

SUBSTITUTE FOR
HOUSE BILL NO. 6251

A bill to amend 1978 PA 368, entitled
"Public health code,"
(MCL 333.1101 to 333.25211) by adding section 22225a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 22225A. (1) IN ORDER TO OBTAIN A CERTIFICATE OF NEED
2 UNDER THIS PART, AN APPLICANT FOR A CERTIFICATE OF NEED TO ACQUIRE
3 OR BEGIN OPERATION OF A NURSING HOME OR TO MAKE A CHANGE IN BED
4 CAPACITY IN LICENSED NURSING HOME BEDS SHALL FURNISH A SURETY BOND
5 TO THE PEOPLE OF THE STATE OF MICHIGAN. THIS SECTION DOES NOT APPLY
6 TO A NURSING HOME THAT IS A COUNTY MEDICAL CARE FACILITY. EXCEPT AS
7 OTHERWISE PROVIDED IN THIS SUBSECTION, THE AMOUNT OF THE SURETY
8 BOND SHALL EQUAL OR EXCEED THE TOTAL COST TO ACQUIRE OR BEGIN
9 OPERATION OF A NURSING HOME OR TO MAKE THE CHANGE IN BED CAPACITY
10 IN LICENSED NURSING HOME BEDS, AS DETERMINED BY THE DEPARTMENT. THE
11 AMOUNT OF THE SURETY BOND REQUIRED UNDER THIS SUBSECTION SHALL NOT

1 BE LESS THAN \$25,000.00 OR BE GREATER THAN \$250,000.00. THE SURETY
2 BOND SHALL BE CONDITIONED UPON THE CONTINUED OPERATION OF THE
3 NURSING HOME BY THE APPLICANT. THE SURETY BOND SHALL BE APPROVED BY
4 THE DEPARTMENT. IN LIEU OF A SURETY BOND, THE DEPARTMENT MAY
5 PROVIDE FOR AN APPROPRIATE DEPOSIT OF CASH OR SECURITIES, A LETTER
6 OF CREDIT, OR THE ASSIGNMENT OF COVERAGE OF OTHER BONDS IF THE
7 DEPARTMENT IS SATISFIED THAT COMPARABLE OR MORE EXTENSIVE COVERAGE
8 RESULTS.

9 (2) THE DEPARTMENT SHALL ESTABLISH PROCEDURES TO, AND UNDER
10 THOSE PROCEDURES MAY, DEMAND PAYMENT FROM THE SURETY OR DRAW UPON
11 THE DEPOSIT OF CASH OR SECURITIES, LETTER OF CREDIT, OR ASSIGNMENT
12 OF COVERAGE OF OTHER BONDS IF THE NURSING HOME DISCONTINUES,
13 VOLUNTARILY OR INVOLUNTARILY, ITS OPERATIONS, IF A RECEIVER OF THE
14 NURSING HOME IS APPOINTED UNDER SECTION 21751, OR IF A TEMPORARY
15 MANAGER IS APPOINTED UNDER SECTION 21799B(1)(F). UPON FULL
16 SETTLEMENT OF ALLOWED CLAIMS FROM THE BOND, DEPOSIT OF CASH OR
17 SECURITIES, LETTER OF CREDIT, OR ASSIGNMENT OF COVERAGE OF OTHER
18 BONDS, THE DEPARTMENT SHALL RETURN ANY REMAINING ASSETS OF THOSE
19 RESOURCES TO THE NURSING HOME.

20 (3) THE DEPARTMENT MAY BRING AN ACTION IN A COURT OF COMPETENT
21 JURISDICTION AGAINST THE NURSING HOME, ITS ASSETS, OR THE SURETY ON
22 THE BOND OR MAY TAKE ANY APPROPRIATE ACTION AGAINST THE ISSUER OF
23 THE DEPOSIT OF SECURITIES, LETTER OF CREDIT, OR ASSIGNMENT OF
24 COVERAGE OF OTHER BONDS FOR RECOVERY OF MONEY DUE AND OWING TO THE
25 DEPARTMENT UNDER THIS ACT.

26 (4) THE DEPARTMENT SHALL REQUIRE THAT THE SURETY BOND OR
27 DEPOSIT OF CASH OR SECURITIES, LETTER OF CREDIT, OR ASSIGNMENT OF

- 1 COVERAGE OF OTHER BONDS BE AND REMAIN IN EFFECT BEFORE ISSUANCE OR
- 2 RENEWAL OF A NURSING HOME LICENSE UNDER PART 217.