
Certificate of Need - Oregon

Presentation to House Committee on
Behavioral Health and Health Care

February 28, 2024



Oregon Public Health Division

Health Care Regulation & Quality Improvement

Certificate of Need – History

- Oregon established CN in 1971
- 1971-1995 applied to wide variety of facilities, services and equipment
- 1995 - current scope was set when the legislature opted to let the marketplace regulate most health care services planning
- The current scope ensures that **new hospitals and nursing home facilities** and services are needed, financially viable and able to provide high quality services
- Current process allows for approval, denial, or approval with conditions
- Current program funding – application fees

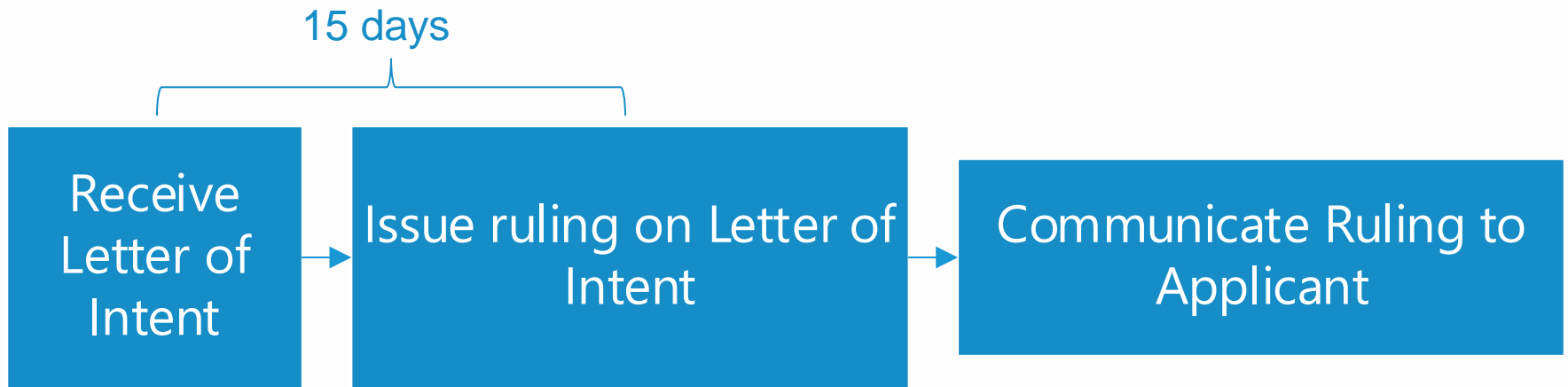
Certificate of Need – Purpose

- “To achieve reasonable access to quality health care, at a reasonable cost” [OAR 333-545-0000 (1)]
- Certificate of Need is a regulatory program designed to discourage unnecessary investment in health care facilities, technology, and services, ORS 442.315 through 442.362
- Certificate of Need is one of the few ways that government and the public have a say in development of new health care services
- Considerations of equitable distribution of services
- Scope of Review in Oregon: new hospitals and new nursing facility services and facilities

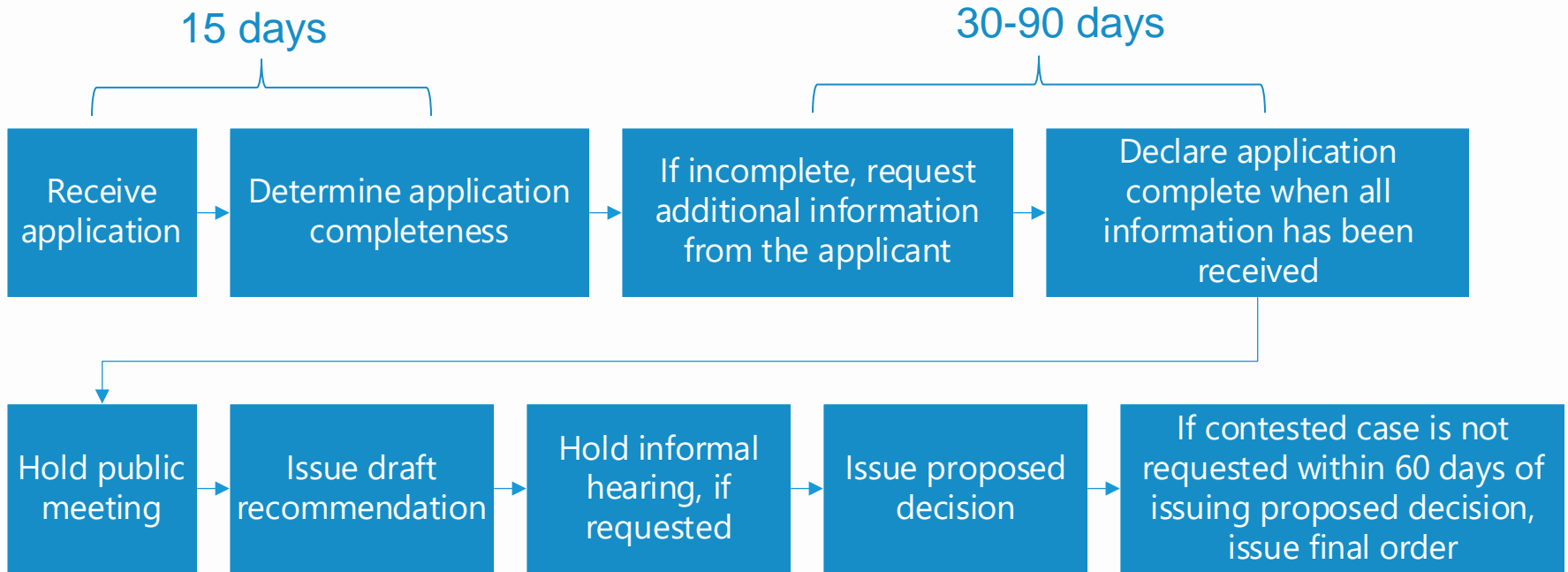
Certificate of Need – Process

- Process is governed by OAR 333 Div. 545 to 670
- OHA review based on the following criteria:
 - **General Need**
 - **Financial Analysis**
 - **Technical Bed Need Analysis**
 - **Architectural Analysis**
- Affected parties may testify at or request a public meeting on the application prior to a decision, may request an informal hearing after OHA issues its proposed decision and may request a future contested case hearing

Certificate of Need – Letter of Intent Process



Certificate of Need – Application Process



Total process time: 6 months is goal. If proposed decision goes to contested case hearing, legal process can extend much longer

Certificate of Need – Process

Types of Reviews - Hospitals

- **Full Review** (OAR 333-570)
- **Abbreviated Review** (OAR 333-560)
 - Only for proposals that will establish services either predominantly or exclusively for medically indigent patients
 - Joint ventures between hospitals and health systems
 - Development of freestanding hospice, if certain conditions are met
 - Development of new Oregon State Hospital
- **Accelerated Review**
 - Relocation of an existing general hospital within the same service area and without a substantial increase or change in services offered

Certificate of Need – Process

Types of Reviews –Nursing Homes

- **Full Review** (OAR 333-570)
- **Abbreviated Review** (OAR 333-560-0010)
 - Projects that involve relicensing of long-term care beds within five years of delicensing and not an increase in overall beds
- **Expedited Review** (OAR 333-560-0110)
 - Relocation of beds from one facility to another in the same service area

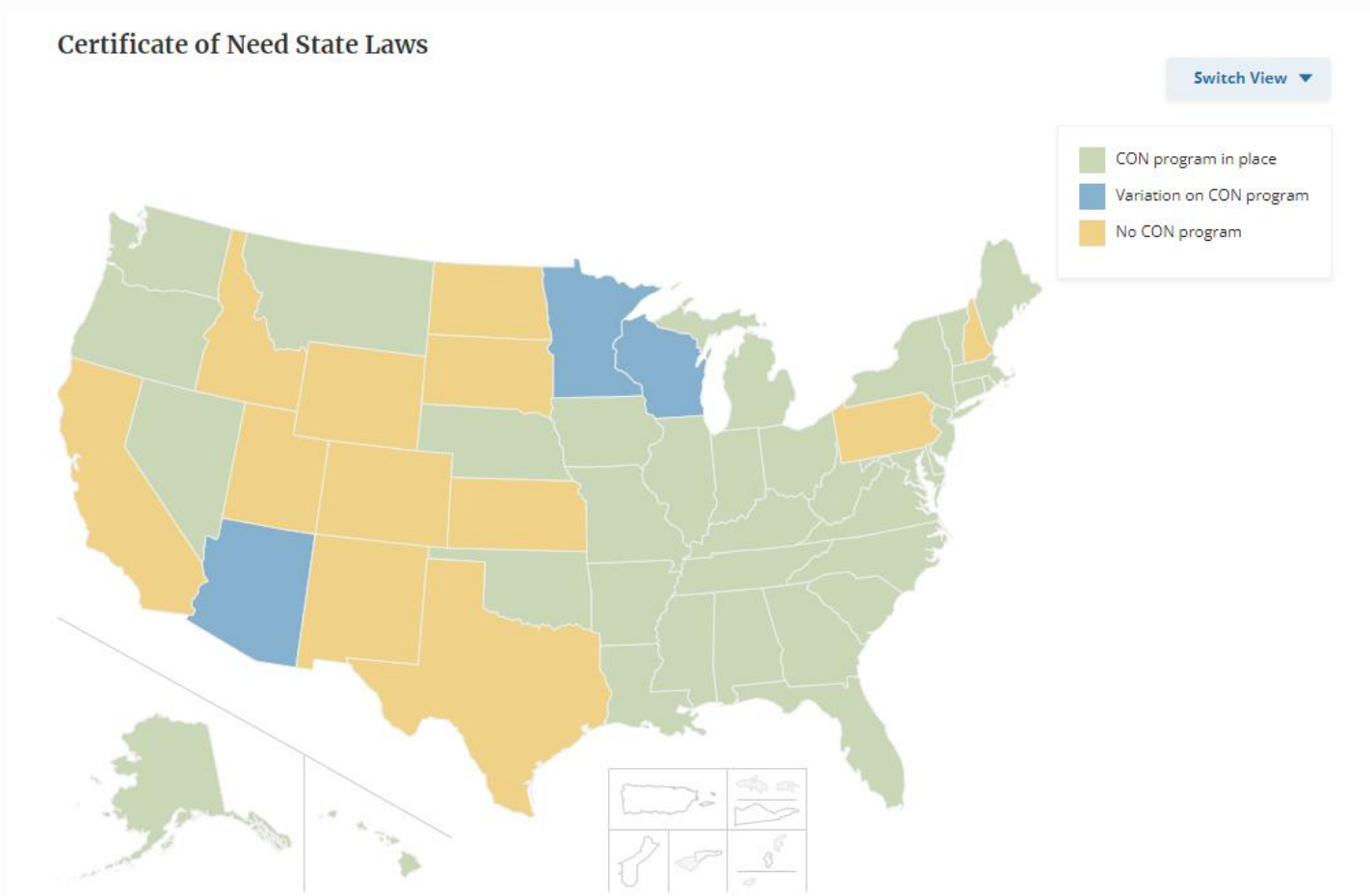
Certificate of Need – Recent Applications

- Since 2018, the program has received 20 Letters of Intent (LOIs)
 - 13 from skilled nursing facilities (SNFs)
 - 7 from hospitals or special inpatient care facilities (SICFs)
- 3 of 13 SNFs were ruled subject to CN
- 5 of 7 hospital/SICFs were ruled subject to CN
- All projects and proposals that were subject to CN have been approved or approved with conditions

Certificate of Need – Recent Decisions

- Encompass Inpatient Rehabilitation Facility
 - Approved with conditions in March 2020
 - Contested case hearing and Court of Appeals
 - Applicants withdrew due to ongoing delays
- Post Acute Medical Inpatient Rehabilitation Facility
 - Approved with conditions in March 2020
 - Contested case hearing and Court of Appeals
 - Applicants withdrew due to ongoing delays
- NEWCO Inpatient Psychiatric Hospital
 - Approved with conditions in October 2021
 - Applicant withdrew application due to conditions stipulated in approval

Certificate of Need – National Perspective



Source: National Conference of State Legislatures

Certificate of Need – National Perspective

- Currently, 35 states and Washington, D.C., operate CN programs, with wide variation by state.
- In the past several years, many states have introduced or enacted legislation to modify their CN programs.
- Changes range from fully repealing an existing CN program to creating a new CN program.
- Most state legislation made targeted changes to CN oversight such as excluding specific facilities from CN review.

Thank you!

Any questions?

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