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2005 Update to the 2004 – 2006 STATE HEALTH PLAN

CERTIFICATE OF NEED REVIEW STANDARDS

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Kentucky Cabinet for Health and Family Services

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Purpose, Authority and Technical Notes

Purpose

The purpose of this document, which shall be referred to as the 2005 Update to the 2004 – 2006 State Health Plan (“Plan”), is to set forth the review criteria that shall be used when reviewing applications for certificates of need for consistency with plans pursuant to KRS 216B.040; and for determining whether a substantial change to a health service has occurred pursuant to KRS 216B.015(20)(a) and KRS 216B.061(1)(d).

Authority

KRS 216B.015(26) defines the “State Health Plan” to mean the document prepared triennially, updated annually and approved by the governor.

KRS 216 B.040 (2)(a)2, requires the Cabinet for Health and Family Services (“Cabinet”) to establish criteria for the issuance and denial of certificates of need and limits such review to five considerations. The first such consideration is "consistency with plans" which requires that "each proposal approved by the Cabinet shall be consistent with the State Health Plan, and shall be subject to biennial budget authorizations and limitations, and with consideration given to the proposal's impact on health care costs in the Commonwealth.”

Technical Notes

1. Unless otherwise noted, Area Development Districts (ADDs) are the geographic area for reviewing all applications for certificate of need.
2. Where applicable, an applicant shall set forth its plan for care of patients without private insurance coverage and its plan for care of medically underserved populations within the applicant’s proposed service area.
3. In reviewing applications for certificates of need, the latest published version of the *Cabinet Inventory of Kentucky Health Facilities, Health Services, and Major Medical Equipment* and published utilization reports shall be used. Additions of equipment or services by existing licensed facilities which do not require certificate of need approval shall be included in the inventory of existing and newly approved facilities and services when such facilities and services become operational. Facilities which make such additions shall notify the Office of Health Policy, Division of Certificate of Need within ten (10) days of such addition by completing Form #10 incorporated by reference in 900 KAR 6:050.
4. Health Services that are provided in private offices and clinics of physicians, dentists, and other practitioners of the healing arts which are exempt from certificate of need requirements pursuant to KRS 216B.020(2)(a) shall not be included in the Cabinet’s *Inventory of Health Facilities, Health Services, and Major Medical Equipment*. In

addition, utilization of such services shall not be considered in the review of certificate of need applications for similar services.

5. Facilities owned or operated by the Commonwealth of Kentucky shall not be included in the inventory of licensed or approved acute, psychiatric, or long-term care beds.
6. All certificate of need decisions shall be made using that version of the Plan in effect on the date of the decision, regardless of when the letter of intent or application was filed, or public hearing held.
7. Applications which have been granted nonsubstantive review status shall not be reviewed for consistency with this Plan.
8. The *Inventory of Kentucky Health Facilities, Health Services, and Major Medical Equipment* shall be available from the Office of Health Policy, Division of Certificate of Need at 275 East Main St., Frankfort, Kentucky, 40621, (502) 564-9589 and at Web Site: <http://chfs.ky.gov/con/default.htm>.
9. If more than one provider applies for certificate of need approval to establish or expand a healthcare facility or service in the same service area, a comparative hearing on the applications may be held.

I. Acute Care

For purposes of this Plan, “Acute care” is defined as those medical and/or surgical services provided by an acute care hospital for the diagnosis and/or the immediate and continuous treatment for more than 24 hours to individuals suffering from illness, disease or injury.

A. Hospital Acute Care Beds

Definition

An “acute care bed” is defined as a hospital bed licensed by the Kentucky Office of Inspector General, Division of Community Health. A hospital utilizes acute care beds in providing medical services, including physician services and continuous nursing services for the diagnosis and treatment of patients who have a variety of medical conditions, both surgical and non-surgical.

A “special purpose acute care bed” includes, but is not limited to, an Intensive Care Unit bed, Cardiac Care Unit bed, Neonatal Level II or Level III bed and Obstetrics bed.

Review Criteria

An application to add acute care beds, for the purpose of constructing or establishing a new hospital, shall be consistent with this Plan if the following criteria are met:

1. The overall occupancy of existing acute care beds in the ADD exceeds eighty (80) percent according to the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report*; or
2. The applicant documents the nearest existing licensed hospital to the applicant’s proposed site has encountered or demonstrated one of the following conditions:
 - a. Medicare or Medicaid certification was revoked;
 - b. Accreditation from the Joint Commission on Accreditation of Health Care Organizations was revoked;
 - c. A documented history of uncorrected quality control problems which threaten the life, health and safety of the hospital’s patients. Examples may include higher than normal rates of preventable hospitalization, medication errors, or hospital acquired infections; or
 - d. A historically and significantly higher negotiated rate for providing identical services as similar licensed hospitals.
3. The applicant shall further demonstrate the ability to identify and retain appropriately trained, experienced or licensed personnel and the applicant’s policies and protocols will

achieve appropriate efficiency and clinical effectiveness associated with care and treatment provided to potential patients. The applicant shall also include a documented plan to control, if not prevent, all quality or costs problems experienced by the licensed hospital identified with respect to criteria 2 above.

4. The applicant shall further demonstrate the ability and intent to provide the same clinical services provided by the licensed hospital identified with respect to criteria 2 above.

An application to add additional acute care beds to an existing licensed hospital shall be consistent with this Plan if the following criteria are met:

1. The hospital can document that transfer or conversion of special purpose acute care beds to acute care beds is not feasible because occupancy in the special purpose acute beds is greater than sixty-five (65) percent or if the occupancy is less than sixty-five (65) percent, the transfer of such beds would be insufficient to meet the hospital's total additional acute care bed need; and,
2. The hospital can document that its acute care occupancy rate has been higher than the target occupancy rate set forth in Table 1 according to the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report*; or,

Table 1
Facility Target Acute Care Bed Occupancy Rates

Number of beds per Facility	Facility Target Acute Care Bed Occupancy Percentage
1-50	60%
51 – 100	65%
101 – 200	70%
201 and above	75%

3. The hospital can document that its utilization of acute care beds has reached functional capacity for the prior twelve (12) months. In calculating functional capacity, consideration shall be given to the percentage of licensed acute care beds, psychiatric beds and/or chemical dependency beds currently operational as well as other factors affecting the utilization at the hospital including, but not limited to, the mix of private and semi-private rooms, patient matching limitations such as gender or the needs for isolation beds required to address emergency patient needs, and limits created by special purpose acute units.
4. The maximum number of acute care beds that may be approved will be based on volume projected five (5) years from the date on which the hospital filed its application for additional acute care beds. Approval will be based on the higher of:
 - a. The applicant's reasonable forecast of future utilization; or

- b. A regression analysis projection of patient day trends over a five (5) year timeframe.
- 5. With the exception of neonatal beds, a hospital with existing special purpose acute care beds may convert licensed acute care beds for use as special purpose acute care beds without certificate of need approval, as long as the addition of such beds will not result in an increase in total licensed acute care beds in the hospital.

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B. Comprehensive Physical Rehabilitation Hospital Beds

Definition

For purposes of this Plan there shall be one category of rehabilitation beds called "comprehensive physical rehabilitation beds" which may be located in free-standing facilities or as units in acute care hospitals that provide therapy and training for rehabilitation. Such facilities offer a range of services that may include occupational therapy, physical therapy, and speech therapy to aid in the restoration of an individual or a part to normal or near normal function after a disabling disease or injury.

Review Criteria

An application for comprehensive physical rehabilitation beds shall be consistent with this Plan if the following criteria are met:

1. An applicant that does not have existing licensed or certificate of need approved comprehensive physical rehabilitation beds and is proposing to establish such beds, shall demonstrate that the overall occupancy for comprehensive physical rehabilitation beds in the ADD exceeds seventy-five (75) percent as computed from the most recent published edition of the *Kentucky Annual Hospital Utilization and Services Report*;
2. Applicants proposing to expand the number of existing licensed comprehensive physical rehabilitation beds shall demonstrate that the occupancy of the existing comprehensive physical rehabilitation beds in the applicant's facility exceeds seventy-five (75) percent as computed from the most recent published edition of the *Kentucky Annual Hospital Utilization and Services Report*;
3. If criterion (1) or (2) is met, the maximum number of beds that may be approved in the ADD shall be computed by the following formula:

$$N = [(PD \div P) \times PP \div (365 \times 0.75)] - (LB + AB)$$

Where:

N	=	Need for Comprehensive Rehabilitation Beds in the ADD.
PD	=	The number of inpatient days in comprehensive physical rehabilitation beds statewide as reported in the most recently published data.
P	=	Estimated population in the Commonwealth for the period used to derive patient days.
PP	=	Estimated 2005 population for the ADD.
0.75	=	The desired average annual occupancy rate for comprehensive physical rehabilitation beds in the ADD.
LB	=	Existing licensed comprehensive physical rehabilitation beds in the ADD.
AB	=	The number of comprehensive physical rehabilitation beds in the ADD for which a certificate of need has been granted.

4. The Cabinet may approve more rehabilitation beds than indicated by the need formula to allow for the presence of hospitals that provide a higher intensity of rehabilitation services than provided by most rehabilitation hospitals due to the in-migration of out-of-state patients or a high percentage of patient referrals for specialized services from other ADDs.
5. Notwithstanding criteria 1 and 2, an applicant proposing to establish a comprehensive physical rehabilitation unit, within an existing acute care hospital with an existing licensed acute care bed inventory of at least one-hundred (100) beds, shall be consistent with the Plan if the following criteria are met:
 - a. There are no other licensed or certificate of need authorized comprehensive physical rehabilitation beds in the proposed ADD; or
 - b. There are no other licensed or certificate of need authorized comprehensive physical rehabilitation beds within a forty-five (45) mile radius of the proposed site.
6. The minimum size for a new freestanding rehabilitation hospital shall be forty (40) beds and the minimum size for a new rehabilitation unit in an acute care hospital shall be ten (10) beds.

C. Special Care Neonatal Beds

Definition

“Special Care Neonatal beds” are licensed acute care beds located in hospital neonatal units that provide care and treatment of newborn infants through the age of twenty-eight (28) days, and longer if necessary.

Review Criteria

An application for Level II special care neonatal beds shall be consistent with this Plan if the following criteria are met:

1. Approval of the application does not cause the number of Level II beds to exceed the following calculation:

$$\text{Maximum number of Level II beds in the ADD} = (\text{Total annual ADD births}^1 \div 1000) \bullet 4$$

2. The number of Level II beds in a facility shall be eight (8) per unit except in those cases where population distribution and access to Level II services justify a smaller unit. In no case shall a unit be smaller than four (4) beds;
3. The Cabinet determines that more Level II beds than indicated by the above calculation are justified in order to allow for the presence in the ADD of hospitals that provide a higher intensity of neonatal care than that provided by most hospitals due to a high percentage of neonatal patient referrals for complications that cannot be handled at the primary care level;
4. No new Level II program shall be approved in an ADD unless the over-all utilization of existing providers of Level II services in the ADD is at least seventy (70) percent as computed from the most recently published inventory and utilization data;
5. No additional beds will be approved for an existing unit unless the utilization in this unit is at least seventy (70) percent as computed from the most recently published inventory and utilization data; and
6. The application documents consistency with the most recent published edition of the American Academy of Pediatrics and the American College of Obstetrics and Gynecology *Guidelines for Perinatal Care*. These Guidelines are incorporated into these standards by reference.

¹ Births as reported in the most recent published edition of the *Kentucky Annual Hospital Utilization & Services Report*.

An application for Level III special care neonatal beds shall be consistent with this Plan if:

1. Approval of the application does not cause the number of Level III beds in the Commonwealth to exceed the following calculation:

$$(\text{Total annual state births} \div 1000) \bullet 1 = \text{Maximum number of Level III beds in the state}$$

2. The Cabinet determines that more Level III beds than indicated by the above calculation are justified in order to allow for the presence of hospitals that provide a higher intensity of neonatal care than that provided by most hospitals due to a high percentage of neonatal patient referrals for specialized services such as open-heart surgery, transplants, etc.;
3. No new Level III program shall be approved in the ADD unless the over-all utilization of existing providers of Level III services in the ADD is at least seventy-five (75) percent as computed from the most recently published inventory and utilization data;
4. No additional beds shall be approved for an existing unit unless the utilization of this unit is at least seventy-five (75) percent as computed from the most recently published inventory and utilization data; and
5. The application documents consistency with the most recent published edition of the American Academy of Pediatrics and the American College of Obstetrics and Gynecology *Guidelines for Perinatal Care*. These Guidelines are incorporated into these standards by reference.

D. Open Heart Surgery Program

Definition

Open heart surgery is any surgical procedure involving the heart, performed to correct acquired or congenital defects, to replace diseased valves, to open or bypass blocked vessels, or to graft a prosthesis or a transplant in place. In open-heart procedures, the heart chambers are open and fully visible and blood is detoured around the surgical field by a heart-lung bypass machine unless the procedure involved is a minimally invasive coronary artery bypass graft, in which case a heart-lung machine might not be used, but must still be available in the operating room on a stand-by basis.

A “case” is defined as the entire episode of treatment in the operating room regardless of the number of procedures performed.

Review Criteria

An application for an open heart surgery program shall be consistent with this Plan if the following criteria are met:

1. For adult open heart surgery, there is not an existing or approved open heart surgery program in the ADD or the following criteria are met:
 - a. According to the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report*, every open heart surgery program in the ADD performed at least four hundred (400) adult open-heart surgeries per year;
 - b. According to the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report*, every open heart surgery program within a fifty (50) mile radius of the proposed site performed at least four hundred (400) adult open-heart surgeries per year;
 - c. Every open heart surgery program in the ADD that is not listed in the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report* performed at least three hundred (300) adult open-heart surgeries in the past twelve (12) months;
 - d. Every open heart surgery program that is within a fifty (50) mile radius of the proposed site and is not listed in the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report* performed at least three hundred (300) adult open-heart surgeries in the past twelve (12) months.
 - e. The applicant shall document that at least four hundred (400) adult open-heart procedures will be performed during the third year of operation. These projections must consider historical number of diagnostic cardiac catheterization procedures performed at the applicant hospital, the Kentucky statewide ratio of open heart surgeries to diagnostic catheterization procedures as calculated in the

latest published inventory and utilization data, and documentation of the number of diagnostic catheterization patients referred for open heart surgery from the applicant hospital during the most recent twelve (12) month period;

- f. The applicant shall document that the approval of the proposed program will not cause any existing program in the ADD or any other open heart surgery program within a fifty (50) mile radius of the proposed site to fall below four hundred (400) cases annually when considering historical trends in utilization, referral patterns for such services to existing providers, and commonality of medical staffs;
 - g. The applicant shall demonstrate that the projected number of therapeutic cardiac catheterization procedures will reach at least three hundred-fifty (350) by the third year of operation of the open heart surgery program. These projections must consider historical diagnostic cardiac catheterization procedures at the applicant hospital, the Kentucky statewide ratio of therapeutic catheterizations to diagnostic catheterizations patients and documentation of the historical number of diagnostic cardiac catheterization patients referred from the applicant hospital for therapeutic cardiac catheterization during the most recent twelve (12) month period. Applicants shall also document compliance with the requirements for therapeutic catheterization under the Cardiac Catheterization Services section, criterion nine, of these Review Standards;
 - h. The applicant shall consider the impact on the projected volume of cases and the need for an additional open heart program in Kentucky which results from the existence of open heart surgery in nearby cities of bordering states that are customarily used by Kentucky residents;
 - i. The applicant shall document that the Guidelines for Coronary Artery Bypass Graft Surgery adopted by the American College of Cardiology and the American Heart Association will be followed; and
 - j. The applicant must identify the surgeon who will be the primary attending surgeon in the open heart service. Further, the applicant must also provide information regarding this individual's background and experience concerning open heart surgery, and this individual's availability to care for open heart patients in the event of emergencies.
2. For pediatric open heart surgery:
- a. Only pediatric teaching facilities shall be approved for pediatric open heart surgery;
 - b. According to the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report*, every existing pediatric program in the state shall be

performing, and shall be projected to continue to perform at least one hundred-fifty (150) pediatric open-heart surgeries per year;

- c. The applicant shall document that at least one hundred (100) pediatric open-heart procedures will be performed during the third year of operation.

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E. Organ Transplant Program

Definition

Transplant procedures involve the transfer of an organ or tissue from one person to another, or from one body part to another, to replace a diseased structure, to restore function, or to change appearance. Skin and kidneys are among the more commonly transplanted structures; others include hearts, livers, lungs, pancreas, cartilage, bone marrow, corneal tissue, portions of blood vessels and tendons.

Review Criteria

An application for an organ transplant program shall be consistent with this Plan if the following criteria are met:

1. The applicant documents that the number of transplants being performed by comparable transplant programs in the Commonwealth are sufficient for consistency with nationally accepted volume and quality standards for each type of transplant program; the record of medical outcomes by those programs; and the impact on need for additional transplant programs in Kentucky resulting from the existence of transplant programs in nearby cities of bordering states that are customarily and significantly used by Kentucky residents;
2. The applicant documents that it has the ability to meet nationally accepted volume and quality standards, as well as those factors that impact patient care and overall cost, quality and outcomes of service delivery, including demographic and epidemiological factors;
3. For pediatric programs, the pediatric program shall be provided in a pediatric teaching facility which has the availability of physician specialty support and specialized ancillary support services; and
4. The applicant demonstrates that organ allocation for patients awaiting transplantation shall be performed in accordance with federally mandated guidelines.

II. Mental Health Care

A. Psychiatric Hospital Beds

Definition

“Psychiatric beds” are those licensed beds which are located in psychiatric hospitals or as units in an acute care hospital and are used for treatment of inpatients that require psychiatric or mental health care, including medical care and treatment of mental, emotional, and behavioral disorders.

Review Criteria

An application for psychiatric beds shall be consistent with this Plan if the following criteria are met:

1. Licensed and approved psychiatric beds in an ADD shall not exceed 0.4 beds per 1,000 geographic population. Statewide psychiatric care facilities operated by the Commonwealth shall not be counted in the existing bed count;
2. Any existing acute care facility proposing the addition of psychiatric beds shall exceed the target occupancy rates shown in Table 1 below for its licensed psychiatric care beds for the most recent twelve (12) month period reported in the most recently published utilization and inventory data, unless all the proposed additional psychiatric care beds are being converted from licensed acute care beds;

Table 1

Facility Target Psychiatric Bed Occupancy Rates

# Beds in Facility	Target Occupancy
1-50	60%
51-100	65%
101-200	70%
201 and above	75%

3. No additional psychiatric beds shall be approved for purposes of establishing a new facility or a new unit unless overall occupancy for all psychiatric beds in the ADD exceeds the target occupancy rates shown in Table 1 according to the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report*.
4. If the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report* indicates that the occupancy for existing psychiatric beds for an applicant's facility was seventy (70) percent or greater, an application to convert acute care beds to

psychiatric beds shall be consistent with this Plan if the application meets either of the following conditions:

- a. The applicant meets the review criteria in Sections 1, 2, and 3 above, or
 - b. The applicant has existing licensed acute care beds and psychiatric care beds, and:
 - i. All of the proposed psychiatric care beds are being converted from licensed acute care beds;
 - ii. The occupancy of acute care beds is less than seventy (70) percent in the latest published utilization and inventory data; and
 - iii. The additional psychiatric beds will be converted and implemented on-site at the applicant's existing licensed acute care facility.
5. If the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report* indicates that the occupancy for existing psychiatric beds for an applicant's facility was seventy (70) percent or greater, an application to convert chemical dependency beds to psychiatric beds shall be consistent with this plan if the application meets either of the following conditions:
- a. The applicant meets the review criteria in Sections 1, 2, and 3 above, or
 - b. The applicant has existing licensed chemical dependency beds and psychiatric care beds, and:
 - i. All of the proposed psychiatric care beds are being converted from licensed chemical dependency beds;
 - ii. The conversion will not impede access to appropriate care for patients needing treatment for abuse or addiction to chemical substances such as alcohol or drugs; and
 - iii. The additional psychiatric care beds will be converted and implemented on site at the applicant's existing licensed acute care or chemical dependency facility.

Psychiatric Services for Children and Adolescents

In addition to the above criteria, an application for children and adolescents psychiatric beds shall be consistent with this Plan if the following criteria are met:

1. New hospital psychiatric beds for children or adolescents shall focus on short-term (under thirty days) crisis stabilization. Small, specialized programs are preferred to larger programs;

2. A facility proposing to provide inpatient psychiatric care for children twelve (12) years of age and younger shall have on staff a board-eligible or board-certified child psychiatrist who maintains responsibility for admissions and treatment. For the purposes of this section, a board-eligible child psychiatrist is a doctor of psychiatry who has been board-certified in general psychiatry by the American Board of Psychiatry and Neurology and has completed a two (2) year fellowship in child psychiatry;
3. An application for new psychiatric beds for children or adolescents shall include all of the following:
 - a. The specific number of beds proposed for each age;
 - b. An inventory of current services in the ADD;
 - c. Clear admission and discharge criteria consistent with a short-stay program and least restrictive treatment;
 - d. Linkage agreements with other agencies in the proposed service areas, including all regional interagency councils (RIACs), community mental health centers, the Department for Social Services, and major referring school systems. These agreements should demonstrate a commitment by these agencies and the hospital to joint treatment and discharge planning as appropriate; and
 - e. Documentation of provision for case management when necessary after discharge. (Case managers need not be on the hospital's staff, but should be closely involved in cases from treatment planning onward).

Geriatric Psychiatric Services

An application to establish non-Medicaid inpatient geriatric psychiatric programs in an existing licensed acute care facility located in a county that has no existing inpatient geriatric psychiatric program shall be considered consistent with this Plan if the following conditions are met:

1. The occupancy of acute care beds in the applicant's facility is less than seventy (70) percent according to the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report*;
2. All of the proposed psychiatric care beds are being converted from licensed acute care beds;
3. All of the psychiatric care beds will be converted and implemented on-site at the applicant's existing licensed acute care facility;
4. All of the converted psychiatric care beds shall be dedicated exclusively to the treatment of geriatric patients, aged sixty-five (65) or older;

5. The hospital shall establish district admission and discharge criteria for admitting only those patients who have both mental and physical conditions who would be excluded from treatment in a regular adult psychiatric unit;
6. The staff of the unit shall include a multidisciplinary team of specialists involving psychiatry and internal medicine with specialization in the treatment of geriatrics and nursing personnel specially trained in psychiatric and medical geriatric patient care;
7. The number of beds to be converted shall be based on the population aged sixty-five (65) or older in the counties proposed to be served; and
8. The applicant agrees in writing not to seek Medicaid certification for the converted beds.

B. Psychiatric Residential Treatment Facilities

Definition

“Psychiatric Residential Treatment Facilities” (PRTF) are licensed, community-based, and home-like facilities with a maximum of nine (9) beds which provide inpatient psychiatric residential treatment to residents who have an emotional disability or severe emotional disability as defined in KRS 200.503, age six (6) years to twenty-one (21) years with an age range of no greater than five (5) years at the time of admission in a living unit.

Review Criteria

An application to establish a PRTF shall be consistent with this Plan if the following criteria are met:

1. The total number of PRTF beds shall not exceed three hundred and fifteen (315) beds statewide, and shall be distributed among the state mental hospital districts as defined by 908 KAR 2:040 as follows:
 - a. District I for seventy-two (72) beds;
 - b. District II for ninety-nine (99) beds;
 - c. District III for ninety (90) beds;
 - d. District IV for fifty-four (54) beds.
2. An application to add PRTFs shall include the following:
 - a. An analysis of the number and characteristics of persons ages six (6) to twenty-one (21) in the proposed service area who require this level of care;
 - b. An inventory of all types of treatment-oriented residential programs and alternatives that meet a portion of the need for PRTFs in the proposed service area, whether or not the programs are licensed as PRTFs ;
 - c. Clear admission and discharge criteria, including age, sex, and other limitations;
 - d. A discussion of anticipated length of stay, with distinctions in the program or physical plant whenever all or a portion of a facility will be used to serve patients needing short-term crisis care; and
 - e. Formal written agreements of cooperation that identify the nature and extent of the proposed working relationship between the proposed PRTF and each of the following agencies, organizations, or facilities located in the service area of the proposed facility:

- i. Regional interagency council for children (“RIAC”) with emotional disability or severe emotional disability as defined in KRS 200.509;
 - ii. Department for Community-Based Services;
 - iii. Local school districts;
 - iv. At least one (1) psychiatric hospital; and
 - v. Any other agency, organization or facility deemed appropriate by the Cabinet.
3. While PRTFs need not restrict admissions to persons living in the same state mental hospital district or service area as the PRTF, priority shall be given to applications which state that priority for admission will be given to referrals made by RIACs in the applicant's service area that otherwise meet the admission criteria of the PRTF.
4. Priority shall be given to applications that demonstrate access to an array of other community-based services and post-placement alternatives (e.g., day treatment, therapeutic foster homes, staffed community residences).

III. Long-Term Care

A. Nursing Facility Beds

Definition

“Nursing Facility Bed” includes long-term care beds licensed as Alzheimer beds, intermediate care beds, skilled nursing beds, nursing facility beds, and nursing home beds; and

Nursing Facility Beds do not include personal care beds, nursing home beds established under the continuing care retirement community (CCRC) provisions of this Plan, or long-term care beds located in state or federally-operated facilities.

Need Assessment for Nursing Facility Beds

The need for additional nursing facility beds in each county shall be calculated as follows:

$$A = B - C$$

Where:

A = The net county NF bed need.

B = The number of patients from the applicant’s proposed county of location who found NF bed placement in a noncontiguous county as reported in the cabinet’s latest Annual Long-Term Care Services Report.

C = The average number of empty beds in the county of application and all counties contiguous to the county of application. The average number of empty beds for a county shall be calculated by multiplying the number of non-state owned and non-CCRC licensed NF beds times the occupancy percentage for the county as reported in the cabinet’s latest Annual Long-Term Care Services Report.

Appendix A of this Plan documents how many additional nursing facility beds may be approved in the state as a whole and counties individually.

Review Criteria

An application for nursing facility beds shall be consistent with this Plan if the following criteria are met:

1. The number of nursing facility beds being applied for is equal to or less than the net county NF bed need; and
2. Any approval shall give preference to conversion of personal care beds and acute care beds to nursing facility beds so long as the conversions are more cost effective than new construction.

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B. Home Health Services

Definitions

"Home Health Services" refers to a combination of health care and social services provided to individuals in their homes or in other community and homelike settings pursuant to 902 KAR 20:081.

"To establish a home health service" means to establish a parent home health agency or a subunit as defined by Medicare in a county where the applicant is not currently licensed to serve.

"To expand a home health service" means to add to the applicant's existing service area a county or counties which are contiguous to the applicant's existing service area provided that the expansion does not involve the establishment of a parent home health agency or subunit as defined by Medicare.

The need for home health services is determined on a county-by-county basis by applying target rates estimating the number of individuals per 1,000 population expected to require home health services. Target rates are calculated for the plan year and are based on the statewide average annual number of unduplicated patients served in each age cohort as reported for the most recent two calendar years in the *Kentucky Annual Home Health Services Report*. The inventory for patients expected to be served will be adjusted by the addition of two hundred-fifty (250) patients for each certificate of need approved to establish a new agency or subunit in a specific county, by one hundred twenty-five (125) patients for each application approved to expand a home health service to a specific county, and by fifty (50) patients for each application approved for a hospital to establish an agency to solely serve the county in which the hospital is located. The respective number of patients will be removed from the inventory for patients to be served when the latest edition of the *Kentucky Annual Home Health Services Report* indicates that the agency has served patients in the approved county.

Age cohort rates are applied to the year 2005 county population projections to determine projected need for home health services. The number of additional patient services needed in a county is then determined by subtracting the average annual number of unduplicated patients served in the county as reported for the most recent two calendar years in the *Kentucky Annual Home Health Services Report* from actual projected need.

Review Criteria

1. An application to establish a home health service shall be consistent with this Plan if there is a projected need for at least two hundred-fifty (250) additional patients needing home health care services in the county for which the application is made as shown in the most recent edition of the *Kentucky Annual Home Health Services Report*.
2. An application to expand a home health service currently licensed in Kentucky shall be consistent with the Plan if there is a projected need for at least one hundred twenty-five (125) additional patients needing home health care services in the county for which the

application is made as shown in the most recent edition of the *Kentucky Annual Home Health Services Report*.

3. An application for an existing acute care hospital located in a non-metropolitan statistical area to establish a home health service to serve solely the county in which the acute care hospital is located shall be consistent with the Plan if the applicant documents that it will serve at least fifty (50) patients in the county and will enhance the continuity of care in the county.

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C. Hospice Services

Definition

“Hospice Services” provide symptom relieving care and supportive services through an interdisciplinary approach that addresses the physical, spiritual, social, and economic needs of terminally ill patients and their families. Services include home care, inpatient care, bereavement services, counseling, and education. The family is considered the unit of care. Emphasis is placed on symptom control and pain control for the terminally ill person, support for the patient before death, and support for the family before and after death.

Review Criteria

An application for hospice services shall be consistent with this Plan if:

1. The sum of the following computation for all proposed counties exceeds existing service levels by one hundred-fifty (150) or more patients per year:
 - a. Fifty-five (55) percent of the mean annual number of cancer deaths in the hospice combined service area during the preceding two (2) years; and
 - b. Twelve (12) percent of the mean annual number of deaths from all other non-traumatic causes in the hospice combined service area during the preceding two (2) years.
- Or, if:
2. The applicant documents the existence of at least one of the following conditions:
 - a. Absence of services by a hospice certified for Medicaid and Medicare, and evidence that the applicant will provide Medicaid- and Medicare-certified hospice services in the area; or
 - b. Absence of services by a hospice that serves patients regardless of the patient's ability to pay, and evidence that the applicant will provide services for patients regardless of ability to pay.
3. No application to establish a residential hospice facility shall be consistent with this Plan.

D. Adult Day Health Care Program

Definition

“Adult Day Health” is the provision of outpatient health care services that meet the health care needs of patients in conformance with physician’s orders and without which would cause the patient and patient’s health to meet the criteria for nursing home level of care.

Review Criteria

An application for an Adult Day Health program shall be consistent with this Plan if the following criteria are met:

1. The applicant documents that the following services will be provided:
 - a. One (1) meal per day including special diets;
 - b. Snacks as appropriate;
 - c. Daily on-site nursing services and supervision provided by RN or LPN including administration of medications and treatments as ordered by a patient’s physician;
 - d. Regularly scheduled activities specific to patient’s age and care plan;
 - e. Routine services required to meet daily personal care and health care needs; and
 - f. Equipment essential to the provision of Adult Health Care Services and incidental supplies necessary to provide Adult Day Health Care services;
2. The applicant documents the capacity of providing necessary transfer and referral services should a patient’s needs become such that a different level of care would be more beneficial;
3. The applicant demonstrates the ability to maintain appropriate medical records and follow accepted universal precaution practices.

E. Intermediate Care Facilities for the Mentally Retarded & Developmentally Disabled

Definition

“Intermediate Care Facilities for the Mentally Retarded and Developmentally Disabled” (“ICF-MR/DD”) provide services for all age groups on a twenty-four (24) hour basis, seven (7) days a week, in an establishment with permanent facilities including resident beds for persons whose mental or physical condition requires developmental nursing services along with a planned program of active treatment. The facility provides special programs as indicated by individual care plans to maximize the resident's mental, physical, and social development in accordance with the normalization principle.

Review Criteria

No application for a new ICF-MR/DD shall be consistent with this Plan unless the proposal involves an application to transfer existing ICF-MR/DD beds between existing ICF-MR/DD facilities or from an existing ICF-MR/DD facility to a proposed ICF-MR/DD facility.

IV. Diagnostic and Therapeutic Equipment and Procedures

A. Cardiac Catheterization Services

Definition

“Cardiac Catheterization” is a diagnostic or therapeutic procedure in which a catheter is introduced into a large vein or artery, usually of an arm or a leg, and threaded through the circulatory system to the heart. A single procedure lasts from the time the catheter is inserted until the time that the catheter is completely withdrawn from the patient.

Review Criteria

An application proposing to provide cardiac catheterization services shall be consistent with this Plan if the following criteria are met:

1. For applicants proposing fixed site diagnostic cardiac catheterization only:
 - a. According to the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report*, each existing fixed-site diagnostic laboratory in the ADD shall have performed at least five hundred (500) diagnostic procedures in the last twelve (12) month reporting period. Each existing fixed-site comprehensive laboratory (diagnostic and therapeutic) shall have performed at least one thousand, one hundred (1,100) diagnostic equivalent procedures in the last twelve month reporting period; each mobile unit which performs catheterizations at sites located within a fifty (50) mile radius shall have performed a number of procedures at each location based on the ratio of hours in operation in proportion to the required five hundred (500) diagnostic procedures annually. Laboratory utilization shall be determined by counting all therapeutic, pediatric or electrophysiology studies as two (2) diagnostic equivalent procedures each and other procedures as one (1) diagnostic equivalent procedure each. For diagnostic catheterizations, only one (1) diagnostic procedure will be counted per patient episode in the cardiac catheterization laboratory regardless of the number of procedures performed;
 - b. The total projected number of diagnostic catheterizations in the ADD shall exceed the total existing procedures by at least five hundred (500) procedures during the third year of operation.
 - i. The total projected number of procedures will be based on the diagnostic cardiac catheterization use rate for the Commonwealth of Kentucky for the most recent twelve (12) month period for which data are available applied to the projected ADD population three (3) years in the future from the date the application was filed;

- ii. The number of diagnostic cardiac catheterization procedures performed by existing programs, according to the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report*, will be subtracted from the total projected diagnostic procedures for the ADD. If there are approved but not operational fixed-site laboratories or lab not included in the most recently published Hospital Utilization Report, an additional five hundred (500) procedures will be subtracted from the total for each.
- 2. For applicants proposing comprehensive (diagnostic and therapeutic) cardiac catheterization services:
 - a. According to the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report*, each existing comprehensive laboratory in the ADD shall have performed at least one thousand, one hundred (1,100) diagnostic equivalent procedures in the last twelve (12) month reporting period, which is approximately eight-five (85) percent of the one thousand, three hundred thirty-three (1,333) hour-and-a-half procedures possible in fifty (50) weeks of forty (40) hours each. Laboratory utilization shall be determined by counting all therapeutic, pediatric or electrophysiology studies as two (2) diagnostic equivalent procedures each, and other procedures as one (1) diagnostic equivalent procedure each. For diagnostic catheterizations, only one (1) diagnostic procedure will be counted per patient episode in the cardiac catheterization laboratory regardless of the number of procedures performed;
 - i. The total projected number of procedures shall be based on the total cardiac catheterization use rate calculated from data contained within the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report* using the most recently published inventory and utilization data applied to the projected ADD population three (3) years in the future from the date of the application.
 - ii. The total number of cardiac catheterization procedures performed by existing programs in the most recent twelve (12) month reporting period shall be subtracted from the total projected catheterization procedures for the ADD. If there are approved but not operational laboratories or labs not included in the most recently published *Kentucky Annual Hospital Utilization and Services Report*, an additional five hundred (500) procedures shall be subtracted from the total for each.
- 3. For applicants proposing mobile adult diagnostic cardiac catheterization services only:
 - a. According to the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report*, each existing fixed-site diagnostic laboratory located within a fifty (50) mile radius of the proposed laboratory shall have performed at least five hundred (500) diagnostic procedures in the last twelve (12) month reporting period. Each existing comprehensive laboratory within a fifty (50) mile radius of

the proposed laboratory shall have performed at least one thousand, one hundred (1,100) diagnostic equivalent procedures in the last twelve (12) month reporting period. Each existing mobile diagnostic cardiac catheterization service located within a fifty (50) mile radius of the proposed laboratory shall have performed at that location a number of procedures based on the ratio of hours in operation at that location in proportion to the required five hundred (500) diagnostic procedures annually. Laboratory utilization shall be determined by counting all therapeutic, pediatric, or electrophysiology studies as two (2) diagnostic equivalent procedures each, and other procedures as one (1) diagnostic equivalent procedure each. For diagnostic catheterizations, only one (1) diagnostic procedure will be counted per patient episode in the cardiac catheterization laboratory regardless of the number of procedures performed;

- b. There is not a newly approved cardiac catheterization laboratory in the ADD which was not operational as of the date of the most recently published data; and
 - c. There is not a newly approved cardiac catheterization laboratory in the ADD that began operating subsequent to the date of the most recently published utilization report that did not perform the number of diagnostic or diagnostic equivalent procedures as set forth in 3(a) above.
- 4. For applicants proposing therapeutic catheterization (except for the use of clot-dissolving infusion drugs approved by the FDA such as Streptokinase and TPA) the facility shall have a comprehensive cardiac surgical program (including open-heart surgery) within the facility;
 - 5. For applicants proposing a pediatric cardiac catheterization laboratory, the facility shall also offer a pediatric cardiac surgical program and a Level III neonatal intensive care unit and shall document that sixty thousand (60,000) live births were reported to have occurred according to the most recent edition of the *Kentucky Annual Hospital Utilization and Services Report*.
 - 6. For all cardiac catheterization laboratories, the laboratory shall be used only for catheterization and angiographic studies (cerebral, coronary, renal, etc.);
 - 7. For all cardiac catheterization laboratories, the applicant shall maintain a utilization review program (including record keeping) relating to medical necessity, quality, mortality, morbidity, number of cardiac catheterizations that require repetition due to inability to read the data, and other considerations generally accepted as appropriate for review;
 - 8. For all cardiac catheterization laboratories, the applicant shall document that the most recent national guidelines as established by the Ad Hoc Task Force on Cardiac Catheterization of the American College of Cardiology/American Heart Association and published in ACC/AHA Guidelines for Cardiac Catheterization and Cardiac Catheterization Laboratories will be followed. This report sets guidelines for

administration, space, equipment, personnel and working arrangements for diagnostic and therapeutic cardiac catheterization laboratories;

9. For all cardiac catheterization laboratories, the applicant shall document that each physician is projected to perform at least one hundred-fifty (150) successful diagnostic procedures per year with acceptable mortality and morbidity in patients who warrant the procedure;
10. For a comprehensive cardiac catheterization laboratory that provides therapeutic catheterizations, the applicant shall also document that:
 - a. Training for percutaneous transluminal coronary angioplasty (PTCA) will follow the guidelines set forth in the Bethesda Conference on Adult Cardiology Training (Journal of the American College of Cardiology, 1986; 7: 1191-218), as revised, which require extra training beyond the two years for clinical cardiology;
 - b. Each physician is projected to perform at least seventy-five (75) successful angioplasties per year with acceptable mortality and morbidity in patients who warrant the procedure.
11. Notwithstanding the foregoing review criteria, an application proposing therapeutic catheterization services shall be consistent with this Plan if there is not an existing or approved therapeutic catheterization service (except for use of the clot-dissolving infusion drugs approved by the FDA such as Streptokinase and TPA) in the ADD.

B. Magnetic Resonance Imaging Equipment

Definition

“Magnetic Resonance Imaging” (“MRI”) means a diagnostic imaging modality which utilizes magnetic resonance, an interaction between atoms and electromagnetic fields, to produce images of internal body structures.

A MRI “procedure” is defined as a MRI diagnostic scan or combination of scans performed on a single patient in a single session.

Review Criteria

An application to establish a MRI service shall be consistent with this Plan if the following criteria are met:

1. An applicant proposing to provide fixed-site MRI services shall demonstrate that sufficient need exists for a minimum of two thousand, five hundred (2,500) procedures per year by the end of the second year of operation;
2. An applicant proposing to provide mobile MRI services shall demonstrate that sufficient need exists for that unit to perform a minimum of one thousand, eight hundred-fifty (1,850) procedures, within the Commonwealth, per year by the end of the second year of operation;
3. The applicant shall demonstrate that fixed-site MRI services are not being provided by another licensed or certificate of need approved provider within a five (5) mile radius of the proposed site; and,
4. The applicant shall certify and be capable of demonstrating that the proposed equipment to be used in conjunction with the procedures is safe and effective including the following:
 - a. The United States Food and Drug Administration (FDA) has certified the proposed equipment for clinical use;
 - b. The physical setting at which the procedures are to be performed conforms to applicable federal standards, manufacturer’s specifications and licensing agencies’ requirements;
 - c. Only qualified, trained personnel shall be allowed to operate the equipment;
 - d. A licensed, board certified radiologist or other licensed physician demonstrating experience and training in the provision of MRI services shall supervise all non-employee personnel and interpret all scans performed;

- e. If the equipment is to be leased or otherwise acquired on a contractual basis, there are no fixed or minimum volume requirements;
 - f. The procedures are medically necessary and will not unnecessarily duplicate other services; and
 - g. Sufficient protocols exist to address any emergencies associated with the provision of the proposed services.
5. Notwithstanding criterion 1, 2 & 3, applications proposing to establish MRI services shall be considered consistent with this Plan if the applicant is an academic medical center and/or hospital;
6. Notwithstanding criteria 3, applications proposing to establish MRI services shall be considered consistent with this Plan if the applicant demonstrates that sufficient need exists for the provision of MRI services at the proposed site and that its ability to provide two thousand, five hundred (2,500) fixed-site MRI procedures or one thousand, eight hundred-fifty (1,850) mobile MRI procedures would be affected by one of the following circumstances:
- a. The treatment of pediatric patients would increase the amount of time associated with each procedure; or
 - b. Procedures would be performed entirely in an intraoperative setting.

C. Megavoltage Radiation Equipment

Definition

“Megavoltage Radiation Equipment” is used in the treatment of cancer. For the purposes of this plan, megavoltage radiation equipment includes units such as linear accelerators and Cobalt-60 units that operate at two or more megavolts and deliver external radiation.

Review Criteria

An application for megavoltage radiation therapy services shall be consistent with this Plan if the following criteria are met:

1. Each existing megavoltage radiation therapy unit located in the same ADD as the proposed service has performed at least eight thousand (8,000) procedures as reported in the latest edition of the *Kentucky Annual Hospital Utilization Services Report*.
2. The applicant proposes to perform at least six thousand (6,000) annual procedures by the third year of operation.
3. Approval of the application does not cause the number of megavoltage radiation therapy units to exceed one (1) per one hundred-thousand (100,000) population in the proposed ADD.

D. Positron Emission Tomography Equipment

Definition

“Positron Emission Tomography” (PET) scans combine Nuclear Scanning with chemical analysis to enable physicians to observe how organs work. Positrons are positively charged electrons that are produced spontaneously as certain radioactive substances (for example, radioactive glucose) decompose. The type of radioactive substance used for a particular PET scan varies, based on the medical condition for which a patient is being tested. During a PET scan, the radioactive material is introduced into the patient’s body (usually by injection) and is detected by a sophisticated camera that obtains sectional views through a patient’s body.

A “PET procedure” is defined as a PET diagnostic scan or combination of scans performed on a single patient in a single session.

A “mobile PET Scanner” means a PET scanner and transporting equipment that is moved to provide services at two or more host facilities.

Review Criteria

An application for PET services shall be consistent with this Plan if the following criteria are met:

1. Applicants proposing to establish a fixed-site PET unit must project a minimum of at least nine hundred (900) procedures in the first full year of operation and one thousand, two hundred (1,200) procedures per year by the second full year of service and annually thereafter;
2. Applicants proposing to establish or expand a mobile PET service must project a minimum of at least five hundred-forty (540) mobile procedures in the first full year of service and at least seven hundred-twenty (720) procedures per year by the second full year of service and annually thereafter; and
3. The application shall document a projection of need for the PET unit which shall include demographic patterns, including analysis of applicable population-based health status factors, estimated utilization by patient clinical diagnoses category (ICD-9), and documentation demonstrating that the applicant is providing or has referral arrangements with other medical providers that offer comprehensive cancer and cardiac diagnostic and treatment services.
4. Approval of the application does not cause the number of fixed-site PET units to exceed one (1) per one hundred-thousand (100,000) population in the proposed ADD.

E. New Technology

Definition

“New Technology” includes new technological equipment or services not previously provided in the Commonwealth and not otherwise covered in the Plan that involve a capital expenditure that exceeds the capital expenditure minimum or equipment that exceeds major medical equipment minimum, and has an annual operating cost greater than \$500,000, or new technology where the medical literature indicates that certain utilization levels or procedural volumes are necessary to achieve desirable patient outcomes.

Review Criteria

An application for new technology shall be consistent with the Plan if the following criteria are met:

1. The applicant shall document that the proposed new technology is efficacious.
2. The applicant shall document that the equipment is certified for its proposed use by the United States Food and Drug Administration (FDA).
3. Preference shall be given to proposals that involve multi-institutional arrangements by contract, agreement, ownership, or other means between two (2) or more agencies to coordinate services, share support services, or provide services on a geographically integrated basis. A party to a multi-institutional arrangement shall not establish its own service or participate in another arrangement for the service until the original service is operating at sufficient capacity for adequate efficiency and quality of care. If the projected use of the new service includes expected referrals from others, the referring parties should be included in the multi-institutional arrangement, if possible.
4. Preference shall be given to proposals that place the new technology in a medical school or other teaching or research facility. New technology designed for pediatric use or proposed for use by pediatric patients shall be approved only in pediatric teaching facilities which have the availability of physician specialty support and specialized ancillary support services.
5. Before acquiring new technological equipment, applicants shall have complementary diagnostic and treatment services available to support the new program.
6. In cases where specific professional standards have not yet been formulated, applicants shall demonstrate that personnel who will staff the new technology are qualified and adequately trained. The applicant shall specify how personnel will be trained in the use of the specific equipment and safety procedures to follow in the event of an emergency. The institution providing the new services shall document its plan for providing continuing education for referring physicians and institutions in the use of the new technology.

7. Applicants acquiring new technological equipment shall report utilization and demographic data necessary to evaluate the technology and to facilitate state planning

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V. Miscellaneous Services

A. Ambulance Services

Definition

An “Ambulance Service” includes Class I, II, or III ground ambulances. Class I ground ambulance services provide basic life support or advanced life support services to all patients for both emergencies and scheduled ambulance transportation which is medically necessary. Class II ground ambulance services provide only basic life support services but do not provide initial response to the general population with medical emergencies and which are limited to providing scheduled ambulance transportation which is medically necessary. Class III ground ambulance services provide mobile intensive care services at or above the level of advanced life support to patients with critical illnesses or injuries who must be transported between hospitals in vehicles with specialized equipment as an extension of hospital-level care. These ambulance classes are set forth in KRS 211.952.

Review Criteria

An application for ground ambulance services shall be consistent with this Plan if the following criteria are met:

1. The applicant shall document that the appropriate local legislative body (fiscal court, city council, or both when applicable) has been given notice of the applicant’s intent to obtain a certificate of need. Such notice shall describe the scope of service and proposed service area. For purposes of this requirement, the term “appropriate local legislative body” refers only to those legislative bodies that are currently licensed to provide ambulance services in the applicant’s proposed service area;
2. In the event of competing applications to add services in the same service area, preference shall be given to an application proposing the higher level of service. If multiple providers propose ALS services, then preference shall be given to the applicant who most thoroughly documents need for the service and presents ability to meet the need;
3. Applications to provide only Class II or Class III services shall be accompanied by documentation (e.g., charts depicting response times of existing service, number of runs during the previous year, and comparable supportive data) that the need for scheduled or critical care inter-facility transportation is not being met by the existing emergency or other Class II or III ground ambulance services. In the presence of such evidence, priority shall be given to a competing application(s), if any, for the addition of vehicles, expansion of service areas, or comparable modifications that would allow an existing emergency ambulance service provider(s) to meet any unmet need for critical care interfacility or scheduled ambulance services.

B. Ambulatory Surgical Centers

Definition

An “Ambulatory Surgery Center” (“ASC”) is a free standing health facility where scheduled procedures which are billed as surgical procedures, to include cystoscopy procedures, are performed, and which meet the licensure requirements of the Cabinet for Health and Family Services, Office of Inspector General.

Review Criteria

An application for outpatient surgical services which will result in the establishment of an additional licensed ASC shall be consistent with the Plan if the following criteria are met:

1. Overall inpatient and outpatient surgical utilization in hospitals and ASC’s is at least eighty-five (85) percent in the planning area as computed from the most recent edition of the *Kentucky Annual Ambulatory Surgical Services Report*. With regard to surgical services, the planning area shall be comprised of the county of the proposal and all contiguous counties;
2. Inpatient and outpatient surgical utilization is computed using an average 2.0 hours (including cleanup time) per in-patient surgery and 1.2 (including cleanup time) per outpatient surgery, and 2,205 potential surgical hours per year as follows:

$$\frac{(\text{Total inpatient operations} \times 2.0) + (\text{Total outpatient operations} \times 1.2)}{(\text{Existing and Approved Hospital Operating Rooms} + \text{ASC Operating Rooms} \times 2,205)}$$

Applicants proposing outpatient surgical services may use actual documented surgical time to calculate institution-specific utilization rates. Outpatient operations are the sum of all hospital outpatient and ambulatory surgical center operations;

3. All new ASC’s shall be located within twenty (20) minutes normal driving time of at least one (1) full-service hospital and the applicant shall have a transfer agreement for the proposed center in place with at least one (1) full-service hospital which is located within twenty (20) minutes normal driving time of the center;
4. Overall surgical utilization in the planning area notwithstanding, an application to establish an ASC limited to a specific type of procedure shall be consistent with this Plan if the following conditions are met:
 - a. The applicant documents that patients are not receiving the specific type of surgical procedures (as identified by procedure codes) proposed by the applicant at facilities in the planning area; and
 - b. The application contains an explanation of why the unmet need for the specific type of surgical procedure has not been reasonably addressed by providers in the planning area.

C. Chemical Dependency Treatment Beds

Definition

“Chemical dependency” treatment beds are licensed beds used in the treatment of patients suffering from abuse or addiction to chemical substances such as alcohol or drugs.

Review Criteria

An application for chemical dependency beds shall be consistent with this Plan if the following criteria are met:

1. The number of chemical dependency beds in an ADD shall not exceed a maximum rate of 11.4 beds per 100,000 geographic population;
2. Consideration shall be given to the availability of acute or psychiatric beds designated for use as chemical dependency beds, as well as the availability of KRS Chapter 222 program beds;
3. Applications to develop hospital-based units using existing space shall be given priority over applications requiring new construction;
4. In ADDs with a rate below the maximum for chemical dependency beds, all or a portion of the bed quota for contiguous ADDs may be used if the applicant demonstrates that:
 - a. The proposed facility will be available and accessible to the population or a portion of the population of the contiguous ADDs;
 - b. Linkage agreements have been made with appropriate providers in the contiguous ADDs; and,
 - c. Letters of support have been obtained from any chemical dependency treatment providers in the contiguous ADD.

D. Prescribed Pediatric Extended Care

Definition

A “Prescribed Pediatric Extended Care Center” is a non-residential health care service that provides an important link in the continuum of care for medically or technology dependent children. The Prescribed Pediatric Extended Care Center provides the following triad of necessary services for dependent children and their parents: day health care, development interventions, and parental training.

Review Criteria

An application to establish a Prescribed Pediatric Extended Care Center shall be consistent with this Plan if the following criteria are met:

1. There are no licensed or certificate of need authorized Prescribed Pediatric Extended Care Centers located within the same ADD as the proposed center.
2. Approval of the application does not cause the number of Prescribed Pediatric Extended Care Centers to exceed two (2) per ADD.

E. Primary Care Centers with Out-Patient Diagnostic & Surgical Services

Definition

A “Primary Care Center with Out-Patient Diagnostic & Surgical Services” is a public or private provider-based institution with permanent facilities on a single campus, that is under the supervision of an organized medical staff and that is comprised of components for the provision of primary care, ambulatory surgery, twenty-four hour emergency care, and radiologic and magnetic resonance imaging.

Review Criteria

An application for a certificate of need to establish a Primary Care Center with Out-Patient Diagnostic and Surgery Services shall be consistent with this Plan if the health facility:

1. Shall provide primary care services, twenty-four (24) hour emergency services, diagnostic imaging including magnetic resonance imaging services, ambulatory surgical services, and such other outpatient services as necessary to serve the needs of the residents of a county if there are no review criteria for those other outpatient services in the state health plan; and
2. Shall be located in a county that has no hospital, that has a population of sixty thousand (60,000) or more persons, and that also is a medically underserved area as determined by the Secretary of the Federal Department for Health and Human Services.

Only one Primary Care Center that meets the criteria in Paragraphs 1 and 2 above shall be established in each county.

F. Private Duty Nursing Services

Definition

A “Private Duty Nursing Service” is an entity that provides licensed nursing care to patients in his or her home for a continuous block of time, in increments of at least four hours, in which the private duty nursing service supervises nursing care provided by agency personal.

Review Criteria

An application to establish a private duty nursing service shall be consistent with this Plan only if the applicant is proposing to establish or expand private duty nursing services in a county that does not have a licensed or certificate of need authorized private duty nursing service provider or a licensed or certificate of need approved home health agency.

VI. Appendix A

County Service Area	Number of NF residents who utilized NF beds outside of their service area	Average number of empty beds in the service area	Net NF Bed Need
Adair	2	21	-19
Allen	9	135	-126
Anderson	10	133	-123
Ballard	4	54	-50
Barren	114	137	-23
Bath	5	37	-32
Bell	13	42	-29
Boone	26	159	-133
Bourbon	8	320	-312
Boyd	62	81	-19
Boyle	10	85	-75
Bracken	2	24	-22
Breathitt	10	116	-106
Breckinridge	7	71	-64
Bullitt	8	763	-755
Butler	23	191	-168
Caldwell	8	233	-225
Calloway	12	55	-43
Campbell	71	218	-147
Carlisle	5	119	-114
Carroll	8	76	-68
Carter	3	101	-98
Casey	4	65	-61
Christian	43	198	-155
Clark	12	352	-340
Clay	1	72	-71
Clinton	0	4	-4
Crittenden	7	107	-100
Cumberland	2	20	-18
Daviess	80	145	-65
Edmonson	8	164	-156
Elliott	15	42	-27
Estill	4	126	-122
Fayette	134	394	-260
Fleming	17	55	-38
Floyd	15	150	-135
Franklin	22	96	-74
Fulton	25	69	-44
Gallatin	18	135	-117
Garrard	13	155	-142
Grant	9	192	-183
Graves	8	163	-155
Grayson	13	112	-99
Green	4	22	-18
Greenup	12	84	-72
Hancock	5	89	-84
Hardin	35	64	-29

County Service Area	Number of NF residents who utilized NF beds outside of their service area	Average number of empty beds in the service area	Net NF Bed Need
Harlan	8	85	-77
Harrison	11	46	-35
Hart	4	94	-90
Henderson	32	127	-95
Henry	3	193	-190
Hickman	9	76	-67
Hopkins	88	199	-111
Jackson	3	120	-117
Jefferson	405	895	-490
Jessamine	150	388	-238
Johnson	2	52	-50
Kenton	61	291	-230
Knott	2	224	-222
Knox	9	31	-22
Larue	7	69	-62
Laurel	80	46	34
Lawrence	33	48	-15
Lee	0	79	-79
Leslie	4	70	-66
Letcher	22	179	-157
Lewis	3	97	-94
Lincoln	6	80	-74
Livingston	5	139	-134
Logan	8	162	-154
Lyon	17	109	-92
McCracken	46	418	-372
McCreary	3	78	-75
McLean	3	68	-65
Madison	35	136	-101
Magoffin	20	144	-124
Marion	36	34	2
Marshall	21	88	-67
Martin	8	29	-21
Mason	10	274	-264
Meade	11	23	-12
Menifee	3	29	-26
Mercer	13	102	-89
Metcalfe	7	78	-71
Monroe	3	74	-71
Montgomery	5	48	-43
Morgan	1	43	-42
Muhlenberg	12	280	-268
Nelson	8	113	-105
Nicholas	5	44	-39
Ohio	170	165	5
Oldham	21	844	-823
Owen	5	79	-74
Owsley	3	108	-105
Pendleton	4	233	-229
Perry	109	104	5

County Service Area	Number of NF residents who utilized NF beds outside of their service area	Average number of empty beds in the service area	Net NF Bed Need
Pike	70	153	-83
Powell	8	70	-62
Pulaski	29	44	-15
Robertson	6	46	-40
Rockcastle	50	125	-75
Rowan	1	59	-58
Russell	4	23	-19
Scott	10	311	-301
Shelby	4	872	-868
Simpson	16	94	-78
Spencer	8	800	-792
Taylor	10	31	-21
Todd	1	104	-103
Trigg	6	141	-135
Trimble	7	117	-110
Union	6	112	-106
Warren	38	183	-145
Washington	18	70	-52
Wayne	2	18	-16
Webster	6	224	-218
Whitley	47	31	16
Wolfe	12	89	-77
Woodford	4	319	-315