



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: July 23, 2014

TO: James K. Haveman, Director
Department of Community Health

FROM: R. Kevin Clinton *RKC*
State Treasurer

SUBJECT: Certificate of Need Threshold Adjustment for January 1, 2015

Under MCL 333.22221(g) the Department of Community Health shall adjust each January 1, the "covered capital expenditure" threshold in MCL 333.22203(9) "by an amount determined by the state treasurer." The adjustment amount is to reflect "the annual percentage change in the consumer price index, using data from the immediately preceding period of July 1 to June 30."

As last amended by Public Act 619 of 2002, the statute requires the State Treasurer to determine annually the threshold amount. The statutory language is:

Sec. 22221 The department [of community health] shall do all of the following:
(g) Beginning January 1, 2003, annually adjust the \$2,500,000.00 threshold set forth in section 22203(9) by an amount determined by the state treasurer to reflect the annual percentage change in the consumer price index, using data from the immediately preceding period of July 1 to June 30. As used in this subdivision, "consumer price index" means the most comprehensive index of consumer prices available for this state from the bureau of labor statistics of the United States department of labor.

The cumulative percentage increase in the Detroit CPI-All Urban consumers through the period July 1, 2001-June 30, 2013, is 27.9 percent. **Based on this cumulative increase the January 1, 2015, adjusted threshold will be \$3,197,500.**

We have attached a table providing backup detail for the January 1, 2015 threshold calculation.

Please call Jay Wortley (3-2697) or me (1-2624) if you have any questions.

Attachment

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c: Jay Wortley
Howard Heideman
Thomas Patchak-Schuster
Becki Krohn ✓
Scott Blakeney, Division Director – MDCH
Tulika Bhattacharya, Section Manager – MDCH

MCL 333.22221(g) Certificate of Need Threshold Adjustment Calculation

	Detroit Consumer Price Index -- July-June*												Cumulative Percentage Change July-June	Adjusted Threshold		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		Avg	Effective Date	Amount
2000	170.5	170.1	171.0	171.9	171.8	171.7	2001	172.4	173.2	173.8	174.5	175.1	175.8	172.7		\$2,500,000
2001	175.4	175.1	174.9	174.8	174.1	173.5	2002	174.8	176.2	177.6	179.0	179.0	179.0	176.1	Jan 01, 2003	2,550,000
2002	179.9	180.9	180.6	180.4	180.0	179.7	2003	181.0	182.4	182.3	182.2	182.5	182.8	181.2	Jan 01, 2004	2,622,500
2003	183.2	183.6	183.4	183.3	182.3	181.3	2004	182.3	183.4	184.0	184.7	185.2	185.8	183.5	Jan 01, 2005	2,655,000
2004	186.3	186.8	187.2	187.6	186.4	185.3	2005	186.5	187.8	188.8	189.8	189.7	189.6	187.7	Jan 01, 2006	2,715,000
2005	190.9	192.2	193.6	195.1	193.7	192.4	2006	193.6	194.8	196.0	197.2	197.0	196.8	194.4	Jan 01, 2007	2,817,500
2006	197.7	198.6	197.6	196.6	196.5	196.4	2007	197.2	198.1	199.2	200.4	201.0	201.6	198.4	Jan 01, 2008	2,872,500
2007	200.6	199.7	200.7	201.8	201.0	200.2	2008	201.3	202.4	203.8	205.3	206.4	207.6	202.6	Jan 01, 2009	2,932,500
2008	208.5	209.5	207.4	205.2	201.6	198.0	2009	199.9	201.9	202.1	202.4	203.5	204.5	203.7	Jan 01, 2010	2,942,500
2009	204.6	204.7	204.9	205.1	204.5	203.9	2010	203.6	203.4	204.3	205.2	205.1	204.9	204.5	Jan 01, 2011	2,957,500
2010	205.2	205.4	205.6	205.8	206.1	206.4	2011	206.6	206.8	209.2	211.7	212.6	213.5	207.9	Jan 01, 2012	3,012,500
2011	213.7	213.9	213.4	212.9	213.2	213.5	2012	214.2	214.8	215.5	216.2	215.3	214.5	214.3	Jan 01, 2013	3,097,500
2012	215.8	217.1	217.6	218.1	217.3	216.6	2013	217.7	218.9	218.9	218.9	220.3	221.6	218.2	Jan 01, 2014	3,160,000
2013	220.8	220.0	219.8	219.7	219.0	218.2	2014	219.4	220.5	221.9	223.3	223.9	224.5	220.9	Jan 01, 2015	3,197,500

Note: July-June averages and cumulative percentage changes differ slightly from pre-July 2013 memos. In memos prior to July 2013, averages were calculated as the average of the six monthly values that the U.S. Bureau of Labor Statics (BLS) releases each year (i.e., August, October, December, February, April and June). Consistent with post January 2013 Consensus agreements, post-July 2012 memos, average the six monthly values that BLS releases along with interpolated values for the months for which BLS does not release an actual figure. The above table uses the same method of interpolation that BLS uses to calculate its calendar year average value. In the above table, threshold amounts prior to the July 2012-June 2013 period represent the previously published threshold amounts.

Prepared by Office of Revenue and Tax Analysis, Michigan Department of Treasury.

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