

## WHAT IS THE CON PROGRAM?

Certificate of Need (CON) is a state regulatory program intended to ensure that only needed services 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.

Go to [www.mi.gov/con](http://www.mi.gov/con) for additional information.

---

## 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 list of Review Standards)
- ▶ Short-term nursing care program (Swing Beds).

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 threshold effective *January 1, 2015*, is **\$3,197,500** for clinical service areas.

For purposes of CON, a health facility is defined as a:

- ▶ Hospital
- ▶ Psychiatric Hospital or Unit
- ▶ Nursing Home
- ▶ Freestanding Surgical Outpatient Facility
- ▶ 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 Ambulance Services (Helicopters)
- ▶ Cardiac Catheterization Services
- ▶ Computed Tomography (CT) Scanner Services
- ▶ Hospital Beds
- ▶ Magnetic Resonance Imaging (MRI) Services
- ▶ Megavoltage Radiation Therapy (MRT) Services
- ▶ Neonatal Intensive Care Units (NICU)
- ▶ Nursing Home/Hospital Long-Term Care Beds
- ▶ Open Heart Surgery Services
- ▶ Positron Emission Tomography(PET)Scanner Services
- ▶ Psychiatric Beds and Services
- ▶ Surgical Services
- ▶ Transplantation Services: Bone Marrow, Including Peripheral Stem Cell; Heart/Lung & Liver
- ▶ Urinary Lithotripter Services

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 an MRI service.

### Comparative:

Applications competing for project types for which the need is limited: beds, and transplantation services (excluding pancreas). Applications subject to Comparative Review must be filed on the first working day of February, June, or October 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.
- ▶ The applicant files completed application with the Department and regional review agency, if any.
- ▶ Within 15 days of receipt of 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 (5) 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 is issued by the Department Director.
- ▶ If requested, the hearing must begin within 90 days, unless waived by the applicant.
- ▶ The final decision is issued by the Department Director following the hearing.
- ▶ Letters of Intent, nonsubstantive and substantive applications can be filed online as well as amendments, emergency CONs and swing bed applications. In addition, the application fee can be paid online. Potential comparative applications must be filed by submitting a paper copy only. For more information, visit [www.mi.gov/con](http://www.mi.gov/con).

## Certificate of Need Activity

During FY 2014, the Department has continued to make process improvements in both the Policy and Evaluation Sections. The Evaluation Section developed implementation plans for various types of new CON fees; promulgated revised CON administrative rules; and enhanced annual survey tool to better capture quality of care and access data. The Section also worked on translation of ICD-9 codes to ICD-10 codes in the various standards, forms and annual survey, and facilitated webinars and seminars on the new Special Care Nursery (SCN) standards.

The Policy Section assisted the Commission in modifying standards to include ICD-10 conversion charts; specific quality metrics; national safety standards for SCN in the NICU standard; revised CT methodology to reflect coding changes and better accuracy. The Section also engaged in discussion to end CON regulation of Air Ambulance.

These initiatives have greatly increased the availability of information to improve and streamline the review process, better inform policy makers, and enhance community knowledge about Michigan's healthcare system.

## GENERAL INFORMATION

An entity considering a health care project should contact the CON Evaluation Section before proceeding to determine if the project requires a CON.

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

Applicants must contact other relevant State and Federal agencies to determine other requirements for the project.

## CON FEE STRUCTURE

Project Costs:	Fee:
\$0 to \$500,000	\$ 3,000
\$500,000 or more but less than \$4,000,000	\$ 8,000
\$4,000,000 or more but less than \$10,000,000	\$ 11,000
\$10,000,000 or more	\$ 15,000
<b>Additional Fee:</b>	
Comparative or Complex Review	\$ 3,000
Expedited Review	\$ 1,000
Amendment Request or LOI Waiver	\$ 500
Annual Survey (per Facility per Covered Service)	\$ 100

## DEPARTMENT OF HEALTH & HUMAN SERVICES

### Certificate of Need CONTACT INFORMATION

#### CON Evaluation Section

517-241-3344-Phone  
517-241-2962-Fax

#### CON Policy Section (Commission)

517-335-6708-Phone  
517-241-1200-Fax

#### OTHER CON RELATED REGULATORY AGENCIES

Division of Licensing & Certification  
(Hospital & Surgical Facilities)-MDLARA  
517-241-4160

Division of Nursing Home Monitoring-MDLARA  
517-334-8408

Health Facilities Engineering Section-MDLARA  
517-241-3408

Radiation Safety Section-MIOSHA-MDLARA  
517-636-6800

Bureau of Fire Services-MDLARA  
517-241-8847

MDLARA=Michigan Department of Licensing & Regulatory Affairs

**CON WEB SITE**  
[www.mi.gov/con](http://www.mi.gov/con)

# Michigan's Certificate of Need Program



# 2015



STATE OF MICHIGAN  
**Department of  
Health and  
Human Services**

Rick Snyder, Governor  
Nick Lyon, Director

MDHHS is an Equal Opportunity Employer,  
Services and Program Provider