

[House Bill 511](#)
Sponsor Statement

“An Act relating to the certificate of need program for health care facilities; and providing for an effective date.”

The Certificate of Need review process, which is administered by the Department of Health and Social Services, establishes a set of statutory criteria to guide the development of new healthcare facilities and services in Alaska. Among the objectives of the program are ensuring reasonable access to needed healthcare services throughout the state without unnecessary service duplication and assuring that the need, cost, type, level, quality, and feasibility of providing any new health services be subject to review and assessment prior to any offering or development. In that process, a focus is placed on managing growth in capital expenditures in order to ensure that the new services will provide high-quality services in a cost-effective manner.

With the demand for healthcare services constantly evolving and technology rapidly changing, the resulting impact on the state’s existing statutes must be addressed from time to time. It is in that vein that I am sponsoring this piece of legislation. Current state law governing this program requires any person wishing to expend \$1,000,000 or more to construct a health care facility, alter the bed capacity of a health care facility, or add a category of health services provided by a health care facility, must apply for a Certificate of Need. That law leaves a gaping hole in state oversight in that any person who wishes to establish or alter a health care facility or related service may circumvent the Certificate of Need process by simply leasing space and equipment. This legislation seeks to “level the playing field” by subjecting all those seeking to provide these services to the same rules.

Additionally, the number of Alaska’s children and youth who are sent out of state for residential psychiatric treatment has skyrocketed from 83 children in FY98 to 528 children in FY02. The state infrastructure must be developed to provide a comprehensive system of behavioral health care. However, uncontrolled growth could result in a system focused on the most intensive care, not necessarily the most effective or needed care. While the state is anxious to build up the necessary in-state capacity needed to serve Alaskan children with in-state care, without safeguards in place, secure care could quickly be overbuilt. Since all children and youth served by residential psychiatric treatment centers (RPTCs) are paid for by Medicaid after 30 days in an out-of-home placement, this becomes a Medicaid issue. Adding secure residential psychiatric treatment facilities to the Certificate of Need (CON) program would be an advantage to the state in managing the way in which the service delivery system is developed.