

**CERTIFICATE OF NEED APPLICATION  
FOR A PSYCHIATRIC OR CHEMICAL DEPENDENCY FACILITY ACQUISITION**

**ATTACHMENTS CHECKLIST – ODH Form 618-P**

**This ODH Form 618-P includes all necessary attachments hyperlinked in the Checklist and throughout the form itself.**

**Instructions, 3:** Filing Fee

**III.A.1:** Copy of the contract or agreement. (ex. lease/purchase agreement)

**IV.B.1:** List of proposed staffing after the facility is acquired.

**V.B:** If the applicant lists less than sixty (60) months experience as an operator submit a plan for operating the facility.

**V.B.1:** Attach Organizational papers....

**V.B.2:** Managements written statements.... [\(click here to open model form\)](#)

**V.B.3:** Applicant's written statements [\(click here to open model form\)](#) agreeing to advise the Department....

**VII.A.:** Financial (**CONFIDENTIAL**)

**VII.A.1:** Conventional, bank, seller-carried, third party, or bond financing; or

**VII.A.2:** Equity financing; or

**VII.A.3:** Third party funding or guarantee

**VII.B:** Projected Budget of Revenues and Expenses [\(click here to open model form\)](#)

**VII.C:** Funds for services and staffing

**VII.NOTE:** Confirm and provide financial documentation that the funds are not pledged or otherwise encumbered.

**[Click on the link below for the remainder of the Forms](#)**

**[Affirmation Statements](#)**

## CERTIFICATE OF NEED APPLICATION FOR A PSYCHIATRIC OR CHEMICAL DEPENDENCY FACILITY ACQUISITION

### INSTRUCTIONS

1. This form is used to request Certificate of Need approval of an acquisition of a Psychiatric or Chemical Dependency facility.
2. The original notarized application must be submitted to the Oklahoma State Department of Health at the address above. Additional copies are not required.
3. **A filing fee must accompany this application.**

**Psychiatric or chemical dependency facilities:** Pursuant to OAC 310:4-1-5(3)(B) The fee is three quarters of one percent (.75%) of the project's capital cost. The minimum fee is \$1,500; the maximum is \$10,000. For purposes of determining filing fees, capital cost is defined at OAC 310:4-1-5(1).

**Capital Cost.** For purposes of determining filing fees, capital cost means one or more of the following depending on the underlying nature of the transaction.

(A) For construction, the total cost of the project shall include the following components as applicable: land acquisition and site development, soil survey and investigation, construction, equipment, architect fees, engineering fees, supervision, performance and payment bonds, contingency, and inflation factor.

(B) For acquisition by purchase, the total cost of the project shall be the greater of current book value of building and/or equipment, or total contract price including any exchanges or other consideration.

(C) For acquisition by lease, the total cost of the project shall be the current book value of the facility to be leased plus any additional capital expenditures, such as equipment purchases.

(D) For a sale and leaseback, or a combination lease and purchase, the total cost of the project shall be the greater of the purchase cost or current book value of the facility.

(E) For a non-monetary transfer of stock, the total capital cost of the project shall be zero dollars (\$0).

(F) For a transfer of stock in which one party pays or exchanges other consideration to acquire the stock of another party, the total cost of the project shall be the greater of the value of the consideration given for the stock or the book value of the facility on the seller's books.

(G) For a management contract that includes no purchase, lease, donation, transfer of stock, corporate merger, assignment or foreclosure of building, equipment or other assets, the capital cost shall be zero dollars (\$0).

(H) For any other type of project, including but not limited to an addition of beds through conversion of a previously constructed physical plant, the project cost shall be based on the greater of the book value or fair market value of the assets required to accomplish the project.

(I) For any type of project in which book value is used to establish the capital cost, the book value shall be based on audited financial statements or upon generally accepted accounting principles.

Within fifteen (15) days after receipt of the application and fee the OSDH will send written notice to the contact person stating whether or not the application is complete.

**ATTACHMENTS:** Throughout the document you will notice the required supporting documentation being requested in red font and blue hyperlinks to necessary/model documents.

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### I. FACILITY TO BE ACQUIRED AND CONTACT PERSON [OAC 310:4-1-13(d)(1)] [63 O.S. 1-703]

A. Current Name of Facility: \_\_\_\_\_

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip Code

\_\_\_\_\_  
Telephone

B. Contact Person: \_\_\_\_\_

\_\_\_\_\_  
Mailing Address City State Zip Code Telephone Fax

**II. TRANSACTION METHOD [OAC 310:4-1-13(d)(1)]**

A. How will the facility be acquired (for example, lease, purchase, stock transfer, merger, or a combination of these)?

\_\_\_\_\_

**III. PERSON OR ENTITY FROM WHOM THE FACILITY IS BEING ACQUIRED [OAC 310:4-1-13(d)(3)]**

A. Name of Current Operating Entity: \_\_\_\_\_

\_\_\_\_\_  
Street Address City State Zip Code Telephone

1. When do you expect to sign a contract or agreement? \_\_\_\_\_

**Copy of the contract or agreement. (ex. lease/purchase agreement)**

2. When do you expect to operate the facility? \_\_\_\_\_

B. 1. Is the entity listed in Item III.A the current lessor (landlord)? \_\_\_\_\_ Yes \_\_\_\_\_ No

2. Is the entity listed in Item III.A the current lessee (tenant)? \_\_\_\_\_ Yes \_\_\_\_\_ No

3. If no to either III.B.1 or III.B.2, complete the following:

Name of current Real Estates Owner or Leaseholder/landlord:

\_\_\_\_\_

\_\_\_\_\_  
Street Address City State Zip Code Telephone

**IV. STAFFING [OAC 310:620-3-2] [OAC 310:667-33-2(A)(1)]**

A. Name of administrator after acquisition: \_\_\_\_\_

\_\_\_\_\_  
/

License Number Street Address City State Zip Code

B.

1. **Attach a list of projected staffing patterns for after the facility is acquired.** List staffing in number of Full Time Equivalent (FTE) employees, and itemize by personnel categories. [OAC 310:620-3-2]

2. The documentation of staffing shall include written statements from the administrator, the director of nursing, the pharmacist, and the medical director, indicating their intentions to contract or accept employment with the applicant.

**V. APPLICANT'S QUALIFICATIONS**

A. **If the applicant lists less than sixty (60) months experience as an operator submit a plan for operating the facility.** The plan must include [OAC 310:620-3-3]:

1. **Attach** Organizational papers, bylaws, articles, or incorporation, partnership agreements, business plans, or other documents which confirm the applicant's claims about the policies, rights, duties, and responsibilities of the applicant and its principals [OAC 310:620-3-3(1)];
2. **Attach** Written statements from the person or persons who will fill management or administrative staffing and leadership positions, including but not limited to the director of nursing, the medical director, the administrator, and the applicant's policy body. The statements must state they are accepting employment and specify the minimum amount of time they shall spend working in the facility. The documentation of staffing shall include written statements from the administrator, the director of nursing, the pharmacist, and the medical director, indicating their intentions to contract or accept employment with the applicant. [OAC 310:620-3-2] [OAC 310:620-3-3(2)] ([click here to open model form](#));
3. **Attach** a statement from the applicant agreeing to advise the Department prior to any change in the staffing and leadership during the first six (6) months of operation after the acquisition is finalized. [OAC 310:620-3-3(3)]. ([click here to open model form](#))

**VI. PROJECT COST [63 O.S. § 1-880.6(c)(6) (CAPITOL COST) [OAC 310:4-1-5(1)]**

- A. Projected Capital costs for this project [OAC 310:4-1-13(d)(5)] \$ \_\_\_\_\_
  - B. Annual Lease \$ \_\_\_\_\_ and length of lease (in years) \_\_\_\_\_ [OAC 310:4-1-5(1)](C)
  - C. If project involves donation, stock transfer, lease, or any transaction below fair market value, provide the following.
    1. Current Book Value of Building \_\_\_\_\_
    2. Current Book Value of Equipment \_\_\_\_\_
    3. Current Book Value of other capital assets being transferred \_\_\_\_\_
  - D. If the total capital cost does not equal the contract price for the facility, explain the difference.
- 

**VII. FINANCIAL (CONFIDENTIAL)**

- A. **Financial documentation [OAC 310:620-3-1]. Provide proof of sufficient financial resources to complete the acquisition and to maintain services and staffing that meet licensure standards for at least twelve (12) months following acquisition.**
  1. **Conventional, bank, seller-carried, third party, or bond financing [OAC 310:620-3-1(1)(A)].** For conventional, bank, seller-carried, third party, or bond financing, a statement of the proposed principal amount, interest rate and repayment terms, and that the applicant has access to the required funds, signed under oath by a representative of the lending institution, seller, third-party, or authority; or
  2. **Equity financing [OAC 310:620-3-1(1)(B)].**
    - a. An attested balance sheet for the acquiring party that is dated within the past twelve (12) months and that reflects cash or cash equivalents sufficient to fund the project; or
    - b. A certificate of deposit or other proof that funds are available and have not been pledged for some other purpose; or
  3. **Third party funding or guarantee [OAC 310:620-3-1(1)(C)]. For financing or other funding from or guaranteed by a third party that is not duly authorized or chartered as a bank:**
    - a. An attested balance sheet, certificate of deposit or other attested proof that is dated within the past twelve (12) months for the third party, unless the third party is a licensed insurer or surplus lines insurer, the United States of America, a state of the United States of America, or an agency or instrumentality thereof; and
    - b. Copies of organizational documents and contracts necessary to substantiate the relationship between the applicant and the third party.
  4. **Book value.** If book value is used to establish the capital cost of this project provide a copy of the financial statement showing the book value. The financial statement must be audited or based on generally accepted

accounting principles.

5. **Attested documents.** For the purposes of this section, the term "attest" shall have the meanings as defined in 59 O.S. Supp. 2004, Section 15.1A.(5)

*"Attest" means providing the following services:*

- a. *any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS),*
- b. *any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS),*
- c. *any engagement performed in accordance with the Statements on Standards for Attestation Engagements (SSAE), and*
- d. *any engagement to be performed in accordance with the Auditing Standards of the Public Company Accounting Oversight Board (PCAOB).*

*The statements on standards specified in this definition shall be adopted by reference by the Board pursuant to rulemaking and shall be those developed for general application by recognized national accountancy organizations, such as the AICPA, IFAC and the PCAOB;*

- B. **Budget** [OAC 310:620-3-1(2)]. *Each application shall include a projected budget of revenues and expenses for the first twelve (12) months of operation of the facility after the anticipated issuance of the Certificate of Need...*

[Click here for 'Projected Budget of Revenues and Expenses'](#) to complete a projected budget of revenues and expenses for the first twelve (12) months after the facility is acquired.

- C. **Funds for services and staffing** [OAC 310:620-3-1(4)]. In addition to the funds needed to acquire the facility, document the availability of financial resources equivalent to the average monthly projected expenses, as shown in 'Projected Budget of Revenues and Expenses'. The amount of the average monthly expenses shall be calculated based on a per-month average of the projected twelve-month budget of revenues and expenses submitted with the application. Follow the documentation guidelines in Item VII-B above to demonstrate the availability of funds for services and staffing.

**NOTE: All balance sheets provided for Section VII of this form shall include information sufficient to assess the net value of each asset. Also, the balance sheets shall identify any claims that would affect an asset's use as collateral. Confirm and provide financial documentation that the funds are not pledged or otherwise encumbered. Please label all financial documents as CONFIDENTIAL.** [310:620-3-1(4)(B)].

Promptly upon receipt of any such application, the Department shall examine and determine whether the application is complete and cause a thorough investigation to be made to determine completeness and appropriateness of such expanded psychiatric or chemical dependency service. [63 O.S. § 1-880.6(F)].

The investigation shall include the following review of the adequacy of financial resources for the new or expanded services and continued operation. [63 O.S. § 1-880.6(F)(3)].

No certificate of need shall be issued by the State Department of Health unless, after investigation, the Department determines the proposed action can be economically accomplished and maintained. [63 O.S. § 1-880.7(A)].

**IX. THIS AFFIRMS THAT THE INFORMATION IN THIS APPLICATION IS TRUE AND CORRECT TO THE BEST OF OUR KNOWLEDGE AND BELIEF.**

I certify that the foregoing is true and complete to the best of my knowledge and belief.

\_\_\_\_\_  
Typed or Printed Name of Person Signing for Applicant

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Name of Corporation, Partnership or Association

\_\_\_\_\_  
Official Title or Position

State of \_\_\_\_\_

County of \_\_\_\_\_

Signed and sworn to (or affirmed) before me on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
Name(s) of person(s) making statement.

Seal or Stamp

\_\_\_\_\_  
Signature of Notary Public

My Commission Expires: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

My Commission Number is: \_\_\_\_\_