

## David A. Cook, Commissioner

Nathan Deal, Governor

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June 28, 2013

## MEMORANDUM

TO: Interested Parties

FROM: Matthew Jarrard, Deputy Division Chief/Health Planning Director

Healthcare Facility Regulation Division

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

On July 1, 2013, the following CON thresholds become effective:

| Category   | Thresholds<br>Effective 7/1/2013 |
|--|----------------------------------|
| Capital Expenditures, O.C.G.A. § 31-6-40(a)(2)   | \$ 2,650,282                     |
| Single-Specialty Physician-Owned Ambulatory Surgery Facilities, O.C.G.A. § 31-6-47(a)(18 | 3) \$ 2,650,282                  |
| Joint Venture Ambulatory Surgery Centers, O.C.G.A. § 31-6-47(a)(19)                      | \$ 5,300,564                     |
| Equipment, O.C.G.A. § 31-6-40(a)(3)  | \$ 1,126,874                     |

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:

| 2011 Private Fixed Investment Index – Revised June 27, 2013 | 113.347 |
|---|---------|
| 2012 Private Fixed Investment Index – Revised June 27, 2013 | 115.941 |
| Annual Percent Change, Cumulative 2011 to 2012              | 2.289%  |

Pursuant to O.C.G.A. § 31-6-40(a)(3), calculation of the CON Equipment threshold is 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:

| 2011 Consumer Price Index – Medical Care Commodities – Extracted June 27, 2013 | 324.089 |
|--|---------|
| 2012 Consumer Price Index – Medical Care Commodities – Extracted June 27, 2013 | 333.609 |
| Annual Percent Change, Cumulative 2011–2012                                    | 2.937%  |

|                             | Equipment   |
|-----------------------------|-------------|
| CON Threshold, July 1, 2012 | \$1,094,722 |
| 2.937% Increase Due to CPI  | \$32,151.99 |
| CON Threshold, July 1, 2013 | \$1,126,874 |

## Sources

<u>Private Fixed Investment in Structures</u> - United States Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts, Private Fixed Investment in Structures by Type Index (Table 5.4.4U), Revised June 27, 2013.

<u>Consumer Price Index</u> - United States Department of Commerce, Bureau of Labor Statistics, Medical Care Commodities (Series CUUR0000SAM1), Extracted June 27, 2013.

Calculated by: Data Resources and Analysis Section, Office of Health Planning, Healthcare Facility Regulation Division