



June 30, 2011

**MEMORANDUM**

**TO:** Interested Parties  
**FROM:** Matthew Jarrard, Health Planning Director  
Healthcare Facility Regulation Division  
**SUBJECT:** Update of Certificate-of-Need (CON) Thresholds

On July 1, 2011, the following CON thresholds become effective:

<u>Category</u>	<u>Thresholds Effective 7/1/2011</u>
Capital Expenditures, O.C.G.A. § 31-6-40(a)(2)	\$ 2,514,850
Single-Specialty Physician-Owned Ambulatory Surgery Facilities, O.C.G.A. § 31-6-47(a)(18)	\$ 2,514,850
Joint Venture Ambulatory Surgery Centers, O.C.G.A. § 31-6-47(a)(19)	\$ 5,029,700
Equipment, O.C.G.A. § 31-6-40(a)(3)	\$ 1,063,064

Pursuant to O.C.G.A. §§ 31-6-40(a)(2) and 31-6-2(14), calculation of the CON threshold is made using the Private Fixed Investment in Structures Index (PFI), which is published annually by the U.S. Department of Commerce's Bureau of Economic Analysis (BEA). The annual percentage of change in the PFI Index is calculated and applied to the prior year's thresholds to derive the dollar change and the final updated thresholds. These calculations are shown below:

2009 Private Fixed Investment Index – Revised May 27, 2011	110.622
2010 Private Fixed Investment Index – Revised May 27, 2011	109.619
Annual Percent Change, Cumulative 2009 to 2010	(0.907%)

The change between the 2009 and 2010 Revised PFI Indices resulted in a negative percentage of 0.907. Therefore, the thresholds effective 7/1/2009 and 7/1/2010 will remain in effect commencing 7/1/2011 and until 7/1/2012.

Pursuant to O.C.G.A. § 31-6-40(a)(3), calculation of the CON Equipment threshold is made using the annual percentage of change in the Consumer Price Index published by the U.S. Department of Labor for the preceding calendar year. These calculations are shown below:

2009 Consumer Price Index – Medical Care Commodities – Extracted June 9, 2011	305.108
2010 Consumer Price Index – Medical Care Commodities – Extracted June 9, 2011	314.717
Annual Percent Change, Cumulative 2009–2010	3.149%

	Equipment
CON Threshold, July 1, 2010	\$1,030,610
3.149% Increase Due to CPI	\$32,453.91
CON Threshold, July 1, 2011	\$1,063,064

Sources:

Private Fixed Investment in Structures - United States Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts, Private Fixed Investment in Structures by Type Index (Table 5.4.4U), Revised May 27, 2011.  
Consumer Price Index - United States Department of Commerce, Bureau of Labor Statistics, Medical Care Commodities (Series CUUR0000SAM1), Extracted June 9, 2011

Calculated by: Data Resources and Analysis Section, Division of Health Planning