

3701-12-18

Validity requirements, follow-up and withdrawal of certificates of need.

(A) For the purposes of this rule, "holder" means the applicant to whom a certificate of need was granted. In addition to compliance with validity requirements established by any other rule of this chapter, to maintain the validity of a certificate of need, the holder shall:

(1) Obligate the capital expenditure, within the meaning of paragraph (A)(1)(a) of this rule, within twenty-four months after the date of mailing of the notice that the certificate was granted or, if the grant or denial of the certificate is appealed under section 3702.60 of the Revised Code, within twenty-four months after the issuance of an order granting the certificate, which order is not subject to further appeal.

(a) For the purposes of this rule, "to obligate" means:

(i) For a project that primarily involves construction and is to be financed through external borrowing of funds, to secure financial commitment for the stated purpose of developing the project and commencing construction that continues uninterrupted except for interruptions or delays that are unavoidable due to reason's beyond the person's control, including labor strikes, natural disasters, material shortages, or comparable events; or to enter into a construction contract or, if the holder will act as its own construction contractor, to make a formal internal commitment for construction of the project specified in the application. The construction contract or internal commitment shall specify the cost of construction and apply to a site that has been acquired by the holder or other appropriate party and that is zoned properly for the project.

(ii) For a project that primarily involves construction and is to be financed internally, to receive formal approval from the holder's board of directors or trustees, or other governing authority to commit specified funds for the implementation of the project and commence construction that continues uninterrupted except for unavoidable interruptions or delay due to reason's beyond the person's control, including labor strikes, natural disasters, material shortages, or comparable events; or to enter into a construction contract or, if the holder will act as its own construction contractor, to make a formal internal commitment for construction of the project specified in the application. The construction contract or internal commitment shall specify the cost of construction and apply to a site that has been acquired by

the holder or other appropriate party and that is zoned properly for the project.

- (iii) For a project that primarily involves acquisition of medical equipment, to enter into a contract to purchase or lease the equipment or to acquire the equipment by other means and to accept the equipment at the site for which the certificate of need was granted.
 - (iv) For a project that involves no capital expenditure or only minor renovations to existing structures, to provide the health service or activity by the means specified in the approved application for the certificate.
 - (v) For a project that primarily involves leasing a building or space that requires only minor renovations to the existing space, to execute a lease and provide the health service or activity by the means specified in the approved application for the certificate.
 - (vi) For a project that primarily involves leasing a building or space that has not been constructed or requires substantial renovations to existing space, to commence construction that continues uninterrupted except for interruptions or delays that are unavoidable due to reasons beyond the person's control, including labor strikes, natural disasters, material shortages, or comparable events, for the purpose of implementing the reviewable activity.
- (2) After obligating, maintain reasonable progress towards completion of the project. Reasonable progress includes, but is not limited to:
- (a) When the holder maintains uninterrupted progress except for delays that are unavoidable due to reasons beyond the holder's control; or
 - (b) When the holder provides reasonable assurance that it will provide the health service or activity specified in the approved application for the certificate by the projected completion date approved by the director.
- (3) Submit all documents required by paragraph (B) of this rule for monitoring implementation of the reviewable activity in a timely manner.
- (4) Not transfer the certificate, within the meaning of sections 3702.51 and 3702.524 of the Revised Code.

- (5) Conduct the reviewable activity in substantial accordance with the approved application.
 - (6) Conduct the reviewable activity at the site specified in the approved application.
 - (7) Not expend more than one hundred ten per cent of the maximum capital expenditure stated in the certificate.
- (B) The director shall monitor project implementation activities by holders of certificates of need. The director's monitoring shall include but shall not be limited to review of documentation submitted by holders. Each holder shall submit the following:
- (1) Progress reports, on forms provided by the director, not less than six months after obligating the project and every six months thereafter until the project is complete. The holder shall submit progress reports more frequently if requested by the director;
 - (2) An affidavit of substantial completion, on a form provided by the director, upon project completion;
 - (3) Architectural drawings or design development drawings, when appropriate to the nature of the activity and when requested by the director;
 - (4) Written documentation of obligating the project, which shall be submitted to the director not later than the earlier of thirty days after obligating or five days after the twenty-four month period expires. Documentation of obligation may include, but shall not be limited to, design drawings, a notarized statement by the general contractor attesting to the date construction commenced, a building permit issued by the building authority having jurisdiction, approval to commit the specified funds for implementation of the approved project from a board of directors or trustees or other governing authority, construction contracts, purchase or lease contracts for major equipment, equipment acceptance certificates, purchase or lease contracts for the building, zoning approvals, evidence of site acquisition, or secured financial agreements;
 - (5) Monitoring reports, on forms provided by the director, one year after implementing the project and annually thereafter ending five years after implementation of the activity for which the certificate was granted for certificates concerning long-term beds;

- (6) Timely notification of any delay and request for approval of any changes to the projected completion date; and
 - (7) Any other documents relevant to project implementation, upon request by the director.
- (C) The director may issue and enforce, in the manner provided in section 119.09 of the Revised Code, subpoenas duces tecum to compel the production of documents relevant to the director's monitoring of the approved project. The director or the director's representative may visit sites where the activities are or will be conducted.
- (D) The director shall send a notice to the holder of the certificate that states whether or not the holder has obligated the approved project. The director shall send the notice not later than fifteen days after the director receives the obligation documentation or fifteen days after the twenty-four month period expires, whichever is later.
- (E) The director may withdraw a certificate of need for failure to comply with the requirements for maintaining the validity of the certificate established by this rule or any other rule of this chapter or because the application or supplemental information contained material, false or misleading statements or knowing omissions of material information. In withdrawing a certificate, the director shall use the following procedures:
- (1) At least thirty days before withdrawing the certificate, the director shall notify the holder of the proposed withdrawal by certified mail. The notice shall include the reasons for the proposed action and a statement that the holder may respond to the proposal in writing within thirty days after the mailing of the notice of the proposed withdrawal.
 - (2) The director shall provide notice of the proposed withdrawal to other affected persons in the same manner as for the notice required by paragraph (I) of rule 3701-12-08 of the Administrative Code. The notice of withdrawal shall not include the information specified in paragraphs (I)(1) to (I)(3) of rule 3701-12-08 of the Administrative Code but shall include the other information specified in paragraph (I) of that rule.
 - (3) Before withdrawing the certificate, the director shall consider any information timely filed by the holder and may consider any other information that the director considers appropriate.
 - (4) The director shall notify the holder of the withdrawal of the certificate or the

decision not to withdraw the certificate by certified mail within ninety days after the mailing of the notice of the proposed withdrawal. The notice of withdrawal shall specify the reasons for the withdrawal, citations of relevant provisions of the Revised Code and the Administrative Code and a description of the right to appeal the withdrawal, in accordance with Chapter 119. and section 3702.60 of the Revised Code.

- (5) The director shall hold a hearing in accordance with Chapter 119. of the Revised Code before withdrawing a certificate of need that was not properly obligated within twenty-four months, if the holder requests.

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CERTIFIED ELECTRONICALLY

Certification

07/28/2004

Date

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