

1 MICHIGAN DEPARTMENT OF COMMUNITY HEALTH

2
3 CERTIFICATE OF NEED (CON) REVIEW STANDARDS FOR HOSPITAL BEDS

4
5 (By authority conferred on the CON Commission by sections 22215 and 22217 of Act No. 368 of the
6 Public Acts of 1978, as amended, and sections 7 and 8 of Act No. 306 of the Public Acts of 1969, as
7 amended, being sections 333.22215, 333.22217, 24.207, and 24.208 of the Michigan Compiled Laws.)
8

9 Section 1. Applicability

10
11 Sec. 1. (1) These standards are requirements for approval ~~and delivery of services for all projects~~
12 ~~approved and certificates of need issued~~ under Part 222 of the Code that involve (a) beginning operation
13 of a new hospital ~~increasing licensed beds in a hospital licensed under Part 215~~ or (b) replacing beds in
14 a hospital or physically relocating hospital beds from one licensed site to another geographic location or
15 (c) increasing licensed beds in a hospital licensed under Part 215 ~~replacing beds in a hospital~~ or (d)
16 acquiring a hospital ~~or (e) beginning operation of a new hospital.~~ PURSUANT TO PART 222 OF THE
17 CODE.
18

19 ~~—(2)AA~~ hospital licensed under Part 215 is a covered health facility ~~for purposes of Part 222 of the~~
20 ~~Code. The Department shall use these standards in applying Section 22225(1) of the Code, being~~
21 ~~Section 333.22225(1) of the Michigan Compiled Laws and Section 22225(2)(c) of the Code, being~~
22 ~~Section 333.22225(2)(c) of the Michigan Compiled Laws.~~
23

24 (32) An increase in licensed hospital beds is a change in bed capacity for purposes of Part 222 of the
25 Code.
26

27 (43) The physical relocation of hospital beds from a licensed site to another geographic location is a
28 change in bed capacity for purposes of Part 222 of the Code.
29

30 (54) An increase in hospital beds certified for long-term care is a change in bed capacity for purposes
31 of Part 222 of the Code and shall be subject to and reviewed under the CON Review Standards for Long-
32 Term-Care Services.
33

34 ~~—(6) The Department shall use sections 3, 4, 5, 6, 7, 8, 10, and 16 of these standards and Section 2 of~~
35 ~~the Addendum for Projects for HIV Infected Individuals, as applicable, in applying Section 22225(1) of the~~
36 ~~Code, being Section 333.22225(1) of the Michigan Compiled Laws.~~
37

38 ~~—(7) The Department shall use Section 9 of these standards and Section 3 of the Addendum for~~
39 ~~Projects for HIV Infected Individuals, as applicable, in applying Section 22225(2)(c) of the Code, being~~
40 ~~Section 333.22225(2)(c) of the Michigan Compiled Laws.~~
41

42 Section 2. Definitions

43
44 Sec. 2. (1) As used in these standards:

45 (a) "Acquiring a hospital" means the issuance of a new hospital license as the result of the
46 acquisition (including purchase, lease, donation, or other comparable arrangements) of a licensed and
47 operating hospital and which does not involve a change in bed capacity.

48 (b) "ADJUSTED PATIENT DAYS" MEANS THE NUMBER OF PATIENT DAYS WHEN
49 CALCULATED AS FOLLOWS:

50 (I) COMBINE ALL PEDIATRIC PATIENT DAYS OF CARE AND OBSTETRICS PATIENT DAYS OF
51 CARE PROVIDED DURING THE PERIOD OF TIME UNDER CONSIDERATION AND MULTIPLY THAT
52 NUMBER BY 1.1.

53 (II) ADD THE NUMBER OF NON-PEDIATRIC AND NON-OBSTETRIC PATIENT DAYS OF CARE,
54 EXCLUDING PSYCHIATRIC PATIENT DAYS, PROVIDED DURING THE SAME PERIOD OF TIME TO

55 THE PRODUCT OBTAINED IN (I) ABOVE. THIS IS THE NUMBER OF ADJUSTED PATIENT DAYS
56 FOR THE APPLICABLE PERIOD.

57 (C) "Alcohol and substance abuse hospital" means a licensed hospital within a long-term (acute) care
58 (LTAC) hospital that exclusively provides inpatient medical detoxification and medical stabilization and
59 related outpatient services for persons who have a primary diagnosis of substance dependence covered
60 by DRGs 433 - 437.

61 (D) "AVERAGE ADJUSTED OCCUPANCY RATE" SHALL BE CALCULATED AS FOLLOWS:

62 (I) CALCULATE THE NUMBER OF ADJUSTED PATIENT DAYS DURING THE MOST RECENT,
63 CONSECUTIVE 36-MONTH PERIOD, AS OF THE DATE OF THE APPLICATION, FOR WHICH
64 VERIFIABLE DATA ARE AVAILABLE TO THE DEPARTMENT.

65 (II) CALCULATE THE TOTAL LICENSED BED DAYS FOR THE SAME 36-MONTH PERIOD AS IN
66 (I) ABOVE BY MULTIPLYING THE TOTAL LICENSED BEDS BY THE NUMBER OF DAYS THEY WERE
67 LICENSED.

68 (III) DIVIDE THE NUMBER OF ADJUSTED PATIENT DAYS CALCULATED IN (I) ABOVE BY THE
69 TOTAL LICENSED BED DAYS CALCULATED IN (II) ABOVE, THEN MULTIPLY THE RESULT BY 100.

70 (eD) "Base year" means the most recent year that final MIDB data is available to the Department
71 unless a different year is determined to be more appropriate by the Commission.

72 (eE) "Certificate of Need Commission" or "Commission" means the Commission created pursuant to
73 Section 22211 of the code, being Section 333.22211 of the Michigan Compiled Laws.

74 (eF) "Close a hospital" means an applicant will demonstrate to the satisfaction of the Department that
75 a hospital licensed under Part 215, and whose licensed capacity for the most recent 24 months prior to
76 submission of the application was at least 80 percent for acute care beds, will close and surrender its
77 acute care hospital license upon completion of the proposed project.

78 (fG) "Code" means Act No. 368 of the Public Acts of 1978, as amended, being Section 333.1101 et
79 seg. of the Michigan Compiled Laws.

80 (gH) "Common ownership or control" means a hospital that is owned by, is under common control of,
81 or has a common parent as the applicant hospital.

82 (hI) "Compare group" means the applications that have been grouped for the same type of project in
83 the same subareaHOSPITAL GROUP and are being reviewed comparatively in accordance with the
84 CON rules.

85 (iJ) "Department" means the Michigan Department of Community Health (MDCH).

86 (jK) "Department inventory of beds" means the current list maintained for each hospital
87 subareaGROUP on a continuing basis by the Department of (i) licensed hospital beds and (ii) hospital
88 beds approved by a valid CON issued under either Part 221 or Part 222 of the Code that are not yet
89 licensed. The term does not include hospital beds certified for long-term-care in hospital long-term care
90 units.

91 ~~(k) "Discharge relevance factor" (%R) means a mathematical computation where the numerator is~~
92 ~~the inpatient hospital discharges from a specific zip code for a specified hospital subarea and the~~
93 ~~denominator is the inpatient hospital discharges for any hospital from that same specific zip code.~~

94 (l) "Disproportionate share hospital payments" means the most recent payments to hospitals in the
95 special pool for non-state government-owned or operated hospitals to assure funding for costs incurred
96 by public facilities providing inpatient hospital services which serve a disproportionate number of low-
97 income patients with special needs as calculated by the Medical Services Administration within the
98 Department.

99 (m) "EXCLUDED HOSPITALS" MEANS HOSPITALS IN THE FOLLOWING CATEGORIES:

100 (I) CRITICAL ACCESS HOSPITALS DESIGNATED BY CMS PURSUANT TO 42 CFR 485.606

101 (II) HOSPITALS LOCATED IN RURAL OR MICROPOLITAN STATISTICAL AREA COUNTIES

102 (III) LTAC HOSPITALS

103 (IV) SOLE COMMUNITY HOSPITALS DESIGNATED BY CMS PURSUANT TO 42 CFR 412.92

104 (V) HOSPITALS WITH 25 OR FEWER LICENSED BEDS

105 (N) "Existing hospital beds" means, for a specific hospital subareaGROUP, the total of all of the
106 following: (i) hospital beds licensed by the Department OF LICENSING AND REGULATORY AFFAIRS
107 OR ITS SUCCESSOR; (ii) hospital beds with valid CON approval but not yet licensed; (iii) proposed
108 hospital beds under appeal from a final decision of the Department; and (iv) proposed hospital beds that

109 are part of a completed application under Part 222 (other than the application under review) for which a
110 proposed decision has been issued and which is pending final Department decision.

111 | (nO) "Gross hospital revenues" means the hospital's revenues as stated on the most recent Medicare
112 and Michigan Medicaid forms filed with the Medical Services Administration within the Department.

113 | (oP) "Health service area" OR "HSA" means the groups of counties listed in [Section 18 APPENDIX A](#).

114 | (pQ) "Hospital bed" means a bed within the licensed bed complement at a licensed site of a hospital
115 licensed under Part 215 of the Code, excluding (i) hospital beds certified for long-term care as defined in
116 Section 20106(6) of the Code and (ii) unlicensed newborn bassinets.

117 | (qR) "Hospital" means a hospital as defined in Section 20106(5) of the Code being Section
118 333.20106(5) of the Michigan Compiled Laws and licensed under Part 215 of the Code. The term does
119 not include a hospital or hospital unit licensed or operated by the Department of Mental Health.

120 | (rS) ["HOSPITAL GROUP" MEANS A CLUSTER OR GROUPING OF HOSPITALS BASED ON
121 GEOGRAPHIC PROXIMITY AND HOSPITAL UTILIZATION PATTERNS. THE LIST OF HOSPITAL
122 GROUPS AND THE HOSPITALS ASSIGNED TO EACH HOSPITAL GROUP WILL BE POSTED ON
123 THE STATE OF MICHIGAN CON WEB SITE AND WILL BE UPDATED PURSUANT TO SECTION 3.](#)

124 | (T) "Hospital long-term-care unit" or "HLTCU" means a nursing care unit, owned or operated by and
125 as part of a hospital, licensed by the Department, and providing organized nursing care and medical
126 treatment to 7 or more unrelated individuals suffering or recovering from illness, injury, or infirmity.

127 | ~~(s) "Hospital subarea" or "subarea" means a cluster or grouping of hospitals and the relevant portion
128 of the state's population served by that cluster or grouping of hospitals. For purposes of these standards,
129 hospital subareas and the hospitals assigned to each subarea are set forth in Appendix A.~~

130 | (tU) "Host hospital" means a licensed and operating hospital, which delicenss hospital beds, and
131 which leases patient care space and other space within the physical plant of the host hospital, to allow a [N
132 long-term \(acute\) care LTAC](#) hospital, or alcohol and substance abuse hospital, to begin operation.

133 | (uV) "Licensed site" means the location of the facility authorized by license and listed on that
134 licensee's certificate of licensure.

135 | (vW) "Limited access area" means those [geographic UNDERSERVED](#) areas ~~containing a population
136 of 50,000 or more based on the planning year and not within 30 minutes drive time of an existing licensed
137 acute care hospital with 24 hour/7 days a week emergency services utilizing the slowest route available
138 as defined by the Michigan Department of Transportation (MDOT) WITH A PATIENT DAY DEMAND
139 THAT MEETS OR EXCEEDS THE STATE-WIDE AVERAGE OF PATIENT DAYS USED PER 50,000
140 RESIDENTS IN THE BASE YEAR and as identified in Appendix [ED](#). Limited access areas shall be
141 redetermined when a new hospital has been approved or an existing hospital closes.~~

142 | (wX) "Long-term (acute) care hospital" [OR "LTAC HOSPITAL"](#) means a hospital has been approved to
143 participate in the Title XVIII (Medicare) program as a prospective payment system (PPS) exempt hospital
144 in accordance with 42 CFR Part 412.

145 | ~~(x) "Market forecast factors" (%N) means a mathematical computation where the numerator is the
146 number of total inpatient discharges indicated by the market survey forecasts and the denominator is the
147 base year MIDB discharges.~~

148 | (y) "Medicaid" means title XIX of the social security act, chapter 531, 49 Stat. 620, [1396r-6 and TO
149 1396r-8G AND 1396I to 1396v1396U](#).

150 | (z) "Medicaid volume" means the number of Medicaid recipients served at the hospital as stated on
151 the most recent Medicare and Michigan Medicaid forms filed with the Medical Services Administration
152 within the Department.

153 | (aa) ~~"Metropolitan statistical area county" means a county located in a metropolitan statistical area
154 as that term is defined under the "standards for defining metropolitan and micropolitan statistical areas"
155 by the statistical policy office of the office of information and regulatory affairs of the United States office
156 of management and budget, 65 F.R. p. 82238 (December 27, 2000) and as shown in Appendix B.~~

157 | (bb) "Michigan Inpatient Data Base" or "MIDB" means the data base compiled by the Michigan Health
158 and Hospital Association or successor organization. The data base consists of inpatient discharge
159 records from all Michigan hospitals and Michigan residents discharged from hospitals in border states for
160 a specific calendar year.

161 | ~~(cc) "Micropolitan statistical area county" means a county located in a micropolitan statistical area as
162 that term is defined under the "standards for defining metropolitan and micropolitan statistical areas" by~~

163 | ~~the statistical policy office of the office of information and regulatory affairs of the United States office of~~
164 | ~~management and budget, 65 F.R. p. 82238 (December 27, 2000) and as shown in Appendix B.~~
165 | (~~ddBB~~) "New beds in a hospital" means hospital beds that meet at least one of the following: (i) are not
166 | currently licensed as hospital beds, (ii) are currently licensed hospital beds at a licensed site in one
167 | subareaHOSPITAL GROUP which are proposed for relocation in a different subareaHOSPITAL GROUP
168 | as determined by the Department pursuant to Section 3 of these standards, (iii) are currently licensed
169 | hospital beds at a licensed site in one subareaHOSPITAL GROUP which are proposed for relocation to
170 | another geographic site which is in the same subareaHOSPITAL GROUP as determined by the
171 | Department, but which are not in the replacement zone, or (iv) are currently licensed hospital beds that
172 | are proposed to be licensed as part of a new hospital in accordance with Section 6(2) of these standards.
173 | (~~eeCC~~) "New hospital" means one of the following: (i) the establishment of a new facility that shall be
174 | issued a new hospital license, (ii) for currently licensed beds, the establishment of a new licensed site
175 | that is not in the same hospital subareaGROUP as the currently licensed beds, (iii) currently licensed
176 | hospital beds at a licensed site in one subareaHOSPITAL GROUP which are proposed for relocation to
177 | another geographic site which is in the same subareaHOSPITAL GROUP as determined by the
178 | Department, but which are not in the replacement zone, or (iv) currently licensed hospital beds that are
179 | proposed to be licensed as part of a new hospital in accordance with section 6(2) of these standards.
180 | (~~#DD~~) "Obstetrics patient days of care" means inpatient days of care for patients in the applicant's
181 | Michigan Inpatient Data Base data ages 15 through 44 with drgs 370 through 375 (obstetrical
182 | discharges).
183 | (~~ggEE~~) "Overbedded subareaHOSPITAL GROUP" means a hospital subareaGROUP in which the total
184 | number of existing hospital beds in that subareaHOSPITAL GROUP exceeds the subareaHOSPITAL
185 | GROUP needed hospital bed supply ~~as set forth in Appendix C.~~
186 | (~~hhFF~~) "Pediatric patient days of care" means inpatient days of care for patients in the applicant's
187 | Michigan Inpatient Data Base data ages 0 through 14 excluding normal newborns.
188 | (~~iiGG~~) "Planning year" means five years beyond the base year, established by the CON Commission,
189 | for which hospital bed need is developed, unless a different year is determined to be more appropriate by
190 | the Commission.
191 | (~~jjHH~~) "Qualifying project" means each application in a comparative group which has been reviewed
192 | individually and has been determined by the Department to have satisfied all of the requirements of
193 | Section 22225 of the code, being section 333.22225 of the Michigan Compiled Laws and all other
194 | applicable requirements for approval in the Code or these Standards.
195 | ~~_(kk) "Relevance index" or "market share factor" (%Z) means a mathematical computation where the~~
196 | ~~numerator is the number of inpatient hospital patient days provided by a specified hospital subarea~~
197 | ~~GROUP from a specific zip codeGEOGRAPHIC AREA and the denominator is the total number of~~
198 | ~~inpatient hospital patient days provided by all hospitals to that specific zip codeGEOGRAPHIC AREA~~
199 | ~~using MIDB data.~~
200 | (~~lll~~) "Relocate existing licensed hospital beds" for purposes of sections 6(3) and 8 of these standards,
201 | means a change in the location of existing hospital beds from the existing licensed hospital site to a
202 | different existing licensed hospital site within the same hospital subareaGROUP or HSA. This definition
203 | does not apply to projects involving replacement beds in a hospital governed by Section 7 of these
204 | standards.
205 | (~~mmJJ~~) "Remaining patient days of care" means total inpatient days of care in the applicant's Michigan
206 | Inpatient Data Base data minus obstetrics patient days of care and pediatric patient days of care.
207 | (~~nnKK~~) "Replacement beds in a hospital" means hospital beds that meet all of the following conditions;
208 | (i) an equal or greater number of hospital beds are currently licensed to the applicant at the licensed site
209 | at which the proposed replacement beds are currently licensed; (ii) A CHANGE IN THE LOCATION OF
210 | THE LICENSED HOSPITAL, OR THE REPLACEMENT OF A PORTION OF THE LICENSED BEDS AT
211 | THE SAME LICENSED SITE. the The hospital beds are proposed for replacementWILL BE in new
212 | physical plant space being developed in new construction or in newly acquired space (purchase, lease,
213 | donation, etc.); and (iii) the hospital beds to be replaced will be located inWITHIN the replacement zone.
214 | (~~ooLL~~) "Replacement zone" means a proposed licensed site that is (i) in the same subareaHOSPITAL
215 | GROUP as the existing licensed site as determined by the Department in accord with Section 3 of these
216 | standards and (ii) on the same site, on a contiguous site, or on a site within 2 miles of the existing
217 | licensed site if the existing licensed site is located in a county with a population of 200,000 or more, or on

218 a site within 5 miles of the existing licensed site if the existing licensed site is located in a county with a
219 population of less than 200,000.
220 ~~—(pp) "Rural county" means a county not located in a metropolitan statistical area or micropolitan~~
221 ~~statistical areas as those terms are defined under the "standards for defining metropolitan and~~
222 ~~micropolitan statistical areas" by the statistical policy office of the office of information regulatory affairs of~~
223 ~~the United States office of management and budget, 65 F.R. p. 82238 (December 27, 2000) and as~~
224 ~~shown in Appendix B.~~
225 (qqMM) "Uncompensated care volume" means the hospital's uncompensated care volume as stated on
226 the most recent Medicare and Michigan Medicaid forms filed with the Medical Services Administration
227 within the Department.
228 (#NN) "UNDERSERVED AREA" MEANS THOSE GEOGRAPHIC AREAS NOT WITHIN 30 MINUTES
229 DRIVE TIME OF AN EXISTING LICENSED ACUTE CARE HOSPITAL WITH 24 HOUR/7 DAYS A WEEK
230 EMERGENCY ROOM SERVICES UTILIZING THE MOST DIRECT ROUTE USING THE LOWEST
231 SPEED LIMITS POSTED AS DEFINED BY THE MICHIGAN DEPARTMENT OF TRANSPORTATION
232 (MDOT).
233 (OO) ~~"Utilization rate" or "use Use rate"~~ means the number of days of inpatient care per 1,000
234 population during a one-year period.
235 ~~—(ss) "Zip code population" means the latest population estimates for the base year and projections for~~
236 ~~the planning year, by zip code.~~

237
238 (2) The definitions in Part 222 shall apply to these standards.
239

240 **Section 3. Hospital subareasGROUPS**

241
242 Sec. 3. ~~(1)(a)~~ Each existing hospital is assigned to a hospital subareaGROUP as set forth in
243 Appendix A B which is incorporated as part of these standards, until Appendix A B is revised pursuant to
244 this subsection (1).

245 (i1) These hospital subareaGROUPs, and the assignments of hospitals to subareaHOSPITAL
246 GROUPs, shall be updated BY THE DEPARTMENT EVERY FIVE YEARS OR, at the direction of the
247 Commission, ~~starting in May 2003, to be completed no later than November 2003. Thereafter, at the~~
248 ~~direction of the Commission, the updates shall occur no later than two years after the official date of the~~
249 ~~federal decennial census, provided that:~~ THE METHODOLOGY DESCRIBED IN "ANEW
250 METHODOLOGY FOR DEFINING HOSPITAL GROUPS" BY PAUL L. DELAMATER, ASHTON M.
251 SHORTRIDGE, AND JOSEPH P. MESSINA, 2011 SHALL BE USED AS FOLLOWS:

252 (AA) Population data at the federal zip code level, derived from the federal decennial census, are
253 available; and final MIDB data are available to the Department for that same census year.FOR EACH
254 HOSPITAL, CALCULATE THE PATIENT DAY COMMITMENT INDEX (%C – A MATHEMATICAL
255 COMPUTATION WHERE THE NUMERATOR IS THE NUMBER OF INPATIENT HOSPITAL DAYS
256 FROM A SPECIFIC GEOGRAPHIC AREA PROVIDED BY A SPECIFIED HOSPITAL AND THE
257 DENOMINATOR IS THE TOTAL NUMBER OF PATIENT DAYS PROVIDED BY THE SPECIFIED
258 HOSPITAL USING MIDB DATA) FOR ALL MICHIGAN ZIP CODES USING THE SUMMED PATIENT
259 DAYS FROM THE MOST RECENT THREE YEARS OF MIDB DATA. INCLUDE ONLY THOSE ZIP
260 CODES FOUND IN EACH YEAR OF THE MOST RECENT THREE YEARS OF MIDB DATA. ARRANGE
261 OBSERVATIONS IN AN ORIGIN-DESTINATION TABLE SUCH THAT EACH HOSPITAL IS AN ORIGIN
262 (ROW) AND EACH ZIP CODE IS A DESTINATION (COLUMN) AND INCLUDE ONLY HOSPITALS
263 WITH INPATIENT RECORDS IN THE MIDB.

264 (b) ~~For an application involving a proposed new licensed site for a hospital (whether new or~~
265 ~~replacement), the proposed new licensed site shall be assigned to an existing hospital subarea utilizing a~~
266 ~~market survey conducted by the applicant and submitted with the application. The market survey shall~~
267 ~~provide, at a minimum, forecasts of the number of inpatient discharges for each zip code that the~~
268 ~~proposed new licensed site shall provide service. The forecasted numbers must be for the same year as~~
269 ~~the base year MIDB data. The market survey shall be completed by the applicant using accepted~~
270 ~~standard statistical methods. The market survey must be submitted on a computer media and in a format~~
271 ~~specified by the Department. The market survey, if determined by the Department to be reasonable~~
272 ~~pursuant to Section 15, shall be used by the Department to assign the proposed new site to an existing~~

273 subarea based on the methodology described by "The Specification of Hospital Service Communities in a
 274 Large Metropolitan Area" by J. William Thomas, Ph.D., John R. Griffith, and Paul Durance, April 1979 as
 275 follows: FOR EACH HOSPITAL, CALCULATE THE ROAD DISTANCE TO ALL OTHER HOSPITALS.
 276 ARRANGE OBSERVATIONS IN AN ORIGIN-DESTINATION TABLE SUCH THAT EACH HOSPITAL IS
 277 AN ORIGIN (ROW) AND EACH HOSPITAL IS ALSO A DESTINATION (COLUMN).

278 (iC) For the proposed new site, a discharge relevance factor for each of the zip codes identified in the
 279 application will be computed. Zip codes with a market forecast factor of less than .05 will be deleted from
 280 consideration. RESCALE THE ROAD DISTANCE ORIGIN-DESTINATION TABLE BY DIVIDING EVERY
 281 ENTRY IN THE ROAD DISTANCE ORIGIN-DESTINATION TABLE BY THE MAXIMUM DISTANCE
 282 BETWEEN ANY TWO HOSPITALS.

283 (iiD) The base year MIDD data will be used to compute discharge relevance factors (%Rs) for each
 284 hospital subarea for each of the zip codes identified in step (i) above. Hospital subareas with a %R of
 285 less than .10 for all zip codes identified in step (i) will be deleted from the computation. APPEND THE
 286 ROAD DISTANCE ORIGIN-DESTINATION TABLE TO THE %C ORIGIN-DESTINATION TABLE (BY
 287 HOSPITAL) TO CREATE THE INPUT DATA MATRIX FOR THE CLUSTERING ALGORITHM.

288 (iiiE) The third step in the methodology is to calculate a population-weighted average discharge
 289 relevance factor \bar{R}_j for the proposed hospital and existing subareas. Letting:

290 P_i = Population of zip code i;

291 d_{ij} = Number of patients from zip code i treated at hospital j;

292 $D_i = \sum_j d_{ij}$ = Total patients from zip code i;

293 $I_j = \{i | (d_{ij}/D_i) \geq \alpha\}$, set of zip codes for which the individual relevance factor [%R from (i) and (ii)
 294 above) values (d_{ij}/D_i) of hospital j exceeds or equals α , where α is specified $0 \leq \alpha \leq 1$.

295
$$\bar{R}_j = \frac{\sum_{i \in I_j} P_i (d_{ij}/D_i)}{\sum_{i \in I_j} P_i}$$

296 then $\bar{R}_j =$

297 $\frac{\sum_{i \in I_j} P_i (d_{ij}/D_i)}{\sum_{i \in I_j} P_i}$ GROUP HOSPITALS INTO CLUSTERS USING THE K-MEANS

298 CLUSTERING ALGORITHM WITH INITIAL CLUSTER CENTERS PROVIDED BY A WARDS
 299 HIERARCHICAL CLUSTERING METHOD. ITERATE OVER ALL CLUSTER SOLUTIONS FROM 2 TO
 300 THE NUMBER OF HOSPITALS (n) MINUS 1.

301 (iv) After \bar{R}_j is calculated for the applicant(s) and the included existing subareas, the
 302 hospital/subarea with the smallest \bar{R}_j ($S\bar{R}_j$) is grouped with the hospital/subarea having the greatest
 303 individual discharge relevance factor in the $S\bar{R}_j$'s home zip code. $S\bar{R}_j$'s home zip code is defined as
 304 the zip code from $S\bar{R}_j$'s with the greatest discharge relevance factor. FOR EACH CLUSTER
 305 SOLUTION, RECORD THE GROUP MEMBERSHIP OF EACH HOSPITAL, THE CLUSTER CENTER
 306 LOCATION FOR EACH OF THE CLUSTERS, THE r^2 VALUE FOR THE OVERALL CLUSTER
 307 SOLUTION, THE NUMBER OF SINGLE HOSPITAL CLUSTERS, AND THE MAXIMUM NUMBER OF
 308 HOSPITALS IN ANY CLUSTER.

309 (II) "K-MEANS CLUSTERING ALGORITHM" MEANS A METHOD FOR PARTITIONING
 310 OBSERVATIONS INTO A USER-SPECIFIED NUMBER OF GROUPS. IT IS A STANDARD ALGORITHM WITH
 311 A LONG HISTORY OF USE IN ACADEMIC AND APPLIED RESEARCH. THE APPROACH IDENTIFIES
 312 GROUPS OF OBSERVATIONS SUCH THAT THE SUM OF SQUARES FROM POINTS TO THE ASSIGNED
 313 CLUSTER CENTERS IS MINIMIZED, I.E., OBSERVATIONS IN A CLUSTER ARE MORE SIMILAR TO ONE
 314 ANOTHER THAN THEY ARE TO OTHER CLUSTERS. SEVERAL K-MEANS IMPLEMENTATIONS HAVE BEEN
 315 PROPOSED; THE BED NEED METHODOLOGY USES THE WIDELY-ADOPTED HARTIGAN-WONG
 316 ALGORITHM. ANY CLUSTERING OR DATA MINING TEXT WILL DISCUSS K-MEANS; ONE EXAMPLE IS B.S.
 317 EVERITT, S. LANDAU, M. LEESE, & D. STAHL (2011) CLUSTER ANALYSIS, 5TH EDITION. WILEY, 346 P.

318 (III) "WARDS HIERARCHICAL CLUSTERING METHOD" MEANS A METHOD FOR CLUSTERING
 319 OBSERVATIONS INTO GROUPS. THIS METHOD USES A BINARY TREE STRUCTURE TO SEQUENTIALLY
 320 GROUP DATA OBSERVATIONS INTO CLUSTERS, SEEKING TO MINIMIZE OVERALL WITHIN-GROUP
 321 VARIANCE. IN THE BED NEED METHODOLOGY, THIS METHOD IS USED TO IDENTIFY THE STARTING
 322 CLUSTER LOCATIONS FOR K-MEANS. ANY CLUSTERING TEXT WILL DISCUSS HIERARCHICAL CLUSTER

ANALYSIS, INCLUDING WARD'S METHOD; ONE EXAMPLE IS: G. GAN, C. MA, & J. WU (2007) DATA CLUSTERING: THEORY, ALGORITHMS, AND APPLICATIONS (ASA-SIAM SERIES ON STATISTICS AND APPLIED PROBABILITY). SOCIETY FOR INDUSTRIAL AND APPLIED MATHEMATICS (SIAM), 466 P.

(vF) ~~If there is only a single applicant, then the assignment procedure is complete. If there are additional applicants, then steps (iii), and (iv) must be repeated until all applicants have been assigned to an existing subarea.~~ CALCULATE THE INCREMENTAL F SCORE (F_{inc}) FOR EACH CLUSTER SOLUTION (i) BETWEEN 3 AND $n-1$ LETTING:

$r_i^2 = r^2$ OF SOLUTION i
 $r_{i-1}^2 = r^2$ OF SOLUTION i-1
 $k_i =$ NUMBER OF CLUSTERS IN SOLUTION i
 $k_{i-1} =$ NUMBER OF CLUSTERS IN SOLUTION i-1
 $n =$ TOTAL NUMBER OF HOSPITALS

WHERE:
$$F_{inc,i} = \frac{\left(\frac{r_i^2 - r_{i-1}^2}{k_i - k_{i-1}} \right)}{\left(\frac{1 - r_i^2}{n - (k_i - 1)} \right)}$$

(G) SELECT CANDIDATE SOLUTIONS BY FINDING THOSE WITH PEAK VALUES IN F_{inc} SCORES SUCH THAT $F_{inc,i}$ IS GREATER THAN BOTH $F_{inc,i-1}$ AND $F_{inc,i+1}$.

(H) REMOVE ALL CANDIDATE SOLUTIONS IN WHICH THE LARGEST SINGLE CLUSTER CONTAINS MORE THAN 20 HOSPITALS.

(I) IDENTIFY THE MINIMUM NUMBER OF SINGLE HOSPITAL CLUSTERS FROM THE REMAINING CANDIDATE SOLUTIONS. REMOVE ALL CANDIDATE SOLUTIONS CONTAINING A GREATER NUMBER OF SINGLE HOSPITAL CLUSTERS THAN THE IDENTIFIED MINIMUM.

(J) FROM THE REMAINING CANDIDATE SOLUTIONS, CHOOSE THE SOLUTION WITH THE LARGEST NUMBER OF CLUSTERS (k). THIS SOLUTION (k CLUSTERS) IS THE RESULTING NUMBER AND CONFIGURATION OF THE HOSPITAL GROUPS.

(K) RENAME HOSPITAL GROUPS AS FOLLOWS:

(I) FOR EACH HOSPITAL GROUP, IDENTIFY THE HSA IN WHICH THE MAXIMUM NUMBER OF HOSPITALS ARE LOCATED. IN CASE OF A TIE, USE THE HSA NUMBER THAT IS LOWER.

(II) FOR EACH HOSPITAL GROUP, SUM THE NUMBER OF CURRENT LICENSED HOSPITAL BEDS FOR ALL HOSPITALS.

(III) ORDER THE GROUPS FROM 1 TO k BY FIRST SORTING BY HSA NUMBER, THEN SORTING WITHIN EACH HSA BY THE SUM OF BEDS IN EACH HOSPITAL GROUP. THE HOSPITAL GROUP NAME IS THEN CREATED BY APPENDING NUMBER IN WHICH IT IS ORDERED TO "HG" (E.G., HG1, HG2, ... HG k).

(IV) HOSPITALS THAT DO NOT HAVE PATIENT RECORDS IN THE MIDB - IDENTIFIED IN SUBSECTION (1)(A) - ARE DESIGNATED AS "NG" FOR NON-GROUPABLE HOSPITALS.

(2) FOR AN APPLICATION INVOLVING A PROPOSED NEW LICENSED SITE FOR A HOSPITAL (WHETHER NEW OR REPLACEMENT), THE PROPOSED NEW LICENSED SITE SHALL BE ASSIGNED TO AN EXISTING HOSPITAL GROUP UTILIZING THE METHODOLOGY DESCRIBED IN "A METHODOLOGY FOR DEFINING HOSPITAL GROUPS" BY PAUL L. DELAMATER, ASHTON M. SHORTRIDGE, AND JOSEPH P. MESSINA, 2011 AS FOLLOWS:

(A) CALCULATE THE ROAD DISTANCE FROM PROPOSED NEW SITE (s) TO ALL EXISTING HOSPITALS, RESULTING IN A LIST OF n OBSERVATIONS (s_n).

(B) RESCALE s_n BY DIVIDING EACH OBSERVATION BY THE MAXIMUM ROAD DISTANCE BETWEEN ANY TWO HOSPITALS IDENTIFIED IN SUBSECTION (1)(C).

(C) FOR EACH HOSPITAL GROUP, SUBSET THE CLUSTER CENTER LOCATION IDENTIFIED IN SUBSECTION (1)(E)(I) TO ONLY THE ENTRIES CORRESPONDING TO THE ROAD DISTANCE BETWEEN HOSPITALS. FOR EACH HOSPITAL GROUP, THE RESULT IS A LIST OF n OBSERVATIONS THAT DEFINE EACH HOSPITAL GROUP'S CENTRAL LOCATION IN RELATIVE ROAD DISTANCE.

373 (D) CALCULATE THE DISTANCE ($D_{k,s}$) BETWEEN THE PROPOSED NEW SITE AND EACH
374 EXISTING HOSPITAL GROUP

375 WHERE: $d_{k,s} = \sqrt{(HG_{k,1} - s_1)^2 + (HG_{k,2} - s_2)^2 + (HG_{k,3} - s_3)^2 + \dots + (HG_{k,n} - s_n)^2}$

376 (E) ASSIGN THE PROPOSED NEW SITE TO THE CLOSEST HOSPITAL GROUP (HG k) BY
377 SELECTING THE MINIMUM VALUE OF $d_{k,s}$.

378 (F) IF THERE IS ONLY A SINGLE APPLICANT, THEN THE ASSIGNMENT PROCEDURE IS
379 COMPLETE. IF THERE ARE ADDITIONAL APPLICANTS, THEN STEPS (A-E) MUST BE REPEATED
380 UNTIL ALL APPLICANTS HAVE BEEN ASSIGNED TO AN EXISTING HOSPITAL GROUP.

381
382 (3) The Commission-DEPARTMENT shall amend Appendix A-THE HOSPITAL GROUPS to reflect:
383 (a) approved new licensed site(s) assigned to a specific hospital subareaGROUP; (b) hospital closures;
384 and (c) licensure action(s) as appropriate.

385
386 (34) As directed by the Commission, new sub-areaHOSPITAL GROUP assignments established
387 according to subsection (1)(a)(i) shall supersede Appendix A-THE PREVIOUS SUBAREA/HOSPITAL
388 GROUP ASSIGNMENTS and shall be included as an amended appendix to these standards
389 POSTED ON THE STATE OF MICHIGAN CON WEB SITE effective on the date determined by the Commission.

391 **Section 4. Determination of the needed hospital bed supply**

392
393 Sec. 4. (1) The determination of the needed hospital bed supply for a limited access area and a
394 hospital subareaGROUP for a planning year shall be made using the MIDB and population estimates and
395 projections by zip code in the following methodology DETAILED IN "ANEW METHODOLOGY FOR
396 DETERMINING NEEDED HOSPITAL BED SUPPLY" BY PAUL L. DELAMATER, ASHTON M.
397 SHORTRIDGE, AND JOSEPH P. MESSINA, 2011 AS FOLLOWS:

398 (a) All hospital discharges for normal newborns (DRG 391 PRIOR TO 2008, DRG 795
399 THEREAFTER) and psychiatric patients (ICD-9-CM codes 290 through 319 as a principal diagnosis) will
400 be excluded.

401 (b) For each discharge from the selected zip codes for a limited access area or each hospital
402 subarea discharge, as applicable, calculate the number of patient days (take the patient days for each
403 discharge and accumulate it within the respective age group) for the following age groups: ages 0
404 (excluding normal newborns) through 14 (pediatric), ages 15 through 44, female ages 15 through 44
405 (DRGs 370 through 375 — obstetrical discharges), ages 45 through 64, ages 65 through 74, and ages 75
406 and older. Data from non-Michigan residents are to be included for each specific age group. For limited
407 access areas, proceed to section 4(1)(e)FOR EACH COUNTY, COMPILE THE MONTHLY PATIENT
408 DAYS USED BY COUNTY RESIDENTS FOR THE PREVIOUS FIVE YEARS (BASE YEAR PLUS
409 PREVIOUS FOUR YEARS). COMPILE THE MONTHLY PATIENT DAYS USED BY NON-MICHIGAN
410 RESIDENTS IN MICHIGAN HOSPITALS FOR THE PREVIOUS FIVE YEARS AS AN "OUT-OF-STATE"
411 UNIT. THE OUT-OF-STATE PATIENT DAYS UNIT IS CONSIDERED AN ADDITIONAL COUNTY
412 THEREAFTER. PATIENT DAYS ARE TO BE ASSIGNED TO THE MONTH IN WHICH THE PATIENT
413 WAS DISCHARGED. FOR PATIENT RECORDS WITH AN UNKNOWN COUNTY OF RESIDENCE,
414 ASSIGN PATIENT DAYS TO THE COUNTY OF THE HOSPITAL WHERE THE PATIENT RECEIVED
415 SERVICE.

416 (c) For each hospital subarea, calculate the relevance index (%Z) for each zip code and for each of
417 the following age groups: ages 0 (excluding normal newborns) through 14 (pediatric), ages 15 through
418 44, female ages 15 through 44 (DRGs 370 THROUGH 375 — obstetrical discharges), ages 45 through
419 64, ages 65 through 74, and ages 75 and olderFOR EACH COUNTY, CALCULATE THE MONTHLY
420 PATIENT DAYS FOR ALL MONTHS IN THE PLANNING YEAR. FOR EACH COUNTY, CONSTRUCT
421 AN ORDINARY LEAST SQUARES LINEAR REGRESSION MODEL USING MONTHLY PATIENT DAYS
422 AS THE DEPENDENT VARIABLE AND MONTHS (1-60) AS THE INDEPENDENT VARIABLE. IF THE
423 LINEAR REGRESSION MODEL IS SIGNIFICANT AT A 90% CONFIDENCE LEVEL (F-SCORE, TWO
424 TAILED p VALUE < 0.1), PREDICT PATIENT DAYS FOR MONTHS 109-120 USING THE MODEL
425 COEFFICIENTS. IF THE LINEAR REGRESSION MODEL IS NOT SIGNIFICANT AT A 90%
426 CONFIDENCE LEVEL (F-SCORE, TWO TAILED p VALUE > 0.1), CALCULATE THE PREDICTED

427 MONTHLY PATIENT DAY DEMAND IN THE PLANNING YEAR BY FINDING THE MONTHLY
428 AVERAGE OF THE THREE PREVIOUS YEARS (MONTHS 25-60).

429 (d) For each hospital subarea, multiply each zip code %Z calculated in (c) by its respective base
430 year zip code and age group specific year population. The result will be the zip code allocations by age
431 group for each subareaFOR EACH COUNTY, CALCULATE THE PREDICTED YEARLY PATIENT DAY
432 DEMAND IN THE PLANNING YEAR. FOR COUNTIES WITH A SIGNIFICANT REGRESSION MODEL,
433 SUM THE MONTHLY PREDICTED PATIENT DAYS FOR THE PLANNING YEAR. FOR COUNTIES
434 WITH A NON-SIGNIFICANT REGRESSION MODEL, MULTIPLY THE THREE YEAR MONTHLY
435 AVERAGE BY 12.

436 (e) For each limited access area or hospital subarea, as applicable, calculate the subarea base year
437 population by age group by adding together all zip code population allocations calculated in (d) for each
438 specific age group in that subarea. For a limited access area, add together the age groups identified for
439 the limited access area. The result will be six population age groups for each limited access area or
440 subarea, as applicableFOR EACH COUNTY, CALCULATE THE BASE YEAR PATIENT DAY
441 COMMITMENT INDEX (%C) TO EACH HOSPITAL GROUP. SPECIFICALLY, DIVIDE THE BASE YEAR
442 PATIENT DAYS FROM EACH COUNTY TO EACH HOSPITAL GROUP BY THE TOTAL NUMBER OF
443 BASE YEAR PATIENT DAYS FROM EACH COUNTY.

444 (f) For each limited access area or hospital subarea, as applicable, calculate the patient day use
445 rates for ages 0 (excluding normal newborns) through 14 (pediatric), ages 15 through 44, female ages 15
446 through 44 (DRGs 370 through 375 — obstetrical discharges), ages 45 through 64, ages 65 through 74,
447 and ages 75 and older by dividing the results of (b) by the results of (e)FOR EACH COUNTY,
448 ALLOCATE THE PLANNING YEAR PATIENT DAYS TO THE HOSPITAL GROUPS BY MULTIPLYING
449 THE PLANNING YEAR PATIENT DAYS BY THE %C TO EACH HOSPITAL GROUP FROM
450 SUBSECTION (E).

451 (g) For each hospital subarea, multiply each zip code %Z calculated in (c) by its respective planning
452 year zip code and age group specific year population. The results will be the projected zip code
453 allocations by age group for each subarea. For a limited access area, multiply the population projection
454 for the plan year by the proportion of the zip code that is contained within the limited access area for each
455 zip code age group. The results will be the projected zip code allocations by age group for each zip code
456 within the limited access areaFOR EACH HOSPITAL GROUP, SUM THE PLANNING YEAR PATIENT
457 DAYS ALLOCATED FROM EACH COUNTY.

458 (h) For each hospital subarea, calculate the subarea projected year population by age group by
459 adding together all projected zip code population allocations calculated in (g) for each specific age group.
460 For a limited access area, add together the zip code allocations calculated in (g) by age group identified
461 for the limited access area. The result will be six population age groups for each limited access area or
462 subarea, as applicableFOR EACH HOSPITAL GROUP, CALCULATE THE AVERAGE DAILY CENSUS
463 (ADC) FOR THE PLANNING YEAR BY DIVIDING THE PLANNING YEAR PATIENT DAYS BY 365.
464 ROUND EACH ADC VALUE UP TO THE NEAREST WHOLE NUMBER.

465 (i) For each limited access area or hospital subarea, as applicable, calculate the limited access area
466 or hospital subarea, as applicable, projected patient days for each age group by multiplying the six
467 projected populations by age group calculated in step (h) by the age specific use rates identified in step
468 (f)FOR EACH HOSPITAL GROUP, SELECT THE APPROPRIATE OCCUPANCY RATE FROM THE
469 OCCUPANCY TABLE IN APPENDIX C.

470 (j) For each limited access area or hospital subarea, as applicable, calculate the adult
471 medical/surgical limited access area or hospital subarea, as applicable, projected patient days by adding
472 together the following age group specific projected patient days calculated in (i): ages 15 through 44,
473 ages 45 through 64, ages 65 through 74, and ages 75 and older. The 0 (excluding normal newborns)
474 through 14 (pediatric) and female ages 15 through 44 (DRGs 370 through 375 — obstetrical discharges)
475 age groups remain unchanged as calculated in (i)FOR EACH HOSPITAL GROUP, CALCULATE THE
476 PLANNING YEAR BED NEED BY DIVIDING THE PLANNING YEAR ADC BY THE APPROPRIATE
477 OCCUPANCY RATE. ROUND EACH BED NEED VALUE UP TO THE NEAREST WHOLE NUMBER.

478 (k) For each limited access area or hospital subarea, as applicable, calculate the limited access area
479 or hospital subarea, as applicable, projected average daily census (ADC) for three age groups: Ages 0
480 (excluding normal newborns) through 14 (pediatric), female ages 15 through 44 (DRGs 370 through 375
481 — obstetrical discharges), and adult medical surgical by dividing the results calculated in (j) by 365 (or 366

482 ~~if the planning year is a leap year). Round each ADC to a whole number. This will give three ADC~~
483 ~~computations per limited access area or subarea, as applicable.~~
484 ~~—(l) For each limited access area or hospital subarea, as applicable, and age group, select the~~
485 ~~appropriate occupancy rate from the occupancy rate table in Appendix D.~~
486 ~~—(m) For each limited access area or hospital subarea, as applicable, and age group, calculate the~~
487 ~~limited access area or subarea, as applicable, projected bed need number of hospital beds for the limited~~
488 ~~access area or subarea, as applicable, by age group by dividing the ADC calculated in (k) by the~~
489 ~~appropriate occupancy rate determined in (l). To obtain the total limited access area or hospital, as~~
490 ~~applicable, bed need, add the three age group bed projections together. Round any part of a bed up to a~~
491 ~~whole bed.~~

492
493 (2) THE DETERMINATION OF THE NEEDED HOSPITAL BED SUPPLY FOR A LIMITED ACCESS
494 AREA SHALL BE MADE USING THE MIDB AND THE METHODOLOGY DETAILED IN "A
495 METHODOLOGY FOR DETERMINING NEEDED HOSPITAL BED SUPPLY" BY PAUL L. DELAMATER,
496 ASHTON M. SHORTRIDGE, AND JOESPH P. MESSINA, 2011 AS FOLLOWS:

497 (A) ALL HOSPITAL DISCHARGES FOR NORMAL NEWBORNS (DRG 391 PRIOR TO 2008, DRG
498 795 THEREAFTER) AND PSYCHIATRIC PATIENTS (ICD-9-CM CODES 290 THROUGH 319 AS A
499 PRINCIPAL DIAGNOSIS) WILL BE EXCLUDED.

500 (B) CALCULATE THE AVERAGE PATIENT DAY USE RATE OF MICHIGAN RESIDENTS. SUM
501 TOTAL PATIENT DAYS OF MICHIGAN RESIDENTS IN THE BASE YEAR AND DIVIDE BY ESTIMATED
502 BASE YEAR POPULATION FOR THE STATE (POPULATION DATA AVAILABLE FROM US CENSUS
503 BUREAU).

504 (C) CALCULATE THE MINIMUM NUMBER OF PATIENT DAYS FOR DESIGNATION OF A LIMITED
505 ACCESS AREA BY MULTIPLYING THE AVERAGE PATIENT DAY USE RATE BY 50,000. ROUND UP
506 TO THE NEAREST WHOLE NUMBER.

507 (D) FOLLOW STEPS OUTLINED IN SECTION 4(1)(B) – (D) TO PREDICT PLANNING YEAR
508 PATIENT DAYS FOR EACH UNDERSERVED AREA. ROUND UP TO THE NEAREST WHOLE
509 NUMBER. THE PATIENT DAYS FOR EACH UNDERSERVED AREA ARE DEFINED AS THE SUM OF
510 THE ZIP CODES CORRESPONDING TO EACH UNDERSERVED AREA.

511 (E) FOR EACH UNDERSERVED AREA, COMPARE THE PLANNING YEAR PATIENT DAYS TO
512 THE MINIMUM NUMBER OF PATIENT DAYS FOR DESIGNATION OF A LIMITED ACCESS AREA
513 CALCULATED IN (C). ANY UNDERSERVED AREA WITH A PLANNING YEAR PATIENT DAY
514 DEMAND GREATER THAN OR EQUAL TO THE MINIMUM IS DESIGNATED AS A LIMITED ACCESS
515 AREA.

516 (F) FOR EACH LIMITED ACCESS AREA, CALCULATE THE PLANNING YEAR BED NEED USING
517 THE STEPS OUTLINED IN SECTION 4(1)(H) – (J). FOR THESE STEPS, USE THE PLANNING YEAR
518 PATIENT DAYS FOR EACH LIMITED ACCESS AREA.

519 **Section 5. Bed Need**

520
521
522 | Sec. 5. (1) The bed-need numbers ~~incorporated as part of these standards as Appendix C~~ shall apply
523 | to projects subject to review under these standards, except where a specific CON review standard states
524 | otherwise.

525
526 | (2) The ~~Commission shall direct the Department, effective November 2004 and~~ SHALL re-calculate
527 | the acute care bed need methodology in Section 4 every two years, thereafter OR AS DIRECTED BY
528 | THE COMMISSION, to re-calculate the acute care bed need methodology in Section 4, within a specified
529 | time frame.

530
531 | (3) The Commission shall designate the base year and the future planning year which shall be
532 | utilized in applying the methodology pursuant to subsection (2).

533
534 | (4) ~~When the Department is directed by the Commission to apply the methodology pursuant to~~
535 | subsection (2), the effective date of the bed-need numbers shall be established by the Commission.

536

537 (5) ~~As directed by the Commission, n~~New bed-need numbers established by subsections (2) and (3)
538 shall supersede ~~the PREVIOUS~~ bed-need numbers ~~shown in Appendix C~~ and shall be ~~included as an~~
539 ~~amended appendix to these standards~~POSTED ON THE STATE OF MICHIGAN CON WEB SITE AS
540 PART OF THE HOSPITAL BED INVENTORY.

541
542 (6) MODIFICATIONS MADE BY THE COMMISSION PURSUANT TO THIS SECTION SHALL NOT
543 REQUIRE STANDARD ADVISORY COMMITTEE ACTION, A PUBLIC HEARING, OR SUBMITTAL OF
544 THE STANDARD TO THE LEGISLATURE AND THE GOVERNOR IN ORDER TO BECOME
545 EFFECTIVE.

546 **Section 6. Requirements for approval -- new beds in a hospital**

547
548
549 Sec. 6. (1) An applicant proposing new beds in a hospital, except an applicant meeting the
550 requirements of subsection 2, 3, 4, or 5 shall demonstrate that it meets all of the following:

551 (a) The new beds in a hospital shall result in a hospital of at least 200 beds in a metropolitan
552 statistical area county or ~~50-25~~ beds in a rural or micropolitan statistical area county. This subsection
553 may be waived by the Department if the Department determines, in its sole discretion, that a smaller
554 hospital is necessary or appropriate to assure access to health-care services.

555 (b) The total number of existing hospital beds in the ~~subarea~~HOSPITAL GROUP to which the new
556 beds will be assigned does not currently exceed the needed hospital bed supply ~~as set forth in Appendix~~
557 ~~C~~. The Department shall determine the ~~subarea~~HOSPITAL GROUP to which the beds will be assigned
558 in accord with Section 3 of these standards.

559 (c) Approval of the proposed new beds in a hospital shall not result in the total number of existing
560 hospital beds, in the ~~subarea~~HOSPITAL GROUP to which the new beds will be assigned, exceeding the
561 needed hospital bed supply ~~as set forth in Appendix C~~. The Department shall determine the
562 ~~subarea~~HOSPITAL GROUP to which the beds will be assigned in accord with Section 3 of these
563 standards.

564
565 (2) An applicant proposing to begin operation as a new ~~long-term (acute) care~~LTC hospital or
566 alcohol and substance abuse hospital within an existing licensed, host hospital shall demonstrate that it
567 meets all of the requirements of this subsection:

568 (a) If the ~~long-term (acute) care~~LTC hospital applicant described in this subsection does not meet
569 the Title XVIII requirements of the Social Security Act for exemption from PPS as a ~~N long-term (acute)~~
570 ~~care~~LTC hospital within 12 months after beginning operation, then it may apply for a six-month
571 extension in accordance with R325.9403 of the CON rules. If the applicant fails to meet the Title XVIII
572 requirements for PPS exemption as a ~~N long-term (acute) care~~LTC hospital within the 12 or 18-month
573 period, then the CON granted pursuant to this section shall expire automatically.

574 (b) The patient care space and other space to establish the new hospital is being obtained through a
575 lease arrangement and renewal of a lease between the applicant and the host hospital. The initial,
576 renewed, or any subsequent lease shall specify at least all of the following:

577 (i) That the host hospital shall delicense the same number of hospital beds proposed by the
578 applicant for licensure in the new hospital or any subsequent application to add additional beds.

579 (ii) That the proposed new beds shall be for use in space currently licensed as part of the host
580 hospital.

581 (iii) That upon non-renewal and/or termination of the lease, upon termination of the license issued
582 under Part 215 of the act to the applicant for the new hospital, or upon noncompliance with the project
583 delivery requirements or any other applicable requirements of these standards, the beds licensed as part
584 of the new hospital must be disposed of by one of the following means:

585 (A) Relicensure of the beds to the host hospital. The host hospital must obtain a CON to acquire the
586 ~~long-term (acute) care~~LTC hospital. In the event that the host hospital applies for a CON to acquire the
587 ~~long-term (acute) care~~LTC hospital [including the beds leased by the host hospital to the ~~long-term~~
588 ~~(acute) care~~LTC hospital] within six months following the termination of the lease with the ~~long-term~~
589 ~~(acute) care~~LTC hospital, it shall not be required to be in compliance with the hospital bed supply ~~set~~
590 ~~forth in Appendix C~~ if the host hospital proposes to add the beds of the ~~long-term (acute) care~~LTC
591 hospital to the host hospital's medical/surgical licensed capacity and the application meets all other

592 applicable project delivery requirements. The beds must be used for general medical/surgical purposes.
593 Such an application shall not be subject to comparative review and shall be processed under the
594 procedures for non-substantive review (as this will not be considered an increase in the number of beds
595 originally licensed to the applicant at the host hospital);

596 (B) Delicensure of the hospital beds; or

597 (C) Acquisition by another entity that obtains a CON to acquire the new hospital in its entirety and
598 that entity must meet and shall stipulate to the requirements specified in Section 6(2).

599 (c) The applicant or the current licensee of the new hospital shall not apply, initially or subsequently,
600 for CON approval to initiate any other CON covered clinical services; provided, however, that this section
601 is not intended, and shall not be construed in a manner which would prevent the licensee from
602 contracting and/or billing for medically necessary covered clinical services required by its patients under
603 arrangements with its host hospital or any other CON approved provider of covered clinical services.

604 (d) The new licensed hospital shall remain within the host hospital.

605 (e) The new hospital shall be assigned to the same subareaHOSPITAL GROUP as the host hospital.

606 (f) The proposed project to begin operation of a new hospital, under this subsection, shall constitute
607 a change in bed capacity under Section 1(32) of these standards.

608 (g) The lease will not result in an increase in the number of licensed hospital beds in the
609 subareaHOSPITAL GROUP.

610 (h) Applications proposing a new hospital under this subsection shall not be subject to comparative
611 review.

612
613 (3) An applicant proposing to add new hospital beds, as the receiving licensed hospital under
614 Section 8, shall demonstrate that it meets all of the requirements of this subsection and shall not be
615 required to be in compliance with the needed hospital bed supply set forth in Appendix C if the application
616 meets all other applicable CON review standards and agrees and assures to comply with all applicable
617 project delivery requirements.

618 (a) The approval of the proposed new hospital beds shall not result in an increase in the number of
619 licensed hospital beds as follows:

620 (i) In the subareaHOSPITAL GROUP PURSUANT TO SECTION 8(2)(A), or

621 (ii) in the HSA pursuant to Section 8(2)(b).

622 ~~(A) The receiving hospital shall meet the requirements of section 6(4)(b) of these standards.~~

623 ~~(b) AN APPLICANT PROPOSING TO ADD NEW LICENSED BEDS AS THE RECEIVING~~
624 ~~HOSPITAL WHERE THE SOURCE HOSPITAL WAS SUBJECT TO SECTION 8(3)(B) SHALL MEET~~
625 ~~THE FOLLOWING REQUIREMENTS:THE RECEIVING HOSPITAL MUSTSHALL HAVE AN AVERAGE~~
626 ~~ADJUSTED OCCUPANCY RATE OF 40 PERCENT OR ABOVE.~~

627 ~~(IC) FOR THE PURPOSES OF SUBSECTION (I) ABOVE, THE REVISED NUMBER OF LICENSED~~
628 ~~BEDS AT THE RECEIVING HOSPITAL SHALL BE CALCULATED AS FOLLOWS:THE ADDITION OF~~
629 ~~THE PROPOSED ADDITION OF NEW HOSPITAL BEDS SHALL NOT EXCEED THE NUMBER~~
630 ~~DETERMINED BY THE FOLLOWING CALCULATION:~~

631 ~~(AI) CALCULATE THE NUMBER OF ADJUSTED PATIENT DAYS DURING THE MOST RECENT,~~
632 ~~CONSECUTIVE 36-MONTH PERIODFOR WHICH VERIFIABLE DATA ARE AVAILABLE TO THE~~
633 ~~DEPARTMENTAS OF THE DATE OF THE APPLICATION, CALCULATE THE ADJUSTED PATIENT~~
634 ~~DAYS FOR THE MOST RECENT, CONSECUTIVE 36-MONTH PERIOD WHERE VERIFIABLE DATA IS~~
635 ~~AVAILABLE TO THE DEPARTMENT, AND DIVIDE BY .40.~~

636 ~~(BII) DIVIDE THE NUMBER OF ADJUSTED PATIENT DAYS CALCULATED IN SUBSECTION (A)~~
637 ~~ABOVE BY .40 TO DETERMINE LICENSED BED DAYS AT 40 PERCENT OCCUPANCYDIVIDE THE~~
638 ~~RESULT OF SUBSECTION (I) BY 1095 (OR 1096, IF THE 36-MONTH PERIOD INCLUDES A LEAP~~
639 ~~YEAR) AND ROUND UP TO NEXT WHOLE NUMBER OR 25, WHICHEVER IS LARGER. THIS IS THE~~
640 ~~MAXIMUM NUMBER OF BEDS THAT CAN BE LICENSED AT THE RECEIVING HOSPITAL.~~

641 ~~(GIII) DIVIDE THE RESULT OF SUBSECTION (B) ABOVE BY 1095 (OR 1096 IF INCLUDING A LEAP~~
642 ~~YEAR) AND ROUND THE QUOTIENT UP TO THE NEXT WHOLE NUMBER. THIS IS THE MAXIMUM~~
643 ~~NUMBER OF BEDS THAT CAN BE LICENSED AT THE RECEIVING HOSPITAL AFTER THE~~
644 ~~ACCEPTANCE OF THE NEW BEDS, OR 25 WHICHEVER IS LARGERSUBTRACT THE RECEIVING~~
645 ~~HOSPITAL'S TOTAL NUMBER OF LICENSED BEDS AND APPROVED BEDS FROM THE RESULT OF~~

646 SUBSECTION (II). THIS IS THE MAXIMUM NUMBER OF BEDS THAT CAN BE ADDED TO THE
647 RECEIVING HOSPITAL.

648 (IID) THE NUMBER OF BEDS TO BE ADDED SHALL BE NO MORE THAN THE NUMBER, WHICH,
649 WHEN ADDED TO THE NUMBER OF LICENSED BEDS PRIOR TO THE ADDITION, WOULD RESULT
650 IN THE ADJUSTED OCCUPANCY RATE FOR THE RECEIVING HOSPITAL'S AVERAGE ADJUSTED
651 OCCUPANCY RATE MUST NOT TO BE AT LEAST LESS THAN 40 PERCENT IF AFTER THE
652 ADDITION OF THE PROPOSED ADDITION OF NEW HOSPITAL BEDS IS APPROVED.

653 (GE) SUBSECTION (3)(B), (C), AND (D) SHALL NOT APPLY TO EXCLUDED HOSPITALS.

654 (DF) The proposed project to add new hospital beds, under this subsection, shall constitute a change
655 in bed capacity under Section 1(32) of these standards.

656 (eEG) Applicants proposing to add new hospital beds under this subsection shall not be subject to
657 comparative review.

658
659 (4) An applicant may apply for the addition of new beds if all of the following subsections are met.
660 Further, an applicant proposing new beds at an existing licensed hospital site shall not be required to be
661 in compliance with the needed hospital bed supply ~~set forth in Appendix C~~ if the application meets all
662 other applicable CON review standards and agrees and assures to comply with all applicable project
663 delivery requirements.

664 (a) The beds are being added at the existing licensed hospital site.

665 (b) The hospital at the existing licensed hospital site has operated at an adjusted occupancy rate of
666 80 percent or above for the previous, consecutive 24 months based on its licensed and approved hospital
667 bed capacity. The adjusted occupancy rate shall be calculated as follows:

668 (i) ~~Combine all pediatric patient days of care and obstetrics patient days of care provided during the~~
669 ~~most recent, consecutive 24-month period for which verifiable data are available to the Department and~~
670 ~~multiply that number by 1.1.~~

671 ~~—(ii) Add remaining patient days of care provided during the most recent, consecutive 24-month~~
672 ~~period for which verifiable data are available to the Department to the number calculated in (i) above.~~
673 ~~This is the adjusted patient days. CALCULATE THE NUMBER OF ADJUSTED PATIENT DAYS DURING~~
674 ~~THE MOST RECENT, CONSECUTIVE 24-MONTH PERIOD FOR WHICH VERIFIABLE DATA ARE~~
675 ~~AVAILABLE TO THE DEPARTMENT.~~

676 (iii) Divide the number calculated in (ii) above by the total possible patient days [licensed and
677 approved hospital beds multiplied by 730 (or 731 if including a leap year)]. This is the adjusted
678 occupancy rate.

679 (c) The number of beds that may be approved pursuant to this subsection shall be the number of
680 beds necessary to reduce the adjusted occupancy rate for the hospital to 75 percent. The number of
681 beds shall be calculated as follows:

682 (i) Divide the number of adjusted patient days calculated in subsection (b)(ii) by .75 to determine
683 licensed bed days at 75 percent occupancy.

684 (ii) Divide the result of step (i) by 730 (or 731 if including a leap year) and round the result up to the
685 next whole number.

686 (iii) Subtract the number of licensed and approved hospital beds as documented on the "Department
687 Inventory of Beds" from the result of step (ii) and round the result up to the next whole number to
688 determine the maximum number of beds that may be approved pursuant to this subsection.

689 (d) A licensed acute care hospital that has relocated its beds, after the effective date of these
690 standards, shall not be approved for hospital beds under this subsection for five years from the effective
691 date of the relocation of beds.

692 (e) Applicants proposing to add new hospital beds under this subsection shall not be subject to
693 comparative review.

694 (f) Applicants proposing to add new hospital beds under this subsection shall demonstrate to the
695 Department that they have pursued a good faith effort to relocate acute care beds from other licensed
696 acute care hospitals within the HSA. At the time an application is submitted to the Department, the
697 applicant shall demonstrate that contact was made by one certified mail return receipt for each
698 organization contacted.

699

700 (5) An applicant proposing a new hospital in a limited access area shall not be required to be in
701 compliance with the needed hospital bed supply ~~set forth in Appendix C~~ if the application meets all other
702 applicable CON review standards, agrees and assures to comply with all applicable project delivery
703 requirements, and all of the following subsections are met.

704 (a) The proposed new hospital, unless a critical access hospital, shall have 24 hour/7 days a week
705 emergency services, obstetrical services, surgical services, and licensed acute care beds.

706 (b) The Department shall assign the proposed new hospital to an existing ~~subarea~~HOSPITAL
707 GROUP based on the current market use patterns of existing ~~subarea~~HOSPITAL GROUPs.

708 (c) Approval of the proposed new beds in a hospital in a limited access area shall not exceed the
709 bed need for the limited access area as determined by the bed need methodology in Section 4 and as set
710 forth in Appendix ED.

711 (d) The new beds in a hospital in a limited access area shall result in a hospital of at least 100 beds
712 in a metropolitan statistical area county or 50 beds in a rural or micropolitan statistical area county. If the
713 bed need for a limited access area, as shown in Appendix ED, is less, then that will be the minimum
714 number of beds for a new hospital under this provision. If an applicant for new beds in a hospital under
715 this provision simultaneously applies for status as a critical access hospital, the minimum hospital size
716 shall be that number allowed under state/federal critical access hospital designation.

717 (e) Applicants proposing to create a new hospital under this subsection shall not be approved, for a
718 period of five years after beginning operation of the facility, of the following covered clinical services: (i)
719 open heart surgery, (ii) therapeutic cardiac catheterization, (iii) fixed positron emission tomography (PET)
720 services, (iv) all transplant services, (v) neonatal intensive care services/beds, and (vi) fixed urinary
721 extracorporeal shock wave lithotripsy (UESWL) services.

722 (f) Applicants proposing to add new hospital beds under this subsection shall be prohibited from
723 relocating the new hospital beds for a period of 10 years after beginning operation of the facility.

724 (g) An applicant proposing to add a new hospital pursuant to this subsection shall locate the new
725 hospital as follows:

726 (i) In a metropolitan statistical area county, an applicant proposing to add a new hospital pursuant to
727 this subsection shall locate the new hospital within the limited access area and serve a population of
728 50,000 or more inside the limited access area and within 30 minutes drive time from the proposed new
729 hospital.

730 (ii) In a rural or micropolitan statistical area county, an applicant proposing to add a new hospital
731 pursuant to this subsection shall locate the new hospital within the limited access area and serve a
732 population of 50,000 or more inside the limited access area and within 60 minutes drive time from the
733 proposed new hospital.

734
735 **Section 7. Requirements for approval --~~TO replacement beds in a hospital in a replacement zone~~**

736
737 Sec. 7. (1) If the application involves the development of a new licensed site, an applicant proposing
738 ~~TO replacement~~ beds in a hospital ~~WITH~~in the replacement zone shall demonstrate that the new beds in
739 a hospital shall result in a hospital of at least 200 beds in a metropolitan statistical area county or ~~50-25~~
740 beds in a rural or micropolitan statistical area county. This subsection may be waived by the Department
741 if the Department determines, in its sole discretion, that a smaller hospital is necessary or appropriate to
742 assure access to health-care services.

743
744 (2) ~~THE APPLICANT SHALL SPECIFY WHETHER THE PROPOSED PROJECT IS TO REPLACE~~
745 ~~THE LICENSED HOSPITAL TO A NEW SITE OR TO REPLACE A PORTION OF THE LICENSED BEDS~~
746 ~~AT THE EXISTING LICENSED SITE. †~~

747
748 ~~(3) In order to be approved, the applicant~~ ~~SHALL DEMONSTRATE THAT THE new licensed site is~~
749 ~~in the replacement zone.~~

750
751 ~~(34) IN ORDER TO BE APPROVED, THE APPLICANT SHALL COMPLY WITH THE FOLLOWING~~
752 ~~REQUIREMENTS, AS APPLICABLE:~~

753 ~~(A) THE APPLICANT'S shall propose to (i) replace an equal or lesser number of beds currently~~
754 ~~licensed to the applicant at the licensed site at which the proposed replacement beds are located, and (ii)~~

755 | ~~that the proposed new licensed site is in the replacement zone. IF THE HOSPITAL SHALL HAVE AT~~
756 | ~~THE EXISTING LICENSED HOSPITAL SITE HAS OPERATED AT AN AVERAGE ADJUSTED~~
757 | ~~OCCUPANCY RATE OF 40 PERCENT OR ABOVE, FOR THE PREVIOUS, CONSECUTIVE 36~~
758 | ~~MONTHS, BASED ON ITS LICENSED AND APPROVED HOSPITAL BED CAPACITY, THE AVERAGE~~
759 | ~~ADJUSTED OCCUPANCY RATE SHALL BE CALCULATED AS FOLLOWS:~~
760 | ~~___ (I) CALCULATE THE NUMBER OF ADJUSTED PATIENT DAYS DURING THE MOST RECENT,~~
761 | ~~CONSECUTIVE 36-MONTH PERIOD, AS OF THE DATE OF THE APPLICATION, FOR WHICH~~
762 | ~~VERIFIABLE DATA ARE AVAILABLE TO THE DEPARTMENT.~~
763 | ~~___ (II) DIVIDE THE NUMBER OF ADJUSTED PATIENT DAYS CALCULATED IN (I) ABOVE BY 1095~~
764 | ~~(OR 1096 IF INCLUDING A LEAP YEAR).~~
765 | ~~(B) IF THE APPLICANT HOSPITAL DOES NOT HAVE AN AT THE EXISTING LICENSED~~
766 | ~~HOSPITAL SITE HAS OPERATED AT AN AVERAGE ADJUSTED OCCUPANCY RATE LESS THAN OF~~
767 | ~~40 PERCENT OR ABOVE, THEN THE APPLICANT HOSPITAL SHALL REDUCE THE APPROPRIATE~~
768 | ~~NUMBER OF LICENSED BEDS TO ACHIEVE AN AVERAGE ADJUSTED OCCUPANCY RATE OF FOR~~
769 | ~~THE PREVIOUS, CONSECUTIVE 36 MONTHS, THE REVISED NUMBER OF BEDS AT THE~~
770 | ~~LICENSED SITE SHALL BE NO MORE THAN THE NUMBER OF BEDS WHICH WOULD RESULT IN~~
771 | ~~AN ADJUSTED OCCUPANCY RATE FOR THE HOSPITAL OF 60 PERCENT OR ABOVE. THE~~
772 | ~~REVISED APPLICANT HOSPITAL SHALL NOT EXCEED THE NUMBER OF LICENSED BEDS AT THE~~
773 | ~~HOSPITAL SHALL BE CALCULATED AS FOLLOWS:~~
774 | ~~___ (I) AS OF THE DATE OF THE APPLICATION, CALCULATE THE NUMBER OF ADJUSTED~~
775 | ~~PATIENT DAYS DURING THE MOST RECENT, CONSECUTIVE 36-MONTH PERIOD FOR~~
776 | ~~WHICH WHERE VERIFIABLE DATA ARE IS AVAILABLE TO THE DEPARTMENT, AND DIVIDE BY .60.~~
777 | ~~___ (II) DIVIDE THE NUMBER OF ADJUSTED PATIENT DAYS CALCULATED IN RESULT OF~~
778 | ~~SUBSECTION (I) ABOVE BY .60 TO DETERMINE LICENSED BED DAYS AT 60 PERCENT~~
779 | ~~OCCUPANCY 1095 (OR 1096 IF THE 36-MONTH PERIOD INCLUDES A LEAP YEAR) AND ROUND UP~~
780 | ~~TO THE NEXT WHOLE NUMBER OR 25, WHICHEVER IS LARGER. THIS IS THE MAXIMUM~~
781 | ~~NUMBER OF BEDS THAT CAN BE LICENSED AT THE EXISTING LICENSED HOSPITAL SITE AFTER~~
782 | ~~THE REPLACEMENT.~~
783 | ~~___ (III) DIVIDE THE RESULT OF SUBSECTION (II) ABOVE BY 1095 (OR 1096 IF INCLUDING A LEAP~~
784 | ~~YEAR) AND ROUND THE RESULT UP TO THE NEXT WHOLE NUMBER. THIS IS THE MAXIMUM~~
785 | ~~NUMBER OF BEDS THAT CAN BE LICENSED AT THE EXISTING LICENSED HOSPITAL SITE AFTER~~
786 | ~~THE REPLACEMENT, OR 25 WHICHEVER IS LARGER.~~
787 | ~~___ (C) SUBSECTION (34)(A) AND (B) SHALL NOT APPLY TO EXCLUDED HOSPITALS.~~

788 |
789 | (345) An applicant proposing replacement beds in the replacement zone shall not be required to be in
790 | compliance with the needed hospital bed supply set forth in Appendix C if the application meets all other
791 | applicable CON review standards and agrees and assures to comply with all applicable project delivery
792 | requirements.

793 |
794 | **Section 8. Requirements for approval of an applicant proposing to relocate existing licensed**
795 | **hospital beds**

796 |
797 | Sec 8. (1) The proposed project to relocate beds, under this section, shall constitute a change in
798 | bed capacity under Section 1(43) of these standards.

799 |
800 | (2) Any existing licensed acute care hospital (SOURCE HOSPITAL) may relocate all or a portion of
801 | its beds to another existing licensed acute care hospital as follows:

- 802 | (a) The licensed acute care hospitals are located within the same subarea HOSPITAL GROUP, or
803 | (b) the licensed acute care hospitals are located within the same HSA if the receiving hospital meets
804 | the requirements of Section 6(4)(b) of these standards.

805 |
806 | (3) ~~IN ORDER TO BE APPROVED, THE APPLICANT SHALL COMPLY WITH THE FOLLOWING~~
807 | ~~REQUIREMENTS, AS APPLICABLE:~~

808 | ~~(A) ANY EXISTING LICENSED ACUTE CARE HOSPITAL (THE SOURCE HOSPITAL) MAY~~
809 | ~~RELOCATE ALL OR A PORTION OF ITS BEDS TO ANOTHER EXISTING LICENSED ACUTE CARE~~

810 ~~HOSPITAL(S) IF THE EXISTING LICENSED SOURCE HOSPITAL HAS OPERATED AT SHALL HAVE~~
811 ~~AN AVERAGE ADJUSTED OCCUPANCY RATE OF 40 PERCENT OR ABOVE. FOR THE PREVIOUS,~~
812 ~~CONSECUTIVE 36 MONTHS, BASED ON ITS LICENSED AND APPROVED HOSPITAL BED~~
813 ~~CAPACITY. THE AVERAGE ADJUSTED OCCUPANCY RATE SHALL BE CALCULATED AS~~
814 ~~FOLLOWS:~~

815 ~~— (I) — CALCULATE THE NUMBER OF ADJUSTED PATIENT DAYS DURING THE MOST RECENT,~~
816 ~~CONSECUTIVE 36-MONTH PERIOD, AS OF THE DATE OF THE APPLICATION, FOR WHICH~~
817 ~~VERIFIABLE DATA ARE AVAILABLE TO THE DEPARTMENT.~~

818 ~~— (II) — DIVIDE THE NUMBER OF ADJUSTED PATIENT DAYS CALCULATED IN (I) ABOVE BY 1095~~
819 ~~(OR 1096 IF INCLUDING A LEAP YEAR).~~

820 ~~(B) IF THE EXISTING LICENSED SOURCE HOSPITAL SITE HAS DOES NOT HAVE OPERATED~~
821 ~~AT AN AVERAGE ADJUSTED OCCUPANCY RATE OF LESS THAN 40 PERCENT OR ABOVE FOR~~
822 ~~THE PREVIOUS, CONSECUTIVE 36 MONTHS, IN ORDER TO BE APPROVED, THEN THE SOURCE~~
823 ~~HOSPITAL SHALL REDUCE THE APPROPRIATE NUMBER OF LICENSED BEDS TO ACHIEVE AN~~
824 ~~AVERAGE ADJUSTED OCCUPANCY RATE OF 60 PERCENT OR ABOVE. THE SOURCE HOSPITAL~~
825 ~~SHALL NOT EXCEED THE NUMBER OF BEDS CALCULATED AS THE FOLLOWING~~
826 ~~REQUIREMENTS MUST BE MET:~~

827 ~~— (I) — UPON COMPLETION OF THE RELOCATION(S), THE REVISED NUMBER OF BEDS AT THE~~
828 ~~EXISTING LICENSED HOSPITAL (“SOURCE HOSPITAL”) SHALL BE NO MORE THAN THE NUMBER~~
829 ~~OF BEDS WHICH WOULD RESULT IN AN ADJUSTED OCCUPANCY RATE FOR THE SOURCE~~
830 ~~HOSPITAL OF 60 PERCENT.~~

831 ~~— (II) — MULTIPLE RELOCATIONS CAN BE REQUESTED AT THE SAME TIME AND CAN BE~~
832 ~~COMBINED TO MEET THE CRITERIA OF (I) ABOVE. A SEPARATE CON MUST BE SUBMITTED FOR~~
833 ~~EACH RELOCATION AND MULTIPLE APPLICATIONS FILED ON THE SAME APPLICATION DATE~~
834 ~~SHALL BE CONSIDERED TOGETHER TO MEET THIS CRITERION.~~

835 ~~— (C) — FOR THE PURPOSES OF SUBSECTION (3)(B)(I), THE REVISED NUMBER OF LICENSED~~
836 ~~BEDS AT THE SOURCE HOSPITAL SHALL BE CALCULATED AS FOLLOWS:~~

837 ~~— (I) — AS OF THE DATE OF THE APPLICATION, CALCULATE THE NUMBER OF ADJUSTED~~
838 ~~PATIENT DAYS DURING THE MOST RECENT, CONSECUTIVE 36-MONTH PERIOD FOR~~
839 ~~WHICH WHERE VERIFIABLE DATA ARE IS AVAILABLE TO THE DEPARTMENT, AND DIVIDE BY .60.~~

840 ~~— (II) — DIVIDE THE NUMBER OF ADJUSTED PATIENT DAYS CALCULATED IN (I) ABOVE BY .60 TO~~
841 ~~DETERMINE LICENSED BED DAYS AT 60 PERCENT OCCUPANCY RESULT OF SUBSECTION (I) BY~~
842 ~~1095 (OR 1096 IF THE 36-MONTH PERIOD INCLUDES A LEAP YEAR) AND ROUND UP TO THE~~
843 ~~NEXT WHOLE NUMBER OR 25, WHICHEVER IS LARGER. THIS IS THE MAXIMUM NUMBER OF~~
844 ~~BEDS THAT CAN BE LICENSED AT THE SOURCE HOSPITAL SITE AFTER THE RELOCATION.~~

845 ~~— (III) — DIVIDE THE RESULT OF SUBSECTION (II) ABOVE BY 1095 (OR 1096 IF INCLUDING A LEAP~~
846 ~~YEAR) AND ROUND THE RESULT UP TO THE NEXT WHOLE NUMBER. THIS IS THE MAXIMUM~~
847 ~~NUMBER OF BEDS THAT CAN BE LICENSED AT THE EXISTING LICENSED HOSPITAL SITE AFTER~~
848 ~~THE RELOCATION, OR 25 WHICHEVER IS LARGER.~~

849 ~~(C) SUBSECTIONS (3)(A) AND (B) SHALL NOT APPLY TO EXCLUDED HOSPITALS MULTIPLE~~
850 ~~RELOCATIONS CAN BE REQUESTED AT THE SAME TIME AND CAN BE COMBINED TO MEET THE~~
851 ~~CRITERIA OF (B)(I) ABOVE. A SEPARATE CON MUST BE SUBMITTED FOR EACH RELOCATION~~
852 ~~AND MULTIPLE APPLICATIONS FILED ON THE SAME APPLICATION DATE SHALL BE~~
853 ~~CONSIDERED TOGETHER TO MEET THIS CRITERION.~~

854
855 ~~(D4) SUBSECTION (3)(B) SHALL NOT APPLY TO EXCLUDED HOSPITALS A SOURCE HOSPITAL~~
856 ~~SHALL APPLY FOR MULTIPLE RELOCATIONS ON THE SAME APPLICATION DATE, AND THE~~
857 ~~APPLICATIONS CAN BE COMBINED TO MEET THE CRITERIA OF (B) ABOVE. A SEPARATE~~
858 ~~APPLICATION SHALL BE SUBMITTED FOR EACH PROPOSED RELOCATION.~~

859
860 ~~(45) The hospital from which the beds are being relocated, and the hospital receiving the beds, shall~~
861 ~~not require any ownership relationship.~~

862
863 ~~(456) The relocated beds shall be licensed to the receiving hospital and will be counted in the inventory~~
864 ~~for the applicable subarea HOSPITAL GROUP.~~

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(56) The relocation of beds under this section shall not be subject to a mileage limitation.

Section 9. Project delivery requirements – terms of approval for all applicants

Sec. 9. (4) An applicant shall agree that, if approved, the project shall be delivered in compliance with the following terms of CON approval:

(a1) Compliance with these standards.

(2) Compliance with the following quality assurance standards:

(A) The applicant shall assure compliance with Section 20201 of the Code, being Section 333.20201 of the Michigan Compiled Laws.

(3) COMPLIANCE WITH THE FOLLOWING ACCESS TO CARE REQUIREMENTS:

(A) An applicant shall participate in Medicaid at least 12 consecutive months within the first two years of operation and continue to participate annually thereafter.

(B) The applicant, to assure appropriate utilization by all segments of the Michigan population, shall:

(i) Not deny services to any individual based on ability to pay or source of payment.

(ii) Maintain information by source of payment to indicate the volume of care from each payor and non-payor source provided annually.

(iii) Provide services to any individual based on clinical indications of need for the services.

(4) COMPLIANCE WITH THE FOLLOWING MONITORING AND REPORTING REQUIREMENTS:

(A) An applicant approved pursuant to Section 6(4) must achieve a minimum occupancy of 75 percent over the last 12-month period in the three years after the new beds are put into operation, and for each subsequent calendar year, or the number of new licensed beds shall be reduced to achieve a minimum of 75 percent average annual occupancy for the revised licensed bed complement.

(B) The applicant must submit documentation acceptable and reasonable to the Department, within 30 days after the completion of the 3-year period, to substantiate the occupancy rate for the last 12-month period after the new beds are put into operation and for each subsequent calendar year, within 30 days after the end of the year.

(DC) The applicant shall participate in a data collection SYSTEM established and administered by the Department or its designee. The data may include, but is not limited to, annual budget and cost information, OPERATING SCHEDULES, THROUGH-PUT SCHEDULES, and demographic, morbidity, and mortality information, as well as the volume of care provided to patients from all payor sources. The applicant shall provide the required data on a separate basis for each licensed site; in a format established by the Department, and in a mutually agreed upon media. The Department may elect to verify the data through on-site review of appropriate records.

(ED) The applicant shall participate and submit data to the Michigan Inpatient Data Base (MIDB). The data shall be submitted to the Department or its designee.

(EE) The applicant shall provide the Department with a notice stating the date the hospital beds are placed in operation and such TIMELY notice shall be submitted to the Department OF THE PROPOSED PROJECT IMPLEMENTATION consistent with applicable statute and promulgated rules.

~~—(b) Compliance with applicable operating standards.~~

~~—(i) An applicant approved pursuant to Section 6(4) must achieve a minimum occupancy of 75 percent over the last 12-month period in the three years after the new beds are put into operation, and for each subsequent calendar year, or the number of new licensed beds shall be reduced to achieve a minimum of 75 percent average annual occupancy for the revised licensed bed complement.~~

~~—(ii) The applicant must submit documentation acceptable and reasonable to the Department, within 30 days after the completion of the 3-year period, to substantiate the occupancy rate for the last 12-month period after the new beds are put into operation and for each subsequent calendar year, within 30 days after the end of the year.~~

~~—(c) Compliance with the following quality assurance standards:~~

- 919 | ~~—(i) The applicant shall provide the Department with a notice stating the date the hospital beds are~~
920 | ~~placed in operation and such notice shall be submitted to the Department consistent with applicable~~
921 | ~~statute and promulgated rules.~~
922 | ~~—(ii) The applicant shall assure compliance with Section 20201 of the Code, being Section 333.20204~~
923 | ~~of the Michigan Compiled Laws.~~
924 | ~~—(iii) The applicant shall participate in a data collection network established and administered by the~~
925 | ~~Department or its designee. The data may include, but is not limited to, annual budget and cost~~
926 | ~~information and demographic, diagnostic, morbidity, and mortality information, as well as the volume of~~
927 | ~~care provided to patients from all payor sources. The applicant shall provide the required data on a~~
928 | ~~separate basis for each licensed site; in a format established by the Department, and in a mutually~~
929 | ~~agreed upon media. The Department may elect to verify the data through on-site review of appropriate~~
930 | ~~records.~~
931 | ~~—(A) The applicant shall participate and submit data to the Michigan Inpatient Data Base (MIDB). The~~
932 | ~~data shall be submitted to the Department or its designee.~~
933 | ~~—(iv) An applicant shall participate in Medicaid at least 12 consecutive months within the first two years~~
934 | ~~of operation and continue to participate annually thereafter.~~
935 | ~~—(d) The applicant, to assure appropriate utilization by all segments of the Michigan population, shall:~~
936 | ~~—(i) Not deny services to any individual based on ability to pay or source of payment.~~
937 | ~~—(ii) Maintain information by source of payment to indicate the volume of care from each payor and~~
938 | ~~non-payor source provided annually.~~
939 | ~~—(iii) Provide services to any individual based on clinical indications of need for the services.~~

941 | (25) The agreements and assurances required by this section shall be in the form of a certification
942 | agreed to by the applicant or its authorized agent.

944 | **Section 10. Rural, micropolitan statistical area, and metropolitan statistical area Michigan** 945 | **counties**

947 | Sec. 10. Rural, micropolitan statistical area, and metropolitan statistical area Michigan counties, for
948 | purposes of these standards, are incorporated as part of these standards as Appendix B. The
949 | Department may amend Appendix B as appropriate to reflect changes by the statistical policy office of the
950 | office of information and regulatory affairs of the United States office of management and budget.

952 | **Section 11. Department inventory of beds**

954 | Sec. 11. The Department shall maintain and provide on request a listing of the Department inventory
955 | of beds for each ~~subarea~~HOSPITAL GROUP.

957 | **Section 12. Effect on prior planning policies; comparative reviews**

959 | Sec. 12. (1) These CON review standards supersede and replace the CON standards for hospital
960 | beds approved by the CON Commission on December ~~429, 2006-2008~~ and effective March ~~82,~~
961 | 20072009.

963 | (2) Projects reviewed under these standards shall be subject to comparative review except those
964 | projects meeting the requirements of Section 7 involving the replacement of beds in a hospital within the
965 | replacement zone and projects involving acquisition (including purchase, lease, donation or comparable
966 | arrangements) of a hospital.

968 | **Section 13. Additional requirements for applications included in comparative reviews**

970 | Sec. 13. (1) Except for those applications for limited access areas, any application for hospital beds,
971 | that is subject to comparative review under Section 22229 of the Code, being Section 333.22229 of the
972 | Michigan Compiled Laws, or under these standards shall be grouped and reviewed comparatively with
973 | other applications in accordance with the CON rules.

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(2) Each application in a comparative review group shall be individually reviewed to determine whether the application is a qualifying project. If the Department determines that two or more competing applications are qualifying projects, it shall conduct a comparative review. The Department shall approve those qualifying projects which, when taken together, do not exceed the need, as defined in Section 22225(1) of the Code, and which have the highest number of points when the results of subsection (3) are totaled. If two or more qualifying projects are determined to have an identical number of points, then the Department shall approve those qualifying projects that, when taken together, do not exceed the need in the order in which the applications were received by the Department based on the date and time stamp placed on the applications by the department in accordance with rule 325.9123.

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(3)(a) A qualifying project will be awarded points based on the percentile ranking of the applicant's uncompensated care volume and as measured by percentage of gross hospital revenues as set forth in the following table. The applicant's uncompensated care volume will be the cumulative of all currently licensed Michigan hospitals under common ownership or control with the applicant that are located in the same health service area as the proposed hospital beds. If a hospital under common ownership or control with the applicant has not filed a Cost Report, then the related applicant shall receive a score of zero. The source document for the calculation shall be the most recent Cost Report filed with the Department for purposes of calculating disproportionate share hospital payments.

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<u>Percentile Ranking</u>	<u>Points Awarded</u>
90.0 – 100	25 pts
80.0 – 89.9	20 pts
70.0 – 79.9	15 pts
60.0 – 69.9	10 pts
50.0 – 59.9	5 pts

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Where an applicant proposes to close a hospital(s) as part of its application, data from the hospital(s) to be closed shall be excluded from this calculation.

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(b) A qualifying project will be awarded points based on the health service area percentile rank of the applicant's Medicaid volume as measured by percentage of gross hospital revenues as set forth in the following table. For purposes of scoring, the applicant's Medicaid volume will be the cumulative of all currently licensed Michigan hospitals under common ownership or control with the applicant that are located in the same health service area as the proposed hospital beds. If a hospital under common ownership or control with the applicant has not filed a Cost Report, then the related applicant shall receive a score of zero. The source document for the calculation shall be the most recent Cost Report filed with the department for purposes of calculating disproportionate share hospital payments.

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<u>percentile rank</u>	<u>points awarded</u>
87.5 – 100	20 pts
75.0 – 87.4	15 pts
62.5 – 74.9	10 pts
50.0 – 61.9	5 pts
less than 50.0	0 pts

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Where an applicant proposes to close a hospital(s) as part of its application, data from the hospital(s) to be closed shall be excluded from this calculation.

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(c) A qualifying project shall be awarded points as set forth in the following table in accordance with its impact on inpatient capacity. If an applicant proposes to close a hospital(s), points shall only be awarded if (i) closure of that hospital(s) does not create a bed need in any subareaHOSPITAL GROUP as a result of its closing; (ii) the applicant stipulates that the hospital beds to be closed shall not be transferred to another location or facility; and (iii) the utilization (as defined by the average daily census

1026 over the previous 24-month period prior to the date that the application is submitted) of the hospital to be
1027 closed is at least equal to 50 percent of the size of the proposed hospital (as defined by the number of
1028 proposed new licensed beds).

	<u>Impact on Capacity</u>	<u>Points Awarded</u>
1030		
1031	Closure of hospital(s)	25 pts
1032	Closure of hospital(s)	
1033	which creates a bed need	-15 pts

1034
1035 (d) A qualifying project will be awarded points based on the percentage of the applicant's historical
1036 market share of inpatient discharges of the population in an area which will be defined as that area
1037 circumscribed by the proposed hospital locations defined by all of the applicants in the comparative
1038 review process under consideration. This area will include any zip code completely within the area as
1039 well as any zip code which touches, or is touched by, the lines that define the area included within the
1040 figure that is defined by the geometric area resulting from connecting the proposed locations. In the case
1041 of two locations or one location or if the exercise in geometric definition does not include at least ten zip
1042 codes, the market area will be defined by the zip codes within the county (or counties) that includes the
1043 proposed site (or sites). Market share used for the calculation shall be the cumulative market share of
1044 the population residing in the set of above-defined zip codes of all currently licensed Michigan hospitals
1045 under common ownership or control with the applicant, which are in the same health service area.

	<u>Percent</u>	<u>Points Awarded</u>
1046		
1047	% of market share	% of market share served x 30
1048		(total pts. awarded)
1049		

1050
1051 The source for calculations under this criterion is the MIDB.

1052 **Section 14. Review standards for comparative review of a limited access area**

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1054
1055 Sec. 14. (1) Any application subject to comparative review, under Section 22229 of the Code, being
1056 Section 333.22229 of the Michigan Compiled Laws, or under these standards, shall be grouped and
1057 reviewed comparatively with other applications in accordance with the CON rules.

1058
1059 (2) Each application in a comparative group shall be individually reviewed to determine whether the
1060 application has satisfied all the requirements of Section 22225 of the Code, being Section 333.22225 of
1061 the Michigan Compiled Laws and all other applicable requirements for approval in the Code and these
1062 standards. If the Department determines that two or more competing applications satisfy all of the
1063 requirements for approval, these projects shall be considered qualifying projects. The Department shall
1064 approve those qualifying projects which, when taken together, do not exceed the need, as defined in
1065 Section 22225(1) of the Code, being Section 333.22225(1) of the Michigan Compiled Laws, and which
1066 have the highest number of points when the results of subsection (3) are totaled. If two or more
1067 qualifying projects are determined to have an identical number of points, then the Department shall
1068 approve those qualifying projects, when taken together, that do not exceed the need, as defined in
1069 Section 22225(1) in the order in which the applications were received by the Department based on the
1070 date and time stamp placed on the application by the Department when the application is filed.

1071
1072 (3)(a) A qualifying project will be awarded points based on the percentile ranking of the applicant's
1073 uncompensated care volume as measured by percentage of gross hospital revenues as set forth in the
1074 following table. For purposes of scoring, the applicant's uncompensated care will be the cumulative of all
1075 currently licensed Michigan hospitals under common ownership or control with the applicant. The source
1076 document for the calculation shall be the most recent Cost Report submitted to MDCH for purposes of
1077 calculating disproportionate share hospital payments. If a hospital under common ownership or control
1078 with the applicant has not filed a Cost Report, then the related applicant shall receive a score of zero.

	<u>Percentile Ranking</u>	<u>Points Awarded</u>
--	---------------------------	-----------------------

1081	90.0 – 100	25 pts
1082	80.0 – 89.9	20 pts
1083	70.0 – 79.9	15 pts
1084	60.0 – 69.9	10 pts
1085	50.0 – 59.9	5 pts

1086
1087 Where an applicant proposes to close a hospital as part of its application, data from the closed hospital
1088 shall be excluded from this calculation.

1089 (b) A qualifying project will be awarded points based on the statewide percentile rank of the
1090 applicant's Medicaid volume as measured by percentage of gross hospital revenues as set forth in the
1091 following table. For purposes of scoring, the applicant's Medicaid volume will be the cumulative of all
1092 currently licensed Michigan hospitals under common ownership or control with the applicant. The source
1093 documents for the calculation shall be the Cost Report submitted to MDCH for purposes of calculating
1094 disproportionate share hospital payments. If a hospital under common ownership or control with the
1095 applicant has not filed a Cost Report, then the related applicant shall receive a score of zero.

1096	<u>Percentile Rank</u>	<u>Points Awarded</u>
1097	87.5 – 100	20 pts
1098	75.0 – 87.4	15 pts
1099	62.5 – 74.9	10 pts
1100	50.0 – 61.9	5 pts
1101	Less than 50.0	0 pts

1102
1103
1104 Where an applicant proposes to close a hospital as part of its application, data from the closed hospital
1105 shall be excluded from this calculation.

1106 (c) A qualifying project shall be awarded points as set forth in the following table in accordance with
1107 its impact on inpatient capacity in the health service area of the proposed hospital site.

1108	<u>Impact on Capacity</u>	<u>Points Awarded</u>
1109	Closure of hospital(s)	15 pts
1110	Move beds	0 pts
1111	Adds beds (net)	-15 pts
1112	or	
1113	Closure of hospital(s)	
1114	or delicensure of beds	
1115	which creates a bed need	
1116	or	
1117	Closure of a hospital	
1118	which creates a new Limited Access Area	

1119
1120 (d) A qualifying project will be awarded points based on the percentage of the applicant's market
1121 share of inpatient discharges of the population in the limited access area as set forth in the following
1122 table. Market share used for the calculation shall be the cumulative market share of Michigan hospitals
1123 under common ownership or control with the applicant.

1124	<u>Percent</u>	<u>Points Awarded</u>
1125	% of market share	% of market share served x 15
1126		(total pts awarded)

1127
1128
1129 The source for calculations under this criterion is the MIDB.

1130 (e) A qualifying project will be awarded points based on the percentage of the limited access area's
1131 population within a 30 minute travel time of the proposed hospital site if in a metropolitan statistical area

1132 county, or within 60 minutes travel time if in a rural or micropolitan statistical area county as set forth in
1133 the following table.

	<u>Percent</u>	<u>Points Awarded</u>
1135	% of population within	% of population
1136	30 (or 60) minute travel	covered x 15 (total pts
1137	time of proposed site	awarded)

1139
1140 (f) All applicants will be ranked in order according to their total project costs as stated in the CON
1141 application divided by its proposed number of beds in accordance with the following table.

	<u>Cost Per Bed</u>	<u>Points Awarded</u>
1143	Lowest cost	10 pts
1144	2nd Lowest cost	5 pts
1145	All other applicants	0 pts

1147
1148 **Section 15. Documentation of market survey**

1149
1150 ~~—Sec. 15. An applicant required to conduct a market survey under Section 3 shall specify how the~~
1151 ~~market survey was developed. This specification shall include a description of the data source(s) used,~~
1152 ~~assessments of the accuracy of these data, and the statistical method(s) used. Based on this~~
1153 ~~documentation, the Department shall determine if the market survey is reasonable.~~

1154
1155 **Section 4615. Requirements for approval -- acquisition of a hospital**

1156
1157 Sec. 4615. (1) An applicant proposing to acquire a hospital shall not be required to be in compliance
1158 with the needed hospital bed supply ~~set forth in Appendix C~~ for the ~~subarea~~HOSPITAL GROUP in which
1159 the hospital subject to the proposed acquisition is assigned if the applicant demonstrates that all of the
1160 following are met:

- 1161 (a) the acquisition will not result in a change in bed capacity,
1162 (b) the licensed site does not change as a result of the acquisition,
1163 (c) the project is limited solely to the acquisition of a hospital with a valid license, and
1164 (d) if the application is to acquire a hospital, which was proposed in a prior application to be
1165 established as a ~~N long-term (acute) care~~LTAC hospital (~~LTAC~~) and which received CON approval, the
1166 applicant also must meet the requirements of Section 6(2). Those hospitals that received such prior
1167 approval are so identified ~~in Appendix A~~ON THE DEPARTMENT INVENTORY OF BEDS.

1168
1169 ~~(2) IN ORDER TO BE APPROVED, THE APPLICANT SHALL COMPLY WITH THE FOLLOWING~~
1170 ~~REQUIREMENTS, AS APPLICABLE:~~

1171 ~~(A) THE EXISTING LICENSED HOSPITAL SHALL HAVE HAS OPERATED AT AN AVERAGE~~
1172 ~~ADJUSTED OCCUPANCY RATE OF AT LEAST 40 PERCENT OR ABOVE FOR THE PREVIOUS~~
1173 ~~CONSECUTIVE 36 MONTHS BASED ON ITS LICENSED AND APPROVED HOSPITAL BED~~
1174 ~~CAPACITY. AVERAGE ADJUSTED OCCUPANCY SHALL BE CALCULATED AS FOLLOWS:~~

1175 ~~— (I) CALCULATE THE NUMBER OF ADJUSTED PATIENT DAYS DURING THE MOST RECENT,~~
1176 ~~CONSECUTIVE 36-MONTH PERIOD, AS OF THE DATE OF THE APPLICATION, FOR WHICH~~
1177 ~~VERIFIABLE DATA ARE AVAILABLE TO THE DEPARTMENT.~~

1178 ~~— (II) DIVIDE THE NUMBER OF ADJUSTED PATIENT DAYS CALCULATED IN (I) ABOVE BY 1095~~
1179 ~~(OR 1096 IF INCLUDING A LEAP YEAR).~~

1180 ~~(B) IF THE EXISTING LICENSED HOSPITAL DOES NOT HAVE HAS OPERATED AT AN~~
1181 ~~AVERAGE ADJUSTED OCCUPANCY RATE OF LESS THAN 40 PERCENT OR ABOVE FOR THE~~
1182 ~~PREVIOUS CONSECUTIVE 36 MONTHS, AS CALCULATED IN (A) ABOVE, IN ORDER TO BE~~
1183 ~~APPROVED, THE APPLICANT SHALL AGREE TO ALL OF THE FOLLOWING:~~

1184 ~~(I) THE HOSPITAL TO BE ACQUIRED WILL ACHIEVE AN ANNUAL ADJUSTED ANNUAL~~
1185 ~~OCCUPANCY OF AT LEAST 40% DURING ANY CONSECUTIVE 12-MONTH PERIOD BY THE END~~

1186 OF THE THIRD YEAR OF OPERATION AFTER COMPLETION OF THE ACQUISITION.
1187 AVERAGE ANNUAL ADJUSTED OCCUPANCY SHALL BE CALCULATED AS FOLLOWS:
1188 (A) CALCULATE THE NUMBER OF ADJUSTED PATIENT DAYS DURING THE MOST RECENT,
1189 CONSECUTIVE 12-MONTH PERIOD FOR WHICH VERIFIABLE DATA ARE IS AVAILABLE TO THE
1190 DEPARTMENT.
1191 (B) DIVIDE THE NUMBER OF ADJUSTED PATIENT DAYS CALCULATED IN (A) ABOVE BY 365
1192 (OR 366 IF A LEAP YEAR).
1193 (C) IF THE HOSPITAL TO BE ACQUIRED DOES NOT ACHIEVE AN ANNUAL ADJUSTED
1194 ANNUAL OCCUPANCY OF AT LEAST 40 PERCENT, AS CALCULATED IN (B) ABOVE, DURING ANY
1195 CONSECUTIVE 12-MONTH PERIOD BY THE END OF THE THIRD YEAR OF OPERATION AFTER
1196 COMPLETION OF THE ACQUISITION, THE APPLICANT SHALL RELINQUISH SUFFICIENT BEDS AT
1197 THE EXISTING HOSPITAL TO RAISE ITS ADJUSTED OCCUPANCY TO 60 PERCENT. THE
1198 REVISED NUMBER OF LICENSED BEDS AT THE HOSPITAL SHALL BE CALCULATED AS
1199 FOLLOWS:
1200 (I) CALCULATE THE NUMBER OF ADJUSTED PATIENT DAYS DURING THE MOST RECENT,
1201 CONSECUTIVE 12-MONTH PERIOD FOR WHICH WHERE VERIFIABLE DATA ARE IS AVAILABLE TO
1202 THE DEPARTMENT, AND DIVIDE BY .60.
1203 (II) DIVIDE THE NUMBER OF ADJUSTED PATIENT DAYS CALCULATED IN RESULT OF
1204 SUBSECTION (I) ABOVE BY 365 (OR 366 IF THE 12-MONTH PERIOD INCLUDES A LEAP YEAR)
1205 AND ROUND UP TO THE NEXT WHOLE NUMBER OR 25, WHICHEVER IS LARGER. THIS IS THE
1206 MAXIMUM NUMBER OF BEDS THAT CAN BE LICENSED AT THE EXISTING LICENSED HOSPITAL
1207 SITE AFTER ACQUISITION. 60 TO DETERMINE LICENSED BED DAYS AT 60 PERCENT
1208 OCCUPANCY.
1209 (III) DIVIDE THE RESULT OF STEP SUBSECTION (II) ABOVE BY 365 (OR 366 IF A LEAP YEAR)
1210 AND ROUND THE RESULT UP TO THE NEXT WHOLE NUMBER. THIS IS THE MAXIMUM NUMBER
1211 OF LICENSED BEDS. THE NUMBER OF LICENSED BEDS PERMITTED FOR THE LICENSED
1212 HOSPITAL SHALL BE THE MAXIMUM NUMBER OF LICENSED BEDS, OR 25, WHICHEVER IS
1213 LARGER.
1214 (D) SUBSECTION (2) SHALL NOT APPLY TO EXCLUDED HOSPITALS.

1215
1216 **Section 4716. Requirements for approval – all applicants**

1217
1218 Sec. 4716. (1) An applicant shall provide verification of Medicaid participation. An applicant that is a
1219 new provider not currently enrolled in Medicaid shall certify that proof of Medicaid participation will be
1220 provided to the Department within six (6) months from the offering of services if a CON is approved.

1221
1222 (2) THE APPLICANT CERTIFIES ALL OUTSTANDING DEBT OBLIGATIONS OWED TO THE
1223 STATE OF MICHIGAN FOR QUALITY ASSURANCE ASSESSMENT PROGRAM (QAAP) OR CIVIL
1224 MONETARY PENALTIES (CMP) HAVE BEEN PAID IN FULL.

1225
1226 (3) THE APPLICANT CERTIFIES THAT THE HEALTH FACILITY FOR THE PROPOSED PROJECT
1227 HAS NOT BEEN CITED FOR A STATE OR FEDERAL CODE DEFICIENCY WITHIN THE 12 MONTHS
1228 PRIOR TO THE SUBMISSION OF THE APPLICATION. IF A STATE CODE DEFICIENCY HAS BEEN
1229 ISSUED, THE APPLICANT SHALL CERTIFY THAT A PLAN OF CORRECTION FOR CITED STATE
1230 DEFICIENCIES AT THE HEALTH FACILITY HAS BEEN SUBMITTED AND APPROVED BY THE
1231 BUREAU OF HEALTH SYSTEMS WITHIN THE DEPARTMENT OF LICENSING AND REGULATORY
1232 AFFAIRS. IF A FEDERAL CODE DEFICIENCY HAS BEEN ISSUED, THE APPLICANT SHALL
1233 CERTIFY THAT A PLAN OF CORRECTION FOR CITED FEDERAL DEFICIENCIES AT THE HEALTH
1234 FACILITY HAS BEEN SUBMITTED AND APPROVED BY THE CENTERS FOR MEDICARE AND
1235 MEDICAID SERVICES. IF CODE DEFICIENCIES INCLUDE ANY UNRESOLVED DEFICIENCIES
1236 STILL OUTSTANDING WITH THE DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS OR
1237 THE CENTERS FOR MEDICARE AND MEDICAID SERVICES THAT ARE THE BASIS FOR THE
1238 DENIAL, SUSPENSION, OR REVOCATION OF AN APPLICANT'S HEALTH FACILITY LICENSE,
1239 POSES AN IMMEDIATE JEOPARDY TO THE HEALTH AND SAFETY OF PATIENTS, OR MEETS A
1240 FEDERAL CONDITIONAL DEFICIENCY LEVEL, THE PROPOSED PROJECT CANNOT BE

1241 | APPROVED WITHOUT APPROVAL FROM THE BUREAU OF HEALTH SYSTEMS OR, IF
1242 | APPLICABLE, THE CENTERS FOR MEDICARE AND MEDICAID SERVICES.

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Section 18. Health service areas

~~Sec. 18.~~ Counties assigned to each ~~of the~~ health service areas are as follows:

HSA	COUNTIES			
1 - Southeast	Livingston	Monroe	St. Clair	
	Macomb	Oakland	Washtenaw	
	Wayne			
2 - Mid-Southern	Clinton	Hillsdale	Jackson	
	Eaton	Ingham	Lenawee	
3 - Southwest	Barry	Calhoun	St. Joseph	
	Berrien	Cass	Van Buren	
	Branch	Kalamazoo		
4 - West	Allegan	Mason	Newaygo	
	Ionia	Mecosta	Oceana	
	Kent	Montcalm	Osceola	
	Lake	Muskegon	Ottawa	
5 - GLS	Genesee	Lapeer	Shiawassee	
6 - East	Arenac	Huron	Roscommon	
	Bay	Iosco	Saginaw	
	Clare	Isabella	Sanilac	
	Gladwin	Midland	Tuscola	
	Gratiot	Ogemaw		
7 - Northern Lower	Alcona	Crawford	Missaukee	
	Alpena	Emmet	Montmorency	
	Antrim	Gd Traverse	Oscoda	
	Benzie	Kalkaska	Otsego	
	Charlevoix	Leelanau	Presque Isle	
	Cheboygan	Manistee	Wexford	
8 - Upper Peninsula	Alger	Gogebic	Mackinac	
	Baraga	Houghton	Marquette	
	Chippewa	Iron	Menominee	
	Delta	Keweenaw	Ontonagon	
	Dickinson	Luce	Schoolcraft	

CON REVIEW STANDARDS
FOR HOSPITAL BEDS

HOSPITAL SUBAREA ASSIGNMENTS

Revised 11/19/08

Health

Service Sub

Area Area Hospital Name City

1 - Southeast

1A	North Oakland Med Center (Fac #63-0110)	Pontiac
1A	Pontiac Osteopathic Hospital (Fac #63-0120)	Pontiac
1A	St. Joseph Mercy - Oakland (Fac #63-0140)	Pontiac
1A	Select Specialty Hospital - Pontiac (LTAC - Fac #63-0172)*	Pontiac
1A	Crittenton Hospital (Fac #63-0070)	Rochester
1A	Huron Valley - Sinai Hospital (Fac #63-0014)	Commerce Township
1A	Wm Beaumont Hospital (Fac #63-0030)	Royal Oak
1A	Wm Beaumont Hospital - Troy (Fac #63-0160)	Troy
1A	Providence Hospital & Medical Center (Fac #63-0130)	Southfield
1A	Oakland Regional Hospital (Fac #63-0013)	Southfield
1A	Straith Hospital for Special Surg (Fac #63-0150)	Southfield
1A	MI Orthopaedic Specialty Hospital (Fac #63-0060)	Madison Heights
1A	St. John Macomb - Oakland Hospital - Oakland (Fac #63-0080)	Madison Heights
1A	Southeast Michigan Surgical Hospital (Fac #50-0100)	Warren
1A	Henry Ford West Bloomfield Hospital (Fac #63-0176)	West Bloomfield
1A	Providence Med Ctr-Providence Park (Fac #63-0177)	Novi
1B	Henry Ford Bi-County Hospital (Fac #50-0020)	Warren
1B	St. John Macomb - Oakland Hospital - Macomb (fac #50-0070)	Warren
1C	Oakwood Hospital and Medical Center (Fac #82-0120)	Dearborn
1C	Garden City Hospital (Fac #82-0070)	Garden City
1C	Henry Ford - Wyandotte Hospital (Fac #82-0230)	Wyandotte
1C	Select Specialty Hosp - Downriver (LTAC - Fac #82-0272)*	Wyandotte
1C	Oakwood Annapolis Hospital (Fac #82-0010)	Wayne
1C	Oakwood Heritage Hospital (Fac #82-0250)	Taylor
1C	Riverside Osteopathic Hospital (Fac #82-0160)	Trenton
1C	Oakwood Southshore Medical Center (Fac #82-0170)	Trenton
1C	Vibra of Southeastern Michigan (Fac #82-0130)	Lincoln Park
1D	Sinai-Grace Hospital (Fac #83-0450)	Detroit
1D	Rehabilitation Institute of Michigan (Fac #83-0410)	Detroit
1D	Harper University Hospital (Fac #83-0220)	Detroit
1D	Henry Ford Hospital (Fac #83-0190)	Detroit
1D	St. John Hospital & Medical Center (Fac #83-0420)	Detroit
1D	Children's Hospital of Michigan (Fac #83-0080)	Detroit
1D	Detroit Receiving Hospital & Univ Hlth (Fac #83-0500)	Detroit
1D	Karmanos Cancer Center (Fac #83-0520)	Detroit
1D	Triumph Hospital Detroit (LTAC - Fac #83-0521)*	Detroit
1D	Detroit Hope Hospital (Fac #83-0390)	Detroit

*This is a hospital that must meet the requirement(s) of Section 16(1)(d) - LTAC.

Health

Service Sub

Area Area Hospital Name City

1--Southeast (continued)

1D	Hutzel Women's Hospital (Fac #83-0240)	Detroit
1D	Select Specialty Hosp - NW Detroit (LTAC - Fac #83-0523)*	Detroit
1D	Beaumont Hospital, Grosse Pointe (Fac #82-0030)	Grosse Pointe
1D	Henry Ford Cottage Hospital (Fac #82-0040)	Grosse Pointe Farm
1D	Select Specialty Hospital - Grosse Pointe (LTAC - Fac #82-0276)*	Grosse Pointe
1E	Botsford Hospital (Fac #63-0050)	Farmington Hills
1E	St. Mary Mercy Hospital (Fac #82-0190)	Livonia
1F	Mount Clemens Regional Medical Center (Fac #50-0060)	Mt. Clemens
1F	Select Specialty Hosp - Macomb Co. (Fac #50-0111)*	Mt. Clemens
1F	St. John North Shores Hospital (Fac #50-0030)	Harrison Twp.
1F	Henry Ford Macomb Hospital (Fac #50-0110)	Clinton Township
1F	Henry Ford Macomb Hospital - Mt. Clemens (Fac #50-0080)	Mt. Clemens
1G	Mercy Hospital (Fac #74-0010)	Port Huron
1G	Port Huron Hospital (Fac #74-0020)	Port Huron
1H	St. Joseph Mercy Hospital (Fac #81-0030)	Ann Arbor
1H	University of Michigan Health System (Fac #81-0060)	Ann Arbor
1H	Select Specialty Hosp - Ann Arbor (LTAC - Fac #81-0081)*	Ypsilanti
1H	Chelsea Community Hospital (Fac #81-0080)	Chelsea
1H	Saint Joseph Mercy Livingston Hosp (Fac #47-0020)	Howell
1H	Saint Joseph Mercy Saline Hospital (Fac #81-0040)	Saline
1H	Forest Health Medical Center (Fac #81-0010)	Ypsilanti
1H	Brighton Hospital (Fac #47-0010)	Brighton
1I	St. John River District Hospital (Fac #74-0030)	East China
1J	Mercy Memorial Hospital System (Fac #58-0030)	Monroe

2--Mid-Southern

2A	Clinton Memorial Hospital (Fac #19-0010)	St. Johns
2A	Eaton Rapids Medical Center (Fac #23-0010)	Eaton Rapids
2A	Hayes Green Beach Memorial Hosp (Fac #23-0020)	Charlotte
2A	Ingham Regional Medical Center (Greenlawn) (Fac #33-0020)	Lansing
2A	Ingham Regional Orthopedic Hospital (Fac #33-0010)	Lansing
2A	Edward W. Sparrow Hospital (Fac #33-0060)	Lansing
2A	Sparrow Health System - St. Lawrence Campus (Fac #33-0050)	Lansing
2A	Sparrow Specialty Hospital (LTAC - FAC #33-0061)*	Lansing
2B	Carelink of Jackson (LTAC Fac #38-0030)*	Jackson
2B	Allegiance Health (Fac #38-0010)	Jackson

*This is a hospital that must meet the requirement(s) of Section 16(1)(d) - LTAC.

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Health**Service Sub**

Area Area Hospital Name City

2—Mid-Southern (continued)

2C Hillsdale Community Health Center (Fac #30-0010) Hillsdale
2D Emma L. Bixby Medical Center (Fac #46-0020) Adrian
2D Herrick Memorial Hospital (Fac #46-0052) Tecumseh

3—Southwest

3A Borgess Medical Center (Fac #39-0010) Kalamazoo
3A Bronson Methodist Hospital (Fac #39-0020) Kalamazoo
3A Borgess-Pipp Health Center (Fac #03-0031) Plainwell
3A Bronson Lakeview Hospital (Fac #80-0030) Paw Paw
3A Bronson Vicksburg Hospital (Fac #39-0030) Vicksburg
3A Pennock Hospital (Fac #08-0010) Hastings
3A Three Rivers Health (Fac #75-0020) Three Rivers
3A Sturgis Hospital (Fac #75-0010) Sturgis
3A Select Specialty Hospital — Kalamazoo (LTAC - Fac #39-0032)* Kalamazoo
3B Battle Creek Health System (Fac #13-0031) Battle Creek
3B SW Regional Rehabilitation Center (Fac #13-0100) Battle Creek
3B Oaklawn Hospital (Fac #13-0080) Marshall
3C Community Hospital (Fac #11-0040) Watervliet
3C Lakeland Hospital, St. Joseph (Fac #11-0050) St. Joseph
3C Lakeland Specialty Hospital (LTAC - Fac #11-0080)* Berrien Center
3C South Haven Community Hospital (Fac #80-0020) South Haven
3D Lakeland Hospital, Niles (Fac #11-0070) Niles
3D Borgess-Lee Memorial Hospital (A) (Fac #14-0010) Dowagiac
3E Community Health Center of Branch County (Fac #12-0010) Coldwater

4—WEST

4A Memorial Medical Center of West MI (Fac #53-0010) Ludington
4B Spectrum Health United Memorial — Kelsey (A) (Fac #59-0050) Lakeview
4B Mecosta County Medical Center (Fac #54-0030) Big Rapids
4C Spectrum Health-Reed City Campus (Fac #67-0020) Reed City
4D Lakeshore Community Hospital (Fac #64-0020) Shelby
4E Gerber Memorial Hospital (Fac #62-0010) Fremont

*This is a hospital that must meet the requirement(s) of Section 16(1)(d) - LTAC.

(A) This is a hospital that has state/federal critical access hospital designation.

Health**Service Sub****Area Area Hospital Name City****4—West (continued)**

4F	Carson City Hospital	(Fac #59-0010)	Carson City
4F	Gratiot Medical Center	(Fac #29-0010)	Alma
4G	Hackley Hospital	(Fac #61-0010)	Muskegon
4G	Mercy General Health Partners (Sherman)	(Fac #61-0020)	Muskegon
4G	Mercy General Health Partners (Oak)	(Fac #61-0030)	Muskegon
4G	Lifecare Hospitals of Western MI	(LTAC - Fac #61-0052)*	Muskegon
4G	Select Specialty Hospital—Western MI	(LTAC - Fac #61-0051)*	Muskegon
4G	North Ottawa Community Hospital	(Fac #70-0010)	Grand Haven
4H	Spectrum Health—Blodgett Campus	(Fac #41-0010)	E. Grand Rapids
4H	Spectrum Health Hospitals	(Fac #41-0040)	Grand Rapids
4H	Spectrum Health—Kent Community Campus	(Fac #41-0090)	Grand Rapids
4H	Mary Free Bed Hospital & Rehab Ctr	(Fac #41-0070)	Grand Rapids
4H	Metro Health Hospital	(Fac #41-0060)	Wyoming
4H	Saint Mary's Health Care	(Fac #41-0080)	Grand Rapids
4I	Sheridan Community Hospital (A)	(Fac #59-0030)	Sheridan
4I	Spectrum Health United Memorial—United Campus	(Fac #59-0060)	Greenville
4J	Holland Community Hospital	(Fac #70-0020)	Holland
4J	Zeeland Community Hospital	(Fac #70-0030)	Zeeland
4K	Ionia County Memorial Hospital (A)	(Fac #34-0020)	Ionia
4L	Allegan General Hospital (A)	(Fac #03-0010)	Allegan

5—GLS

5A	Memorial Healthcare	(Fac #78-0010)	Owosso
5B	Genesys Regional Medical Center—Health Park	(Fac #25-0072)	Grand Blanc
5B	Hurley Medical Center	(Fac #25-0040)	Flint
5B	Mclaren Regional Medical Center	(Fac #25-0050)	Flint
5B	Select Specialty Hospital-Flint	(LTAC - Fac #25-0071)*	Flint
5C	Lapeer Regional Medical Center	(Fac #44-0010)	Lapeer

6—East

6A	West Branch Regional Medical Center	(Fac #65-0010)	West Branch
6A	Tawas St. Joseph Hospital	(Fac #35-0010)	Tawas City
6B	Central Michigan Community Hospital	(Fac #37-0010)	Mt. Pleasant

*This is a hospital that must meet the requirement(s) of Section 16(1)(d) - LTAC.

(A) This is a hospital that has state/federal critical access hospital designation.

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Health

Service Sub

Area Area Hospital Name City

6--East (continued)

6C	MidMichigan Medical Center - Clare	(Fac #18-0010)	Clare
6D	Mid-Michigan Medical Center - Gladwin (A)	(Fac #26-0010)	Gladwin
6D	Mid-Michigan Medical Center - Midland	(Fac #56-0020)	Midland
6E	Bay Regional Medical Center	(Fac #09-0050)	Bay City
6E	Bay Regional Medical Center - West	(Fac #09-0020)	Bay City
6E	Bay Special Care	(LTAC - Fac #09-0010)*	Bay City
6E	St. Mary's Standish Community Hospital (A)	(Fac #06-0020)	Standish
6F	Select Specialty Hospital - Saginaw	(LTAC - Fac #73-0062)*	Saginaw
6F	Covenant Medical Center - Cooper	(Fac #73-0040)	Saginaw
6F	Covenant Medical Center - N Michigan	(Fac #73-0030)	Saginaw
6F	Covenant Medical Center - N Harrison	(Fac #73-0020)	Saginaw
6F	Healthsource Saginaw	(Fac #73-0060)	Saginaw
6F	St. Mary's of Michigan Medical Center	(Fac #73-0050)	Saginaw
6F	Care Community Hospital	(Fac #79-0010)	Care
6F	Hills and Dales General Hospital	(Fac #79-0030)	Cass City
6G	Harbor Beach Community Hospital (A)	(Fac #32-0040)	Harbor Beach
6G	Huron Medical Center	(Fac #32-0020)	Bad Axe
6G	Scheurer Hospital (A)	(Fac #32-0030)	Pigeon
6H	Deckerville Community Hospital (A)	(Fac #76-0010)	Deckerville
6H	Mckenzie Memorial Hospital (A)	(Fac #76-0030)	Sandusky
6I	Marlette Regional Hospital	(Fac #76-0040)	Marlette

7--Northern Lower

7A	Cheboygan Memorial Hospital	(Fac #16-0020)	Cheboygan
7B	Charlevoix Area Hospital	(Fac #15-0020)	Charlevoix
7B	Mackinac Straits Hospital (A)	(Fac #49-0030)	St. Ignace
7B	Northern Michigan Hospital	(Fac #24-0030)	Petoskey
7C	Rogers City Rehabilitation Hospital	(Fac #71-0030)	Rogers City
7D	Otsego Memorial Hospital	(Fac #69-0020)	Gaylord
7E	Alpena General Hospital	(Fac #04-0010)	Alpena
7F	Kalkaska Memorial Health Center (A)	(Fac #40-0020)	Kalkaska

*This is a hospital that must meet the requirement(s) of Section 16(1)(d) - LTAC.

(A) This is a hospital that has state/federal critical access hospital designation.

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Health

Service Sub

Area Area Hospital Name City

7 - Northern Lower (continued)

7F	Munson Medical Center (Fac #28-0010)	Traverse City
7F	Paul Oliver Memorial Hospital (A) (Fac #10-0020)	Frankfort
7G	Mercy Hospital - Cadillac (Fac #84-0010)	Cadillac
7H	Mercy Hospital - Grayling (Fac #20-0020)	Grayling
7I	West Shore Medical Center (Fac #51-0020)	Manistee

8 - Upper Peninsula

8A	Grand View Hospital (Fac #27-0020)	Ironwood
8B	Aspirus Ontonagon Hospital, Inc. (A) (Fac #66-0020)	Ontonagon
8C	Iron County Community Hospital (Fac #36-0020)	Iron River
8D	Baraga County Memorial Hospital (A) (Fac #07-0020)	L'anse
8E	Keweenaw Memorial Medical Center (Fac #31-0010)	Laurium
8E	Portage Health Hospital (Fac #31-0020)	Hancock
8F	Dickinson County Memorial Hospital (Fac #22-0020)	Iron Mountain
8G	Bell Memorial Hospital (Fac #52-0010)	Ishpeming
8G	Marquette General Hospital (Fac #52-0050)	Marquette
8H	St. Francis Hospital (Fac #21-0010)	Escanaba
8I	Munising Memorial Hospital (A) (Fac #02-0010)	Munising
8J	Schoolcraft Memorial Hospital (A) (Fac #77-0010)	Manistique
8K	Helen Newberry Joy Hospital (A) (Fac #48-0020)	Newberry
8L	Chippewa County War Memorial Hospital (Fac #17-0020)	Sault Ste Marie

(A) This is a hospital that has state/federal critical access hospital designation.

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CON REVIEW STANDARDS
FOR HOSPITAL BEDS

Rural Michigan counties are as follows:

Alcona	Hillsdale	Ogemaw
Alger	Huron	Ontonagon
Antrim	Iosco	Osceola
Arenac	Iron	Oscoda
Baraga	Lake	Otsego
Charlevoix	Luce	Presque Isle
Cheboygan	Mackinac	Roscommon
Clare	Manistee	Sanilac
Crawford	Mason	Schoolcraft
Emmet	Montcalm	Tuscola
Gladwin	Montmorency	
Gogebic	Oceana	

Micropolitan statistical area Michigan counties are as follows:

Allegan	Gratiot	Mecosta
Alpena	Houghton	Menominee
Benzie	Isabella	Midland
Branch	Kalkaska	Missaukee
Chippewa	Keweenaw	St. Joseph
Delta	Leelanau	Shiawassee
Dickinson	Lenawee	Wexford
Grand Traverse	Marquette	

Metropolitan statistical area Michigan counties are as follows:

Barry	Ionia	Newaygo
Bay	Jackson	Oakland
Berrien	Kalamazoo	Ottawa
Calhoun	Kent	Saginaw
Cass	Lapeer	St. Clair
Clinton	Livingston	Van Buren
Eaton	Macomb	Washtenaw
Genesee	Monroe	Wayne
Ingham	Muskegon	

Source:

65 F.R., p. 82238 (December 27, 2000)
Statistical Policy Office
Office of Information and Regulatory Affairs
United States Office of Management and Budget

**CON REVIEW STANDARDS
FOR HOSPITAL BEDS**

The hospital bed need for purposes of these standards, effective March 2, 2009, and until otherwise changed by the Commission are as follows:

Health Service Area	SA No.	Bed Need
1 - SOUTHEAST		
	1A	2946
	1B	480
	1C	1481
	1D	2979
	1E	495
	1F	700
	1G	267
	1H	1648
	1I	53
	1J	177
2 - MID-SOUTHERN		
	2A	889
	2B	306
	2C	59
	2D	117
3 - SOUTHWEST		
	3A	890
	3B	281
	3C	282
	3D	89
	3E	71
4 - WEST		
	4A	65
	4B	52
	4C	19
	4D	13
	4E	38
	4F	133
	4G	373
	4H	1400
	4I	48
	4J	157
	4K	18
	4L	30
5 - GLS		
	5A	78
	5B	1163
	5C	109

1726			
1727			
1728	Health		
1729	Service	SA	Bed
1730	Area	No.	Need
1732	6 - EAST		
1733		6A	96
1734		6B	62
1735		6C	42
1736		6D	184
1737		6E	324
1738		6F	820
1739		6G	48
1740		6H	16
1741		6I	22
1742			
1743	7 - NORTHERN LOWER		
1744		7A	38
1745		7B	200
1746		7C	19
1747		7D	35
1748		7E	102
1749		7F	392
1750		7G	64
1751		7H	59
1752		7I	36
1753			
1754	8 - UPPER PENINSULA		
1755		8A	30
1756		8B	12
1757		8C	22
1758		8D	12
1759		8E	54
1760		8F	93
1761		8G	226
1762		8H	53
1763		8I	7
1764		8J	9
1765		8K	14
1766		8L	54
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OCCUPANCY RATE TABLE

Adult Medical/Surgical			Pediatric Beds						
HOSPITAL GROUP PROJECTED BED ADC		ADJUSTED BedsBed RANGE	Beds						
ADC >= LOW	ADC < HIGH	Occup	Start BEDS L OW	Stop BEDS S HIGH	ADC >	ADC <=	Occup p	Start	Stop
30	3031	0.60%	50	<=5052	30	33	0.50	61	66
3432	3235	0.6061%	5253	5258	34	40	0.51	67	79
3236	3439	0.6162%	5359	5653	41	46	0.52	80	88
3540	3745	0.6263%	5764	6072	47	53	0.53	89	100
3846	4150	0.6364%	6172	6579	54	60	0.54	101	111
4251	4658	0.6465%	6679	7290	61	67	0.55	112	121
4759	5067	0.6566%	7390	77102	68	74	0.56	122	131
5468	5677	0.6667%	78102	85115	75	80	0.57	132	139
5778	6388	0.6768%	86115	94130	81	87	0.58	140	149
6489	70101	0.6869%	95129	103147	88	94	0.59	150	158
74102	79117	0.6970%	104146	114168	95	101	0.60	159	167
80118	89134	0.7071%	115167	126189	102	108	0.61	168	175
90135	100154	0.7172%	127188	140214	109	114	0.62	176	182
104155	114176	0.7273%	141213	157242	115	121	0.63	183	190
115177	130204	0.7374%	158240	177276	122	128	0.64	191	198
134205	149258	0.7475%	178274	200344	129	135	0.65	199	206
150259	172327	0.7576%	201341	227431	136	142	0.66	207	213
173328	200424	0.7677%	228426	261551	143	149	0.67	214	220
204425	234561	0.7778%	262545	301720	150	155	0.68	221	226
235562	276760	0.7879%	302712	350963	156	162	0.69	227	232
277761	327895	0.7980%	351952	4101119	163	169	0.70	233	239
328	391	0.80	411	484	170	176	0.71	240	245
392	473	0.81	485	578	177	183	0.72	246	252
474	577	0.82	579	696	184	189	0.73	253	256
578	713	0.83	697	850	190	196	0.74	257	262
714	894	0.84	851	894					
895		0.85	>=1054		197		0.75	>=26	3
Obstetric Beds			Obstetric Beds cont.						
ADC >	ADC <=	Occup	Start	Stop	ADC >	ADC <=	Occup p	Start	Stop
	30	0.50		<=50	115	121	0.63	183	190
30	33	0.50	61	66	122	128	0.64	191	198
34	40	0.51	67	79	129	135	0.65	199	206
41	46	0.52	80	88	136	142	0.66	207	213
47	53	0.53	89	100	143	149	0.67	214	220
54	60	0.54	101	111	150	155	0.68	221	226
61	67	0.55	112	121	156	162	0.69	227	232
68	74	0.56	122	131	163	169	0.70	233	239
75	80	0.57	132	139	170	176	0.71	240	245
81	87	0.58	140	149	177	183	0.72	246	252
88	94	0.59	150	158	184	189	0.73	253	256

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95	101	0.60	159	167	190	196	0.74	257	262
102	108	0.61	168	175	197			≥ 26	
109	114	0.62	176	182			0.75	3	

LIMITED ACCESS AREAS

1772 |
 1773 |
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 1775 | Limited access areas and the hospital bed need, effective ~~March 2, 2009~~ (INSERT EFFECTIVE DATE),
 1776 | for each of those areas are identified below. The hospital bed need for limited access areas shall be
 1777 | changed by the department in accordance with section 2(1)(~~vv~~) of these standards, and this appendix
 1778 | shall be updated accordingly.

HEALTH SERVICE AREA	LIMITED ACCESS AREA	BED NEED	POPULATION FOR PLANNING YEAR
7	Alpena/Plus 0808	358	66,946
8	Upper Peninsula 0808	415	135,215

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 1791 | (NEEDS TO BE UPDATED WHEN BED NEED IS RUN.)

1792 |
 1793 | Sources:

- 1794 |
 1795 | 1) Michigan State University
 1796 | Department of Geography
 1797 | Hospital Site Selection Final Report
 1798 | November 3, 2004, as amended
 1799 |
 1800 | 2) Section 4 of these standards
 1801 |
 1802 | 3) Michigan State University
 1803 | Department of Geography
 1804 | 2011 Planning Year Hospital Bed Need Calculations
 1805 | August 28, 2008

1806 |
 1807 | (SOURCES MAY NEED UPDATING)

MICHIGAN DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH AND MEDICAL AFFAIRS

CON REVIEW STANDARDS FOR HOSPITAL BEDS
~~ADDENDUM FOR PROJECTS FOR HIV INFECTED INDIVIDUALS~~

(By authority conferred on the CON Commission by sections 22215 and 22217 of Act No. 368 of the Public Acts of 1978, as amended, and sections 7 and 8 of Act No. 306 of the Public Acts of 1969, as amended, being sections 333.22215, 333.2217, 24.207, and 24.208 of the Michigan Compiled Laws.)

Section 1. Applicability; definitions

~~Sec. 1. (1) This addendum supplements the CON Review Standards for Hospital Beds and may be used for determining the need for projects established to meet the needs of HIV infected individuals.~~

~~(2) Except as provided by sections 2 and 3 below, these standards supplement and do not supersede the requirements and terms of approval required by the CON Review Standards for Hospital Beds.~~

~~(3) The definitions that apply to the CON Review Standards for Hospital Beds apply to these standards.~~

~~(4) "HIV infected" means that term as defined in Section 5101 of the Code.~~

~~(5) Planning area for projects for HIV infected individuals means the State of Michigan.~~

Section 2. Requirements for approval; change in bed capacity

~~Sec. 2. (1) A project which, if approved, will increase the number of licensed hospital beds in an overbedded subarea or will result in the total number of existing hospital beds in a subarea exceeding the needed hospital bed supply as determined under the CON Review Standards for Hospital Beds may, nevertheless, be approved pursuant to subsection (3) of this addendum.~~

~~(2) Hospital beds approved as a result of this addendum shall be included in the Department inventory of existing beds in the subarea in which the hospital beds will be located. Increases in hospital beds approved under this addendum shall cause subareas currently showing a current surplus of beds to have that surplus increased.~~

~~(3) In order to be approved under this addendum, an applicant shall demonstrate all of the following:~~

~~(a) The Director of the Department has determined that action is necessary and appropriate to meet the needs of HIV infected individuals for quality, accessible and efficient health care.~~

~~(b) The hospital will provide services only to HIV infected individuals.~~

~~(c) The applicant has obtained an obligation, enforceable by the Department, from existing licensed hospital(s) in any subarea of this state to voluntarily delicense a number of hospital beds equal to the number proposed in the application. The effective date of the delicensure action will be the date the beds approved pursuant to this addendum are licensed. The beds delicensed shall not be beds already subject to delicensure under a bed reduction plan.~~

~~(d) The application does not result in more than 20 beds approved under this addendum in the State.~~

~~(4) In making determinations under Section 22225(2)(a) of the Code, for projects under this addendum, the Department shall consider the total cost and quality outcomes for overall community health systems for services in a dedicated portion of an existing facility compared to a separate aids facility and has determined that there exists a special need, and the justification of any cost increases in terms of important quality/access improvements or the likelihood of future cost reductions, or both.~~

Section 3. Project delivery requirements additional terms of approval for projects involving HIV infected individuals approved under this addendum.

1866 | ~~—Sec. 3. (1) An applicant shall agree that, if approved, the services provided by the beds for HIV~~
1867 | ~~infected individuals shall be delivered in compliance with the following terms of CON approval:~~
1868 | ~~—(a) The license to operate the hospital will be limited to serving the needs of patients with the clinical~~
1869 | ~~spectrum of HIV infection and any other limitations established by the Department to meet the purposes~~
1870 | ~~of this addendum.~~
1871 | ~~—(b) The hospital shall be subject to the general license requirements of Part 215 of the Code except~~
1872 | ~~as waived by the Department to meet the purposes of this addendum.~~
1873 | ~~—(c) The applicant agrees that the Department shall revoke the license of the hospital if the hospital~~
1874 | ~~provides services to inpatients other than HIV infected individuals.~~

1875 |
1876 | **Section 4. Comparative reviews**

1877 |
1878 | ~~Sec. 4. (1) Projects proposed under Section 3 shall be subject to comparative review.~~