

Justification and Senate 900 as filed.

Justification for SB 900

An Act Expanding the Determination of Need Threshold

Chapter 305 of the Acts of 2008 for the first time required that hospitals obtain a DoN for major outpatient expenditures defined as at least \$25M. The proposed legislation provides greater enforcement of this requirement for the protection of community hospitals. Specifically, for projects that a hospital intends to implement outside of its own primary service area (to be defined by DPH for this purpose), but within the primary service area of another hospital that is one of the protected class of community hospitals, a DoN is required both for projects as small as \$5M, and for projects that are broken down into multiple components over a five year period which when aggregated would reach the \$25M threshold. In sum, this legislation helps to ensure that one hospital's outpatient satellite project does not crop up in the backyard of another hospital without going through an appropriate health planning process.

SENATE No. 900

The Commonwealth of Massachusetts

PRESENTED BY:

Bruce E. Tarr

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act expanding the determination of need threshold.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Bruce E. Tarr	First Essex and Middlesex
Pam Richardson	6th Middlesex
David M. Nangle	17th Middlesex
Charles A. Murphy	21st Middlesex
Thomas A. Golden, Jr.	16th Middlesex

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT EXPANDING THE DETERMINATION OF NEED THRESHOLD.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Section 25B of chapter 111 of the general laws is hereby amended by inserting within the definition of "expenditure minimum with respect to substantial capital expenditures" after the words "unless the expenditures and acquisitions are at least \$25,000,000, in which case a determination of need shall be required", the following:-

“; or unless the expenditures and acquisitions are at least \$5,000,000, or will total at least \$25,000,000 when aggregated over a five year period, and will (i) not be implemented within its own primary service area to be defined by the department for these purposes, and (ii) will be implemented within the primary service area of another hospital that is a community hospital.”