

Title 15 - MISSISSIPPI DEPARTMENT OF HEALTH  
Part IX – Office of Health Policy and Planning  
Division of Health Planning and Resource Development

# CON

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Subpart 91 - Certificate of Need Review Manual

Revised: August 12, 2006

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<b>Decrease maximum CON processing fee from \$40,000 to \$25,000. [Chapter 3, Subsection 112.01]</b>	<b>33</b>
<b>Decrease maximum CON processing fee for processing cost overrun requests from \$40,000 to \$25,000. [Chapter 6, Subsection 103.01]</b>	<b>55</b>

**Title 15 - Mississippi Department of Health**  
**Part IX – Office of Health Policy and Planning**  
**Subpart 91 – Planning & Resource Development**

**Chapter 3**

112 Certificate of Need Processing Fee

- 112.01 The amount of the fee to be assessed is determined by the following formula:

$$\text{CON Fee} = 0.50 \times 1\% \text{ of proposed capital expenditure}$$

Should the capital expenditure in the CON application differ from that in the notice of intent, the applicant must adjust the fee payment to conform to the fee stated in the CON application, being certain to capitalize only those increments of the total expenditure proposed which are appropriate.

Fee payment shall accompany the CON application and is payable to the Mississippi Department of Health by check, draft, or money order. The minimum fee shall not be less than \$1,000, and the maximum fee shall not exceed **\$25,000**.

When a CON application is received by the Department, the capital expenditure will be determined and the fee based on that amount. If the applicant has submitted overpayment of the CON fee as determined by the Department, the amount of the overpayment will be refunded. If partial payment of the CON fee has been submitted, the balance due must be received within 15 days' of receipt of partial payment due to the Department. The assessed CON fee, once paid, shall be non-refundable.

No application shall be deemed complete for the purpose of review until the required fee is received by the State Department of Health.

No filing fee shall be required for:

1. Any application submitted by an agency, department, institution, or facility which is operated, owned, and/or controlled by the State of Mississippi and which receives operating and/or capital expenditure funds solely by appropriations from the Legislature of the State; or
2. Any application submitted by a health care facility for repairs or renovation determined by the Health Facilities Licensure and

Certification Division of the Department, in writing, to be necessary to avoid revocation of license and/or loss of certification for participation in the Medicaid and/or Medicare Programs. Any proposed expenditure in excess of the amount determined by the Department to be necessary to accomplish the stated purpose shall be subject to fee requirements previously detailed.

## Chapter 6

### 103 Cost Overrun

103.01 Changes in capital expenditure not associated with substantive construction or service changes require application for a cost overrun approval. It is expected that each applicant will accurately and completely represent the cost associated with the project, so that when a CON is issued, a maximum capital expenditure is authorized.

In those cases where the expenditure maximum established by the Certificate of Need is exceeded, the applicant is required to request cost overrun approval. The following procedures shall apply to cost overrun applications.

1. The request for cost overrun shall be made in accordance with the cost overrun format.
  - a. For construction projects, a revised estimate signed by an architect licensed to practice in Mississippi or a contractor authorized by law to do business in Mississippi shall accompany the request for cost overrun. The request shall include a description of the method used to determine the revised cost estimate and the justification for each line item in the budget for which a cost overrun is requested. In addition to the above, a revised capital expenditure budget outlining all costs associated with the project and a copy of any bid quotations will be submitted.
  - b. In cost overrun requests for purchase of capital equipment, an official price quotation from the vendor or the manufacturer is required.
  - c. Cost overrun requests for construction projects shall be compared with national construction cost data as published in the latest edition of Building Construction Cost Data, Robert S. Means Co., Inc., Kingston, Massachusetts, or other bona fide reference.

Any cost overrun on a construction or a renovation project which locates cost in or above the upper one-fourth range for construction or renovation cost in the U.S. shall require additional documentation to explain the reasons.

- d. Cost overrun requests which result in part or in whole from the requirement of the licensure and certification authority of the State shall be given special consideration. Appropriate documentation from the licensing and/or certification authority shall be submitted with the request.

- e. The amount of the fee to be assessed on cost overruns will be calculated at  $0.50 \times 1\%$  of the additional capital expenditure or \$1,000, whichever is greater.

However, if the original capital expenditure required the maximum fee of **\$25,000** and the cost overrun does not contain a substantial change in construction, renovation, addition of services or purchase of equipment, the minimum fee of \$1,000 will be required.

2. For any proposal in which the estimated or actual cost exceeds the amount originally approved, a review by the State Health Officer shall be required.