

NORTH DAKOTA DEPARTMENT OF HEALTH

MEMORANDUM

TO: Hospital, Nursing Facility, and Basic Care Facility Administrators

FROM: *Darleen*
Darleen Bartz, Ph.D., Chief, Health Resources Section

DATE: July 23, 2009

SUBJECT: Fees for Construction Plans Review and Onsite Construction Visits to Health Care Facilities subject to Licensure by the Division of Health Facilities

The North Dakota State Legislature recently passed Senate Bill No. 2046. This bill was signed by the Governor on April 21, 2009, filed with the Secretary of State on April 22, 2009, and became effective immediately due to the emergency clause that was added to the bill. The bill granted authority to the Department of Health to charge a reasonable fee for the review of plans for construction, remodeling, and installation projects in health care facilities licensed by the Division of Health Facilities. This includes licensed hospitals, nursing facilities, and basic care facilities.

The Department of Health's appropriation bill (Senate Bill 2004) included the authority to add two positions, as well as \$215,680 from the general fund and \$106,203 of special funds (fees collected for plans review) for a total of \$321,910 in the 2009-2011 biennium. The intent was that one-third of the cost of this project would be based on fees collected from the licensed providers for plans review. During testimony, the department indicated that this would translate into a plan review fee schedule of \$300 for small projects, \$900 for medium-sized projects, and \$2400 for large projects. The fee schedule will need to be adjusted periodically with increases in salaries and other costs to keep the industry share at one-third of the total costs.

Contact was made with the Attorney General's office to determine when the department was to implement the fee schedule for plans review. The response which our department received, indicated that since the bill has an emergency clause, the bill applied to "all construction plans submitted to the Department that have not yet been finally approved by the Department" consistent with the effective date of SB 2046. This information was shared with the Business Process Reengineering Life Safety Code Workgroup on May 19, 2009. Based on the discussion with the workgroup and the information obtained from the Attorney General's Office, the decision was made to apply the fee schedule to all plans that had been received by the Division but not reviewed when SB 2046 went into effect. A subsequent meeting of the Business Process Reengineering Workgroup was held on June 19, 2009 to review the process of implementation and agree on the approach. The information provided in this memorandum has been reviewed by the workgroup and identified to be the best plan for implementation.

Upon receipt of the floor plans, the size of the project will be determined by our office, based on the estimated amount of time necessary for the plans review. A request for payment of this fee will be sent to the licensed provider upon receipt of construction plans by our office. Plans will be reviewed in the order received; however, department approval of plans will not be given until the fees for plans review have been received by the department. An exception to the sequence and fees

related to plans review may occur at the discretion of the department when plans are submitted in response to a Life Safety Code (LSC) survey deficiency. If the plans review related to a deficiency citation meet the small project criteria, no fee will be charged. If the plans had been submitted prior to the LSC survey or are larger than a small review, the fee schedule will be applied.

If plans are submitted in phases, each phase or package will be considered as a new submission. A new fee will be allocated and the plans will be considered separately in the timing of review. As stated earlier, plans will be reviewed in the order received. Change orders for plans previously submitted will not be charged an additional fee for review and approval.

State licensing rules require our office to review and approve plans and specifications for all construction, remodeling, and installations prior to the start of construction. For hospitals this rule is found in North Dakota Administrative Code 33-07-02.1-02, for nursing facilities it is found in NDAC 33-07-04.2-08, and for basic care facilities in NDAC 33-03-24.1-03. If there are changes to the plans that have been approved, the changes are required to be submitted to the department and approved prior to implementation.

Routine maintenance does not require the submission of plans and specifications. Routine maintenance is the repair or replacement of existing equipment, room finishes and furnishings, and similar activities. If you have questions whether your planned construction or remodeling activities are subject to review, please contact our office.

As stated previously, the legislature granted additional staffing to the Department to conduct inspections during and at the conclusion of construction projects in the health care facilities licensed by the Division of Health Facilities. We are currently involved in the process to hire two additional staff to fulfill this directive. One position will be devoted to construction inspections on a full-time basis. A second position will be split between construction inspections and review of plans and specifications. Depending on the background and availability of the persons hired to fill these positions, we hope to get caught up with plans review and begin conducting construction inspections in the next few months.

For the past biennium, our office conducted a voluntary demonstration project involving construction inspections in eligible health care facilities. As a result of this new legislation, this demonstration project has been discontinued. The construction inspections will be a part of the licensure program. When non-compliance is identified during the construction inspections, it is expected that corrections will be made, and the corrective action will be monitored to ensure the facility meets the requirements prior to or by the completion of the construction project. This should have a significant impact on the issues identified during the Licensure and Certification inspections following construction and also result in more timely occupation of newly constructed facilities.

With all these changes, we felt that it was important to provide you with guidance as to the procedure that will be followed related to construction plans review. Please refer to the attachment.

If you have questions regarding this information, please contact myself or Monte Engel, Director, Division of Life Safety and Construction, North Dakota Department of Health at 701-328-2352.

North Dakota Department of Health

Procedure for Construction or Renovation Plans Review for Facilities Subject to Licensure by the Division of Health Facilities

Procedure:

1. The health care facility subject to licensure by the Division of Health Facilities submits directly, or through an architect or engineer, construction or renovation project plans for review by the Department.
2. Based on the size of the project and the estimated time it will take to review the plans, a letter is sent to the facility administrator or designee indicating the plans review fee that needs to be submitted.
3. The current fee schedule is:
 - Small projects: \$300
 - Medium projects: \$900
 - Large projects: \$2,400

Review of the fee schedule is completed annually and adjusted as necessary so the cost share between the state and the facilities subject to licensure by the Division remains 1 part facility plans review fee to 2 parts state funding.

4. If plans are submitted in phases, each phase is considered as a separate project and fees are charged consistent with the above fee schedule.
5. A copy of the letter from the department and fee to be remitted is to be sent from the facility administrator or designee to:

North Dakota Department of Health
Division of Accounting
600 East Boulevard Avenue, Dept. 301
Bismarck, ND 58505-0200

6. Plans are reviewed in the order received. If are received in phases, each project phase is considered separately and reviewed in the order received along with the other plans received by our office.
7. The fee for plans review must be received by the department prior to approval of plans.
8. An exception to the sequence of plans review may occur at the discretion of the department, when plans are submitted in response to a Life Safety Code (LSC) certification survey citation. If the plans review related to a deficiency citations meet the small project criteria, no fee will be charged. If the plans are submitted prior to the LSC survey or are larger than a small review, the fee schedule is applied.
9. Change orders for plans previously submitted and reviewed are not charged an additional fee for review.