

1 SENATE BILL NO. 440

2 INTRODUCED BY HARRINGTON

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE DEPARTMENT OF PUBLIC HEALTH AND
5 HUMAN SERVICES TO LICENSE SPECIALTY HOSPITALS; PROVIDING A DEFINITION; PROVIDING
6 REQUIREMENTS FOR LICENSURE; ENACTING A MORATORIUM ON LICENSURE OF SPECIALTY
7 HOSPITALS UNTIL JUNE 1, 2007; AMENDING SECTION 50-5-101, MCA; AND PROVIDING A CONTINGENT
8 EFFECTIVE DATE, AN APPLICABILITY DATE, AND A TERMINATION DATE."

9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11

12 **Section 1.** Section 50-5-101, MCA, is amended to read:

13 **"50-5-101. Definitions.** As used in parts 1 through 3 of this chapter, unless the context clearly indicates
14 otherwise, the following definitions apply:

15 (1) "Accreditation" means a designation of approval.

16 (2) "Accreditation association for ambulatory health care" means the organization nationally recognized
17 by that name that surveys ambulatory surgical centers upon their requests and grants accreditation status to the
18 ambulatory surgical centers that it finds meet its standards and requirements.

19 (3) "Activities of daily living" means tasks usually performed in the course of a normal day in a resident's
20 life that include eating, walking, mobility, dressing, grooming, bathing, toileting, and transferring.

21 (4) "Adult day-care center" means a facility, freestanding or connected to another health care facility,
22 that provides adults, on a regularly scheduled basis, with the care necessary to meet the needs of daily living
23 but that does not provide overnight care.

24 (5) (a) "Adult foster care home" means a private home or other facility that offers, except as provided
25 in 50-5-216, only light personal care or custodial care to four or fewer disabled adults or aged persons who are
26 not related to the owner or manager of the home by blood, marriage, or adoption or who are not under the full
27 guardianship of the owner or manager.

28 (b) As used in this subsection (5), the following definitions apply:

29 (i) "Aged person" means a person as defined by department rule as aged.

30 (ii) "Custodial care" means providing a sheltered, family-type setting for an aged person or disabled adult

1 so as to provide for the person's basic needs of food and shelter and to ensure that a specific person is available
2 to meet those basic needs.

3 (iii) "Disabled adult" means a person who is 18 years of age or older and who is defined by department
4 rule as disabled.

5 (iv) (A) "Light personal care" means assisting the aged person or disabled adult in accomplishing such
6 personal hygiene tasks as bathing, dressing, and hair grooming and supervision of prescriptive medicine
7 administration.

8 (B) The term does not include the administration of prescriptive medications.

9 (6) "Affected person" means an applicant for a certificate of need, a health care facility located in the
10 geographic area affected by the application, an agency that establishes rates for health care facilities, or a
11 third-party payer who reimburses health care facilities in the area affected by the proposal.

12 (7) "Assisted living facility" means a congregate residential setting that provides or coordinates personal
13 care, 24-hour supervision and assistance, both scheduled and unscheduled, and activities and health-related
14 services.

15 (8) "Capital expenditure" means:

16 (a) an expenditure made by or on behalf of a health care facility that, under generally accepted
17 accounting principles, is not properly chargeable as an expense of operation and maintenance; or

18 (b) a lease, donation, or comparable arrangement that would be a capital expenditure if money or any
19 other property of value had changed hands.

20 (9) "Certificate of need" means a written authorization by the department for a person to proceed with
21 a proposal subject to 50-5-301.

22 (10) "Chemical dependency facility" means a facility whose function is the treatment, rehabilitation, and
23 prevention of the use of any chemical substance, including alcohol, that creates behavioral or health problems
24 and endangers the health, interpersonal relationships, or economic function of an individual or the public health,
25 welfare, or safety.

26 (11) "Clinical laboratory" means a facility for the microbiological, serological, chemical, hematological,
27 radioassay, cytological, immunohematological, pathological, or other examination of materials derived from
28 the human body for the purpose of providing information for the diagnosis, prevention, or treatment of a disease
29 or assessment of a medical condition.

30 (12) "College of American pathologists" means the organization nationally recognized by that name that

1 surveys clinical laboratories upon their requests and accredits clinical laboratories that it finds meet its standards
2 and requirements.

3 (13) "Commission on accreditation of rehabilitation facilities" means the organization nationally
4 recognized by that name that surveys rehabilitation facilities upon their requests and grants accreditation status
5 to a rehabilitation facility that it finds meets its standards and requirements.

6 (14) "Comparative review" means a joint review of two or more certificate of need applications that are
7 determined by the department to be competitive in that the granting of a certificate of need to one of the
8 applicants would substantially prejudice the department's review of the other applications.

9 (15) "Congregate" means the provision of group services designed especially for elderly or disabled
10 persons who require supportive services and housing.

11 (16) "Construction" means the physical erection of a health care facility and any stage of the physical
12 erection, including groundbreaking, or remodeling, replacement, or renovation of an existing health care facility.

13 (17) "Council on accreditation" means the organization nationally recognized by that name that surveys
14 behavioral treatment programs, chemical dependency treatment programs, residential treatment facilities, and
15 mental health centers upon their requests and grants accreditation status to programs and facilities that it finds
16 meet its standards and requirements.

17 (18) "Critical access hospital" means a facility that is located in a rural area, as defined in 42 U.S.C.
18 1395ww(d)(2)(D), and that has been designated by the department as a critical access hospital pursuant to
19 50-5-233.

20 (19) "Department" means the department of public health and human services provided for in 2-15-2201.

21 (20) "End-stage renal dialysis facility" means a facility that specializes in the treatment of kidney
22 diseases and includes freestanding hemodialysis units.

23 (21) "Federal acts" means federal statutes for the construction of health care facilities.

24 (22) "Governmental unit" means the state, a state agency, a county, municipality, or political subdivision
25 of the state, or an agency of a political subdivision.

26 (23) (a) "Health care facility" or "facility" means all or a portion of an institution, building, or agency,
27 private or public, excluding federal facilities, whether organized for profit or not, that is used, operated, or
28 designed to provide health services, medical treatment, or nursing, rehabilitative, or preventive care to any
29 individual. The term includes chemical dependency facilities, critical access hospitals, end-stage renal dialysis
30 facilities, home health agencies, home infusion therapy agencies, hospices, hospitals, infirmaries, long-term care

1 facilities, intermediate care facilities for the developmentally disabled, medical assistance facilities, mental health
2 centers, outpatient centers for primary care, outpatient centers for surgical services, rehabilitation facilities,
3 residential care facilities, and residential treatment facilities.

4 (b) The term does not include offices of private physicians, dentists, or other physical or mental health
5 care workers regulated under Title 37, including licensed addiction counselors.

6 (24) "Home health agency" means a public agency or private organization or subdivision of the agency
7 or organization that is engaged in providing home health services to individuals in the places where they live.
8 Home health services must include the services of a licensed registered nurse and at least one other therapeutic
9 service and may include additional support services.

10 (25) "Home infusion therapy agency" means a health care facility that provides home infusion therapy
11 services.

12 (26) "Home infusion therapy services" means the preparation, administration, or furnishing of parenteral
13 medications or parenteral or enteral nutritional services to an individual in that individual's residence. The
14 services include an educational component for the patient, the patient's caregiver, or the patient's family
15 member.

16 (27) "Hospice" means a coordinated program of home and inpatient health care that provides or
17 coordinates palliative and supportive care to meet the needs of a terminally ill patient and the patient's family
18 arising out of physical, psychological, spiritual, social, and economic stresses experienced during the final stages
19 of illness and dying and that includes formal bereavement programs as an essential component. The term
20 includes:

21 (a) an inpatient hospice facility, which is a facility managed directly by a medicare-certified hospice that
22 meets all medicare certification regulations for freestanding inpatient hospice facilities; and

23 (b) a residential hospice facility, which is a facility managed directly by a licensed hospice program that
24 can house three or more hospice patients.

25 (28) (a) "Hospital" means a facility providing, by or under the supervision of licensed physicians, services
26 for medical diagnosis, treatment, rehabilitation, and care of injured, disabled, or sick individuals. ~~Services Except~~
27 as otherwise provided by law, services provided may or may not include obstetrical care, emergency care, or
28 any other service allowed by state licensing authority. A hospital has an organized medical staff that is on call
29 and available within 20 minutes, 24 hours a day, 7 days a week, and provides 24-hour nursing care by licensed
30 registered nurses. The term includes:

1 (i) hospitals specializing in providing health services for psychiatric, developmentally disabled, and
2 tubercular patients; and

3 (ii) specialty hospitals.

4 (b) The term does not include critical access hospitals.

5 (29) "Infirmarium" means a facility located in a university, college, government institution, or industry for
6 the treatment of the sick or injured, with the following subdefinitions:

7 (a) an "infirmarium--A" provides outpatient and inpatient care;

8 (b) an "infirmarium--B" provides outpatient care only.

9 (30) (a) "Intermediate care facility for the developmentally disabled" means a facility or part of a facility
10 that provides intermediate developmental disability care for two or more persons.

11 (b) The term does not include community homes for persons with developmental disabilities that are
12 licensed under 53-20-305 or community homes for persons with severe disabilities that are licensed under
13 52-4-203.

14 (31) "Intermediate developmental disability care" means the provision of intermediate nursing care
15 services, health-related services, and social services for persons with a developmental disability, as defined in
16 53-20-102, or for persons with related problems.

17 (32) "Intermediate nursing care" means the provision of nursing care services, health-related services,
18 and social services under the supervision of a licensed nurse to patients not requiring 24-hour nursing care.

19 (33) "Joint commission on accreditation of healthcare organizations" means the organization nationally
20 recognized by that name that surveys health care facilities upon their requests and grants accreditation status
21 to a health care facility that it finds meets its standards and requirements.

22 (34) "Licensed health care professional" means a licensed physician, physician assistant-certified,
23 advanced practice registered nurse, or registered nurse who is practicing within the scope of the license issued
24 by the department of labor and industry.

25 (35) (a) "Long-term care facility" means a facility or part of a facility that provides skilled nursing care,
26 residential care, intermediate nursing care, or intermediate developmental disability care to a total of two or more
27 individuals or that provides personal care.

28 (b) The term does not include community homes for persons with developmental disabilities licensed
29 under 53-20-305; community homes for persons with severe disabilities, licensed under 52-4-203; youth care
30 facilities, licensed under 52-2-622; hotels, motels, boardinghouses, roominghouses, or similar accommodations

1 providing for transients, students, or individuals who do not require institutional health care; or juvenile and adult
2 correctional facilities operating under the authority of the department of corrections.

3 (36) "Medical assistance facility" means a facility that meets both of the following:

4 (a) provides inpatient care to ill or injured individuals before their transportation to a hospital or that
5 provides inpatient medical care to individuals needing that care for a period of no longer than 96 hours unless
6 a longer period is required because transfer to a hospital is precluded because of inclement weather or
7 emergency conditions. The department or its designee may, upon request, waive the 96-hour restriction
8 retroactively and on a case-by-case basis if the individual's attending physician, physician assistant-certified,
9 or nurse practitioner determines that the transfer is medically inappropriate and would jeopardize the health and
10 safety of the individual.

11 (b) either is located in a county with fewer than six residents a square mile or is located more than 35
12 road miles from the nearest hospital.

13 (37) "Mental health center" means a facility providing services for the prevention or diagnosis of mental
14 illness, the care and treatment of mentally ill patients, the rehabilitation of mentally ill individuals, or any
15 combination of these services.

16 (38) "Nonprofit health care facility" means a health care facility owned or operated by one or more
17 nonprofit corporations or associations.

18 (39) "Offer" means the representation by a health care facility that it can provide specific health services.

19 (40) (a) "Outdoor behavioral program" means a program that provides treatment, rehabilitation, and
20 prevention for behavioral problems that endanger the health, interpersonal relationships, or educational functions
21 of a youth and that:

22 (i) serves either adjudicated or nonadjudicated youth;

23 (ii) charges a fee for its services; and

24 (iii) provides all or part of its services in the outdoors.

25 (b) "Outdoor behavioral program" does not include recreational programs such as boy scouts, girl
26 scouts, 4-H clubs, or other similar organizations.

27 (41) "Outpatient center for primary care" means a facility that provides, under the direction of a licensed
28 physician, either diagnosis or treatment, or both, to ambulatory patients and that is not an outpatient center for
29 surgical services.

30 (42) "Outpatient center for surgical services" means a clinic, infirmary, or other institution or organization

1 that is specifically designed and operated to provide surgical services to patients not requiring hospitalization
2 and that may include recovery care beds.

3 (43) "Patient" means an individual obtaining services, including skilled nursing care, from a health care
4 facility.

5 (44) "Person" means an individual, firm, partnership, association, organization, agency, institution,
6 corporation, trust, estate, or governmental unit, whether organized for profit or not.

7 (45) "Personal care" means the provision of services and care for residents who need some assistance
8 in performing the activities of daily living.

9 (46) "Practitioner" means an individual licensed by the department of labor and industry who has
10 assessment, admission, and prescription authority.

11 (47) "Recovery care bed" means, except as provided in 50-5-235, a bed occupied for less than 24 hours
12 by a patient recovering from surgery or other treatment.

13 (48) "Rehabilitation facility" means a facility that is operated for the primary purpose of assisting in the
14 rehabilitation of disabled individuals by providing comprehensive medical evaluations and services,
15 psychological and social services, or vocational evaluation and training or any combination of these services
16 and in which the major portion of the services is furnished within the facility.

17 (49) "Resident" means an individual who is in a long-term care facility or in a residential care facility.

18 (50) "Residential care facility" means an adult day-care center, an adult foster care home, an assisted
19 living facility, or a retirement home.

20 (51) "Residential psychiatric care" means active psychiatric treatment provided in a residential treatment
21 facility to psychiatrically impaired individuals with persistent patterns of emotional, psychological, or behavioral
22 dysfunction of such severity as to require 24-hour supervised care to adequately treat or remedy the individual's
23 condition. Residential psychiatric care must be individualized and designed to achieve the patient's discharge
24 to less restrictive levels of care at the earliest possible time.

25 (52) "Residential treatment facility" means a facility operated for the primary purpose of providing
26 residential psychiatric care to individuals under 21 years of age.

27 (53) "Retirement home" means a building or buildings in which separate living accommodations are
28 rented or leased to individuals who use those accommodations as their primary residence.

29 (54) "Skilled nursing care" means the provision of nursing care services, health-related services, and
30 social services under the supervision of a licensed registered nurse on a 24-hour basis.

1 ~~(55)~~ (55) "Specialty hospital" means a specialty hospital as defined in [section 2].

2 ~~(55)(56)~~ (56) "State health care facilities plan" means the plan prepared by the department to project the need
3 for health care facilities within Montana and approved by the governor and a statewide health coordinating
4 council appointed by the director of the department.

5 ~~(56)(57)~~ (57) "Swing bed" means a bed approved pursuant to 42 U.S.C. 1395tt to be used to provide either
6 acute care or extended skilled nursing care to a patient."

7
8 **NEW SECTION. Section 2. Department to license specialty hospitals -- standards -- definition**

9 **-- moratorium.** (1) The department shall license specialty hospitals USING THE REQUIREMENTS FOR LICENSURE
10 OF HOSPITALS AND THE PROCEDURE PROVIDED FOR IN PARTS 1 AND 2 OF THIS CHAPTER.

11 ~~———— (2) A specialty hospital may not be licensed by the department unless that hospital provides:~~

12 ~~———— (a) 24-hour emergency care that includes:~~

13 ~~———— (i) one or more readily available emergency physicians to provide emergency care 24 hours a day, 365~~
14 ~~days a year;~~

15 ~~———— (ii) a roster of on-call medical staff; and~~

16 ~~———— (iii) a written agreement with a full-service hospital that patients in the specialty hospital may be~~
17 ~~transferred to the full-service hospital on a priority basis; and~~

18 ~~———— (b) medical services regardless of whether the payer of medical expenses incurred is an individual, a~~
19 ~~private payer, an insurance company, a government program payer, or another type of payer.~~

20 ~~(3)(2)~~ (2) As used in this section, "specialty hospital" means a specialty hospital as defined in 42 U.S.C.
21 1395nn.

22 ~~(4)(3)~~ (3) Notwithstanding the requirements of ~~subsections (1) and (2)~~ SUBSECTION (1), the department may
23 not license a specialty hospital until July 1, 2007.

24
25 **NEW SECTION. Section 3. Codification instruction.** [Section 2] is intended to be codified as an

26 integral part of Title 50, chapter 5, part 2, and the provisions of Title 50, chapter 5, part 2, apply to [section 2].

27
28 **NEW SECTION. Section 4. Contingent effective date.** [This act] is effective upon certification by the

29 director of public health and human services to the secretary of state that the moratorium on referrals by medical
30 doctors to specialty hospitals provided for in section 507 of the Medicare Prescription Drug, Improvement, and

1 Modernization Act of 2003, Public Law 108-173 (42 U.S.C. 1395nn), has expired and not been continued. The
2 director shall certify the date of the expiration as soon as the expiration is effective and shall send a copy of the
3 certification to the code commissioner.

4
5 NEW SECTION. SECTION 5. APPLICABILITY. [THIS ACT] APPLIES TO SPECIALTY HOSPITALS TO BE ESTABLISHED
6 AFTER THE MORATORIUM ON REFERRALS TO SPECIALTY HOSPITALS REFERRED TO IN [SECTION 4] EXPIRES.

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8 NEW SECTION. SECTION 6. TERMINATION. [THIS ACT] TERMINATES JULY 1, 2007.

9 - END -