

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 672

A bill to amend 1978 PA 368, entitled
"Public health code,"
by amending section 22203 (MCL 333.22203), as amended by 2002 PA
619.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 22203. (1) "Addition" means adding **to a health facility**
2 patient rooms, beds, and ancillary service areas, including, but
3 not limited to, procedure rooms or fixed equipment, surgical
4 operating rooms, therapy rooms or fixed equipment, or other
5 accommodations. ~~to a health facility.~~

6 (2) "Capital expenditure" means an expenditure for a single
7 project, including cost of construction, engineering, and equipment
8 that under generally accepted accounting principles is not properly



1 chargeable as an expense of operation. Capital expenditure includes
2 a lease or comparable arrangement by or on behalf of a health
3 facility to obtain a health facility, licensed part of a health
4 facility, or equipment for a health facility, if the actual
5 purchase of a health facility, licensed part of a health facility,
6 or equipment for a health facility would have been considered a
7 capital expenditure under this part. Capital expenditure includes
8 the cost of studies, surveys, designs, plans, working drawings,
9 specifications, and other activities essential to the acquisition,
10 improvement, expansion, addition, conversion, modernization, new
11 construction, or replacement of physical plant and equipment.

12 (3) "Certificate of need" means a certificate issued under
13 this part authorizing a new health facility, a change in bed
14 capacity, the initiation, replacement, or expansion of a covered
15 clinical service, or a covered capital expenditure that is issued
16 in accordance with this part.

17 (4) "Certificate of need review standard" or "review standard"
18 means a standard approved by the commission.

19 (5) "Change in bed capacity" means 1 or more of the following:

20 (a) An increase in licensed hospital beds.

21 (b) An increase in licensed nursing home beds or hospital beds
22 certified for long-term care.

23 (c) An increase in licensed psychiatric beds **if the increase**
24 **is at a location that is within a county with a population of more**
25 **than 40,000 according to the most recent federal decennial census.**
26 **However, beginning 5 years after the effective date of the**
27 **amendatory act that amended this subdivision, any increase in**
28 **licensed psychiatric beds in this state is not a change in bed**
29 **capacity.**



1 (d) A change from 1 licensed use to a different licensed use.

2 (e) The physical relocation of beds from a licensed site to
3 another geographic location.

4 (6) "Clinical" means directly pertaining to the diagnosis,
5 treatment, or rehabilitation of an individual.

6 (7) "Clinical service area" means an area of a health
7 facility, including related corridors, equipment rooms, ancillary
8 service and support areas that house medical equipment, patient
9 rooms, patient beds, diagnostic, operating, therapy, or treatment
10 rooms or other accommodations related to the diagnosis, treatment,
11 or rehabilitation of individuals receiving services from the health
12 facility.

13 (8) "Commission" means the certificate of need commission
14 created under section 22211.

15 (9) "Covered capital expenditure" means a capital expenditure
16 of \$2,500,000.00 or more, as adjusted annually by the department
17 under section 22221(g), by a person for a health facility for a
18 single project, excluding the cost of nonfixed medical equipment,
19 that includes or involves the acquisition, improvement, expansion,
20 addition, conversion, modernization, new construction, or
21 replacement of a clinical service area.

22 (10) "Covered clinical service", except as modified by the
23 commission under section 22215, means 1 or more of the following:

24 (a) Initiation or expansion of 1 or more of the following
25 services:

26 (i) Neonatal intensive care services or special newborn nursing
27 services.

28 (ii) Open heart surgery.

29 (iii) Extrarenal organ transplantation.



1 (b) Initiation, replacement, or expansion of 1 or more of the
2 following services:

3 (i) Extracorporeal shock wave lithotripsy.

4 (ii) Megavoltage radiation therapy.

5 (iii) Positron emission tomography.

6 (iv) Surgical services provided in a freestanding surgical
7 outpatient facility, an ambulatory surgery center certified under
8 title XVIII, or a surgical department of a hospital licensed under
9 part 215 and offering inpatient or outpatient surgical services.

10 (v) Cardiac catheterization.

11 (vi) Fixed and mobile magnetic resonance imager services.

12 (vii) Fixed and mobile computerized tomography scanner
13 services.

14 (viii) Air ambulance services.

15 (c) Initiation or expansion of a specialized psychiatric
16 program for children and adolescent patients utilizing licensed
17 psychiatric beds **if the program is located within a county with a**
18 **population of more than 40,000 according to the most recent federal**
19 **decennial census. However, beginning 5 years after the effective**
20 **date of the amendatory act that amended this subdivision, the**
21 **initiation or expansion of a program described in this subdivision**
22 **is not a covered clinical service.**

23 (d) Initiation, replacement, or expansion of a service not
24 listed in this subsection, but designated as a covered clinical
25 service by the commission under section 22215(1)(a).

26 (11) "Fixed equipment" means equipment that is affixed to and
27 constitutes a structural component of a health facility, including,
28 but not limited to, mechanical or electrical systems, elevators,
29 generators, pumps, boilers, and refrigeration equipment.

