

Michigan Department of Licensing and Regulatory Affairs (LARA)
Bureau of Health Care Services – Health Facilities Engineering Section

**APPLICATION FOR PLAN REVIEW
GENERAL INFORMATION**

On April 25, 1991, P.A. 13 of 1991 was approved which created a fee structure for review of health facility plans. On July 9, 1993, P.A. 88 of 1993 amended some provisions of this act. Section 20145(1) was modified to require a construction permit for any project with a capital expenditure of \$1,000,000 or more. Section 20145(2) states “To protect the public health, safety and welfare, the department may promulgate rules to require construction permits for projects other than those described in subsection (1) and the submission of plans for other construction projects to expand or change service areas and services provided.” Administrative Rules for Nursing Homes (R325.202143), Homes for the Aged (R325.107), Hospices (R325.13503) and Freestanding Surgical Outpatient Facilities (R325.3815) include lower expenditure thresholds for submittal of plans. These thresholds are: Freestanding Surgical Outpatient Facilities - \$50,000; Nursing Homes - \$25,000; Homes for the Aged - \$0; and Hospice Residences - \$0. Sections 20145 (3), (4), and (5) were added to require additional information to be submitted with the Application for Plan Review if a Certificate of Need is not required for the project. Effective December 29, 2004, P.A. 469 of 2004 raised the maximum fee amount from \$30,000 to \$60,000. The primary sections related to the fee provisions are:

Section 20145 (10) The department shall assess a fee for each review conducted under this section. The fee shall be .5% of the first \$1,000,000.00 of capital expenditure and .85% of any amount over \$1,000,000.00 of capital expenditure, up to a maximum of \$60,000.00. As used in this subsection, capital expenditure means that term as defined in section 22203 (2), except that it does not include the cost of equipment that is not fixed equipment.

Section 22203 (2) Capital expenditure means an expenditure for a single project, including cost of construction, engineering, and equipment which under generally accepted accounting principles is not properly chargeable as an expense of operation. . . . Capital expenditure includes cost of studies, surveys, designs, plans, working drawings, specifications, and other activities essential to the acquisition, improvement, expansion, addition, conversion, modernization, new construction, or replacement of physical plant and equipment.

As reflected in these provisions, all costs other than the cost of equipment that is not fixed shall be included in the estimated cost. **Fixed equipment is defined as equipment which is necessary for the operation of the building; fixed equipment includes but is not limited to elevators, air handling equipment, chillers, boilers, electrical switchgear, generators, modular casework, etc.** If the facility is providing labor for part of the project, then an account or system will be needed to reflect the labor costs associated with the capital expenditure. The fee for review of plans shall accompany the initial Architect/Engineer plan submittal and be based on the estimated project cost.

At the completion of the project, an audit may be made to determine actual costs and adjustments made to the total plan review fee which was based on estimated costs.

The State of Michigan has implemented this Act as follows:

An Application for Plan Review must be submitted at the time of initial submittal for a project. The plan review process will not proceed until such time as the application for plan review is completed and a check made out to the State of Michigan for the required fee is transmitted.

The estimated plan review fee paid at the initial submittal of plans may be adjusted and will be due at the completion of the project, based on final actual costs.

A word processing reproduction of the application form is acceptable if it is identical in format and context. Photocopies and facsimiles are also acceptable.

Under Section 20145(9), upon request by the person initiating a construction project, the Department will review and issue a Permit for Construction for a construction project that is not required to be submitted by this law, with the submittal of appropriate fees.

Any questions relating to plans, operational narratives, plan review fees and plan review applications should be directed to:

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