

SENATE BILL No. 787

October 24, 2001, Introduced by Senators STEIL, HAMMERSTROM, EMMONS, SHUGARS, BULLARD and GARCIA and referred to the Committee on Health Policy.

A bill to amend 1978 PA 368, entitled
"Public health code,"
by amending sections 2612, 20101, 20145, 20161, 20164, 20165,
20166, 21420, 21551, and 21563 (MCL 333.2612, 333.20101,
333.20145, 333.20161, 333.20164, 333.20165, 333.20166, 333.21420,
333.21551, and 333.21563), section 2612 as added by 1990 PA 138,
sections 20101 and 20166 as amended by 1988 PA 332, section 20145
as amended by 1993 PA 88, section 20161 as amended by 2000
PA 253, section 20164 as amended by 1990 PA 179, section 20165 as
amended by 1998 PA 108, section 21420 as amended by 1982 PA 245,
section 21551 as amended by 1990 PA 331, and section 21563 as
added by 1990 PA 252; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2612. (1) The department may establish with Michigan
2 state university and other parties determined appropriate by the

1 department a nonprofit corporation pursuant to the nonprofit
2 corporation act, ~~Act No. 162 of the Public Acts of 1982, being~~
3 ~~sections 450.2101 to 450.3192 of the Michigan Compiled Laws 1982~~
4 PA 162, MCL 450.2101 TO 450.3192. The purpose of the NONPROFIT
5 corporation ~~shall be~~ IS to establish and operate a center for
6 rural health. In fulfilling its purpose, the NONPROFIT corpora-
7 tion shall do all of the following:

8 (a) Develop a coordinated rural health program that
9 addresses critical questions and problems related to rural health
10 and provides mechanisms for influencing health care policy.

11 (b) Perform and coordinate research regarding rural health
12 issues.

13 (c) Periodically review state and federal laws and judicial
14 decisions pertaining to health care policy and analyze the impact
15 on the delivery of rural health care.

16 (d) Provide technical assistance and act as a resource for
17 the rural health community in this state.

18 (e) Suggest changes in medical education curriculum that
19 would be beneficial to rural health.

20 (f) Assist rural communities with all of the following:

21 (i) Applications for grants.

22 (ii) The recruitment and retention of health professionals.

23 (iii) Needs assessments and planning activities for rural
24 health facilities.

25 (g) Serve as an advocate for rural health concerns.

26 (h) Conduct periodic seminars on rural health issues.

(i) Establish and implement a visiting professor program.

(j) Conduct consumer oriented rural health education programs.

~~(k) Designate a certificate of need ombudsman to provide technical assistance and consultation to rural health care providers and rural communities regarding certificate of need proposals and applications under part 222. The ombudsman shall also act as an advocate for rural health concerns in the development of certificate of need review standards under part 222.~~

(2) The incorporators of the NONPROFIT corporation shall ~~select~~ APPOINT a board of directors consisting of a representative from each of the following organizations:

(a) The Michigan state medical society or its successor ORGANIZATION. The representative appointed under this subdivision ~~shall~~ MUST be a physician practicing in a county with a population of not more than 100,000.

(b) The Michigan osteopathic physicians' society or its successor ORGANIZATION. The representative appointed under this subdivision ~~shall~~ MUST be a physician practicing in a county with a population of not more than 100,000.

(c) The Michigan nurses association or its successor ORGANIZATION. The representative appointed under this subdivision ~~shall~~ MUST be a nurse practicing in a county with a population of not more than 100,000.

(d) The Michigan hospital association or its successor ORGANIZATION. The representative selected under this subdivision

1 ~~shall~~ MUST be from a hospital LOCATED in a county with a
2 population of not more than 100,000.

3 (e) The Michigan primary care association or its successor
4 ORGANIZATION. The representative appointed under this subdivi-
5 sion ~~shall~~ MUST be a health professional practicing in a county
6 with a population of not more than 100,000.

7 (f) The Michigan association for local public health or its
8 successor ORGANIZATION. The representative SHALL BE appointed
9 from a county health department for a county with a population of
10 not more than 100,000 or from a district health department with
11 at least 1 member county with a population of not more than
12 100,000.

13 (g) The office of the governor.

14 (h) The department of ~~public~~ COMMUNITY health.

15 (i) The department of ~~commerce~~ CONSUMER AND INDUSTRY
16 SERVICES.

17 (j) The Michigan senate. The individual selected under this
18 subdivision ~~shall~~ MUST be from a district located at least in
19 part in a county with a population of not more than 100,000.

20 (k) The Michigan house of representatives. The individual
21 selected under this subdivision ~~shall~~ MUST be from a district
22 located at least in part in a county with a population of not
23 more than 100,000.

24 (3) The board of directors of the NONPROFIT corporation
25 APPOINTED UNDER SUBSECTION (2) shall appoint an internal manage-
26 ment committee for the center for rural health. The INTERNAL

1 management committee shall consist of representatives from each
2 of the following:

3 (a) The college of human medicine of Michigan state
4 university.

5 (b) The college of osteopathic medicine of Michigan state
6 university.

7 (c) The college of nursing of Michigan state university.

8 (d) The college of veterinary medicine of Michigan state
9 university.

10 (e) The cooperative extension service of Michigan state
11 university.

12 (f) The department of ~~public~~ COMMUNITY health.

13 Sec. 20101. (1) The words and phrases defined in sections
14 20102 to 20109 apply to all parts in this article ~~except part~~
15 ~~222~~ and have the meanings ascribed to them in those sections.

16 (2) In addition, article 1 contains general definitions and
17 principles of construction applicable to all articles in this
18 code.

19 Sec. 20145. (1) Before contracting for and initiating a
20 construction project involving new construction, additions, mod-
21 ernizations, or conversions of a health facility or agency with a
22 capital expenditure of \$1,000,000.00 or more, a person shall
23 obtain a construction permit from the department. ~~The permit~~
24 ~~shall not be issued under this subsection unless the applicant~~
25 ~~holds a valid certificate of need if a certificate of need is~~
26 ~~required for the project pursuant to part 222.~~

1 (2) To protect the public health, safety, and welfare, the
2 department may promulgate rules to require construction permits
3 for projects other than those described in subsection (1) and the
4 submission of plans for other construction projects to expand or
5 change service areas and services provided.

6 ~~-(3) If a construction project requires a construction~~
7 ~~permit under subsection (1) or (2), but does not require a cer-~~
8 ~~tificate of need under part 222, the department shall require the~~
9 ~~applicant to submit information considered necessary by the~~
10 ~~department to assure that the capital expenditure for the project~~
11 ~~is not a covered capital expenditure as defined in section~~
12 ~~22203(9).~~

13 (3) ~~-(4)-~~ If a construction project requires a construction
14 permit under subsection (1), ~~but does not require a certificate~~
15 ~~of need under part 222,~~ the department shall require the appli-
16 cant to submit information on a 1-page sheet, along with the
17 application for a construction permit, consisting of all of the
18 following:

19 (a) A short description of the reason for the project and
20 the funding source.

21 (b) A contact person for further information, including
22 address and phone number.

23 (c) The estimated resulting increase or decrease in annual
24 operating costs.

25 (d) The current governing board membership of the
26 applicant.

(e) The entity, if any, that owns the applicant.

~~(4) (5) The information filed under subsection (4) (3) shall be made publicly available by the department. by the same methods used to make information about certificate of need applications publicly available.~~

~~(5) (6) The review and approval of architectural plans and narrative shall require that the proposed construction project is designed and constructed in accord with applicable statutory and other regulatory requirements.~~

~~(6) (7) The department shall promulgate rules to further prescribe the scope of construction projects and other alterations subject to review under this section.~~

~~(7) (8) The department may waive the applicability of this section to a construction project or alteration if the waiver will not affect the public health, safety, and welfare.~~

~~(8) (9) Upon request by the person initiating a construction project, the department may review and issue a construction permit to a construction project that is not subject to subsection (1) or (2) if the department determines that the review will promote the public health, safety, and welfare.~~

~~(9) (10) The department shall assess a fee for each review conducted under this section. The fee shall be .5% of the first \$1,000,000.00 of capital expenditure and .85% of any amount over \$1,000,000.00 of capital expenditure, up to a maximum of \$30,000.00.~~

~~(10) (11) As used in this section, "capital expenditure" means that term as defined in section 22203(2), except that it~~

1 ~~does not include the cost of equipment that is not fixed~~
 2 ~~equipment~~ AN EXPENDITURE FOR A SINGLE PROJECT, INCLUDING COST OF
 3 CONSTRUCTION, ENGINEERING, AND EQUIPMENT THAT UNDER GENERALLY
 4 ACCEPTED ACCOUNTING PRINCIPLES IS NOT PROPERLY CHARGEABLE AS AN
 5 EXPENSE OF OPERATION. CAPITAL EXPENDITURE INCLUDES A LEASE OR
 6 COMPARABLE ARRANGEMENT BY OR ON BEHALF OF A HEALTH FACILITY BY
 7 WHICH A PERSON OBTAINS A HEALTH FACILITY OR LICENSED PART OF A
 8 HEALTH FACILITY OR EQUIPMENT FOR A HEALTH FACILITY, THE EXPENDI-
 9 TURE FOR WHICH WOULD HAVE BEEN CONSIDERED A CAPITAL EXPENDITURE
 10 UNDER THIS PART IF THE PERSON HAD ACQUIRED IT BY PURCHASE.
 11 CAPITAL EXPENDITURE INCLUDES THE COST OF STUDIES, SURVEYS,
 12 DESIGNS, PLANS, WORKING DRAWINGS, SPECIFICATIONS, AND OTHER
 13 ACTIVITIES ESSENTIAL TO THE ACQUISITION, IMPROVEMENT, EXPANSION,
 14 ADDITION, CONVERSION, MODERNIZATION, NEW CONSTRUCTION, OR
 15 REPLACEMENT OF PHYSICAL PLANT AND EQUIPMENT, EXCEPT THAT IT DOES
 16 NOT INCLUDE THE COST OF EQUIPMENT THAT IS NOT FIXED EQUIPMENT.

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

- 22 (a) Freestanding surgical out-
 23 patient facilities..... \$ 238.00 per facility.
 24 (b) Hospitals..... \$ 8.28 per licensed bed.
 25 (c) Nursing homes, county medi-
 26 cal care facilities, and hospital
 27 long-term care units..... \$ 2.20 per licensed bed.

- 1 (d) Homes for the aged..... \$ 6.27 per licensed bed.
 2 (e) Clinical laboratories..... \$ 475.00 per laboratory.
 3 (f) Hospice residences..... \$ 200.00 per license survey;
 4 and \$20.00 per licensed bed.

5 (2) If a hospital requests the department to conduct a cer-
 6 tification survey for purposes of title XVIII or title XIX, ~~of~~
 7 ~~the social security act,~~ the hospital shall pay a license fee
 8 surcharge of \$23.00 per bed. AS USED IN THIS SUBSECTION, "TITLE
 9 XVIII" AND "TITLE XIX" MEAN THOSE TERMS AS DEFINED IN SECTION
 10 20155.

11 ~~(3) The base fee for a certificate of need is \$750.00 for~~
 12 ~~each application. For a project requiring a projected capital~~
 13 ~~expenditure of more than \$150,000.00 but less than \$1,500,000.00,~~
 14 ~~an additional fee of \$2,000.00 shall be added to the base fee.~~
 15 ~~For a project requiring a projected capital expenditure of~~
 16 ~~\$1,500,000.00 or more, an additional fee of \$3,500.00 shall be~~
 17 ~~added to the base fee.~~

18 (3) ~~(4)~~ If licensure is for more than 1 year, the fees
 19 described in subsection (1) shall be multiplied by the number of
 20 years for which the license is issued, and the total amount of
 21 the fees shall be collected in the year in which the license is
 22 issued.

23 (4) ~~(5)~~ Fees described in this section are payable to the
 24 department at the time an application for a license ~~,~~ OR permit
 25 ~~,~~ or certificate is submitted. If an application for a license
 26 ~~,~~ OR permit ~~,~~ or certificate is denied or if a license ~~,~~ OR

1 permit ~~, or certificate~~ is revoked before its expiration date,
2 the fees paid to the department shall not be refunded.

3 (5) ~~—(6)—~~ The fee for a provisional license or temporary
4 permit shall be the same as for a license. A license may be
5 issued at the expiration date of a temporary permit without an
6 additional fee for the balance of the period for which the fee
7 was paid if the requirements for licensure are met.

8 (6) ~~—(7)—~~ The department may charge a fee to recover the
9 cost of purchase or production and distribution of proficiency
10 evaluation samples that are supplied to clinical laboratories
11 pursuant to section 20521(3).

12 (7) ~~—(8)—~~ In addition to the fees imposed under subsection
13 (1), a fee of \$25.00 shall be submitted to the department for
14 each reissuance during the licensure period of a clinical labora-
15 tory license.

16 (8) ~~—(9)—~~ Except for the licensure of clinical laboratories,
17 not more than half the annual cost of licensure activities as
18 determined by the department shall be provided by license fees.

19 (9) ~~—(10)—~~ The application fee for a waiver under
20 section 21564 ~~shall be~~ IS \$200.00 plus \$40.00 per hour for the
21 professional services and travel expenses directly related to
22 processing the application. The travel expenses shall be calcu-
23 lated in accordance with the state standardized travel regula-
24 tions of the department of management and budget in effect at the
25 time of the travel.

1 (10) ~~(11)~~ An applicant for licensure or renewal of
2 licensure under part 209 shall pay the applicable fees set forth
3 in part 209.

4 (11) ~~(12)~~ The fees collected under this section shall be
5 deposited in the state treasury, to the credit of the general
6 fund.

7 Sec. 20164. (1) A license, certification, provisional
8 license, or limited license is valid for not more than 1 year
9 after the date of issuance, except as provided in section 20511
10 or part 209 or PART 210. A license for a facility licensed under
11 part 215 ~~shall be~~ IS valid for 2 years, except that provisional
12 and limited licenses may be valid for 1 year.

13 (2) A license ~~, OR certification , or certificate of~~
14 ~~need~~ is not transferable and shall state the persons, buildings,
15 and properties to which it applies. ~~Applications for licensure~~
16 ~~or certification because of transfer of ownership or essential~~
17 ~~ownership interest shall not be acted upon until satisfactory~~
18 ~~evidence is provided of compliance with part 222.~~

19 (3) If ownership is not voluntarily transferred, the depart-
20 ment shall be notified immediately and the new owner shall apply
21 for a license ~~and~~ OR certification, OR BOTH, not later than 30
22 days after the transfer.

23 Sec. 20165. (1) Except as otherwise provided in this sec-
24 tion, after notice of intent to an applicant or licensee to deny,
25 limit, suspend, or revoke the applicant's or licensee's license
26 or certification and an opportunity for a hearing, the department
27 may deny, limit, suspend, or revoke the license or certification

1 or impose an administrative fine on a licensee if 1 or more of
2 the following exist:

3 (a) Fraud or deceit in obtaining or attempting to obtain a
4 license or certification or in the operation of the licensed
5 health facility or agency.

6 (b) A violation of this article or a rule promulgated under
7 this article.

8 (c) False or misleading advertising.

9 (d) Negligence or failure to exercise due care, including
10 negligent supervision of employees and subordinates.

11 (e) Permitting a license or certificate to be used by an
12 unauthorized health facility or agency.

13 (f) Evidence of abuse regarding a patient's health, welfare,
14 or safety or the denial of a patient's rights.

15 (g) Failure to comply with section 10102a(7).

16 ~~-(h) Failure to comply with part 222 or a term, condition,~~
17 ~~or stipulation of a certificate of need issued under part 222, or~~
18 ~~both.~~

19 (H) ~~-(i)~~ A violation of section 20197(1).

20 (2) The department may deny an application for a license or
21 certification based on a finding of a condition or practice that
22 would constitute a violation of this article if the applicant
23 were a licensee.

24 (3) Denial, suspension, or revocation of an individual emer-
25 gency medical services personnel license under part 209 is gov-
26 erned by section 20958.

1 (4) If the department determines under subsection (1) that a
2 health facility or agency has violated section 20197(1), the
3 department shall impose an administrative fine of \$5,000,000.00
4 on the health facility or agency.

5 Sec. 20166. (1) Notice of intent to deny, limit, suspend,
6 or revoke a license or certification shall be given by certified
7 mail or personal service, shall set forth the particular reasons
8 for the proposed action, and shall fix a date, not less ~~that~~
9 THAN 30 days after the date of service, on which the applicant or
10 licensee shall be given the opportunity for a hearing before the
11 director or the director's authorized representative. The hear-
12 ing shall be conducted in accordance with the administrative pro-
13 cedures act of 1969 and rules promulgated by the department. A
14 full and complete record shall be kept of the proceeding and
15 shall be transcribed when requested by an interested party, who
16 shall pay the cost of preparing the transcript.

17 (2) On the basis of a hearing or on the default of the
18 applicant or licensee, the department may issue, deny, limit,
19 suspend, or revoke a license or certification. A copy of the
20 determination shall be sent by certified mail or served person-
21 ally upon the applicant or licensee. The determination becomes
22 final 30 days after it is mailed or served, unless the applicant
23 or licensee within the 30 days appeals the decision to the cir-
24 cuit court in the county of jurisdiction or to the Ingham county
25 circuit court.

26 (3) The department may establish procedures, hold hearings,
27 administer oaths, issue subpoenas, or order testimony to be taken

1 at a hearing or by deposition in a proceeding pending at any
2 stage of the proceeding. A person may be compelled to appear and
3 testify and to produce books, papers, or documents in a
4 proceeding.

5 (4) In case of disobedience of a subpoena, a party to a
6 hearing may invoke the aid of the circuit court of the jurisdic-
7 tion in which the hearing is held to require the attendance and
8 testimony of witnesses. The circuit court may issue an order
9 requiring an individual to appear and give testimony. Failure to
10 obey the order of the circuit court may be punished by the court
11 as a contempt.

12 ~~(5) The department shall not deny, limit, suspend, or~~
13 ~~revoke a license on the basis of an applicant's or licensee's~~
14 ~~failure to show a need for a health facility or agency unless the~~
15 ~~health facility or agency has not obtained a certificate of need~~
16 ~~required by part 222.~~

17 Sec. 21420. Notwithstanding any other provision of this
18 act, ~~all hospices shall be~~ A HOSPICE IS exempt from license
19 fees ~~and certificate of need fees~~ for 3 years after the first
20 hospice is licensed under this article.

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

25 (2) ~~A~~ IF A hospital that is granted a temporary delicen-
26 sure of beds under subsection (1) ~~may apply~~ APPLIES to the
27 department for an extension of THE temporary delicensure, ~~for~~

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

12 (3) Except as otherwise provided in this section, ~~for a~~
13 ~~period of 90 days after January 1, 1991~~ UNTIL APRIL 1, 1991, if
14 a hospital is located in a distressed area and has an annual
15 indigent volume consisting of not less than 25% indigent
16 patients, the hospital may apply to the department to temporarily
17 delicense not more than 50% of its licensed beds for a period of
18 not more than 2 years. Upon receipt of a complete application
19 under this subsection, the department shall temporarily delicense
20 the beds indicated in the application. The department shall not
21 grant an extension of temporary delicensure under this
22 subsection.

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

26 (a) The number and location of the specific beds to be
27 delicensed.

1 (b) The period of time during which the beds will be
2 delicensed.

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

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

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

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

23 (b) To correct a licensing deficiency previously identified
24 by the department.

25 (c) Nonhospital purposes including, but not limited to, com-
26 munity service projects, if the depreciation and interest costs
27 for all capital expenditures that would otherwise be allocated to

1 the space, as well as any operating costs related to the proposed
2 alternative use, would not be considered as hospital costs for
3 purposes of reimbursement.

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

7 (a) The hospital files with the department a written request
8 for relicensure not less than 90 days before the earlier of the
9 following:

10 (i) The expiration of the period for which delicensure was
11 granted.

12 (ii) The date upon which the hospital is requesting
13 relicensure.

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

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

21 (8) If a hospital does not meet all of the requirements of
22 subsection (7) or if a hospital decides to allow beds to become
23 permanently delicensed as described in subsection (2), then all
24 of the temporarily delicensed beds ~~shall be~~ ARE automatically
25 and permanently delicensed effective on the last day of the
26 period for which the department granted temporary delicensure.

1 (9) The department shall continue to count beds temporarily
2 delicensed under this section in the department's bed inventory
3 ~~for purposes of determining~~ IF THE DEPARTMENT CONTINUES TO
4 DETERMINE hospital bed need IN THE SAME MANNER AS under FORMER
5 part 222 in the subarea in which the beds are located. The
6 department shall indicate in the bed inventory which beds are
7 licensed and which beds are temporary delicensed under this
8 section. The department shall not include a hospital's temporar-
9 ily delicensed beds in the hospital's licensed bed count.

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

13 (10) ~~(11)~~ A hospital that has beds that are subject to a
14 hospital bed reduction plan or to a department action to enforce
15 this article shall not use beds temporarily delicensed under this
16 section to comply with the bed reduction plan.

17 (11) ~~(12)~~ As used in this section:

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

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

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

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

26 (iv) Was eligible for an urban development action grant from
27 the United States department of housing and urban development in

1 1984 and was listed in 49 F.R. No. 28 (February 9, 1984) or
2 49 F.R. No. 30 (February 13, 1984).

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

5 (b) "Indigent volume" means the ratio of a hospital's indi-
6 gent charges to its total charges expressed as a percentage as
7 determined by the EXECUTIVE DEPARTMENT FORMERLY KNOWN AS THE
8 department of social services after November 12, 1990, pursuant
9 to chapter 8 of the EXECUTIVE DEPARTMENT FORMERLY KNOWN AS THE
10 department of social services guidelines entitled "medical
11 assistance program manual". THE EXECUTIVE DEPARTMENT FORMERLY
12 KNOWN AS THE DEPARTMENT OF SOCIAL SERVICES IS KNOWN AS THE FAMILY
13 INDEPENDENCE AGENCY ON THE EFFECTIVE DATE OF THE AMENDATORY ACT
14 THAT ADDED THIS SENTENCE.

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 FOR PURPOSES OF THIS
22 ARTICLE.

23 Sec. 21563. (1) The department, in consultation with the ad
24 hoc advisory committee appointed under section 21562, shall
25 promulgate rules for designation of a rural community hospital,
26 maximum number of beds, and the services provided by a rural
27 community hospital. The director shall submit proposed rules,

1 based on the recommendations of the AD HOC ADVISORY committee,
2 for public hearing not later than 6 months after receiving the
3 report under section 21562(5).

4 (2) The designation as a rural community hospital shall be
5 shown on a hospital's license and shall be for the same term as
6 the hospital license. Except as otherwise expressly provided in
7 this part or in rules promulgated under this section, a rural
8 community hospital shall be licensed and regulated in the same
9 manner as a hospital otherwise licensed under this article. ~~The~~
10 ~~provisions of part 222 applicable to hospitals also apply to a~~
11 ~~rural community hospital and to a hospital designated by the~~
12 ~~department under federal law as an essential access community~~
13 ~~hospital or a rural primary care hospital.~~ This part and the
14 rules promulgated under this part do not preclude the establish-
15 ment of differential reimbursement for rural community hospitals,
16 essential access community hospitals, and rural primary care
17 hospitals.

18 Enacting section 1. Section 20143 and part 222 of the
19 public health code, 1978 PA 368, MCL 333.20143 and 333.22201 to
20 333.22260, are repealed.