

Nathan Deal, Governor

Clyde L. Reese III, Esq., Commissioner

2 Peachtree Street, NW | Atlanta, GA 30303-3159 | 404-656-4507 | www.dch.georgia.gov

June 30, 2015

MEMORANDUM

TO: Interested Parties

FROM: Rachel L. King, Executive Director

Office of Health Planning

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

On July 1, 2015, the following CON thresholds become effective:

Category	Thresholds Effective 7/1/2015
Capital Expenditures, O.C.G.A. § 31-6-40(a)(2)	\$ 2,878,487
Single-Specialty Physician-Owned Ambulatory Surgery Facilities, O.C.G.A. § 31-6-47(a)(18	8) \$ 2,878,487
Joint Venture Ambulatory Surgery Centers, O.C.G.A. § 31-6-47(a)(19)	\$ 5,756,975
Equipment, O.C.G.A. § 31-6-40(a)(3)	\$ 1,206,799

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:

2013 Private Fixed Investment Index – Revised June 25, 2015	107.614
2014 Private Fixed Investment Index – Revised June 25, 2015	112.297
Annual Percent Change, Cumulative 2013 to 2014	4.352%

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:

2013 Consumer Price Index – Medical Care Commodities – Extracted June 25, 2015	335.109
2014 Consumer Price Index – Medical Care Commodities – Extracted June 25, 2015	343.422
Annual Percent Change, Cumulative 2013 to 2014	2.481%

	Equipment
CON Threshold, July 1, 2014	\$1,177,583
2.481% Increase Due to CPI	\$29,215.83
CON Threshold, July 1, 2015	\$1,206,799

Sources

Private Fixed Investment in Structures - 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 25, 2015.

Consumer Price Index - United States Department of Commerce, Bureau of Labor Statistics, Medical Care Commodities (Series CUUR0000SAM1), Extracted June 25, 2015.

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