

WHAT IS THE CON PROGRAM?

Certificate of Need (CON) is a state regulatory program intended to balance cost, quality, and access issues and ensure that only needed services and facilities are developed in Michigan.

Michigan's CON program was enacted in 1972 and is administered by the Department of Community Health. The CON program is governed by Part 222 of PA 368 of the Public Acts of 1978, as amended.

WHAT IS COVERED BY THE CON PROGRAM?

An entity (health facility, physician, group practice, etc.) proposing any of the following types of projects must obtain a CON, regardless of the capital expenditure proposed:

- ▶ Increase in the number of licensed beds or the relocation of licensed beds from one site to another.
- ▶ Acquisition of an existing health facility.
- ▶ Operation of a new health facility.
- ▶ Initiation, replacement, or expansion of covered clinical services. (See the list of review standards.)

In addition, capital expenditure projects (construction, renovation, etc.) that involve a health facility require a CON. The capital expenditure threshold is indexed annually by the Department based on the Consumer Price Index. The current threshold, effective March 31, 2003, is \$2,500,000 for clinical service areas.

For purposes of CON, a health facility is defined as

- ▶ a hospital
- ▶ a psychiatric hospital or unit
- ▶ a nursing home
- ▶ a freestanding surgical outpatient facility
- ▶ an HMO (only for limited projects)

Determinations of whether a project requires CON approval, whether a project complies with applicable requirements, or whether other requirements apply must be obtained *in writing* from the Department.

REVIEW STANDARDS

The CON Commission, an 11-member independent body appointed by the Governor, has approved CON review standards for determining the need and ongoing quality assurance standards for the following:

- ▶ Air ambulances (helicopters)
- ▶ Cardiac catheterization, including diagnostic, therapeutic
- ▶ Computed tomography (CT) scanners
- ▶ Hospital beds: general acute care
- ▶ Magnetic resonance imaging (MRI)
- ▶ Megavoltage radiation therapy (MRT)
- ▶ Neonatal intensive care units (NICU)
- ▶ Nursing home/hospital long-term care beds
- ▶ Open heart surgery
- ▶ Positron Emission Tomography (PET) scanners
- ▶ Psychiatric beds: acute inpatient
- ▶ Surgical services: hospital and freestanding
- ▶ Transplantation services: bone marrow, including peripheral stem cell; heart/lung & liver; and pancreas
- ▶ Urinary lithotripters

The CON Commission is responsible for developing and approving review standards used by the Department to regulate covered health facilities and services. The Commission is not involved in making decisions in the review of CON applications.

REVIEW TYPES

Nonsubstantive: Projects not requiring a full review, requiring less information, and processed more quickly. Examples of projects that may be reviewed on a nonsubstantive basis are equipment replacements and addition of mobile host sites.

Substantive: Projects requiring a full review, but on an individual basis, such as initiation of a MRI service.

Comparative: Applications competing for project types for which the need is limited: beds, lithotripters, and transplantation services (excluding pancreas). Comparative applications must be filed on either February 1, June 1, or October 1 of each year.

HOW DOES THE CON PROCESS WORK?

- ▶ An applicant files a Letter of Intent (LOI) with the Department and regional review agency, if any. Based on LOI information, the Department notifies the applicant of required application forms for the project. (Available on MDCH/CON web site)
- ▶ The applicant files completed application forms with the Department and regional review agency, if any.
- ▶ Within 15 days of receiving an application, the Department reviews it for completeness and requests any necessary additional information.
- ▶ The applicant has 15 days to submit the requested information to the Department.
- ▶ The Department deems the application complete and determines the review type.
- ▶ A proposed decision is issued within the deadlines for each review type:
 - Nonsubstantive - 45 days
 - Substantive - 120 days
 - Comparative - 150 days
- ▶ If the proposed decision is an approval, a final decision is issued by the Department Director within five days.
- ▶ If the proposed decision is a disapproval, the applicant has 15 days to request a hearing.
- ▶ If a hearing is not requested, a final decision to disapprove is issued by the Department Director.
- ▶ If requested, the hearing must begin within 90 days, unless waived by the applicant.
- ▶ A final decision is issued by the Department Director following the hearing.

WHAT ARE CON'S OBJECTIVES?

- ▶ Promote and assure the availability and accessibility of quality health services at a reasonable cost and within a reasonable geographic proximity for all people of the state.
- ▶ Promote and assure appropriate differential consideration of the health care needs of residents in rural counties in ways that do not compromise the quality and affordability of health care services for those residents.

An entity (health facility, physician group practice, etc.) considering a health care project should contact the CON Review Section before proceeding to determine if the project requires a CON.

The review of CON applications are governed by the CON law, the administrative rules, and the applicable review standards.

Applicants with a CON-approved project must contact the relevant licensing, evaluation, or certification agencies to determine requirements applicable to the operation of the project.

CONTACT INFORMATION

DEPARTMENT OF COMMUNITY HEALTH

CON Review Section
517-241-3344

CON Health Statistics - Facilities & Services
517-241-3350

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

**Health Facilities Licensing
Hospital & Surgical Facilities**
517-241-4160

Nursing Homes
517-241-3019

Health Facilities Evaluation
517-241-3408

Radiation Safety
517-241-1989

Bureau of Construction Codes & Fire Safety
517-322-1123

CON Web Site
www.michigan.gov/mdch

*Michigan Department
of Community Health*



Jennifer M. Granholm, Governor
Janet Olszewski, Director
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(Revised 07/03)

250 copies of this brochure have been printed at a total cost of \$13.50 and a per copy cost of 5.4¢. Printed under authority of Act 368 PA 1978 (as amended).

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Balancing
Cost, Quality,
and Access