

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**

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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 PROVIDED DURING THE SAME PERIOD OF TIME TO THE PRODUCT OBTAINED IN (i) ABOVE.
55 THIS IS THE NUMBER OF ADJUSTED PATIENT DAYS FOR THE APPLICABLE PERIOD.

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

60 | (dD) "Base year" means the most recent year that final MIDB data is available to the Department
61 | unless a different year is determined to be more appropriate by the Commission.

62 | (dE) "Certificate of Need Commission" or "Commission" means the Commission created pursuant to
63 | Section 22211 of the code, being Section 333.22211 of the Michigan Compiled Laws.

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

68 | (dG) "Code" means Act No. 368 of the Public Acts of 1978, as amended, being Section 333.1101 et
69 | seq. of the Michigan Compiled Laws.

70 | (dH) "Common ownership or control" means a hospital that is owned by, is under common control of,
71 | or has a common parent as the applicant hospital.

72 | (dI) "Compare group" means the applications that have been grouped for the same type of project in
73 | the same subareaHOSPITAL GROUP and are being reviewed comparatively in accordance with the
74 | CON rules.

75 | (dJ) "Department" means the Michigan Department of Community Health (MDCH).

76 | (dK) "Department inventory of beds" means the current list maintained for each hospital
77 | subareaGROUP on a continuing basis by the Department of (i) licensed hospital beds and (ii) hospital
78 | beds approved by a valid CON issued under either Part 221 or Part 222 of the Code that are not yet
79 | licensed. The term does not include hospital beds certified for long-term-care in hospital long-term care
80 | units.

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

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

89 | (m) **"EXCLUDED HOSPITALS" MEANS HOSPITALS IN THE FOLLOWING CATEGORIES:**
90 | **(I) CRITICAL ACCESS HOSPITALS DESIGNATED BY CMS PURSUANT TO 42 CFR 485.606**
91 | **(II) HOSPITALS LOCATED IN RURAL OR MICROPOLITAN STATISTICAL AREA COUNTIES**
92 | **(III) LTAC HOSPITALS**
93 | **(IV) SOLE COMMUNITY HOSPITALS DESIGNATED BY CMS PURSUANT TO 42 CFR 412.92**
94 | **(V) HOSPITALS WITH 25 OR FEWER LICENSED BEDS**

95 | (N) "Existing hospital beds" means, for a specific hospital subareaGROUP, the total of all of the
96 | following: (i) hospital beds licensed by the Department; (ii) hospital beds with valid CON approval but not
97 | yet licensed; (iii) proposed hospital beds under appeal from a final decision of the Department; and (iv)
98 | proposed hospital beds that are part of a completed application under Part 222 (other than the application
99 | under review) for which a proposed decision has been issued and which is pending final Department
100 | decision.

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

103 | (dP) "Health service area" OR "HSA" means the groups of counties listed in Section 18APPENDIX A.

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

107 | (dR) "Hospital" means a hospital as defined in Section 20106(5) of the Code being Section
108 | 333.20106(5) of the Michigan Compiled Laws and licensed under Part 215 of the Code. The term does
109 | not include a hospital or hospital unit licensed or operated by the Department of Mental Health.

110 (fS) "HOSPITAL GROUP" MEANS A CLUSTER OR GROUPING OF HOSPITALS BASED ON
111 GEOGRAPHIC PROXIMITY AND HOSPITAL UTILIZATION PATTERNS. THE LIST OF HOSPITAL
112 GROUPS AND THE HOSPITALS ASSIGNED TO EACH HOSPITAL GROUP WILL BE POSTED ON
113 THE STATE OF MICHIGAN CON WEB SITE AND WILL BE UPDATED PURSUANT TO SECTION 3.
114 (T) "Hospital long-term-care unit" or "HLTCU" means a nursing care unit, owned or operated by and
115 as part of a hospital, licensed by the Department, and providing organized nursing care and medical
116 treatment to 7 or more unrelated individuals suffering or recovering from illness, injury, or infirmity.
117 ~~—(s) "Hospital subarea" or "subarea" means a cluster or grouping of hospitals and the relevant portion~~
118 ~~of the state's population served by that cluster or grouping of hospitals. For purposes of these standards,~~
119 ~~hospital subareas and the hospitals assigned to each subarea are set forth in Appendix A.~~
120 (tU) "Host hospital" means a licensed and operating hospital, which delicenss hospital beds, and
121 which leases patient care space and other space within the physical plant of the host hospital, to allow a n
122 long-term (acute) careLTAC hospital, or alcohol and substance abuse hospital, to begin operation.
123 (uV) "Licensed site" means the location of the facility authorized by license and listed on that
124 licensee's certificate of licensure.
125 (vW) "Limited access area" means those geographic-UNDERSERVED areas containing a population
126 of 50,000 or more based on the planning year and not within 30 minutes drive time of an existing licensed
127 acute care hospital with 24 hour/7 days a week emergency services utilizing the slowest route available
128 as defined by the Michigan Department of Transportation (MDOT) WITH A PATIENT DAY DEMAND
129 THAT MEETS OR EXCEEDS THE STATE-WIDE AVERAGE OF PATIENT DAYS USED PER 50,000
130 RESIDENTS IN THE BASE YEAR and as identified in Appendix ED. Limited access areas shall be
131 redetermined when a new hospital has been approved or an existing hospital closes.
132 (wX) "Long-term (acute) care hospital" OR "LTAC HOSPITAL" means a hospital has been approved to
133 participate in the Title XVIII (Medicare) program as a prospective payment system (PPS) exempt hospital
134 in accordance with 42 CFR Part 412.
135 ~~—(x) "Market forecast factors" (%N) means a mathematical computation where the numerator is the~~
136 ~~number of total inpatient discharges indicated by the market survey forecasts and the denominator is the~~
137 ~~base year MIDB discharges.~~
138 (y) "Medicaid" means title XIX of the social security act, chapter 531, 49 Stat. 620, 1396~~r-6~~ and TO
139 1396r-8G AND 1396I to 1396v1396U.
140 (z) "Medicaid volume" means the number of Medicaid recipients served at the hospital as stated on
141 the most recent Medicare and Michigan Medicaid forms filed with the Medical Services Administration
142 within the Department.
143 ~~(aa) "Metropolitan statistical area county" means a county located in a metropolitan statistical area as~~
144 ~~that term is defined under the "standards for defining metropolitan and micropolitan statistical areas" by~~
145 ~~the statistical policy office of the office of information and regulatory affairs of the United States office of~~
146 ~~management and budget, 65 F.R. p. 82238 (December 27, 2000) and as shown in Appendix B.~~
147 ~~—(bb)—"Michigan Inpatient Data Base" or "MIDB" means the data base compiled by the Michigan Health~~
148 ~~and Hospital Association or successor organization. The data base consists of inpatient discharge~~
149 ~~records from all Michigan hospitals and Michigan residents discharged from hospitals in border states for~~
150 ~~a specific calendar year.~~
151 ~~—(cc) "Micropolitan statistical area county" means a county located in a micropolitan statistical area as~~
152 ~~that term is defined under the "standards for defining metropolitan and micropolitan statistical areas" by~~
153 ~~the statistical policy office of the office of information and regulatory affairs of the United States office of~~
154 ~~management and budget, 65 F.R. p. 82238 (December 27, 2000) and as shown in Appendix B.~~
155 (ddBB) "New beds in a hospital" means hospital beds that meet at least one of the following: (i) are not
156 currently licensed as hospital beds, (ii) are currently licensed hospital beds at a licensed site in one
157 subareaHOSPITAL GROUP which are proposed for relocation in a different subareaHOSPITAL GROUP
158 as determined by the Department pursuant to Section 3 of these standards, (iii) are currently licensed
159 hospital beds at a licensed site in one subareaHOSPITAL GROUP which are proposed for relocation to
160 another geographic site which is in the same subareaHOSPITAL GROUP as determined by the
161 Department, but which are not in the replacement zone, or (iv) are currently licensed hospital beds that
162 are proposed to be licensed as part of a new hospital in accordance with Section 6(2) of these standards.
163 (eeCC) "New hospital" means one of the following: (i) the establishment of a new facility that shall be
164 issued a new hospital license, (ii) for currently licensed beds, the establishment of a new licensed site

165 | that is not in the same hospital [subareaGROUP](#) as the currently licensed beds, (iii) currently licensed
166 | hospital beds at a licensed site in one [subareaHOSPITAL GROUP](#) which are proposed for relocation to
167 | another geographic site which is in the same [subareaHOSPITAL GROUP](#) as determined by the
168 | Department, but which are not in the replacement zone, or (iv) currently licensed hospital beds that are
169 | proposed to be licensed as part of a new hospital in accordance with section 6(2) of these standards.
170 | (#DD) "Obstetrics patient days of care" means inpatient days of care for patients in the applicant's
171 | Michigan Inpatient Data Base data ages 15 through 44 with drgs 370 through 375 (obstetrical
172 | discharges).
173 | (ggEE) "Overbedded [subareaHOSPITAL GROUP](#)" means a hospital [subareaGROUP](#) in which the total
174 | number of existing hospital beds in that [subareaHOSPITAL GROUP](#) exceeds the [subareaHOSPITAL](#)
175 | [GROUP](#) needed hospital bed supply ~~as set forth in Appendix C.~~
176 | (hhFF) "Pediatric patient days of care" means inpatient days of care for patients in the applicant's
177 | Michigan Inpatient Data Base data ages 0 through 14 excluding normal newborns.
178 | (iiGG) "Planning year" means five years beyond the base year, established by the CON Commission,
179 | for which hospital bed need is developed, unless a different year is determined to be more appropriate by
180 | the Commission.
181 | (jjHH) "Qualifying project" means each application in a comparative group which has been reviewed
182 | individually and has been determined by the Department to have satisfied all of the requirements of
183 | Section 22225 of the code, being section 333.22225 of the Michigan Compiled Laws and all other
184 | applicable requirements for approval in the Code or these Standards.
185 | ~~_(kk) "Relevance index" or "market share factor" (%Z) means a mathematical computation where the~~
186 | ~~numerator is the number of inpatient hospital patient days provided by a specified hospital subarea~~
187 | ~~GROUP from a specific zip codeGEOGRAPHIC AREA and the denominator is the total number of~~
188 | ~~inpatient hospital patient days provided by all hospitals to that specific zip codeGEOGRAPHIC AREA~~
189 | ~~using MIDB data.~~
190 | (iiiI) "Relocate existing licensed hospital beds" for purposes of sections 6(3) and 8 of these standards,
191 | means a change in the location of existing hospital beds from the existing licensed hospital site to a
192 | different existing licensed hospital site within the same hospital [subareaGROUP](#) or HSA. This definition
193 | does not apply to projects involving replacement beds in a hospital governed by Section 7 of these
194 | standards.
195 | (mmJJ) "Remaining patient days of care" means total inpatient days of care in the applicant's Michigan
196 | Inpatient Data Base data minus obstetrics patient days of care and pediatric patient days of care.
197 | (nnKK) "Replacement beds in a hospital" means hospital beds that meet all of the following conditions; (i)
198 | an equal or greater number of hospital beds are currently licensed to the applicant at the licensed site at
199 | which the proposed replacement beds are currently licensed; (ii) the hospital beds are proposed for
200 | replacement in new physical plant space being developed in new construction or in newly acquired space
201 | (purchase, lease, donation, etc.); and (iii) the hospital beds to be replaced will be located in the
202 | replacement zone.
203 | (ooLL) "Replacement zone" means a proposed licensed site that is (i) in the same [subareaHOSPITAL](#)
204 | [GROUP](#) as the existing licensed site as determined by the Department in accord with Section 3 of these
205 | standards and (ii) on the same site, on a contiguous site, or on a site within 2 miles of the existing
206 | licensed site if the existing licensed site is located in a county with a population of 200,000 or more, or on
207 | a site within 5 miles of the existing licensed site if the existing licensed site is located in a county with a
208 | population of less than 200,000.
209 | ~~_(pp) "Rural county" means a county not located in a metropolitan statistical area or micropolitan~~
210 | ~~statistical areas as those terms are defined under the "standards for defining metropolitan and~~
211 | ~~micropolitan statistical areas" by the statistical policy office of the office of information regulatory affairs of~~
212 | ~~the United States office of management and budget, 65 F.R. p. 82238 (December 27, 2000) and as~~
213 | ~~shown in Appendix B.~~
214 | (qqMM) "Uncompensated care volume" means the hospital's uncompensated care volume as stated on
215 | the most recent Medicare and Michigan Medicaid forms filed with the Medical Services Administration
216 | within the Department.
217 | (#NN) ["UNDERSERVED AREA" MEANS THOSE GEOGRAPHIC AREAS NOT WITHIN 30 MINUTES](#)
218 | [DRIVE TIME OF AN EXISTING LICENSED ACUTE CARE HOSPITAL WITH 24 HOUR/7 DAYS A WEEK](#)

219 EMERGENCY SERVICES UTILIZING THE MOST DIRECT ROUTE USING THE LOWEST SPEED
220 LIMITS POSTED AS DEFINED BY THE MICHIGAN DEPARTMENT OF TRANSPORTATION (MDOT).
221 (OO) "Utilization rate" or "use Use rate" means the number of days of inpatient care per 1,000
222 population during a one-year period.
223 —(ss) "Zip code population" means the latest population estimates for the base year and projections for
224 the planning year, by zip code.

225
226 (2) The definitions in Part 222 shall apply to these standards.
227

228 **Section 3. Hospital subareasGROUPS**

229
230 Sec. 3. ~~(1)(a)~~ Each existing hospital is assigned to a hospital subareaGROUP as set forth in
231 Appendix A B which is incorporated as part of these standards, until Appendix A B is revised pursuant to
232 this subsection (1).

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

240 (AA) Population data at the federal zip code level, derived from the federal decennial census, are
241 available; and final MIDB data are available to the Department for that same census year.FOR EACH
242 HOSPITAL, CALCULATE THE PATIENT DAY COMMITMENT INDEX (%C – A MATHEMATICAL
243 COMPUTATION WHERE THE NUMERATOR IS THE NUMBER OF INPATIENT HOSPITAL DAYS
244 FROM A SPECIFIC GEOGRAPHIC AREA PROVIDED BY A SPECIFIED HOSPITAL AND THE
245 DENOMINATOR IS THE TOTAL NUMBER OF PATIENT DAYS PROVIDED BY THE SPECIFIED
246 HOSPITAL USING MIDB DATA) FOR ALL MICHIGAN ZIP CODES USING THE SUMMED PATIENT
247 DAYS FROM THE MOST RECENT THREE YEARS OF MIDB DATA. INCLUDE ONLY THOSE ZIP
248 CODES FOUND IN EACH YEAR OF THE MOST RECENT THREE YEARS OF MIDB DATA. ARRANGE
249 OBSERVATIONS IN AN ORIGIN-DESTINATION TABLE SUCH THAT EACH HOSPITAL IS AN ORIGIN
250 (ROW) AND EACH ZIP CODE IS A DESTINATION (COLUMN) AND INCLUDE ONLY HOSPITALS
251 WITH INPATIENT RECORDS IN THE MIDB.

252 (b) ~~For an application involving a proposed new licensed site for a hospital (whether new or~~
253 ~~replacement), the proposed new licensed site shall be assigned to an existing hospital subarea utilizing a~~
254 ~~market survey conducted by the applicant and submitted with the application. The market survey shall~~
255 ~~provide, at a minimum, forecasts of the number of inpatient discharges for each zip code that the~~
256 ~~proposed new licensed site shall provide service. The forecasted numbers must be for the same year as~~
257 ~~the base year MIDB data. The market survey shall be completed by the applicant using accepted~~
258 ~~standard statistical methods. The market survey must be submitted on a computer media and in a format~~
259 ~~pursuant to Section 15, shall be used by the Department to assign the proposed new site to an existing~~
260 ~~subarea based on the methodology described by "The Specification of Hospital Service Communities in a~~
261 ~~Large Metropolitan Area" by J. William Thomas, Ph.D., John R. Griffith, and Paul Durance, April 1979 as~~
262 ~~follows:~~ FOR EACH HOSPITAL, CALCULATE THE ROAD DISTANCE TO ALL OTHER HOSPITALS.
263 ARRANGE OBSERVATIONS IN AN ORIGIN-DESTINATION TABLE SUCH THAT EACH HOSPITAL IS
264 AN ORIGIN (ROW) AND EACH HOSPITAL IS ALSO A DESTINATION (COLUMN).

265
266 (iC) ~~For the proposed new site, a discharge relevance factor for each of the zip codes identified in the~~
267 ~~application will be computed. Zip codes with a market forecast factor of less than .05 will be deleted from~~
268 ~~consideration.~~ RESCALE THE ROAD DISTANCE ORIGIN-DESTINATION TABLE BY DIVIDING EVERY
269 ENTRY IN THE ROAD DISTANCE ORIGIN-DESTINATION TABLE BY THE MAXIMUM DISTANCE
270 BETWEEN ANY TWO HOSPITALS.

271 (iiD) ~~The base year MIDB data will be used to compute discharge relevance factors (%Rs) for each~~
272 ~~hospital subarea for each of the zip codes identified in step (i) above. Hospital subareas with a %R of~~
273 ~~less than .10 for all zip codes identified in step (i) will be deleted from the computation.~~ APPEND THE

274 ROAD DISTANCE ORIGIN-DESTINATION TABLE TO THE %C ORIGIN-DESTINATION TABLE (BY
 275 HOSPITAL) TO CREATE THE INPUT DATA MATRIX FOR THE CLUSTERING ALGORITHM.

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

278 ———— P_i = Population of zip code i.

279 ———— d_{ij} = Number of patients from zip code i treated at hospital j.

280 ———— $D_i = \sum_j d_{ij}$ = Total patients from zip code i.

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

283
$$\sum_{i \in I_j} P_i (d_{ij}/D_i)$$

284 then $\bar{R}_j =$

285
$$\frac{\sum_{i \in I_j} P_i (d_{ij}/D_i)}{\sum_{i \in I_j} P_i}$$
 GROUP HOSPITALS INTO CLUSTERS USING THE K-MEANS

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

289 (iv) After \bar{R}_j is calculated for the applicant(s) and the included existing subareas, the
 290 hospital/subarea with the smallest \bar{R}_j ($S\bar{R}_j$) is grouped with the hospital/subarea having the greatest
 291 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
 292 the zip code from $S\bar{R}_j$'s with the greatest discharge relevance factor. FOR EACH CLUSTER
 293 SOLUTION, RECORD THE GROUP MEMBERSHIP OF EACH HOSPITAL, THE CLUSTER CENTER
 294 LOCATION FOR EACH OF THE CLUSTERS, THE r^2 VALUE FOR THE OVERALL CLUSTER
 295 SOLUTION, THE NUMBER OF SINGLE HOSPITAL CLUSTERS, AND THE MAXIMUM NUMBER OF
 296 HOSPITALS IN ANY CLUSTER.

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

306 (III) "WARDS HIERARCHICAL CLUSTERING METHOD" MEANS A METHOD FOR CLUSTERING
 307 OBSERVATIONS INTO GROUPS. THIS METHOD USES A BINARY TREE STRUCTURE TO SEQUENTIALLY
 308 GROUP DATA OBSERVATIONS INTO CLUSTERS, SEEKING TO MINIMIZE OVERALL WITHIN-GROUP
 309 VARIANCE. IN THE BED NEED METHODOLOGY, THIS METHOD IS USED TO IDENTIFY THE STARTING
 310 CLUSTER LOCATIONS FOR K-MEANS. ANY CLUSTERING TEXT WILL DISCUSS HIERARCHICAL CLUSTER
 311 ANALYSIS, INCLUDING WARD'S METHOD: ONE EXAMPLE IS: G. GAN, C. MA, & J. WU (2007) DATA
 312 CLUSTERING: THEORY, ALGORITHMS, AND APPLICATIONS (ASA-SIAM SERIES ON STATISTICS AND
 313 APPLIED PROBABILITY). SOCIETY FOR INDUSTRIAL AND APPLIED MATHEMATICS (SIAM), 466 P.

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

318 ———— $r^2_j = r^2$ OF SOLUTION i

319 ———— $r^2_{i-1} = r^2$ OF SOLUTION i-1

320 ———— $k_i =$ NUMBER OF CLUSTERS IN SOLUTION i

321 ———— $k_{i-1} =$ NUMBER OF CLUSTERS IN SOLUTION i-1

322 ———— $n =$ TOTAL NUMBER OF HOSPITALS

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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.
 - (D) CALCULATE THE DISTANCE ($D_{k,s}$) BETWEEN THE PROPOSED NEW SITE AND EACH EXISTING HOSPITAL GROUP
WHERE: $d_{k,s} = \sqrt{(HG_{k,1} - s_1)^2 + (HG_{k,2} - s_2)^2 + (HG_{k,3} - s_3)^2 + \dots + (HG_{k,n} - s_n)^2}$
 - (E) ASSIGN THE PROPOSED NEW SITE TO THE CLOSEST HOSPITAL GROUP (HG k) BY SELECTING THE MINIMUM VALUE OF $d_{k,s}$.
 - (F) IF THERE IS ONLY A SINGLE APPLICANT, THEN THE ASSIGNMENT PROCEDURE IS COMPLETE. IF THERE ARE ADDITIONAL APPLICANTS, THEN STEPS (A-E) MUST BE REPEATED UNTIL ALL APPLICANTS HAVE BEEN ASSIGNED TO AN EXISTING HOSPITAL GROUP.

370 (3) The ~~Commission~~ DEPARTMENT shall amend ~~Appendix A- THE HOSPITAL GROUPS~~ to reflect:
371 (a) approved new licensed site(s) assigned to a specific hospital subareaGROUP; (b) hospital closures;
372 and (c) licensure action(s) as appropriate.
373

374 (34) As directed by the Commission, new sub-areaHOSPITAL GROUP assignments established
375 according to subsection (1)~~(a)(i)~~ shall supersede ~~Appendix A- THE PREVIOUS SUBAREA/HOSPITAL~~
376 ~~GROUP ASSIGNMENTS~~ and shall be ~~included as an amended appendix to these standards~~ POSTED
377 ON THE STATE OF MICHIGAN CON WEB SITE effective on the date determined by the Commission.
378

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

380

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

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

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

404 (c) ~~For each hospital subarea, calculate the relevance index (%Z) for each zip code and for each of~~
405 ~~the following age groups: ages 0 (excluding normal newborns) through 14 (pediatric), ages 15 through~~
406 ~~44, female ages 15 through 44 (DRGs 370 THROUGH 375 — obstetrical discharges), ages 45 through~~
407 ~~64, ages 65 through 74, and ages 75 and older~~ FOR EACH COUNTY, CALCULATE THE MONTHLY
408 PATIENT DAYS FOR ALL MONTHS IN THE PLANNING YEAR. FOR EACH COUNTY, CONSTRUCT
409 AN ORDINARY LEAST SQUARES LINEAR REGRESSION MODEL USING MONTHLY PATIENT DAYS
410 AS THE DEPENDENT VARIABLE AND MONTHS (1-60) AS THE INDEPENDENT VARIABLE. IF THE
411 LINEAR REGRESSION MODEL IS SIGNIFICANT AT A 90% CONFIDENCE LEVEL (F-SCORE, TWO
412 TAILED p VALUE < 0.1), PREDICT PATIENT DAYS FOR MONTHS 109-120 USING THE MODEL
413 COEFFICIENTS. IF THE LINEAR REGRESSION MODEL IS NOT SIGNIFICANT AT A 90%
414 CONFIDENCE LEVEL (F-SCORE, TWO TAILED p VALUE > 0.1), CALCULATE THE PREDICTED
415 MONTHLY PATIENT DAY DEMAND IN THE PLANNING YEAR BY FINDING THE MONTHLY
416 AVERAGE OF THE THREE PREVIOUS YEARS (MONTHS 25-60).

417 (d) ~~For each hospital subarea, multiply each zip code %Z calculated in (c) by its respective base~~
418 ~~year zip code and age group specific year population. The result will be the zip code allocations by age~~
419 ~~group for each subarea~~ FOR EACH COUNTY, CALCULATE THE PREDICTED YEARLY PATIENT DAY
420 DEMAND IN THE PLANNING YEAR. FOR COUNTIES WITH A SIGNIFICANT REGRESSION MODEL,
421 SUM THE MONTHLY PREDICTED PATIENT DAYS FOR THE PLANNING YEAR. FOR COUNTIES
422 WITH A NON-SIGNIFICANT REGRESSION MODEL, MULTIPLY THE THREE YEAR MONTHLY
423 AVERAGE BY 12.

424 (e) For each limited access area or hospital subarea, as applicable, calculate the subarea base year
425 population by age group by adding together all zip code population allocations calculated in (d) for each
426 specific age group in that subarea. For a limited access area, add together the age groups identified for
427 the limited access area. The result will be six population age groups for each limited access area or
428 subarea, as applicable. FOR EACH COUNTY, CALCULATE THE BASE YEAR PATIENT DAY
429 COMMITMENT INDEX (%C) TO EACH HOSPITAL GROUP. SPECIFICALLY, DIVIDE THE BASE YEAR
430 PATIENT DAYS FROM EACH COUNTY TO EACH HOSPITAL GROUP BY THE TOTAL NUMBER OF
431 BASE YEAR PATIENT DAYS FROM EACH COUNTY.

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

439 (g) For each hospital subarea, multiply each zip code %Z calculated in (c) by its respective planning
440 year zip code and age group specific year population. The results will be the projected zip code
441 allocations by age group for each subarea. For a limited access area, multiply the population projection
442 for the plan year by the proportion of the zip code that is contained within the limited access area for each
443 zip code age group. The results will be the projected zip code allocations by age group for each zip code
444 within the limited access area. FOR EACH HOSPITAL GROUP, SUM THE PLANNING YEAR PATIENT
445 DAYS ALLOCATED FROM EACH COUNTY.

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

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

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

466 (k) For each limited access area or hospital subarea, as applicable, calculate the limited access area
467 or hospital subarea, as applicable, projected average daily census (ADC) for three age groups: Ages 0
468 (excluding normal newborns) through 14 (pediatric), female ages 15 through 44 (DRGs 370 through 375
469 — obstetrical discharges), and adult medical surgical by dividing the results calculated in (j) by 365 (or 366
470 if the planning year is a leap year). Round each ADC to a whole number. This will give three ADC
471 computations per limited access area or subarea, as applicable.

472 (l) For each limited access area or hospital subarea, as applicable, and age group, select the
473 appropriate occupancy rate from the occupancy rate table in Appendix D.

474 (m) For each limited access area or hospital subarea, as applicable, and age group, calculate the
475 limited access area or subarea, as applicable, projected bed need number of hospital beds for the limited
476 access area or subarea, as applicable, by age group by dividing the ADC calculated in (k) by the
477 appropriate occupancy rate determined in (l). To obtain the total limited access area or hospital, as

478 ~~applicable, bed need, add the three age group bed projections together. Round any part of a bed up to a~~
479 ~~whole bed.~~

480
481 (2) THE DETERMINATION OF THE NEEDED HOSPITAL BED SUPPLY FOR A LIMITED ACCESS
482 AREA SHALL BE MADE USING THE MIDB AND THE METHODOLOGY DETAILED IN "A
483 METHODOLOGY FOR DETERMINING NEEDED HOSPITAL BED SUPPLY" BY PAUL L. DELAMATER,
484 ASHTON M. SHORTRIDGE, AND JOESPH P. MESSINA, 2011 AS FOLLOWS:

485 (A) ALL HOSPITAL DISCHARGES FOR NORMAL NEWBORNS (DRG 391 PRIOR TO 2008, DRG
486 795 THEREAFTER) AND PSYCHIATRIC PATIENTS (ICD-9-CM CODES 290 THROUGH 319 AS A
487 PRINCIPAL DIAGNOSIS) WILL BE EXCLUDED.

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

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

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

499 (E) FOR EACH UNDERSERVED AREA, COMPARE THE PLANNING YEAR PATIENT DAYS TO
500 THE MINIMUM NUMBER OF PATIENT DAYS FOR DESIGNATION OF A LIMITED ACCESS AREA
501 CALCULATED IN (C). ANY UNDERSERVED AREA WITH A PLANNING YEAR PATIENT DAY
502 DEMAND GREATER THAN OR EQUAL TO THE MINIMUM IS DESIGNATED AS A LIMITED ACCESS
503 AREA.

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

507 **Section 5. Bed Need**

508
509
510 | Sec. 5. (1) The bed-need numbers ~~incorporated as part of these standards as Appendix C~~ shall apply
511 | to projects subject to review under these standards, except where a specific CON review standard states
512 | otherwise.

513
514 | (2) The ~~Commission shall direct the Department, effective November 2004 and SHALL re-calculate~~
515 | ~~the acute care bed need methodology in Section 4 every two years, thereafter OR AS DIRECTED BY~~
516 | ~~THE COMMISSION, to re-calculate the acute care bed need methodology in Section 4, within a specified~~
517 | ~~time frame.~~

518
519 | (3) The Commission shall designate the base year and the future planning year which shall be
520 | utilized in applying the methodology pursuant to subsection (2).

521
522 | (4) ~~When the Department is directed by the Commission to apply the methodology pursuant to~~
523 | ~~subsection (2), t~~The effective date of the bed-need numbers shall be established by the Commission.

524
525 | (5) ~~As directed by the Commission, n~~New bed-need numbers established by subsections (2) and (3)
526 | shall supersede ~~the PREVIOUS~~ bed-need numbers ~~shown in Appendix C~~ and shall be ~~included as an~~
527 | ~~amended appendix to these standards~~ POSTED ON THE STATE OF MICHIGAN CON WEB SITE AS
528 | PART OF THE HOSPITAL BED INVENTORY.

529
530 | (6) MODIFICATIONS MADE BY THE COMMISSION PURSUANT TO THIS SECTION SHALL NOT
531 | REQUIRE STANDARD ADVISORY COMMITTEE ACTION, A PUBLIC HEARING, OR SUBMITTAL OF

532 | THE STANDARD TO THE LEGISLATURE AND THE GOVERNOR IN ORDER TO BECOME
533 | EFFECTIVE.

534 |
535 | **Section 6. Requirements for approval -- new beds in a hospital**
536 |

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

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

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

547 | (c) Approval of the proposed new beds in a hospital shall not result in the total number of existing
548 | hospital beds, in the ~~subarea~~HOSPITAL GROUP to which the new beds will be assigned, exceeding the
549 | needed hospital bed supply ~~as set forth in Appendix C~~. The Department shall determine the
550 | ~~subarea~~HOSPITAL GROUP to which the beds will be assigned in accord with Section 3 of these
551 | standards.
552 |

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

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

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

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

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

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

573 | (A) Relicensure of the beds to the host hospital. The host hospital must obtain a CON to acquire the
574 | ~~long-term (acute) care~~LTAC hospital. In the event that the host hospital applies for a CON to acquire the
575 | ~~long-term (acute) care~~LTAC hospital [including the beds leased by the host hospital to the ~~long-term~~
576 | ~~(acute) care~~LTAC hospital] within six months following the termination of the lease with the ~~long-term~~
577 | ~~(acute) care~~LTAC hospital, it shall not be required to be in compliance with the hospital bed supply ~~set~~
578 | ~~forth in Appendix C~~ if the host hospital proposes to add the beds of the ~~long-term (acute) care~~LTAC
579 | hospital to the host hospital's medical/surgical licensed capacity and the application meets all other
580 | applicable project delivery requirements. The beds must be used for general medical/surgical purposes.
581 | Such an application shall not be subject to comparative review and shall be processed under the
582 | procedures for non-substantive review (as this will not be considered an increase in the number of beds
583 | originally licensed to the applicant at the host hospital);

584 | (B) Delicensure of the hospital beds; or

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

587 (c) The applicant or the current licensee of the new hospital shall not apply, initially or subsequently,
588 for CON approval to initiate any other CON covered clinical services; provided, however, that this section
589 is not intended, and shall not be construed in a manner which would prevent the licensee from
590 contracting and/or billing for medically necessary covered clinical services required by its patients under
591 arrangements with its host hospital or any other CON approved provider of covered clinical services.
592 (d) The new licensed hospital shall remain within the host hospital.
593 (e) The new hospital shall be assigned to the same [subareaHOSPITAL GROUP](#) as the host hospital.
594 (f) The proposed project to begin operation of a new hospital, under this subsection, shall constitute
595 a change in bed capacity under Section 1(32) of these standards.
596 (g) The lease will not result in an increase in the number of licensed hospital beds in the
597 [subareaHOSPITAL GROUP](#).
598 (h) Applications proposing a new hospital under this subsection shall not be subject to comparative
599 review.

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

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

- 608 (i) In the [subareaHOSPITAL GROUP PURSUANT TO SECTION 8\(2\)\(A\)](#), or
- 609 (ii) in the HSA pursuant to Section 8(2)(b).

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

611 (b) [AN APPLICANT PROPOSING TO ADD NEW LICENSED BEDS AS THE RECEIVING](#)
612 [HOSPITAL WHERE THE SOURCE HOSPITAL WAS SUBJECT TO SECTION 8\(3\)\(B\) SHALL MEET](#)
613 [THE FOLLOWING REQUIREMENTS:](#)

614 [\(I\) THE NUMBER OF BEDS TO BE ADDED SHALL BE NO MORE THAN THE NUMBER, WHICH,](#)
615 [WHEN ADDED TO THE NUMBER OF LICENSED BEDS PRIOR TO THE ADDITION, WOULD RESULT](#)
616 [IN THE ADJUSTED OCCUPANCY RATE FOR THE RECEIVING HOSPITAL TO BE AT LEAST 40](#)
617 [PERCENT.](#)

618 [\(II\) FOR THE PURPOSES OF SUBSECTION \(I\) ABOVE, THE REVISED NUMBER OF LICENSED](#)
619 [BEDS AT THE RECEIVING HOSPITAL SHALL BE CALCULATED AS FOLLOWS:](#)

620 [\(A\) CALCULATE THE NUMBER OF ADJUSTED PATIENT DAYS DURING THE MOST RECENT,](#)
621 [CONSECUTIVE 36-MONTH PERIOD FOR WHICH VERIFIABLE DATA ARE AVAILABLE TO THE](#)
622 [DEPARTMENT.](#)

623 [\(B\) DIVIDE THE NUMBER OF ADJUSTED PATIENT DAYS CALCULATED IN SUBSECTION \(A\)](#)
624 [ABOVE BY .40 TO DETERMINE LICENSED BED DAYS AT 40 PERCENT OCCUPANCY.](#)

625 [\(C\) DIVIDE THE RESULT OF SUBSECTION \(B\) ABOVE BY 1095 \(OR 1096 IF INCLUDING A LEAP](#)
626 [YEAR\) AND ROUND THE QUOTIENT UP TO THE NEXT WHOLE NUMBER. THIS IS THE MAXIMUM](#)
627 [NUMBER OF BEDS THAT CAN BE LICENSED AT THE RECEIVING HOSPITAL AFTER THE](#)
628 [ACCEPTANCE OF THE NEW BEDS, OR 25 WHICHEVER IS LARGER.](#)

629 [\(C\) SUBSECTION \(3\)\(B\) SHALL NOT APPLY TO EXCLUDED HOSPITALS.](#)

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

632 (eE) Applicants proposing to add new hospital beds under this subsection shall not be subject to
633 comparative review.

634
635 (4) An applicant may apply for the addition of new beds if all of the following subsections are met.
636 Further, an applicant proposing new beds at an existing licensed hospital site shall not be required to be
637 in compliance with the needed hospital bed supply [set forth in Appendix C](#) if the application meets all
638 other applicable CON review standards and agrees and assures to comply with all applicable project
639 delivery requirements.

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

641 (b) The hospital at the existing licensed hospital site has operated at an adjusted occupancy rate of
642 80 percent or above for the previous, consecutive 24 months based on its licensed and approved hospital
643 bed capacity. The adjusted occupancy rate shall be calculated as follows:

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

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

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

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

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

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

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

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

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

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

675
676 (5) An applicant proposing a new hospital in a limited access area shall not be required to be in
677 compliance with the needed hospital bed supply ~~set forth in Appendix C~~ if the application meets all other
678 applicable CON review standards, agrees and assures to comply with all applicable project delivery
679 requirements, and all of the following subsections are met.

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

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

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

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

693 (e) Applicants proposing to create a new hospital under this subsection shall not be approved, for a
694 period of five years after beginning operation of the facility, of the following covered clinical services: (i)
695 open heart surgery, (ii) therapeutic cardiac catheterization, (iii) fixed positron emission tomography (PET)

696 services, (iv) all transplant services, (v) neonatal intensive care services/beds, and (vi) fixed urinary
697 extracorporeal shock wave lithotripsy (UESWL) services.

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

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

702 (i) In a metropolitan statistical area county, an applicant proposing to add a new hospital pursuant to
703 this subsection shall locate the new hospital within the limited access area and serve a population of
704 50,000 or more inside the limited access area and within 30 minutes drive time from the proposed new
705 hospital.

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

711 **Section 7. Requirements for approval -- replacement beds in a hospital in a replacement zone**

712
713 Sec. 7. (1) If the application involves the development of a new licensed site, an applicant proposing
714 replacement beds in a hospital in the replacement zone shall demonstrate that the new beds in a hospital
715 shall result in a hospital of at least 200 beds in a metropolitan statistical area county or ~~50-25~~ beds in a
716 rural or micropolitan statistical area county. This subsection may be waived by the Department if the
717 Department determines, in its sole discretion, that a smaller hospital is necessary or appropriate to
718 assure access to health-care services.

719
720 (2) In order to be approved, the applicant SHALL DEMONSTRATE THAT THE new licensed site is in
721 the replacement zone.

722
723 (3) IN ORDER TO BE APPROVED, THE APPLICANT SHALL COMPLY WITH THE FOLLOWING
724 REQUIREMENTS, AS APPLICABLE:

725 (A) THE APPLICANT shall propose to (i) replace an equal or lesser number of beds currently
726 licensed to the applicant at the licensed site at which the proposed replacement beds are located, and (ii)
727 that the proposed new licensed site is in the replacement zone. IF THE HOSPITAL AT THE EXISTING
728 LICENSED HOSPITAL SITE HAS OPERATED AT AN AVERAGE ADJUSTED OCCUPANCY RATE OF
729 40 PERCENT OR ABOVE FOR THE PREVIOUS, CONSECUTIVE 36 MONTHS, BASED ON ITS
730 LICENSED AND APPROVED HOSPITAL BED CAPACITY, THE AVERAGE ADJUSTED OCCUPANCY
731 RATE SHALL BE CALCULATED AS FOLLOWS:

732 (i) CALCULATE THE NUMBER OF ADJUSTED PATIENT DAYS DURING THE MOST RECENT,
733 CONSECUTIVE 36-MONTH PERIOD FOR WHICH VERIFIABLE DATA ARE AVAILABLE TO THE
734 DEPARTMENT.

735 (ii) DIVIDE THE NUMBER OF ADJUSTED PATIENT DAYS CALCULATED IN (i) ABOVE BY 1095
736 (OR 1096 IF INCLUDING A LEAP YEAR).

737 (B) IF THE HOSPITAL AT THE EXISTING LICENSED HOSPITAL SITE HAS OPERATED AT AN
738 AVERAGE ADJUSTED OCCUPANCY RATE LESS THAN 40 PERCENT FOR THE PREVIOUS,
739 CONSECUTIVE 36 MONTHS, IN ORDER TO BE APPROVED, THE REVISED NUMBER OF BEDS AT
740 THE LICENSED SITE SHALL BE NO MORE THAN THE NUMBER OF BEDS WHICH WOULD RESULT
741 IN AN ADJUSTED OCCUPANCY RATE FOR THE HOSPITAL OF 60 PERCENT. THE REVISED
742 NUMBER OF LICENSED BEDS AT THE HOSPITAL SHALL BE CALCULATED AS FOLLOWS:

743 (i) CALCULATE THE NUMBER OF ADJUSTED PATIENT DAYS DURING THE MOST RECENT,
744 CONSECUTIVE 36-MONTH PERIOD FOR WHICH VERIFIABLE DATA ARE AVAILABLE TO THE
745 DEPARTMENT.

746 (ii) DIVIDE THE NUMBER OF ADJUSTED PATIENT DAYS CALCULATED IN (i) ABOVE BY .60 TO
747 DETERMINE LICENSED BED DAYS AT 60 PERCENT OCCUPANCY.

748 (iii) DIVIDE THE RESULT OF SUBSECTION (ii) ABOVE BY 1095 (OR 1096 IF INCLUDING A LEAP
749 YEAR) AND ROUND THE RESULT UP TO THE NEXT WHOLE NUMBER. THIS IS THE MAXIMUM

750 NUMBER OF BEDS THAT CAN BE LICENSED AT THE EXISTING LICENSED HOSPITAL SITE AFTER
751 THE REPLACEMENT, OR 25 WHICHEVER IS LARGER.

752 (C) SUBSECTION (3)(B) SHALL NOT APPLY TO EXCLUDED HOSPITALS.

753
754 (34) An applicant proposing replacement beds in the replacement zone shall not be required to be in
755 compliance with the needed hospital bed supply ~~set forth in Appendix C~~ if the application meets all other
756 applicable CON review standards and agrees and assures to comply with all applicable project delivery
757 requirements.

758
759 **Section 8. Requirements for approval of an applicant proposing to relocate existing licensed**
760 **hospital beds**

761
762 Sec 8. (1) The proposed project to relocate beds, under this section, shall constitute a change in
763 bed capacity under Section 1(43) of these standards.

764
765 (2) Any existing licensed acute care hospital may relocate all or a portion of its beds to another
766 existing licensed acute care hospital as follows:

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

770
771 (3) IN ORDER TO BE APPROVED, THE APPLICANT SHALL COMPLY WITH THE FOLLOWING
772 REQUIREMENTS, AS APPLICABLE:

773 (A) ANY EXISTING LICENSED ACUTE CARE HOSPITAL MAY RELOCATE ALL OR A PORTION
774 OF ITS BEDS TO ANOTHER EXISTING LICENSED ACUTE CARE HOSPITAL(S) IF THE EXISTING
775 LICENSED HOSPITAL HAS OPERATED AT AN AVERAGE ADJUSTED OCCUPANCY RATE OF 40
776 PERCENT OR ABOVE FOR THE PREVIOUS, CONSECUTIVE 36 MONTHS, BASED ON ITS
777 LICENSED AND APPROVED HOSPITAL BED CAPACITY. THE AVERAGE ADJUSTED OCCUPANCY
778 RATE SHALL BE CALCULATED AS FOLLOWS:

779 (I) CALCULATE THE NUMBER OF ADJUSTED PATIENT DAYS DURING THE MOST RECENT,
780 CONSECUTIVE 36-MONTH PERIOD FOR WHICH VERIFIABLE DATA ARE AVAILABLE TO THE
781 DEPARTMENT.

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

784 (B) IF THE EXISTING LICENSED HOSPITAL SITE HAS OPERATED AT AN AVERAGE ADJUSTED
785 OCCUPANCY RATE OF LESS THAN 40 PERCENT FOR THE PREVIOUS, CONSECUTIVE 36
786 MONTHS, IN ORDER TO BE APPROVED, THE FOLLOWING REQUIREMENTS MUST BE MET:

787 (I) UPON COMPLETION OF THE RELOCATION(S), THE REVISED NUMBER OF BEDS AT THE
788 EXISTING LICENSED HOSPITAL ("SOURCE HOSPITAL") SHALL BE NO MORE THAN THE NUMBER
789 OF BEDS WHICH WOULD RESULT IN AN ADJUSTED OCCUPANCY RATE FOR THE SOURCE
790 HOSPITAL OF 60 PERCENT.

791 (II) MULTIPLE RELOCATIONS CAN BE REQUESTED AT THE SAME TIME AND CAN BE
792 COMBINED TO MEET THE CRITERIA OF (I) ABOVE. A SEPARATE CON MUST BE SUBMITTED
793 FOR EACH RELOCATION AND MULTIPLE APPLICATIONS FILED ON THE SAME APPLICATION
794 DATE SHALL BE CONSIDERED TOGETHER TO MEET THIS CRITERION.

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

797 (I) CALCULATE THE NUMBER OF ADJUSTED PATIENT DAYS DURING THE MOST RECENT,
798 CONSECUTIVE 36-MONTH PERIOD FOR WHICH VERIFIABLE DATA ARE AVAILABLE TO THE
799 DEPARTMENT.

800 (II) DIVIDE THE NUMBER OF ADJUSTED PATIENT DAYS CALCULATED IN (I) ABOVE BY .60 TO
801 DETERMINE LICENSED BED DAYS AT 60 PERCENT OCCUPANCY.

802 (III) DIVIDE THE RESULT OF SUBSECTION (II) ABOVE BY 1095 (OR 1096 IF INCLUDING A LEAP
803 YEAR) AND ROUND THE RESULT UP TO THE NEXT WHOLE NUMBER. THIS IS THE MAXIMUM

804 NUMBER OF BEDS THAT CAN BE LICENSED AT THE EXISTING LICENSED HOSPITAL SITE AFTER
805 THE RELOCATION, OR 25 WHICHEVER IS LARGER.

806 (D) SUBSECTION (3)(B) SHALL NOT APPLY TO EXCLUDED HOSPITALS.

807
808 (4) The hospital from which the beds are being relocated, and the hospital receiving the beds, shall
809 not require any ownership relationship.

810
811 (45) The relocated beds shall be licensed to the receiving hospital and will be counted in the inventory
812 for the applicable ~~subarea~~ HOSPITAL GROUP.

813
814 (56) The relocation of beds under this section shall not be subject to a mileage limitation.

815
816 **Section 9. Project delivery requirements – terms of approval for all applicants**

817
818 Sec. 9. ~~(4)~~ An applicant shall agree that, if approved, the project shall be delivered in compliance with
819 the following terms of CON approval:

820
821 (a1) Compliance with these standards.

822
823 (2) Compliance with the following quality assurance standards:

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

826
827 (3) COMPLIANCE WITH THE FOLLOWING ACCESS TO CARE REQUIREMENTS:

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

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

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

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

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

835
836 (4) COMPLIANCE WITH THE FOLLOWING MONITORING AND REPORTING REQUIREMENTS:

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

841 (B) The applicant must submit documentation acceptable and reasonable to the Department, within
842 30 days after the completion of the 3-year period, to substantiate the occupancy rate for the last 12-
843 month period after the new beds are put into operation and for each subsequent calendar year, within 30
844 days after the end of the year.

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

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

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

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

858 ~~—(i) An applicant approved pursuant to Section 6(4) must achieve a minimum occupancy of 75~~
859 ~~percent over the last 12-month period in the three years after the new beds are put into operation, and for~~
860 ~~each subsequent calendar year, or the number of new licensed beds shall be reduced to achieve a~~
861 ~~minimum of 75 percent average annual occupancy for the revised licensed bed complement.~~
862 ~~—(ii) The applicant must submit documentation acceptable and reasonable to the Department, within~~
863 ~~30 days after the completion of the 3-year period, to substantiate the occupancy rate for the last 12-~~
864 ~~month period after the new beds are put into operation and for each subsequent calendar year, within 30~~
865 ~~days after the end of the year.~~
866 ~~—(c) Compliance with the following quality assurance standards:~~
867 ~~—(i) The applicant shall provide the Department with a notice stating the date the hospital beds are~~
868 ~~placed in operation and such notice shall be submitted to the Department consistent with applicable~~
869 ~~statute and promulgated rules.~~
870 ~~—(ii) The applicant shall assure compliance with Section 20201 of the Code, being Section 333.20201~~
871 ~~of the Michigan Compiled Laws.~~
872 ~~—(iii) The applicant shall participate in a data collection network established and administered by the~~
873 ~~Department or its designee. The data may include, but is not limited to, annual budget and cost~~
874 ~~information and demographic, diagnostic, morbidity, and mortality information, as well as the volume of~~
875 ~~care provided to patients from all payor sources. The applicant shall provide the required data on a~~
876 ~~separate basis for each licensed site; in a format established by the Department, and in a mutually~~
877 ~~agreed upon media. The Department may elect to verify the data through on-site review of appropriate~~
878 ~~records.~~
879 ~~—(A) The applicant shall participate and submit data to the Michigan Inpatient Data Base (MIDB). The~~
880 ~~data shall be submitted to the Department or its designee.~~
881 ~~—(iv) An applicant shall participate in Medicaid at least 12 consecutive months within the first two years~~
882 ~~of operation and continue to participate annually thereafter.~~
883 ~~—(d) The applicant, to assure appropriate utilization by all segments of the Michigan population, shall:~~
884 ~~—(i) Not deny services to any individual based on ability to pay or source of payment.~~
885 ~~—(ii) Maintain information by source of payment to indicate the volume of care from each payor and~~
886 ~~non-payor source provided annually.~~
887 ~~—(iii) Provide services to any individual based on clinical indications of need for the services.~~

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

891
892 **Section 10. Rural, micropolitan statistical area, and metropolitan statistical area Michigan**
893 **counties**

894
895 Sec. 10. Rural, micropolitan statistical area, and metropolitan statistical area Michigan counties, for
896 purposes of these standards, are incorporated as part of these standards as Appendix B. The
897 Department may amend Appendix B as appropriate to reflect changes by the statistical policy office of the
898 office of information and regulatory affairs of the United States office of management and budget.

899
900 **Section 11. Department inventory of beds**

901
902 Sec. 11. The Department shall maintain and provide on request a listing of the Department inventory
903 of beds for each ~~subarea~~HOSPITAL GROUP.

904
905 **Section 12. Effect on prior planning policies; comparative reviews**

906
907 Sec. 12. (1) These CON review standards supersede and replace the CON standards for hospital
908 beds approved by the CON Commission on December ~~129, 2006-2008~~ and effective March ~~82,~~
909 20072009.

910
911 (2) Projects reviewed under these standards shall be subject to comparative review except those
912 projects meeting the requirements of Section 7 involving the replacement of beds in a hospital within the

913 replacement zone and projects involving acquisition (including purchase, lease, donation or comparable
914 arrangements) of a hospital.

915
916 **Section 13. Additional requirements for applications included in comparative reviews**
917

918 Sec. 13. (1) Except for those applications for limited access areas, any application for hospital beds,
919 that is subject to comparative review under Section 22229 of the Code, being Section 333.22229 of the
920 Michigan Compiled Laws, or under these standards shall be grouped and reviewed comparatively with
921 other applications in accordance with the CON rules.
922

923 (2) Each application in a comparative review group shall be individually reviewed to determine
924 whether the application is a qualifying project. If the Department determines that two or more competing
925 applications are qualifying projects, it shall conduct a comparative review. The Department shall approve
926 those qualifying projects which, when taken together, do not exceed the need, as defined in Section
927 22225(1) of the Code, and which have the highest number of points when the results of subsection (3)
928 are totaled. If two or more qualifying projects are determined to have an identical number of points, then
929 the Department shall approve those qualifying projects that, when taken together, do not exceed the need
930 in the order in which the applications were received by the Department based on the date and time stamp
931 placed on the applications by the department in accordance with rule 325.9123.
932

933 (3)(a) A qualifying project will be awarded points based on the percentile ranking of the applicant's
934 uncompensated care volume and as measured by percentage of gross hospital revenues as set forth in
935 the following table. The applicant's uncompensated care volume will be the cumulative of all currently
936 licensed Michigan hospitals under common ownership or control with the applicant that are located in the
937 same health service area as the proposed hospital beds. If a hospital under common ownership or
938 control with the applicant has not filed a Cost Report, then the related applicant shall receive a score of
939 zero. The source document for the calculation shall be the most recent Cost Report filed with the
940 Department for purposes of calculating disproportionate share hospital payments.
941

	<u>Percentile Ranking</u>	<u>Points Awarded</u>
942	90.0 – 100	25 pts
943	80.0 – 89.9	20 pts
944	70.0 – 79.9	15 pts
945	60.0 – 69.9	10 pts
946	50.0 – 59.9	5 pts

947
948
949 Where an applicant proposes to close a hospital(s) as part of its application, data from the hospital(s) to
950 be closed shall be excluded from this calculation.

951 (b) A qualifying project will be awarded points based on the health service area percentile rank of the
952 applicant's Medicaid volume as measured by percentage of gross hospital revenues as set forth in the
953 following table. For purposes of scoring, the applicant's Medicaid volume will be the cumulative of all
954 currently licensed Michigan hospitals under common ownership or control with the applicant that are
955 located in the same health service area as the proposed hospital beds. If a hospital under common
956 ownership or control with the applicant has not filed a Cost Report, then the related applicant shall
957 receive a score of zero. The source document for the calculation shall be the most recent Cost Report
958 filed with the department for purposes of calculating disproportionate share hospital payments.
959

	<u>percentile rank</u>	<u>points awarded</u>
960	87.5 – 100	20 pts
961	75.0 – 87.4	15 pts
962	62.5 – 74.9	10 pts
963	50.0 – 61.9	5 pts

965 less than 50.0 0 pts

966
967 Where an applicant proposes to close a hospital(s) as part of its application, data from the hospital(s) to
968 be closed shall be excluded from this calculation.

969 (c) A qualifying project shall be awarded points as set forth in the following table in accordance with
970 its impact on inpatient capacity. If an applicant proposes to close a hospital(s), points shall only be
971 awarded if (i) closure of that hospital(s) does not create a bed need in any subarea**HOSPITAL GROUP**
972 as a result of its closing; (ii) the applicant stipulates that the hospital beds to be closed shall not be
973 transferred to another location or facility; and (iii) the utilization (as defined by the average daily census
974 over the previous 24-month period prior to the date that the application is submitted) of the hospital to be
975 closed is at least equal to 50 percent of the size of the proposed hospital (as defined by the number of
976 proposed new licensed beds).

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

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

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

1000
1001 The source for calculations under this criterion is the MIDB.

1002
1003 **Section 14. Review standards for comparative review of a limited access area**

1004
1005 Sec. 14. (1) Any application subject to comparative review, under Section 22229 of the Code, being
1006 Section 333.22229 of the Michigan Compiled Laws, or under these standards, shall be grouped and
1007 reviewed comparatively with other applications in accordance with the CON rules.

1008
1009 (2) Each application in a comparative group shall be individually reviewed to determine whether the
1010 application has satisfied all the requirements of Section 22225 of the Code, being Section 333.22225 of
1011 the Michigan Compiled Laws and all other applicable requirements for approval in the Code and these
1012 standards. If the Department determines that two or more competing applications satisfy all of the
1013 requirements for approval, these projects shall be considered qualifying projects. The Department shall
1014 approve those qualifying projects which, when taken together, do not exceed the need, as defined in
1015 Section 22225(1) of the Code, being Section 333.22225(1) of the Michigan Compiled Laws, and which
1016 have the highest number of points when the results of subsection (3) are totaled. If two or more
1017 qualifying projects are determined to have an identical number of points, then the Department shall
1018 approve those qualifying projects, when taken together, that do not exceed the need, as defined in

1019 Section 22225(1) in the order in which the applications were received by the Department based on the
1020 date and time stamp placed on the application by the Department when the application is filed.

1021
1022 (3)(a) A qualifying project will be awarded points based on the percentile ranking of the applicant's
1023 uncompensated care volume as measured by percentage of gross hospital revenues as set forth in the
1024 following table. For purposes of scoring, the applicant's uncompensated care will be the cumulative of all
1025 currently licensed Michigan hospitals under common ownership or control with the applicant. The source
1026 document for the calculation shall be the most recent Cost Report submitted to MDCH for purposes of
1027 calculating disproportionate share hospital payments. If a hospital under common ownership or control
1028 with the applicant has not filed a Cost Report, then the related applicant shall receive a score of zero.

1030	<u>Percentile Ranking</u>	<u>Points Awarded</u>
1031	90.0 – 100	25 pts
1032	80.0 – 89.9	20 pts
1033	70.0 – 79.9	15 pts
1034	60.0 – 69.9	10 pts
1035	50.0 – 59.9	5 pts

1036
1037 Where an applicant proposes to close a hospital as part of its application, data from the closed hospital
1038 shall be excluded from this calculation.

1039 (b) A qualifying project will be awarded points based on the statewide percentile rank of the
1040 applicant's Medicaid volume as measured by percentage of gross hospital revenues as set forth in the
1041 following table. For purposes of scoring, the applicant's Medicaid volume will be the cumulative of all
1042 currently licensed Michigan hospitals under common ownership or control with the applicant. The source
1043 documents for the calculation shall be the Cost Report submitted to MDCH for purposes of calculating
1044 disproportionate share hospital payments. If a hospital under common ownership or control with the
1045 applicant has not filed a Cost Report, then the related applicant shall receive a score of zero.

1047	<u>Percentile Rank</u>	<u>Points Awarded</u>
1048	87.5 – 100	20 pts
1049	75.0 – 87.4	15 pts
1050	62.5 – 74.9	10 pts
1051	50.0 – 61.9	5 pts
1052	Less than 50.0	0 pts

1053
1054 Where an applicant proposes to close a hospital as part of its application, data from the closed hospital
1055 shall be excluded from this calculation.

1056 (c) A qualifying project shall be awarded points as set forth in the following table in accordance with
1057 its impact on inpatient capacity in the health service area of the proposed hospital site.

1059	<u>Impact on Capacity</u>	<u>Points Awarded</u>
1060	Closure of hospital(s)	15 pts
1061	Move beds	0 pts
1062	Adds beds (net)	-15 pts
1063	or	
1064	Closure of hospital(s)	
1065	or delicensure of beds	
1066	which creates a bed need	
1067	or	
1068	Closure of a hospital	
1069	which creates a new Limited Access Area	

1070 (d) A qualifying project will be awarded points based on the percentage of the applicant's market
 1071 share of inpatient discharges of the population in the limited access area as set forth in the following
 1072 table. Market share used for the calculation shall be the cumulative market share of Michigan hospitals
 1073 under common ownership or control with the applicant.

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

1078
 1079 The source for calculations under this criterion is the MIDB.

1080 (e) A qualifying project will be awarded points based on the percentage of the limited access area's
 1081 population within a 30 minute travel time of the proposed hospital site if in a metropolitan statistical area
 1082 county, or within 60 minutes travel time if in a rural or micropolitan statistical area county as set forth in
 1083 the following table.

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

1089
 1090 (f) All applicants will be ranked in order according to their total project costs as stated in the CON
 1091 application divided by its proposed number of beds in accordance with the following table.

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

1092
 1093
 1094
 1095
 1096
 1097
 1098 **Section 15. Documentation of market survey**

1099
 1100 ~~—Sec. 15. An applicant required to conduct a market survey under Section 3 shall specify how the~~
 1101 ~~market survey was developed. This specification shall include a description of the data source(s) used,~~
 1102 ~~assessments of the accuracy of these data, and the statistical method(s) used. Based on this~~
 1103 ~~documentation, the Department shall determine if the market survey is reasonable.~~

1104
 1105 **Section 4615. Requirements for approval -- acquisition of a hospital**

1106
 1107 Sec. 4615. (1) An applicant proposing to acquire a hospital shall not be required to be in compliance
 1108 with the needed hospital bed supply ~~set forth in Appendix C~~ for the ~~subarea~~HOSPITAL GROUP in which
 1109 the hospital subject to the proposed acquisition is assigned if the applicant demonstrates that all of the
 1110 following are met:

- 1111 (a) the acquisition will not result in a change in bed capacity,
- 1112 (b) the licensed site does not change as a result of the acquisition,
- 1113 (c) the project is limited solely to the acquisition of a hospital with a valid license, and
- 1114 (d) if the application is to acquire a hospital, which was proposed in a prior application to be
 1115 established as a ~~N long-term (acute) care~~LTAC hospital (~~LTAC~~) and which received CON approval, the
 1116 applicant also must meet the requirements of Section 6(2). Those hospitals that received such prior
 1117 approval are so identified ~~in Appendix A~~ON THE DEPARTMENT INVENTORY OF BEDS.

1118
 1119 **(2) IN ORDER TO BE APPROVED, THE APPLICANT SHALL COMPLY WITH THE FOLLOWING**
 1120 **REQUIREMENTS, AS APPLICABLE:**

1121 **(A) THE EXISTING LICENSED HOSPITAL HAS OPERATED AT AN AVERAGE ADJUSTED**
 1122 **OCCUPANCY RATE OF AT LEAST 40 PERCENT FOR THE PREVIOUS CONSECUTIVE 36 MONTHS**
 1123 **BASED ON ITS LICENSED AND APPROVED HOSPITAL BED CAPACITY. AVERAGE ADJUSTED**
 1124 **OCCUPANCY SHALL BE CALCULATED AS FOLLOWS:**

1125 (I) CALCULATE THE NUMBER OF ADJUSTED PATIENT DAYS DURING THE MOST RECENT,
1126 CONSECUTIVE 36-MONTH PERIOD FOR WHICH VERIFIABLE DATA ARE AVAILABLE TO THE
1127 DEPARTMENT.
1128 (II) DIVIDE THE NUMBER OF ADJUSTED PATIENT DAYS CALCULATED IN (I) ABOVE BY 1095
1129 (OR 1096 IF INCLUDING A LEAP YEAR).
1130 (B) IF THE EXISTING LICENSED HOSPITAL HAS OPERATED AT AN AVERAGE ADJUSTED
1131 OCCUPANCY RATE OF LESS THAN 40 PERCENT FOR THE PREVIOUS CONSECUTIVE 36
1132 MONTHS, AS CALCULATED IN (A) ABOVE, IN ORDER TO BE APPROVED, THE APPLICANT SHALL
1133 AGREE TO ALL OF THE FOLLOWING:
1134 (I) THE HOSPITAL TO BE ACQUIRED WILL ACHIEVE AN ADJUSTED ANNUAL OCCUPANCY
1135 OF AT LEAST 40% DURING ANY CONSECUTIVE 12-MONTH PERIOD BY THE END OF THE THIRD
1136 YEAR OF OPERATION AFTER COMPLETION OF THE ACQUISITION. AVERAGE ADJUSTED
1137 OCCUPANCY SHALL BE CALCULATED AS FOLLOWS:
1138 (A) CALCULATE THE NUMBER OF ADJUSTED PATIENT DAYS DURING THE MOST RECENT,
1139 CONSECUTIVE 12-MONTH PERIOD FOR WHICH VERIFIABLE DATA ARE AVAILABLE TO THE
1140 DEPARTMENT.
1141 (B) DIVIDE THE NUMBER OF ADJUSTED PATIENT DAYS CALCULATED IN (I) ABOVE BY 365
1142 (OR 366 IF A LEAP YEAR).
1143 (II) IF THE HOSPITAL TO BE ACQUIRED DOES NOT ACHIEVE AN ADJUSTED ANNUAL
1144 OCCUPANCY OF AT LEAST 40 PERCENT, AS CALCULATED IN (B) ABOVE, DURING ANY
1145 CONSECUTIVE 12-MONTH PERIOD BY THE END OF THE THIRD YEAR OF OPERATION AFTER
1146 COMPLETION OF THE ACQUISITION, THE APPLICANT SHALL RELINQUISH SUFFICIENT BEDS AT
1147 THE EXISTING HOSPITAL TO RAISE ITS ADJUSTED OCCUPANCY TO 60 PERCENT. THE
1148 REVISED NUMBER OF LICENSED BEDS AT THE HOSPITAL SHALL BE CALCULATED AS
1149 FOLLOWS:
1150 (I) CALCULATE THE NUMBER OF ADJUSTED PATIENT DAYS DURING THE MOST RECENT,
1151 CONSECUTIVE 12-MONTH PERIOD FOR WHICH VERIFIABLE DATA ARE AVAILABLE TO THE
1152 DEPARTMENT.
1153 (II) DIVIDE THE NUMBER OF ADJUSTED PATIENT DAYS CALCULATED IN SUBSECTION (I)
1154 ABOVE BY .60 TO DETERMINE LICENSED BED DAYS AT 60 PERCENT OCCUPANCY.
1155 (III) DIVIDE THE RESULT OF STEPSUBSECTION (II) ABOVE BY 365 (OR 366 IF A LEAP YEAR)
1156 AND ROUND THE RESULT UP TO THE NEXT WHOLE NUMBER. THIS IS THE MAXIMUM NUMBER
1157 OF LICENSED BEDS. THE NUMBER OF LICENSED BEDS PERMITTED FOR THE LICENSED
1158 HOSPITAL SHALL BE THE MAXIMUM NUMBER OF LICENSED BEDS, OR 25, WHICHEVER IS
1159 LARGER.
1160 (C) SUBSECTION (2) SHALL NOT APPLY TO EXCLUDED HOSPITALS.

1161
1162 **Section 4716. Requirements for approval – all applicants**
1163

1164 Sec. 4716. (1) An applicant shall provide verification of Medicaid participation. An applicant that is a
1165 new provider not currently enrolled in Medicaid shall certify that proof of Medicaid participation will be
1166 provided to the Department within six (6) months from the offering of services if a CON is approved.
1167

1168 (2) THE APPLICANT CERTIFIES ALL OUTSTANDING DEBT OBLIGATIONS OWED TO THE
1169 STATE OF MICHIGAN FOR QUALITY ASSURANCE ASSESSMENT PROGRAM (QAAP) OR CIVIL
1170 MONETARY PENALTIES (CMP) HAVE BEEN PAID IN FULL.
1171

1172 (3) THE APPLICANT CERTIFIES THAT THE HEALTH FACILITY FOR THE PROPOSED PROJECT
1173 HAS NOT BEEN CITED FOR A STATE OR FEDERAL CODE DEFICIENCY WITHIN THE 12 MONTHS
1174 PRIOR TO THE SUBMISSION OF THE APPLICATION. IF A STATE CODE DEFICIENCY HAS BEEN
1175 ISSUED, THE APPLICANT SHALL CERTIFY THAT A PLAN OF CORRECTION FOR CITED STATE
1176 DEFICIENCIES AT THE HEALTH FACILITY HAS BEEN SUBMITTED AND APPROVED BY THE
1177 BUREAU OF HEALTH SYSTEMS WITHIN THE DEPARTMENT OF LICENSING AND REGULATORY
1178 AFFAIRS. IF A FEDERAL CODE DEFICIENCY HAS BEEN ISSUED, THE APPLICANT SHALL
1179 CERTIFY THAT A PLAN OF CORRECTION FOR CITED FEDERAL DEFICIENCIES AT THE HEALTH

1180 | FACILITY HAS BEEN SUBMITTED AND APPROVED BY THE CENTERS FOR MEDICARE AND
1181 | MEDICAID SERVICES. IF CODE DEFICIENCIES INCLUDE ANY UNRESOLVED DEFICIENCIES
1182 | STILL OUTSTANDING WITH THE DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS OR
1183 | THE CENTERS FOR MEDICARE AND MEDICAID SERVICES THAT ARE THE BASIS FOR THE
1184 | DENIAL, SUSPENSION, OR REVOCATION OF AN APPLICANT'S HEALTH FACILITY LICENSE,
1185 | POSES AN IMMEDIATE JEOPARDY TO THE HEALTH AND SAFETY OF PATIENTS, OR MEETS A
1186 | FEDERAL CONDITIONAL DEFICIENCY LEVEL, THE PROPOSED PROJECT CANNOT BE
1187 | APPROVED WITHOUT APPROVAL FROM THE BUREAU OF HEALTH SYSTEMS OR, IF
1188 | 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.

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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 #49-0010)	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.

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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

1672			APPENDIX C (Continued)
1673			
1674	Health		
1675	Service	SA	Bed
1676	Area	No.	Need
1677	<hr/>		
1678	6 - EAST		
1679		6A	96
1680		6B	62
1681		6C	42
1682		6D	184
1683		6E	324
1684		6F	820
1685		6G	48
1686		6H	16
1687		6I	22
1688			
1689	7 - NORTHERN LOWER		
1690		7A	38
1691		7B	200
1692		7C	19
1693		7D	35
1694		7E	102
1695		7F	392
1696		7G	64
1697		7H	59
1698		7I	36
1699			
1700	8 - UPPER PENINSULA		
1701		8A	30
1702		8B	12
1703		8C	22
1704		8D	12
1705		8E	54
1706		8F	93
1707		8G	226
1708		8H	53
1709		8I	7
1710		8J	9
1711		8K	14
1712		8L	54
1713			

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OCCUPANCY RATE TABLE

Adult Medical/Surgical					Pediatric Beds				
HOSPITAL GROUP PROJECTED BED ADC			ADJUSTED BedsBed RANGE		Beds				
ADC	ADC	Occup	StartBE	StopBE	ADC	ADC	Occup	Start	Stop
>= LO	ADC<= HIGH		DS LO	DS HIGH	>	<=			
W	W		W	H					<=50
30	3031	0.60%	50	5052		30	0.50		
		0.6061							
3432	3235	%	5253	5258	30	33	0.50	61	66
		0.6462							
3236	3439	%	5359	5653	34	40	0.51	67	79
		0.6263							
3540	3745	%	5764	6072	41	46	0.52	80	88
		0.6364							
3846	4450	%	6472	6579	47	53	0.53	89	100
		0.6465							
4251	4658	%	6679	7290	54	60	0.54	101	111
		0.6566							
4759	5067	%	7390	77102	61	67	0.55	112	121
		0.6667							
5468	5677	%	78102	85115	68	74	0.56	122	131
		0.6768							
5778	6388	%	86115	94130	75	80	0.57	132	139
		0.6869							
6489	70101	%	95129	103147	81	87	0.58	140	149
		0.6970							
74102	79117	%	104146	114168	88	94	0.59	150	158
		0.7071							
80118	89134	%	115167	126189	95	101	0.60	159	167
		0.7172							
90135	100154	%	127188	140214	102	108	0.61	168	175
		0.7273							
104155	114176	%	141213	157242	109	114	0.62	176	182
		0.7374							
115177	130204	%	158240	177276	115	121	0.63	183	190
		0.7475							
134205	149258	%	178274	200344	122	128	0.64	191	198
		0.7576							
150259	172327	%	201341	227431	129	135	0.65	199	206
		0.7677							
173328	200424	%	228426	261551	136	142	0.66	207	213
		0.7778							
204425	234561	%	262545	301720	143	149	0.67	214	220
		0.7879							
235562	276760	%	302712	350963	150	155	0.68	221	226
		0.7980							
277761	327895	%	351952	4101119	156	162	0.69	227	232
		0.80							
328	394	0.80	411	484	163	169	0.70	233	239
		0.81							
392	473	0.81	485	578	170	176	0.71	240	245
		0.82							
474	577	0.82	579	696	177	183	0.72	246	252

578	713	0.83	697	850	184	189	0.73	253	256
714	894	0.84	851	894	190	196	0.74	257	262
895		0.85	>=1054		197		0.75	>=263	

Obstetric Beds

Obstetric Beds-cont.

Obstetric Beds					Obstetric Beds-cont.				
ADC>	ADC<=	Occup	Beds		ADC>	ADC<=	Occup	Beds	
			Start	Stop				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
95	101	0.60	159	167	190	196	0.74	257	262
102	108	0.61	168	175	197		0.75	>=263	
109	114	0.62	176	182					

1717

LIMITED ACCESS AREAS

1718 |
 1719 |
 1720 |
 1721 | Limited access areas and the hospital bed need, effective ~~March 2, 2009~~ (INSERT EFFECTIVE DATE),
 1722 | for each of those areas are identified below. The hospital bed need for limited access areas shall be
 1723 | changed by the department in accordance with section 2(1)(~~vv~~) of these standards, and this appendix
 1724 | 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

1733 |
 1734 |
 1735 |
 1736 |
 1737 | (NEEDS TO BE UPDATED WHEN BED NEED IS RUN.)

1738 |
 1739 | Sources:

- 1740 |
 1741 | 1) Michigan State University
 1742 | Department of Geography
 1743 | Hospital Site Selection Final Report
 1744 | November 3, 2004, as amended
 1745 |
 1746 | 2) Section 4 of these standards
 1747 |
 1748 | 3) Michigan State University
 1749 | Department of Geography
 1750 | 2011 Planning Year Hospital Bed Need Calculations
 1751 | August 28, 2008

1752 |
 1753 | (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.

1812 | ~~—Sec. 3. (1) An applicant shall agree that, if approved, the services provided by the beds for HIV~~
1813 | ~~infected individuals shall be delivered in compliance with the following terms of CON approval:~~
1814 | ~~—(a) The license to operate the hospital will be limited to serving the needs of patients with the clinical~~
1815 | ~~spectrum of HIV infection and any other limitations established by the Department to meet the purposes~~
1816 | ~~of this addendum.~~
1817 | ~~—(b) The hospital shall be subject to the general license requirements of Part 215 of the Code except~~
1818 | ~~as waived by the Department to meet the purposes of this addendum.~~
1819 | ~~—(c) The applicant agrees that the Department shall revoke the license of the hospital if the hospital~~
1820 | ~~provides services to inpatients other than HIV infected individuals.~~

1821 |
1822 | **Section 4. Comparative reviews**

1823 |
1824 | ~~Sec. 4. (1) Projects proposed under Section 3 shall be subject to comparative review.~~