

# Washington State Certificate of Need-- Purpose and Process

Health Facilities Planning and  
Development  
Seattle, WA

# What is Certificate of Need?

- CN is a State statutorily-defined process, the purpose of which is to:
  - promote, maintain, and assure the health of all citizens in the state,
  - provide access to health services, health manpower and health facilities, and
  - avoid unnecessary duplication and control increases in costs.
- Administered by the Department of Health (DOH)



# What is Certificate of Need?

- New licensed hospital bed capacity is one category subject to prior review and approval.
- Process generally takes 6-9 months from submittal.
  - Opportunity for public input/comment




# What is required of applicants in a CN process?

- To gain approval, an applicant must demonstrate that its proposed project is:
  - needed
  - financially viable
  - can be operated in conformance with certain quality assurances, and
  - contains costs

# What do CN guidelines require to be included with the initial submittal?

- Quantifiable demonstration of need
- Capital costs refined so as to be within +/-12% of actual at completion
- Project timeline (project must be commenced within 2 years of approval—or CN is forfeited)
- Architectural drawings
- Demonstration of site control
- Documentation that the proposed site may be used for the proposed project and is appropriately zoned



# What do CN guidelines require to be included with the initial submittal?

- For hospitals, commitment to charity care
- Demonstration of quality/ability to operate within Medicare/Medicaid requirements
- Ability to staff appropriately
- Pro forma financials
- Commitment for financing

# How does DOH project need for hospital beds?

- Separate and distinct methodologies for acute (medical/surgical) and psychiatric.
- Both methodologies have been in place since late 1970s.
- For acute care:
  - Establishes 52 geographic “planning areas” statewide
  - Estimates future population
  - Regresses 10 years of historical data on providers and residents of the planning area (“use rates”) into the future

# How does DOH project need for hospital beds?

- In 1984, in recognition of its unique position among Washington's hospitals, Children's was placed into a separate planning area — known as the “Children's Hospital Planning Area”, which encompasses the state in its entirety.
  - **No other hospital has such a planning area**



# How does DOH project need for hospital beds?

- In addition to the methodology, DOH has the ability to consider other factors unique to a planning area/provider:
  - Midnight occupancy levels
  - Peak capacity
  - Demand for specialized beds/lack of interchangeability among units
  - “Regionalness” of service

# DOH's projections are sensitive to volume impacts and actual experience

Children's Projected Bed Need at 65% Midnight Occupancy  
Using DOH Original Projections (2002) versus Updated Actual Patient Data thru Sept., 2007

