

Department Recommendation

MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES

CERTIFICATE OF NEED (CON) REVIEW STANDARDS FOR HOSPITAL BEDS

(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, 333.22217, 24.207, and 24.208 of the Michigan Compiled Laws.)

Section 1. Applicability

Sec. 1. (1) These standards are requirements for approval under Part 222 of the Code that involve (a) beginning operation of a new hospital or (b) replacing beds in a hospital or physically relocating hospital beds from one licensed site to another geographic location or (c) increasing licensed beds in a hospital licensed under Part 215 or (d) acquiring a hospital. Pursuant to Part 222 of the Code, a hospital licensed under Part 215 is a covered health facility. The Department shall use these standards in applying Section 22225(1) of the Code, being Section 333.22225(1) of the Michigan Compiled Laws and Section 22225(2)(c) of the Code, being Section 333.22225(2)(c) of the Michigan Compiled Laws.

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

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

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

Section 2. Definitions

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

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

(b) "Adjusted patient days" means the number of patient days when calculated as follows:

(i) Combine all pediatric patient days of care and obstetrics patient days of care provided during the period of time under consideration and multiply that number by 1.1.

(ii) Add the number of non-pediatric and non-obstetric patient days of care, excluding psychiatric patient days, provided during the same period of time to the product obtained in (i) above. This is the number of adjusted patient days for the applicable period.

(c) "Alcohol and substance abuse hospital" means a licensed hospital within a long-term (acute) care (LTAC) hospital that exclusively provides inpatient medical detoxification and medical stabilization and related outpatient services for persons who have a primary diagnosis of substance dependence covered by MS-DRGs – listed in appendix E. The department shall update the MS-DRGS utilizing the most current MIDB data available to the department, as needed, and as follows: (i) updates to the MS-DRGS shall not require standard advisory committee action, a public hearing, or submittal of the standard to the legislature and governor in order to become effective. (ii) the department shall notify the commission when the updates are made and the effective date of the MS-DRGS.

(d) "Average adjusted occupancy rate" shall be calculated as follows:

(i) Calculate the number of adjusted patient days during the most recent, consecutive 36-month period, as of the date of the application, for which verifiable data are available to the Department.

(ii) Calculate the total licensed bed days for the same 36-month period as in (i) above by multiplying the total licensed beds by the number of days they were licensed.

(iii) Divide the number of adjusted patient days calculated in (i) above by the total licensed bed days calculated in (ii) above, then multiply the result by 100.

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- 56 (d) "Base year" means the most recent year that final MIDB data is available to the Department.
- 57 (e) "Certificate of Need Commission" or "Commission" means the Commission created pursuant to
58 Section 22211 of the code, being Section 333.22211 of the Michigan Compiled Laws.
- 59 (f) "Close a hospital" means an applicant will demonstrate to the satisfaction of the Department that
60 a hospital licensed under Part 215, and whose licensed capacity for the most recent 24 months prior to
61 submission of the application was at least 80 percent for acute care beds, will close and surrender its
62 acute care hospital license upon completion of the proposed project.
- 63 (g) "Code" means Act No. 368 of the Public Acts of 1978, as amended, being Section 333.1101 et
64 seq. of the Michigan Compiled Laws.
- 65 (h) "Common ownership or control" means a hospital that is owned by, is under common control of,
66 or has a common parent as the applicant hospital.
- 67 (i) "Compare group or comparative review group" means the applications, other than applications
68 applying under Section 6(5), that have been grouped for the same type of project in the same hospital
69 group and are being reviewed comparatively in accordance with the CON rules. For applications applying
70 under Section 6(5), compare group or comparative review group means applications that have been
71 grouped for the same type of project and are proposing sites within a 60-minute travel time and are being
72 reviewed comparatively in accordance with the CON rules.
- 73 (j) "Department" means the Michigan Department of Health and Human Services (MDHHS).
- 74 (k) "Department inventory of beds" means the current list maintained for each hospital group on a
75 continuing basis by the Department of (i) licensed hospital beds and (ii) hospital beds approved by a valid
76 CON issued under either Part 221 or Part 222 of the Code that are not yet licensed. The term does not
77 include hospital beds certified for long-term-care in hospital long-term care units.
- 78 (l) "Disproportionate share hospital payments" means the most recent payments to hospitals in the
79 special pool for non-state government-owned or operated hospitals to assure funding for costs incurred
80 by public facilities providing inpatient hospital services which serve a disproportionate number of low-
81 income patients with special needs as calculated by the Medical Services Administration within the
82 Department.
- 83 (m) "Excluded hospitals" means hospitals in the following categories:
- 84 (i) Critical access hospitals designated by CMS pursuant to 42 CFR 485.606
- 85 (ii) Hospitals located in rural or micropolitan statistical area counties
- 86 (iii) LTAC and Inpatient Rehabilitation Facility (IRF) hospitals
- 87 (iv) Sole community hospitals designated by CMS pursuant to 42 CFR 412.92
- 88 (v) Hospitals with 25 or fewer licensed beds
- 89 **(vi) HOSPITALS AS DEFINED UNDER MCL SECTION 333.21501(1)(i) AND HAS BEEN**
90 **APPROVED UNDER MCL SECTION 333.21551 TO DELICENSE 100% OF ITS LICENSED BEDS.**
- 91 (n) "Existing hospital beds" means, for a specific hospital group, the total of all of the following: (i)
92 hospital beds licensed by the Department of Licensing and Regulatory Affairs (LARA) or its successor; (ii)
93 hospital beds with valid CON approval but not yet licensed; (iii) proposed hospital beds under appeal from
94 a final decision of the Department; and (iv) proposed hospital beds that are part of a completed
95 application under Part 222 (other than the application under review) for which a proposed decision has
96 been issued and which is pending final Department decision.
- 97 (o) "Geographically underserved area" means those geographic areas that are more than 30-minutes
98 drive time from an existing licensed acute care hospital with 24 hour/7 days a week emergency room
99 services using Esri's online network analyst services (or a comparable source).
- 100 (p) "Gross hospital revenues" means the hospital's revenues as stated on the most recent Medicare
101 and Michigan Medicaid forms filed with the Medical Services Administration within the Department.
- 102 (q) "Health service area" or "HSA" means the groups of counties listed in Appendix A.
- 103 (r) "Hospital bed" means a bed within the licensed bed complement at a licensed site of a hospital
104 licensed under Part 215 of the Code, excluding (i) hospital beds certified for long-term care as defined in
105 Section 20106(6) of the Code, (ii) unlicensed newborn bassinets, and (iii) unlicensed beds.
- 106 (s) "Hospital" means a hospital as defined in Section 20106(5) of the Code being Section
107 333.20106(5) of the Michigan Compiled Laws and licensed under Part 215 of the Code. The term does
108 not include a hospital or hospital unit licensed or operated by the Department of Mental Health.

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- 109 (t) "Hospital group" means a cluster or grouping of hospitals based on geographic proximity and
110 hospital utilization patterns. The list of hospital groups and the hospitals assigned to each hospital group
111 will be posted on the State of Michigan CON web site and will be updated pursuant to Section 3.
- 112 (u) "Hospital long-term-care unit" or "HLTCU" means a nursing care unit, owned or operated by and
113 as part of a hospital, licensed by the Department, and providing organized nursing care and medical
114 treatment to 7 or more unrelated individuals suffering or recovering from illness, injury, or infirmity.
- 115 (v) "Host hospital" means a licensed and operating hospital, which delicenss hospital beds, and
116 which leases patient care space and other space within the physical plant of the host hospital, to allow an
117 LTAC hospital, IRF hospital, or alcohol and substance abuse hospital, to begin operation.
- 118 (w) "Inpatient Rehabilitation Facility bed" or "IRF bed" means a licensed hospital bed within an IRF
119 hospital or unit that has been approved to participate in the Title XVIII (Medicare) program as a
120 prospective payment system (PPS) exempt Inpatient Rehabilitation Hospital in accordance with 42 CFR
121 Part 412 Subpart P.
- 122 (x) "Inpatient Rehabilitation Facility hospital" or "IRF hospital" means a hospital that has been
123 approved to participate in the Title XVIII (Medicare) program as a prospective payment system (PPS)
124 exempt Inpatient Rehabilitation Hospital in accordance with 42 CFR Part 412 Subpart P.
- 125 (y) "Licensed site" means the location of the facility authorized by license and listed on that
126 licensee's certificate of licensure.
- 127 (z) "Limited access area" or "LAA" means a potential hospital location both with a bed need of 10
128 beds or more and an underserved population percent of 50% or more, as identified on the state of
129 Michigan CON web site. Limited access areas shall be redetermined in the following circumstances:
- 130 (i) each time the bed need methodology is redetermined,
131 (ii) when a new hospital has been approved, or
132 (iii) when an existing hospital closes.
- 133 (aa) "Long-term (acute) care hospital" or "LTAC hospital" means a hospital has been approved to
134 participate in the Title XVIII (Medicare) program as a prospective payment system (PPS) exempt hospital
135 in accordance with 42 CFR Part 412 Subpart O.
- 136 (bb) "Medicaid" means title XIX of the social security act, chapter 531, 49 Stat. 620, 1396 to 1396g
137 and 1396i to 1396u.
- 138 (cc) "Medicaid volume" means the number of Medicaid recipients served at the hospital as stated on
139 the most recent Medicare and Michigan Medicaid forms filed with the Medical Services Administration
140 within the Department.
- 141 (dd) "Michigan Inpatient Data Base" or "MIDB" means the data base compiled by the Michigan Health
142 and Hospital Association or successor organization. The data base consists of inpatient discharge
143 records from all Michigan hospitals and Michigan residents discharged from hospitals in border states for
144 a specific calendar year.
- 145 (ee) "New beds in a hospital" means hospital beds that meet at least one of the following: (i) are not
146 currently licensed as hospital beds, (ii) are currently licensed hospital beds at a licensed site in one
147 hospital group which are proposed for relocation in a different hospital group as determined by the
148 Department pursuant to Section 3 of these standards, (iii) are currently licensed hospital beds at a
149 licensed site in one hospital group which are proposed for relocation to another geographic site which is
150 in the same hospital group as determined by the Department, but which are not in the replacement zone,
151 or (iv) are currently licensed hospital beds that are proposed to be licensed as part of a new hospital in
152 accordance with Section 6(2) of these standards.
- 153 (ff) "New hospital" means one of the following: (i) the establishment of a new facility that shall be
154 issued a new hospital license, (ii) for currently licensed beds, the establishment of a new licensed site that
155 is not in the same hospital group as the currently licensed beds, (iii) currently licensed hospital beds at a
156 licensed site in one hospital group which are proposed for relocation to another geographic site which is
157 in the same hospital group as determined by the Department, but which are not in the replacement zone,
158 or (iv) currently licensed hospital beds that are proposed to be licensed as part of a new hospital in
159 accordance with section 6(2) of these standards.
- 160 (gg) "Obstetrics patient days of care" means inpatient days of care for patients in the applicant's
161 Michigan Inpatient Data Base data ages 15 and over with MS-DRGs listed in Appendix E (obstetrical
162 discharges). The department shall update the MS-DRGS utilizing the most current MIDB data available to
163 the department, as needed, and as follows: (i) updates to the MS-DRGS shall not require standard

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164 advisory committee action, a public hearing, or submittal of the standard to the legislature and governor in
165 order to become effective. (ii) the department shall notify the commission when the updates are made
166 and the effective date of the MS-DRGS.

167 (hh) "Overbedded hospital group" means a hospital group in which the total number of existing
168 hospital beds in that hospital group exceeds the hospital group needed hospital bed supply.

169 (ii) "Pediatric patient days of care" means inpatient days of care for patients in the applicant's
170 Michigan Inpatient Data Base data ages 0 through 14 excluding normal newborns.

171 (jj) "Planning year" means five years beyond the base year for which hospital bed need is developed.

172 (kk) "Potential hospital location" means a 1km hexagon region. The center point of which is located
173 both in a geographically underserved area and on land (not water).

174 (ll) "Qualifying project" means each application in a comparative group which has been reviewed
175 individually and has been determined by the Department to have satisfied all of the requirements of
176 Section 22225 of the code, being section 333.22225 of the Michigan Compiled Laws and all other
177 applicable requirements for approval in the Code or these Standards.

178 (mm) "Relocate existing licensed hospital beds" for purposes of sections 6(3) and 8 of these standards,
179 means a change in the location of existing hospital beds from the existing licensed hospital site to a
180 different existing licensed hospital site within the same hospital group or HSA. This definition does not
181 apply to projects involving replacement beds in a hospital governed by Section 7 of these standards.

182 (nn) "Remaining patient days of care" means total inpatient days of care in the applicant's Michigan
183 Inpatient Data Base data minus obstetrics patient days of care and pediatric patient days of care.

184 (oo) "Renewal of lease" means execution of a lease between the licensee and a real property owner in
185 which the total lease costs exceed the capital expenditure threshold.

186 (pp) "Replace beds" means a change in the location of the licensed hospital, the replacement of a
187 portion of the licensed beds at the same licensed site, or the one-time replacement of less than 50% of
188 the licensed beds to a new site within 250 yards of the building on the licensed site containing more than
189 50% of the licensed beds, which may include a new site across a highway(s) or street(s) as defined in
190 MCL 257.20 and excludes a new site across a limited access highway as defined in MCL 257.26. The
191 hospital beds will be in new physical plant space being developed in new construction or in newly
192 acquired space (purchase, lease, donation, etc.) within the replacement zone.

193 (qq) "Replace IRF beds" means a change in the location of all IRF beds from an existing site to a new
194 site within the replacement zone for IRF beds.

195 (rr) "Replacement zone" means a proposed licensed site that (i) is in the same hospital group as the
196 existing licensed site as determined by the Department in accord with Section 3 of these standards and is
197 on the same site, on a contiguous site, or on a site within 2 miles (5 miles for IRF beds) of the existing
198 licensed site if the existing licensed site is located in a county with a population of 200,000 or more, or on
199 a site within 5 miles (10 miles for IRF beds) of the existing licensed site if the existing licensed site is
200 located in a county with a population of less than 200,000 or (ii) qualifies as an enhanced replacement
201 zone.

202 (ss) "Uncompensated care volume" means the hospital's uncompensated care volume as stated on
203 the most recent Medicare and Michigan Medicaid forms filed with the Medical Services Administration
204 within the Department.

205 (tt) "Use rate" means the number of days of inpatient care per 1,000 population during a one-year
206 period.

207 (uu) "Verifiable data" means data (inpatient patient days) from the most recent annual survey or more
208 recent data that can be validated by the Department.

209

210 (2) The definitions in Part 222 shall apply to these standards.

211

Section 3. Hospital groups

212

213 Sec. 3. Each existing hospital is assigned to a hospital group pursuant to subsection (1).

214

215 (1) These hospital groups and the assignments of hospitals to hospital groups shall be updated by
216 the Department every five years or at the direction of the Commission. The methodology described in
217

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218 "New Methodology for Defining Hospital Groups" by Paul I. Delamater, Ashton M. Shortridge, and Joseph
219 P. Messina, 2011 shall be used as follows:

220 (a) For each hospital, calculate the patient day commitment index (%C – a mathematical
221 computation where the numerator is the number of inpatient hospital days from a specific geographic
222 area provided by a specified hospital and the denominator is the total number of patient days provided by
223 the specified hospital using MIDB data) for all Michigan zip codes using the summed patient days from
224 the most recent three years of MIDB data. Include only those zip codes found in each year of the most
225 recent three years of MIDB data. Arrange observations in an origin-destination table such that each
226 hospital is an origin (row) and each zip code is a destination (column) and include only hospitals with
227 inpatient records in the MIDB.

228 (b) For each hospital, calculate the road distance to all other hospitals. Arrange observations in an
229 origin-destination table such that each hospital is an origin (row) and each hospital is also a destination
230 (column).

231 (c) Rescale the road distance origin-destination table by dividing every entry in the road distance
232 origin-destination table by the maximum distance between any two hospitals.

233 (d) Append the road distance origin-destination table to the %C origin-destination table (by hospital)
234 to create the input data matrix for the clustering algorithm.

235 (e) Group hospitals into clusters using the k-means clustering algorithm with initial cluster centers
236 provided by a wards hierarchical clustering method. Iterate over all cluster solutions from 2 to the number
237 of hospitals (n) minus 1.

238 (i) For each cluster solution, record the group membership of each hospital, the cluster center
239 location for each of the clusters, the r^2 value for the overall cluster solution, the number of single hospital
240 clusters, and the maximum number of hospitals in any cluster.

241 (ii) "k-means clustering algorithm" means a method for partitioning observations into a user-specified
242 number of groups. It is a standard algorithm with a long history of use in academic and applied research.
243 The approach identifies groups of observations such that the sum of squares from points to the assigned
244 cluster centers is minimized, i.e., observations in a cluster are more similar to one another than they are
245 to other clusters. Several k-means implementations have been proposed; the bed need methodology
246 uses the widely-adopted Hartigan-Wong algorithm. Any clustering or data mining text will discuss k-
247 means; one example is B.S. Everitt, S. Landau, M. Leese, & D. Stahl (2011) Cluster Analysis, 5th Edition.
248 Wiley, 346 p.

249 (iii) "Wards hierarchical clustering method" means a method for clustering observations into groups.
250 This method uses a binary tree structure to sequentially group data observations into clusters, seeking to
251 minimize overall within-group variance. In the bed need methodology, this method is used to identify the
252 starting cluster locations for k-means. Any clustering text will discuss hierarchical cluster analysis,
253 including Ward's method; one example is: G. Gan, C. Ma, & J. Wu (2007) Data Clustering: Theory,
254 Algorithms, and Applications (Asa-Siam Series on Statistics and Applied Probability). Society for
255 Industrial and Applied Mathematics (Siam), 466 p.

256 (f) Calculate the incremental F score (F_{inc}) for each cluster solution (i) between 3 and $n-1$ letting:

257 $r_i^2 = r^2$ of solution i

258 $r_{i-1}^2 = r^2$ of solution i-1

259 $k_i =$ number of clusters in solution i

260 $k_{i-1} =$ number of clusters in solution i-1

261 $n =$ total number of hospitals

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

263 (g) Select candidate solutions by finding those with peak values in f_{inc} scores such that $f_{inc,i}$ is greater
264 than both $f_{inc,i-1}$ and $f_{inc,i+1}$.

265 (h) Remove all candidate solutions in which the largest single cluster contains more than 20
266 hospitals.

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267 (i) Identify the minimum number of single hospital clusters from the remaining candidate solutions.
268 Remove all candidate solutions containing a greater number of single hospital clusters than the identified
269 minimum.

270 (j) From the remaining candidate solutions, choose the solution with the largest number of clusters
271 (k). This solution (k clusters) is the resulting number and configuration of the hospital groups.

272 (k) Rename hospital groups as follows:

273 (i) For each hospital group, identify the HSA in which the maximum number of hospitals are located.
274 In case of a tie, use the HSA number that is lower.

275 (ii) For each hospital group, sum the number of current licensed hospital beds for all hospitals.

276 (iii) Order the groups from 1 to k by first sorting by HSA number, then sorting within each HSA by the
277 sum of beds in each hospital group. The hospital group name is then created by appending number in
278 which it is ordered to "hg" (e.g., hg1, hg2, ... hgk).

279 (iv) Hospitals that do not have patient records in the MIDB - identified in subsection (1)(a) - are
280 designated as "ng" for non-groupable hospitals.

281
282 (2) For an application involving a proposed new licensed site for a hospital (whether new or
283 replacement), the proposed new licensed site shall be assigned to an existing hospital group utilizing the
284 methodology described in "A Methodology for Defining Hospital Groups" by Paul L. Delamater, Ashton M.
285 Shortridge, and Joseph P. Messina, 2011 as follows:

286 (a) Calculate the road distance from proposed new site (s) to all existing hospitals, resulting in a list
287 of n observations (s_n).

288 (b) Rescale s_n by dividing each observation by the maximum road distance between any two
289 hospitals identified in subsection (1)(c).

290 (c) For each hospital group, subset the cluster center location identified in subsection (1)(e)(i) to only
291 the entries corresponding to the road distance between hospitals. For each hospital group, the result is a
292 list of n observations that define each hospital group's central location in relative road distance.

293 (d) Calculate the distance ($d_{k,s}$) between the proposed new site and each existing hospital group

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

295 (e) Assign the proposed new site to the closest hospital group (HGk) by selecting the minimum value
296 of $d_{k,s}$.

297 (f) If there is only a single applicant, then the assignment procedure is complete. If there are
298 additional applicants, then steps (a) – (e) must be repeated until all applicants have been assigned to an
299 existing hospital group.

300
301 (3) The Department shall amend the hospital groups to reflect: (a) approved new licensed site(s)
302 assigned to a specific hospital group; (b) hospital closures; and (c) licensure action(s) as appropriate.

303
304 (4) As directed by the Commission, new hospital group assignments established according to
305 subsection (1) shall supersede the previous subarea/hospital group assignments and shall be posted on
306 the State of Michigan CON web site effective on the date determined by the Commission.

307 308 **Section 4. Determination of hospital bed need and limited access areas**

309
310 Sec. 4. (1) The determination of the hospital bed need for a hospital group for a planning year shall
311 be made using the MIDB and the methodology detailed in "New Methodology for Determining Needed
312 Hospital Bed Supply" by Paul L. Delamater, Ashton M. Shortridge, and Joseph P. Messina, 2011 as
313 follows:

314 (a) All hospital discharges for normal newborns (DRG 391 prior to 2008, DRG 795 thereafter) and
315 psychiatric patients (ICD-9-CM codes 290 through 319, see Appendix D for ICD-10-CM Codes, as a
316 principal diagnosis) will be excluded.

317 (b) For each county, compile the monthly patient days used by county residents for the previous five
318 years (base year plus previous four years). Compile the monthly patient days used by non-Michigan
319 residents in Michigan hospitals for the previous five years as an "out-of-state" unit. The out-of-state
320 patient days unit is considered an additional county thereafter. Patient days are to be assigned to the

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321 month in which the patient was discharged. For patient records with an unknown county of residence,
322 assign patient days to the county of the hospital where the patient received service.

323 (c) For each county, calculate the monthly patient days for all months in the planning year. For each
324 county, construct an ordinary least squares linear regression model using monthly patient days as the
325 dependent variable and months (1-60) as the independent variable. If the linear regression model is
326 significant at a 90% confidence level (F-score, two tailed p value ≤ 0.1), predict patient days for months
327 109-120 using the model coefficients. If the linear regression model is not significant at a 90% confidence
328 level (F-score, two tailed p value > 0.1), calculate the predicted monthly patient day demand in the
329 planning year by finding the monthly average of the three previous years (months 25-60).

330 (d) For each county, calculate the predicted yearly patient day demand in the planning year. For
331 counties with a significant regression model, sum the monthly predicted patient days for the planning
332 year. For counties with a non-significant regression model, multiply the three year monthly average by
333 12.

334 (e) For each county, calculate the base year patient day commitment index (%c) to each hospital
335 group. Specifically, divide the base year patient days from each county to each hospital group by the
336 total number of base year patient days from each county.

337 (f) For each county, allocate the planning year patient days to the hospital groups by multiplying the
338 planning year patient days by the %c to each hospital group from subsection (e).

339 (g) For each hospital group, sum the planning year patient days allocated from each county.

340 (h) For each hospital group, calculate the average daily census (ADC) for the planning year by
341 dividing the planning year patient days by 365. Round each ADC value up to the nearest whole number.

342 (i) For each hospital group, select the appropriate occupancy rate from the occupancy table in
343 Appendix C.

344 (j) For each hospital group, calculate the planning year bed need by dividing the planning year ADC
345 by the appropriate occupancy rate. Round each bed need value up to the nearest whole number.

346
347 (2) The determination of limited access areas and their hospital bed need shall be made using the
348 methodology detailed in "A Methodology for Determining Limited Access Areas" by Paul L. Delamater,
349 2021, which methodology is summarized as follows:

350 (a) Calculate the average yearly patient day use rate of Michigan residents in the base year as
351 follows:

352 (i) Sum all patient days from all hospital discharges for Michigan residents in the base year,
353 excluding all hospital discharges for normal newborns (DRG 391 prior to 2008, DRG 795 thereafter) and
354 psychiatric patients (ICD-9-CM codes 290 through 319, see Appendix D for ICD-10-CM Codes, as a
355 principal diagnosis).

356 (ii) Acquire the estimated Michigan population in the base year from the US Census Bureau.

357 (iii) Divide the summed patient days calculated in (i) by the estimated Michigan population acquired in
358 (ii) to calculate the average yearly patient day use rate.

359 (b) Identify geographically underserved areas as follows:

360 (i) Using Esri's online network analyst services (or a comparable source), create 30-minute drive
361 time service areas around each existing licensed acute care hospital with 24 hour/7 days a week
362 emergency room services.

363 (ii) Identify regions greater than a 30-minute drive from the nearest existing hospital by removing the
364 30-minute service areas from the state geographic footprint. The remaining regions are the
365 geographically underserved areas.

366 (c) Identify potential hospital locations as follows:

367 (i) Create a hexagon tessellation over the entire state with 1km distance between the center point of
368 every hexagon.

369 (ii) Subset the hexagons to include only those hexagons with a center point that is located within a
370 geographically underserved area and on land. For purposes of this subsection, on land means those US
371 Census block groups that are not 100% covered by water. The set of remaining hexagons are the
372 potential hospital locations.

373 (d) For each potential hospital location, calculate the bed need and the underserved population
374 percent as follows:

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- 375 (i) Using Esri's online network analyst services (or a comparable source), create a 30-minute drive
376 time service area around the hexagon center point.
- 377 (ii) Identify the number of people residing within the 30-minute service area using US Census block
378 centroids with updated population information.
- 379 (iii) Assign each population as currently underserved or currently served by geographically overlaying
380 the US Census block centroids (with updated population information) used in (ii) with the geographically
381 underserved areas identified in (b). Sum the number of people in both groups to determine the total
382 population.
- 383 (iv) Multiply the underserved population total by the average yearly patient day use rate of Michigan
384 residents in the base year as calculated in Section 4(2)(a) to calculate the expected number of yearly
385 patient days. Follow the steps in Section 4(1)(h) – (j) to calculate the bed need for the hospital location.
- 386 (v) Divide the underserved population total by the total population as determined in (iii), and multiply
387 by 100 to calculate the underserved population percent.
- 388 (e) Remove all potential hospital locations with a bed need of less than 10 beds or with an
389 underserved population percent of less than 50%. The remaining potential hospital locations are the
390 limited access areas.

Section 5. Bed Need

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392
393
394 Sec. 5. (1) The bed-need numbers shall apply to projects subject to review under these standards,
395 except where a specific CON review standard states otherwise.

396
397 (2) The Department shall re-calculate the acute care bed need methodology in Section 4 every two
398 years, or as directed by the Commission.

399
400 (3) The effective date of the bed-need numbers shall be established by the Commission.

401
402 (4) New bed-need numbers established by subsections (2) and (3) shall supersede previous bed-
403 need numbers and shall be posted on the State of Michigan CON web site as part of the hospital bed
404 inventory.

405
406 (5) Modifications made by the Commission pursuant to this section shall not require standard
407 advisory committee action, a public hearing, or submittal of the standard to the legislature and the
408 governor in order to become effective.

Section 6. Requirements for approval -- new beds in a hospital, LTAC hospital or IRF hospital or substance abuse hospital; relicensure of beds by a host hospital; LTAC or IRF hospital space renewal of lease; and LTAC or IRF hospital continued operation after host hospital closes

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410
411
412
413
414 Sec. 6. (1) An applicant proposing new beds in a hospital, except an applicant meeting the
415 requirements of subsection 2, 3, 4, or 5, shall demonstrate that it meets all of the following:

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

420 (b) The total number of existing hospital beds in the hospital group to which the new beds will be
421 assigned does not currently exceed the needed hospital bed supply. The Department shall determine the
422 hospital group to which the beds will be assigned in accord with Section 3 of these standards.

423 (c) Approval of the proposed new beds in a hospital shall not result in the total number of existing
424 hospital beds, in the hospital group to which the new beds will be assigned, exceeding the needed
425 hospital bed supply. The Department shall determine the hospital group to which the beds will be
426 assigned in accord with Section 3 of these standards.

427
428 (2) An applicant proposing to begin operation as a new LTAC hospital, IRF hospital or alcohol and
429 substance abuse hospital within an existing licensed, host hospital, or an LTAC or IRF hospital continuing

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430 operation after a host hospital closes, shall demonstrate that it meets all of the requirements of this
431 subsection:

432 (a) If the LTAC or IRF hospital applicant described in this subsection does not meet the Title XVIII
433 requirements of the Social Security Act for exemption from PPS as an LTAC or IRF hospital within 12
434 months after beginning operation, then it may apply for a six-month extension in accordance with
435 R325.9403 of the CON rules. If the applicant fails to meet the Title XVIII requirements for PPS exemption
436 as an LTAC or IRF hospital within the 12 or 18-month period, then the CON granted pursuant to this
437 section shall expire automatically.

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

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

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

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

450 (A) Relicensure of the beds to the host hospital. The host hospital must obtain a CON to acquire the
451 LTAC or IRF hospital. In the event that the host hospital applies for a CON to acquire the LTAC or IRF
452 hospital [including the beds leased by the host hospital to the LTAC or IRF hospital] within six months
453 following the termination of the lease with the LTAC or IRF hospital, it shall not be required to be in
454 compliance with the hospital bed supply if the host hospital proposes to add the beds of the LTAC or IRF
455 hospital to the host hospital's medical/surgical licensed capacity and the application meets all other
456 applicable project delivery requirements. The beds must be used for general medical/surgical purposes.
457 Such an application shall not be subject to comparative review and shall be processed under the
458 procedures for non-substantive review (as this will not be considered an increase in the number of beds
459 originally licensed to the applicant at the host hospital);

460 (B) Delicensure of the hospital beds; or

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

463 (D) Voluntary closure of the host hospital. An LTAC or IRF hospital proposing to continue operation
464 after its host hospital voluntarily closes shall not be subject to comparative review and shall be processed
465 under the same procedures for non-substantive review. The applicant shall also demonstrate it meets all
466 of the following:

467 (1) The LTAC or IRF hospital has or agrees to permanently acquire its LTAC or IRF hospital beds
468 from the host hospital as demonstrated by a current agreement with the host hospital or other
469 documentation acceptable to the department,

470 (2) The LTAC or IRF hospital has or agrees that it will have continued control of its physical space as
471 demonstrated by a current executed lease, proof of ownership, an agreement to lease or purchase or
472 other documentation acceptable to the department,

473 (3) The LTAC or IRF agrees to comply with all applicable project delivery requirements, and

474 (4) the LTAC or IRF hospital approved under this subsection agrees that if it ceases operation as an
475 LTAC or IRF hospital it will dispose of its licensed beds by either (i) relocating the beds to an existing,
476 licensed hospital or (ii) delicensing the beds.

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

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

483 (e) The new hospital shall be assigned to the same hospital group as the host hospital.

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484 (f) The proposed project to begin operation of a new hospital, under this subsection, shall constitute
485 a change in bed capacity under Section 1(2) of these standards.

486 (g) The lease will not result in an increase in the number of licensed hospital beds in the hospital
487 group.

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

490
491 (3) An applicant proposing to add new hospital beds, as the receiving licensed hospital under Section
492 8, shall demonstrate that it meets all of the requirements of this subsection and shall not be required to be
493 in compliance with the needed hospital bed supply if the application meets all other applicable CON
494 review standards and agrees and assures to comply with all applicable project delivery requirements.

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

497 (i) In the hospital group pursuant to Section 8(2)(a), or

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

499 (b) Where the source hospital was subject to Section 8(3)(b), the receiving hospital shall have an
500 average adjusted occupancy rate of 40 percent or above.

501 (c) Where the source hospital was subject to Section 8(3)(b), the addition of the proposed new
502 hospital beds at the receiving hospital shall not exceed the number determined by the following
503 calculation:

504 (i) As of the date of the application, calculate the adjusted patient days for the most recent,
505 consecutive 36-month period where verifiable data is available to the Department, and divide by .40.

506 (ii) Divide the result of subsection (i) by 1095 (or 1096, if the 36-month period includes a leap year)
507 and round up to next whole number or 25, whichever is larger. This is the maximum number of beds that
508 can be licensed at the receiving hospital.

509 (iii) Subtract the receiving hospital's total number of licensed beds and approved beds from the result
510 of subsection (ii). This is the maximum number of beds that can be added to the receiving hospital.

511 (d) Where the source hospital was subject to Section 8(3)(b), the receiving hospital's average
512 adjusted occupancy rate must not be less than 40 percent after the addition of the proposed new hospital
513 beds.

514 (e) Subsection (3)(b), (c), and (d) shall not apply to excluded hospitals.

515 (f) The proposed project to add new hospital beds, under this subsection, shall constitute a change
516 in bed capacity under Section 1(2) of these standards.

517 (g) Applicants proposing to add new hospital beds under this subsection shall not be subject to
518 comparative review.

519 **(h) HOSPITALS DEFINED UNDER SECTION 2(1)(m)(vi) OF THIS STANDARD SHALL NOT**
520 **APPLY FOR ADDITIONAL BEDS UNDER SECTION 6(3) UNTIL THE HOST HOSPITAL HAS**
521 **RELICENSED THE BEDS AS REQUIRED IN MCL SECTION 333.21551(7).**

522 (4) An applicant may apply for the addition of new beds if all of the following subsections are met.
523 Further, an applicant proposing new beds at an existing licensed hospital site shall not be required to be
524 in compliance with the needed hospital bed supply if the application meets all other applicable CON
525 review standards and agrees and assures to comply with all applicable project delivery requirements.

526 (a) The beds are being added at the existing licensed hospital site or are being replaced to a new
527 IRF hospital site being created under Section 7(6) as part of the same CON application.

528 (b) The hospital at the existing licensed hospital site has operated at an adjusted occupancy rate of
529 80 percent or above for the previous, consecutive 24 months based on its licensed and approved hospital
530 bed capacity. The adjusted occupancy rate shall be calculated as follows:

531 (i) Calculate the number of adjusted patient days during the most recent, consecutive 24-month
532 period for which verifiable data are available to the Department.

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

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

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- 539 (i) Divide the number of adjusted patient days calculated in subsection (b)(i) by .75 to determine
540 licensed bed days at 75 percent occupancy.
- 541 (ii) Divide the result of step (i) by 730 (or 731 if including a leap year) and round the result up to the
542 next whole number.
- 543 (iii) Subtract the number of licensed and approved hospital beds as documented on the "Department
544 Inventory of Beds" from the result of step (ii) and round the result up to the next whole number to
545 determine the maximum number of beds that may be approved pursuant to this subsection.
- 546 (d) A licensed acute care hospital that has relocated its beds, after the effective date of these
547 standards, shall not be approved for hospital beds under this subsection for five years from the effective
548 date of the relocation of beds.
- 549 (e) Applicants proposing to add new hospital beds under this subsection shall not be subject to
550 comparative review.

551
552 (5) An applicant proposing a new hospital in a limited access area shall not be required to be in
553 compliance with the needed hospital bed supply if the application meets all other applicable CON review
554 standards, agrees and assures to comply with all applicable project delivery requirements, and all of the
555 following subsections are met.

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

558 (b) The Department shall assign the proposed new hospital to an existing hospital group using the
559 methodology in Section 3(2).

560 (c) Approval of the proposed new beds in a hospital in a limited access area shall not exceed the bed
561 need for the limited access area as determined in Section 4(2)(d)(iv) and as set forth on the State of
562 Michigan CON web site.

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

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

570

571 **Section 7. Requirements for approval to replace beds**

572

573 Sec. 7. (1) If the application involves the development of a new licensed site, an applicant proposing to
574 replace beds in a hospital within the replacement zone shall demonstrate that the new beds in a hospital
575 shall result in a hospital of at least 200 beds in a metropolitan statistical area county or 25 beds in a rural
576 or micropolitan statistical area county. This subsection may be waived by the Department if the
577 Department determines, in its sole discretion, that a smaller hospital is necessary or appropriate to assure
578 access to health-care services.

579

580 (2) The applicant shall specify whether the proposed project is to replace the licensed hospital to a
581 new site, to replace all licensed IRF beds to a new site, to replace a portion of the licensed beds at the
582 existing licensed site, or the one-time replacement of less than 50% of the licensed beds to a new site
583 within 250 yards of the building on the licensed site containing more than 50% of the licensed beds, which
584 may include a new site across a highway(s) or street(s) as defined in MCL 257.20 and excludes a new
585 site across a limited access highway as defined in MCL 257.26.

586

587 (3) The applicant shall demonstrate that the new licensed site is in the replacement zone or in the
588 enhanced replacement zone. To qualify as an enhanced replacement zone, the following requirements
589 shall be met:

590 (a) The existing licensed site shall:

591 (i) be located in a county with a population of 200,000 or less, and

592 (ii) be the only licensed hospital site in that county that reported providing emergency services on the
593 most recent CON Annual Survey as of the date of the application; and

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- 594 (b) the proposed licensed site shall:
- 595 (i) be in the same hospital group as the existing licensed site as determined by the Department in
596 accord with Section 3 of these standards,
- 597 (ii) be on a site within 10 miles of the existing licensed site,
- 598 (iii) be on a site within the same county as the existing licensed site or in an adjacent county that
599 does not currently have a licensed hospital site that offers emergency services, and
- 600 (iv) be on a site 10 or more miles from all other licensed hospital sites that offer emergency services.
601
- 602 (4) The applicant shall comply with the following requirements, as applicable:
- 603 (a) The applicant's hospital shall have an average adjusted occupancy rate of 40 percent or above.
- 604 (b) If the applicant hospital does not have an average adjusted occupancy rate of 40 percent or
605 above, then the applicant hospital shall reduce the appropriate number of licensed beds to achieve an
606 average adjusted occupancy rate of 60 percent or above. The applicant hospital shall not exceed the
607 number of beds calculated as follows:
- 608 (i) As of the date of the application, calculate the number of adjusted patient days during the most
609 recent, consecutive 36-month period where verifiable data is available to the Department, and divide by
610 .60.
- 611 (ii) Divide the result of subsection (i) above by 1095 (or 1096 if the 36-month period includes a leap
612 year) and round up to the next whole number or 25, whichever is larger. This is the maximum number of
613 beds that can be licensed at the licensed hospital site after the replacement.
- 614 (c) Subsection (4)(a) and (b) shall not apply to excluded hospitals.
615
- 616 (5) An applicant proposing replacement beds in the replacement zone shall not be required to be in
617 compliance with the needed hospital bed supply if the application meets all other applicable CON review
618 standards and agrees and assures to comply with all applicable project delivery requirements.
619
- 620 (6) If the application involves the development of a new licensed IRF hospital site, an applicant
621 proposing to replace IRF beds within the replacement zone shall demonstrate that it meets all of the
622 requirements of this subsection:
- 623 (a) The new license created by the proposed project shall only be utilized for inpatient rehabilitation
624 beds.
- 625 (b) The applicant hospital has demonstrated, at the time of the CON filing, it is operating under high
626 occupancy as governed by Section 6(4) of these standards.
- 627 (c) The applicant has demonstrated, at the time of CON filing, that the beds to be replaced are either
628 IRF beds that meet the Title XVIII requirements of the Social Security Act for exemption from PPS as an
629 IRF hospital, or high occupancy beds being requested under Section 6(4) as part of the same CON
630 application.
- 631 (d) The new IRF hospital will have at least 40 IRF beds if located in a county with a population of
632 200,000 or more; or at least 25 IRF beds if located in a county with a population of less than 200,000.
- 633 (e) As part of the phasing of the replacement of IRF beds to the new site, the applicant may retain,
634 for 36-months from the time of activation of the new site, up to eight IRF beds at the existing hospital site.
635 Any IRF beds at the existing site that have not been transitioned to the new site within the 36-month time
636 period shall not be utilized for inpatient rehabilitation and shall revert back to acute medical-surgical
637 hospital beds.
- 638 (f) The proposed project to begin operation of a new site, under this subsection, shall constitute a
639 change in bed capacity under Section 1(2) of these standards.
- 640 (g) The existing hospital site shall delicense the same number of IRF beds proposed by the applicant
641 for licensure in the new IRF hospital.
- 642 (h) Applicants proposing a new IRF hospital under this subsection shall not be subject to
643 comparative review.
- 644 (i) The new IRF hospital shall be assigned to the same hospital group as the hospital where the IRF
645 beds originated.
- 646 (j) If the IRF hospital approved under this subsection ceases operation as an IRF hospital, the beds
647 licensed as part of the new IRF hospital must be disposed of by one of the following means:
- 648 (i) relocate the replaced IRF beds back to the site of origin;

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- 649 (ii) relocate all IRF beds approved under high occupancy to the site of origin in subsection (i) if they
650 are to be utilized as an IRF bed; or
651 (iii) delicense any IRF beds approved under high occupancy if they are not to be utilized as an IRF
652 bed.

653

654 **Section 8. Requirements for approval of an applicant proposing to relocate existing licensed** 655 **hospital beds**

656

657 Sec. 8. (1) The proposed project to relocate beds, under this section, shall constitute a change in
658 bed capacity under Section 1(3) of these standards.

659

660 (2) Any existing licensed acute care hospital (source hospital) may relocate all or a portion of its beds
661 to another existing licensed acute care hospital as follows:

662 (a) The licensed acute care hospitals are located within the same hospital group, or

663 (b) the licensed acute care hospitals are located within the same HSA if the receiving hospital meets
664 the requirements of Section 6(4)(b) of these standards.

665

666 (3) The applicant shall comply with the following requirements, as applicable:

667 (a) The source hospital shall have an average adjusted occupancy rate of 40 percent or above.

668 (b) If the source hospital does not have an average adjusted occupancy rate of 40 percent or above,
669 then the source hospital shall reduce the appropriate number of licensed beds to achieve an average
670 adjusted occupancy rate of 60 percent or above upon completion of the relocation(s). The source
671 hospital shall not exceed the number of beds calculated as follows:

672 (i) As of the date of the application, calculate the number of adjusted patient days during the most
673 recent, consecutive 36-month period where verifiable data is available to the Department, and divide by
674 .60.

675 (ii) Divide the result of subsection (i) by 1095 (or 1096 if the 36-month period includes a leap year)
676 and round up to the next whole number or 25, whichever is larger. This is the maximum number of beds
677 that can be licensed at the source hospital site after the relocation.

678 (c) Subsections (3)(a) and (b) shall not apply to excluded hospitals.

679

680 (4) A source hospital shall apply for multiple relocations on the same application date, and the
681 applications can be combined to meet the criteria of (3)(b) above. A separate application shall be
682 submitted for each proposed relocation.

683

684 (5) The hospital from which the beds are being relocated, and the hospital receiving the beds, shall
685 not require any ownership relationship.

686

687 (6) The relocated beds shall be licensed to the receiving hospital and will be counted in the inventory
688 for the applicable hospital group.

689

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

691

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

693

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

696

697 (1) Compliance with these standards.

698

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

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

702

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

Department Recommendation

- 704 (a) An applicant shall participate in Medicaid at least 12 consecutive months within the first two years
705 of operation and continue to participate annually thereafter.
- 706 (b) The applicant, to assure appropriate utilization by all segments of the Michigan population, shall:
707 (i) Not deny services to any individual based on ability to pay or source of payment.
708 (ii) Maintain information by source of payment to indicate the volume of care from each payor and
709 non-payor source provided annually.
710 (iii) Provide services to any individual based on clinical indications of need for the services.
711
- 712 (4) Compliance with the following monitoring and reporting requirements:
713 (a) An applicant approved pursuant to Section 6(4) must achieve a minimum occupancy of 75
714 percent over the last 12-month period in the three years after the new beds are put into operation, and for
715 each subsequent calendar year, or the number of new licensed beds shall be reduced to achieve a
716 minimum of 75 percent average annual occupancy for the revised licensed bed complement.
717 (b) The applicant must submit documentation acceptable and reasonable to the Department, within
718 30 days after the completion of the 3-year period, to substantiate the occupancy rate for the last 12-month
719 period after the new beds are put into operation and for each subsequent calendar year, within 30 days
720 after the end of the year.
721 (c) The applicant shall participate in a data collection system established and administered by the
722 Department or its designee. The data may include, but is not limited to, annual budget and cost
723 information, operating schedules, through-put schedules, and demographic, morbidity, and mortality
724 information, as well as the volume of care provided to patients from all payor sources. The applicant shall
725 provide the required data on a separate basis for each licensed site; in a format established by the
726 Department, and in a mutually agreed upon media. The Department may elect to verify the data through
727 on-site review of appropriate records.
728 (d) The applicant shall participate and submit data to the Michigan Inpatient Data Base (MIDB). The
729 data shall be submitted to the Department or its designee.
730 (e) The applicant shall provide the Department with timely notice of the proposed project
731 implementation consistent with applicable statute and promulgated rules.
732 (f) The applicant shall provide notice to the department of any planned decrease or discontinuation
733 of service(s) no later than 30 days after the planned decrease or discontinuation of the service(s).
734
- 735 (5) An applicant approved for the replacement of IRF beds under Section 7(6) to a new non-
736 contiguous site shall be in compliance with the following:
737 (a) The replaced IRF beds shall maintain their PPS exempt inpatient rehabilitation hospital status.
738 (b) The new license created by the proposed project will only be utilized for inpatient rehabilitation
739 beds.
740
- 741 (6) An LTAC or IRF hospital approved pursuant to section 6(2) may continue to operate after its host
742 hospital closes and shall be in compliance with all of the following:
743 (a) be separately licensed,
744 (b) maintain its own governing body,
745 (c) own and operate its approved beds, and
746 (d) operations must continue without interruption including maintaining its own staff, supplies, and
747 services.
748
- 749 (6) An applicant approved pursuant to Section 6(5) shall not exceed the number of approved beds
750 unless it also receives approval under sections 6(3) or 6(4).
751
- 752 (7) The agreements and assurances required by this section shall be in the form of a certification
753 agreed to by the applicant or its authorized agent.
754
- 755 (8) A HOSPITAL DEFINED UNDER MCL SECTION 333.21501(1)(i) SHALL ALSO MEET THE
756 FOLLOWING REQUIREMENTS:
757 (a) THE HOSPITAL MUST NOTIFY THE DEPARTMENT OF THE DESIGNATION ACQUIRED AS
758 REQUIRED IN MCL SECTION 333.21513(h).

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(b) DELICENSE 100% OF THE BEDS FOR NOT MORE THAN 5 YEARS AS DEFINED IN MCL SECTION 333.21551 (1)(b).

(i) THE HOSPITAL MAY APPLY FOR AN EXTENSION FOR AN ADDITIONAL 5 YEARS AS DEFINED IN MCL SECTION 333.21551(2).

(c) THE HOSPITAL MUST NOTIFY THE DEPARTMENT ONCE BEDS ARE DELICENSED FOR A 5-YEAR TERM AND IF AN EXTENSION FOR AN ADDITIONAL 5 YEARS IS GRANTED FOR BED INVENTORY PURPOSES AS DEFINED IN MCL SECTION 333.21551 (9).

(i) IF THE HOSPITAL DOES NOT MEET THE REQUIREMENTS OF MCL SECTION 333.21551(7) OR DECIDES TO PERMANENTLY DELICENSE ALL OF ITS BEDS AS PART OF MCL SECTION 333.21551(8) THEY MUST NOTIFY THE DEPARTMENT FOR BED INVENTORY PURPOSES.

(d) THE HOSPITAL MUST APPLY FOR A CERTIFICATE OF NEED AS OUTLINED IN MCL SECTION 333.21551 (10) BEFORE THE TRANSFER OF ANY TEMPORARY DELICENSED BEDS.

Section 10. Department inventory of beds

Sec. 10. The Department shall maintain and provide on request a listing of the Department inventory of beds for each hospital group.

Section 11. Effect on prior planning policies; comparative reviews

Sec. 11. (1) These CON review standards supersede and replace the CON Standards for Hospital Beds approved by the CON Commission on December 9, 2021 and effective February 28, 2022.

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

Section 12. Additional requirements for applications included in comparative reviews

Sec. 12. (1) Any application for hospital beds, that is subject to comparative review under Section 22229 of the Code, being Section 333.22229 of the Michigan Compiled Laws, or under these standards shall be grouped and reviewed comparatively with other same type of applications (limited access area or non-limited access area) in accordance with the CON rules.

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

(3)(a) A qualifying project will be awarded points based on the applicant's CMS Star Ratings via Hospital Compare as of the date of application as follows:

A qualifying project will be awarded points based on the applicant's quality of care as measured by the overall Star Ratings available through CMS' Hospital Compare. For purposes of evaluating this criterion, an average shall be calculated based on the overall Star Ratings of the applicant and all currently licensed Michigan hospitals under common ownership or control with the applicant that are located in the same health service area as the proposed hospital beds. Applicants shall be ranked in order according to this calculated overall Star Rating average.

Department Recommendation

| STAR RATING | POINTS AWARDED |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Applicant with highest average star rating | 20 points |
| All other applicants | Applicant's average Star Rating divided by the highest applicant's Star Rating, then multiplied by 15 |
| Example: The highest applicant has an average Star Rating of 3.4 | |
| Applicant with Star Rating of 3.1 | $(3.1 \div 3.4) \times 15 = 13.7$ is 14 points |
| Applicant with Star Rating of 3.0 | $(3.0 \div 3.4) \times 15 = 13.2$ is 13 points |

814
815 For purposes of evaluating this criterion, applicants shall submit the overall CMS Star Rating available at
816 the time of the submission of the CON application for the applicant and each currently licensed hospital
817 under common ownership or control located in the same health service area as the proposed hospital
818 beds. Where an applicant proposes to close a hospital(s) as part of its application, data from the
819 hospital(s) to be closed shall be excluded from this calculation. Star Ratings shall be rounded to the
820 nearest 1/10, and points awarded shall be rounded to the nearest whole number, i.e. numbers ending in
821 .5 or higher, round up, and numbers ending in .4 or lower, round down.

822 (b) A qualifying project will be awarded points based on the ranking of the applicant's uninsured days
823 as measured as a percentage of total days as set forth in the following table. The applicant's uninsured
824 percentage will be the cumulative of all uninsured inpatient med/surg and uninsured inpatient rehab days
825 divided by the cumulative of all inpatient med/surg and inpatient rehab days at all currently licensed
826 Michigan hospitals under common ownership or control with the applicant that are located in the same
827 health service area as the proposed hospital beds. For purposes of evaluating this criterion, an applicant
828 shall submit the most recent reviewed and accepted Medicaid Cost Report for each currently licensed
829 hospital under common ownership or control within the same health service area. If a hospital under
830 common ownership or control with the applicant has not filed a MEDICAID Cost Report, then the related
831 applicant shall receive a score of zero.
832

| UNINSURED DAYS | POINTS AWARDED |
|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Applicant with highest percent of uninsured days | 10 points |
| All other applicants | Applicant's percent of uninsured days divided by the highest applicant's percent of uninsured days, then multiplied by 7 |
| Example: The highest applicant has 5.3% uninsured days | |
| Applicant with 5.0% days | $(5.0 \div 5.3) \times 7 = 6.6$ is 7 points |
| Applicant with 3.0% days | $(3.0 \div 5.3) \times 7 = 4.0$ is 4 points |

833
834 Where an applicant proposes to close a hospital(s) as part of its application, data from the hospital(s) to
835 be closed shall be excluded from this calculation. Percentages of days shall be rounded to the nearest
836 1/10 (e.g. 5.3%), and points awarded shall be rounded to the nearest whole number, i.e. numbers ending
837 in .5 or higher, round up, and numbers ending in .4 or lower, round down.

838 (c) A qualifying project will be awarded points based on the ranking of the applicant's Medicaid days
839 as measured as a percentage of total days as set forth in the following table. For purposes of scoring, the
840 applicant's Medicaid percentage will be the cumulative of all Title XIX and Healthy Michigan inpatient
841 med/surg and inpatient rehab days divided by the cumulative of all inpatient med/surg and inpatient rehab
842 days at all currently licensed Michigan hospitals under common ownership or control with the applicant
843 that are located in the same health service area as the proposed hospital beds. For purposes of
844 evaluating this criterion, an applicant shall submit the most recent reviewed and accepted Medicaid Cost
845 Report for each currently licensed hospital under common ownership or control within the same health
846 service area. If a hospital under common ownership or control with the applicant has not filed a
847 MEDICAID Cost Report, then the related applicant shall receive a score of zero.
848

Department Recommendation

| MEDICAID DAYS | POINTS AWARDED |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Applicant with highest percent of Medicaid days | 20 points |
| All other applicants | Applicant's percent of Medicaid days divided by the highest applicant's percent of Medicaid days, then multiplied by 15 |
| Example: the highest applicant has 15.3% Medicaid days | 20 points |
| Applicant with 15.0% days | $(15.0 \div 15.3) \times 15 = 14.7$ is 15 points |
| Applicant with 12.2% days | $(12.2 \div 15.3) \times 15 = 12.0$ is 12 points |

849
 850 Where an applicant proposes to close a hospital(s) as part of its application, data from the hospital(s) to
 851 be closed shall be excluded from this calculation. Percentages of days shall be rounded to the nearest
 852 1/10 (e.g. 5.3%), and points awarded shall be rounded to the nearest whole number, i.e. numbers ending
 853 in .5 or higher, round up, and numbers ending in .4 or lower, round down.

854 (d) A qualifying project shall be awarded points as set forth in the following table in accordance with
 855 its impact on inpatient capacity. If an applicant proposes to close a hospital(s), points shall only be
 856 awarded if (i) closure of that hospital(s) does not create a bed need in any hospital group as a result of its
 857 closing; (ii) the applicant stipulates that the hospital beds to be closed shall not be transferred to another
 858 location or facility; and (iii) the utilization (as defined by the average daily census over the previous 24-
 859 month period prior to the date that the application is submitted) of the hospital to be closed is at least
 860 equal to 50 percent of the size of the proposed hospital (as defined by the number of proposed new
 861 licensed beds).

| <u>Impact on Capacity</u> | <u>Points Awarded</u> |
|----------------------------------------------------|-----------------------|
| Closure of hospital(s) | 15 pts |
| Closure of hospital(s) which creates a bed need | 5 pts |

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 868 (e) A qualifying project will be awarded points based on the applicant's total project costs per hospital
 869 bed. For purposes of this criterion, total project costs shall be defined as the total costs for construction
 870 and renovation, site work, architectural/engineering and consulting fees, contingencies, fixed equipment,
 871 construction management and permits. The proposed project must include space for inpatient care, and,
 872 if not already available at the proposed site, space to provide 24 hour/7 days a week surgical, emergency
 873 and imaging services. Points shall be awarded in accordance with the table below:
 874

Department Recommendation

| COST PER BED | POINTS AWARDED |
|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Applicant with lowest cost per bed | 15 points |
| All other applicants | The lowest cost per bed in the compare group divided by the applicant's cost per bed, then multiplied by 10 |
| Example: the lowest cost applicant has \$698,000 per bed | 15 points |
| Applicant with \$710,000 per bed | $(\$698,000 \div 710,000) \times 10 = 9.8$ is 10 points |
| Applicant with \$975,000 per bed | $(\$698,000 \div 975,000) \times 10 = 7.2$ is 7 points |

875
876
877 Points shall not be awarded under this section for any project that proposes to add beds at a leased facility.
878 Costs shall be rounded to the nearest whole dollar, and points awarded shall be rounded to the nearest
879 whole number, i.e. numbers ending in .5 or higher, round up, and numbers ending in .4 or lower, round
880 down.

881 (f) A qualifying project will be awarded points based on the percentage of the applicant's historical
882 market share of inpatient days of the population in an area which will be defined as that area
883 circumscribed by the proposed hospital locations defined by all of the applicants in the comparative
884 review process under consideration. This area will include any zip code completely within the area as
885 well as any zip code which touches, or is touched by, the lines that define the area included within the
886 figure that is defined by the geometric area resulting from connecting the proposed locations. In the case
887 of two locations or one location or if the exercise in geometric definition does not include at least ten zip
888 codes, the market area will be defined by the zip codes within the county (or counties) that includes the
889 proposed site (or sites). Market share used for the calculation shall be the cumulative of the market
890 area's patient days served by the applicant and all currently licensed Michigan hospitals under common
891 ownership and control divided by the market area's total patient days for the 12-month period most
892 recently available through the Michigan inpatient database.

| MARKET SHARE | POINTS AWARDED |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| Applicant with highest market share | 10 pts |
| All other applicants | Applicant's market share divided by the highest applicant's market share in the compare group, then multiplied by 7 |
| Example: the highest applicant has 22.5% of population | 10 points |
| Applicant with 20.0% market share | $(20.0 \div 22.5) \times 7 = 6.2$ is 6 points |
| Applicant with 15.6% market share | $(15.6 \div 22.5) \times 7 = 4.9$ is 5 points |

893
894 For purposes of evaluating this criterion, an applicant shall submit patient days by zip code for each
895 currently licensed Michigan hospital under common ownership or control using the most recent 12-
896 months of data available through the MIDB at the time of the submission of the CON application. Where
897 an applicant proposes to close a hospital(s) as part of its application, data from the hospital(s) to be
898 closed shall be excluded from this calculation. Market share percentages shall be rounded to the nearest
899 1/10 (e.g. 5.3%), and points awarded shall be rounded to the nearest whole number, i.e. numbers ending
900 in .5 or higher, round up, and numbers ending in .4 or lower, round down.

901
902 (4) If the comparative review group involves limited access area(s), each qualifying project will be
903 awarded points based on the bed need of each applicant's chosen limited access area. The applicant
904 proposing to locate a hospital in a limited access area with the highest bed need shall receive 10 points.
905 All other applicants shall receive points as set forth in the following table.
906

| BED NEED | POINTS AWARDED |
|----------|----------------|
|----------|----------------|

Department Recommendation

| | |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Applicant in LAA with highest bed need | 10 pts |
| All other applicants | Bed need of the applicant's project divided by the bed need of the applicant with the highest bed need, then multiplied by 10 |
| Example: The highest applicant proposes project in LAA allowing 22 beds | 10 points |
| Applicant proposes project in LAA allowing 15 beds | $(15 \div 22) \times 10 = 6.8$ is 7 points |
| Applicant proposes project in LAA allowing 10 beds | $(10 \div 22) \times 10 = 4.5$ is 5 points |

907

908

Points shall be rounded to the nearest whole number.

909

910

Section 13. Requirements for approval -- acquisition of an existing hospital or renew the lease of an existing hospital

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913

Sec. 13. An applicant proposing to acquire an existing hospital or renew the lease of an existing hospital must meet the following as applicable:

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(1) An applicant proposing to acquire a hospital shall not be required to be in compliance with the needed hospital bed supply for the hospital group in which the hospital subject to the proposed acquisition is assigned if the applicant demonstrates that all of the following are met:

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919

(a) the acquisition will not result in a change in bed capacity,

920

(b) the licensed site does not change as a result of the acquisition,

921

(c) the project is limited solely to the acquisition of a hospital with a valid license, and

922

(d) if the application is to acquire a hospital, which was proposed in a prior application to be established as an LTAC or IRF hospital and which received CON approval, the applicant also must meet the requirements of Section 6(2). Those hospitals that received such prior approval are so identified on the Department inventory of beds.

923

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(2) The applicant shall comply with the following requirements, as applicable:

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928

(a) The existing licensed hospital shall have an average adjusted occupancy rate of 40 percent or above.

929

(b) If the existing licensed hospital does not have an average adjusted occupancy rate of 40 percent or above, the applicant shall agree to all of the following:

930

931

(i) The hospital to be acquired will achieve an annual adjusted occupancy of at least 40% during any consecutive 12-month period by the end of the third year of operation after completion of the acquisition. Annual adjusted occupancy shall be calculated as follows:

932

933

(a) Calculate the number of adjusted patient days during the most recent, consecutive 12-month period for which verifiable data is available to the Department.

934

(b) Divide the number of adjusted patient days calculated in (a) above by 365 (or 366 if a leap year).

935

936

(c) If the hospital to be acquired does not achieve an annual adjusted occupancy of at least 40 percent, as calculated in (b) above, during any consecutive 12-month period by the end of the third year of operation after completion of the acquisition, the applicant shall relinquish sufficient beds at the existing hospital to raise its adjusted occupancy to 60 percent. The revised number of licensed beds at the hospital shall be calculated as follows:

937

938

(i) Calculate the number of adjusted patient days during the most recent, consecutive 12-month period where verifiable data is available to the Department, and divide by .60.

939

940

(ii) Divide the result of subsection (i) above by 365 (or 366 if the 12-month period includes a leap year) and round up to the next whole number or 25, whichever is larger. This is the maximum number of beds that can be licensed at the existing licensed hospital site after acquisition.

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Department Recommendation

948 (d) Subsection (2) shall not apply to excluded hospitals or to those applicants applying under Section
949 13(3).

950
951 (3) An applicant proposing to renew the lease for an existing hospital shall not be required to be in
952 compliance with the needed hospital bed supply for the hospital group in which the hospital is located, if
953 all of the following requirements are met:

954 (a) The lease renewal will not result in a change in bed capacity.

955 (b) The licensed site does not change as a result of the lease renewal.

956
957 (4) Section 13(3) does not apply to renewal of lease for LTAC hospital, IRF hospital or alcohol and
958 substance abuse hospital within an existing licensed, host hospital under Section 6(2).

959

960 **Section 14. Requirements for approval – all applicants**

961

962 Sec. 14. (1) An applicant shall provide verification of Medicaid participation. An applicant that is a
963 new provider not currently enrolled in Medicaid shall certify that proof of Medicaid participation will be
964 provided to the Department within six (6) months from the offering of services if a CON is approved.

965

966 (2) The applicant certifies all outstanding debt obligations owed to the State of Michigan for Quality
967 Assurance Assessment Program (QAAP) or Civil Monetary Penalties (CMP) have been paid in full.

968

969 (3) The applicant certifies that the health facility for the proposed project has not been cited for a
970 state or federal code deficiency within the 12 months prior to the submission of the application. If a state
971 code deficiency has been issued, the applicant shall certify that a plan of correction for cited state
972 deficiencies at the health facility has been submitted and approved by the Bureau of Community and
973 Health Systems within LARA. If a federal code deficiency has been issued, the applicant shall certify that
974 a plan of correction for cited federal deficiencies at the health facility has been submitted and approved by
975 the Centers for Medicare and Medicaid Services. If code deficiencies include any unresolved deficiencies
976 still outstanding with LARA or the Centers for Medicare and Medicaid Services that are the basis for the
977 denial, suspension, or revocation of an applicant's health facility license, poses an immediate jeopardy to
978 the health and safety of patients, or meets a federal conditional deficiency level, the proposed project
979 cannot be approved without approval from the Bureau of Community and Health Systems or, if
980 applicable, the Centers for Medicare and Medicaid Services.

981

982 (4) The applicant certifies that the requirements for hospitals found in the Minimum Design Standards
983 for Health Care Facilities of Michigan, referenced in Section 20145 (6) of the Public Health Code, Act 368
984 of 1978, as amended, or any future versions, and are published by LARA, will be met when the
985 architectural blueprints are submitted for review and approval by LARA.

Department Recommendation**APPENDIX A**

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Counties assigned to each health service area 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 |

Department Recommendation

APPENDIX B

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Rural Michigan counties are as follows:

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

Micropolitan statistical area Michigan counties are as follows:

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

Metropolitan statistical area Michigan counties are as follows:

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

Source:

75 F.R., p. 37245 (June 28, 2010)
Statistical Policy Office
Office of Information and Regulatory Affairs
United States Office of Management and Budget

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OCCUPANCY RATE TABLE

| HOSPITAL GROUP PROJECTED BED ADC | | OCCUPANCY RATE | ADJUSTED BED RANGE | |
|-------------------------------------|----------|----------------|--------------------|------------|
| ADC_LOW | ADC_HIGH | | BEDS_LOW | BED S_HIGH |
| 30 | 31 | 60% | 50 | 52 |
| 32 | 35 | 61% | 53 | 58 |
| 36 | 39 | 62% | 59 | 53 |
| 40 | 45 | 63% | 64 | 72 |
| 46 | 50 | 64% | 72 | 79 |
| 51 | 58 | 65% | 79 | 90 |
| 59 | 67 | 66% | 90 | 102 |
| 68 | 77 | 67% | 102 | 115 |
| 78 | 88 | 68% | 115 | 130 |
| 89 | 101 | 69% | 129 | 147 |
| 102 | 117 | 70% | 146 | 168 |
| 118 | 134 | 71% | 167 | 189 |
| 135 | 154 | 72% | 188 | 214 |
| 155 | 176 | 73% | 213 | 242 |
| 177 | 204 | 74% | 240 | 276 |
| 205 | 258 | 75% | 274 | 344 |
| 259 | 327 | 76% | 341 | 431 |
| 328 | 424 | 77% | 426 | 551 |
| 425 | 561 | 78% | 545 | 720 |
| 562 | 760 | 79% | 712 | 963 |
| 761 | 895 | 80% | 952 | 1119 |

1081

ICD-9-CM TO ICD-10-CM Code Translation

| ICD-9 CODE | Description | ICD-10 Code | Description |
|-------------------|----------------------|--------------------|------------------------------------------------------|
| 290 through 319 | Psychiatric Patients | F01.50-F99 | Mental, Behavioral, and Neurodevelopmental Disorders |

"ICD-9-CM Code" means the disease codes and nomenclature found in the International Classification of Diseases - 9th Revision - Clinical Modification, prepared by the Commission on Professional and Hospital Activities for the U.S. National Center for Health Statistics.

"ICD-10-CM Code" means the disease codes and nomenclature found in the International Classification of Diseases - 10th Revision - Clinical Modification, National Center for Health Statistics.

MSDRG Codes

| MS-DRG Service Line | MS-DRG Code | MS-DRG Description |
|----------------------------|--------------------|-----------------------------------------------------------------------|
| Obstetrics | 778 | Threatened Abortion |
| Obstetrics | 780 | False Labor |
| Obstetrics | 781 | Other Antepartum Diagnoses with Medical Complications |
| Obstetrics | 782 | Other Antepartum Diagnoses without Medical Complications |
| Obstetrics | 817 | Other Antepartum Diagnoses with O.R. Procedure with MCC |
| Obstetrics | 818 | Other Antepartum Diagnoses with O.R. Procedure with CC |
| Obstetrics | 819 | Other Antepartum Diagnoses with O.R. Procedure without CC/MCC |
| Obstetrics | 831 | Other Antepartum Diagnoses without O.R. Procedure with MCC |
| Obstetrics | 832 | Other Antepartum Diagnoses without O.R. Procedure with CC |
| Obstetrics | 833 | Other Antepartum Diagnoses without O.R. Procedure without CC/MCC |
| Obstetrics | 765 | Cesarean Section with CC/MCC |
| Obstetrics | 766 | Cesarean Section without CC/MCC |
| Obstetrics | 783 | Cesarean Section with Sterilization with MCC |
| Obstetrics | 784 | Cesarean Section with Sterilization with CC |
| Obstetrics | 785 | Cesarean Section with Sterilization without CC/MCC |
| Obstetrics | 786 | Cesarean Section without Sterilization with MCC |
| Obstetrics | 787 | Cesarean Section without Sterilization with CC |
| Obstetrics | 788 | Cesarean Section without Sterilization without CC/MCC |
| Obstetrics | 769 | Postpartum and Post Abortion Diagnoses with O.R. Procedure |
| Obstetrics | 770 | Abortion with D&C, Aspiration Curettage or Hysterotomy |
| Obstetrics | 776 | Postpartum and Post Abortion Diagnoses without O.R. Procedure |
| Obstetrics | 777 | Ectopic Pregnancy |
| Obstetrics | 779 | Abortion without D&C |
| Obstetrics | 767 | Vaginal Delivery with Sterilization and/or D&C |
| Obstetrics | 768 | Vaginal Delivery with O.R. Procedures Except Sterilization and/or D&C |
| Obstetrics | 774 | Vaginal Delivery with Complicating Diagnoses |
| Obstetrics | 775 | Vaginal Delivery without Complicating Diagnoses |
| Obstetrics | 796 | Vaginal Delivery with Sterilization and/or D&C with MCC |
| Obstetrics | 797 | Vaginal Delivery with Sterilization and/or D&C with CC |
| Obstetrics | 798 | Vaginal Delivery with Sterilization and/or D&C without CC/MCC |
| Obstetrics | 805 | Vaginal Delivery without Sterilization and/or D&C with MCC |
| Obstetrics | 806 | Vaginal Delivery without Sterilization and/or D&C with CC |
| Obstetrics | 807 | Vaginal Delivery without Sterilization and/or D&C without CC/MCC |
| Substance Abuse | 894 | Alcohol/Drug Abuse or Dependence, Left Against Medical Advice |
| Substance Abuse | 895 | Alcohol/Drug Abuse or Dependence with Rehabilitation |

Department Recommendation

| | | Therapy |
|-----------------|-----|-----------------------------------------------------------------------------|
| Substance Abuse | 896 | Alcohol/Drug Abuse or Dependence without Rehabilitation Therapy with MCC |
| Substance Abuse | 897 | Alcohol/Drug Abuse or Dependence without Rehabilitation Therapy without MCC |

Source: Michigan Inpatient Data Base
(Tentative) Amended and Effective May 06, 2024