

**SUBSTITUTE FOR  
SENATE BILL NO. 1216**

A bill to amend 1974 PA 258, entitled  
"Mental health code,"  
by amending section 137 (MCL 330.1137), as amended by 1995 PA  
290.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 137. (1) A person shall not construct, establish, or  
2 maintain a psychiatric hospital, psychiatric unit, or psychiatric  
3 partial hospitalization program or use the terms psychiatric  
4 hospital, psychiatric unit, or psychiatric partial  
5 hospitalization program, without first obtaining a license. The  
6 director shall require an applicant or a licensee to disclose the  
7 names, addresses, and official positions of all persons who have  
8 an ownership interest in a psychiatric hospital, psychiatric  
9 unit, or psychiatric partial hospitalization program. If the  
10 psychiatric hospital, psychiatric unit, or psychiatric partial

1 hospitalization program is located on or in real estate ~~which~~  
2 **that** is leased, the applicant or licensee shall disclose the name  
3 of the lessor and any direct or indirect interest that the  
4 applicant or licensee has in the lease other than as lessee. A  
5 nontransferable license shall be granted for 2 years after the  
6 date of issuance, unless otherwise provided in sections 134 to  
7 150. The director may issue a provisional license for 1 year to  
8 provide a licensee or applicant time to undertake remedial action  
9 to correct programmatic or physical plant deficiencies. A  
10 provisional license may be renewed for ~~no~~ **not** longer than 1  
11 additional year. A violation of this section is a misdemeanor  
12 and ~~shall be~~ **is** punishable by a fine of not more than \$1,000.00  
13 for each violation.

14 (2) Biennial licensure of psychiatric hospitals, psychiatric  
15 units, and psychiatric partial hospitalization programs shall be  
16 implemented ~~within 1 year after the effective date of the~~  
17 ~~amendatory act that added sections 100a to 100d~~ **by March 28,**  
18 **1997.** License fees shall be prorated according to the period of  
19 time that the license will be in force.

20 (3) **Beginning the effective date of the amendatory act that**  
21 **added this subsection, the department shall issue an initial**  
22 **license under this section not later than 6 months after the**  
23 **applicant files a completed application. Receipt of the**  
24 **application is considered the date the application is received by**  
25 **any agency or department of this state. If the application is**  
26 **considered incomplete by the department, the department shall**  
27 **notify the applicant in writing or make notice electronically**

1 available within 30 days after receipt of the incomplete  
2 application, describing the deficiency and requesting additional  
3 information. The 6-month period is tolled upon notification by  
4 the department of a deficiency until the date the requested  
5 information is received by the department. The determination of  
6 the completeness of an application is not an approval of the  
7 application for the license and does not confer eligibility on an  
8 applicant determined otherwise ineligible for issuance of a  
9 license.

10 (4) If the department fails to issue or deny a license or  
11 registration within the time required by this section, the  
12 department shall return the license fee and shall reduce the  
13 license fee for the applicant's next renewal application, if any,  
14 by 15%. Failure to issue or deny a license within the time  
15 period required under this section does not allow the department  
16 to otherwise delay the processing of the application. A  
17 completed application shall be placed in sequence with other  
18 completed applications received at that same time. The  
19 department shall not discriminate against an applicant in the  
20 processing of the application based on the fact that the  
21 application fee was refunded or discounted under this  
22 subsection.

23 (5) Beginning October 1, 2005, the director of the department  
24 shall submit a report by December 1 of each year to the standing  
25 committees and appropriations subcommittees of the senate and  
26 house of representatives concerned with issues relating to mental  
27 health. The director shall include all of the following

1 information in the report concerning the preceding fiscal year:

2 (a) The number of initial applications the department  
3 received and completed within the 6-month time period described  
4 in subsection (3).

5 (b) The number of applications rejected.

6 (c) The number of applicants not issued a license within the  
7 6-month time period and the amount of money returned to licensees  
8 under subsection (4).

9 (6) As used in this section, "completed application" means an  
10 application complete on its face and submitted with any  
11 applicable licensing fees as well as any other information,  
12 records, approval, security, or similar item required by law or  
13 rule from a local unit of government, a federal agency, or a  
14 private entity but not from another department or agency of this  
15 state.