

**SUBSTITUTE FOR  
SENATE BILL NO. 674**

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.

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

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

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

29 (7) "Clinical service area" means an area of a health



1 facility, including related corridors, equipment rooms, ancillary  
2 service and support areas that house medical equipment, patient  
3 rooms, patient beds, diagnostic, operating, therapy, or treatment  
4 rooms or other accommodations related to the diagnosis, treatment,  
5 or rehabilitation of individuals receiving services from the health  
6 facility.

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

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

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

18 (a) Initiation or expansion of 1 or more of the following  
19 services:

20 (i) Neonatal intensive care services or special newborn nursing  
21 services.

22 (ii) Open heart surgery.

23 (iii) Extrarenal organ transplantation.

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

26 (i) Extracorporeal shock wave lithotripsy.

27 (ii) Megavoltage radiation therapy.

28 (iii) Positron emission tomography.

29 (iv) Surgical services provided in a freestanding surgical



1 outpatient facility, an ambulatory surgery center certified under  
2 title XVIII, or a surgical department of a hospital licensed under  
3 part 215 and offering inpatient or outpatient surgical services.

4 (v) Cardiac catheterization.

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

6 (vii) Fixed and mobile computerized tomography scanner  
7 services.

8 (viii) ~~Air~~ **Through September 30, 2020, air** ambulance services.

9 (c) Initiation or expansion of a specialized psychiatric  
10 program for children and adolescent patients utilizing licensed  
11 psychiatric beds.

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

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

