



DoN Today

Overview

Outdated regulation that has been outpaced by a rapidly evolving healthcare market and does not align with DPH's core mission or state's goals.

Confusing process that relies on outmoded factors, applied in an opaque manner.

Outmoded regulation that specifically seeks to prevent duplication of existing services, regardless of the value of the project or ability to reduce TME.

Burdensome and complex with over 80 pages of regulation, 10 review factors, and confusing layout/drafting.

Looks at projects by facility, often ignoring system, market, and state impacts.

No enforcement or follow up on approved DoNs and whether providers follow through with promised outcomes.

No data-driven distribution of DoN funds, allowing over \$170M since FY06 to-date to be distributed without an evidence-based or codified process approach.

DoN Projects

No delineation of project scopes between new additions, expansions, or conversions and conservation/restoration projects. Requires all DON-required projects – regardless of size/circumstances – to complete the full DoN review.

Requires proposed projects to first go through DoN (4-6 months) before initiating licensure plan review process (additional 3-6 months).

DoN Tomorrow

Overview

Modernized to align with state goals for delivery system and innovation transformation, while realigning reviews to meaningfully reinforce DPH's mission.

Objective and transparent process driven by public health.

Incentivizes Competition on provider's ability to innovate, increase competition on the basis of price, and successfully incorporate population health management.

Simplified and Straightforward with over 57% reduction in regulatory provisions, 6 review factors, and significantly streamlined layout and drafting.

Looks at systems of care by requiring the provider organization apply for the DoN.

Conditioned approvals with regular reporting and benchmarking to ensure providers make good on promises.

Supports state-driven, evidenced-based health priorities that resource health systems to successfully take on risk through meaningful, community-level population health management strategies.

DoN Projects

Creates an expedited review process for deferred maintenance projects that simply restore a building or service to its designated purpose/original functionality (e.g. new roof, painting, carpeting, electric), creating a significant regulatory simplification.

Allows for DoN and plan review to occur simultaneously, saving facilities significant time and resources.



DoN Today

Equipment

Regulates new and innovative technologies that contribute to cost, but does not take into account whether or not they add value or return on investment to the system (i.e. "are they innovative").

Mergers and Acquisitions

Largely duplicates HPC's Cost and Market Review (CMIR), creating an uncoordinated cross-agency approach that takes up to 12-months, and asks the wrong question by only allowing the PHC to ask "does this region need a hospital?"

No enforcement or follow up to ensure holders produce promised outcomes.

Ambulatory Surgery

Moratorium on any new ambulatory surgery projects, allowing existing freestanding ASCs to siphon community hospital patient volume and ignoring market calls for increased capacity in low cost settings.

Why This Reform is Needed

DoN has been outpaced by a rapidly evolving healthcare market.

DoN regulations no longer reflect the modern health care market, while adding significant and unnecessary regulatory burdens on.

However, DoN represents a significant executive branch tool that can be realigned to advance the state's goals for health care reform.

DoN Tomorrow

Equipment

Will only regulate equipment which are **not** innovative and which represent significant cost drivers, documented to have little or no return on investment.

Mergers and Acquisitions

Significantly simplifies and coordinates cross-agency processes, reducing up to 4-months, while realigning reviews with DPH's mission by asking applicants "How would this proposed merger impact the public health outcomes of your system's patient panel."

Conditions approvals with regular reporting and benchmarking to ensure acquiring entities make good on their promises.

Ambulatory Surgery

Allows limited growth by existing acute care hospitals and joint ventures, but only in lowest cost setting – an approach supported by recent community hospital studies and state/national quality data.

Why This Reform Works

This reform is achievable through refocusing, modernizing, and streamlining existing DoN regulations.

Maintains and refocuses a meaningful executive branch tool while aligning with mission-centric activities.

Supports the state's health priorities and delivery system transformation goals.