

CHAPTER 126**(SB 217)**

AN ACT relating to the licensure and regulation of health care facilities and services.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. KRS 216B.455 is amended to read as follows:

- (1) A certificate of need shall be required for all psychiatric residential treatment facilities. The application for a certificate of need shall include formal written agreements of cooperation that identify the nature and extent of the proposed working relationship between the proposed psychiatric residential treatment facility and each of the following agencies, organizations, or facilities located in the service area of the proposed facility:
 - (a) Regional interagency council for children with emotional disability or severe emotional disability as defined in KRS 200.509;
 - (b) Department for Community Based Services;
 - (c) Local school districts;
 - (d) At least one (1) psychiatric hospital; and
 - (e) Any other agency, organization, or facility deemed appropriate by the cabinet.
- (2) Notwithstanding provisions for granting of a nonsubstantive review of a certificate of need application under KRS 216B.095, the cabinet shall review and approve the nonsubstantive review of an application seeking to increase the number of beds as permitted by KRS 216B.450 if the application is submitted by an eight (8) bed or sixteen (16) bed psychiatric residential treatment facility licensed and operating *or holding an approved certificate of need* on July 13, 2004. The cabinet shall base its approval of expanded beds upon the psychiatric residential treatment facility's ability to meet standards designed by the cabinet to provide stability of care. The standards shall be promulgated by the cabinet in an administrative regulation in accordance with KRS Chapter 13A. An application under this subsection shall not be subject to any moratorium relating to certificate of need.
- (3) All psychiatric residential treatment facilities shall comply with the licensure requirements as set forth in KRS 216B.105.
- (4) All psychiatric residential treatment facilities shall be certified by the Joint Commission on Accreditation of Healthcare Organizations, or the Council on Accreditation, or any other accrediting body with comparable standards that is recognized by the state.
- (5) A psychiatric residential treatment facility shall not be located in or on the grounds of a psychiatric hospital. More than one (1) freestanding psychiatric residential treatment facility may be located on the same campus that is not in or on the grounds of a psychiatric hospital.
- (6) The total number of psychiatric residential treatment facility beds shall not exceed three hundred and fifteen (315) beds statewide, and shall be distributed among the state mental hospital districts established by administrative regulations promulgated by the Cabinet for Health Services under KRS 210.300 as follows:
 - (a) District I for seventy-two (72) beds;
 - (b) District II for ninety-nine (99) beds;

- (c) District III for ninety (90) beds; and
 - (d) District IV for fifty-four (54) beds.
- (7) (a) The Cabinet for Health Services and the Cabinet for Families and Children shall investigate the need for children's psychiatric residential treatment services for specialized populations including, but not limited to, sexual offenders, children with physical and developmental disabilities, and children with dual diagnoses.
- (b) The cabinets shall report to the Governor and the Legislative Research Commission by August 1, 2005, on a plan to enable children with specialized needs to be served in community-based psychiatric treatment facilities in Kentucky. The plan shall include methods to:
1. Identify the specialized populations;
 2. Develop services targeted for the specialized populations; and
 3. Establish a Medicaid reimbursement rate for specialized facilities in Kentucky.

Approved March 18, 2005.