

SENATE HEALTH COMMITTEE

STATEMENT TO

SENATE, No. 1962

STATE OF NEW JERSEY

DATED: MAY 15, 1997

The Senate Health Committee reports favorably Senate Bill No. 1962.

This bill reduces application fees for a certificate of need in two areas. First, the provisions of this bill change the fee structure so that the add-on percentage for projects costing \$10 million or more would be the same as for projects costing \$1 million but less than \$10 million, that is, .05% of the total project cost. The maximum fee for all projects would remain at \$100,000.

Under current law, N.J.S.A.26:2H-10, if a project costs \$10 million or more, the application fee is calculated at \$5,000 plus 1.0% of the total project, with the maximum fee set at \$100,000. Thus, application fees for projects valued at \$10 million end up costing \$100,000. However, the application fee for a project whose cost is greater than \$1 million but less than \$10 million, is \$5,000 plus .05% of the total project cost.

It is expected that by changing the fee structure in this manner, an applicant with a worthwhile project who cannot afford to spend \$100,000 on the possibility that it would be able to obtain a certificate of need would still be able to apply for a certificate of need. Prior to the 1991 amendments to N.J.S.A. 26:2H-10, the application fee for a certificate of need could not exceed \$1,000.

Second, in the case of applications for a certificate of need for projects requiring an expedited review by the Department of Health and Senior Services, this bill establishes a fee of \$1,250 or 25% of any higher minimum fee which may be established in the future (currently \$5,000). These applications receive less intensive review by the department and are not reviewed by the State Health Planning Board or local advisory boards. Thus, the personnel, time and financial resources devoted to reviewing these applications are substantially reduced, and this reduction is reflected in the lower fee.