

MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES

MEETING NOTICE

GROUP: Surgical Services (SS) Informal Workgroup

DATE: Thursday, March 19, 2026

TIME: 9:30 a.m. – 11:30 a.m.

A virtual meeting will be held via Zoom.

In advance of the meeting, members of the public may provide input on or ask questions related to any business that will come before the informal workgroup by sending an email to MDHHS-ConWebTeam@michigan.gov. Any comment or question received sufficiently in advance of the meeting will be presented to the members of the informal workgroup for their review and consideration.

Join from PC, Mac, Linux, iOS or Android:

[Zoom Link](#)

Or Telephone Dial:

USA 1-408-961-3927

USA 1-408-961-3929

USA (855) 758-1310 (US Toll Free)

Meeting ID: 849 7898 5309

Passcode: 235345

Note: Individuals who need auxiliary aids and/or assistance in programs and services of the Michigan Department of Health and Human Services are invited to make their needs known to MDHHS-ConWebTeam@michigan.gov.

Check the Certificate of Need (CON) Web Site for future posting of Agenda www.michigan.gov/con

SURGICAL SERVICES INFORMAL WORKGROUP

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Meeting ID: 849 7898 5309

**TENTATIVE
AGENDA**

Agenda topics		
I.	Call to Order	Dr. Jesse Selber, Chairperson
II.	Introduction of Members and Staff	
III.	Review of Agenda	
IV.	Basic CON Overview	Katherine Tucker, MDHHS
V.	Review and Discussion of Charges	Dr. Jesse Selber, Chairperson
VI.	Next Steps	Dr. Jesse Selber, Chairperson
VII.	Public Comment	Tiffani Stanton, MDHHS
VIII.	Future Meeting Dates – April 16, 2026, May 14, 2026, June 18, 2026, July 16, 2026, August 13, 2026	Dr. Jesse Selber, Chairperson
IX.	Adjournment	
NOTE: There may be a 10-minute break at approximately 10:00 a.m.		

Be sure all cellular telephones are turned off or set to vibrate during meeting.

- NOTES:
- 1) *To be included as part of the official record, the Informal Workgroup would appreciate brief and concise written copies of the oral testimony and/or other documentation/data pertaining to Public Comment items.*
 - 2) *Public Comment for all items will be limited to three (3) minutes per item per speaker per organization with a maximum of ten (10) minutes if speaking on four (4) or more items. This time may be adjusted depending on the number of speakers.*



Michigan Certificate of Need

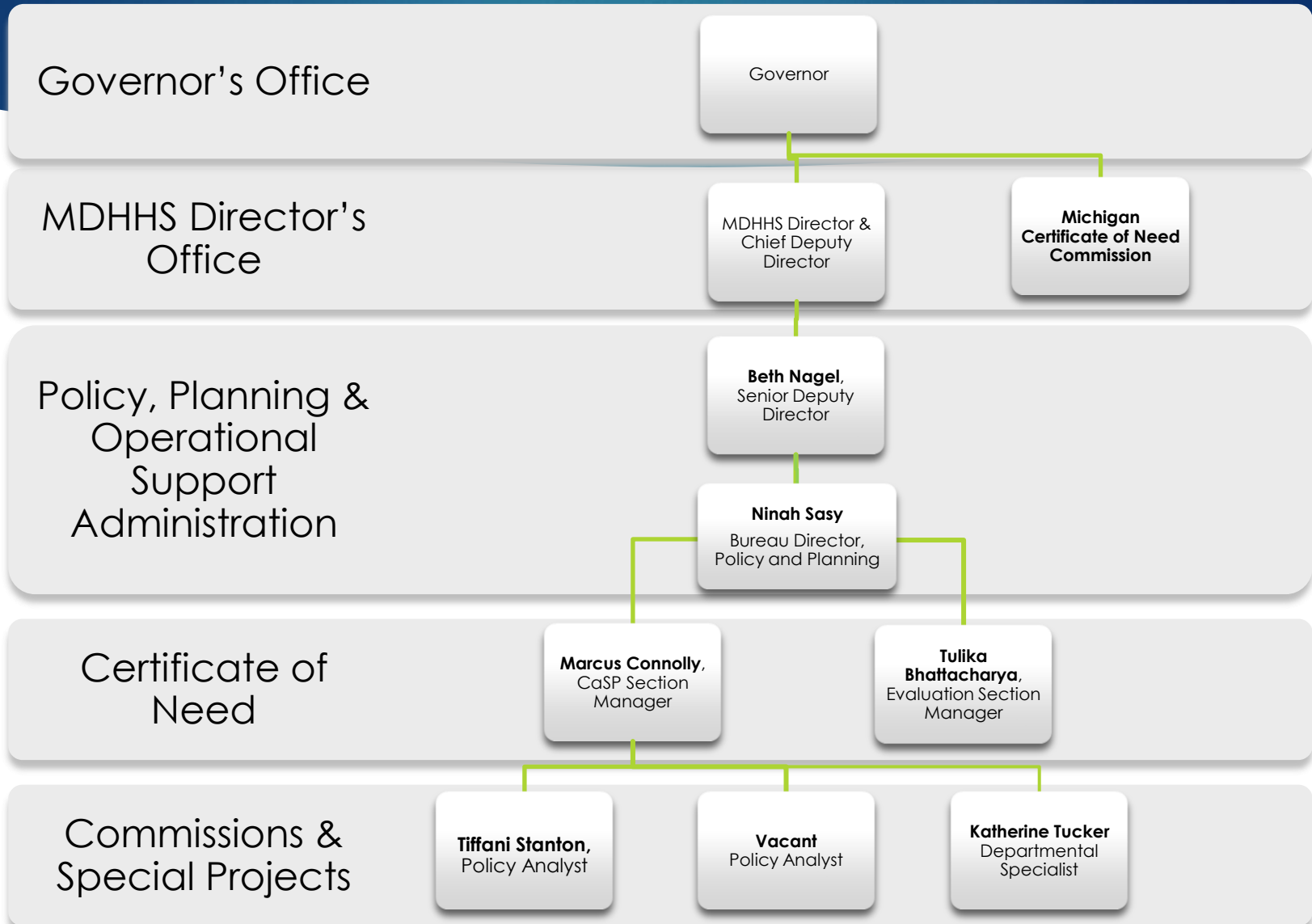
**SURGICAL SERVICES (SS)
INFORMAL WORKGROUP**

MARCH 2026

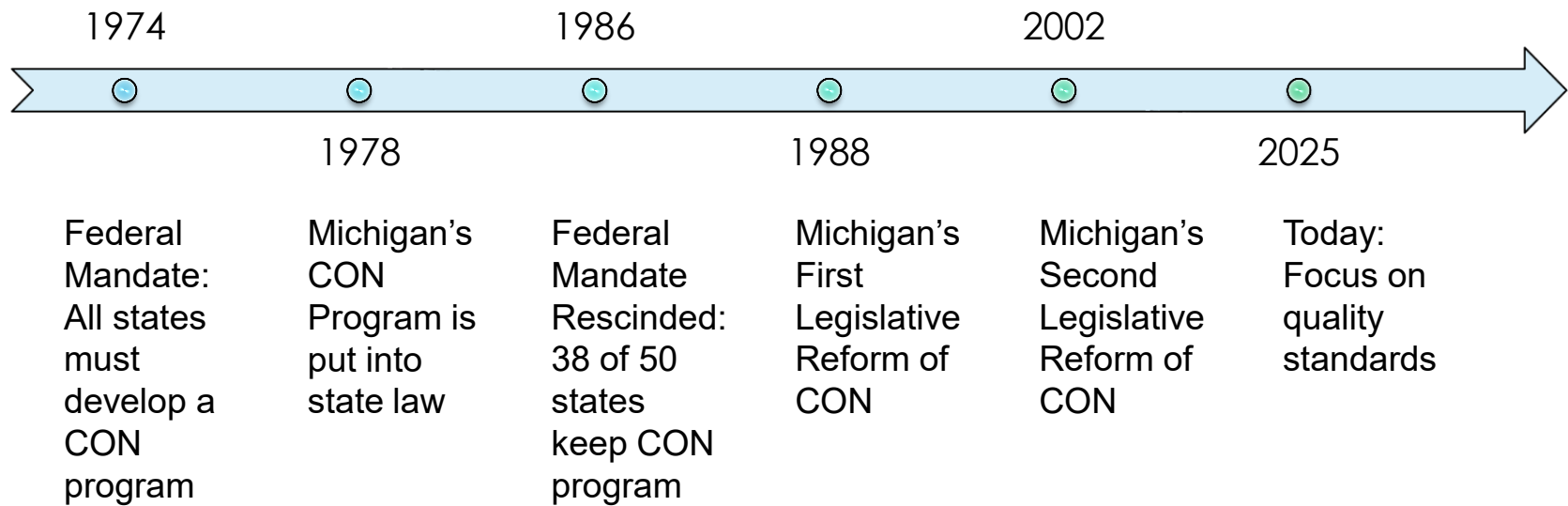
What is Certificate of Need?

- ▶ A health service & equipment regulatory program
- ▶ Created by state law
- ▶ Intended to balance cost, quality and access by ensuring that only needed health services are developed in Michigan
- ▶ Administered by the Michigan Department of Health and Human Services
- ▶ Governor-appointed Commission develops and updates standards

Organization



Michigan Certificate of Need History



What is Certificate of Need?

- ▶ A healthcare provider must apply for a Certificate of Need in order to operate one of the 14 covered clinical services

CON Covered Clinical Services

Bone Marrow Transplants	Cardiac Catheterization Services
Computed Tomography (CT) Scanners	Hospital Beds
Magnetic Resonance Imaging (MRI)	Megavoltage Radiation Therapy (MRT)
Neonatal Intensive Care Units (NICU)	Nursing Home Beds
Open Heart Surgery Services	Positron Emission Tomography (PET) Scanners
Psychiatric Beds (Acute Inpatient)	Surgical Services
Transplant Services: Bone Marrow, Heart, Lung & Liver	Urinary Lithotripter Services (UESWL)

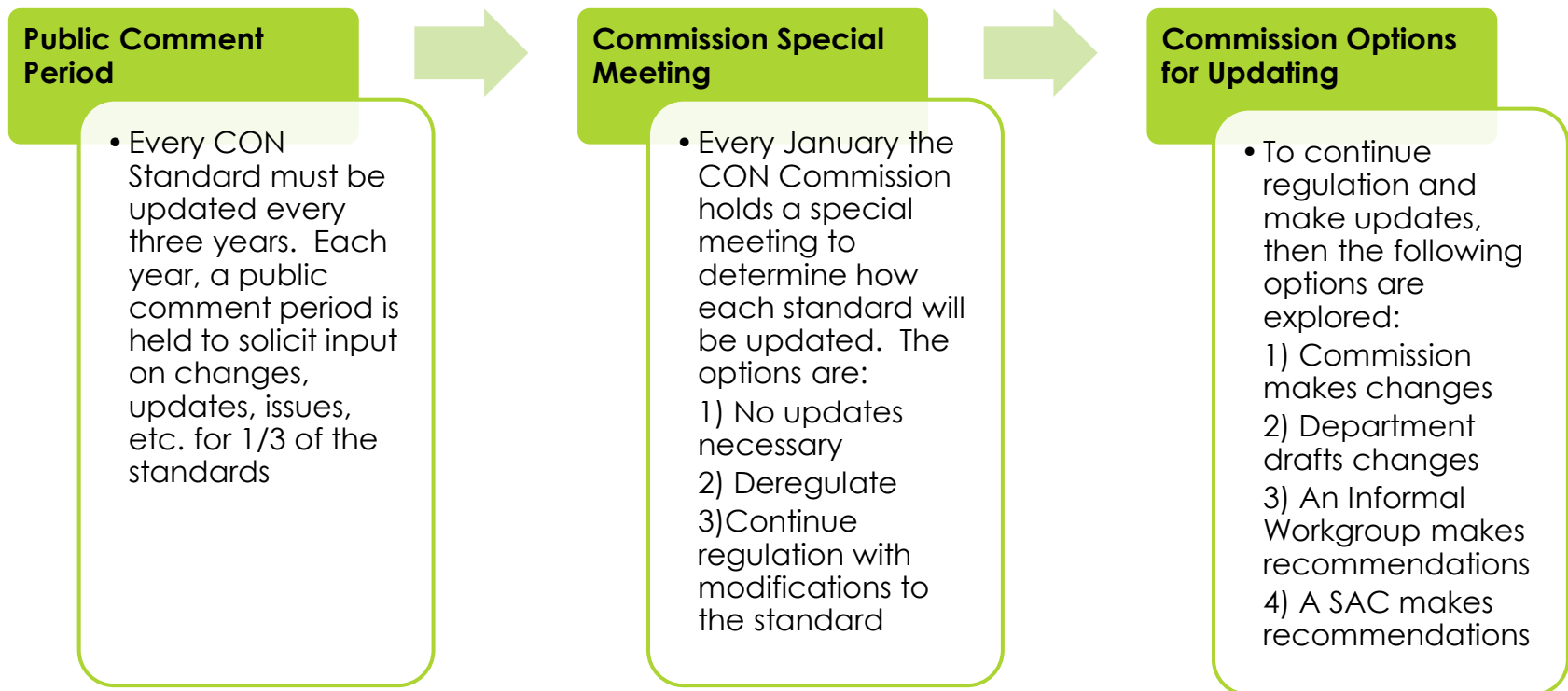
Obtaining a Certificate of Need

- ▶ In order to be approved for a Certificate of Need in Michigan, a provider must:
 - ▶ Meet Michigan CON criteria outlined in the corresponding CON standard
 - ▶ Demonstrate “need” per the corresponding CON Standard
 - ▶ Agree to specific project delivery requirements
 - ▶ Agree to meet specific service volumes
 - ▶ Provide data to MDHHS regularly for the life of the service
 - ▶ Apply for another CON before specific changes are made to the service (relocation, replacement, acquisition, for example)
 - ▶ Understand that a CON can be revoked

The Certificate of Need Review Standards

- ▶ Created and updated by CON Commission
- ▶ Must be reviewed at least every three years
- ▶ Are prospective (not retroactive)
- ▶ Contain specific requirements to initiate, replace, acquire, relocate (as necessary)
- ▶ Contain Project Delivery Requirements

CON Standard Update Process



Informal Workgroups

- ▶ Deliver recommendations to the CON Commission based on a specific “Charge”
- ▶ Composition
 - ▶ A chair is appointed by the CON Chairperson to run the workgroup.
 - ▶ The Chair may ask for a volunteer to take meeting notes. There are no formal minutes.
 - ▶ All meetings open to the public. Anyone that attends may participate
- ▶ No set timeframe to complete the work unless set by the Commission.
- ▶ Operates using group consensus. If voting is necessary, modified Robert’s Rules are followed.

SURGICAL SERVICES

INFORMAL WORKGROUP CHARGE

For Approval by the Certificate of Need (CON) Commission Chairperson as Delegated by the CON Commission on January 22, 2026

The Surgical Services Informal Workgroup is charged with reviewing and recommending any necessary changes to the Surgical Services CON Review Standards regarding the following:

1. Review Section 11(2)(c) and if necessary, consider language to update the radius to initiate an OR.
2. Remove language in Section 10(2)(iv) that can be restrictive for surgeons in an ASC.
3. Consider any other technical changes from the Department, e.g., updates or modifications consistent with other CON review standards and the Michigan Public Health Code.

In its deliberations of the above-mentioned charges, the Informal Workgroup shall consider and report on how each recommendation addresses healthcare cost, quality, and/or access in Michigan.

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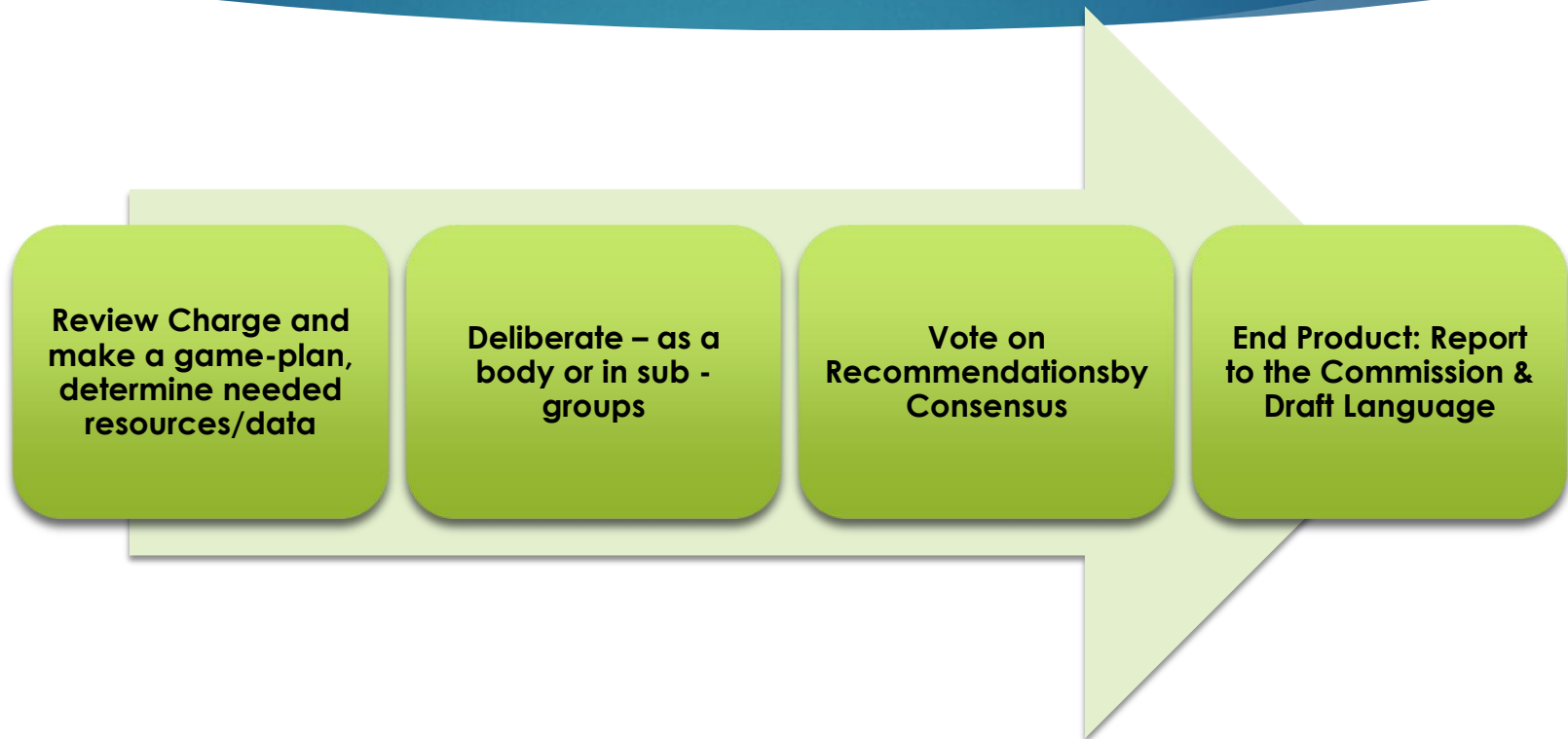
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Informal Workgroup Recommendations Process



After the Informal Workgroup...

- ▶ Recommendations presented to the Commission
- ▶ Commission may:
 - ▶ Accept the Recommendations
 - ▶ Make modifications
 - ▶ Reject the Recommendations
- ▶ If changes to the Standard are to be made, then:



Certificate of Need

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How Do I? ▼

Online Tools ▼

Find It Now ▼

What's New?

Starting Immediately

Certificate of Need (CON) (Checks) must be mailed directly to the Cashier's Office at MDHHS Cashier Office, Suite 801, Certificate of Need, P.O. Box 30437, Lansing, MI 48909.

Mail all Paper Application Materials, LOIs, Amendments, Annual Survey, and other communications directly to the CON office at MDHHS Certificate of Need Evaluation Section, South Grand Building, 4th Floor, P.O. Box 30195 Lansing, MI 48909.

Capital Expenditure Threshold for 2026

The capital expenditure threshold is indexed annually by the Department based on the Consumer Price Index. The threshold effective January 1, 2026, is \$4,272,500 for clinical service areas.

Certificate of Need Commission

[2026 Michigan CON Meetings](#)

[2026 Commission Minutes, Public Testimony, and Transcripts](#)

[2026 Informal Workgroups](#)

[Standard Advisory Committees \(SAC\)](#)

[Informal Workgroups Archive](#)

[Commission Overview and Members](#)

[Meetings, Minutes, Public Testimony, and Audio by Calendar Year](#)

[Resource Documents](#)

[New Medical Technology Advisory Committee \(NEWTAC\)](#)

2026 Informal Workgroups

About CON Informal Workgroups: Pursuant to MCL 333.22215, the CON Commission may form a Standard Advisory Committee or determine other ways to get input in the form of professional and technical assistance or advice. Often in these circumstances, the CON Commission will decide to form a workgroup to address specific issues in any one of the [CON Review Standards](#). The workgroups are informal, meaning that the workgroup proceedings are open to the public and anyone can participate in the discussion. A workgroup chair is selected, and a detailed workgroup charge is created by the CON Commission, often these tasks are delegated to the Chair of the CON Commission. The workgroup chair will provide the CON Commission with updates on the workgroup's progress and will present the final recommendations back to the CON Commission.

For past workgroups, please visit our [Informal Workgroups Archive](#).

Surgical Services

[Charge](#)

Meeting Dates:

- 3.19.26 - Meeting Materials
- 4.16.26 - Meeting Materials
- 5.14.26 - Meeting Materials
- 6.18.26 - Meeting Materials
- 7.16.26 - Meeting Materials
- 8.13.26 - Meeting Materials

Hospital Beds

[Charge](#)

Meeting Dates:

- 2.26.26 - [Meeting Materials](#)
- 3.26.26 - Meeting Materials
- 4.23.26 - Meeting Materials

Open Heart Surgery (OHS) Services

[Charge](#)

Meeting Dates:

- 2.24.26 - [Meeting Materials](#)
- ~~3.24.26~~ - Canceled
- ~~4.14.26~~ - Canceled

Questions?

Katherine Tucker, Specialist,
Commissions and Special Projects

Tuckerk6@Michigan.gov

CON Web Team

MDHHS-ConWebTeam@michigan.gov

SURGICAL SERVICES

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MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES

CERTIFICATE OF NEED (CON) REVIEW STANDARDS FOR SURGICAL SERVICES

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

Section 1. Applicability

Sec. 1. (1) These standards are requirements for the approval of the initiation, replacement, expansion, or acquisition of a surgical service provided in a surgical facility and the delivery of these services under Part 222 of the Code. Surgical services provided in a freestanding surgical outpatient facility, an ambulatory surgery center certified under title XVIII, or a surgical department of a hospital licensed under Part 215 of the Code and offering inpatient or outpatient surgical services are covered clinical services. 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.

Section 2. Definitions

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

(a) "Ambulatory surgical center" or "ASC" means any distinct entity certified by Medicare as an ASC under the provisions of Title 42, Part 416 that operates exclusively for the purpose of providing surgical services in a CON-approved operating room to patients not requiring hospitalization, and defined as a health facility for purposes of part 222 of the code.

(b) "Burn care" means surgical services provided to burn patients in a licensed hospital site that has been verified as meeting the "Guidelines for Development and Operation of Burn Centers" issued by the American Burn Association in March 1988, or equivalent standards for a burn center.

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

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

(e) "Cystoscopy" means direct visual examination of the urinary tract with a cystoscope.

(f) "Cystoscopy case" means a single visit to an operating room during which one or more cystoscopic procedures are performed.

(g) "Dedicated dialysis access center" means a FSOE or ASC used exclusively for dialysis access cases.

(h) "Dedicated endoscopy or cystoscopy operating room" means a room used exclusively for endoscopy or cystoscopy cases.

(i) "Department" means the Michigan Department of Health and Human Services (MDHHS)

(j) "Designated Rural Hospital" means a licensed hospital designated by CMS as a Critical Access Hospital [Pursuant to 42 CFR 485.606], Sole Community Hospital [Pursuant to 42 CFR 412.92], Medicare Dependent Hospital [Pursuant to 42 CFR 412.108], or Rural Emergency Hospital [Pursuant to 42 USC 1395X].

(k) "Dialysis access" means the physical conduit being used to access the patient in order to provide dialysis.

(l) "Dialysis access case" means a single visit to an operating room during the performance of one or more procedures for a patient to establish or maintain dialysis access for the purpose of providing hemodialysis or peritoneal dialysis for the treatment of advanced chronic kidney disease, end stage renal disease or other qualifying condition requiring dialysis. These procedures may include venography, fluoroscopic guidance of central venous dialysis access devices, vascular catheter placement, repair, removal, and replacement, vascular catheter thrombolysis, removal of obstructions, fistulagrams,

angioplasty, angiogram, stent placement, percutaneous thrombectomy, percutaneous fistula creation, percutaneous peritoneal dialysis catheter placement, repair, removal, and replacement.

(m) "Emergency Room" means a designated area in a licensed hospital and recognized by the Department as having met the staffing and equipment requirements for the treatment of emergency patients.

(n) "Endoscopy" means visual inspection of any portion of the body by means of an endoscope.

(o) "Endoscopy case" means a single visit to an operating room during which one or more endoscopic procedures are performed.

(p) "Existing surgical service" means a surgical facility that, on the date an application is submitted to the Department, is part of a licensed hospital site, a licensed freestanding surgical outpatient facility, or a certified ASC.

(q) "Freestanding surgical outpatient facility" or "FSOF" means a health facility licensed under Part 208 of the Code and provides outpatient surgical services in a CON-approved operating room. It does not include a surgical outpatient facility owned and operated as a part of a licensed hospital site. A freestanding surgical outpatient facility is a health facility for purposes of Part 222 of the Code.

(r) "Hospital" means a health facility licensed under Part 215 of the Code.

(s) "Hours of use" means the actual time in hours, and parts thereof, an operating room is used to provide surgical services. It is the time from when a patient enters an operating room until that same patient leaves that same room. It excludes any pre- or post-operative room set-up or clean-up preparations, or any time a patient spends in pre- or post-operative areas including a recovery room.

(t) "Licensed hospital site" means either:

(i) in the case of a single site hospital, the location of the hospital authorized by license and listed on that licensee's certificate of licensure or

(ii) in the case of a hospital with multiple sites, the location of each separate and distinct inpatient site as authorized by licensure.

(u) "Medicaid" means title XIX of the social security act, chapter 531, 49 Stat. 620, 1396r-6 and 1396r-8 to 1396v.

(v) "Metropolitan counties" means counties designated by the Federal Office of Rural Health Policy (FORHP) as non-fully eligible counties.

(w) "Offer" means to perform surgical services.

(x) "Operating room" or "OR" means a room in a surgical facility constructed and equipped to perform surgical cases and located on a sterile corridor. The term also includes a room constructed and equipped to perform surgical cases on a nonsterile corridor if the room is located in an FSOF or ASC that is used exclusively for endoscopy or cystoscopy cases. This term does not include procedure rooms.

(y) "Operating suite," for purposes of these standards, means an area in a surgical facility that is dedicated to the provision of surgery. An operating suite includes operating rooms, pre- and post-operative patient areas, clean and soiled utility and linen areas, and other support areas associated with the provision of surgery.

(z) "Outpatient surgery" means the provision of surgical services performed in a hospital, FSOF, or ASC, requiring anesthesia or a period of postoperative observation, or both, to patients whose admission to a hospital for an overnight stay is not anticipated- as being medically necessary.

(aa) "Procedure room" means a room in a surgical facility constructed and equipped to perform surgical procedures and not located on a sterile corridor. Procedures conducted in procedure rooms are not considered surgical cases.

(bb) "Renovate an existing surgical service or one or more operating rooms" means a project that:

(i) involves the renovation, remodeling, or modernization of an operating suite of a hospital, FSOF, or ASC;

(ii) does not involve new construction;

(iii) does not involve a change in the physical location within the surgical facility at the same site; and

(iv) does not result in an increase in the number of operating rooms at an existing surgical facility.

Renovation of an existing surgical service or one or more operating rooms may involve a change in the number of square feet allocated to an operating suite. The renovation of an existing surgical service or one or more operating rooms shall not be considered the initiation, expansion, replacement, or acquisition of a surgical service or one or more operating rooms.

(cc) "Rural area" means the counties designated by the Federal Office of Rural Health Policy (FORHP) as being fully eligible for rural health grant programs or the census tracts within metropolitan counties that have been determined by the FORHP to meet the criteria to be eligible for rural health grant programs. The Department shall utilize the most recent list of areas eligible for rural health grant programs published by FORHP in making this determination.¹

(dd) "Sterile corridor" means an area of a surgical facility designated primarily for surgical cases and surgical support staff. Access to this corridor is controlled and the corridor is not used by the general public or personnel of the surgical facility whose primary work station is not in the operating suite(s) or whose primary work tasks do not require them to be in the operating suite(s) of a surgical facility. Examples of personnel who would normally use sterile corridors include physicians, surgeons, operating room nurses, laboratory or radiology personnel, and central supply or housekeeping personnel. Other terms commonly used to represent "sterile" in describing access areas include "restricted," "controlled," "limited access," or "clean."

(ee) "Surgical case" means a single visit to an operating room during which one or more surgical procedures are performed in a con-approved operating room.

(ff) "Surgical facility" means either:

- (i) a licensed FSOE;
- (ii) a certified ASC; or
- (iii) a licensed hospital site authorized to provide inpatient or outpatient surgery.

(gg) "Surgical service" means performing surgery in a surgical facility.

(hh) "Trauma care," for purposes of these standards, means surgical services provided to a trauma patient in a licensed hospital site that has been verified as meeting the standards of the American College of Surgeons for a Level I or II trauma center, or equivalent standards.

(ii) "Verifiable data" means surgical data (cases and/or hours) from the most recent Annual Survey or more recent data that can be validated by the Department.

(2) Terms defined in the Code have the same meanings when used in these standards.

Section 3. Inventory of operating rooms used to perform surgical services; surgical cases, or hours of use; and evaluating compliance with minimum volume requirements

Sec. 3. (1) The Department shall use the number of operating rooms and verifiable data pursuant to subsection (2) to determine the number of surgical cases, hours of use, or both, as applicable, pursuant to subsection (3) for purposes of evaluating compliance with the actual and proposed volume requirements set forth in the applicable sections of these standards. Compliance with CON minimum volume requirements established by these standards shall be determined based on the average number of surgical cases, hours of use, or both, per operating room of the surgical service as permitted by these standards.

(2) The number of operating rooms for each type of surgical facility shall be determined as follows:

(a) In a licensed hospital site, all operating rooms in which surgery is or will be performed excluding:

(i) A delivery room(s) if that room is located in an area of a licensed hospital site designated primarily for obstetrical services.

(ii) An operating room that is or will be used exclusively for endoscopy or cystoscopy cases.

(iii) An operating room in which a fixed lithotripter is or will be located and utilized. A mobile lithotripter shall not be considered as an operating room.

(iv) An operating room that is or will be used, though not exclusively, to provide surgical services to patients requiring burn care or trauma care, as those terms are defined in these standards. No more than 0.5 burn care and 0.5 trauma care operating rooms shall be excluded pursuant to this subdivision, and precludes the use of the room in subsection (2)(a)(v).

¹ Health Resources & Services Administration (HRSA)- [Rural Service Areas and Target Populations](#) - List of rural counties and designated eligible census tracts in metropolitan counties.

(v) An operating room that is or will be used exclusively to provide surgical services to patients requiring burn care or trauma care, as those terms are defined in these standards. No more than 1 burn care and 1 trauma care operating room shall be excluded pursuant to this subdivision, and precludes the use of the room in subsection (2)(a)(iv).

(vi) A hybrid ORCCL shall have 0.5 excluded for each room meeting the requirements of section of these standards. A surgical facility will not be limited to the number of hybrid ORCCLS within a single licensed facility.

(b) In an FSOF or ASC that is or will be used exclusively for endoscopy, cystoscopy, or dialysis access cases all rooms in which endoscopy, cystoscopy, or dialysis access cases are or will be performed.

(c) In an FSOF or ASC that is not or will not be used exclusively for endoscopy, cystoscopy OR DIALYSIS ACCESS cases, all operating rooms in which surgery is or will be performed, excluding any operating rooms used exclusively for endoscopy, cystoscopy, or dialysis access cases.

(3) The number of surgical cases, or hours of use, shall be determined as follows:

(a) In a licensed hospital site, all surgical cases, or hours of use, performed in operating rooms, including surgical cases, or hours of use, performed in an operating room identified in subsections (2)(a)(iv), (v), and (vi) but excluding the surgical cases, or hours of use, performed in operating rooms identified in subsection (2)(a)(i), (ii), and (iii).

(b) In an FSOF or ASC that is or will be used exclusively for endoscopy, cystoscopy, or dialysis access cases, all endoscopy, cystoscopy, or dialysis access cases, or hours of use, performed in the operating rooms identified in subsection (2)(b).

(c) In an FSOF or ASC that is not or will not be used exclusively for endoscopy, cystoscopy, OR DIALYSIS ACCESS cases, all surgical cases, or hours of use, performed in the operating rooms identified in subsection (2)(c). Cases, or hours of use, performed in any operating room used exclusively for endoscopy, cystoscopy, or dialysis access cases, shall be excluded.

Section 4. Requirements to initiate a surgical service

Sec. 4. To initiate a surgical service means to begin operation of a surgical facility at a site that has not offered surgical services within the 12-month period immediately preceding the date an application is submitted to the Department. An applicant proposing to initiate a surgical service shall demonstrate the following, as applicable to the proposed project.

(1) Each proposed operating room shall perform an average of at least 1,128 surgical cases per year per operating room in the second 12 months of operation.

(2) Subsection (1) shall not apply if the proposed project involves the initiation of a surgical service with 1 or 2 operating rooms at a licensed hospital that is a designated rural hospital, or a licensed hospital site located in a rural area that does not offer surgical services as of the date an application is submitted to the Department.

(3) An applicant shall demonstrate that it meets the requirements of Section 11(2) for the number of surgical cases projected under subsection (1).

(a) Section 11(2)(d) shall not apply if the proposed project involves the initiation of a surgical service at a new FSOF or a new ASC at a new geographical site utilizing the historical surgical cases of the applicant and the new service is owned by the same applicant.

(4) An applicant proposing to initiate a dedicated dialysis access center shall only use dialysis access cases in accordance with section 11 (1)(e).

Section 5. Requirements to replace a surgical service

Sec. 5. To replace a surgical service or one or more operating rooms, means:

(i) The development of new space (whether through new construction, purchase, lease or similar arrangement) to house one or more operating rooms operated by an applicant at the same site as the operating room(s) to be replaced;

- (ii) designating an OR as a dedicated endoscopy or cystoscopy OR;
- (iii) relocating an existing surgical facility with one or more operating rooms to a new geographic location of that existing surgical facility; or
- (iv) relocating one or more operating rooms of an existing surgical facility to a different geographic location currently offering surgical services as another existing surgical facility.
- (v) The term does not include the renovation of an existing surgical service or one or more operating rooms.
- (vi) An applicant requesting to replace an existing surgical service shall demonstrate each of the following, as applicable to the proposed project.

- (1) An applicant proposing to replace shall demonstrate:
 - (a) All existing operating rooms in the existing surgical facility have performed an average of at least the following, utilizing the most recent 12 months of data which is verifiable by the department:
 - (i) 1,042 surgical cases per operating room, or
 - (ii) 1,125 hours of use in a facility that performs only outpatient surgery, per operating room or
 - (iii) A licensed hospital that provides both inpatient and outpatient surgery may use a weighted average of inpatient hours of use and outpatient hours of use, as billed by the facility, per operating room and calculated as follows:
 - (A) The number of operating rooms shall be the sum of the inpatient hours of use divided by 1,500 plus the outpatient hours divided by 1,125. (For example: Using 375 inpatient hours and 844 outpatient hours would equate to $375/1,500 + 844/1,125 = 0.25 + 0.75 = 1.00$ OR.), or
 - (iv) A licensed hospital that provides both inpatient and outpatient surgery may use a weighted average of inpatient hours of use and outpatient surgical cases, as billed by the facility, per operating room and calculated as follows:
 - (A) The number of operating rooms shall be the sum of the inpatient hours of use divided by 1,500 plus the outpatient cases divided by 1,042. (For example: Using 375 inpatient hours and 785 outpatient cases would equate to $375/1,500 + 785/1,042 = 0.25 + 0.75 = 1.00$ OR.)

- (2) An applicant proposing to replace one or more operating rooms at a licensed hospital and is located in a rural area or the applicant is located in a city, village, or township with a population of not more than 12,000 and in a county with a population of not more than 110,000 as defined by the most recent federal decennial census, or the applicant is a designated rural hospital, shall demonstrate each of the following:
 - (a) The applicant has less than six ORS at the licensed hospital.
 - (b) All existing operating rooms have performed an average of at least one of the following utilizing the most recent 12 months of data verifiable by the department:
 - (i) 839 surgical cases per operating room, or
 - (ii) 906 hours of use per operating room.

(3) Subsections (1) and (2) shall not apply if the proposed project involves replacing one or more operating rooms at the same licensed hospital site is a designated rural hospital, or if the surgical facility is located in a rural area and has one or two operating rooms.

(4) Subsections (1) and (2) shall not apply to those hospitals licensed under Part 215 of PA 368 of 1978, as amended that had fewer than 70 licensed beds on December 1, 2002 provided the number of ORs at the surgical service has not increased as of March 31, 2003, and the location does not change.

(5) An applicant proposing to designate an OR as a dedicated endoscopy or cystoscopy OR shall submit notification to the Department on a form provided by the Department. An applicant under this subsection shall not be required to comply with subsections (1) and (2).

(6) An applicant proposing to relocate an existing surgical service or one or more operating rooms shall demonstrate each of the following, as applicable:

(a) The proposed new site is within a 10-mile radius of the site at which an existing surgical service is located if an existing surgical service is located in a metropolitan county, or a 20-mile radius if an existing surgical service is located in a rural area.

(b) All existing operating rooms in the surgical facility from which one or more ORs are proposed to be relocated have performed an average of at least one of the following utilizing the most recent 12 months of data verifiable by the department:

(i) 1,042 surgical cases per operating room, or
(ii) 1,125 hours of use in a facility that performs only outpatient surgery per year per operating room or,
(iii) A licensed hospital that provides both inpatient and outpatient surgery may use a weighted average of inpatient hours of use and outpatient hours of use, as billed by the facility, per operating room and calculated as follows:

(A) The number of operating rooms shall be the sum of the inpatient hours of use divided by 1,500 plus the outpatient hours divided by 1,125. (For example: Using 375 inpatient hours and 844 outpatient hours would equate to $375/1,500 + 844/1,125 = 0.25 + 0.75 = 1.00$ OR.), or

(iv) A licensed hospital that provides both inpatient and outpatient surgery may use a weighted average of inpatient hours of use and outpatient surgical cases, as billed by the facility, per operating room calculated as follows:

(A) The number of operating rooms shall be the sum of the inpatient hours of use divided by 1,500 plus the outpatient cases divided by 1,042. (For example: Using 375 inpatient hours and 785 outpatient cases would equate to $375/1,500 + 785/1,042 = 0.25 + 0.75 = 1.00$ OR.)

(v) An existing surgical facility applicant that is proposing to relocate one or more operating rooms to another existing surgical facility is not required to meet subsections 5(6)(b)(i)-(iv).

(vi) The relocated operating rooms shall be licensed to the receiving existing surgical facility and the applicant shall agree to decrease their total number of operating rooms, as applicable.

(c) All operating rooms, existing and relocated, at the receiving existing surgical facility, are projected to perform an average of at least the following in the second twelve months of operations:

(i) 1,042 surgical cases per operating room or
(ii) 1,125 hours of use in a facility that performs only outpatient surgery per operating room, and annually thereafter, or

(iii) A licensed hospital that provides both inpatient and outpatient surgery may use a weighted average of inpatient hours of use and outpatient hours of use, as billed by the facility, per operating room, and annually thereafter and calculated as follows:

(A) The number of operating rooms shall be the sum of the inpatient hours of use divided by 1,500 plus the outpatient surgical hours divided by 1,125. (For example: Using 375 inpatient hours and 844 outpatient hours would equate to $375/1,500 + 844/1,125 = 0.25 + 0.75 = 1.00$ OR.) or

(iv) A licensed hospital that provides both inpatient and outpatient surgery may use a weighted average of inpatient hours of use and outpatient surgical cases, as billed by the facility, per operating room, and annually thereafter and calculated as follows:

(A) The number of operating rooms shall be the sum of the inpatient hours of use divided by 1,500 plus the outpatient cases divided by 1,042. (For example: Using 375 inpatient hours and 785 outpatient cases would equate to $375/1,500 + 785/1,042 = 0.25 + 0.75 = 1.00$ OR.)

(d) the existing surgical service from which the operating rooms are being relocated, and the existing surgical service receiving the operating rooms, shall not require any ownership relationship.

(7) Subsection (6) shall not apply if the proposed project involves relocating one or two operating rooms within a 20-mile radius if the surgical facility is a designated rural hospital, or is located in a rural area.

(8) An applicant proposing to relocate an existing surgical service or one or more operating rooms from one licensed hospital site to another licensed hospital site and is located in a rural area or the applicant is located in a city, village, or township with a population of not more than 12,000 and in a county with a population of not more than 110,000 as defined by the most recent federal decennial census, or the applicant is a designated rural hospital, shall demonstrate each of the following:

(a) The applicant has less than six ORs at the licensed hospital from which one or more operating rooms are proposed to be relocated.

(b) All existing operating rooms have performed an average of at least one of the following utilizing the most recent 12 months of data that is verifiable by the department:

- (i) 839 surgical cases per operating room, or
- (ii) 906 hours of use per operating room,
- (iii) an existing licensed hospital that is proposing to relocate one or more operating rooms to another existing licensed hospital is not required to meet subsections 5(8)(b)(i)-(ii),
- (iv) the relocated operating rooms shall be licensed to the receiving existing licensed hospital and the applicant shall agree to decrease their total number of operating rooms, as applicable.

(c) all operating rooms, existing and relocated, at the receiving licensed hospital are projected to perform an average of at least the following in the second twelve months of operations:

- (i) 839 surgical cases per operating room or
- (ii) 906 hours of use per operating room.
- (d) the existing licensed hospital from which the operating rooms are being relocated, and the existing licensed hospital receiving the operating rooms, shall not require any ownership relationship.

(9) An applicant shall demonstrate that it meets the requirements of Section 11(2) for the number of surgical cases, or hours of use, projected under subsections (6) and (8).

Section 6. Requirements to expand an existing surgical service

Sec. 6. To expand a surgical service means the addition of one or more operating rooms at an existing surgical service. This term also includes the change from a dedicated endoscopy or cystoscopy OR to a non-dedicated OR. An applicant proposing to add one or more operating rooms at an existing surgical service shall demonstrate each of the following as applicable, to the proposed project.

(1) An applicant shall demonstrate the following:

(a) All existing operating rooms in the existing surgical facility have performed an average of at least one of the following utilizing the most recent 12 months of data that is verifiable by the department:

- (i) 1,216 surgical cases per operating room, or
- (ii) 1,313 hours of use in a facility that performs only outpatient surgery per operating room, or
- (iii) a licensed hospital that provides both inpatient and outpatient surgery may use a weighted average of inpatient hours of use and outpatient hours of use, as billed by the facility per year, per operating room, calculated as follows:

(A) The number of operating rooms shall be the sum of the inpatient hours of use divided by 1,750 plus the outpatient hours divided by 1,313. (For example: Using 438 inpatient hours and 985 outpatient hours would equate to $438/1,750 + 985/1,313 = 0.25 + 0.75 = 1.00$ OR), or

(iv) A licensed hospital that provides both inpatient and outpatient surgery may use a weighted average of inpatient hours of use and outpatient surgical cases, as billed by the facility, per operating room calculated as follows:

(A) The number of operating rooms shall be the sum of the inpatient hours of use divided by 1,750 plus the outpatient cases divided by 1,216. (For example: Using 438 inpatient hours and 912 outpatient cases would equate to $438/1,750 + 912/1,216 = 0.25 + 0.75 = 1.00$ OR.)

(v) all expansion volume under this subsection must be based on existing surgical cases and/or hours performed in existing operating rooms, not proposed, projected cases based on a trend of increased volume at a facility.

(b) all proposed operating rooms, including existing operating rooms, are projected to perform an average of at least the following in the second twelve months of operations:

- (i) 1,042 surgical cases per operating room or
- (ii) 1,125 hours of use in a facility that performs only outpatient surgery per operating room, or
- (iii) A licensed hospital that provides both inpatient and outpatient surgery may use a weighted average of inpatient hours of use and outpatient hours of use as billed by the facility per operating room calculated as follows:

(A) The number of operating rooms shall be the sum of the inpatient hours of use divided by 1,500 plus the outpatient hours divided by 1,125. (For example: Using 375 inpatient hours and 844 outpatient hours would equate to $375/1,500 + 844/1,125 = 0.25 + 0.75 = 1.00$ OR.), or

(iv) A licensed hospital that provides both inpatient and outpatient surgery may use a weighted average of inpatient hours of use and outpatient surgical cases, as billed by the facility, calculated as follows:

(A) The number of operating rooms shall be the sum of the inpatient hours of use divided by 1,500 plus the outpatient cases divided by 1,042. (For example: Using 375 inpatient hours and 785 outpatient cases would equate to $375/1,500 + 785/1,042 = 0.25 + 0.75 = 1.00$ OR.)

(c) An applicant whose existing operating rooms in the existing surgical facility have performed an average of at least 1650 surgical cases or 1750 hours of use per operating room in the previous 12 months for which verifiable data is available shall qualify to add one (1) additional operating room and shall not be subject to subsections (a) or (b) above.

(2) An applicant proposing to add one or more operating rooms at a licensed hospital located in a rural area, or in a city, village, or township with a population of not more than 12,000 and in a county with a population of not more than 110,000 as defined by the most recent federal decennial census, or the applicant is a designated rural hospital, shall demonstrate each of the following:

(a) The applicant has less than six ORs at the licensed hospital.

(b) All existing operating rooms have performed an average of at least one of the following utilizing the most recent 12 months of data verifiable by the department:

(i) 979 surgical cases per operating room, or

(ii) 1,057 hours of use per operating room.

(c) All proposed operating rooms, including existing operating rooms, are projected to perform an average of at least the following in the second twelve months of operations:

(i) 839 surgical cases per operating room, or

(ii) 906 hours of use per operating room.

(3) Subsections (1) and (2) shall not apply if the proposed project involves adding a second operating room in a licensed hospital site located in a rural area that currently has only one operating room.

(4) An applicant shall demonstrate that it meets the requirements of Section 11(2) for the number of surgical cases, or hours of use, projected under subsections (1) and (2).

(5) For an applicant proposing to add one or more operating rooms to a dedicated dialysis access center that applicant shall only use dialysis access cases subject to section 11 (1)(e).

Section 7. Requirements to acquire an existing surgical service

Sec. 7. Acquisition of a surgical service means a project involving the issuance of a new license for a hospital or a freestanding surgical outpatient facility or a new certification as an ambulatory surgical center as the result of the acquisition (including purchase, lease, donation, or other comparable arrangement) of an existing surgical service. An applicant proposing to acquire an existing surgical service shall demonstrate each of the following, as applicable to the proposed project.

(1) An applicant agrees and assures to comply with all applicable project delivery requirements.

(2) For the first application proposing to acquire an existing surgical service, for which a final decision has not been issued, on or after January 27, 1996, the existing surgical service shall not be required to be in compliance with the applicable volume requirements set forth in these standards. The surgical service shall be operating at the applicable volume requirements in the second 12 months after the effective date of the acquisition.

(3) For any application proposing to acquire an existing surgical service except the first application, for which a final decision has not been issued, on or after January 27, 1996, the existing surgical service shall

be required to be in compliance with the applicable volume requirements on the date the application is submitted to the Department.

(4) Subsection (3) shall not apply to those hospitals licensed under Part 215 of PA 368 of 1978, as amended that had fewer than 70 licensed beds on December 1, 2002 provided the number of ORs at the surgical service has not increased as of March 31, 2003, and the location does not change.

Section 8. Requirements for a Hybrid Operating Room/Cardiac Catheterization Laboratory (OR/CCL)

Sec. 8. A hybrid or/ccl means an operating room located on a sterile corridor and equipped with an angiography system performing minimally invasive procedures of the heart and blood vessels with full anesthesia capabilities. An applicant proposing to add one or more hybrid OR/CCLS at an existing or proposed surgical service shall demonstrate each of the following:

(1) The applicant operates or proposes to operate a surgical service with or without onsite open heart surgery and must be in compliance with sections 4 and 10 of these standards as applicable.

(2) If the hybrid OR/CCL(s) represents an increase in the number of licensed operating rooms at the facility, the applicant is in compliance with Section 6 of these standards.

(3) If the hybrid OR/CCL(s) represents replacement of an existing operating room(s), the applicant is in compliance with the provisions of Section 5, if applicable.

(4) The applicant meets the applicable requirements of the CON review standards for cardiac catheterization services.

(5) Each case performed in a hybrid OR/CCL shall be included either in the surgical volume or the therapeutic cardiac catheterization volume of the facility. No case shall be counted more than once.

(6) The applicant agrees to perform only those surgical cases in the hybrid OR/CCL that are authorized under the applicable definitions of service levels approved at the facility.

(7) The applicant shall submit a document explaining the justification of adding the hybrid OR/CCL and outlining the operational narrative for utilizing the hybrid OR/CCL and what types of procedures will be performed.

(8) For each hybrid OR/CCL approved and operational, a facility shall have 0.5 excluded from its inventory of operating rooms for the purposes of computing the surgical cases or hours per operating room, for replacement under section 5, for expansion under section 6, for acquisition under section 7, and for project delivery requirements as applicable under section 10. a facility for which all of its operating room(s) are hybrid or/ccl(s) shall not have 0.5 excluded from its inventory of operating rooms for the purposes of computing the surgical cases or hours per operating room for expansion under section 6. A facility will not be limited to the number of hybrid OR/CCL(s) within a single licensed facility.

Section 9. Requirements for Medicaid Participation

Sec. 9. An applicant shall provide verification of the facility's Medicaid participation. an applicant that is a new provider not currently enrolled in Medicaid shall certify that proof of Medicaid participation will be provided to the department within six (6) months from the offering of services if a con is approved. an individual physician's National Provider Identifier (NPI) number shall not suffice as proof of a facility's Medicaid participation.

Section 10. Project delivery requirements terms of approval for all applicants

Sec. 10. An applicant shall agree that, if approved, the surgical services shall be delivered in compliance with the following terms of approval:

- (1) Compliance with these standards.
 - (2) (a) Compliance with the following quality assurance standards:
 - (i) The designation of ORs as defined by the standards shall not be changed without prior notification to the Department.
 - (ii) Surgical facilities shall have established policies for the selection of patients and delineate procedures which may be performed in that particular facility.
 - (iii) Surgical facilities shall have provisions for handling all types of in-house emergencies, including cardiopulmonary resuscitation.
 - (iv) Surgical facilities performing outpatient surgery shall have policies which allow for hospitalization of patients when necessary. All surgeons who perform surgery within the facility shall have evidence of admitting privileges or of written arrangements with other physicians for patient admissions at a local hospital. The surgical facility shall have an established procedure, including a transfer agreement that provides for the immediate transfer of a patient requiring emergency care beyond the capabilities of the surgical facility to a hospital that is capable of providing the necessary inpatient services and is located within 30 minutes of the surgical facility. If no hospital is located within 30 minutes of the surgical facility, an applicant shall have a transfer agreement with the nearest hospital having such capability.
 - (v) An applicant shall have written policies and procedures regarding the administration of a surgical facility.
 - (vi) An applicant shall have written position descriptions which include minimum education, licensing, or certification requirements for all personnel employed at the surgical facility.
 - (vii) An applicant shall have a process for credentialing individuals authorized to perform surgery or provide anesthesia services at a surgical facility. An applicant's credentialing process shall insure that the selection and appointment of individuals to the staff of a surgical facility does not discriminate on the basis of licensure, registration, or professional education as doctors of medicine, osteopathic medicine and surgery, podiatric medicine and surgery, or dentistry.
 - (viii) An applicant shall provide laboratory, diagnostic imaging, pathology and pharmacy (including biologicals) services, either on-site or through contractual arrangements.
 - (ix) An applicant shall have written policies and procedures for advising patients of their rights.
 - (x) An applicant shall develop and maintain a system for the collection, storage, and use of patient records.
 - (xi) Surgical facilities shall have separate patient recovery and non-patient waiting areas.
 - (xii) Surgical facilities shall provide a functionally safe and sanitary environment for patients, personnel, and the public. Each facility shall incorporate a safety management a physical environment free of hazards and to reduce the risk of human injury.
 - (b) For purposes of evaluating subsection (a), the Department shall consider it prima facie evidence as to compliance with the applicable requirements if an applicant surgical facility is accredited by the Joint Commission on the Accreditation of Healthcare Organizations, or the Accreditation Association for Ambulatory Health Care, or certified by Medicare as an ambulatory surgical center.
 - (c) The operation of and referral of patients to the surgical facility shall be in conformance with 1978 PA 368, Sec. 16221, as amended by 1986 PA 319; MCL 333.16221; MSA 14.15 (16221).
- (3) Compliance with the following access to care requirements:
 - (a) The applicant, to assure appropriate utilization by all segments of the Michigan population, shall:
 - (b) not deny surgical services to any individual based on ability to pay or source of payment;
 - (c) provide surgical services to any individual based on the clinical indications of need for the service.
 - (d) maintain information by payer and non-paying sources to indicate the volume of care from each source provided annually. Compliance with selective contracting requirements shall not be construed as a violation of this term.
 - (e) An applicant shall participate in Medicaid or in Medicaid managed care products at least 12 consecutive months within the first two years of operation and continue to participate annually thereafter

or attest that the applicant has been unable to contract with Medicaid managed care products at current Medicaid rates.

- (4) Compliance with the following monitoring and reporting requirements:
 - (a) Existing operating rooms shall perform an average of at least:
 - (i) 1,042 surgical cases per year per operating room verifiable by the Department, or
 - (ii) 1,125 hours of use in a facility that performs only outpatient surgery per year per operating room verifiable by the Department, or
 - (iii) Be in compliance using the applicable weighted averages under Section 5.
 - (b) Existing operating rooms, located in a rural area, or within a city, village, or township with a population of not more than 12,000 and in a county with a population of not more than 110,000 as defined by the most recent Federal decennial census or the facility is a designated rural hospital in a surgical service that has less than 6 OR's shall perform an average of at least:
 - (i) 839 surgical cases per operating room verifiable by the Department or
 - (ii) 906 hours of use per operating room verifiable by the Department.
 - (c) The applicant shall participate in a data collection System established and administered by the Department. The data may include, but is not limited to, hours of use of operating rooms, annual budget and cost information, operating schedules, and demographic, diagnostic, morbidity and mortality information, as well as the volume of care provided to patients from all payer sources. An applicant shall provide the required data on a separate basis for each licensed or certified site, in a format established by the department, and in a mutually agreed upon media. The Department may elect to verify the data through on-site review of appropriate records. Minimum volume requirements shall not apply if the licensed hospital has less than 3 ORs and is a designated rural hospital or is located in a rural area.
 - (d) The surgical service shall provide the Department with timely notice of the proposed project implementation consistent with applicable statute and promulgated rules.
 - (e) The applicant shall provide notice to the department of any planned decrease or discontinuation of service(s) no later than 30 days after the planned decrease or discontinuation of the service(s).
- (5) The agreements and assurances required by this section shall be in the form of a certification agreed to by the applicant or its authorized agent.

Section 11. Documentation of projections

Sec. 11. (1) An applicant required to project volumes of service shall specify how the volume projections were developed and shall include only those surgical cases performed in an OR.

- (a) The applicant shall include a description of the data source(s) used as well as an assessment of the accuracy of these data used to make the projections. The projections must use most recent 12 months of data verifiable by the department. If the applicant is not utilizing annual survey data, then they must provide a detailed list of surgical cases for each committing facility. Based on this documentation, the Department shall determine if the projections are reasonable.
- (b) The Department shall subtract any previous commitment, pursuant to subsection 2(d).
- (c) An applicant committing cases from a hospital to an FSOF or ASC application, shall not utilize inpatient case commitments (or hours of use) in the CON application for projections.
- (d) The department shall accept projections that include applying a specified percentage of projected future growth if that percentage is less than or equal to the average annual percentage of growth seen at the applicant's facility over the previous 5 years.
- (e) If an applicant is applying for a dedicated dialysis access center, that applicant shall only use dialysis access cases for projected volume. For the purposes to initiate or expand surgical services for a dedicated dialysis access center, an applicant may use dialysis access cases that were performed outside of an OR as long as the dialysis access cases were performed in a facility certified by the joint commission for dialysis access cases.
- (f) An applicant facility that is not or will not be used exclusively for dialysis access cases shall not utilize any dialysis access cases performed at a dedicated dialysis access center in the CON application for projections.

(2) If a projected number of surgical cases, or hours of use, under subsection (1) includes surgical cases, or hours of use, performed at another existing surgical facility(s), an applicant shall demonstrate, with documentation satisfactory to the Department, that the utilization of the existing surgical facility(s) is in compliance with the volume requirements applicable to that facility, and will continue to be in compliance with the volume requirements (cases and/or hours) applicable to that facility subsequent to the initiation, expansion, or replacement of the surgical services proposed by an applicant. In demonstrating compliance with this subsection, an applicant shall provide each of the following:

(a) The name of each physician that performed surgical cases to be transferred to the applicant surgical facility.

(b) The number of surgical cases each physician, identified in subdivision (a), performed during the most recent 12-month period for which verifiable data is available.

(c) The location(s) at which the surgical cases to be transferred were performed, including evidence that the existing location and the proposed location are within 20 miles of each other.

(d) A written commitment from each physician, identified in subdivision (a), that he or she will perform at least the volume of surgical cases to be transferred to the applicant surgical facility for no less than 3 years subsequent to the initiation, expansion, or replacement of the surgical service proposed by an applicant.

(e) Subsection 11(2)(d) shall not apply if the proposed project involves the initiation of a surgical service at a new FSOF or a new ASC at a new geographical site utilizing the historical surgical cases of the applicant and the new service is owned by the same applicant. The applicant facility committing surgical data has completed the departmental form that certifies the surgical cases were performed at the committing facility and the surgical cases will be transferred to the proposed surgical facility for no less than three years subsequent to the initiation of the surgical service proposed by the applicant.

(f) The number of surgical cases performed, at the existing surgical facility from which surgical cases will be transferred, during the most recent 12-month period prior to the date an application is submitted to the Department for which verifiable annual survey data is available.

(3) An applicant, other than an applicant proposing to initiate a surgical service, may utilize hours of use in documenting compliance with the applicable sections of these standards, if an applicant provides documentation, satisfactory to the Department, from the surgical facility from which the hours of use are being transferred.

Section 12. Effect on prior CON review standards; comparative reviews

Sec. 12. Proposed projects reviewed under these standards shall not be subject to comparative review. These CON review standards supersede and replace the CON Review Standards for Surgical Facilities approved by the CON Commission on September 19, 2024 and effective on December 4, 2024.