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Dear Gary:

Thank you for reaching out to NCSL with your questions regarding ambulatory surgical centers and rural hospital closures. We understand you are looking for rural hospital closure data, and information related to ambulatory surgical centers, including certificate of need and licensing fees. You will find associated information below.

Please note that NCSL takes no position on state legislation or laws mentioned in linked materials nor does NCSL endorse any third-party publications; resources are cited for informational purposes only.

Rural Hospital Closures – Data

According to the [Cecil G. Sheps Center for Health Services Research](#), from early 2019 to February 13, 2023, 47 rural hospitals have closed. The previous link includes in-depth data and associated research relating to rural hospital closures across the U.S.

Becker's Hospital Review also [recently summarized data](#) from [The Center for Healthcare Quality and Payment Reform \(CHQPR\)](#) on hospitals at risk of closures in each state. CHQPR also houses in-depth data relating to rural hospitals and associated research.

Rural Hospital Closures – Research Examining Causes

[*Kaiser Family Foundation: A Look at Rural Health Closures and Implications for Access to Care: Three Case Studies*](#)

This case study from Kaiser Family Foundation (KFF) and the Urban Institute examined three



rural hospital closures that took place in 2015 in Kansas, Kentucky and South Carolina. The study found that respondents in each of the communities cited similar economic and demographic trends that contributed to the closures.

American Hospital Association: Rural Hospital Closures Threaten Access

The American Hospital Association(AHA) compiled a report detailing the trends affecting rural hospitals closures. The AHA report found strong correlation between hospital closures and community demographics, specifically the reliance on reimbursement rates from Medicare and Medicaid.

Ambulatory Surgical Centers: Certificate of Need and Licensing Fees

As requested, below is information regarding ambulatory surgical centers, including certificate of need programs and licensing fees.

Ambulatory Surgical Center Table

Below is a table outlining states that require some level of certificate of need review for ambulatory surgical centers. Also included in the table is reference to ambulatory surgical centers licensing fees, reference to the fee can be found at the corresponding link. Please note we have not been able to find reference to ambulatory surgical center licensing for each of these states. For further certificate of need information, visit NCSL’s certificate of need [website](#).

Note this may not be a comprehensive list.

State	CON Regulation	Certificate of Need Requirements Associated with Ambulatory Surgical Centers	Ambulatory Surgical Center Licensing Fee
Alaska	Alaska Stat. § 18-07-31 , et seq.	Except as provided in (c) and (d) of this section, a person may not make an expenditure of \$1,000,000 or more for any of the following unless authorized under the terms of a certificate of need issued by the department: <ul style="list-style-type: none"> • Construction of a health care facility; 	\$650



		<ul style="list-style-type: none"> • Alteration of a bed capacity of a health care facility; or • Addition of a category of health services provided by a health care facility. <p>(c) Notwithstanding (a) of this section, a person who is lawfully operating a health care facility that is an ambulatory surgical facility at a site may make an expenditure of any amount in order to relocate the services of that facility to a new site in the same community without obtaining a certificate of need as long as neither the bed capacity nor the number of categories of health services provided at the new site is greater.</p>	
District of Columbia	<u>D.C. Code Ann. § 44-401</u> , et seq.	<p>“Health care facility” (“HCF”) means any private general hospital, psychiatric hospital, other specialty hospital, rehabilitation facility, skilled nursing facility, intermediate care facility, ambulatory care center or clinic, ambulatory surgical facility, kidney disease treatment center, freestanding hemodialysis facility, diagnostic health care facility home health agency, hospice, or other comparable health care facility which has an annual operating budget of at least \$500,000.</p>	<u>\$100/annually</u>
Georgia	<u>Ga. Code § 31-6-40</u> , et seq.	<p>Any new institutional health service shall be required to obtain a certificate of need. New institutional health services include:</p> <p>(1) Construction, development, or other establishment of a new</p>	<u>\$750/annually</u>



		<p>health care facility;</p> <p>(7) Clinical health services which are offered in or through a diagnostic, treatment, or rehabilitation center which were not offered on a regular basis in or through that center within the 12 month period prior to the time such services would be offered, but only if the clinical health services are any of the following:</p> <p>(c) surgery in an operating room environment, including but not limited to ambulatory surgery.</p>	
Hawaii	<u>Hawaii Rev. Stat. § 323D-42</u> , et seq.	<p>No person, public or private, nonprofit or for profit shall:</p> <ul style="list-style-type: none"> • Construct, expand, alter, convert, develop, initiate, or modify a health care facility or health care services in the State that requires a total capital expenditure in excess of the expenditure minimum; or • Substantially modify or increase the scope or type of health service rendered; or • Increase, decrease, or change the class of usage of the bed complement of a health care facility, or relocate beds from one physical facility or site to another, unless a certificate of need therefor has first been issued by the state agency. 	N/A



<p>Illinois</p>	<p><u>Ill. Rev. Stat. ch. 20, § 3960/1, et. seq.</u></p>	<p>This Act shall establish a procedure (1) which requires a person establishing, constructing or modifying a health care facility, as herein defined, to have the qualifications, background, character and financial resources to adequately provide a proper service for the community;</p> <p>“Health care facilities” means and includes the following facilities, organizations, and related persons:</p> <p>(a) An ambulatory surgical treatment center required to be licensed pursuant to the ambulatory surgical treatment center act.</p>	<p><u>\$500 application, \$300 annually</u></p>
<p>Kentucky</p>	<p><u>Ky. Rev. Stat. § 216B.010, et seq.</u></p>	<p>Therefore, it is the purpose of this chapter to fully authorize and empower the Cabinet for Health and Family Services to perform any certificate-of-need function and other statutory functions necessary to improve the quality and increase access to health-care facilities, services, and providers, and to create a cost-efficient health-care delivery system for the citizens of the Commonwealth.</p> <p>“Ambulatory surgical center” means a health facility:</p> <ol style="list-style-type: none"> 1. Licensed pursuant to administrative regulations promulgated by the cabinet; 2. That provides outpatient surgical services, excluding oral or dental procedures; and 	<p><u>\$750/annually</u></p>



		3. Seeking recognition and reimbursement as an ambulatory surgical center from any federal, state, or third-party insurer from which payment is sought.	
Maine	<u>Me. Rev. Stat. Ann. tit. 22, § 326</u> , et seq.	A person may not enter into any commitment for financing a project that requires a certificate of need or incur an expenditure for the project without having sought and received a certificate of need, except that this prohibition does not apply to obligations for financing conditioned upon the receipt of a certificate of need or to obligations for predevelopment activities.	N/A
Maryland	<u>Md. Health Code Ann. § 19-120</u> , et seq. <u>COMAR 10.24.01</u> , et seq.	A Certificate of Need is required before: <ul style="list-style-type: none"> (1) A new health care facility is built, developed, or established; (2) An existing health care facility is moved to another site, unless exceptions are met. (3) The bed capacity of a health care facility is changed, unless exceptions are met. (4) The type or scope of any health care service offered by a health care facility is changed, and the change: <ul style="list-style-type: none"> (c) establishes a new home health agency, general hospice care program, or freestanding ambulatory surgical facility. 	N/A
Mississippi	<u>Miss. Code Ann. § 41-7-171</u> , et seq.	No person shall engage in any of the following activities without obtaining the	N/A



		<p>required certificate of need:</p> <ul style="list-style-type: none"> (a) The construction, development or other establishment of a new health care facility, which establishment shall include the reopening of a health care facility that has ceased to operate for a period of sixty (60) months or more; (d) Offering of the following health services if those services have not been provided on a regular basis by the proposed provider of such services within the period of twelve (12) months prior to the time such services would be offered: <p>(xi) Ambulatory surgical services</p>	
New York	<u>N.Y. Public Health Law § 2802</u> , et seq.	<p>The Certificate of Need (CON) program is a review process, mandated under state law, which governs the establishment, ownership, construction, renovation and change in service of specific types of health care facilities:</p> <ul style="list-style-type: none"> • Article 28 <ul style="list-style-type: none"> ○ Ambulatory surgery centers 	N/A
North Carolina	<u>N.C. Gen. Stat. § 131E-175</u> , et seq.	<p>No person shall offer or develop a new institutional health service without first obtaining a certificate of need from the Department; provided, however, no person who provides gastrointestinal endoscopy procedures in one or more gastrointestinal endoscopy rooms located</p>	N/A



		in a nonlicensed setting, shall be required to obtain a certificate of need to license that setting as an ambulatory surgical facility with the existing number of gastrointestinal endoscopy rooms, so long as they meet listed requirements.	
South Carolina	<u>S.C. Code Ann. § 44-7-110, et seq.</u>	Health care facility for the purposes of Certificate of Need means acute care hospitals, psychiatric hospitals, alcohol and substance abuse hospitals, nursing homes, ambulatory surgical facilities , rehabilitation facilities, residential treatment facilities for children and adolescents, intermediate care for the persons with intellectual disability, inpatient hospice facilities, radiation therapy facilities and any other facility for which Certificate of Need review is required by state law.	<u>\$150 per operating room or \$600, whichever is greater</u>
Tennessee	<u>Tenn. Code Ann. § 68-11-1602, et seq.</u>	“Health facilities commission” and “commission” mean the commission created by this part to develop the criteria and standards to guide the commission when issuing certificates of need; to conduct studies related to health care, including needs assessments; to administer the certificate of need program and related activities; and to license and regulate hospitals, recuperation centers, nursing homes, homes for the aged, residential HIV supportive living facilities, assisted-care living facilities, home care organizations, residential hospices, birthing centers, prescribed child care	<u>\$1,404</u>



		centers, renal dialysis clinics, ambulatory surgical treatment centers , outpatient diagnostic centers, adult care homes, and traumatic brain injury residential homes.	
Vermont	<u>Vt. Stat. Ann. tit. 18 V.S.A., § 9432</u> , et seq.	A health care facility other than a hospital shall not develop or have developed on its behalf a new health care project without issuance of a certificate of need by the Board. For purposes of this subsection, a "new health care project" includes the following: <ul style="list-style-type: none"> (6) The construction, development, purchase, lease, or other establishment of an ambulatory surgical center. 	N/A
Virginia	<u>Va. Code §32.1-102.1</u> , et seq.	Medical care facilities and projects for which a certificate is required: <ul style="list-style-type: none"> (6) Any specialized center or clinic or that portion of a physician's office developed for the provision of outpatient or ambulatory surgery, cardiac catheterization, computed tomographic (CT) scanning, magnetic resonance imaging (MRI), positron emission tomographic (PET) scanning, radiation therapy, stereotactic radiotherapy other than radiotherapy performed using a linear accelerator or other medical equipment that uses concentrated doses of high-energy X-rays to perform external beam radiation therapy, or proton beam therapy. 	N/A



Washington	<u>Wash. Rev. Code §70-38-025, et seq.</u>	<p>The following shall be subject to certificate of need review under this chapter:</p> <p>(a) The construction, development, or other establishment of a new health care facility including, but not limited to, a hospital constructed, developed, or established by a health maintenance organization or by a combination of health maintenance organizations except as provided in subsection (7)(a) of this section.</p> <p>"Health care facility" means hospices, hospice care centers, hospitals, psychiatric hospitals, nursing homes, kidney disease treatment centers, ambulatory surgical facilities...</p>	<p>Washington's licenses are valid for three years and separated by either accredited and/or Medicare certified or state licensed only. Prices range depending on certification and surgical procedures on an annual basis. The price range is \$12,900 to \$27,200. Read more</p>
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Additionally, below is an example of a state that assesses a fee to ambulatory surgical centers and leverages that fee for a specified fund. This seemed relevant based on our previous conversation.

Massachusetts

Massachusetts statute requires acute hospitals, ambulatory surgical centers and surcharge payors to pay the commonwealth an amount for estimated expenses. This paid amount is then set aside in the Community Hospital Reinvestment Trust Fund. The trust's language says, "the fund can gain money from public and private sources, including gifts, grants and donations,



interest earned on such money, any other money authorized by the general court and specifically designated to be credited to the fund and any funds from any other sources.” The Community Hospital Reinvestment Fund is designed to provide annual financial support to eligible acute care hospitals. To be eligible, an acute care hospital must not have prices that are at or above 120 per cent of the statewide median relative price.