

Justification and Senate 586 as filed.

Justification for SB 586

An Act Clarifying 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 in two ways. First, it requires regular disclosure by hospitals to DPH of large upcoming outpatient capital projects so that DPH [and health care providers themselves] can keep track of trends and proposed developments within hospital service areas, thereby helping to promote more rationale health care planning and cost containment, and ensure greater compliance with DoN requirements. And second, it ensures that hospitals do not evade the DoN requirement through breaking down their projects into multiple components under 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. 586

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 clarifying 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 CLARIFYING 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" the following:

- A. After the words "unless the expenditures and acquisitions are at least \$25,000,000," the following:- " ; or will total at least \$25,000,000 when aggregated over a five year period"

B. Prior to the last sentence, the following:- “Expenditures and acquisitions of at least \$5M in connection with new or expanded outpatient services not otherwise subject to determination of need that are anticipated to be implemented during a rolling three year period shall be reported annually to the department and updated as appropriate.”