

## **MARYLAND HEALTH CARE COMMISSION**

### **Threshold for Reviewability of Health Care Facility Capital Expenditures**

The Maryland Health Care Commission (“MHCC”) provides the following notice of a change to the dollar amount that establishes the level of capital expenditure, proposed “by or on behalf of a health care facility” regulated by the Commission, that will require Certificate of Need (“CON”) review and approval, pursuant to Health-General Article, §19-120(k), Annotated Code of Maryland and COMAR 10.24.01.02A(5).

Effective June 1, 2006, the threshold for CON reviewability of health care facility capital expenditures was established as \$10,000,000 for hospitals and \$5,000,000 for all other health care facilities. The Commission is required to adjust the health care facility capital expenditure review threshold on an annual basis, using the Consumer Price Index-Urban (CPI-U) for the Baltimore Metropolitan Area, as published by the U.S. Department of Labor, Bureau of Labor Statistics (“the Bureau”), rounded off to the nearest \$50,000. [See COMAR 10.24.01.01B(40).]

The Commission updates the threshold each year based on the published change in CPI-U for January of that year. In February 2016, the Bureau published an index of 155.5 for January, 2016, which reflects inflation in consumer prices for a base period of November, 1996 (index = 100) through January, 2016. For purposes of adjusting the threshold, the Commission is inflating the two original thresholds (\$10,000,000 and \$5,000,000) from the corresponding July, 2006 index of 130.7.

The index adjustment for January, 2016, rounded to the nearest \$50,000, yields a hospital capital expenditure threshold of \$11,900,000 and a threshold of \$5,900,000 for all non-hospital health care facilities. Effective May 2, 2016, these are the applicable capital expenditure thresholds for purposes of determining the requirement for CON review and approval of health care facility capital projects pursuant to COMAR 10.24.01.02A(5), until further notice. For further information about the CON capital expenditure review threshold, please contact Kevin McDonald at (410)764-5982.