

State Board of Health

12VAC5-220

Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations



Office of Licensure and Certification
Virginia Department of health
9960 Mayland Drive, Ste. 401
Richmond, Virginia 23233

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Virginia Department of Health

**Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations**

Table of Contents

PART I. Definitions
12VAC5-220-10. Definitions 1

PART II. General Information
12VAC5-220-20. Authority for regulations 7
12VAC5-220-30. Purpose of chapter..... 7
12VAC5-220-40. Administration of chapter 7
12VAC5-220-50. Public meetings and public hearings..... 7
12VAC5-220-60. Official records 8
12VAC5-220-70. Application of chapter 8
12VAC5-220-80. Powers and procedures of chapter not exclusive..... 8
12VAC5-220-90. Annual report 8

PART III. Mandatory Requirements.
12VAC5-220-100. Requirements for reviewable medical care
facility projects 9
12VAC5-220-105. Requirements for registration of the replacement of
existing medical equipment 9
12VAC5-220-110. Requirements for registration of certain capital
expenditures 9
12VAC5-220-120. Requirement for notification of proposed acquisition of
medical care facility 10
12VAC5-220-130. Significant change limitation..... 10
12VAC5-220-140. Requirements for health maintenance
organizations (HMO) 11

PART IV. Determination of Public Need (Required Considerations)
12VAC5-220-160. Required considerations 12

PART V. Standard Review Process
12VAC5-220-170. Preconsultation 12
12VAC5-220-180. Application forms 12
12VASC5-220-190. Review of completeness..... 13

Virginia Department of Health

Virginia Medical Care Facilities Certificate of Public Need Rules and Regulations

12VAC5-220-200. One hundred ninety-day review cycle	13
12VAC5-220-210. Requests for application (RFA)	19
12VAC5-220-220. Consideration of applications	19
12VAC5-220-230. Review of complete application.....	19
12VAC5-220-240. Participation by other persons.....	23
12VAC5-220-250. Amendment to an application.....	23
12VAC5-220-260. Withdrawal of an application	23
12VAC5-220-270. Action on an application	23

PART VI. Expedited Review Process

12VAC5-220-280. Applicability	25
12VAC5-220-290. Applications forms.....	25
12VAC5-220-300. Participation by other persons.....	25
12VAC5-220-310. Action on application.....	26
12VAC5-220-325. Applicability	27
12VAC5-220-335. Request for Applications (RFA).....	28
12VAC5-220-345. Limitation on acceptance of nursing home bed applications.....	28
12VAC5-220-355. RFA project application forms.....	28
12VAC5-220-365. Review for completeness	29
12VAC5-3220-375. Consideration of applications	29
12VAC5-220-385. Review of complete application.....	30
12VAC4-220-395. Participation by other persons.....	33
12VAC5-220-405. Amendment to applications.....	33
12VAC5-220-410. Withdrawal of an application	33
12VAC5-220-420. Action on an application	34

PART VIII. Duration, Extension, and Revocation of Certificates

12VAC5-220-430. Duration	35
12VAC5-220-440. Extension	35
12VAC5-220-450. Demonstration of progress.....	36
12VAC5-220-460. Revocation of certificate.....	37

Virginia Department of Health

**Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations**

PART IX. Appeals
 12VAC5-220-470. Judicial review..... 37

PART X. Sanctions
 12VAC5-220-480. Violation of rules and regulations 38
 12VAC5-220-490. Injunctive relief 38

PART XI. Other
 12VAC5-220-500. Repealed 38

FORMS 38

**Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations**

**CHAPTER 220
Virginia Medical Care Facilities Certificate of Public need
Rules and Regulations**

**Part I
Definitions**

12VAC5-220-10. Definitions.

The following words and terms when used in this chapter shall have the following meanings unless the context clearly indicates otherwise:

"Acquisition" means an expenditure of \$600,000 or more that changes the ownership of a medical care facility. It shall also include the donation or lease of a medical care facility. An acquisition of a medical care facility shall not include a capital expenditure involving the purchase of stock. See 12VAC5-220-120.

"Amendment" means any modification to an application that is made following the public hearing and prior to the issuance of a certificate and includes those factors that constitute a significant change as defined in this chapter. An amendment shall not include a modification to an application that serves to reduce the scope of a project.

"Applicant" means the owner of an existing medical care facility or the sponsor of a proposed medical care facility project submitting an application for a certificate of public need.

"Application" means a prescribed format for the presentation of data and information deemed necessary by the board to determine a public need for a medical care facility project.

"Application fees" means fees required for a project application and application for a significant change. Fees shall not exceed the lesser of 1.0% of the proposed capital expenditure or cost increase for the project or \$20,000.

"Board" means the State Board of Health.

"Capital expenditure" means any expenditure by or in behalf of a medical care facility that, under generally accepted accounting principles, is not properly chargeable as an expense of operation and maintenance. Such expenditure shall also include a series of related expenditures during a 12-month period or a financial obligation or a series of related financial obligations made during a 12-month period by or in behalf of a medical care facility. Capital expenditures need not be made by a medical care facility so long as they are made in behalf of a medical care facility by any person. See definition of "person."

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

"Certificate of public need" means a document that legally authorizes a medical care facility project as defined herein and which is issued by the commissioner to the owner of such project.

"Clinical health service" means a single diagnostic, therapeutic, rehabilitative, preventive or palliative procedure as defined in §32.1-102.1 of the Code of Virginia.

"Commissioner" means the State Health Commissioner who has authority to make a determination respecting the issuance or revocation of a certificate.

"Competing applications" means applications for the same or similar services and facilities that are proposed for the same planning district or medical service area and which are in the same review cycle. See 12VAC5-220-220.

"Completion" means conclusion of construction activities necessary for substantial performance of the contract.

"Construction" means the building of a new medical facility or the expansion, remodeling, or alteration of an existing medical care facility.

"Construction, initiation of" means that a project shall be considered under construction for the purpose of certificate extension determinations upon the presentation of evidence by the owner of: (i) a signed construction contract; (ii) the completion of short term financing and a commitment for long term (permanent) financing when applicable; (iii) the completion of predevelopment site work; and (iv) the completion of building foundations.

"Date of issuance" means the date of the commissioner's decision awarding a certificate of public need.

"Department" means the Virginia Department of Health.

"Designated medically underserved areas" means (i) areas designated as medically underserved areas pursuant to §32.1-122.5 of the Code of Virginia; (ii) federally designated Medically Underserved Areas (MUA); or (iii) federally designated Health Professional Shortage Areas (HPSA).

"Ex parte" means any meeting that takes place between (i) any person acting in behalf of the applicant or holder of a certificate of public need or any person opposed to the issuance or in favor of the revocation of a certificate of public need and (ii) any person who has authority in the department to make a decision respecting the issuance or revocation of a certificate of public need for which the department has not provided 10 days written notification to opposing parties of the time and place of such meeting. An ex parte contact shall not include a meeting between the persons identified in (i) and staff of the department.

"Gamma knife surgery" means stereotactic radiosurgery, where stereotactic radiosurgery is the noninvasive therapeutic procedure performed by directing radiant energy beams from any source at a treatment target in the head to produce tissue destruction. See definition of "project."

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

"Health planning region" means a contiguous geographical area of the Commonwealth as defined in §32.1-102.1 of the Code of Virginia.

"Informal fact-finding conference" means a conference held pursuant to §2.2-4019 of the Code of Virginia.

"Inpatient beds" means accommodations within a medical care facility with continuous support services (such as food, laundry, housekeeping) and staff to provide health or health-related services to patients who generally remain in the medical care facility in excess of 24 hours. Such accommodations are known by varying nomenclatures including but not limited to: nursing beds, intensive care beds, minimal or self care beds, isolation beds, hospice beds, observation beds equipped and staffed for overnight use, and obstetric, medical, surgical, psychiatric, substance abuse, medical rehabilitation and pediatric beds, including pediatric bassinets and incubators. Bassinets and incubators in a maternity department and beds located in labor or birthing rooms, recovery rooms, emergency rooms, preparation or anesthesia inductor rooms, diagnostic or treatment procedures rooms, or on-call staff rooms are excluded from this definition.

"Medical care facility" means any institution, place, building, or agency as defined in §32.1-102.1 of the Code of Virginia.

"Medical service area" means the geographic territory from which at least 75% of patients come or are expected to come to existing or proposed medical care facilities, the delineation of which is based on such factors as population characteristics, natural geographic boundaries, and transportation and trade patterns, and all parts of which are reasonably accessible to existing or proposed medical care facilities.

"Modernization" means the alteration, repair, remodeling, replacement or renovation of an existing medical care facility or any part thereto, including that which is incident to the initial and subsequent installation of equipment in a medical care facility. See definition of "construction."

"Operating expenditure" means any expenditure by or in behalf of a medical care facility that, under generally accepted accounting principles, is properly chargeable as an expense of operation and maintenance and is not a capital expenditure.

"Operator" means any person having designated responsibility and legal authority from the owner to administer and manage a medical care facility. See definition of "owner."

"Other plans" means any plan(s) which is formally adopted by an official state agency or regional health planning agency and which provides for the orderly planning and development of medical care facilities and services and which is not otherwise defined in this chapter.

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

"Owner" means any person who has legal responsibility and authority to construct, renovate or equip or otherwise control a medical care facility as defined herein.

"Person" means an individual, corporation, partnership, association or any other legal entity, whether governmental or private. Such person may also include the following:

1. The applicant for a certificate of public need;
2. The regional health planning agency for the health planning region in which the proposed project is to be located;
3. Any resident of the geographic area served or to be served by the applicant;
4. Any person who regularly uses health care facilities within the geographic area served or to be served by the applicant;
5. Any facility or health maintenance organization (HMO) established under §38.2-4300 et seq. of the Code of Virginia that is located in the health planning region in which the project is proposed and that provides services similar to the services of the medical care facility project under review;
6. Third party payors who provide health care insurance or prepaid coverage to 5.0% or more patients in the health planning region in which the project is proposed to be located; and
7. Any agency that reviews or establishes rates for health care facilities.

"Physician's office" means a place, owned or operated by a licensed physician or group of physicians practicing in any legal form whatsoever, which is designed and equipped solely for the provision of fundamental medical care whether diagnostic, therapeutic, rehabilitative, preventive or palliative to ambulatory patients and which does not participate in cost-based or facility reimbursement from third party health insurance programs or prepaid medical service plans excluding pharmaceuticals and other supplies administered in the office. See definition of "medical care facility."

"Planning district" means a contiguous area within the boundaries established by the Department of Housing and Community Development as set forth in §15.2-4202 of the Code of Virginia, except that for purposes of this chapter, Planning District 23 shall be divided into two planning districts: Planning District 20, consisting of the counties of Isle of Wight and Southampton and the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach; and Planning District 21, consisting of the counties of James City and York and the cities of Hampton, Newport News, Poquoson and Williamsburg.

"Predevelopment site work" means any preliminary activity directed towards preparation of the site prior to the completion of the building foundations. This

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

includes, but is not limited to, soil testing, clearing, grading, extension of utilities and power lines to the site.

"Primary medical care services" means first-contact, whole-person medical and health services delivered by broadly trained, generalist physicians, nurses and other professionals, intended to include, without limitation, obstetrics/gynecology, family practice, internal medicine and pediatrics.

"Progress" means actions that are required in a given period of time to complete a project for which a certificate of public need has been issued. See 12VAC5-220-450, Demonstration of progress.

"Project" means any plan or proposal as defined in §32.1-102.1 of the Code of Virginia that is subject to Certificate of Public Need approval.

"Public hearing" means a proceeding conducted by a regional health planning agency at which an applicant for a certificate of public need and members of the public may present oral or written testimony in support or opposition to the application that is the subject of the proceeding and for which a verbatim record is made. See subsection A of 12VAC5-220-230.

"Regional health plan" means the regional plan adopted by the regional health planning agency board.

"Regional health planning agency" means the regional agency as defined in §32.1-102.1 of the Code of Virginia.

"Rural" means territory, population, and housing units that are classified as "rural" by the Bureau of the Census of the United States Department of Commerce, Economics and Statistics Administration.

"Schedule for completion" means the timetable that identifies the major activities required to complete a project as identified by the applicant and set forth on the certificate of public need. The timetable is used by the commissioner to evaluate the applicant's progress in completing an approved project.

"Significant change" means any alteration, modification or adjustment to a reviewable project for which a certificate of public need has been issued or requested following the public hearing which:

1. Changes the site;
2. Increases the capital expenditure amount authorized by the commissioner on the certificate of public need issued for the project by 10% or more;
3. Changes the service(s) proposed to be offered;
4. Extends the schedule for completion of the project beyond three years (36 months) from the date of certificate issuance or beyond the time period approved by the commissioner at the date of certificate issuance, whichever is greater. See 12VAC5-220-440 and 12VAC5-220-450.

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

"Standard review process" means the process utilized in the review of all certificate of public need requests with the exception of:

1. Certain bed relocations as specified in 12VAC5-220-280;
2. Certain projects that involve an increase in the number of beds in which nursing facility or extended care services are provided as specified in 12VAC5-220-325.

"State Medical Facilities Plan" means the planning document as contained in Article 1.1 (§32.1-102.1 et seq.) of Chapter 4 of Title 32.1 of the Code of Virginia, used to make medical care facilities and services needs decisions.

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

Part II
General Information

12VAC5-220-20. Authority for regulations.

The Virginia Medical Care Facilities Certificate of Public Need Law, which is codified as Article 1.1 (§32.1-102.1 et seq.) of Chapter 4 of Title 32.1 of the Code of Virginia, requires the owners or sponsors of medical care facility projects to secure a certificate of public need from the State Health Commissioner prior to initiating such projects. Sections 32.1-102.2 and 32.1-12 of the Code of Virginia direct the Board of Health to promulgate and prescribe such rules and regulations as are deemed necessary to effectuate the purposes of this statute.

12VAC5-220-30. Purpose of chapter.

The board has promulgated this chapter to set forth an orderly administrative process for making public need decisions.

12VAC5-220-40. Administration of chapter.

This chapter is administered by the following:

1. The Board of Health is the governing body of the Virginia Department of Health. The Board of Health has the authority to promulgate and prescribe such rules and regulations as it deems necessary to effectuate the purposes of the Act.
2. The State Health Commissioner is the executive officer of the Virginia Department of Health. The commissioner is the designated decision maker in the process of determining public need under the Act.

12VAC5-220-50. Public meetings and public hearings.

All meetings and hearings convened to consider any certificate of public need application shall be open to the public in accordance with the provisions of the Virginia Freedom of Information Act (§2.1-340 et seq.) of the Code of Virginia.

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

12VAC5-220-60. Official records.

Written information including staff evaluations and reports and correspondence developed or utilized or received by the commissioner during the review of a medical care facility project shall become part of the official project record maintained by the Department of Health and shall be made available to the applicant, competing applicant and review bodies. Other persons may obtain a copy of the project record upon request. All records are subject to the Virginia Freedom of Information Act.

12VAC5-220-70. Application of chapter.

This chapter has general applicability throughout the Commonwealth. The requirements of the Virginia Administrative Process Act (§9-6.14:1 et seq.) of the Code of Virginia apply to their promulgation.

12VAC5-220-80. Powers and procedures of chapter not exclusive.

The commissioner and the board reserve the right to authorize any procedure for the enforcement of this chapter that is not inconsistent with the provisions set forth herein and the provisions of Article 1.1 (§32.1-102.1 et seq.) of Chapter 4 of Title 32.1 of the Code of Virginia.

12VAC5-220-90. Annual report.

Pursuant to §32.1-102.12 of the Code of Virginia, the commissioner shall annually report to the Governor and the General Assembly on the status of Virginia's certificate of public need program.

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

Part III
Mandatory Requirements

12VAC5-220-100. Requirements for reviewable medical care facility projects.

Prior to initiating a reviewable medical care facility project the owner or sponsor shall obtain a certificate of public need from the commissioner. In the case of an acquisition of an existing medical care facility, the notification requirement set forth in 12VAC5-220-120 shall be met.

12VAC5-220-105. Requirements for registration of the replacement of existing medical equipment.

Within 30 days of any person contracting to make, or otherwise legally obligating to make, a capital expenditure for the replacement of medical equipment or otherwise acquiring replacement medical equipment for the provision of services listed in subdivision 7 of the definition of "project" in 12VAC5-220-10, the person shall register in writing such equipment replacement with the commissioner and the appropriate regional health planning agency. Such registration shall be made on forms provided by the department. The registration shall identify the specific unit of equipment to be replaced and the estimated capital cost of the replacement and shall include documentation that the equipment to be replaced has previously been authorized or exempted as allowed by law.

12VAC5-220-110. Requirements for registration of certain capital expenditures . (revised 11/2011)

At least 30 days before any person contracts to make or is otherwise legally obligated to make a capital expenditure by or on behalf of a medical care facility that is \$5,698,607 or more but is less than \$17,095,823 and has not been previously authorized by the commissioner, the owner of any medical care facility as defined in this chapter shall register in writing such expenditure with the commissioner. The format for registration shall include information concerning the purpose of such expenditure and projected impact that the expenditure will have upon the charges for services. For purposes of registration, the owner shall include any person making the affected capital expenditure. See definition of "project."

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

12VAC5-220-120. Requirement for notification of proposed acquisition of medical care facility.

At least 30 days before any person is contractually obligated to acquire an existing medical care facility, the cost of which is \$600,000 or more, that person shall provide written notification to the commissioner and the regional health planning agency that serves the area in which the facility is located. Such notification shall identify the name of the medical care facility, the current and proposed owner, the cost of the acquisition, the services to be added or deleted, the number of beds to be added or deleted, and the projected impact that the cost of the acquisition will have upon the charges of the services to be provided in the medical care facility. The commissioner shall provide written notification to the person who plans to acquire the medical care facility within 30 days of receipt of the required notification. If the commissioner finds that a reviewable clinical health service or beds are to be added as a result of the acquisition, the commissioner may require the proposed new owner to obtain a certificate prior to the acquisition. If such certificate is required, an application will be considered under an appropriate batch group which will be identified at the time of written notification by the commissioner to the applicant for such acquisition.

12VAC5-220-130. Significant change limitation.

No significant change in a project for which a certificate of public need has been issued shall be made without prior written approval of the commissioner. Such request for a significant change shall be made in writing by the owner to the commissioner with a copy to the appropriate regional health planning agency. The owner shall also submit the application fee to the department if applicable at the time the written request is made. The written request shall identify the nature and purpose of the change. The regional health planning agency shall review the proposed change and notify the commissioner of its recommendation with respect to the change within 30 days from receipt of the request by both the department and the regional health planning agency. Failure of the regional health planning agency to notify the commissioner within the 30-day period shall constitute a recommendation of approval. The commissioner shall act on the significant change request within 35 days of receipt. A public hearing during the review of a proposed significant change request is not required unless determined necessary by the commissioner. The commissioner shall not approve a significant change in cost for a project which exceeds the authorized capital expenditure by more than 20%. The commissioner shall not extend the schedule for completion of a project beyond three years from the date of issuance of the

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

certificate or beyond the time period approved by the commissioner at the date of certificate issuance, whichever is greater, except when delays in completion of a project have been caused by events beyond the control of the owner and the owner has made substantial and continuing progress toward completion of the project.

Exception: The commissioner may approve a significant change in cost for an approved project that exceeds the authorized capital expenditure by more than 20%, provided the applicant has demonstrated that the cost increases are reasonable and necessary under all the circumstances and do not result from any material expansion for the project as approved.

12VAC5-220-140. Requirements for health maintenance organizations (HMO).

An HMO must obtain a certificate of public need prior to initiating a project. Such HMO must also adhere to the requirements for the acquisition of medical care facilities if appropriate. See definition of "project" and 12VAC5-220-10.

12VAC5-220-150. [Repealed]

**Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations**

**Part IV
Determination of Public Need (Required Considerations)**

12VAC5-220-160. Required considerations.

In determining whether a public need exists for a proposed project, the applicable requirements of §32.1-102.2:1 of the Code of Virginia will be considered.

**Part V
Standard Review Process**

12VAC5-220-170. Preconsultation.

Each regional health planning agency and the department shall provide upon request advice and assistance concerning community health resources needs to potential applicants. Such advice and assistance shall be advisory only and shall not be a commitment on behalf of the regional health planning agency or the commissioner.

12VAC5-220-180. Application forms. (revised 11/2009)

A. Letter of intent. An applicant shall file a letter of intent with the commissioner to request appropriate application forms, and submit a copy of that letter to the appropriate regional health planning agency, by the later of (i) 30 days prior to the submission of an application for a project included within a particular batch group or (ii) 10 days after the first letter of intent is filed for a project within a particular batch group for the same or similar services and facilities which are proposed for the same planning district or medical service area. The letter shall identify the owner, the type of project for which an application is requested, and the proposed scope (size) and location of the proposed project. The department shall transmit application forms to the applicant within seven days of the receipt of the letter of intent. A letter of intent filed with the department shall be considered void one year after the date of receipt of such letter. (See 12VAC5-220-310 C.)

B. Application fees. The department shall collect application fees for applications that request a certificate of public need. The fee required for an

**Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations**

application shall be 1.0% of the proposed expenditure for the project, but not less than \$1,000 and no more than \$20,000.

No application will be deemed to be complete for review until the required application fee is paid. (See 12VAC5-220-310 C.)

C. Filing application forms. Applications must be submitted at least 40 days prior to the first day of a scheduled review cycle to be considered for review in the same cycle. In order to verify the date of the department's and the appropriate regional health planning agency's receipt of the application, the applicant shall transmit the document electronically, or prepare in triplicate two copies to be submitted to the department and one copy to be submitted to the appropriate regional health planning agency and sent by certified mail or a delivery service, return receipt requested, or by hand, with a signed receipt to be provided. No application shall be deemed to have been submitted until required copies have been received by the department and the appropriate regional health planning agency. (See 12VAC5-220-200.)

12VAC5-220-190. Review for completeness.

The applicant shall be notified by the department within 15 days following receipt of the application if additional information is required to complete the application or the application is complete as submitted. No application shall be reviewed until the department has determined that it is complete. To be complete, all questions must be answered to the satisfaction of the commissioner and all requested documents supplied, when applicable and the application fee submitted. Additional information required to complete an application shall be submitted to the department and the appropriate regional health planning agency at least five days prior to the first day of a review cycle to be considered complete for review in the same review cycle. (See 12VAC5-220-200.)

12VAC5-220-200. One hundred ninety-day review cycle. (revised 11/2011)

The department shall review the following groups of completed applications in accordance with the following 190-day scheduled review cycles and the following descriptions of projects within each group, except as provided for in 12VAC5-220-220.

BATCH GROUP	GENERAL DESCRIPTION	REVIEW CYCLE	
		Begins	Ends
A	General Hospitals/Obstetrical Services/Neonatal Special Care Services	Feb. 10 Aug. 10	Aug. 18 Feb. 16

**Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations**

B	Open Heart Surgery/Cardiac Catheterization/Ambulatory Surgery Centers/Operating Room Additions/Transplant Services	Mar. 10 Sep. 10	Sep. 16 Mar. 19
C	Psychiatric Facilities/Substance Abuse Treatment/Mental Retardation Facilities	Apr. 10 Oct. 10	Oct. 17 Apr. 18
D/F	Diagnostic Imaging Facilities/Services Selected Therapeutic Facilities/Services	May 10 Nov. 10	Nov. 16 May 19
E	Medical Rehabilitation Beds/Services	June 10 Dec. 10	Dec. 17 Jun. 18
D/F	Selected Therapeutic Facilities/Services Diagnostic Imaging Facilities/Services	July 10 Jan. 10	Jan. 16 Jul. 18
G	Nursing Home Beds at Retirement Communities/Bed Relocations/Miscellaneous Expenditures by Nursing Homes	Jan. 10 Mar. 10 May 10 July 10 Sep. 10 Nov. 10	Jul. 18 Sep. 16 Nov. 16 Jan. 16 Mar. 19 May 19

Batch Group A includes:

1. The establishment of a general hospital.
2. An increase in the total number of general acute care beds in an existing or authorized general hospital.
3. The relocation at the same site of 10 general hospital beds or 10% of the general hospital beds of a medical care facility, whichever is less, from one existing physical facility to another in any two-year period if such relocation involves a capital expenditure of \$17,095,823 or more (see 12VAC5-220-280).
4. The introduction into an existing medical care facility of any new neonatal special care or obstetrical services that the facility has not provided in the previous 12 months.
5. Any capital expenditure of \$17,095,823 or more, not defined as a project category included in Batch Groups B through G, by or in behalf of a general hospital.

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

Batch Group B includes:

1. The establishment of a specialized center, clinic, or portion of a physician's office developed for the provision of outpatient or ambulatory surgery or cardiac catheterization services.
2. An increase in the total number of operating rooms in an existing medical care facility or establishment of operating rooms in a new facility.
3. The introduction into an existing medical care facility of any new cardiac catheterization, open heart surgery, or organ or tissue transplant services that the facility has not provided in the previous 12 months.
4. The addition by an existing medical care facility of any medical equipment for the provision of cardiac catheterization.
5. Any capital expenditure of \$17,095,823 or more, not defined as a project category in Batch Group A or Batch Groups C through G, by or in behalf of a specialized center, clinic, or portion of a physician's office developed for the provision of outpatient or ambulatory surgery or cardiac catheterization services.
6. Any capital expenditure of \$17,095,823 or more, not defined as a project category in Batch Group A or Batch Groups C through G, by or in behalf of a medical care facility, that is primarily related to the provision of surgery, cardiac catheterization, open heart surgery, or organ or tissue transplant services.

Batch Group C includes:

1. The establishment of a mental hospital, psychiatric hospital, intermediate care facility established primarily for the medical, psychiatric or psychological treatment and rehabilitation of alcoholics or drug addicts, or mental retardation facility.
2. An increase in the total number of beds in an existing or authorized mental hospital, psychiatric hospital, intermediate care facility established primarily for the medical, psychiatric or psychological treatment and rehabilitation of alcoholics or drug addicts, or mental retardation facility.
3. An increase in the total number of mental hospital, psychiatric hospital, substance abuse treatment and rehabilitation, or mental retardation beds in an existing or authorized medical care facility which is not a dedicated mental hospital, psychiatric hospital, intermediate care facility established primarily for the medical, psychiatric or psychological treatment and rehabilitation of alcoholics or drug addicts, or mental retardation facility.
4. The relocation at the same site of 10 mental hospital, psychiatric hospital, substance abuse treatment and rehabilitation, or mental retardation beds or 10% of the mental hospital, psychiatric hospital,

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

substance abuse treatment and rehabilitation, or mental retardation beds of a medical care facility, whichever is less, from one existing physical facility to another in any two-year period if such relocation involves a capital expenditure of \$17,095,823 or more (see 12VAC5-220-280).

5. The introduction into an existing medical care facility of any new psychiatric or substance abuse treatment service that the facility has not provided in the previous 12 months.

6. Any capital expenditure of \$17,095,823 or more, not defined as a project category in Batch Groups A and B or Batch Groups D/F through G, by or in behalf of a mental hospital, psychiatric hospital, intermediate care facility established primarily for the medical, psychiatric or psychological treatment and rehabilitation of alcoholics or drug addicts, or mental retardation facilities.

7. Any capital expenditure of \$17,095,823 or more, not defined as a project category in Batch Groups A through B or Batch Groups D/F through G, by or in behalf of a medical care facility, which is primarily related to the provision of mental health, psychiatric, substance abuse treatment or rehabilitation, or mental retardation services.

Batch Group D/F includes:

1. The establishment of a specialized center, clinic, or that portion of a physician's office developed for the provision of computed tomographic (CT) scanning, magnetic resonance imaging (MRI), magnetic source imaging (MSI), positron emission tomographic (PET) scanning, or nuclear medicine imaging, except for the purpose of nuclear cardiac imaging.

2. The introduction into an existing medical care facility of any new computed tomography (CT), magnetic resonance imaging (MRI), magnetic source imaging (MSI), positron emission tomographic (PET) scanning, or nuclear medicine imaging services, except for the purpose of nuclear cardiac imaging that the facility has not provided in the previous 12 months.

3. The addition by an existing medical care facility of any equipment for the provision of computed tomography (CT), magnetic resonance imaging (MRI), magnetic source imaging (MSI), positron emission tomographic (PET) scanning.

4. Any capital expenditure of \$17,095,823 or more, not defined as a project category in Batch Groups A B, C, E, and G, by or in behalf of a specialized center, clinic, or that portion of a physician's office developed for the provision of computed tomographic (CT) scanning, magnetic resonance imaging (MRI), magnetic source imaging (MSI), positron emission tomographic (PET) scanning, or nuclear medicine imaging,

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

except that portion of a physician's office dedicated to providing nuclear cardiac imaging.

5. Any capital expenditure of \$17,095,823 or more, not defined as a project category in Batch Groups A B, C, E, and G, by or in behalf of a medical care facility, which is primarily related to the provision of computed tomographic (CT) scanning, magnetic resonance imaging (MRI), magnetic source imaging (MSI), positron emission tomographic (PET) scanning, or nuclear medicine imaging, except for the purpose of nuclear cardiac imaging.

Batch Group E includes:

1. The establishment of a medical rehabilitation hospital.
2. An increase in the total number of beds in an existing or authorized medical rehabilitation hospital.
3. An increase in the total number of medical rehabilitation beds in an existing or authorized medical care facility that is not a dedicated medical rehabilitation hospital.
4. The relocation at the same site of 10 medical rehabilitation beds or 10% of the medical rehabilitation beds of a medical care facility, whichever is less, from one existing physical facility to another in any two-year period, if such relocation involves a capital expenditure of \$17,095,823 or more (see 12VAC220-280).
5. The introduction into an existing medical care facility of any new medical rehabilitation service that the facility has not provided in the previous 12 months.
6. Any capital expenditure of \$17,095,823 or more, not defined as a project category in Batch Groups A B, C, D/F, and G, by or in behalf of a medical rehabilitation hospital.
7. Any capital expenditure of \$17,095,823 or more, not defined as a project category in Batch Groups A B, C, D/F, and G, by or in behalf of a medical care facility, that is primarily related to the provision of medical rehabilitation services.

Batch Group D/F includes:

1. The establishment of a specialized center, clinic, or that portion of a physician's office developed for the provision of gamma knife surgery, lithotripsy, or radiation therapy.
2. Introduction into an existing medical care facility of any new gamma knife surgery, lithotripsy, or radiation therapy services that the facility has not provided in the previous 12 months.

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

3. The addition by an existing medical care facility of any medical equipment for the provision of gamma knife surgery, lithotripsy, or radiation therapy.
4. Any capital expenditure of \$17,095,823 or more, not defined as a project in Batch Groups A B, C, E, and G, by or in behalf of a specialized center, clinic, or that portion of a physician's office developed for the provision of gamma knife surgery, lithotripsy, or radiation therapy.
5. Any capital expenditure of \$17,095,823 or more, not defined as a project in Batch Groups A B, C, E, and G, by or in behalf of a medical care facility, which is primarily related to the provision of gamma knife surgery, lithotripsy, or radiation therapy.

Batch Group G includes:

1. The establishment of a nursing home, intermediate care facility, or extended care facility of a continuing care retirement community by a continuing care provider registered with the State Corporation Commission pursuant to Chapter 49 (§38.2-4900 et seq.) of Title 38.2 of the Code of Virginia.
2. The establishment of a nursing home, intermediate care facility, or extended care facility that does not involve an increase in the number of nursing home facility beds within a planning district.
3. An increase in the total number of beds in an existing or authorized nursing home, intermediate care facility, or extended care facility of a continuing care retirement community by a continuing care provider registered with the State Corporation Commission pursuant to Chapter 49 (§38.2-4900 et seq.) of Title 38.2 of the Code of Virginia.
4. An increase in the total number of beds in an existing or authorized nursing home, intermediate care facility, or extended care facility that does not involve an increase in the number of nursing home facility beds within a planning district.
5. The relocation at the same site of 10 nursing home, intermediate care facility, or extended care facility beds or 10% of the nursing home, intermediate care facility, or extended care facility beds of a medical care facility, whichever is less, from one physical facility to another in any two-year period, if such relocation involves a capital expenditure of \$17,095,823 or more (see 12VAC5-220-280).
6. Any capital expenditure of \$17,095,823 or more, not defined as a project category in Batch Groups A through D/F, by or in behalf of a nursing home, intermediate care facility, or extended care facility, which does not increase the total number of beds of the facility.

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

7. Any capital expenditure of \$17,095,823 or more, not defined as a project category in Batch Groups A through D/F, by or in behalf of a medical care facility, that is primarily related to the provision of nursing home, intermediate care, or extended care services, and does not increase the number of beds of the facility.

12VAC5-220-210. Requests for application (RFA).

The commissioner may request the submission of applications for his consideration which address a specific need for services and facilities as identified in the State Medical Facilities Plan. The department shall give notice of such RFA in a newspaper of general circulation in the locality or the planning district where the specific services or facility is requested. Such notice shall be published at least 120 days prior to the first day of the appropriate review cycle for the type of project being requested. A written copy of an RFA shall also be available upon request from the department and the regional health planning agency in the appropriate geographic area. The process for adoption of an RFA by the commissioner for projects listed in §32.1-102.3:2 subsections A, B, and C of the Code of Virginia are set forth in 12VAC5-220-335 of this chapter.

12VAC5-220-220. Consideration of applications.

Applications for the same or similar services which are proposed for the same planning district or medical service area shall be considered as competing applications by the commissioner. The commissioner shall determine whether an application is competing and shall provide written notification to the competing applicants and the regional health planning agency. The commissioner may, upon the request of an applicant, waive the review schedule requirements of 12VAC5-220-200 in the case of a documented emergency or in cases where, as of the deadline for filing a letter of intent for the otherwise applicable cycle, there are no competing applicants, and the applicant who has filed a letter of intent for a particular project proposes to combine the intended project with another related project for which an application will be filed in a subsequent batch group.

12VAC5-220-230. Review of complete application.

A. Review cycle. At the close of the work day on the tenth day of the month, the department shall provide written notification to applicants specifying the acceptance date and review schedule of completed applications, including the date for any informal fact-finding conference that may be held between the

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

eightieth and ninetieth day of the review cycle. The regional health planning agency shall conduct no more than two meetings, one of which must be a public hearing conducted by the regional health planning agency board or a subcommittee of the board and provide applicants with an opportunity, prior to the vote, to respond to any comments made about the project by the regional health planning agency staff, any information in a staff report, the comments of local governing bodies in the health planning district, all other public comments, or comments by those voting in completing its review and recommendation by the sixtieth day of the cycle. By the seventieth day of the review cycle, the department shall complete its review and recommendation of an application and transmit the same to the applicants and other appropriate persons. By the seventy-fifth day of the review cycle, the department shall transmit to the applicant and the appropriate other persons its determination whether an informal fact-finding conference is necessary.

An informal fact-finding conference shall be held when (i) determined necessary by the department or (ii) requested by any person seeking to be made a party to the case for good cause. Any person seeking to be made a party to the case for good cause shall file, no later than four days after the department has completed its review and recommendation of an application and has transmitted the same to the applicants and to persons who have prior to the issuance of the report requested a copy in writing, written notification with the commissioner, applicants and other competing applicants, and regional health planning agency stating the grounds for good cause and providing the factual basis therefor under oath.

For purposes of this section, "good cause" means that (i) there is significant, relevant information not previously presented at and not available at the time of the public hearing, (ii) there have been significant changes in factors or circumstances relating to the application subsequent to the public hearing, or (iii) there is a substantial material mistake of fact or law in the department staff's report on the application or in the report submitted by the regional health planning agency. See §32.1-102.6 of the Code of Virginia.

B. Time period for review. The review period shall begin on the first day of the applicable review cycle within which an application is determined to be complete, in accordance with scheduled batch review cycles described in 12VAC5-220-200. If the application is not determined to be complete for the applicable batch cycle within 40 calendar days from the date of submission, the application may be refiled in the next applicable batch cycle.

If the regional health planning agency has not completed its review by the sixtieth day of the review cycle, or such other period in accordance with the applicant's request for extension, and submitted its recommendation within 10 calendar days after the completion of its review, the department shall, on the eleventh day after expiration of the regional health planning agency's review

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

period, proceed as if the regional health planning agency has recommended approval of the proposed project.

In any case in which an informal fact-finding conference is not held, the project record shall be closed on the earlier of (i) the date established for holding the informal fact-finding conference or (ii) the date that the department determines that an informal fact-finding conference is not necessary. See 12VAC5 220-230 A.

In any case in which an informal fact-finding conference is held, a date shall be established for closing of the record that shall not be more than 30 calendar days after the date for holding the informal fact-finding conference.

C. Determination by the commissioner. If a determination whether a public need exists for a project is not made by the commissioner within 45 calendar days of the closing of the record, the commissioner shall notify the applicant or applicants and any persons seeking to show good cause, in writing, that the application or the applications of each shall be deemed approved 25 calendar days after the expiration of such 45-calendar-day period, unless the receipt of recommendations from the person performing as hearing officer permits the commissioner to issue his case decision within that 25-calendar-day period. The validity or timeliness of the aforementioned notice shall not, in any event, prevent, delay or otherwise impact the effectiveness of this section.

In any case when a determination whether a public need exists for a project is not made by the commissioner within 70 calendar days after closing of the record, the application shall be deemed approved and a certificate shall be granted.

If a determination whether a public need for a project exists is not made by the commissioner within 45 calendar days of the closing of the record, any person who has filed an application competing in the relevant batch review cycle or who has filed an application in response to the relevant Request for Applications issued pursuant to 12VAC5-220-355 may, prior to the application being deemed approved, petition for immediate injunctive relief pursuant to §2.2-4030 of the Code of Virginia, naming as respondents the commissioner and all parties to the case. During the pendency of proceeding, no applications shall be deemed to be approved. In such a proceeding, the provisions of §2.2-4030 of the Code of Virginia shall apply.

Deemed approvals shall be construed as the commissioner's case decision on the application pursuant to the Administrative Process Act (§2.2-4000 et seq. of the Code of Virginia) and shall be subject to judicial review on appeal as the commissioner's case decision in accordance with such act.

Any person who has sought to participate in the department's review of such deemed-to-be-approved application as a person showing good cause who has not received a final determination from the commissioner concerning such

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

attempt to show good cause shall be deemed to be a person showing good cause for purposes of appeal of a deemed-to-be-approved certificate.

In any appeal of the commissioner's case decision granting a certificate of public need pursuant to a Request for Applications issued pursuant to §32.1-102.3:2 of the Code of Virginia, the court may require the appellant to file a bond pursuant to §8.01-676.1 of the Code of Virginia, in such sum as shall be fixed by the court for protection of all parties interested in the case decision, conditioned on the payment of all damages and costs incurred in consequence of such appeal.

The applicants, and only the applicants, shall have the authority to extend any of the time periods for review of the application, which are specified in 12VAC5-220-230. If all applicants consent to extending any time period in this section, the commissioner, with the concurrence of the applicants, shall establish a new schedule for the remaining time periods.

For purposes of project review, any scheduled deadlines that fall on a weekend or state holiday shall be advanced to the next work day.

D. Regional health planning agency required notifications. Upon notification of the acceptance date of a complete application as set forth in subsection A of this section, the regional health planning agency shall provide written notification of its review schedule to the applicant. The regional health planning agency shall notify the local governing bodies in the planning district, health care providers and specifically identifiable consumer groups who may be affected by the proposed project directly by mail and shall also give notice of the public hearing in a newspaper of general circulation in such county or city wherein a project is proposed or a contiguous county or city at least nine days prior to such public hearing. Such notification by the regional health planning agency shall include: (i) the date and location of the public hearing which shall be conducted on the application except as otherwise provided in this chapter, in the county or city wherein a project is proposed or a contiguous county or city and (ii) the date, time and place the final recommendation of the regional health planning agency shall be made. The regional health planning agency shall maintain a verbatim record of the public hearing that includes any comments of the local governing bodies of the health planning district and all other public comments. A copy of the verbatim record shall be provided to the department. Such public hearing record shall be maintained for at least a one-year time period following the final decision on a certificate of public need application. See definition of "public hearing."

E. Ex parte contact. After commencement of a public hearing and before a final decision is made, there shall be no ex parte contacts between the State Health Commissioner and any person acting on behalf of the applicant or holder of a certificate or any person opposed to the issuance or in favor of revocation of

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

a certificate of public need, unless written notification has been provided. See definition of "ex parte."

12VAC5-220-240. Participation by other persons.

Any person affected by a proposed project under review may directly submit written opinions, data and other information to the appropriate regional health planning agency and the commissioner for consideration prior to their final action.

12VAC5-220-250. Amendment to an application.

The applicant shall have the right to amend an application at any time. Any amendment which is made to an application following the public hearing and prior to the issuance of a certificate unless otherwise specified in this chapter shall constitute a new application and shall be subject to the review requirements set forth in Part V of this chapter. If such amendment is made subsequent to the issuance of a certificate of public need, it shall be reviewed in accordance with 12VAC5-220-130.

12VAC5-220-260. Withdrawal of an application.

The applicant shall have the right to withdraw an application from consideration at any time, without prejudice by written notification to the commissioner.

12VAC5-220-270. Action on an application.

A. Commissioner's responsibility. Decisions as to approval or disapproval of applications or a portion thereof for certificates of public need shall be rendered by the commissioner. Any decision to issue or approve the issuance of a certificate shall be consistent with the most recent applicable provisions of the State Medical Facilities Plan. However, if the commissioner finds, upon presentation of appropriate evidence, that the provisions of either such plan are not relevant to a rural locality's needs, inaccurate, outdated, inadequate or otherwise inapplicable, the commissioner, consistent with such finding, may issue or approve the issuance of a certificate and shall initiate procedures to make appropriate amendments to such plan.

Conditions of approval. The commissioner may condition the approval of an application for a project (i) on the agreement by the applicant to provide an

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

acceptable level of care at a reduced rate to indigents, or (ii) on the agreement of the applicant to provide care to persons with special needs, or (iii) upon the agreement of the applicant to facilitate the development and operation of primary medical care services in designated medically underserved areas of the applicant's service area. The terms of such agreements shall be specified in writing prior to the commissioner's decision to approve a project. Any person willfully refusing, failing or neglecting to honor such agreement shall be subject to a civil penalty of \$100 per violation per day from the date of receipt from the department of written notice of noncompliance until the date of compliance. Upon information and belief that a person has failed to honor such agreement in accordance with this provision, the department shall notify the person in writing and 15 days shall be provided for response in writing including a plan for immediate correction. In the absence of an adequate response or necessary compliance or both, a judicial action shall be initiated in accordance with the provisions of §32.1-27 of the Code of Virginia.

B. Notification process-extension of review time. The commissioner shall make a final determination on an application for a certificate of public need and provide written notification detailing the reasons for such determination to the applicant with a copy to the regional health planning agency within the time frames specified in 12VAC5-220-230 B unless authorization is given by the applicant or applicants to extend the time period. Such written notification shall also reference the factors and bases considered in making a decision on the application and, if applicable, the remedies available for appeal of such decision and the progress reporting requirements. The commissioner may approve a portion of a project provided the portion to be approved is agreed to by the applicant following consultation, which may be subject to the ex parte provision of this chapter, between the commissioner and the applicant.

**Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations**

**Part VI
Expedited Review Process**

12VAC5-220-280. Applicability.

Capital expenditures as contained in subsection 8 of 'project' as defined in §32.1-102 of the Code of Virginia or projects that involve relocation at the same site of 10 beds or 10% of the beds, whichever is less, from one existing physical facility to another, when the cost of such relocation is less than \$5 million, shall be subject to an expedited review process.

12VAC5-220-290. Application forms.

A. Obtaining application forms. Application forms for an expedited review shall be available from the department upon the request of the applicant. The department shall transmit application forms to the applicant within seven days of receipt of such request.

B. Application fees. The department shall collect application fees for applications that request a certificate of public need under the expedited review process. No application will be reviewed until the required application fee is paid as provided in 12VAC5-220-180 B.

C. Filing application forms. All requests for a certificate of public need in accordance with the expedited review process shall be reviewed by the department and the regional health planning agency which shall each forward a recommendation to the commissioner within 40 days from the date the submitted application has been deemed complete. No application for expedited review shall be reviewed until the application form has been received by the department and the appropriate regional health planning agency, has been deemed complete, and the application fee has been paid to the department.

12VAC5-220-300. Participation by other persons.

Any person directly affected by the review of a project under the expedited review process may submit written opinions, data and other information to the appropriate regional health planning agency and to the commissioner prior to their final action.

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

12VAC5-220-310. Action on application.

A. Decisions to approve any project under the expedited review process shall be rendered by the commissioner within 45 days of the receipt of such completed request. The commissioner shall approve and issue a certificate for any project which is determined to meet the criteria for expedited review set forth in 12VAC5-220-280.

B. If the commissioner determines that a project does not meet the criteria for an expedited review set forth in 12VAC5-220-280, the applicant will be notified in writing of such determination within 45 days of the receipt of such request. In such cases, the department will forward the appropriate forms to the project applicant for use in filing an application for review of a project in the appropriate review cycle in accordance with Part V of this chapter.

C. Any project which does not qualify for an expedited review in accordance with 12VAC5-220-280, as determined by the commissioner, shall be exempted from the requirements of 12VAC5-220-180 A and B when such project is filed for consideration in accordance with Part V of this chapter.

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

Part VII
New Nursing Home Bed Review Process

12VAC5-220-320. [Repealed]

12VAC5-220-325. Applicability.

The following categories of projects as determined by the State Health Commissioner shall be subject to the nursing home bed review process when they involve an increase in the number of nursing home facility beds in Virginia. (For Continuing Care Retirement Community nursing home beds, see Part V (12VAC5-220-170 et seq.) of this chapter.)

1. The establishment of a nursing home, intermediate care facility, or extended care facility, except when such nursing home, intermediate care facility, or extended care facility is proposed by a continuing care retirement community and the project is sponsored by a continuing care provider registered with the State Corporation Commission pursuant to Chapter 49 (§38.2-4900 et seq.) of Title 38.2 of the Code of Virginia.

2. An increase in the total number of beds in an existing or authorized nursing home, intermediate care facility, or extended care facility, except when the nursing home, intermediate care facility, or extended care facility is a component of a continuing care retirement community and the project is sponsored by a continuing care provider registered with the State Corporation Commission pursuant to Chapter 49 (§38.2-4900 et seq.) of Title 38.2 of the Code of Virginia.

3. An increase in the total number of nursing home beds, intermediate care facility beds, or extended care facility beds in an existing or authorized medical care facility which is not a dedicated nursing home, intermediate care facility, or extended care facility.

4. The introduction into any existing medical care facility of any new nursing home service such as intermediate care facility services, extended care facility services or skilled nursing facility services except when such medical care facility is an existing nursing home as defined in §32.1-123 of the Code of Virginia.

12VAC5-220-330. [Repealed]

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

12VAC5-220-335. Request for Applications (RFA).

Pursuant to §32.1-102.3:2 subsections A, B, and C of the Code of Virginia, the commissioner shall periodically issue a Request for Applications (RFA). An RFA shall be issued at least annually.

A RFA from project applicants proposing projects which would result in an increase in the number of beds are provided shall be based on analyses of the need for increases in the bed supply in each of Virginia's planning districts in accordance with the applicable standards included in the State Medical Facilities Plan. Such RFAs shall also include a schedule for the review of applications submitted in response to the RFA which allows for at least 120 days between the day on which the RFA is issued and the first day of the review cycle for such applications.

12VAC5-220-340. [Repealed]

12VAC5-220-345. Limitation on acceptance of nursing home bed applications.

Applications for projects listed in 32.1-102.3:2 subsection A, B, and C of the Code of Virginia shall only be accepted for review when properly filed in response to a RFA. Furthermore, the commissioner shall only accept for review applications which propose projects located in the planning districts from which applications are requested in the RFA and propose authorization of a number of new beds are provided which is less than or equal to the total number of beds identified as needed for the planning district in which the project will be located.

12VAC5-220-350. [Repealed]

12VAC5-220-355. RFA project application forms. (revised 11/2009)

A. Letter of intent. A RFA project applicant shall file a letter of intent with the commissioner to request appropriate application forms, and submit a copy of that letter to the appropriate regional health planning agency by the letter of intent deadline specified in the RFA. The letter shall identify the owner, the type of project for which an application is requested, and the proposed scope (size) and location of the proposed project. The department shall transmit application forms to the applicant within seven days of the receipt of the letter of intent. A letter of

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

intent filed with the department shall be considered void if an application is not filed for the project by the application deadline specified in the RFA.

B. Application fees. The department shall collect application fees for RFA applications that request a certificate of public need. The fee required for an application is 1.0% of the proposed capital expenditure for the project but no less than \$1,000 and no more than \$20,000. No application will be deemed to be complete for review until the required application fee is paid.

C. Filing application forms. Applications must be submitted to the department and the appropriate regional health planning agency by the application filing deadline specified in the RFA. In order to verify the department and the appropriate regional health planning agency's receipt of the application, the applicant shall transmit the document electronically, or prepare in triplicate two copies to be submitted to the department and one copy to be submitted to the appropriate regional health planning agency and sent by certified mail or a delivery service, return receipt requested, or by hand, with a signed receipt to be provided. No application shall be deemed to have been submitted until required copies have been received by the department and the appropriate regional health planning agency.

12VAC5-220-360. [Repealed]

12VAC5-220-365. Review for completeness.

The applicant shall be notified by the department within 15 days following receipt of the application if additional information is required to complete the application or the application is complete as submitted. No application shall be reviewed until the department has determined that it is complete. To be complete, all questions and information items requested on the application must be completely addressed and the application fee submitted. Additional information required to complete an application shall be submitted to the department and the appropriate regional health planning agency at least five days prior to the first day of the review cycle, as specified in the RFA, to be considered in the review cycle.

12VAC5-220-370. [Repealed]

12VAC5-220-375. Consideration of applications.

RFA applications proposed for the same planning district shall be considered as competing applications by the commissioner. The commissioner shall

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

determine whether an application is competing and provide written notification to the competing applicants and the regional health planning agency.

12VAC5-220-380. [Repealed]

12VAC5-220-385. Review of complete application.

A. Review cycle. The department shall provide written notification to applicants specifying the acceptance date and review schedule of completed applications, including the date for any informal fact-finding conference that may be held between the eightieth and ninetieth day of the review cycle. The regional health planning agency shall conduct no more than two meetings, one of which must be a public hearing conducted by the regional health planning agency board or a subcommittee of the board and provide applicants with an opportunity, prior to the vote, to respond to any comments made about the project by the regional health planning agency staff, any information in a staff report, the comments of the local governing bodies in the health planning district, all other public comments, or comments by those voting in completing its review and recommendation by the sixtieth day of the cycle. By the seventieth day of the review cycle, the department shall complete its review and recommendation of an application and transmit the same to the applicant or applicants and other appropriate persons. By the seventy-fifth day of the review cycle, the department shall transmit to the applicants and other appropriate persons, its determination whether an informal fact-finding conference is necessary.

An informal fact-finding conference shall be held when (i) determined necessary by the department or (ii) requested by any person seeking to demonstrate good cause. Any person seeking to demonstrate good cause shall file, no later than four days after the department has completed its review and recommendation of an application and has transmitted the same to the applicants and to persons who have prior to the issuance of the report requested a copy in writing, written notification with the commissioner, applicant or applicants and other competing applicants, and regional health planning agency stating the grounds for good cause and providing the factual basis therefor under oath.

For purposes of this section, "good cause" means that (i) there is significant, relevant information not previously presented at and not available at the time of the public hearing, (ii) there have been significant changes in factors or circumstances relating to the application subsequent to the public hearing, or (iii) there is a substantial material mistake of fact or law in the department staff's report on the application or in the report submitted by the regional health planning agency. (See §32.1-102.6 of the Code of Virginia.)

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

B. Time period for review. The review period shall begin on the first day of the applicable review cycle within which an application is determined to be complete, in accordance with scheduled batch review cycles described in 12VAC5-220-200. If the application is not determined to be complete for the applicable batch cycle within 40 calendar days from the date of submission, the application may be refiled in the next applicable batch cycle.

If the regional health planning agency has not completed its review by the sixtieth day of the review cycle, or such other period in accordance with the applicant's request for extension, and submitted its recommendation within ten calendar days after the completion of its review, the department shall, on the eleventh day after expiration of the regional health planning agency's review period, proceed as if the regional health planning agency has recommended approval of the proposed project.

In any case in which an informal fact-finding conference is not held, the project record shall be closed on the earlier of (i) the date established for holding the informal fact-finding conference or (ii) the date that the department determines that an informal fact-finding conference is not necessary. See 12VAC5 220-230 A.

In any case in which an informal fact-finding conference is held, a date shall be established for closing of the record which shall not be more than 30 calendar days after the date for holding the informal fact-finding conference.

C. Determination by the commissioner. If a determination whether a public need exists for a project is not made by the commissioner within 45 calendar days of the closing of the record, the commissioner shall notify the applicant or applicants and any person seeking to show good cause, in writing, that the application or the applications of each shall be deemed approved 25 calendar days after the expiration of such 45-calendar-day period, unless the receipt of recommendations from the person performing the hearing officer functions permits the commissioner to issue his case decision within that 25-calendar-day period. The validity or timeliness of the aforementioned notice shall not, in any event, prevent, delay or otherwise impact the effectiveness of this section.

In any case when a determination whether a public need exists for a project is not made by the commissioner within 70 calendar days after closing of the record, the application shall be deemed approved and a certificate shall be granted.

If a determination whether a public need for a project exists is not made by the commissioner within 45 calendar days of the closing of the record, any applicant who is competing in the relevant batch review cycle or who has filed an application in response to the relevant Request for Applications issued pursuant to 12VAC5-220-355 may, prior to the application being deemed approved petition for immediate injunctive relief pursuant to §2.2-4030 of the Code of Virginia,

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

naming as respondents the commissioner and all parties to the case. During the pendency of proceeding, no applications shall be deemed to be approved. In such a proceeding, the provisions of §2.2-4030 of the Code of Virginia shall apply.

Deemed approvals shall be construed as the commissioner's case decision on the application pursuant to the Administrative Process Act (§2.2-4000 et seq. of the Code of Virginia) and shall be subject to judicial review on appeal as the commissioner's case decision in accordance with such act.

Any person who has sought to participate in the department's review of such deemed-to-be-approved application as a person showing good cause who has not received a final determination from the commissioner concerning such attempt to show good cause petition prior to the date on which the application was approved, shall be deemed to be a person showing good cause for purposes of appeal of a deemed-to-be-approved certificate.

In any appeal of the commissioner's case decision granting a certificate of public need pursuant to a Request for Applications issued pursuant to §32.1-102.3:2 of the Code of Virginia, the court may require the appellant to file a bond pursuant to §8.01-676.1 of the Code of Virginia, in such sum as shall be fixed by the court for protection of all parties interested in the case decision, conditioned on the payment of all damages and costs incurred in consequence of such appeal.

The applicants, and only the applicants, shall have the authority to extend any of the time periods for review of the application, which are specified in 12VAC5-220-230. If all applicants consent to extending any time period in this section, the commissioner, with the concurrence of the applicants, shall establish a new schedule for the remaining time periods.

D. Regional health planning agency required notifications. Upon notification of the acceptance date of a complete application as set forth in subsection A of this section, the regional health planning agency shall provide written notification of its review schedule to the applicant. The regional health planning agency shall notify the local governing bodies in the planning district, health care providers and specifically identifiable consumer groups who may be affected by the proposed project directly by mail and shall also give notice of the public hearing in a newspaper of general circulation in such county or city wherein a project is proposed or a contiguous county or city at least nine days prior to such public hearing. Such notification by the regional health planning agency shall include: (i) the date and location of the public hearing which shall be conducted on the application except as otherwise provided in this chapter, in the county or city wherein a project is proposed or a contiguous county or city; and (ii) the date, time and place the final recommendation of the regional health planning agency shall be made. The regional health planning agency shall maintain a verbatim

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

record of the public hearing that includes any comments of the local governing bodies of the health planning district and all other public comments. A copy of the verbatim record shall be provided to the department. Such public hearing record shall be maintained for at least a one-year time period following the final decision on a certificate of public need application. See definition of "public hearing."

E. Ex parte contact. After commencement of a public hearing and before a final decision is made, there shall be no ex parte contacts between the State Health Commissioner and any person acting on behalf of the applicant or holder of a certificate or any person opposed to the issuance or in favor of revocation of a certificate of public need, unless written notification has been provided. See definition of "ex parte."

12VAC5-220-390. [Repealed]

12VAC5-220-395. Participation by other persons.

Any person affected by a proposed project under review may directly submit written opinions, data and other information to the appropriate regional health planning agency and the commissioner for consideration prior to their final action.

12VAC5-220-400. [Repealed]

12VAC5-220-405. Amendment to an application.

The applicant shall have the right to amend an application at any time. Any amendment which is made to an application following the public hearing and prior to the issuance of a certificate unless otherwise specified in this chapter shall constitute a new application and shall be subject to the review requirements set forth in this part of this chapter. If such amendment is made subsequent to the issuance of a certificate of public need, it shall be reviewed in accordance with 12VAC5-220-130.

12VAC5-220-410. Withdrawal of an application.

The applicant shall have the right to withdraw an application from consideration at any time without prejudice by written notification to the commissioner.

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

12VAC5-220-420. Action on an application.

A. Commission's responsibility. Decisions as to approval or disapproval of applications or a portion thereof for certificates of public need shall be rendered by the commissioner. Any decision to issue or approve the issuance of a certificate shall be consistent with the most recent applicable provisions of the State Medical Facilities Plan. However, if the commissioner finds, upon presentation of appropriate evidence, that the provisions of such plan are not relevant to a rural locality's needs, inaccurate, outdated, inadequate or otherwise inapplicable, the commissioner, consistent with such finding, may issue or approve the issuance of a certificate and shall initiate procedures to make appropriate amendments to such plan.

The commissioner may condition the approval of an application for a project (i) on the agreement by the applicant to provide an acceptable level of care at a reduced rate to indigents or, (ii) on the agreement of the applicant to provide care to persons with special needs, or (iii) upon the agreement of the applicant to facilitate the development and operation of primary medical care services in designated medically underserved areas of the applicant's service area. The terms of such agreements shall be specified in writing prior to the commissioner's decision to approve a project. Any person willfully refusing, failing or neglecting to honor such agreements shall be subject to a civil penalty of \$100 per violation per day from the date of receipt from the department of written notice of noncompliance until the date of compliance. Upon information and belief that a person has failed to honor such agreement in accordance with this provision, the department shall notify the person in writing and 15 days shall be provided for a response in writing including a plan for immediate correction. In the absence of an adequate response or necessary compliance or both, a judicial action shall be initiated in accordance with the provisions of §32.1-27 of the Code of Virginia.

B. Notification process—extension of review time. The commissioner shall make a final determination on an application for a certificate of public need and provide written notification detailing the reasons for such determination to the applicant with a copy to the regional health planning agency within the time frames specified in 12VAC5-220-385 B unless an authorization is given by the applicants to extend the time period. Such written notification shall also reference the factors and bases considered in making a decision on the application and, if applicable, the remedies available for appeal of such decision and the progress reporting requirements. The commissioner may approve a portion of a project provided the portion to be approved is agreed to by the applicant following consultation, which may be subject to the ex parte provision of this chapter, between the commissioner and the applicant.

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

Part VIII

Duration, Extension, and Revocation of Certificates

12VAC5-220-430. Duration.

A certificate of public need shall be valid for a period of 12 months and shall not be transferrable from the certificate holder to any other legal entity regardless of the relationship, under any circumstances.

12VAC5-220-440. Extension.

A certificate of public need is valid for a 12-month period and may be extended by the commissioner for additional time periods which shall be specified at the time of the extension.

A. Basis for certificate extension within 24 months. An extension of a certificate of public need beyond the expiration date may be granted by the commissioner by submission of evidence to demonstrate that progress is being made towards the completion of the authorized project as defined in 12VAC5-220-450. Such request shall be submitted to the commissioner in writing with a copy to the appropriate regional health planning agency at least 30 days prior to the expiration date of the certificate or period of extension.

B. Basis for certificate extension beyond 24 months. An extension of a certificate of public need beyond the two years following the date of issuance may be granted by the commissioner when substantial and continuing progress is being made towards the development of the authorized project. In making the determination, the commissioner shall consider whether: (i) any delays in development of the project have been caused by events beyond the control of the owner; (ii) substantial delays in development of the project may not be attributed to the owner; and (iii) a schedule of completion has been provided and determined to be reasonable. Such request shall be submitted in writing with a copy to the appropriate regional health planning agency at least 30 days prior to the expiration date of the certificate of period of extension. The commissioner shall not grant an extension to the schedule for completion of a project beyond three years (36 months) of the date of certificate issuance or beyond the time period approved at the date of certificate issuance, whichever is greater, unless such extension is authorized in accordance with the provisions for a significant change. See 12VAC5-220-130, Significant change limitation.

C. Basis for indefinite extension. A certificate shall be considered for an indefinite extension by the commissioner when satisfactory completion of a project has been demonstrated as set forth in subsection C of 12VAC5-220-450.

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

D. Regional health planning agency review. All requests for an extension of a certificate of public need shall be reviewed by the appropriate regional health planning agency within 30 days of receipt by the department and the regional health planning agency. The recommendations on the request by that agency shall be forwarded to the commissioner who shall act upon the progress report within 35 days of receipt by the department and the regional health planning agency. Failure of the regional health planning agency to notify the commissioner within the time frame prescribed shall constitute a recommendation of approval by such regional health planning agency.

E. Notification of decision. Extension of a certificate of public need by the commissioner shall be made in the form of a letter from the commissioner with a copy to the appropriate regional health planning agency and shall become part of the official project file.

12VAC5-220-450. Demonstration of progress.

The applicant shall provide reports to demonstrate progress made towards the implementation of an authorized project in accordance with the schedule of development which shall be included in the application. Such progress reports shall be filed in accordance with the following intervals and contain such evidence as prescribed at each interval:

A. Twelve months following issuance. Documentation that shows: (i) proof of ownership or control of site; (ii) the site meets all zoning and land use requirements; (iii) architectural planning has been initiated; (iv) preliminary architectural drawings and working drawings have been submitted to appropriate state reviewing agencies and the State Fire Marshal; (v) construction financing has been completed or will be completed within two months and (vi) purchase orders or lease agreements exist for equipment and new service projects.

B. Twenty-four months following issuance. Documentation that shows that (i) all required financing is completed; (ii) preconstruction site work has been initiated; (iii) construction bids have been advertised and the construction contractor has been selected; (iv) the construction contract has been awarded and (v) construction has been initiated.

C. Upon completion of a project. Any documentation not previously provided which: (i) shows the final costs of the project, including the method(s) of financing; and (ii) shows that the project has been completed as proposed in accordance with the application originally submitted, including any subsequent approved changes. See "completion" as defined in 12VAC5-220-10.

Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations

12VAC5-220-460. Revocation of certificate.

A. Lack of progress. Failure of any project to meet the progress requirements stated in 12VAC5-220-450 shall be cause for certificate revocation, unless the commissioner determines sufficient justification exists to permit variance, considering factors enumerated in 12VAC5-220-450.

B. Failure to report progress. Failure of an applicant to file progress reports on an approved project in accordance with 12VAC5-220-450 shall be cause for revocation, unless, due to extenuating circumstances, the commissioner, in his sole discretion, extends the certificate, in accordance with subsection B of 12VAC5-220-440.

C. Unapproved changes. Exceeding a capital expenditure amount not authorized by the commissioner or not consistent with the schedule of completion shall be cause for revocation. See definition of "significant change" and "schedule of completion."

D. Failure to initiate construction. Failure to initiate construction of the project within two years following the date of issuance of the certificate of public need shall be cause for revocation, unless due to extenuating circumstances the commissioner extends the certificate, in accordance with subsection B of 12VAC5-220-440.

E. Misrepresentation. Upon determination that an applicant has knowingly misrepresented or knowingly withheld relevant data or information prior to issuance of a certificate of public need, the commissioner may revoke said certificate.

F. Noncompliance with assurances. Failure to comply with the assurances or intentions set forth in the application or written assurances provided at the time of issuance of a certificate of public need shall be cause for revocation.

Part IX
Appeals

12VAC5-220-470. Judicial review.

Appeals to a circuit court shall be governed by the Virginia Administrative Process Act, §2.2-4000 et seq. of the Code of Virginia, and Part Two A of the Rules of the Supreme Court of Virginia.

**Virginia Department of Health
Virginia Medical Care Facilities Certificate of Public Need
Rules and Regulations**

**Part X
Sanctions**

12VAC5-220-480. Violation of rules and regulations.

Commencing any project without a certificate required by this chapter shall constitute grounds for refusing to issue a license for such project.

12VAC5-220-490. Injunctive relief.

On petition of the commissioner, the Board of Health or the Attorney General, the circuit court of the county or city where a project is under construction or is intended to be constructed, located or undertaken shall have jurisdiction to enjoin any project which is constructed, undertaken or commenced without a certificate or to enjoin the admission of patients to the project or to enjoin the provision of services through the project.

**Part XI
Other**

12VAC5-220-500. [Repealed.]

FORMS

Application for Expedited Review for Certificate of Public Need (eff. 6/94).

Registration Form for Capital Expenditures of \$1,000,000 or More But Less than \$2,000,000 Which are Not Defined as a Project on or After July 1, 1993.

Request for Extension of a Certificate of Public Need Beyond Two Years from Date of Issuance.

Request for Extension of a Certificate of Public Need Beyond One Year, But Less than Two Years from Date of Issuance (Rev. 7/26/93).

Application for a Medical Care Facilities Certificate of Public Need - Outpatient Facilities (Rev. 12/10/92).

Application for a Medical Care Facilities Certificate of Public Need - Hospitals (Rev. 12/10/92).

Application for a Medical Care Facilities Certificate of Public Need - Long-Term Care Facilities (Rev. 12/10/92).