

**MENTAL HEALTH CODE (EXCERPT)**  
**Act 258 of 1974**

**330.1137 Psychiatric hospital and psychiatric unit, license required; disclosures; provisional license; violation; penalty; annual licensure; fees; receipt of completed application; issuance of license within certain time period; report; "completed application" defined.**

Sec. 137. (1) A person shall not construct, establish, or maintain a psychiatric hospital or psychiatric unit or use the terms psychiatric hospital or psychiatric unit without first obtaining a license. The director shall require an applicant or a licensee to disclose the names, addresses, and official positions of all persons who have an ownership interest in a psychiatric hospital or psychiatric unit. If the psychiatric hospital or psychiatric unit is located on or in real estate that is leased, the applicant or licensee shall disclose the name of the lessor and any direct or indirect interest that the applicant or licensee has in the lease other than as lessee. A license shall be granted for no longer than 1 year after the date of issuance, unless otherwise provided in sections 134 to 150. The director may issue a provisional license for 1 year to provide a licensee or applicant time to undertake remedial action to correct programmatic or physical plant deficiencies. A provisional license may be renewed for not longer than 1 additional year. A violation of this section is a misdemeanor and is punishable by a fine of not more than \$1,000.00 for each violation.

(2) Annual licensure of psychiatric hospitals and psychiatric units shall be implemented by March 28, 1997. License fees shall be prorated according to the period of time that the license will be in force.

(3) The department shall issue an initial license under this section not later than 6 months after the applicant files a completed application. Receipt of the application is considered the date the application is received by any agency or department of this state. If the application is considered incomplete by the department, the department shall notify the applicant in writing or make notice electronically available within 30 days after receipt of the incomplete application, describing the deficiency and requesting additional information. The 6-month period is tolled upon notification by the department of a deficiency until the date the requested information is received by the department. The determination of the completeness of an application is not an approval of the application for the license and does not confer eligibility on an applicant determined otherwise ineligible for issuance of a license.

(4) If the department fails to issue or deny a license or registration within the time required by this section, the department shall return the license fee and shall reduce the license fee for the applicant's next renewal application, if any, by 15%. Failure to issue or deny a license within the time period required under this section does not allow the department to otherwise delay the processing of the application. A completed application shall be placed in sequence with other completed applications received at that same time. The department shall not discriminate against an applicant in the processing of the application based on the fact that the application fee was refunded or discounted under this subsection.

(5) The director of the department shall submit a report by December 1 of each year to the standing committees and appropriations subcommittees of the senate and house of representatives concerned with issues relating to mental health. The director shall include all of the following information in the report concerning the preceding fiscal year:

(a) The number of initial applications the department received and completed within the 6-month time period described in subsection (3).

(b) The number of applications rejected.

(c) The number of applicants not issued a license within the 6-month time period and the amount of money returned to licensees under subsection (4).

(6) As used in this section, "completed application" means an application complete on its face and submitted with any applicable licensing fees as well as any other information, records, approval, security, or similar item required by law or rule from a local unit of government, a federal agency, or a private entity but not from another department or agency of this state.

**History:** 1974, Act 258, Eff. Aug. 6, 1975;—Am. 1976, Act 55, Eff. Mar. 31, 1977;—Am. 1994, Act 137, Eff. June 1, 1994;—Am. 1995, Act 290, Eff. Mar. 28, 1996;—Am. 2004, Act 259, Imd. Eff. July 23, 2004;—Am. 2015, Act 59, Eff. Oct. 1, 2015.

**Administrative rules:** R 330.1001 et seq. of the Michigan Administrative Code.