's need for the service;
- the availability of less costly or more effective methods of providing the service;
- the financial feasibility and probable impact of the proposal on the cost of health care in the community;
- the need and availability of services and facilities for physicians and patients in the community;
- the efficiency and appropriateness of the use of existing similar services and facilities; and
- improvements in the financing and delivery of health services that contain costs and promote quality assurance.

For purposes of the certificate of need program, the DOH has defined "ambulatory surgical facility" as any free-standing entity, including an ambulatory surgery center that operates

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primarily for the purpose of performing surgical procedures to treat patients not requiring hospitalization. The term does not include a facility in the offices of private physicians or dentists if the privilege of using the facility is not extended to physicians or dentists outside the individual or group practice.

On January 19, 2018, the DOH issued an interpretive statement regarding ambulatory surgical facilities owned and exclusively used by physicians. According to the statement, such ambulatory surgical facilities are not exempt from certificate of need review.

**Summary of Bill:**

An ambulatory surgical facility in existence and operated prior to January 19, 2018, must remain exempt from the certificate of need requirement if it was:

- determined to be exempt from certificate of need requirements pursuant to a determination of reviewability issued by the DOH; or
- an endoscopy center in existence prior to January 14, 2003, when the DOH determined that endoscopy procedures were surgeries for purposes of certificate need.

The ambulatory surgical facilities must remain exempt regardless of future changes of ownership, corporate structure, or affiliation of the group practice, as long as the use of the facility remains limited to physicians in the group practice. The exemption is not valid for any change in services, specialties, or number of operating rooms.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.