

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

S

D

SENATE BILL 804  
Health Care Committee Substitute Adopted 5/13/09  
House Committee Substitute Favorable 6/25/09  
PROPOSED HOUSE COMMITTEE SUBSTITUTE S804-PCS55466-RQ-41

Short Title: CON Changes.

(Public)

Sponsors:

Referred to:

March 25, 2009

1 A BILL TO BE ENTITLED  
2 AN ACT TO MAKE CHANGES TO THE CERTIFICATE OF NEED LAW WITH RESPECT  
3 TO TIME LINES FOR ISSUANCE OF A CERTIFICATE OF NEED; TO MODIFY  
4 BOND REQUIREMENTS FOR APPEALS; TO PROHIBIT THE APPROVAL OF A  
5 CERTIFICATE OF NEED FOR CERTAIN TYPES OF EMERGENCY DEPARTMENTS  
6 FOR A SPECIFIED TIME PERIOD; AND TO REQUIRE THE DEPARTMENT OF  
7 HEALTH AND HUMAN SERVICES TO STUDY THE LICENSURE OF  
8 HOSPITAL-BASED OFF-SITE EMERGENCY DEPARTMENTS.

9 The General Assembly of North Carolina enacts:

10 **SECTION 1.** G.S. 131E-187 reads as rewritten:

11 "**§ 131E-187. Issuance of a certificate of need.**

12 (a) ~~The Department shall issue a certificate of need within 35 days of the date of the~~  
13 ~~decision referenced in G.S. 131E-186, when no request for a contested case hearing has been~~  
14 ~~filed in accordance with G.S. 131E-188, and all applicable conditions of approval that can be~~  
15 ~~satisfied before issuance of the certificate of need have been met.~~

16 (b) ~~The Department shall issue a certificate of need within five days after a request for a~~  
17 ~~contested case hearing has been withdrawn or the final agency decision has been made~~  
18 ~~following a contested case hearing, and all applicable conditions of approval that can be~~  
19 ~~satisfied before issuance of the certificate of need have been met.~~

20 (c) The Department shall issue a certificate of need in accordance with the time line  
21 requirements of this section but only after all applicable conditions of approval that can be  
22 satisfied before issuance of the certificate of need have been met. The Department shall issue a  
23 certificate of need within:

24 (1) Thirty-five days of the date of the decision referenced in G.S. 131E-186,  
25 when no request for a contested case hearing has been filed in accordance  
26 with G.S. 131E-188.

27 (2) Five business days after it receives a file-stamped copy of the notice of  
28 voluntary dismissal, unless the voluntary dismissal is a stipulation of  
29 dismissal without prejudice.

30 (3) Thirty-five days of the date of the written notice of the final agency decision  
31 affirming or approving the issuance, unless a notice of appeal to the North  
32 Carolina Court of Appeals is timely filed.



\* S 8 0 4 - P C S 5 5 4 6 6 - R Q - 4 1 \*

1           (4)   Twenty days after a mandate is issued by the North Carolina Court of  
2           Appeals affirming the issuance of a certificate of need, unless a notice of  
3           appeal or petition for discretionary review to the North Carolina Supreme  
4           Court is timely filed.

5           (5)   Five business days after the North Carolina Supreme Court issues a mandate  
6           affirming the issuance of a certificate of need or an order declining to certify  
7           the case for discretionary review if the order declining to certify the case  
8           disposes of the appeal in its entirety."

9           **SECTION 2.** G.S. 131E-188(b1) reads as rewritten:

10          "(b1) Before filing an appeal of a final decision by the Department granting a certificate  
11 of need, the affected person shall deposit a bond with the Clerk of the Court of Appeals.

12          (1)   The bond shall be secured by cash or its equivalent in an amount equal to  
13          five percent (5%) of the cost of the proposed new institutional health service  
14          that is the subject of the appeal, but may not be less than five thousand  
15          dollars (\$5,000) and may not exceed fifty thousand dollars  
16          ~~(\$50,000)-(\$50,000); provided that the applicant who received approval of~~  
17          the certificate of need may petition the Court of Appeals for a higher bond  
18          amount for the payment of such costs and damages as may be awarded  
19          pursuant to subdivision (2) of this subsection. This amount shall be  
20          determined by the Court in its discretion, not to exceed three hundred  
21          thousand dollars (\$300,000). A holder of a certificate of need who is  
22          appealing only a condition in the certificate is not required to file a bond  
23          under this subsection.

24          (2)   If the Court of Appeals finds that the appeal was frivolous or filed to delay  
25          the applicant, the court shall remand the case to the superior court of the  
26          county where a bond was filed for the contested case hearing on the  
27          certificate of need. The superior court may award the holder of the certificate  
28          of need part or all of the bond. The court shall award the holder of the  
29          certificate of need reasonable attorney fees and costs incurred in the appeal  
30          to the Court of Appeals. If the Court of Appeals does not find that the appeal  
31          was frivolous or filed to delay the applicant and does not remand the case to  
32          superior court for a possible award of all or part of the bond to the holder of  
33          the certificate of need, the person originally filing the bond shall be entitled  
34          to a return of the bond."

35          **SECTION 3.1.** The Department of Health and Human Services shall not approve a  
36          certificate of need for a certificate of need application filed after the effective date of this act to  
37          develop a hospital-based, off-site emergency department unless the application is for a hospital-  
38          based, off-site emergency department that is proposed to be operated under the license of a  
39          hospital with licensed and operational acute care beds and to be located within the same county  
40          as that hospital.

41          **SECTION 3.2.** The Department of Health and Human Services shall study whether  
42          a hospital-based, off-site emergency department should be required to be licensed as part of a  
43          general acute care hospital and to be located within the same county as that hospital. The  
44          Department shall report those findings to the Joint Legislative Health Care Oversight  
45          Committee by December 31, 2010.

46          **SECTION 4.** This act is effective when it becomes law. Sections 1 and 2 apply to  
47          all final agency decisions made on or after that date. Section 3.1 of this act does not apply to  
48          any pending certificate of need application for a hospital-based, off-site emergency department  
49          but does apply to any certificate of need application for a hospital-based, off-site emergency  
50          department submitted to the Department of Health and Human Services on or after the effective  
51          date of this act. Section 3.1 of this act expires June 30, 2011.