

1 comment period from an affected party as defined in G.S. 131E-188(c);
2 the agency determines that a hearing is in the public interest. At such public
3 hearing oral arguments may be made regarding the application or
4 applications under review; and this public hearing shall include the
5 following:

- 6 a. An opportunity for the proponent of each application under review to
7 respond to the written comments submitted to the Department about
8 its application;
9 b. An opportunity for any person, except one of the proponents, to
10 comment on the applications under review;
11 c. An opportunity for a representative of the Department, or such other
12 person or persons who are designated by the Department to conduct
13 the hearing, to question each proponent of applications under review
14 with regard to the contents of the application;

15 The Department shall maintain a recording of any required public
16 hearing on an application until such time as the Department's final decision
17 is issued, or until a final agency decision is issued pursuant to a contested
18 case hearing, whichever is later; and any person may submit a written
19 synopsis or verbatim statement that contains the oral presentation made at
20 the hearing."

21 **SECTION 2.** G.S. 131E-176(14e) reads as rewritten:

22 "(14e) "Kidney disease treatment center" means a facility that is certified as an
23 end-stage renal disease facility by the Centers for Medicare and Medicaid
24 Services, Department of Health and Human Services, pursuant to 42 C.F.R.
25 § 405.494."

26 **SECTION 3.** G.S. 131E-176(14o) reads as rewritten:

27 "(14o) "Major medical equipment" means a single unit or single system of
28 components with related functions which is used to provide medical and
29 other health services and which costs more than ~~seven hundred fifty~~
30 ~~thousand dollars (\$750,000)~~ one million five hundred thousand dollars
31 (\$1,500,000). In determining whether the major medical equipment costs
32 more than ~~seven hundred fifty thousand dollars (\$750,000)~~ one million five
33 hundred thousand dollars (\$1,500,000), the costs of the equipment, studies,
34 surveys, designs, plans, working drawings, specifications, construction,
35 installation, and other activities essential to acquiring and making
36 operational the major medical equipment shall be included. The capital
37 expenditure for the equipment shall be deemed to be the fair market value of
38 the equipment or the cost of the equipment, whichever is greater. Major
39 medical equipment does not include replacement equipment as defined in
40 this section."

41 **SECTION 4.** G.S. 131E-176(16)b. reads as rewritten:

42 "(16) "New institutional health services" means any of the following:

43 ...

- 44 b. Except as otherwise provided in G.S. 131E-184(e), the obligation by
45 any person of a capital expenditure exceeding ~~two~~ four million dollars
46 ~~(\$2,000,000)~~ (\$4,000,000) to develop or expand a health service or a
47 health service facility, or which relates to the provision of a health
48 service. The cost of any studies, surveys, designs, plans, working
49 drawings, specifications, and other activities, including staff effort
50 and consulting and other services, essential to the acquisition,
51 improvement, or expansion, expansion of any plant or equipment or

1 ~~the replacement of any plant or equipment~~ with respect to which an
2 expenditure is made shall be included in determining if the
3 expenditure exceeds ~~two~~four million dollars
4 ~~(\$2,000,000)~~(\$4,000,000). The cost of replacement equipment shall
5 not be included in determining whether an expenditure exceeds the
6 capital expenditure threshold."

7 **SECTION 5.** G.S. 131E-176(22a) reads as rewritten:

8 "(22a) "Replacement equipment" means equipment that ~~costs less than two~~
9 ~~million dollars (\$2,000,000)~~ and is purchased for the sole purpose of
10 replacing comparable medical ~~equipment~~ equipment, as defined by
11 10A NCAC 14C .0303(c), currently in use which will be sold or
12 otherwise disposed of when replaced. The purchase of replacement
13 equipment shall not be considered a new institutional health service
14 and shall not require a certificate of need from the Department. ~~In~~
15 determining whether the replacement equipment costs less than two
16 million dollars (\$2,000,000), the costs of equipment, studies, surveys,
17 designs, plans, working drawings, specifications, construction,
18 installation, and other activities essential to acquiring and making
19 operational the replacement equipment shall be included. The capital
20 expenditure for the equipment shall be deemed to be the fair market
21 value of the equipment or the cost of the equipment, whichever is
22 greater."

23 **SECTION 6.** G.S. 131E-184(e) reads as rewritten:

24 "(e) The Department shall exempt from certificate of need review a capital expenditure
25 that exceeds the ~~two~~four million dollar ~~(\$2,000,000)~~(\$4,000,000) threshold set forth in
26 G.S. 131E-176(16)b. if all of the following conditions are met:

27 (1) The proposed capital expenditure would:

- 28 a. Be used solely for the purpose of renovating, replacing on the same
29 site, or expanding an existing:
30 1. Nursing home facility,
31 2. Adult care home facility, or
32 3. Intermediate care facility for the mentally retarded; and
33 b. Not result in a change in bed capacity, as defined in
34 G.S. 131E-176(5), or the addition of a health service facility or any
35 other new institutional health service other than that allowed in
36 G.S. 131E-176(16)b.

37 (2) The entity proposing to incur the capital expenditure provides prior written
38 notice to the Department, which notice includes documentation that
39 demonstrates that the proposed capital expenditure would be used for one or
40 more of the following purposes:

- 41 a. Conversion of semiprivate resident rooms to private rooms.
42 b. Providing innovative, homelike residential dining spaces, such as
43 cafes, kitchenettes, or private dining areas to accommodate residents
44 and their families or visitors.
45 c. Renovating, replacing, or expanding residential living or common
46 areas to improve the quality of life of residents."

47 **SECTION 7.** G.S. 131E-188 reads as rewritten:

48 "**§ 131E-188. Administrative and judicial review.**

49 (a) After a decision of the Department to issue, deny or withdraw a certificate of need
50 or exemption or to issue a certificate of need pursuant to a settlement agreement with an
51 applicant to the extent permitted by law, any affected person, as defined in subsection (c) of

1 this section, shall be entitled to a contested case hearing under Article 3 of Chapter 150B of the
2 General Statutes. A petition for a contested case shall be filed within 30 days after the
3 Department makes its decision. When a petition is filed, the Department shall send notification
4 of the petition to the proponent of each application that was reviewed with the application for a
5 certificate of need that is the subject of the petition. Any affected person shall be entitled to
6 intervene in a contested case.

7 A contested case shall be conducted in accordance with the following timetable:

- 8 (1) An administrative law judge or a hearing officer, as appropriate, shall be
9 assigned within 15 days after a petition is filed.
- 10 (2) The parties shall complete discovery within 90 days after the assignment of
11 the administrative law judge or hearing officer.
- 12 (3) The hearing at which sworn testimony is taken and evidence is presented
13 shall be held within 45 days after the end of the discovery period.
- 14 (4) The administrative law judge or hearing officer shall make a final decision
15 within 75 days after the hearing.
- 16 (5) Repealed by Session Laws 2011-398, s. 46, as amended by Session Laws
17 2011-326, s. 23, effective January 1, 2012, and applicable to contested cases
18 commenced on or after that date.

19 The administrative law judge or hearing officer assigned to a case may extend the deadlines
20 in subdivisions (2) through (4) so long as the administrative law judge or hearing officer makes
21 a final decision in the case within 270 days after the petition is filed.

22 (a1) On or before the date of filing a petition for a contested case hearing on the approval
23 of an applicant for a certificate of need, the petitioner shall deposit a bond for each approved
24 application that is the subject of the petition with the clerk of superior court where ~~the any~~ new
25 institutional health service that is the subject of the petition is proposed to be located. The bond
26 shall be secured by cash or its equivalent in an amount equal to five percent (5%) of the cost of
27 the proposed new institutional health service in each approved application that is the subject of
28 the ~~petition, but~~ petition. The bond required for each approved application subject to a petition
29 may not be less than five thousand dollars (\$5,000) and may not exceed fifty thousand dollars
30 (\$50,000)-one hundred thousand dollars (\$100,000). A petitioner who received approval for a
31 certificate of need and is contesting only a condition in the certificate is not required to file a
32 bond under this subsection.

33 The applicant who received approval for ~~the any~~ new institutional health service that is the
34 subject of the petition may bring an action against a bond filed under this subsection in the
35 superior court of the county where the bond was filed. Upon finding that the petition for a
36 contested case was frivolous or filed to delay the applicant, the court may award the applicant
37 part or all of the bond filed under this ~~subsection~~ subsection and shall award the applicant
38 reasonable attorneys' fees and costs incurred in the contested case. At the conclusion of the
39 contested case, if the court does not find that the petition for a contested case was frivolous or
40 filed to delay the applicant, the petitioner shall be entitled to the return of the bond deposited
41 with the superior court upon demonstrating to the clerk of superior court where the bond was
42 filed that the contested case hearing is concluded.

43 (b) Any affected person who was a party in a contested case hearing shall be entitled to
44 judicial review of all or any portion of any final decision in the following manner. The appeal
45 shall be to the Court of Appeals as provided in G.S. 7A-29(a). The procedure for the appeal
46 shall be as provided by the rules of appellate procedure. The appeal of the final decision shall
47 be taken within 30 days of the receipt of the written notice of final decision, and notice of
48 appeal shall be filed with the Office of Administrative Hearings and served on the Department
49 and all other affected persons who were parties to the contested hearing.

1 (b1) Before filing an appeal of a final decision granting a certificate of need, the affected
2 person shall deposit a bond with the Clerk of the Court of Appeals. The bond requirements of
3 this subsection shall not apply to any appeal filed by the Department.

4 (1) The bond shall be secured by cash or its equivalent in an amount equal to
5 five percent (5%) of the cost of the proposed new institutional health service
6 in each approved application that is the subject of the appeal, but may not be
7 less than five thousand dollars (\$5,000) and may not exceed ~~fifty thousand~~
8 ~~dollars (\$50,000);~~ one hundred thousand dollars (\$100,000); provided that
9 the applicant who received approval of the certificate of need may petition
10 the Court of Appeals for a higher bond amount for the payment of such costs
11 and damages as may be awarded pursuant to subdivision (2) of this
12 subsection. This amount shall be determined by the Court in its ~~discretion,~~
13 ~~not to exceed three hundred thousand dollars (\$300,000)-discretion.~~ A holder
14 of a certificate of need who is appealing only a condition in the certificate is
15 not required to file a bond under this subsection.

16 (2) If the Court of Appeals finds that the appeal was frivolous or filed to delay
17 the applicant, the court shall remand the case to the superior court of the
18 county where a bond was filed for the contested case hearing on the
19 certificate of need. The superior court may award the holder of the certificate
20 of need part or all of the bond. The court shall award the holder of the
21 certificate of need reasonable attorney fees and costs incurred in the appeal
22 to the Court of Appeals. If the Court of Appeals does not find that the appeal
23 was frivolous or filed to delay the applicant and does not remand the case to
24 superior court for a possible award of all or part of the bond to the holder of
25 the certificate of need, the person originally filing the bond shall be entitled
26 to a return of the bond.

27 (c) The term "affected persons" includes: the applicant; any individual residing within
28 the service area or the geographic area served or to be served by the applicant; any individual
29 who regularly uses health service facilities within that geographic area or the service area; any
30 person who provides services, similar to the services under review, to individuals residing
31 within the service area or the geographic area proposed to be served by the applicant; any
32 person who, prior to receipt by the agency of the proposal being reviewed, has provided written
33 notice to the agency of an intention to provide similar services in the future to individuals
34 residing within the service area or the geographic area to be served by the applicant; third party
35 payers who reimburse health service facilities for services in the service area in which the
36 project is proposed to be located; and any agency which establishes rates for health service
37 facilities or HMOs located in the service area in which the project is proposed to be located."

38 **SECTION 8.** G.S. 131E-176(16)l. is repealed.

39 **SECTION 9.** This act becomes effective October 1, 2013, and applies to certificate
40 of need applications, contested case petitions, and appeals filed on or after that date.