



June 21, 2010

MEMORANDUM

TO: Interested Parties

FROM: Marsha A. Hopkins, Executive Director
Division of Health Planning

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

On July 1, 2010, the following CON thresholds become effective:

<u>Category</u>	<u>Thresholds Effective 7/1/2010</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)	\$ 1,030,610

Pursuant to O.C.G.A. § 31-6-40(a)(2), (14), calculation of CON thresholds 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:

2008 Private Fixed Investment Index – Revised May 28, 2009	113.490
2009 Private Fixed Investment Index – Revised May 28, 2010	109.872
Annual Percent Change, Cumulative 2008 to 2009	(3.188%)

The change between the 2008 and 2009 Revised PFI Indices resulted in a negative percentage of 3.188. Therefore, the thresholds effective 7/1/2009 will remain in effect commencing 7/1/2010 and until 7/1/2011.

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:

2008 Consumer Price Index – Medical Care Commodities – Extracted June 7, 2010	296.045
2009 Consumer Price Index – Medical Care Commodities – Extracted June 7, 2010	305.108
Annual Percent Change, Cumulative 2008–2009	3.061%

	Equipment
CON Threshold, July 1, 2009	\$1,000,000
3.061% Increase Due to CPI	\$30,610
CON Threshold, July 1, 2010	\$1,030,610

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 28, 2010
Consumer Price Index - United States Department of Commerce, Bureau of Labor Statistics, Medical Care Commodities (Series CUUR0000SAM1), Extracted June 7, 2010

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