

**SUBSTITUTE FOR  
SENATE BILL NO. 669**

A bill to amend 1978 PA 368, entitled "Public health code," by amending sections 20145, 22201, 22203, 22207, 22208, 22209, 22215, 22221, and 22227 (MCL 333.20145, 333.22201, 333.22203, 333.22207, 333.22208, 333.22209, 333.22215, 333.22221, and 333.22227), section 20145 as amended by 2015 PA 104, section 22201 as added by 1988 PA 332, sections 22203, 22207, 22209, 22215, and 22221 as amended by 2002 PA 619, section 22208 as amended by 2011 PA 51, and section 22227 as amended by 1993 PA 88.

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

- 1       Sec. 20145. (1) Before contracting for and initiating a
- 2 construction project involving new construction, additions,
- 3 modernizations, or conversions of a health facility or agency with



1 a capital expenditure of \$1,000,000.00 or more, a person shall  
 2 obtain a construction permit from the department. The department  
 3 shall not issue the permit under this subsection unless the  
 4 applicant holds a valid certificate of need if a certificate of  
 5 need is required for the project under part 222.

6 (2) To protect the public health, safety, and welfare, the  
 7 department may promulgate rules to require construction permits for  
 8 projects other than those described in subsection (1) and the  
 9 submission of plans for other construction projects to expand or  
 10 change service areas and services provided.

11 ~~(3) If a construction project requires a construction permit~~  
 12 ~~under subsection (1) or (2), but does not require a certificate of~~  
 13 ~~need under part 222, the department shall require the applicant to~~  
 14 ~~submit information considered necessary by the department to assure~~  
 15 ~~that the capital expenditure for the project is not a covered~~  
 16 ~~capital expenditure as defined in section 22203(9).~~

17 (3) ~~(4)~~ If a construction project requires a construction  
 18 permit under subsection (1), but does not require a certificate of  
 19 need under part 222, the department shall require the applicant to  
 20 submit information on a 1-page sheet, along with the application  
 21 for a construction permit, consisting of all of the following:

22 (a) A short description of the reason for the project and the  
 23 funding source.

24 (b) A contact person for further information, including  
 25 address and phone number.

26 (c) The estimated resulting increase or decrease in annual  
 27 operating costs.

28 (d) The current governing board membership of the applicant.

29 (e) The entity, if any, that owns the applicant.



1           (4) ~~(5)~~—The **department shall make the** information filed under  
2 subsection ~~(4) shall be made~~ **(3)** publicly available ~~by the~~  
3 ~~department~~ by the same methods used to make information about  
4 certificate of need applications publicly available.

5           (5) ~~(6)~~—The review and approval of architectural plans and  
6 narrative ~~shall~~ **must** require that the proposed construction project  
7 is designed and constructed in accord with applicable statutory and  
8 other regulatory requirements. In performing a construction permit  
9 review for a health facility or agency under this section, the  
10 department shall, at a minimum, apply the standards contained in  
11 the document entitled "Minimum Design Standards for Health Care  
12 Facilities in Michigan" published by the department and dated July  
13 2007. The standards are incorporated by reference for purposes of  
14 this subsection. The department may promulgate rules that are more  
15 stringent than the standards if necessary to protect the public  
16 health, safety, and welfare.

17           (6) ~~(7)~~—The department shall promulgate rules to further  
18 prescribe the scope of construction projects and other alterations  
19 subject to review under this section.

20           (7) ~~(8)~~—The department may waive the applicability of this  
21 section to a construction project or alteration if the waiver will  
22 not affect the public health, safety, and welfare.

23           (8) ~~(9)~~ ~~Upon~~ **On** request by the person initiating a  
24 construction project, the department may review and issue a  
25 construction permit to a construction project that is not subject  
26 to subsection (1) or (2) if the department determines that the  
27 review will promote the public health, safety, and welfare.

28           (9) ~~(10)~~—The department shall assess a fee for each review  
29 conducted under this section. The fee is .5% of the first



1 \$1,000,000.00 of capital expenditure and .85% of any amount over  
 2 \$1,000,000.00 of capital expenditure, up to a maximum of  
 3 \$60,000.00.

4 (10) ~~(11)~~—As used in this section, "capital expenditure" means  
 5 that term as defined in section 22203(2), except that capital  
 6 expenditure does not include the cost of equipment that is not  
 7 fixed equipment.

8 Sec. 22201. (1) For purposes of this part, the words and  
 9 phrases defined in sections 22203 to ~~22207~~**22208** have the meanings  
 10 ascribed to them in those sections.

11 (2) In addition, article 1 contains general definitions and  
 12 principles of construction applicable to all articles in this code.

13 (3) The definitions in part 201 do not apply to this part.

14 Sec. 22203. (1) "Addition" means adding **to a health facility**  
 15 patient rooms, beds, and ancillary service areas, including, but  
 16 not limited to, procedure rooms or fixed equipment, surgical  
 17 operating rooms, therapy rooms or fixed equipment, or other  
 18 accommodations. ~~to a health facility.~~

19 (2) "Capital expenditure" means an expenditure for a single  
 20 project, including cost of construction, engineering, and equipment  
 21 that under generally accepted accounting principles is not properly  
 22 chargeable as an expense of operation. Capital expenditure includes  
 23 a lease or comparable arrangement by or on behalf of a health  
 24 facility to obtain a health facility, licensed part of a health  
 25 facility, or equipment for a health facility, if the actual  
 26 purchase of a health facility, licensed part of a health facility,  
 27 or equipment for a health facility would have been considered a  
 28 capital expenditure under this part. Capital expenditure includes  
 29 the cost of studies, surveys, designs, plans, working drawings,



1 specifications, and other activities essential to the acquisition,  
2 improvement, expansion, addition, conversion, modernization, new  
3 construction, or replacement of physical plant and equipment.

4 (3) "Certificate of need" means a certificate issued under  
5 this part authorizing a new health facility, a change in bed  
6 capacity, **or** the initiation, replacement, or expansion of a covered  
7 clinical service. ~~, or a covered capital expenditure that is issued~~  
8 ~~in accordance with this part.~~

9 (4) "Certificate of need review standard" or "review standard"  
10 means a standard approved by the commission.

11 (5) "Change in bed capacity" means 1 or more of the following:

12 (a) An increase in licensed hospital beds.

13 (b) An increase in licensed nursing home beds or hospital beds  
14 certified for long-term care.

15 (c) An increase in licensed psychiatric beds.

16 (d) A change from 1 licensed use to a different licensed use.

17 (e) The physical relocation of beds from a licensed site to  
18 another geographic location.

19 (6) "Clinical" means directly pertaining to the diagnosis,  
20 treatment, or rehabilitation of an individual.

21 (7) "Clinical service area" means an area of a health  
22 facility, including related corridors, equipment rooms, ancillary  
23 service and support areas that house medical equipment, patient  
24 rooms, patient beds, diagnostic, operating, therapy, or treatment  
25 rooms or other accommodations related to the diagnosis, treatment,  
26 or rehabilitation of individuals receiving services from the health  
27 facility.

28 (8) "Commission" means the certificate of need commission  
29 created under section 22211.



1       ~~(9) "Covered capital expenditure" means a capital expenditure~~  
 2 ~~of \$2,500,000.00 or more, as adjusted annually by the department~~  
 3 ~~under section 22221(g), by a person for a health facility for a~~  
 4 ~~single project, excluding the cost of nonfixed medical equipment,~~  
 5 ~~that includes or involves the acquisition, improvement, expansion,~~  
 6 ~~addition, conversion, modernization, new construction, or~~  
 7 ~~replacement of a clinical service area.~~

8       (9) ~~(10)~~ "Covered clinical service", except as modified by the  
 9 commission under section 22215, means 1 or more of the following:

10       (a) Initiation or expansion of 1 or more of the following  
 11 services:

12       (i) Neonatal intensive care services or special newborn nursing  
 13 services.

14       (ii) Open heart surgery.

15       (iii) Extrarenal organ transplantation.

16       (b) Initiation, replacement, or expansion of 1 or more of the  
 17 following services:

18       (i) Extracorporeal shock wave lithotripsy.

19       (ii) Megavoltage radiation therapy.

20       (iii) Positron emission tomography.

21       (iv) Surgical services provided in a freestanding surgical  
 22 outpatient facility, an ambulatory surgery center certified under  
 23 title XVIII, or a surgical department of a hospital licensed under  
 24 part 215 and offering inpatient or outpatient surgical services.

25       (v) Cardiac catheterization.

26       (vi) Fixed and mobile magnetic resonance imager services.

27       (vii) Fixed and mobile computerized tomography scanner  
 28 services.



1 (viii) Air ambulance services.

2 (c) Initiation or expansion of a specialized psychiatric  
3 program for children and adolescent patients utilizing licensed  
4 psychiatric beds.

5 (d) Initiation, replacement, or expansion of a service not  
6 listed in this subsection, but designated as a covered clinical  
7 service by the commission under section 22215(1)(a).

8 (10) ~~(11)~~ "Fixed equipment" means equipment that is affixed to  
9 and constitutes a structural component of a health facility,  
10 including, but not limited to, mechanical or electrical systems,  
11 elevators, generators, pumps, boilers, and refrigeration equipment.

12 Sec. 22207. (1) "Medicaid" means the program for medical  
13 assistance administered by the department ~~of community health~~ under  
14 the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b.

15 (2) "Modernization" means an upgrading, alteration, or change  
16 in function of a part or all of the physical plant of a health  
17 facility. Modernization includes, but is not limited to, the  
18 alteration, repair, remodeling, and renovation of an existing  
19 building and initial fixed equipment and the replacement of  
20 obsolete fixed equipment in an existing building. Modernization of  
21 the physical plant does not include normal maintenance and  
22 operational expenses.

23 (3) "New construction" means construction of a health facility  
24 where a health facility does not exist or construction replacing or  
25 expanding an existing health facility or a part of an existing  
26 health facility.

27 (4) "Person" means ~~a person~~ **that term** as defined in section  
28 1106 ~~or~~ **and includes** a governmental entity.

29 (5) "Planning area" means the area defined in a certificate of



1 need review standard for determining the need for, and the resource  
 2 allocation of, a specific health facility, service, or equipment.  
 3 Planning area includes, but is not limited to, ~~the~~**this** state, a  
 4 health facility service area, or a health service area or subarea  
 5 within ~~the~~**this** state.

6 (6) "Proposed project" means a proposal to acquire an existing  
 7 health facility or begin operation of a new health facility, make a  
 8 change in bed capacity, **or** initiate, replace, or expand a covered  
 9 clinical service. ~~, or make a covered capital expenditure.~~

10 (7) "Rural county" means a county not located in a  
 11 metropolitan statistical area or micropolitan statistical areas as  
 12 those terms are defined under the "standards for defining  
 13 metropolitan and micropolitan statistical areas" by the ~~statistical~~  
 14 ~~policy office~~**Statistical and Science Policy Office** of the ~~office~~  
 15 ~~of information and regulatory affairs~~**Office of Information and**  
 16 **Regulatory Affairs** of the United States ~~office of management and~~  
 17 ~~budget,~~**Office of Management and Budget**, 65 F.R. p. **FR 82227 p**  
 18 82238 (December 27, 2000).

19 (8) "Stipulation" means a requirement that is germane to the  
 20 proposed project and has been agreed to by an applicant as a  
 21 condition of certificate of need approval.

22 Sec. 22208. (1) "Title XVIII" means title XVIII of the social  
 23 security act, 42 USC 1395 to ~~1395kkk-1.~~**1395lll.**

24 (2) "Title XIX" means title XIX of the social security act,  
 25 ~~chapter 531, 49 Stat. 620,~~ 42 USC 1396 to 1396w-5.

26 Sec. 22209. (1) Except as otherwise provided in this part, a  
 27 person shall not do any of the following without first obtaining a  
 28 certificate of need:

29 (a) Acquire an existing health facility or begin operation of





1 a health facility at a site that is not currently licensed for that  
2 type of health facility.

3 (b) Make a change in the bed capacity of a health facility.

4 (c) Initiate, replace, or expand a covered clinical service.

5 ~~(d) Make a covered capital expenditure.~~

6 (2) A certificate of need is not required for a reduction in  
7 licensed bed capacity or services at a licensed site.

8 (3) Subject to subsection (9) and if the relocation does not  
9 result in an increase of licensed beds within that health service  
10 area, a certificate of need is not required for any of the  
11 following:

12 (a) The physical relocation of licensed beds from a hospital  
13 site licensed under part 215 to another hospital site licensed  
14 under the same license as the hospital seeking to transfer the beds  
15 if both hospitals are located within a 2-mile radius of each other.

16 (b) Subject to subsections (7) and (8), the physical  
17 relocation of licensed beds from a hospital licensed under part 215  
18 to a freestanding surgical outpatient facility licensed under part  
19 208 if that freestanding surgical outpatient facility satisfies  
20 each of the following criteria on December 2, 2002:

21 (i) Is owned by, is under common control of, or has as a common  
22 parent the hospital seeking to relocate its licensed beds.

23 (ii) Was licensed ~~prior to~~ **before** January 1, 2002.

24 (iii) Provides 24-hour emergency care services at that site.

25 (iv) Provides at least 4 different covered clinical services at  
26 that site.

27 (c) Subject to ~~subsections (7) and~~ **subsection** (8), the  
28 physical relocation of licensed beds from a hospital licensed under  
29 part 215 to another hospital licensed under part 215 within the



1 same health service area if the hospital receiving the licensed  
 2 beds is owned by, is under common control of, or has as a common  
 3 parent the hospital seeking to relocate its licensed beds.

4 (4) Subject to subsection (5), a hospital licensed under part  
 5 215 is not required to obtain a certificate of need to provide 1 or  
 6 more of the covered clinical services listed in section ~~22203(10)~~  
 7 **22203(9)** in a federal ~~veterans~~**veterans'** health care facility or to  
 8 use long-term care unit beds or acute care beds that are owned and  
 9 located in a federal ~~veterans~~**veterans'** health care facility if the  
 10 hospital satisfies each of the following criteria:

11 (a) The hospital has an active affiliation or sharing  
 12 agreement with the federal ~~veterans~~**veterans'** health care facility.

13 (b) The hospital has physicians who have faculty appointments  
 14 at the federal ~~veterans~~**veterans'** health care facility or has an  
 15 affiliation with a medical school that is affiliated with a federal  
 16 ~~veterans~~**veterans'** health care facility and has physicians who have  
 17 faculty appointments at the federal ~~veterans~~**veterans'** health care  
 18 facility.

19 (c) The hospital has an active grant or agreement with the  
 20 state or federal government to provide 1 or more of the following  
 21 functions relating to bioterrorism:

22 (i) Education.

23 (ii) Patient care.

24 (iii) Research.

25 (iv) Training.

26 (5) A hospital that provides 1 or more covered clinical  
 27 services in a federal ~~veterans~~**veterans'** health care facility or  
 28 uses long-term care unit beds or acute care beds located in a  
 29 federal ~~veterans~~**veterans'** health care facility under subsection



1 (4) may not utilize procedures performed at the federal ~~veterans~~  
 2 **veterans'** health care facility to demonstrate need or to satisfy a  
 3 certificate of need review standard unless the covered clinical  
 4 service provided at the federal ~~veterans~~**veterans'** health care  
 5 facility was provided under a certificate of need.

6 (6) If a hospital licensed under part 215 had fewer than 70  
 7 licensed beds on December 1, 2002, that hospital is not required to  
 8 satisfy the minimum volume requirements under the certificate of  
 9 need review standards for its existing operating rooms as long as  
 10 those operating rooms continue to exist at that licensed hospital  
 11 site.

12 (7) Before relocating beds under subsection (3)(b), the  
 13 hospital seeking to relocate its beds shall provide the information  
 14 requested by the department of ~~consumer and industry services~~  
 15 **licensing and regulatory affairs** that will allow the department of  
 16 ~~consumer and industry services~~**licensing and regulatory affairs** to  
 17 verify the number of licensed beds that were staffed and available  
 18 for patient care at that hospital as of December 2, 2002. A  
 19 ~~hospital shall transfer no more than 35% of its licensed beds to~~  
 20 ~~another hospital or freestanding surgical outpatient facility under~~  
 21 ~~subsection (3)(b) or (c) not more than 1 time after the effective~~  
 22 ~~date of the amendatory act that added this subsection if the~~  
 23 ~~hospital seeking to relocate its licensed beds or another hospital~~  
 24 ~~owned by, under common control of, or having as a common parent the~~  
 25 ~~hospital seeking to relocate its licensed beds is located in a city~~  
 26 ~~that has a population of 750,000 or more.~~

27 (8) The licensed beds relocated under subsection (3)(b) or (c)  
 28 ~~shall~~**must** not be included as new beds in a hospital or as a new  
 29 hospital under the certificate of need review standards for



1 hospital beds. One of every 2 beds transferred under subsection  
 2 (3)(b) up to a maximum of 100 ~~shall~~**must** be beds that were staffed  
 3 and available for patient care as of December 2, 2002. A hospital  
 4 relocating beds under subsection (3)(b) shall not reactivate  
 5 licensed beds within that hospital that were unstaffed or  
 6 unavailable for patient care on December 2, 2002 for a period of 5  
 7 years after the date of the relocation of the licensed beds under  
 8 subsection (3)(b).

9 (9) ~~No licensed~~**Licensed** beds ~~shall~~**must not** be physically  
 10 relocated under subsection (3) if 7 or more members of the  
 11 commission, after the appointment and confirmation of the 6  
 12 additional commission members under section 22211 but before June  
 13 15, 2003, determine that relocation of licensed beds under  
 14 subsection (3) may cause great harm and detriment to the access and  
 15 delivery of health care to the public and the relocation of beds  
 16 should not occur without a certificate of need.

17 (10) An applicant seeking a certificate of need for the  
 18 acquisition of an existing health facility may file a single,  
 19 consolidated application for the certificate of need if the project  
 20 results in the acquisition of an existing health facility but does  
 21 not result in an increase or relocation of licensed beds or the  
 22 initiation, expansion, or replacement of a covered clinical  
 23 service. Except as otherwise provided in this subsection, a person  
 24 acquiring an existing health facility is subject to the applicable  
 25 certificate of need review standards in effect on the date of the  
 26 transfer for the covered clinical services provided by the acquired  
 27 health facility. The department may except 1 or more of the covered  
 28 clinical services listed in section ~~22203(10)(b)~~, **22203(9)(b)**,  
 29 except the covered clinical service listed in section



1 ~~22203(10)(b)(iv)~~, **22203(9)(b)(iv)**, from the minimum volume  
 2 requirements in the applicable certificate of need review standards  
 3 in effect on the date of the transfer, if the equipment used in the  
 4 covered clinical service is unable to meet the minimum volume  
 5 requirements due to the technological incapacity of the equipment.  
 6 A covered clinical service excepted by the department under this  
 7 subsection is subject to all the other provisions in the applicable  
 8 certificate of need review standards in effect on the date of the  
 9 transfer, except minimum volume requirements.

10 (11) An applicant seeking a certificate of need for the  
 11 relocation or replacement of an existing health facility may file a  
 12 single, consolidated application for the certificate of need if the  
 13 project does not result in an increase of licensed beds or the  
 14 initiation, expansion, or replacement of a covered clinical  
 15 service. A person relocating or replacing an existing health  
 16 facility is subject to the applicable certificate of need review  
 17 standards in effect on the date of the relocation or replacement of  
 18 the health facility.

19 (12) As used in this section, "sharing agreement" means a  
 20 written agreement between a federal ~~veterans~~**veterans'** health care  
 21 facility and a hospital licensed under part 215 for the use of the  
 22 federal ~~veterans~~**veterans'** health care facility's beds or  
 23 equipment, or both, to provide covered clinical services.

24 Sec. 22215. (1) The commission shall do all of the following:

25 (a) If determined necessary by the commission, revise, add to,  
 26 or delete 1 or more of the covered clinical services listed in  
 27 section 22203. If the commission proposes to add to the covered  
 28 clinical services listed in section 22203, the commission shall  
 29 develop proposed review standards and make the review standards



1 available to the public not less than 30 days before conducting a  
2 hearing under subsection (3).

3 (b) Develop, approve, disapprove, or revise certificate of  
4 need review standards that establish for purposes of section 22225  
5 the need, if any, for the initiation, replacement, or expansion of  
6 covered clinical services, the acquisition or beginning the  
7 operation of a health facility, **or** making changes in bed capacity,  
8 ~~or making covered capital expenditures, including conditions,~~  
9 standards, assurances, or information that must be met,  
10 demonstrated, or provided by a person who applies for a certificate  
11 of need. A certificate of need review standard may also establish  
12 ongoing quality assurance requirements including any or all of the  
13 requirements specified in section 22225(2)(c). Except for nursing  
14 home and hospital long-term care unit bed review standards, by  
15 January 1, 2004, the commission shall revise all certificate of  
16 need review standards to include a requirement that each applicant  
17 participate in title XIX. ~~of the social security act, chapter 531,~~  
18 ~~49 Stat. 620, 1396r-6 and 1396r-8 to 1396v.~~

19 (c) Direct the department to prepare and submit  
20 recommendations regarding commission duties and functions that are  
21 of interest to the commission including, but not limited to,  
22 specific modifications of proposed actions considered under this  
23 section.

24 (d) Approve, disapprove, or revise proposed criteria for  
25 determining health facility viability under section 22225.

26 (e) Annually assess the operations and effectiveness of the  
27 certificate of need program based on periodic reports from the  
28 department and other information available to the commission.

29 (f) By January 1 ~~, 2005, and of every 2 years thereafter, odd~~



1 **year**, make recommendations to the joint committee regarding  
 2 statutory changes to improve or eliminate the certificate of need  
 3 program.

4 (g) ~~Upon~~**On** submission by the department, approve, disapprove,  
 5 or revise standards to be used by the department in designating a  
 6 regional certificate of need review agency ~~, pursuant to~~**under**  
 7 section 22226.

8 (h) Develop, approve, disapprove, or revise certificate of  
 9 need review standards governing the acquisition of new technology.

10 (i) In accordance with section 22255, approve, disapprove, or  
 11 revise proposed procedural rules for the certificate of need  
 12 program.

13 (j) Consider the recommendations of the department and the  
 14 department of attorney general as to the administrative feasibility  
 15 and legality of proposed actions under subdivisions (a), (b), and  
 16 (c).

17 (k) Consider the impact of a proposed restriction on the  
 18 acquisition of or availability of covered clinical services on the  
 19 quality, availability, and cost of health services in this state.

20 (l) If the commission determines it necessary, appoint standard  
 21 advisory committees to assist in the development of proposed  
 22 certificate of need review standards. A standard advisory committee  
 23 shall complete its duties under this subdivision and submit its  
 24 recommendations to the commission within 6 months unless a shorter  
 25 period of time is specified by the commission when the standard  
 26 advisory committee is appointed. An individual shall serve on no  
 27 more than 2 standard advisory committees in any 2-year period. The  
 28 composition of a standard advisory committee shall not include a  
 29 lobbyist registered under 1978 PA 472, MCL 4.411 to 4.431, but



1 shall include all of the following:

2 (i) Experts with professional competence in the subject matter  
3 of the proposed standard, who shall constitute a 2/3 majority of  
4 the standard advisory committee.

5 (ii) Representatives of health care provider organizations  
6 concerned with licensed health facilities or licensed health  
7 professions.

8 (iii) Representatives of organizations concerned with health  
9 care consumers and the purchasers and payers of health care  
10 services.

11 (m) In addition to subdivision (b), review and, if necessary,  
12 revise each set of certificate of need review standards at least  
13 every 3 years.

14 (n) If a standard advisory committee is not appointed by the  
15 commission and the commission determines it necessary, submit a  
16 request to the department to engage the services of private  
17 consultants or request the department to contract with any private  
18 organization for professional and technical assistance and advice  
19 or other services to assist the commission in carrying out its  
20 duties and functions under this part.

21 ~~(o) Within 6 months after the appointment and confirmation of~~  
22 ~~the 6 additional commission members under section 22211, develop,~~  
23 ~~approve, or revise certificate of need review standards governing~~  
24 ~~the increase of licensed beds in a hospital licensed under part~~  
25 ~~215, the physical relocation of hospital beds from 1 licensed site~~  
26 ~~to another geographic location, and the replacement of beds in a~~  
27 ~~hospital licensed under part 215.~~

28 (2) The commission shall exercise its duties under this part  
29 to promote and ~~assure~~ **ensure** all of the following:





1 (a) The availability and accessibility of quality health  
 2 services at a reasonable cost and within a reasonable geographic  
 3 proximity for all people in this state.

4 (b) Appropriate differential consideration of the health care  
 5 needs of residents in rural counties in ways that do not compromise  
 6 the quality and affordability of health care services for those  
 7 residents.

8 (3) Not less than 30 days before final action is taken by the  
 9 commission under subsection (1) (a), (b), (d), **or** (h), ~~or (e)~~, the  
 10 commission shall conduct a public hearing on its proposed action.  
 11 In addition, not less than 30 days before final action is taken by  
 12 the commission under subsection (1) (a), (b), (d), **or** (h), ~~or (e)~~,  
 13 the commission chairperson shall submit the proposed action and a  
 14 concise summary of the expected impact of the proposed action for  
 15 comment to each member of the joint committee. The commission shall  
 16 inform the joint committee of the date, time, and location of the  
 17 next meeting regarding the proposed action. The joint committee  
 18 shall promptly review the proposed action and submit its  
 19 recommendations and concerns to the commission.

20 (4) The commission chairperson shall submit the proposed final  
 21 action including a concise summary of the expected impact of the  
 22 proposed final action to the governor and each member of the joint  
 23 committee. The governor or the legislature may disapprove the  
 24 proposed final action within 45 days after the date of submission.  
 25 If the proposed final action is not submitted on a legislative  
 26 session day, the 45 days commence on the first legislative session  
 27 day after the proposed final action is submitted. The 45 days ~~shall~~  
 28 **must** include not less than 9 legislative session days. Legislative  
 29 disapproval ~~shall~~ **must** be expressed by concurrent resolution which



1 shall be adopted by each house of the legislature. The concurrent  
 2 resolution ~~shall~~**must** state specific objections to the proposed  
 3 final action. A proposed final action by the commission under  
 4 subsection (1) (a), (b), (d), **or** (h) ~~, or (e)~~ is not effective if it  
 5 has been disapproved under this subsection. If the proposed final  
 6 action is not disapproved under this subsection, it is effective  
 7 and binding on all persons affected by this part upon the  
 8 expiration of the 45-day period or on a later date specified in the  
 9 proposed final action. As used in this subsection, "legislative  
 10 session day" means each day in which a quorum of either the house  
 11 of representatives or the senate, following a call to order,  
 12 officially convenes in Lansing to conduct legislative business.

13 (5) The commission shall not develop, approve, or revise a  
 14 certificate of need review standard that requires the payment of  
 15 money or goods or the provision of services unrelated to the  
 16 proposed project as a condition that must be satisfied by a person  
 17 seeking a certificate of need for the initiation, replacement, or  
 18 expansion of covered clinical services, the acquisition or  
 19 beginning the operation of a health facility, **or** making changes in  
 20 bed capacity. ~~, or making covered capital expenditures.~~ This  
 21 subsection does not preclude a requirement that each applicant  
 22 participate in title XIX, ~~of the social security act, chapter 531,~~  
 23 ~~49 Stat. 620, 1396r-6 and 1396r-8 to 1396v,~~ or a requirement that  
 24 each applicant provide covered clinical services to all patients  
 25 regardless of his or her ability to pay.

26 (6) If the reports received under section 22221(f) indicate  
 27 that the certificate of need application fees collected under  
 28 section 20161 have not been within 10% of 3/4 the cost to the  
 29 department of implementing this part, the commission shall make



1 recommendations regarding the revision of those fees so that the  
 2 certificate of need application fees collected equal approximately  
 3 3/4 of the cost to the department of implementing this part.

4 (7) As used in this section, "joint committee" means the joint  
 5 committee created under section 22219.

6 Sec. 22221. The department shall do all of the following:

7 (a) Subject to approval by the commission, promulgate rules to  
 8 implement its powers and duties under this part.

9 (b) Report to the commission at least annually on the  
 10 performance of the department's duties under this part.

11 (c) Develop proposed certificate of need review standards for  
 12 submission to the commission.

13 (d) Administer and apply certificate of need review standards.  
 14 In the review of certificate of need applications, the department  
 15 shall consider relevant written communications from any person.

16 (e) Designate adequate staff or other resources to directly  
 17 assist hospitals and nursing homes with less than 100 beds in the  
 18 preparation of applications for certificates of need.

19 (f) By October 1 ~~, 2003, and annually thereafter,~~ **of each**  
 20 **year**, report to the commission regarding the costs to the  
 21 department of implementing this part and the certificate of need  
 22 application fees collected under section 20161 in the immediately  
 23 preceding state fiscal year.

24 ~~(g) Beginning January 1, 2003, annually adjust the~~  
 25 ~~\$2,500,000.00 threshold set forth in section 22203(9) by an amount~~  
 26 ~~determined by the state treasurer to reflect the annual percentage~~  
 27 ~~change in the consumer price index, using data from the immediately~~  
 28 ~~preceding period of July 1 to June 30. As used in this subdivision,~~  
 29 ~~"consumer price index" means the most comprehensive index of~~



1 ~~consumer prices available for this state from the bureau of labor~~  
 2 ~~statistics of the United States department of labor.~~

3 (g) ~~(h)~~ Annually review the application process, including all  
 4 forms, reports, and other materials that are required to be  
 5 submitted with the application. If needed to promote administrative  
 6 efficiency, revise the forms, reports, and any other materials  
 7 required with the application.

8 (h) ~~(i)~~ ~~Within 6 months after the effective date of the~~  
 9 ~~amendatory act that added this subdivision,~~ **By September 31, 2003,**  
 10 create a consolidated application for a certificate of need for the  
 11 relocation or replacement of an existing health facility.

12 (i) ~~(j)~~ In consultation with the commission, define single  
 13 project as it applies to capital expenditures.

14 Sec. 22227. (1) A health maintenance organization is required  
 15 to obtain a certificate of need only for 1 or more of the following  
 16 purposes:

17 (a) The acquisition of, purchase of, new construction of,  
 18 modernization of, replacement of, or addition to a hospital or  
 19 other health facility providing inpatient services. ~~, if a covered~~  
 20 ~~capital expenditure is required.~~

21 (b) The initiation, replacement, or expansion of a covered  
 22 clinical service.

23 ~~(2) A covered capital expenditure proposed to be undertaken by~~  
 24 ~~a health maintenance organization that is not intended principally~~  
 25 ~~to serve the needs of the enrollees of the health maintenance~~  
 26 ~~organization, as determined by the department, is subject to this~~  
 27 ~~part.~~

28 (2) ~~(3)~~ In making determinations and conducting reviews for  
 29 certificates of need for health maintenance organizations, the



1 department shall consider the special needs and circumstances of  
2 health maintenance organizations, and shall apply all of the  
3 following criteria:

4 (a) The availability of the proposed service from a provider  
5 of health care other than the health maintenance organization on a  
6 long-term basis, at reasonable terms, and in a cost-effective  
7 manner consistent with the health maintenance organization's basic  
8 method of operation.

9 (b) The long-term needs of the health maintenance  
10 organization, and its current and expected future membership.

11 (c) The long-term impact of the proposed service on health  
12 care costs in the health maintenance organization's service area.

