

# MUNICIPAL HEALTH FACILITIES CORPORATIONS ACT (EXCERPT)

## Act 230 of 1987

### CHAPTER 1

#### 331.1101 Short title.

Sec. 101. This act shall be known and may be cited as the "municipal health facilities corporations act".

**History:** 1987, Act 230, Eff. Feb. 27, 1988;—Am. 1988, Act 502, Eff. Jan. 1, 1989.

#### 331.1102 Legislative finding.

Sec. 102. The health and welfare of the people of this state being a matter of primary public concern, the legislature finds that it is essential that local governmental units be provided with appropriate means and methods for the effective and efficient administration of hospitals in order to foster financial viability of local governmental units and the effective and efficient provision of health services, and for the establishment, maintenance, acquisition, expansion, renovation, financing, and refinancing of public health care facilities at reasonable cost. Therefore, the powers granted in this act constitute the performance of essential public purposes and governmental functions of this state and its local governmental units.

**History:** 1987, Act 230, Eff. Feb. 27, 1988;—Am. 1988, Act 502, Eff. Jan. 1, 1989.

#### 331.1103 Definitions.

Sec. 103. As used in this act:

- (a) "Board of trustees" means the board of trustees of a corporation created under or governed by this act.
- (b) "City" means a city establishing a corporation incorporated under, or governed by, this act.
- (c) "City public hospital" means a health care facility that is owned or operated by a city.
- (d) "Corporation" means a municipal health facilities corporation incorporated under this act or created under 1913 PA 350, MCL 331.151 to 331.169, or under 1945 PA 109, MCL 331.201 to 331.213, and governed by this act. The term includes a restructured corporation.
- (e) "Corporation obligation" means a bond, note, or any other legal instrument issued by a corporation or subsidiary corporation under chapter 4 that evidences indebtedness of a corporation or a subsidiary corporation, including principal, interest, and premiums, if any, on that indebtedness. Notes issued under section 401 are not considered corporation obligations.
- (f) "County" means a county establishing a corporation incorporated under, or governed by, this act.
- (g) "County public hospital" means a public corporation organized and existing or purportedly organized and existing under 1913 PA 350, MCL 331.151 to 331.169, or under 1945 PA 109, MCL 331.201 to 331.213, on the effective date of this act.
- (h) "Direct provider of health care" means a person or organization whose primary current activity is providing health services to individuals. The term includes a person or organization licensed, certified, or registered under article 6 or 15 of the public health code, 1978 PA 368, MCL 333.6101 to 333.6523 and 333.16101 to 333.18838, or a professional corporation or other public or private organization composed of or employing direct providers of health care.
- (i) "Health care facilities" means buildings, structures, or equipment suitable and intended for, or incidental or ancillary to, use in providing health services, including, but not limited to, hospitals; hospital long-term care units; infirmaries; sanatoria; nursing homes; medical care facilities; outpatient clinics; ambulatory care facilities; surgical and diagnostic facilities; hospices; clinical laboratories; shared service facilities; laundries; meeting rooms; classrooms and other educational facilities; students', nurses', interns', or physicians' residences; administration buildings; facilities for use as or by health maintenance organizations; facilities for ambulance operations, advanced mobile emergency care services, and limited advanced mobile emergency care services; research facilities; facilities for the care of dependent children; maintenance, storage, and utility facilities; parking lots and structures; garages; office facilities not less than 80% of the net leasable space of which is intended for lease to or other use by direct providers of health care; facilities for the temporary lodging of outpatients or families of patients; residential facilities for use by the aged or disabled; and all necessary, useful, or related equipment, furnishings, and appurtenances and all lands necessary or convenient as sites for the health care facilities described in this subdivision.
- (j) "Health services" means 1 or more of the following:
  - (i) Diagnosis and medical and surgical treatment by direct providers of health care of persons suffering from illness, injury, and disability, including persons suffering from tuberculosis and other contagious and infectious diseases, and persons requiring maternity care, rehabilitation, psychiatric care, or substance abuse services; dentistry and related services; podiatric medicine and surgery; optometric services; psychological

services; skilled, basic, and visiting nursing services and home health services; ambulance operations; advanced mobile emergency care services and limited advanced emergency services; physical, respiratory, and occupational therapy; health maintenance services; services for the prevention of illness, injury, and disability and for the promotion, maintenance, and improvement of public health and welfare; food services and care for dependent children, the disabled, and the elderly; and social work and chaplaincy services provided in conjunction with other health services described in this subparagraph.

(ii) Conduct of or participation in programs for the education and training of health services personnel, including undergraduate, internship, residency, postgraduate, and continuing education programs for physicians; schools and other training programs for nurses, technicians, therapists, pharmacists, and other health services personnel; and in-service education of employees of health care facilities.

(iii) Research relating to the cause, prevention, and treatment of illness, injury, and disability, and the protection, promotion, or improvement of public health and welfare.

(k) "Local governmental unit" means a county, city, or village.

(l) "Nonprofit health care organization" means a public body organized and existing under the laws of this state and authorized to provide health services, a nonprofit corporation incorporated under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192, or a not-for-profit corporation incorporated under the laws of another state and qualified to do business in this state, that is organized and operated exclusively for charitable, scientific, educational, or religious purposes and authorized to provide health services, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

(m) "Project costs" means the total of the reasonable or necessary costs incurred for carrying out the acquisition, construction, repair, remodeling, equipping, or re-equipping of health care facilities. The term includes, but is not limited to, any of the following costs: studies, surveys, plans, and specifications; architectural and engineering services; fees, charges, and expenses incurred in obtaining permits, approvals, and licenses for the acquisition, and initial operation of the health care construction, financing, facilities; legal, organizational, marketing, and other special services; acquisition, demolition, construction, equipment, and site development of new and rehabilitated buildings; rehabilitation, construction, repair, or remodeling of existing buildings; interest and carrying charges during construction and before full earnings are achieved but for a period not to exceed 3 years after the date of the corporation obligations; operating expenses before full earnings are achieved, but for a period not to exceed 1 year following completion of construction; and reasonable reserves for payment of principal and interest on corporation obligations, not exceeding 15% of the principal amount of the corporation obligations. Project costs shall also include reimbursement of a corporation or a subsidiary corporation for any of the project costs described in this section expended before the issuance and delivery of the corporation obligations.

(n) "Restructured corporation" means a corporation that has completed the process described in section 305a.

(o) "Restructured subsidiary corporation" means a subsidiary corporation that has completed the process described in section 305a.

(p) "Subsidiary board" means the board of trustees of a subsidiary corporation.

(q) "Subsidiary corporation" means a subsidiary municipal health facilities corporation incorporated under this act. The term includes a restructured subsidiary corporation.

(r) "Trustee" means a person serving on a board of trustees or a subsidiary board.

(s) "Village" means a village establishing a corporation incorporated under, or governed by, this act.

(t) "Village public hospital" means a health care facility that is owned or operated by a village.

**History:** 1987, Act 230, Eff. Feb. 27, 1988;—Am. 1988, Act 502, Eff. Jan. 1, 1989;—Am. 2010, Act 331, Imd. Eff. Dec. 21, 2010.