

SUBSTITUTE FOR  
SENATE BILL NO. 701

A bill to amend 1939 PA 280, entitled  
"The social welfare act,"  
by amending section 110a (MCL 400.110a), as added by 2018 PA 220.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 110a. (1) Beginning in the fiscal year that ends  
2   September 30, 2019, and annually after that, the department shall  
3   allocate not less than \$26,000,000.00 of its general fund  
4   appropriation to a rural hospital access pool to assist sole  
5   community hospitals ~~, critical access hospitals,~~ and rural  
6   hospitals with providing services to low-income residents.

7           (2) All of the following apply to a payment from the rural  
8   hospital access pool:

9           (a) ~~\$7,978,300.00 shall~~ **\$8,470,200.00 must** be proportionately

1 divided annually among sole community hospitals and rural hospitals  
2 that provide obstetrical care to Medicaid beneficiaries, based on  
3 the proportion of Medicaid deliveries performed during the second  
4 immediately preceding fiscal year.

5 (b) The balance remaining in the rural hospital access pool  
6 after distribution made under subdivision (a) ~~shall be~~ **is** annually  
7 allocated as follows:

8 (i) Payments ~~shall are~~ first ~~be~~ allocated to reimburse sole  
9 community hospitals, ~~critical access hospitals,~~ and rural  
10 hospitals for unreimbursed and incurred costs for services  
11 delivered to fee for service inpatient and outpatient Medicaid  
12 beneficiaries as reported during the second immediately preceding  
13 fiscal year cost reporting period.

14 (ii) Money remaining in the rural hospital access pool after  
15 all distributions are made under subparagraph (i) ~~shall be~~ **is**  
16 allocated based on each sole community hospital's, ~~critical access~~  
17 ~~hospital's,~~ and rural hospital's proportion of Medicaid managed  
18 care outpatient payments for services performed during the second  
19 immediately preceding fiscal year.

20 (c) Notwithstanding subdivisions (a) and (b), ~~no a~~ hospital  
21 shall **not** receive more than 10% of the total funding available  
22 under the rural hospital access pool in any 1 fiscal year.

23 (3) The department must implement this section in a manner  
24 that complies with all federal requirements necessary to ensure the  
25 maximum amount of federal matching funds is obtained.

26 (4) As used in this section:

27 ~~(a) "Critical access hospital" means a hospital designated and~~  
28 ~~certified as a critical access hospital under 42 CFR 485.606.~~

29 ~~(b)~~ **(a)** "Medicaid" means the medical assistance administered

1 by the department under this act.

2       **(b)** ~~(e)~~ "Rural hospital" means a hospital that meets both of  
3 the following:

4       (i) Has 50 or fewer staffed beds.

5       (ii) Is located within a county with a population of not more  
6 than ~~165,000~~ **195,000** and within a city, village, or township with a  
7 population of not more than 15,000 based on the ~~2010~~ **2020** federal  
8 decennial census.

9       **(c)** ~~(d)~~ "Sole community hospital" means a hospital classified  
10 as a sole community hospital under 42 CFR 412.92.