

1 MICHIGAN DEPARTMENT OF COMMUNITY HEALTH  
2  
3 **CERTIFICATE OF NEED (CON) REVIEW STANDARDS**  
4 **FOR PSYCHIATRIC BEDS AND SERVICES**  
5

6 (By authority conferred on the CON Commission by Section 22215 of Act No. 368 of the Public Acts of  
7 1978, as amended, and Sections 7 and 8 of Act No. 306 of the Public Acts of 1969, as amended, being  
8 Sections 333.22215, 24.207 and 24.208 of the Michigan Compiled Laws).  
9

10 **Section 1. Applicability**

11  
12 Sec. 1. (1) These standards are requirements for the approval and delivery of services for all projects  
13 approved and Certificates of Need issued under Part 222 of the Code which involve psychiatric beds and  
14 services.  
15

16 (2) A psychiatric hospital or unit is a covered health facility for purposes of Part 222 of the Code.  
17

18 (3) An increase in licensed psychiatric beds or the physical relocation from a licensed site to another  
19 geographic location is a change in bed capacity for purposes of Part 222 of the Code.  
20

21 (4) The Department shall use sections 3, 4, 5, 6, 7, 8, 9, and 10, as applicable, in applying Section  
22 22225(1) of the Code, being Section 333.22225(1) of the Michigan Compiled Laws.  
23

24 (5) The Department shall use Sections 12 and 13, as applicable, in applying Section 22225(2)(c) of  
25 the Code, being Section 333.22225(2)(c) of the Michigan Compiled Laws.  
26

27 (6) The Department shall use Section 11 in applying Section 22215(1)(b) of the Code, being Section  
28 333.22215(1)(b) of the Michigan Compiled Laws  
29

30 **Section 2. Definitions**

31  
32 Sec. 2. (1) For purposes of these standards:  
33

34 (a) "Acquisition of a psychiatric hospital or unit" means the issuance of a new license as the result of  
35 the acquisition (including purchase, lease, donation, or other comparable arrangement) of an existing  
36 licensed psychiatric hospital or unit and which does not involve a change in the number of licensed  
37 psychiatric beds at that health facility.

38 (b) "Adult" means any individual aged 18 years or older.

39 (c) "Base year" means 1992 or the most recent year for which verifiable data are collected by the  
40 Department and are available separately for the population age cohorts of 0 to 17 and 18 and older.

41 (d) "Certificate of Need Commission" or "Commission" means the Commission created pursuant to  
42 Section 22211 of the Code, being Section 333.22211 of the Michigan Compiled Laws.

43 (e) "Child/adolescent" means any individual less than 18 years of age.

44 (f) "Code" means Act No. 368 of the Public Acts of 1978, as amended, being Section 333.1101 et  
45 seq. of the Michigan Compiled Laws.

46 (g) "Community mental health board" or "board" or "CMH" means the board of a county(s)  
47 community mental health board as referenced in the provisions of MCL 330.1200 to 330.1246.

48 (h) "Comparative group" means the applications which have been grouped for the same type of  
49 project in the same planning area and are being reviewed comparatively in accordance with the CON  
50 rules.

51 (i) "Department" means the Michigan Department of Community Health (MDCH).

52 (j) "Department inventory of beds" means the current list maintained by the Department which  
53 includes:

54 (i) licensed adult and child/adolescent psychiatric beds; and  
55 (ii) adult and child/adolescent psychiatric beds approved by a valid CON, which are not yet licensed.  
56 A separate inventory will be maintained for child/adolescent beds and adult beds.  
57 (k) "Existing adult inpatient psychiatric beds" or "existing adult beds" means:  
58 (i) all adult beds in psychiatric hospitals or units licensed by the Department pursuant to the Mental  
59 Health Code;  
60 (ii) all adult beds approved by a valid CON, which are not yet licensed;  
61 (iii) proposed adult beds under appeal from a final Department decision, or pending a hearing from a  
62 proposed decision; and  
63 (iv) proposed adult beds that are part of a completed application (other than the application or  
64 applications in the comparative group under review) which are pending final Department decision.  
65 (l) "Existing child/adolescent inpatient psychiatric beds" or "existing child/adolescent beds" means:  
66 (i) all child/adolescent beds in psychiatric hospitals or units licensed by the Department pursuant to  
67 the Mental Health Code;  
68 (ii) all child/adolescent beds approved by a valid CON, which are not yet licensed;  
69 (iii) proposed child/adolescent beds under appeal from a final Department decision, or pending a  
70 hearing from a proposed decision; and  
71 (iv) proposed child/adolescent beds that are part of a completed application (other than the  
72 application or applications in the comparative group under review) which are pending final Department  
73 decision.  
74 (m) "Initiation of service" means the establishment of an inpatient psychiatric unit with a specified  
75 number of beds at a site not currently providing psychiatric services.  
76 (n) "Involuntary commitment status" means a hospital admission effected pursuant to the provisions  
77 of MCL 330.1423 to 330.1429.  
78 (o) "Licensed site" means either:  
79 (i) in the case of a single site hospital, the location of the facility authorized by license and listed on  
80 that licensee's certificate of licensure; or  
81 (ii) in the case of a hospital with multiple sites, the location of each separate and distinct inpatient  
82 unit of the health facility as authorized by license and listed on that licensee's certificate of licensure.  
83 (p) "Medicaid" means title XIX of the Social Security Act, chapter 531, 49 Stat. 620, 1396r-6  
84 and 1396r-8 to 1396v.  
85 (q) "Mental Health Code" means Act 258 of the Public Acts of 1974, as amended, being Sections  
86 330.1001 to 330.2106 of the Michigan Compiled Laws.  
87 (r) "Mental health professional" means an individual who is trained and experienced in the area of  
88 mental illness or developmental disabilities and who is any 1 of the following:  
89 (i) a physician who is licensed to practice medicine or osteopathic medicine and surgery in Michigan  
90 and who has had substantial experience with mentally ill, mentally retarded, or developmentally disabled  
91 clients for 1 year immediately preceding his or her involvement with a client under administrative rules  
92 promulgated pursuant to the Mental Health Code;  
93 (ii) a psychologist who is licensed in Michigan pursuant to the provisions of MCL 333.16101 to  
94 333.18838;  
95 (iii) a licensed master's social worker licensed in Michigan Pursuant to the provisions of MCL  
96 333.16101 to 333.18838;  
97 (iv) a registered nurse who is licensed in Michigan pursuant to the provisions of MCL 333.16101 to  
98 333.18838;  
99 (v) a licensed professional counsel or licensed in Michigan pursuant to the provisions of MCL  
100 333.16101 to 333.18838;  
101 (vi) a marriage and family therapist licensed in Michigan pursuant to the provisions of MCL  
102 333.16101 to 333.18838;  
103 (vii) a professional person, other than those defined in the administrative rules promulgated pursuant  
104 to the Mental Health Code, who is designated by the Director of the Department or a director of a facility  
105 operated by the Department in written policies and procedures. This mental health professional shall  
106 have a degree in his or her profession and shall be recognized by his or her respective professional

107 association as being trained and experienced in the field of mental health. The term does not include  
108 non-clinical staff, such as clerical, fiscal or administrative personnel.

109 (s) "Mental health service" means the provision of mental health care in a protective environment  
110 with mental illness or mental retardation, including, but not limited to, chemotherapy and individual and  
111 group therapies pursuant to MCL 330.2001.

112 (t) "Non-renewal or revocation of license" means the Department did not renew or revoked the  
113 psychiatric hospital's or unit's license based on the hospital's or unit's failure to comply with state  
114 licensing standards.

115 (u) "Non-renewal or termination of certification" means the psychiatric hospital's or unit's Medicare  
116 and/or Medicaid certification was terminated or not renewed based on the hospital's or unit's failure to  
117 comply with Medicare and/or Medicaid participation requirements.

118 (v) "Offer" means to provide inpatient psychiatric services to patients.

119 (w) "Physician" means an individual licensed in Michigan to engage in the practice of medicine or  
120 osteopathic medicine and surgery pursuant to MCL 333.16101 to 333.18838.

121 (x) "Planning area" means the geographic boundaries of the groups of counties shown in Section 15.

122 (y) "Planning year" means 1990 or a year in the future, at least 3 years but no more than 7 years,  
123 established by the CON Commission for which inpatient psychiatric bed needs are developed. The  
124 planning year shall be a year for which official population projections from the Department of  
125 Management and Budget are available.

126 (z) "Psychiatric hospital" means an inpatient program operated by the Department for the treatment  
127 of individuals with serious mental illness or serious emotional disturbance or a psychiatric hospital or  
128 psychiatric unit licensed under Section 137, pursuant to MCL 330.1100.

129 (aa) "Psychiatrist" means 1 or more of the following, pursuant to MCL 330.1100:

130 (i) a physician who has completed a residency program in psychiatry approved by the Accreditation  
131 Council for Graduate Medical Education or The American Osteopathic Association, or who has completed  
132 12 months of psychiatric rotation and is enrolled in an approved residency program;

133 (ii) a psychiatrist employed by or under contract with the Department or a community health services  
134 program on March 28, 1996;

135 (iii) a physician who devotes a substantial portion of his or her time to the practice of psychiatry and  
136 is approved by the Director.

137 (bb) "Psychiatric unit" means a unit of a general hospital that provides inpatient services for individuals  
138 with serious mental illness or serious emotional disturbances pursuant to MCL 330.1100.

139 (cc) "Psychologist" means an individual licensed to engage in the practice of psychology, who  
140 devotes a substantial portion of his or her time to the diagnosis and treatment of individuals with serious  
141 mental illness, serious emotional disturbance, or developmental disability, pursuant to MCL 333.16101 to  
142 333.18838.

143 (dd) "Public patient" means an individual approved for mental health services by a CMH or an  
144 individual who is admitted as a patient under Section 423, 429, or 438 of the Mental Health Code, Act No.  
145 258 of the Public Acts of 1974, being Sections 330.1423, 330.1429, and 330.1438 of the Michigan  
146 Compiled Laws.

147 (ee) "Qualifying project" means each application in a comparative group which has been reviewed  
148 individually and has been determined by the Department to have satisfied all of the requirements of  
149 Section 22225 of the Code, being Section 333.22225 of the Michigan Compiled Laws, and all other  
150 applicable requirements for approval in the Code and these standards.

151 (ff) "Registered professional nurse" or "R.N." means an individual licensed in Michigan pursuant to  
152 the provisions of MCL 333.16101 to 333.18838.

153 (gg) "Replacement beds" means beds in a psychiatric hospital or unit which meet all of the following  
154 conditions:

155 (i) an equal or greater number of beds are currently licensed to the applicant at the current licensed  
156 site;

157 (ii) the beds are proposed for replacement in new physical plant space being developed in new  
158 construction or in newly acquired space (purchase, lease, donation, or other comparable arrangement);  
159 and

- 160 (iii) the beds to be replaced will be located in the replacement zone.  
161 (hh) "Replacement zone" means a proposed licensed site which is:  
162 (i) in the same planning area as the existing licensed site; and  
163 (ii) on the same site, on a contiguous site, or on a site within 15 miles of the existing licensed site.  
164 (ii) "Social worker" means an individual registered in Michigan to engage in social work under the  
165 provisions of MCL 333.18501.

166  
167 (2) The terms defined in the Code have the same meanings when used in these standards.  
168

### 169 **Section 3. Determination of needed inpatient psychiatric bed supply**

170

171 Sec. 3. (1) Until changed by the Commission in accordance with Section 4(3) and Section 5, the use  
172 rate for the base year for the population age 0-17 is set forth in Appendix D.  
173

174 (2) The number of child/adolescent inpatient psychiatric beds needed in a planning area shall be  
175 determined by the following formula:

176 (a) Determine the population for the planning year for each separate planning area for the population  
177 age 0-17.

178 (b) Multiply the population by the use rate established in Appendix D. The resultant figure is the total  
179 patient days.

180 (c) Divide the total patient days obtained in subsection (b) by 365 (or 366 for leap years) to obtain  
181 the projected average daily census (ADC).

182 (d) Divide the ADC by 0.75.

183 (e) For each planning area, all psychiatric hospitals or units with an average occupancy of 60% or  
184 less for the previous 24 months will have the ADC, for the previous 24 months, multiplied by 1.7. The net  
185 decrease from the current licensed beds will give the number to be added to the bed need.

186 (f) The adjusted bed need for the planning area is the sum of the results of subsections (d) and (e).  
187

188 (3) The number of needed adult inpatient psychiatric beds shall be determined by multiplying the  
189 population aged 18 years and older for the planning year for each planning area by either:

190 (a) The ratio of adult beds per 10,000 adult population set forth in Appendix C; or

191 (b) The statewide ratio of adult beds per 10,000 adult population set forth in Appendix C, whichever  
192 is lower; and dividing the result by 10,000. If the ratio set forth in Appendix C for a specific planning area  
193 is "0", the statewide ratio of adult beds per 10,000 adult population shall be used to determine the number  
194 of needed adult inpatient psychiatric beds.

195 (c) For each planning area, an addition to the bed need will be made for low occupancy facilities. All  
196 psychiatric hospitals or units with an average occupancy of 60% or less for the previous 24 months will  
197 have the ADC, for the previous 24 months, multiplied by 1.5. The net decrease from the current licensed  
198 beds will give the number to be added to the bed need.

199 (d) The adjusted bed need for the planning area is the sum of the results of subsections (b) and (c).  
200

### 201 **Section 4. Bed need for inpatient psychiatric beds**

202

203 Sec. 4. (1) For purposes of these standards, until otherwise changed by the Commission, the bed  
204 need numbers determined pursuant to Section 3, incorporated as part of these standards as Appendices  
205 A and B, as applicable, shall apply to projects subject to review under these standards, except where a  
206 specific CON review standard states otherwise.  
207

208 (2) The Department shall apply the bed need methodologies in Section 3 on a biennial basis.  
209

210 (3) The Commission shall designate the planning year, and, for child/adolescent beds, the base  
211 year, which shall be utilized in applying the bed need methodologies pursuant to subsection (2).  
212

213 (4) The effective date of the bed need numbers shall be established by the Commission.  
214

215 (5) New bed need numbers established by subsections (2) and (3) shall supercede the bed need  
216 numbers shown in Appendices A and B and shall be included as amended appendices to these  
217 standards.  
218

219 (6) Modifications made by the Commission pursuant to this Section shall not require Standard  
220 Advisory Committee action, a public hearing, or submittal of the standard to the Legislature and the  
221 Governor in order to become effective.  
222

### 223 **Section 5. Modification of the child/adolescent use rate by changing the base year** 224

225 Sec. 5. (1) The Commission may modify the base year based on data obtained from the Department  
226 and presented to the Commission. The Department shall calculate the use rate for the population age 0-  
227 17 and biennially present the revised use rate based on the most recent base year information available  
228 biennially to the CON Commission.  
229

230 (2) The Commission shall establish the effective date of the modifications made pursuant to  
231 subsection (1).  
232

233 (3) Modifications made by the Commission pursuant to subsection (1) shall not require Standard  
234 Advisory Committee action, a public hearing, or submittal of the standard to the Legislature and the  
235 Governor in order to become effective.  
236

### 237 **Section 6. Requirements for approval to initiate service** 238

239 Sec. 6. An applicant proposing the initiation of an adult or child/adolescent psychiatric service shall  
240 demonstrate or provide the following:  
241

242 (1) The number of beds proposed in the CON application cannot result in the number of existing  
243 adult or child/adolescent psychiatric beds, as applicable, in the planning area exceeding the bed need set  
244 forth in Appendix A or B, as applicable. However, an applicant may request and be approved for up to a  
245 maximum of 10 beds if, when the total number of existing adult beds or existing child/adolescent beds is  
246 subtracted from the bed need for the planning area set forth in Appendix A or B, the difference is equal to  
247 or more than 1 or less than 10.  
248

249 (2) A written recommendation, from the Department or the CMH that serves the county in which the  
250 proposed beds or service will be located, which shall include an agreement to enter into a contract to  
251 meet the needs of the public patient. At a minimum, the letter of agreement shall specify the number of  
252 beds to be allocated to the public patient and the applicant's intention to serve patients with an  
253 involuntary commitment status.  
254

255 (3) The number of beds proposed in the CON application to be allocated for use by public patients  
256 shall not be less than 50% of the beds proposed in the CON application. Applications proposed in direct  
257 response to a Department plan pursuant to subsection (5) shall allocate not less than 80% of the beds  
258 proposed in the CON application.  
259

260 (4) The minimum number of beds in a psychiatric unit shall be at least 10 beds. If a psychiatric unit  
261 has or proposes to operate both adult and child/adolescent beds, each unit shall have a minimum of 10  
262 beds. The Department may approve an application for a unit of less than 10 beds, if the applicant  
263 demonstrates to the satisfaction of the Department, that travel time to existing units would significantly  
264 limit access to care.  
265

- 266 (5) An applicant shall not be required to be in compliance with subsection (1) if the applicant  
267 demonstrates that the application meets both of the following:  
268 (a) The Director of the Department determines that an exception to subsection (1) should be made  
269 and certifies in writing that the proposed project is a direct response to a Department plan for reducing  
270 the use of public institutions for acute mental health care through the closure of a state-owned psychiatric  
271 hospital; and  
272 (b) The proposed beds will be located in the area currently served by the public institution that will be  
273 closed, as determined by the Department.

274  
275 **Section 7. Requirements for approval to increase beds**

276  
277 Sec. 7 An applicant proposing an increase in the number of adult or child/adolescent beds shall  
278 demonstrate or provide the following:  
279

280 (1) The number of beds proposed in the CON application will not result in the number of existing  
281 adult or child/adolescent psychiatric beds, as applicable, in the planning area exceeding the bed need set  
282 forth in Appendix A or B, as applicable. However, an applicant may request and be approved for up to a  
283 maximum of 10 beds if, when the total number of existing adult beds or existing child/adolescent beds is  
284 subtracted from the bed need for the planning area set forth in Appendix A or B, the difference is equal to  
285 or more than 1 or less than 10.  
286

287 (2) The average occupancy rate for the applicant's facility, where the proposed beds are to be  
288 located, was at least 70% for adult or child/adolescent beds, as applicable, during the most recent,  
289 consecutive 24 month period, as of the date of the submission of the application, for which verifiable data  
290 are available to the Department.  
291

292 (3) Subsections (1) and (2) shall not apply if the ~~applicant meets the~~ following **ARE MET**:  
293 (A) THE NUMBER OF EXISTING ADULT OR CHILD/ADOLESCENT PSYCHIATRIC BEDS IN THE  
294 PLANNING AREA IS EQUAL TO OR EXCEEDS THE BED NEED SET FORTH IN APPENDIX A OR B,  
295 AS APPLICABLE;  
296 (aB) the beds are being added at the existing licensed site;  
297 (bC) the average occupancy rate for the applicant's facility was at least 75% for facilities with 19 beds  
298 or less and 80% for facilities with 20 beds or more, as applicable, during the most recent, consecutive 24  
299 month period, as of the date of the submission of the application, for which verifiable data are available to  
300 the Department;  
301 (cD) the number of beds being added shall not exceed the results of the following formula: the facility's  
302 average daily census for the most recent, consecutive 24 month period, as of the date of the submission  
303 of the application, for which verifiable data are available to the Department multiplied by 1.5 for adult beds  
304 and 1.7 for child/adolescent beds.  
305

306 (4) Proof of current contract or documentation of contract renewal, if current contract is under  
307 negotiation, with at least one CMH or its designee that serves the planning area in which the proposed  
308 beds or service will be located.  
309

310 (5) Previously made commitments, if any, to the Department or CMH to serve public patients have  
311 been fulfilled.  
312

313 (6) The number of beds proposed in the CON application to be allocated for use by public patients  
314 shall not be less than 50% of the beds proposed in the CON application. Applications proposed in direct  
315 response to a Department plan pursuant to subsection (9) shall allocate not less than 80% of the beds  
316 proposed in the CON application.  
317

318 (7) The minimum number of beds in a psychiatric unit shall be at least 10 beds. If a psychiatric unit  
319 has or proposes to operate both adult and child/adolescent beds, then each unit shall have a minimum of  
320 10 beds. The Department may approve an application for a unit of less than 10 beds, if the applicant  
321 demonstrates, to the satisfaction of the Department, that travel time to existing units would significantly  
322 impair access to care.

323  
324 (8) Subsection (2) shall not apply if the Director of the Department has certified in writing that the  
325 proposed project is a direct response to a Department plan for reducing the use of public institutions for  
326 acute mental health care through the closure of a state-owned psychiatric hospital.

327  
328 (9) An applicant shall not be required to be in compliance with subsection (1) if the applicant  
329 demonstrates that the application meets both of the following:

330 (a) The Director of the Department determines that an exception to subsection (1) should be made  
331 and certifies in writing that the proposed project is a direct response to a Department plan for reducing  
332 the use of public institutions for acute mental health care through the closure of a state-owned psychiatric  
333 hospital; and

334 (b) The proposed beds will be located in the area currently served by the public institution that will be  
335 closed as determined by the Department.

### 336 **Section 8. Requirements for approval for replacement beds**

337  
338  
339 Sec. 8. An applicant proposing replacement beds shall not be required to be in compliance with the  
340 needed bed supply set forth in Appendix A or B, as applicable, if the applicant demonstrates all of the  
341 following:

342  
343 (1) The project proposes to replace an equal or lesser number of beds currently licensed to the  
344 applicant at the licensed site at which the proposed replacement beds are currently located.

345  
346 (2) The proposed licensed site is in the replacement zone.

347  
348 ~~—(3) The applicant meets all other applicable CON review standards and agrees and assures to~~  
349 ~~comply with all applicable project delivery requirements.~~

350  
351 (43) Not less than 50% of the beds proposed to be replaced shall be allocated for use by public  
352 patients.

353  
354 (54) Previously made commitments, if any, to the Department or CMH to serve public patients have  
355 been fulfilled.

356  
357 (65) Proof of current contract or documentation of contract renewal, if current contract is under  
358 negotiation, with the CMH or its designee that serves the planning area in which the proposed beds or  
359 service will be located.

### 360 **Section 9. Requirements for approval for acquisition of a psychiatric hospital or unit**

361  
362  
363 Sec. 9. An applicant proposing to acquire a psychiatric hospital or unit shall not be required to be in  
364 compliance with the needed bed supply set forth in Appendix A or B, as applicable, for the planning area  
365 in which the psychiatric hospital or unit subject to the proposed acquisition is located, if the applicant  
366 demonstrates that all of the following are met:

367  
368 (1) The acquisition will not result in a change in the number of licensed beds or beds designated for  
369 a child/adolescent specialized psychiatric program.

370

371 (2) The licensed site does not change as a result of the acquisition.  
372

373 **Section 10. Additional requirements for applications included in comparative review**  
374

375 Sec. 10. (1) Any application subject to comparative review under Section 22229 of the Code being  
376 Section 333.22229 of the Michigan Compiled Laws or these standards shall be grouped and reviewed  
377 with other applications in accordance with the CON rules applicable to comparative review.  
378

379 (2) Each application in a comparative group shall be individually reviewed to determine whether the  
380 application has satisfied all the requirements of Section 22225 of the Code being Section 333.22225 of  
381 the Michigan Compiled Laws and all other applicable requirements for approval in the Code and these  
382 standards. If the Department determines that two or more competing applications satisfy all of the  
383 requirements for approval, these projects shall be considered qualifying projects. The Department shall  
384 approve those qualifying projects which, when taken together, do not exceed the need, as defined in  
385 Section 22225(1) of the Code, and which have the highest number of points when the results of  
386 subsection (3) are totaled. If two or more qualifying projects are determined to have an identical number  
387 of points, then the Department shall approve those qualifying projects which, when taken together, do not  
388 exceed the need, in the order in which the applications were received by the Department, based on the  
389 date and time stamp placed on the applications by the Department in accordance with rule 325.9123.  
390

391 (3)(a) A qualifying project application will be awarded 5 points if, within six months of beginning  
392 operation and annually thereafter, 100% of the licensed psychiatric beds (both existing and proposed) at  
393 the facility will be Medicaid certified.

394 (b) A qualifying project will have 4 points deducted if, on or after November 26, 1995, the records  
395 maintained by the Department document that the applicant was required to enter into a contract with  
396 either the Department or a CMH to serve the public patient and did not do so.

397 (c) A qualifying project will have 5 points deducted if, on or after November 26, 1995, the records  
398 maintained by the Department document that the applicant entered into a contract with MDCH or CMH  
399 but never admitted any public patients referred pursuant to that contract.

400 (d) A qualifying project will have 5 points deducted if, on or after November 26, 1995, the records  
401 maintained by the Department document that an applicant agreed to serve patients with an involuntary  
402 commitment status but has not admitted any patients referred with an involuntary commitment status.

403 (e) A qualifying project will be awarded 3 points if the applicant presents, in its application, a plan,  
404 acceptable to the Department, for the treatment of patients requiring long-term treatment. For purposes  
405 of this subsection, long-term treatment is defined to mean an inpatient length of stay in excess of 45  
406 days.

407 (f) A qualifying project will be awarded 3 points if the applicant currently provides a partial  
408 hospitalization psychiatric program, outpatient psychiatric services, or psychiatric aftercare services, or  
409 the applicant includes any of these services as part of their proposed project, as demonstrated by site  
410 plans and service contracts.

411 (g) A qualifying project will have 4 points deducted if the Department has issued, within three years  
412 prior to the date on which the CON application was deemed submitted, a temporary permit or provisional  
413 license due to a pattern of licensure deficiencies at any psychiatric hospital or unit owned or operated by  
414 the applicant in this state.

415 (h) A qualifying project will have points awarded based on the percentage of the hospital's indigent  
416 volume as set forth in the following table.  
417

Hospital Indigent Volume	Points Awarded
0 - <6%	1
6 - <11%	2
11 - <16%	3



424	16 - <21%	4
425	21 - <26%	5
426	26 - <31%	6
427	31 - <36%	7
428	36 - <41%	8
429	41 - <46%	9
430	46% +	10

431  
432 For purposes of this subsection, indigent volume means the ratio of a hospital's indigent charges to its  
433 total charges expressed as a percentage as determined by the Department pursuant to Chapter VIII of  
434 the Medical Assistance Program manual. The indigent volume data being used for rates in effect at the  
435 time the application is deemed submitted will be used by the Department in determining the number of  
436 points awarded to each qualifying project.

437 (i) A qualifying project will have points deducted based on the applicant's record of compliance with  
438 applicable safety and operating standards for any psychiatric hospital or unit owned and/or operated by  
439 the applicant in this state. Points shall be deducted in accordance with the following schedule if, on or  
440 after November 26, 1995, the Department records document any non-renewal or revocation of license for  
441 cause or non-renewal or termination of certification for cause of any psychiatric hospital or unit owned or  
442 operated by the applicant in this state.

444	Psychiatric Hospital/Unit	
445	<u>Compliance Action</u>	<u>Points Deducted</u>
446		
447	Non-renewal or revocation of license	4
448		
449	Non-renewal or termination of:	
450		
451	Certification - Medicare	4
452	Certification - Medicaid	4
453		

454 (4) The minimum number of points will be awarded to an applicant under the individual subsections  
455 of this Section for conflicting information presented in this Section and related information provided in  
456 other Sections of the CON application.

457  
458 **Section 11. Requirements for approval for all applicants**

459  
460 Sec. 11. (1) An applicant shall provide verification of Medicaid participation. An applicant that is a  
461 new provider not currently enrolled in Medicaid shall certify that proof of Medicaid participation will be  
462 provided to the Department within six (6) months from the offering of services if a CON is approved.

463  
464 (2) THE APPLICANT CERTIFIES ALL OUTSTANDING DEBT OBLIGATIONS OWED TO THE  
465 STATE OF MICHIGAN FOR QUALITY ASSURANCE ASSESSMENT PROGRAM (QAAP) OR CIVIL  
466 MONETARY PENALTIES (CMP) HAVE BEEN PAID IN FULL.

467  
468 (3) THE APPLICANT CERTIFIES THAT THE HEALTH FACILITY FOR THE PROPOSED PROJECT  
469 HAS NOT BEEN CITED FOR A STATE OR FEDERAL CODE DEFICIENCY WITHIN THE 12 MONTHS  
470 PRIOR TO THE SUBMISSION OF THE APPLICATION. IF A CODE DEFICIENCY HAS BEEN ISSUED,  
471 THEN THE APPLICANT SHALL CERTIFY THAT A PLAN OF CORRECTION FOR CITED STATE OR  
472 FEDERAL CODE DEFICIENCIES AT THE HEALTH FACILITY HAS BEEN SUBMITTED AND  
473 APPROVED BY THE BUREAU OF HEALTH SYSTEMS WITHIN THE DEPARTMENT OR AS  
474 APPLICABLE, THE CENTERS FOR MEDICARE AND MEDICAID SERVICES. IF CODE DEFICIENCIES  
475 INCLUDE ANY UNRESOLVED DEFICIENCIES STILL OUTSTANDING WITH THE DEPARTMENT OR  
476 THE CENTERS FOR MEDICARE AND MEDICAID SERVICES THAT ARE THE BASIS FOR THE

477 DENIAL, SUSPENSION, OR REVOCATION OF AN APPLICANT'S HEALTH FACILITY LICENSE,  
478 POSES AN IMMEDIATE JEOPARDY TO THE HEALTH AND SAFETY OF PATIENT, OR MEETS A  
479 FEDERAL CONDITIONAL DEFICIENCY LEVEL, THE PROPOSED PROJECT CANNOT BE  
480 APPROVED WITHOUT APPROVAL FROM THE BUREAU OF HEALTH SYSTEMS.  
481

482 **Section 12. Project delivery requirements - terms of approval for all applicants**  
483

484 Sec. 12. (1) An applicant shall agree that, if approved, the project shall be delivered in compliance  
485 with the following terms of CON approval:

486 (a) Compliance with these standards.

487 (b) Compliance with applicable operating standards in the Mental Health Code or the administrative  
488 rules promulgated there under.

489 (c) Compliance with the following applicable quality assurance standards:

490 (i) The average occupancy rate for all licensed beds at the psychiatric hospital or unit shall be at  
491 least 60 percent (%) for adult beds and 40 percent (%) for child/adolescent beds for the second 12  
492 months of operation, and annually thereafter. After the second 12 months of operation, if the average  
493 occupancy rate is below 60% for adult beds or 40% for child/adolescent beds, the number of beds shall  
494 be reduced to achieve a minimum of 60% average annual occupancy for adult beds or 40% annual  
495 average occupancy for child/adolescent beds for the revised licensed bed complement. However, the  
496 psychiatric hospital or unit shall not be reduced to less than 10 beds.

497 (ii) The proposed licensed psychiatric beds shall be operated in a manner that is appropriate for a  
498 population with the ethnic, socioeconomic, and demographic characteristics including the developmental  
499 stage of the population to be served.

500 (iii) The applicant shall establish procedures to care for patients who are disruptive, combative, or  
501 suicidal and for those awaiting commitment hearings, and the applicant shall establish a procedure for  
502 obtaining physician certification necessary to seek an order for involuntary treatment for those persons  
503 that, in the judgment of the professional staff, meet the Mental Health Code criteria for involuntary  
504 treatment.

505 (iv) The applicant shall develop a standard procedure for determining, at the time the patient first  
506 presents himself or herself for admission or within 24 hours after admission, whether an alternative to  
507 inpatient psychiatric treatment is appropriate.

508 (v) The inpatient psychiatric hospital or unit shall provide clinical, administrative, and support  
509 services that will be at a level sufficient to accommodate patient needs and volume, and will be provided  
510 seven days a week to assure continuity of services and the capacity to deal with emergency admissions.

511 (vi) The applicant shall participate in a data collection network established and administered by the  
512 Department or its designee. The data may include, but is not limited to: annual budget and cost  
513 information, operating schedules, and demographic, diagnostic, morbidity and mortality information, as  
514 well as the volume of care provided to patients from all payor sources. The applicant shall provide the  
515 required data on a separate basis for each licensed site; in a format established by the Department; and  
516 in a mutually agreed upon media. The Department may elect to verify the data through on-site review of  
517 appropriate records.

518 (vii) The applicant shall provide the Department with a notice stating the date the beds or services are  
519 placed in operation and such notice shall be submitted to the Department consistent with applicable  
520 statute and promulgated rules.

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

522 (A) Not deny acute inpatient mental health services to any individual based on ability to pay, source  
523 of payment, age, race, handicap, national origin, religion, gender, sexual orientation or commitment  
524 status;

525 (B) Provide acute inpatient mental health services to any individual based on clinical indications of  
526 need for the services;

527 (C) Maintain information by payor and non-paying sources to indicate the volume of care from each  
528 source provided annually.

529 Compliance with selective contracting requirements shall not be construed as a violation of this term.

530 (ix) An applicant required to enter into a contract with a CMH(s) or the Department pursuant to these  
531 standards shall have in place, at the time the approved beds or services become operational, a signed  
532 contract to serve the public patient. The contract must address a single entry and exit system including  
533 discharge planning for each public patient. The contract shall specify that at least 50% or 80% of the  
534 approved beds, as required by the applicable sections of these standards, shall be allocated to the public  
535 patient, and shall specify the hospital's or unit's willingness to admit patients with an involuntary  
536 commitment status. The contract need not be funded.

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

539  
540 (2) Compliance with this Section shall be determined by the Department based on a report submitted  
541 by the applicant and/or other information available to the Department.

542  
543 (3) The agreements and assurances required by this Section shall be in the form of a certification  
544 agreed to by the applicant or its authorized agent.

545  
546 **Section 13. Project delivery requirements - additional terms of approval for child/adolescent**  
547 **service**

548  
549 Sec. 13. (1) In addition to the provisions of Section 12, an applicant for a child/adolescent service  
550 shall agree to operate the program in compliance with the following terms of CON approval, as  
551 applicable:

552 (a) There shall be at least the following child and adolescent mental health professionals employed,  
553 either directly or by contract, by the hospital or unit, each of whom must have been involved in the  
554 delivery of child/adolescent mental health services for at least 2 years within the most recent 5 years:

- 555 (i) a child/adolescent psychiatrist;
- 556 (ii) a child psychologist;
- 557 (iii) a psychiatric nurse;
- 558 (iv) a psychiatric social worker;
- 559 (v) an occupational therapist or recreational therapist; and

560 (b) There shall be a recipient rights officer employed by the hospital or the program.

561 (c) The applicant shall identify a staff member(s) whose assigned responsibilities include discharge  
562 planning and liaison activities with the home school district(s).

563 (d) There shall be the following minimum staff employed either on a full time basis or on a consulting  
564 basis:

- 565 (i) a pediatrician;
- 566 (ii) a child neurologist;
- 567 (iii) a neuropsychologist;
- 568 (iv) a speech and language therapist;
- 569 (v) an audiologist; and
- 570 (vi) a dietician.

571 (e) A child/adolescent service shall have the capability to determine that each inpatient admission is  
572 the appropriate treatment alternative consistent with Section 498e of the Mental Health Code, being  
573 Section 330.1498e of the Michigan Compiled Laws.

574 (f) The child/adolescent service shall develop and maintain a coordinated relationship with the home  
575 school district of any patient to ensure that all public education requirements are met.

576 (g) The applicant shall demonstrate that the child/adolescent service is integrated within the  
577 continuum of mental health services available in its planning area by establishing a formal agreement  
578 with the CMH(s) serving the planning area in which the child/adolescent specialized psychiatric program  
579 is located. The agreement shall address admission and discharge planning issues which include, at a  
580 minimum, specific procedures for referrals for appropriate community services and for the exchange of  
581 information with the CMH(s), the probate court(s), the home school district, the Michigan Department of  
582 Human Services, the parent(s) or legal guardian(s) and/or the patient's attending physician.

583  
584 (2) Compliance with this Section shall be determined by the Department based on a report submitted  
585 by the program and/or other information available to the Department.  
586

587 (3) The agreements and assurances required by this Section shall be in the form of a certification  
588 agreed to by the applicant or its authorized agent.  
589

#### 590 **Section 14. Department inventory of beds**

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592 Sec. 14. The Department shall maintain, and provide on request, a listing of the Department Inventory  
593 of Beds for each adult and child/adolescent planning area.  
594

#### 595 **Section 15. Planning areas**

596  
597 Sec. 15. The planning areas for inpatient psychiatric beds are the geographic boundaries of the  
598 groups of counties as follows.  
599

600 <u>Planning Areas</u>	600 <u>Counties</u>
601 1	Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, Wayne
602	
603 2	Clinton, Eaton, Hillsdale, Ingham, Jackson, Lenawee
604	
605 3	Barry, Berrien, Branch, Calhoun, Cass, Kalamazoo, St. Joseph, Van
606	Buren
607	
608 4	Allegan, Ionia, Kent, Lake, Mason, Montcalm, Muskegon, Newaygo,
609	Oceana, Ottawa
610	
611 5	Genesee, Lapeer, Shiawassee
612	
613 6	Arenac, Bay, Clare, Gladwin, Gratiot, Huron, Iosco, Isabella, Midland,
614	Mecosta, Ogemaw, Osceola, Oscoda, Saginaw, Sanilac, Tuscola
615	
616 7	Alcona, Alpena, Antrim, Benzie, Charlevoix, Cheboygan, Crawford,
617	Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee,
618	Montmorency, Otsego, Presque Isle, Roscommon, Wexford
619	
620 8	Alger, Baraga, Chippewa, Delta, Dickinson, Gogebic, Houghton, Iron,
621	Keweenaw, Luce, Mackinac, Marquette, Menominee, Ontonagon,
622	Schoolcraft
623	

#### 624 **Section 16. Effect on prior CON review standards; comparative reviews**

625  
626 Sec. 16. (1) These CON review standards supercede and replace the CON Review Standards for  
627 Psychiatric Beds and Services, approved by the CON Commission on ~~June 22, 2005~~ DECEMBER 11,  
628 2007 and effective on ~~October 17, 2005~~ FEBRUARY 25, 2008.  
629

630 (2) Projects involving replacement beds or an increase in beds, approved pursuant to Section 7(3),  
631 are reviewed under these standards and shall not be subject to comparative review.  
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633 (3) Projects involving initiation of services or an increase in beds, approved pursuant to Section 7(1),  
634 are reviewed under these standards and shall be subject to comparative review.

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**CON REVIEW STANDARDS  
FOR CHILD/ADOLESCENT PSYCHIATRIC BEDS**

The bed need numbers, for purposes of these standards until otherwise changed by the Commission, are as follows:

<b>Planning Area</b>	<b>Bed Need</b>
1	<del>109</del> <u>113</u>
2	12
3	<del>20</del> <u>22</u>
4	<del>40</del> <u>26</u>
5	<del>20</del> <u>11</u>
6	<del>17</del> <u>14</u>
7	<del>8</del> <u>7</u>
8	5
<b>TOTAL</b>	<del>234</del> <u>210</u>

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**CON REVIEW STANDARDS  
FOR ADULT PSYCHIATRIC BEDS**

The bed need numbers, for purposes of these standards until otherwise changed by the Commission, are as follows:

<b>PLANNING AREA</b>	<b>BED NEED</b>
1	<del>4044</del> <u>967</u>
2	<del>470</del> <u>179</u>
3	186
4	<del>282</del> <u>283</u>
5	<del>472</del> <u>153</u>
6	<del>404</del> <u>96</u>
7	<del>54</del> <u>52</u>
8	<del>37</del> <u>38</u>
<b>TOTAL</b>	<del>2040</del> <u>1,954</u>

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**RATIO OF ADULT INPATIENT PSYCHIATRIC  
BEDS PER 10,000 ADULT POPULATION**

THE RATIO PER 10,000 ADULT POPULATION, FOR PURPOSES OF THESE STANDARDS, UNTIL  
OTHERWISE CHANGED BY THE COMMISSION, IS AS FOLLOWS:

<b>PLANNING AREA</b>	<b>ADULT BEDS PER 10,000 ADULT POPULATION</b>
1	<del>2.9524</del> <u>2.8516</u>
2	<del>2.3372</del> <u>2.3906</u>
3	<del>2.4239</del> <u>2.3950</u>
4	<del>2.4423</del> <u>2.4095</u>
5	<del>2.9853</del> <u>3.2442</u>
6	<del>1.3419</del> <u>1.3483</u>
7	<del>1.2070</del> <u>1.1977</u>
8	<del>1.4938</del> <u>1.4781</u>
<b>STATE</b>	<del>2.5342</del> <u>2.4903</u>

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**CON REVIEW STANDARDS**  
**FOR CHILD/ADOLESCENT INPATIENT PSYCHIATRIC BEDS**

The use rate per 1000 population age 0-17, for purposes of these standards, until otherwise changed by the Commission, is ~~18.53~~ 20.8898.