

HOUSE BILL No. 5155

September 24, 1991, Introduced by Reps. Bennane, Hertel, Leland, Gire, DeMars, Varga, Gubow, Palamara, Stallworth, Hunter and Wozniak and referred to the Committee on Public Health.

A bill to amend section 21551 of Act No. 368 of the Public Acts of 1978, entitled as amended

"Public health code,"

as amended by Act No. 331 of the Public Acts of 1990, being section 333.21551 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 21551 of Act No. 368 of the Public Acts
2 of 1978, as amended by Act No. 331 of the Public Acts of 1990,
3 being section 333.21551 of the Michigan Compiled Laws, is amended
4 to read as follows:

5 Sec. 21551. (1) A hospital licensed under this article and
6 located in a nonurbanized area may apply to the department to
7 temporarily delicense not more than 50% of its licensed beds for
8 not more than 5 years.

1 (2) A hospital that is granted a temporary delicensure of
2 beds under subsection (1) may apply to the department for an
3 extension of temporary delicensure for those beds for up to an
4 additional 5 years to the extent that the hospital actually met
5 the requirements of subsection (6) during the initial period of
6 delicensure granted under subsection (1). The department shall
7 grant an extension under this subsection unless the department
8 determines under part 222 that there is a demonstrated need for
9 the delicensed beds in the subarea in which the hospital is
10 located. If the department does not grant an extension under
11 this subsection, the hospital shall request relicensure of the
12 beds pursuant to subsection (7) or allow the beds to become per-
13 manently delicensed pursuant to subsection (8).

14 (3) Except as otherwise provided in this section, ~~for a~~
15 ~~period of 90 days after January 1, 1991~~ UNTIL DECEMBER 31, 1991,
16 if a hospital is located in a distressed area and has an annual
17 indigent volume consisting of not less than 25% indigent
18 patients, the hospital may apply to the department to temporarily
19 delicense not more than 50% of its licensed beds for a period of
20 not more than 2 years. Upon receipt of ~~a complete~~ AN applica-
21 tion under this subsection CONTAINING ALL OF THE INFORMATION
22 REQUIRED UNDER SUBSECTION (4), the department shall temporarily
23 delicense the beds indicated in the application. The department
24 shall not grant an extension of temporary delicensure under this
25 subsection.

1 (4) An application under subsection (1) or (3) shall be on a
2 form provided by the department. The form shall contain all of
3 the following information:

4 (a) The number and location of the specific beds to be
5 delicensed.

6 (b) The period of time during which the beds will be
7 delicensed.

8 (c) The alternative use proposed for the space occupied by
9 the beds to be delicensed.

10 (5) A hospital that files an application under
11 subsection (1) or (3) may file an amended application with the
12 department on a form provided by the department. The hospital
13 shall state on the form the purpose of the amendment. If the
14 hospital meets the requirements of this section, the department
15 shall ~~so~~ amend the hospital's original application.

16 (6) An alternative use of space made available by the deli-
17 censure of beds under this section shall not result in a viola-
18 tion of this article or the rules promulgated under this
19 article. Along with the application, an applicant for delicen-
20 sure under subsection (1) or (3) shall submit to the department
21 plans that indicate to the satisfaction of the department that
22 the space occupied by the beds proposed for temporary delicensure
23 will be used for 1 or more of the following:

24 (a) An alternative use that over the proposed period of tem-
25 porary delicensure would defray the depreciation and interest
26 costs that otherwise would be allocated to the space along with
27 the operating expenses related to the alternative use.

1 (b) To correct a licensing deficiency previously identified
2 by the department.

3 (c) Nonhospital purposes including, but not limited to, com-
4 munity service projects, if the depreciation and interest costs
5 for all capital expenditures that would otherwise be allocated to
6 the space, as well as any operating costs related to the proposed
7 alternative use, would not be considered as hospital costs for
8 purposes of reimbursement.

9 (7) The department shall relicense beds that are temporarily
10 delicensed under this section if all of the following require-
11 ments are met:

12 (a) The hospital files with the department a written request
13 for relicensure not less than 90 days before the earlier of the
14 following:

15 (i) The expiration of the period for which delicensure was
16 granted.

17 (ii) The date upon which the hospital is requesting
18 relicensure.

19 (iii) The last hospital license renewal date in the delicen-
20 sure period.

21 (b) The space to be occupied by the relicensed beds is in
22 compliance with this article and the rules promulgated under this
23 article, including all licensure standards in effect at the time
24 of relicensure, or the hospital has a plan of corrections that
25 has been approved by the department.

26 (8) If a hospital does not meet all of the requirements of
27 subsection (7) or if a hospital decides to allow beds to become

1 permanently delicensed as described in subsection (2), then all
2 of the temporarily delicensed beds ~~shall be~~ ARE automatically
3 and permanently delicensed effective on the last day of the
4 period for which the department granted temporary delicensure.

5 (9) The department shall continue to count beds temporarily
6 delicensed under this section in the department's bed inventory
7 for purposes of determining hospital bed need under part 222 in
8 the subarea in which the beds are located. The department shall
9 indicate in the bed inventory which beds are licensed and which
10 beds are temporary delicensed under this section. The department
11 shall not include a hospital's temporarily delicensed beds in the
12 hospital's licensed bed count.

13 (10) A hospital that is granted temporary delicensure of
14 beds under this section shall not transfer the beds to another
15 site or hospital without first obtaining a certificate of need.

16 (11) A hospital that has beds that are subject to a hospital
17 bed reduction plan or to a department action to enforce this
18 article shall not use beds temporarily delicensed under this sec-
19 tion to comply with the bed reduction plan.

20 (12) As used in this section:

21 (a) "Distressed area" means a city that meets all of the
22 following criteria:

23 (i) Had a negative population change from 1970 to the date
24 of the 1980 federal decennial census.

25 (ii) From 1972 to 1989, had an increase in its state equal-
26 ized valuation that is less than the statewide average.

1 (iii) Has a poverty level that is greater than the statewide
2 average, according to the 1980 federal decennial census.

3 (iv) Was eligible for an urban development action grant from
4 the United States department of housing and urban development in
5 1984 and was listed in 49 F.R. No. 28 (February 9, 1984) or
6 49 F.R. No. 30 (February 13, 1984).

7 (v) Had an unemployment rate that was higher than the state-
8 wide average for 3 of the 5 years from 1981 to 1985.

9 (b) "Indigent volume" means the ratio of a hospital's indi-
10 gent charges to its total charges expressed as a percentage as
11 determined by the department of social services after
12 November 12, 1990, pursuant to chapter 8 of the department of
13 social services guidelines entitled "medical assistance program
14 manual".

15 (c) "Nonurbanized area" means an area that is not an urban-
16 ized area.

17 (d) "Urbanized area" means that term as defined by the
18 office of federal statistical policy and standards of the United
19 States department of commerce in the appendix entitled "general
20 procedures and definitions", 45 F.R. p. 962 (January 3, 1980),
21 which document is incorporated by reference.