MEMORANDUM

TO: Interested Parties

FROM: Stacey Hillock, Executive Director
Office of Health Planning

SUBJECT: Update of Certificate-of-Need (CON) Thresholds

On July 1, 2020, the following CON thresholds become effective:

<table>
<thead>
<tr>
<th>Category</th>
<th>Thresholds Effective 7/1/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditures, O.C.G.A. § 31-6-40(a)(2)</td>
<td>$10,316,900.00</td>
</tr>
<tr>
<td>Joint Venture Ambulatory Surgery Centers, O.C.G.A. § 31-6-47(a)(19)</td>
<td>$6,633,964.00</td>
</tr>
<tr>
<td>Equipment Acquisition (Excluding PET Services), O.C.G.A. § 31-6-47(a)(28)</td>
<td>$2,998,920.00</td>
</tr>
<tr>
<td>Equipment Repair or Replacement, O.C.G.A. § 31-6-47(a)(10)</td>
<td>$869,687.00</td>
</tr>
</tbody>
</table>

Pursuant to O.C.G.A. §§ 31-6-40(a)(2) and 31-6-2(14), calculation of the CON threshold is made using the Private Fixed Investment in Structures Index (PFI), which is published annually by the U.S. Department of Commerce’s Bureau of Economic Analysis (BEA). The annual percentage of change in the PFI Index is calculated and applied to the prior year’s thresholds to derive the dollar change and the final updated thresholds. These calculations are shown below:

2018 Private Fixed Investment Index – Revised June 25, 2020 124.525
2019 Private Fixed Investment Index – Revised June 25, 2020 128.471
Annual Percent Change, Cumulative 2018 to 2019 3.169%

Pursuant to O.C.G.A. § 31-6-47(a)(28), calculations of the CON Equipment Acquisition and the Equipment Repair or Replacement thresholds are made using the annual percentage of change in the Consumer Price Index published by the U.S. Department of Labor for the preceding calendar year. These calculations are shown below:

2018 Consumer Price Index – Medical Care Commodities – Extracted June 25, 2020 381.427
2019 Consumer Price Index – Medical Care Commodities – Extracted June 25, 2020 381.288
Annual Percent Change, Cumulative 2018 to 2019 -0.036%

Sources:

Calculated by: Office of Health Planning, Department of Community Health