

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 183**

A bill to amend 1978 PA 368, entitled  
"Public health code,"  
by amending sections 20145, 21501, 21513, 21551, 22201, 22207,  
22208, 22209, and 22221 (MCL 333.20145, 333.21501, 333.21513,  
333.21551, 333.22201, 333.22207, 333.22208, 333.22209, and  
333.22221), section 20145 as amended by 2015 PA 104, section 21501  
as amended by 2018 PA 384, section 21513 as amended by 2002 PA 125,  
section 21551 as amended by 1990 PA 331, section 22201 as added by  
1988 PA 332, sections 22207, 22209, and 22221 as amended by 2002 PA  
619, and section 22208 as amended by 2011 PA 51.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1**       Sec. 20145. (1) Before contracting for and initiating a  
**2**       construction project involving new construction, additions,

1 modernizations, or conversions of a health facility or agency with  
2 a capital expenditure of \$1,000,000.00 or more, a person shall  
3 obtain a construction permit from the department. The department  
4 shall not issue the permit under this subsection unless the  
5 applicant holds a valid certificate of need if a certificate of  
6 need is required for the project under part 222.

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

12 (3) If a construction project requires a construction permit  
13 under subsection (1) or (2), but does not require a certificate of  
14 need under part 222, the department shall require the applicant to  
15 submit information considered necessary by the department to ~~assure~~  
16 **ensure** that the capital expenditure for the project is not a  
17 covered capital expenditure as **that term is** defined in section  
18 ~~22203(9)~~.**22203**.

19 (4) If a construction project requires a construction permit  
20 under subsection (1), but does not require a certificate of need  
21 under part 222, the department shall require the applicant to  
22 submit information on a 1-page sheet, along with the application  
23 for a construction permit, consisting of all of the following:

24 (a) A short description of the reason for the project and the  
25 funding source.

26 (b) A contact person for further information, including  
27 address and ~~phone~~-**telephone** number.

28 (c) The estimated resulting increase or decrease in annual  
29 operating costs.

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

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

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

7 (6) The review and approval of architectural plans and  
8 narrative ~~shall~~**must** require that the proposed construction project  
9 is designed and constructed in accord with applicable statutory and  
10 other regulatory requirements. In performing a construction permit  
11 review for a health facility or agency under this section, the  
12 department shall, at a minimum, apply the standards contained in  
13 the document entitled "Minimum Design Standards for Health Care  
14 Facilities in Michigan" published by the department and dated July  
15 2007. The standards are incorporated by reference for purposes of  
16 this subsection. The department may promulgate rules that are more  
17 stringent than the standards if necessary to protect the public  
18 health, safety, and welfare.

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

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

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

1 (10) The department shall assess a fee for each review  
2 conducted under this section. The fee is .5% of the first  
3 \$1,000,000.00 of capital expenditure and .85% of any amount over  
4 \$1,000,000.00 of capital expenditure, up to a maximum of  
5 \$60,000.00.

6 (11) As used in this section, "capital expenditure" means that  
7 term as defined in section ~~22203(2)~~, **22203**, except that capital  
8 expenditure does not include the cost of equipment that is not  
9 fixed equipment.

10 Sec. 21501. (1) As used in this part:

11 (a) "Aircraft transport vehicle" means that term as defined in  
12 section 20902.

13 (b) "Ambulance" means that term as defined in section 20902.

14 (c) "Emergency patient" means that term as defined in section  
15 20904.

16 (d) "Group health plan" means an employer program of health  
17 benefits, including an employee welfare benefit plan as defined in  
18 section 3(1) of subtitle A of title I of the employee retirement  
19 income security act of 1974, Public Law 93-406, 29 USC 1002, to the  
20 extent that the plan provides medical care, including items and  
21 services paid for as medical care to employees or their dependents  
22 as defined under the terms of the plan directly or through  
23 insurance, reimbursement, or otherwise.

24 (e) "Health benefit plan" means a group health plan, an  
25 individual or group expense-incurred hospital, medical, or surgical  
26 policy or certificate, or an individual or group health maintenance  
27 organization contract. Health benefit plan does not include  
28 accident-only, credit, dental, or disability income insurance;  
29 long-term care insurance; coverage issued as a supplement to

1 liability insurance; coverage only for a specified disease or  
2 illness; worker's compensation or similar insurance; or automobile  
3 medical-payment insurance.

4 (f) "Nonemergency patient" means that term as defined in  
5 section 20908.

6 (g) "Participating provider" means a provider that, under  
7 contract with an insurer that issues health benefit plans, or with  
8 such an insurer's contractor or subcontractor, has agreed to  
9 provide health care services to covered individuals and to accept  
10 payment by the insurer, contractor, or subcontractor for covered  
11 services as payment in full, other than coinsurance, copayments, or  
12 deductibles.

13 (h) "Patient's representative" means any of the following:

14 (i) A person to whom a patient has given express written  
15 consent to represent the patient.

16 (ii) A person authorized by law to provide consent for a  
17 patient.

18 (iii) A patient's treating health professional, but only if the  
19 patient is unable to provide consent.

20 (i) **"Rural emergency hospital" means a hospital that is**  
21 **designated by the Centers for Medicare and Medicaid Services to**  
22 **offer rural emergency hospital services.**

23 (j) **"Rural emergency hospital services" means that term as**  
24 **defined in 42 USC 1395x.**

25 (k) ~~(i)~~—"Third party administrator" means that term as defined  
26 in section 2 of the third party administrator act, 1984 PA 218, MCL  
27 550.902.

28 (2) In addition, article 1 contains general definitions and  
29 principles of construction applicable to all articles in this code

1 and part 201 contains definitions applicable to this part.

2 Sec. 21513. The owner, operator, and governing body of a  
3 hospital licensed under this article:

4 (a) Are responsible for all phases of the operation of the  
5 hospital, selection of the medical staff, and quality of care  
6 rendered in the hospital.

7 (b) Shall cooperate with the department in the enforcement of  
8 this part, and require that the physicians, dentists, and other  
9 personnel working in the hospital who are required to be licensed  
10 or registered are in fact currently licensed or registered.

11 (c) Shall ~~assure~~**ensure** that physicians and dentists admitted  
12 to practice in the hospital are granted hospital privileges  
13 consistent with their individual training, experience, and other  
14 qualifications.

15 (d) Shall ~~assure~~**ensure** that physicians and dentists admitted  
16 to practice in the hospital are organized into a medical staff to  
17 enable an effective review of the professional practices in the  
18 hospital for the purpose of reducing morbidity and mortality and  
19 improving the care provided in the hospital for patients. The  
20 review ~~shall~~**must** include the quality and necessity of the care  
21 provided and the preventability of complications and deaths  
22 occurring in the hospital.

23 (e) Shall not discriminate because of race, religion, color,  
24 national origin, age, or sex in the operation of the hospital  
25 including employment, patient admission and care, room assignment,  
26 and professional or nonprofessional selection and training  
27 programs, and shall not discriminate in the selection and  
28 appointment of individuals to the physician staff of the hospital  
29 or its training programs on the basis of licensure or registration

1 or professional education as doctors of medicine, osteopathic  
2 medicine and surgery, or podiatry.

3 (f) Shall ~~assure~~**ensure** that the hospital adheres to medical  
4 control authority protocols according to section 20918.

5 (g) Shall ~~assure~~**ensure** that the hospital develops and  
6 maintains a plan for biohazard detection and handling.

7 **(h) Shall notify the department of health and human services**  
8 **if the owner, operator, or governing body of the hospital applies**  
9 **for designation as a rural emergency hospital.**

10 Sec. 21551. (1) A hospital licensed under this article and  
11 located in a nonurbanized area may apply to the department to  
12 temporarily delicense ~~not~~**the following:**

13 **(a) Not** more than 50% of its licensed beds for not more than 5  
14 years.

15 **(b) If the hospital is a rural emergency hospital, 100% of its**  
16 **licensed beds for not more than 5 years.**

17 (2) A hospital that is granted a temporary delicensure of beds  
18 under subsection (1) may apply to the department for an extension  
19 of temporary delicensure for those beds for up to an additional 5  
20 years to the extent that the hospital actually met the requirements  
21 of subsection (6) during the initial period of delicensure granted  
22 under subsection (1). The department shall grant an extension under  
23 this subsection unless the department determines under part 222  
24 that there is a demonstrated need for the delicensed beds in the  
25 ~~subarea~~**hospital group** in which the hospital is located. If the  
26 department does not grant an extension under this subsection, the  
27 hospital shall request relicensure of the beds ~~pursuant to~~**under**  
28 subsection (7) or allow the beds to become permanently delicensed  
29 ~~pursuant to~~**under** subsection (8).

1           (3) Except as otherwise provided in this section, for a period  
2 of 90 days after January 1, 1991, if a hospital is located in a  
3 distressed area and has an annual indigent volume consisting of not  
4 less than 25% indigent patients, the hospital may apply to the  
5 department to temporarily delicense not more than 50% of its  
6 licensed beds for a period of not more than 2 years. ~~Upon~~**On the**  
7 receipt of a complete application under this subsection, the  
8 department shall temporarily delicense the beds indicated in the  
9 application. The department shall not grant an extension of  
10 temporary delicensure under this subsection.

11           (4) An application under subsection (1) or (3) ~~shall~~**must** be  
12 on a form provided by the department. The form ~~shall~~**must** contain  
13 all of the following information:

14           (a) The number and location of the specific beds to be  
15 delicensed.

16           (b) The period of time during which the beds will be  
17 delicensed.

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

20           (5) A hospital that files an application under subsection (1)  
21 or (3) may file an amended application with the department on a  
22 form provided by the department. The hospital shall state on the  
23 form the purpose of the amendment. If the hospital meets the  
24 requirements of this section, the department shall so amend the  
25 hospital's original application.

26           (6) An alternative use of space made available by the  
27 delicensure of beds under this section ~~shall~~**does** not result in a  
28 violation of this article or the rules promulgated under this  
29 article. Along with the application, an applicant for delicensure

1 under subsection (1) or (3) shall submit to the department plans  
2 that indicate to the satisfaction of the department that the space  
3 occupied by the beds proposed for temporary delicensure will be  
4 used for 1 or more of the following:

5 (a) An alternative use that over the proposed period of  
6 temporary delicensure would defray the depreciation and interest  
7 costs that otherwise would be allocated to the space along with the  
8 operating expenses related to the alternative use.

9 (b) To correct a licensing deficiency previously identified by  
10 the department.

11 (c) Nonhospital purposes, including, but not limited to,  
12 community service projects, if the depreciation and interest costs  
13 for all capital expenditures that would otherwise be allocated to  
14 the space, as well as any operating costs related to the proposed  
15 alternative use, would not be considered as hospital costs for  
16 purposes of reimbursement.

17 (7) The department shall relicense beds that are temporarily  
18 delicensed under this section if all of the following requirements  
19 are met:

20 (a) The hospital files with the department a written request  
21 for relicensure not less than 90 days before the earlier of the  
22 following:

23 (i) The expiration of the period for which delicensure was  
24 granted.

25 (ii) The date upon which the hospital is requesting  
26 relicensure.

27 (iii) The last hospital license renewal date in the delicensure  
28 period.

29 (b) The space to be occupied by the relicensed beds is in

1 compliance with this article and the rules promulgated under this  
 2 article, including all licensure standards in effect at the time of  
 3 relicensure, or the hospital has a plan of corrections that has  
 4 been approved by the department.

5 (8) If a hospital does not meet all of the requirements of  
 6 subsection (7) or if a hospital decides to allow beds to become  
 7 permanently delicensed as described in subsection (2), then all of  
 8 the temporarily delicensed beds ~~shall~~**must** be automatically and  
 9 permanently delicensed effective on the last day of the period for  
 10 which the department granted temporary delicensure.

11 (9) The department **of health and human services** shall continue  
 12 to count beds temporarily delicensed under this section in the  
 13 ~~department's~~**department of health and human services's** bed  
 14 inventory for purposes of determining hospital bed need under part  
 15 222 in the ~~subarea~~**hospital group** in which the beds are located.  
 16 The department **of health and human services** shall indicate in the  
 17 bed inventory which beds are licensed and which beds are ~~temporary~~  
 18 **temporarily** delicensed under this section. The department **of health**  
 19 **and human services** shall not include a hospital's temporarily  
 20 delicensed beds in the hospital's licensed bed count.

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

24 ~~(11) A hospital that has beds that are subject to a hospital~~  
 25 ~~bed reduction plan or to a department action to enforce this~~  
 26 ~~article shall not use beds temporarily delicensed under this~~  
 27 ~~section to comply with the bed reduction plan.~~

28 **(11)** ~~(12)~~ As used in this section:

29 (a) "Distressed area" means a city that meets all of the

1 following criteria:

2 (i) Had a negative population change from ~~1970~~**2010** to the date  
3 of the ~~1980~~**2020** federal decennial census.

4 (ii) From 1972 to 1989, had an increase in its state equalized  
5 valuation that is less than the statewide average.

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

8 (iv) Was eligible for an urban development action grant from  
9 the United States ~~department of housing and urban development~~  
10 **Department of Housing and Urban Development** in 1984 and was listed  
11 in 49 ~~F.R.~~**FR** No. 28 (February 9, 1984) or 49 ~~F.R.~~**FR** No. 30  
12 (February 13, 1984).

13 (v) Had an unemployment rate that was higher than the  
14 statewide average for 3 of the 5 years from 1981 to 1985.

15 (b) "Indigent volume" means the ratio of a hospital's indigent  
16 charges to its total charges expressed as a percentage as  
17 determined by the department of ~~social~~**health and human** services  
18 after November 12, 1990, ~~pursuant to~~**under** chapter 8 of the  
19 department of ~~social~~**health and human** services guidelines entitled  
20 ~~"medical assistance program manual"~~**.titled "Medical Assistance**  
21 **Program Manual"**.

22 (c) "Nonurbanized area" means an area that is not an urbanized  
23 area.

24 (d) "Urbanized area" means that term as defined by the ~~office~~  
25 **Office** of ~~federal statistical policy and standards~~**Federal**  
26 **Statistical Policy and Standards** of the United States ~~department of~~  
27 ~~commerce~~**Department of Commerce** in the appendix entitled ~~"general~~  
28 ~~procedures and definitions"~~**, "General Procedures and Definitions",**  
29 45 ~~F.R.~~**FR** p. 962 (January 3, 1980), which document is incorporated

1 by reference.

2 Sec. 22201. (1) For purposes of this part, the words and  
3 phrases defined in sections 22203 to ~~22207~~**22208** have the meanings  
4 ascribed to them in those sections.

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

7 (3) The definitions in part 201 do not apply to this part.

8 Sec. 22207. (1) "Medicaid" means the program for medical  
9 assistance administered by the department ~~of community health~~ under  
10 the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b.

11 (2) "Modernization" means an upgrading, alteration, or change  
12 in function of a part or all of the physical plant of a health  
13 facility. Modernization includes, but is not limited to, the  
14 alteration, repair, remodeling, and renovation of an existing  
15 building and initial fixed equipment and the replacement of  
16 obsolete fixed equipment in an existing building. Modernization of  
17 the physical plant does not include normal maintenance and  
18 operational expenses.

19 (3) "New construction" means construction of a health facility  
20 where a health facility does not exist or construction replacing or  
21 expanding an existing health facility or a part of an existing  
22 health facility.

23 (4) "Person" means ~~a person~~**that term** as defined in section  
24 1106 ~~or~~**and includes** a governmental entity.

25 (5) "Planning area" means the area defined in a certificate of  
26 need review standard for determining the need for, and the resource  
27 allocation of, a specific health facility, service, or equipment.  
28 Planning area includes, but is not limited to, ~~the~~**this** state, a  
29 health facility service area, or a health service area or subarea

1 within ~~the~~**this** state.

2 (6) "Proposed project" means a proposal to acquire an existing  
3 health facility or begin operation of a new health facility, make a  
4 change in bed capacity, initiate, replace, or expand a covered  
5 clinical service, or make a covered capital expenditure.

6 (7) "Rural county" means a county not located in a  
7 metropolitan statistical area or micropolitan statistical areas as  
8 those terms are defined under the "standards for defining  
9 metropolitan and micropolitan statistical areas" by the ~~statistical~~  
10 ~~policy office~~**Statistical and Science Policy Office** of the ~~office~~  
11 ~~of information and regulatory affairs~~**Office of Information and**  
12 **Regulatory Affairs** of the United States ~~office of management and~~  
13 ~~budget~~**Office of Management and Budget**, 65 F.R. p. ~~FR p 82227 to~~  
14 82238 (December 27, 2000).

15 (8) "Stipulation" means a requirement that is germane to the  
16 proposed project and has been agreed to by an applicant as a  
17 condition of certificate of need approval.

18 Sec. 22208. (1) "Title XVIII" means title XVIII of the social  
19 security act, 42 USC 1395 to ~~1395kkk-1~~**1395lll**.

20 (2) "Title XIX" means title XIX of the social security act,  
21 ~~chapter 531, 49 Stat. 620,~~ 42 USC 1396 to ~~1396w-5~~**1396w-6**.

22 Sec. 22209. (1) Except as otherwise provided in this part, a  
23 person shall not do any of the following without first obtaining a  
24 certificate of need:

25 (a) Acquire an existing health facility or begin operation of  
26 a health facility at a site that is not currently licensed for that  
27 type of health facility.

28 (b) Make a change in the bed capacity of a health facility.

29 (c) Initiate, replace, or expand a covered clinical service.

1 (d) Make a covered capital expenditure.

2 (2) A certificate of need is not required for a reduction in  
3 licensed bed capacity or services at a licensed site.

4 (3) Subject to subsection (9) and if the relocation does not  
5 result in an increase of licensed beds within that health service  
6 area, a certificate of need is not required for any of the  
7 following:

8 (a) The physical relocation of licensed beds from a hospital  
9 site licensed under part 215 to another hospital site licensed  
10 under the same license as the hospital seeking to transfer the beds  
11 if both hospitals are located within a 2-mile radius of each other.

12 (b) Subject to subsections (7) and (8), the physical  
13 relocation of licensed beds from a hospital licensed under part 215  
14 to a freestanding surgical outpatient facility licensed under part  
15 208 if that freestanding surgical outpatient facility satisfies  
16 each of the following criteria on December 2, 2002:

17 (i) Is owned by, is under common control of, or has as a common  
18 parent the hospital seeking to relocate its licensed beds.

19 (ii) Was licensed ~~prior to~~ **before** January 1, 2002.

20 (iii) Provides 24-hour emergency care services at that site.

21 (iv) Provides at least 4 different covered clinical services at  
22 that site.

23 (c) Subject to ~~subsections (7) and~~ **subsection** (8), the  
24 physical relocation of licensed beds from a hospital licensed under  
25 part 215 to another hospital licensed under part 215 within the  
26 same health service area if the hospital receiving the licensed  
27 beds is owned by, is under common control of, or has as a common  
28 parent the hospital seeking to relocate its licensed beds.

29 (4) Subject to subsection (5), a hospital licensed under part

215 is not required to obtain a certificate of need to provide 1 or more of the covered clinical services listed in section 22203(10) in a federal ~~veterans~~-**veterans'** health care facility or to use long-term care unit beds or acute care beds that are owned and located in a federal ~~veterans~~-**veterans'** health care facility if the hospital satisfies each of the following criteria:

(a) The hospital has an active affiliation or sharing agreement with the federal ~~veterans~~-**veterans'** health care facility.

(b) The hospital has physicians who have faculty appointments at the federal ~~veterans~~-**veterans'** health care facility or has an affiliation with a medical school that is affiliated with a federal ~~veterans~~-**veterans'** health care facility and has physicians who have faculty appointments at the federal ~~veterans~~-**veterans'** health care facility.

(c) The hospital has an active grant or agreement with the state or federal government to provide 1 or more of the following functions relating to bioterrorism:

(i) Education.

(ii) Patient care.

(iii) Research.

(iv) Training.

(5) A hospital that provides 1 or more covered clinical services in a federal ~~veterans~~-**veterans'** health care facility or uses long-term care unit beds or acute care beds located in a federal ~~veterans~~-**veterans'** health care facility under subsection (4) may not utilize procedures performed at the federal ~~veterans~~-**veterans'** health care facility to demonstrate need or to satisfy a certificate of need review standard unless the covered clinical service provided at the federal ~~veterans~~-**veterans'** health care

1 facility was provided under a certificate of need.

2 (6) If a hospital licensed under part 215 had fewer than 70  
3 licensed beds on December 1, 2002, that hospital is not required to  
4 satisfy the minimum volume requirements under the certificate of  
5 need review standards for its existing operating rooms as long as  
6 those operating rooms continue to exist at that licensed hospital  
7 site.

8 (7) Before relocating beds under subsection (3)(b), the  
9 hospital seeking to relocate its beds shall provide the information  
10 requested by the department of ~~consumer and industry services~~  
11 **licensing and regulatory affairs** that will allow the department of  
12 ~~consumer and industry services~~ **licensing and regulatory affairs** to  
13 verify the number of licensed beds that were staffed and available  
14 for patient care at that hospital as of December 2, 2002. A  
15 ~~hospital shall transfer no more than 35% of its licensed beds to~~  
16 ~~another hospital or freestanding surgical outpatient facility under~~  
17 ~~subsection (3)(b) or (c) not more than 1 time after the effective~~  
18 ~~date of the amendatory act that added this subsection if the~~  
19 ~~hospital seeking to relocate its licensed beds or another hospital~~  
20 ~~owned by, under common control of, or having as a common parent the~~  
21 ~~hospital seeking to relocate its licensed beds is located in a city~~  
22 ~~that has a population of 750,000 or more.~~

23 (8) The licensed beds relocated under subsection (3)(b) or (c)  
24 ~~shall~~ **must** not be included as new beds in a hospital or as a new  
25 hospital under the certificate of need review standards for  
26 hospital beds. One of every 2 beds transferred under subsection  
27 (3)(b) up to a maximum of 100 ~~shall~~ **must** be beds that were staffed  
28 and available for patient care as of December 2, 2002. A hospital  
29 relocating beds under subsection (3)(b) shall not reactivate

1 licensed beds within that hospital that were unstaffed or  
2 unavailable for patient care on December 2, 2002 for a period of 5  
3 years after the date of the relocation of the licensed beds under  
4 subsection (3) (b).

5 (9) ~~No licensed~~ **Licensed** beds ~~shall~~ **must not** be physically  
6 relocated under subsection (3) if 7 or more members of the  
7 commission, after the appointment and confirmation of the 6  
8 additional commission members under section 22211 but before June  
9 15, 2003, determine that relocation of licensed beds under  
10 subsection (3) may cause great harm and detriment to the access and  
11 delivery of health care to the public and the relocation of beds  
12 should not occur without a certificate of need.

13 (10) An applicant seeking a certificate of need for the  
14 acquisition of an existing health facility may file a single,  
15 consolidated application for the certificate of need if the project  
16 results in the acquisition of an existing health facility but does  
17 not result in an increase or relocation of licensed beds or the  
18 initiation, expansion, or replacement of a covered clinical  
19 service. Except as otherwise provided in this subsection, a person  
20 acquiring an existing health facility is subject to the applicable  
21 certificate of need review standards in effect on the date of the  
22 transfer for the covered clinical services provided by the acquired  
23 health facility. The department may except 1 or more of the covered  
24 clinical services listed in section 22203(10) (b), except the  
25 covered clinical service listed in section 22203(10) (b) (iv), from  
26 the minimum volume requirements in the applicable certificate of  
27 need review standards in effect on the date of the transfer, if the  
28 equipment used in the covered clinical service is unable to meet  
29 the minimum volume requirements due to the technological incapacity

1 of the equipment. A covered clinical service excepted by the  
2 department under this subsection is subject to all the other  
3 provisions in the applicable certificate of need review standards  
4 in effect on the date of the transfer, except minimum volume  
5 requirements.

6 (11) An applicant seeking a certificate of need for the  
7 relocation or replacement of an existing health facility may file a  
8 single, consolidated application for the certificate of need if the  
9 project does not result in an increase of licensed beds or the  
10 initiation, expansion, or replacement of a covered clinical  
11 service. A person relocating or replacing an existing health  
12 facility is subject to the applicable certificate of need review  
13 standards in effect on the date of the relocation or replacement of  
14 the health facility.

15 (12) As used in this section, "sharing agreement" means a  
16 written agreement between a federal ~~veterans~~**veterans'** health care  
17 facility and a hospital licensed under part 215 for the use of the  
18 federal ~~veterans~~**veterans'** health care facility's beds or  
19 equipment, or both, to provide covered clinical services.

20 Sec. 22221. The department shall do all of the following:

21 (a) Subject to approval by the commission, promulgate rules to  
22 implement its powers and duties under this part.

23 (b) Report to the commission at least annually on the  
24 performance of the department's duties under this part.

25 (c) Develop proposed certificate of need review standards for  
26 submission to the commission.

27 (d) Administer and apply certificate of need review standards.  
28 In the review of certificate of need applications, the department  
29 shall consider relevant written communications from any person.

(e) Designate adequate staff or other resources to directly assist hospitals and nursing homes with less than 100 beds in the preparation of applications for certificates of need.

(f) By October 1, ~~2003, and annually thereafter,~~ **of each year,** report to the commission regarding the costs to the department of implementing this part and the certificate of need application fees collected under section 20161 in the immediately preceding state fiscal year.

(g) ~~Beginning January 1, 2003, annually~~ **Annually** adjust the \$2,500,000.00 threshold set forth in section 22203(9) by an amount determined by the state treasurer to reflect the annual percentage change in the ~~consumer price index,~~ **Consumer Price Index,** using data from the immediately preceding period of July 1 to June 30. As used in this subdivision, ~~"consumer price index"~~ **"Consumer Price Index"** means the most comprehensive index of consumer prices available for this state from the ~~bureau of labor statistics~~ **Bureau of Labor Statistics** of the United States ~~department of labor.~~ **Department of Labor.**

(h) Annually review the application process, including all forms, reports, and other materials that are required to be submitted with the application. If needed to promote administrative efficiency, revise the forms, reports, and any other materials required with the application.

(i) ~~Within 6 months after the effective date of the amendatory act that added this subdivision,~~ **By October 1, 2003,** create a consolidated application for a certificate of need for the relocation or replacement of an existing health facility.

(j) In consultation with the commission, define single project as it applies to capital expenditures.