

**SUBSTITUTE FOR
HOUSE BILL NO. 5574**

A bill to amend 1978 PA 368, entitled
"Public health code,"
by amending sections 20106, 20124, 20161, and 22205 (MCL
333.20106, 333.20124, 333.20161, and 333.22205), sections 20106
and 20161 as amended by 1996 PA 267 and section 22205 as amended
by 1993 PA 88.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 20106. (1) "Health facility or agency", except as pro-
2 vided in section 20115, means:

3 (a) An ambulance operation, aircraft transport operation,
4 nontransport prehospital life support operation, or medical first
5 response service.

6 (b) A clinical laboratory.

7 (c) A county medical care facility.

1 (d) A freestanding surgical outpatient facility.
2 (e) A health maintenance organization.
3 (f) A home for the aged.
4 (g) A hospital.
5 (h) A nursing home.
6 (i) A hospice.
7 (j) A hospice residence.
8 (k) A facility or agency listed in subdivisions (a) to (h)
9 located in a university, college, or other educational
10 institution.

11 (2) "Health maintenance organization" means ~~a health facil-~~
12 ~~ity or agency that does all of the following:~~ THAT TERM AS
13 DEFINED IN SECTION 3501 OF THE INSURANCE CODE OF 1956, 1956 PA
14 218, MCL 500.3501.

15 ~~-(a) Delivers health maintenance services that are medically~~
16 ~~indicated to enrollees under the terms of its health maintenance~~
17 ~~contract, directly or through contracts with affiliated provid-~~
18 ~~ers, in exchange for a fixed prepaid sum or per capita prepay-~~
19 ~~ment, without regard to the frequency, extent, or kind of health~~
20 ~~maintenance services.~~

21 ~~(b) Is responsible for the availability, accessibility, and~~
22 ~~quality of the health maintenance services provided as described~~
23 ~~in subdivision (a).~~

24 (3) "Home for the aged" means a supervised personal care
25 facility, other than a hotel, adult foster care facility, hospi-
26 tal, nursing home, or county medical care facility that provides
27 room, board, and supervised personal care to 21 or more

1 unrelated, nontransient, individuals 60 years of age or older.
2 Home for the aged includes a supervised personal care facility
3 for 20 or fewer individuals 60 years of age or older if the
4 facility is operated in conjunction with and as a distinct part
5 of a licensed nursing home.

6 (4) "Hospice" means a health care program that provides a
7 coordinated set of services rendered at home or in outpatient or
8 institutional settings for individuals suffering from a disease
9 or condition with a terminal prognosis.

10 (5) "Hospital" means a facility offering inpatient, over-
11 night care, and services for observation, diagnosis, and active
12 treatment of an individual with a medical, surgical, obstetric,
13 chronic, or rehabilitative condition requiring the daily direc-
14 tion or supervision of a physician. Hospital does not include a
15 mental health hospital licensed or operated by the department of
16 community health or a hospital operated by the department of
17 corrections.

18 (6) "Hospital long-term care unit" means a nursing care
19 facility, owned and operated by and as part of a hospital, pro-
20 viding organized nursing care and medical treatment to 7 or more
21 unrelated individuals suffering or recovering from illness,
22 injury, or infirmity.

23 Sec. 20124. The advisory commission shall:

24 (a) Approve rules relating to the licensure and certifica-
25 tion of health facilities and agencies OTHER THAN HEALTH MAINTENANCE ORGANIZATIONS and the administration of this article before
26 their promulgation.
27

1 (b) Receive reports of licenses denied, limited, suspended,
2 or revoked pursuant to this article.

3 (c) Advise the department as to administration of health
4 facility and agency licensure and certification functions,
5 including recommendations with respect to licensing actions.

6 (d) Biennially conduct a review and prepare a written evalu-
7 ation of health facility and agency licensure and certification
8 functions performed by the department, including appropriate
9 recommendations. The recommendations shall give particular
10 attention to policies as to public disclosure and nondiscrimina-
11 tion and the standardization and integration of rules common to
12 more than 1 category of health facility or agency.

13 (e) Review complaints made under section 20176. ~~and review~~
14 ~~health maintenance organization enrollee grievances pursuant to~~
15 ~~section 21088.~~

16 (f) Provide other assistance the department reasonably
17 requests.

18 Sec. 20161. (1) Fees for health facility and agency
19 licenses and certificates of need shall be assessed on an annual
20 basis by the department as provided in this act. Except as oth-
21 erwise provided in this article, fees shall be paid in accordance
22 with the following fee schedule:

23 (a) Freestanding surgical out-

24 patient facilities..... \$ 238.00 per facility.

25 (b) Hospitals..... \$ 8.28 per licensed bed.

1 (c) Nursing homes, county
2 medical care facilities, and
3 hospital long-term care units.... \$ 2.20 per licensed bed.
4 (d) Homes for the aged..... \$ 6.27 per licensed bed.
5 ~~-(e) Health maintenance~~
6 ~~organizations..... \$1,000.00 for an initial~~
7 ~~license; 80 cents per sub-~~
8 ~~scriber for a renewal license~~
9 ~~(3-year); \$100.00 for a certif-~~
10 ~~icate of authority for~~
11 ~~planning.~~
12 (E) ~~-(f)~~ Clinical laboratories \$ 475.00 per laboratory.
13 ~~-(g) Health care delivery and~~
14 ~~financing system under section~~
15 ~~21042..... \$1,000.00 for an initial~~
16 ~~license; effective January 1,~~
17 ~~1987, \$1,000.00 for 3-year~~
18 ~~renewal license for prepaid~~
19 ~~institutional programs,~~
20 ~~\$5,000.00 for 3-year renewal~~
21 ~~license for organizations~~
22 ~~determined by the department to~~
23 ~~offer a single form of health~~
24 ~~care service, and 80 cents per~~
25 ~~subscriber for all other 3-year~~
26 ~~renewal licenses under~~
27 ~~section 21042.~~

1 (F) ~~(h)~~ Hospice residences... \$200.00 per license survey; and
2 \$20.00 per licensed bed.

3 (2) If a hospital requests the department to conduct a cer-
4 tification survey for purposes of title XVIII or title XIX of the
5 social security act, the hospital shall pay a license fee sur-
6 charge of \$23.00 per bed.

7 (3) The base fee for a certificate of need is \$750.00 for
8 each application. For a project requiring a projected capital
9 expenditure of more than \$150,000.00 but less than \$1,500,000.00,
10 an additional fee of \$2,000.00 shall be added to the base fee.
11 For a project requiring a projected capital expenditure of
12 \$1,500,000.00 or more, an additional fee of \$3,500.00 shall be
13 added to the base fee.

14 (4) ~~With the exception of health maintenance organizations,~~
15 ~~if~~ IF licensure is for more than 1 year, the fees described in
16 subsection (1) shall be multiplied by the number of years for
17 which the license is issued, and the total amount of the fees
18 shall be collected in the year in which the license is issued.

19 (5) Fees described in this section are payable to the
20 department at the time an application for a license, permit, or
21 certificate is submitted. If an application for a license,
22 permit, or certificate is denied or if a license, permit, or cer-
23 tificate is revoked before its expiration date, the fees paid to
24 the department shall not be refunded.

25 (6) The fee for a provisional license or temporary permit
26 shall be the same as for a license. A license may be issued at
27 the expiration date of a temporary permit without an additional

1 fee for the balance of the period for which the fee was paid if
2 the requirements for licensure are met.

3 (7) The department may charge a fee to recover the cost of
4 purchase or production and distribution of proficiency evaluation
5 samples that are supplied to clinical laboratories pursuant to
6 section 20521(3).

7 (8) In addition to the fees imposed under subsection (1), a
8 fee of \$25.00 shall be submitted to the department for each reis-
9 suance during the licensure period of a clinical laboratory
10 license.

11 (9) Except for the licensure of clinical laboratories, not
12 more than half the annual cost of licensure activities as deter-
13 mined by the department shall be provided by license fees.

14 (10) The application fee for a waiver under section 21564
15 shall be \$200.00 plus \$40.00 per hour for the professional serv-
16 ices and travel expenses directly related to processing the
17 application. The travel expenses shall be calculated in accord-
18 ance with the state standardized travel regulations of the
19 department of management and budget in effect at the time of the
20 travel.

21 (11) An applicant for licensure or renewal of licensure
22 under part 209 shall pay the applicable fees set forth in
23 part 209.

24 (12) The fees collected under this section shall be depos-
25 ited in the state treasury, to the credit of the general fund.

26 Sec. 22205. (1) "Health facility", except as otherwise
27 provided in subsection (2), means:

1 (a) A hospital licensed under part 215.

2 (b) A psychiatric hospital, psychiatric unit, or partial

3 hospitalization psychiatric program licensed under the mental

4 health code, ~~Act No. 258 of the Public Acts of 1974, being sec-~~

5 ~~tions 330.1001 to 330.2106 of the Michigan Compiled Laws 1974 PA~~

6 258, MCL 330.1001 TO 330.2106.

7 (c) A nursing home licensed under part 217 or a hospital

8 long-term care unit as defined in section 20106(6).

9 (d) A freestanding surgical outpatient facility licensed

10 under part 208.

11 (e) A health maintenance organization ~~licensed under part~~

12 ~~210~~ ISSUED A LICENSE OR CERTIFICATE OF AUTHORITY IN THIS STATE.

13 (2) "Health facility" does not include the following:

14 (a) An institution conducted by and for the adherents of a

15 church or religious denomination for the purpose of providing

16 facilities for the care and treatment of the sick who depend

17 solely upon spiritual means through prayer for healing.

18 (b) A health facility or agency located in a correctional

19 institution.

20 (c) A veterans facility operated by the state or federal

21 government.

22 (d) A facility owned and operated by the department of

23 mental health.

24 (3) "Initiate" means the initiation of a covered clinical

25 service by a person if the covered clinical service has not been

26 offered in compliance with this part or former part 221 on a

27 regular basis by that person at the location where the covered

1 clinical service is to be offered within the 12-month period
2 immediately preceding the date the covered clinical service will
3 be offered.

4 (4) "Medical equipment" means a single equipment component
5 or a related system of components that is used for clinical
6 purposes.