

MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES

CON REVIEW STANDARDS
FOR HOSPITAL BEDS

--ADDENDUM FOR RURAL EMERGENCY HOSPITALS

(By authority conferred on the CON commission by Section 22215 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, 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 shall be used for Rural Emergency Hospitals.

(2) Except as provided in Sections 3, 4, 5, 6 of this addendum, 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 which apply to the CON Review Standards for Hospital Beds shall apply to these standards.

(4) For purposes of this addendum, the following terms are defined:

(a) "Rural emergency hospital" or "REH" means a hospital that is designated by CMS to offer rural emergency hospital services.

(b) "Rural emergency hospital services" means that term as defined in 42 USC 1395x.

Section 2. Requirements for approval of an applicant proposing to begin operation as a REH, extension of temporary delicensure

Sec. 2. (1) An application proposing to begin operation as a REH shall demonstrate that it meets, and agrees to, all of the following:

(a) Applicant agrees to submit application no later than 6 months after CMS designation as REH.

(b) The applicant agrees to temporarily delicense 100% of its licensed beds for not more than 5 years, pursuant to MCL 333.21551. The applicant also agrees to provide the following information:

(i) The number and location of the specific beds to be delicensed,

(ii) The period of time during which the beds will be delicensed,

(iii) The alternative use proposed for the space occupied by the beds to be delicensed.

(c) Upon approval of REH designation, the REH shall file a LOI for each period of time it seeks temporary delicensure of beds or permanent delicensure of beds pursuant to Section 5(2).

(2) An application proposing to extend the temporary delicensure of beds by up to an additional 5 years shall demonstrate that it meets, and agrees to, all of the following:

(a) The applicant has been approved pursuant to Section 2(1) of this addendum and has abided by all applicable requirements.

(b) There is not a demonstrated need for the temporarily delicensed beds in the hospital group in which the hospital is located, as determined by the Department.

(c) If the applicant is not approved for extension under this section, the applicant shall request relicensure of the beds pursuant to Section 6(1) of this addendum or allow the beds to be permanently delicensed pursuant to Section 6(2) of this addendum.

(3) The applicant shall not relocate temporarily delicensed beds from an REH approved under this section unless requirements of Section 4 of this addendum are met.

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55 (4) The applicant agrees that upon receipt of the REH designation, the hospital shall not be replaced
56 to a new geographical site during the period of designation as an REH by CMS, unless requirements of
57 Section 3 of this addendum are met.

58
59 (5) Applications under this section shall not be subject to comparative review and shall be processed
60 under the procedures for non-substantive review.

61 62 **Section 3. Requirements for approval – replacement of REH beds**

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64 Sec. 3. (1) If the application involves the replacing of a portion of the temporarily delicensed beds at the
65 existing licensed REH site, the project shall be reviewed as a covered capital expenditure.

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67 (2) An applicant proposing replacement of a licensed hospital to a new site shall be exempt from the
68 average adjusted occupancy requirements of Section 7(4) of the Hospital Bed Review Standards if all of
69 the following are met:

- 70 (a) The applicant is currently:
71 (i) a licensed hospital that is no longer designated as an REH, or
72 (ii) a licensed REH proposing to provide acute care hospital services at the new site.
73 (b) the applicant meets all other criteria under Section 7 of the Hospital Beds Review Standards,
74 (c) within the previous 3 years as of the date the application is submitted to the Department, the
75 applicant had a designation by CMS as an REH to provide rural emergency hospital services, and
76 (d) the applicant agrees to operate the licensed hospital at the new replacement site not as an REH
77 and has met the conditions of relicensing the REH beds under MCL 333.21551.

78
79 (3) If the application involves the replacement of the REH to a new site, the applicant shall
80 demonstrate that the new licensed site is in the replacement zone. The replacement zone, for this Section
81 3 of the addendum, means a proposed licensed site that is in the same hospital group as the existing
82 licensed site as determined by the Department in accord with Section 3 of the Hospital Beds standards
83 and is on a site within 2 miles of the existing licensed site if the existing licensed site is located in a county
84 with a population of 200,000 or more, or on a site within 5 miles of the existing licensed site if the existing
85 licensed site is located in a county with a population of less than 200,000.

86
87 (4) Applications under this section shall not be subject to comparative review.

88 89 **Section 4. Requirements for approval – relocation of temporarily delicensed REH beds**

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91 Sec. 4. (1) The proposed project to relocate REH beds, under this section, shall constitute a change in
92 bed capacity.

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94 (2) An existing REH may relocate all or a portion of its temporarily delicensed beds to an existing
95 licensed acute care hospital as follows:

- 96 (a) The REH and existing licensed acute care hospital are located within the same hospital group,
97 (b) the REH and the existing licensed acute care hospital shall not require any ownership
98 relationship, or
99 (c) the REH and the existing licensed acute care hospital are located within the same HSA and the
100 licensed acute care hospital receiving the licensed beds is owned by, under common control of, or has a
101 common parent with the REH.

102
103 (3) An existing REH may relocate all or a portion of its temporarily delicensed beds to another
104 existing licensed acute care hospital if it meets all of the following:

- 105 (a) The existing REH is unable to extend their period of temporary delicensure pursuant to Section
106 2(2) of this addendum, or proposed to close as a REH, or wishes to permanently delicense all of its
107 hospital beds,

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108 (b) the REH and the receiving hospital have filed CON applications for relocation of the REH beds at
109 least 90 days prior to the last day of the time period for which the Department granted temporary
110 delicensure of the REH beds, and

111 (c) in the hospital group in which the REH is located, the number of existing hospital beds in the
112 hospital group is equal to or exceeds the bed need.

113
114 (4) The relocated beds shall be licensed to the receiving hospital and will be counted in the inventory
115 for the applicable hospital group.

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117 (5) The relocation of beds under this section shall not be subject to a mileage limitation.
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119 **Section 5. Requirements for approval – acquisition of REH, lease renewal for REH**

120
121 Sec. 5. An applicant proposing to acquire an existing REH or renew the lease of an existing REH must
122 meet the following as applicable:
123

124 (1) An applicant proposing to acquire an existing REH shall not be required to be in compliance with
125 the needed hospital bed supply for the hospital group in which the REH subject to the proposed
126 acquisition is assigned if the applicant demonstrates that it meets all of the following:

- 127 (a) the acquisition will not result in a change in bed capacity,
- 128 (b) the licensed site does not change as a result of the acquisition, and
- 129 (c) the project is limited solely to the acquisition of a hospital with a valid license.

130
131 (2) An applicant proposing to renew the lease of an existing REH shall not be required to be in
132 compliance with the needed hospital bed supply for the hospital group in which the hospital is located if all
133 of the following requirements are met:

- 134 (a) The lease renewal will not result in a change in bed capacity.
- 135 (b) The licensed site does not change as a result of the lease renewal.

136
137 (3) Applications under this section shall not be subject to comparative review and shall be processed
138 under the procedures for non-substantive review.
139

140 **Section 6. Requirements for approval – change in REH designation, permanent delicensure of 141 beds**

142
143 Sec. 6. (1) An application proposing to stop rural emergency hospital services, to initiate services as a
144 licensed acute care hospital, and to relicense their temporarily delicensed hospital beds shall not be
145 required to be in compliance with the needed hospital bed supply for the hospital group in which the
146 hospital is located if all of the following requirements are met:

- 147 (a) The applicant was approved pursuant to Section 2 of this addendum.
- 148 (b) The hospital has filed an LOI at least 90 days before the earlier of the following:
 - 149 (i) The expiration of the period for which delicensure was granted.
 - 150 (ii) The date upon which the hospital is requesting relicensure.
 - 151 (iii) The last hospital license renewal date in the delicensure period.
- 152 (c) The applicant is in compliance with Section 21551 of the Code.

153
154 (2) If a hospital does not meet the requirements of Section 6(1) of this addendum, is unable to extend
155 their period of temporary delicensure pursuant to Section 2(2) of this addendum, closes as a hospital, or
156 wishes to permanently delicense its hospital beds, the hospital must file an LOI notifying the Department
157 that the beds must be automatically and permanently delicensed effective on the last day of the period for
158 which the Department granted temporary delicensure.

159
160 (3) Applications under this section shall not be subject to comparative review and shall be processed
161 under the procedures for non-substantive review.
162

163 **Section 7. Project delivery requirements – terms of approval for all applicants seeking approval**
164 **under section 2(1) of this addendum**
165

166 Sec. 7. An applicant shall agree that, if approved, the project shall be delivered in compliance with the
167 following terms of CON approval:

168 (1) Compliance with these standards.
169

170 (2) Compliance with the following quality assurance standards:

171 (a) The applicant shall assure compliance with Section 20201 of the Code, being Section 333.20201
172 of the Michigan Compiled Laws.
173

174 (b) The applicant REH shall have an established procedure, including a transfer agreement that
175 provides for the immediate transfer of a patient requiring emergency care beyond the capabilities of the
176 REH to a hospital that is capable of providing the necessary inpatient services.
177

178 (3) Compliance with the following access to care requirements:

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

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

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

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

185 (iii) Provide services to any individual based on clinical indications of need for the services.
186

187 (4) Compliance with the following monitoring and reporting requirements:

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

195 (i) The applicant must also include in this data the number of patients whose stay was longer than
196 23 hours and 59 minutes, and the purpose for the stay of more than 23 hours and 59 minutes.

197 (b) The applicant shall provide the Department with timely notice of proposed project implementation
198 consistent with applicable statute and promulgated rules.
199

200 (5) The applicant agrees that all temporarily delicensed beds must be automatically and permanently
201 delicensed effective on the last day of the period for which the Department granted temporary delicensure
202 if the applicant has already temporarily delicensed its hospital beds for the maximum amount of time
203 allowed under MCL 333.21551 and at least one of the following happen:

204 (a) The applicant does not meet the requirements for relicensure of beds pursuant to Section 6(1) of
205 this addendum.

206 (b) The hospital decides to allow beds to become permanently delicensed as described in Section
207 6(2).
208

209 (6) The agreements and assurances required by this section shall be in the form of a certification
210 agreed to by the applicant or its authorized agent.
211

212 **Section 8. Continued provision of other previously approved CON covered services**
213

214 Sec. 8. (1) An applicant approved pursuant to Section 2(1) of this addendum and proposing to continue
215 providing an existing CON covered service(s) shall demonstrate the following:

216 (a) The applicant agrees to abide by the Project Delivery Requirements in the respective CON
217 Review Standard(s), as applicable to the REH.

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218 (b) The applicant will not experience a disruption in services.

219 (c) If the applicant plans to discontinue any operational CON services, the applicant shall provide
220 notice to the Department of any planned decrease or discontinuation of service(s) no later than 30 days
221 after the planned decrease or discontinuation of the service(s).