



Office of General Counsel
Division of Health Planning
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March 10, 2006

MEMORANDUM

TO: Interested Parties

FROM: Richard L. Greene, Director
Division of Health Planning

SUBJECT: Update of Certificate-of-Need (CON) Thresholds

On April 1, 2006, the following CON thresholds become effective:

<u>Category</u>	<u>Threshold Effective 4/01/2006</u>
Equipment	\$ 823,934
Capital Expenditures	\$ 1,483,083
Physician-Owned Ambulatory Surgery Facilities	\$ 1,610,823

Pursuant to O. C. G. A. § 31-6-2 (14), calculation of CON thresholds is made using the percentage change in price index in the preceding calendar years. 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), is used to calculate the CON thresholds pursuant to Rule 111-2-2-.01. 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:

2004 Private Fixed Investment Index – Revised March 1, 2006	120.5
2005 Private Fixed Investment Index – Revised March 1, 2006	128.1
Annual Percent Change, Cumulative 2004– 2005	6.3%

	Equipment	Capital Expenditures	Physician-Owned Amb Surg Facilities
CON Threshold, April 2005	\$775,103	\$1,395,186	\$1,515,356
6.3% Increase Due to PFI	\$43,831	\$87,897	\$95,468
CON Threshold, April 2006	\$823,934	\$1,483,083	\$1,610,823

Source: United States Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts, Private Fixed Investment in Structures by Type Index (Table 5.4.4BU), Revised March 1, 2006.

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