

HOUSE BILL NO. 5477

February 22, 2024, Introduced by Rep. Schriver and referred to the Committee on Government Operations.

A bill to amend 1978 PA 368, entitled "Public health code," by amending sections 2612, 20101, 20145, 20155, 20161, 20164, 20165, 20166, 21551, 21562, and 21563 (MCL 333.2612, 333.20101, 333.20145, 333.20155, 333.20161, 333.20164, 333.20165, 333.20166, 333.21551, 333.21562, and 333.21563), section 2612 as added by 1990 PA 138, sections 20101 and 20166 as amended by 1988 PA 332, sections 20145 and 21551 as amended by 2022 PA 265, sections 20155 and 20164 as amended by 2022 PA 187, section 20161 as amended by

2023 PA 138, section 20165 as amended by 2008 PA 39, and sections 21562 and 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~~ **State University** and other ~~parties~~ **persons**
3 determined appropriate by the department a nonprofit corporation
4 ~~pursuant to~~ **under** the nonprofit corporation act, ~~Act No. 162 of the~~
5 ~~Public Acts of 1982, being sections~~ **1982 PA 162, MCL** 450.2101 to
6 450.3192. ~~of the Michigan Compiled Laws.~~ The purpose of the
7 corporation ~~shall be~~ **is** to establish and operate a center for rural
8 health. In fulfilling its purpose, the corporation shall do all of
9 the following:

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

13 (b) Perform and coordinate research regarding rural health
14 issues.

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

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

20 (e) Suggest changes in medical education curriculum that would
21 ~~be beneficial to~~ **benefit** rural health.

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

23 (i) Applications for grants.

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

25 (iii) Needs assessments and planning activities for rural health

1 facilities.

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

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

4 (i) Establish and implement a visiting professor program.

5 (j) Conduct ~~consumer-oriented~~ **consumer-oriented** rural health
6 education programs.

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

13 (2) The incorporators of the corporation shall select a board
14 of directors consisting of a representative from each of the
15 following organizations:

16 (a) The Michigan ~~state medical society~~ **State Medical Society**
17 or its successor. The representative ~~appointed~~ **selected** under this
18 subdivision ~~shall~~ **must** be a physician practicing in a county with a
19 population of not more than 100,000.

20 (b) The Michigan ~~osteopathic physicians' society~~ **Osteopathic**
21 **Association** or its successor. The representative ~~appointed~~ **selected**
22 under this subdivision ~~shall~~ **must** be a physician practicing in a
23 county with a population of not more than 100,000.

24 (c) The Michigan ~~nurses association~~ **Nurses Association** or its
25 successor. The representative ~~appointed~~ **selected** under this
26 subdivision ~~shall~~ **must** be a nurse practicing in a county with a
27 population of not more than 100,000.

28 (d) The Michigan ~~hospital association~~ **Health and Hospital**
29 **Association** or its successor. The representative selected under

1 this subdivision ~~shall~~**must** be from a hospital in a county with a
2 population of not more than 100,000.

3 (e) The Michigan ~~primary care association~~**Primary Care**
4 **Association** or its successor. The representative ~~appointed~~**selected**
5 under this subdivision ~~shall~~**must** be a health professional
6 practicing in a county with a population of not more than 100,000.

7 (f) The Michigan ~~association~~**Association** for ~~local public~~
8 ~~health~~**Local Public Health** or its successor. The representative
9 ~~appointed~~**selected under this subdivision must be** from a county
10 health department for a county with a population of not more than
11 100,000 or from a district health department with at least 1 member
12 county with a population of not more than 100,000.

13 (g) The office of the governor.

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

15 (i) The department of ~~commerce~~**licensing and regulatory**
16 **affairs.**

17 (j) The Michigan senate. The individual selected under this
18 subdivision ~~shall~~**must** be from a district located at least in part
19 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 more
23 than 100,000.

24 (3) The board of directors of the corporation shall appoint an
25 internal management committee for the center for rural health. The
26 management committee ~~shall~~**must** consist of representatives from
27 each of the following:

28 (a) The ~~college~~**College** of ~~human medicine~~**Human Medicine** of
29 Michigan ~~state university~~**State University.**

1 (b) The ~~college~~**College** of ~~osteopathic medicine~~**Osteopathic**
2 **Medicine** of Michigan ~~state university~~**State University**.

3 (c) The ~~college~~**College** of ~~nursing~~**Nursing** of Michigan ~~state~~
4 ~~university~~**State University**.

5 (d) The ~~college~~**College** of ~~veterinary medicine~~**Veterinary**
6 **Medicine** of Michigan ~~state university~~**State University**.

7 (e) The ~~cooperative extension service of~~ Michigan ~~state~~
8 ~~university~~**State University Extension**.

9 (f) The department. ~~of public health.~~

10 Sec. 20101. (1) The words and phrases defined in sections
11 20102 to 20109 apply to all parts in this article ~~except part 222~~
12 and have the meanings ascribed to them in those sections.

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

15 Sec. 20145. (1) Before contracting for and initiating a
16 construction project involving new construction, additions,
17 modernizations, or conversions of a health facility or agency with
18 a capital expenditure of \$1,000,000.00 or more, a person shall
19 obtain a construction permit from the department. ~~The department~~
20 ~~shall not issue the permit under this subsection unless the~~
21 ~~applicant holds a valid certificate of need if a certificate of~~
22 ~~need is required for the project under part 222.~~

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

28 ~~(3) If a construction project requires a construction permit~~
29 ~~under subsection (1) or (2), but does not require a certificate of~~

1 ~~need under part 222, the department shall require the applicant to~~
2 ~~submit information considered necessary by the department to ensure~~
3 ~~that the capital expenditure for the project is not a covered~~
4 ~~capital expenditure as that term is defined in section 22203.~~

5 (3) ~~(4) If~~ **For** a construction project **that** requires a
6 construction permit under subsection (1), ~~but does not require a~~
7 ~~certificate of need under part 222,~~ the department shall require
8 the applicant to submit information on a 1-page sheet, along with
9 the application for a construction permit, consisting of all of the
10 following:

11 (a) A short description of the reason for the project and the
12 funding source.

13 (b) A contact person for further information, including **the**
14 **person's** address and telephone number.

15 (c) The estimated resulting increase or decrease in annual
16 operating costs.

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

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

19 (4) ~~(5)~~—The department shall make the information filed under
20 subsection ~~(4)~~—(3) publicly available by the same methods used to
21 make information about certificate of need applications **under**
22 **former part 222** publicly available.

23 (5) ~~(6)~~—The review and approval of architectural plans and
24 narrative must require that the proposed construction project is
25 designed and constructed in accord with applicable statutory and
26 other regulatory requirements. In performing a construction permit
27 review for a health facility or agency under this section, the
28 department shall, at a minimum, apply the standards contained in
29 the document entitled "Minimum Design Standards for Health Care

1 Facilities in Michigan" published by the department and dated July
2 2007. The standards are incorporated by reference for purposes of
3 this subsection. The department may promulgate rules that are more
4 stringent than the standards if necessary to protect the public
5 health, safety, and welfare.

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

9 (7) ~~(8)~~—The department may waive the applicability of this
10 section to a construction project or alteration if the waiver will
11 not affect the public health, safety, and welfare.

12 (8) ~~(9)~~—On request by the person initiating a construction
13 project, the department may review and issue a construction permit
14 to a construction project that is not subject to subsection (1) or
15 (2) if the department determines that the review will promote the
16 public health, safety, and welfare.

17 (9) ~~(10)~~—The department shall assess a fee for each review
18 conducted under this section. The fee is ~~.5%~~**0.5%** of the first
19 \$1,000,000.00 of capital expenditure and ~~.85%~~**0.85%** of any amount
20 over \$1,000,000.00 of capital expenditure, up to a maximum of
21 \$60,000.00.

22 (10) ~~(11)~~—As used in this section, "capital expenditure" means
23 ~~that term as defined in section 22203, except that capital~~
24 ~~expenditure does not include the cost of equipment that is not~~
25 ~~fixed equipment.~~**an expenditure for a single project, including cost**
26 **of construction, engineering, and fixed equipment that under**
27 **generally accepted accounting principles is not properly chargeable**
28 **as an expense of operation. Capital expenditure includes a lease or**
29 **comparable arrangement by or on behalf of a health facility to**

1 obtain a health facility, licensed part of a health facility, or
2 fixed equipment for a health facility, if the actual purchase of a
3 health facility, licensed part of a health facility, or fixed
4 equipment for a health facility would have been considered a
5 capital expenditure under former part 222. Capital expenditure
6 includes the cost of studies, surveys, designs, plans, working
7 drawings, specifications, and other activities essential to the
8 acquisition, improvement, expansion, addition, conversion,
9 modernization, new construction, or replacement of physical plant
10 and fixed equipment.

11 Sec. 20155. (1) Except as otherwise provided in this section,
12 the department shall make at least 1 visit to each licensed health
13 facility or agency every 3 years for survey and evaluation for the
14 purpose of licensure. A visit made according to a complaint must be
15 unannounced. Except for a county medical care facility, a home for
16 the aged, a nursing home, or a hospice residence, the department
17 shall determine whether the visits that are not made according to a
18 complaint are announced or unannounced. The department shall ensure
19 that each newly hired nursing home surveyor, as part of his or her
20 basic training, is assigned full-time to a licensed nursing home
21 for at least 10 days within a 14-day period to observe actual
22 operations outside of the survey process before the trainee begins
23 oversight responsibilities.

24 (2) The department shall establish a process that ensures both
25 of the following:

26 (a) A newly hired nursing home surveyor does not make
27 independent compliance decisions during his or her training period.

28 (b) A nursing home surveyor is not assigned as a member of a
29 survey team for a nursing home in which he or she received training

1 for 1 standard survey following the training received in that
2 nursing home.

3 (3) The department shall perform a criminal history check on
4 all nursing home surveyors in the manner provided for in section
5 20173a.

6 (4) A member of a survey team must not be employed by a
7 licensed nursing home or a nursing home management company doing
8 business in this state at the time of conducting a survey under
9 this section. The department shall not assign an individual to be a
10 member of a survey team for purposes of a survey, evaluation, or
11 consultation visit at a nursing home in which he or she was an
12 employee within the preceding 3 years.

13 (5) The department shall invite representatives from all
14 nursing home provider organizations and the state long-term care
15 ombudsman or his or her designee to participate in the planning
16 process for the joint provider and surveyor training sessions. The
17 department shall include at least 1 representative from nursing
18 home provider organizations that do not own or operate a nursing
19 home representing 30 or more nursing homes statewide in internal
20 surveyor group quality assurance training provided for the purpose
21 of general clarification and interpretation of existing or new
22 regulatory requirements and expectations.

23 (6) The department shall make available online the general
24 civil service position description related to the required
25 qualifications for individual surveyors. The department shall use
26 the required qualifications to hire, educate, develop, and evaluate
27 surveyors.

28 (7) The department shall semiannually provide for joint
29 training with nursing home surveyors and providers on at least 1 of

1 the 10 most frequently issued federal citations in this state
2 during the past calendar year. The department shall develop a
3 protocol for the review of citation patterns compared to regional
4 outcomes and standards and complaints regarding the nursing home
5 survey process. Except as otherwise provided in this subsection,
6 each member of a department nursing home survey team who is a
7 health professional licensee under article 15 shall earn not less
8 than 50% of his or her required continuing education credits, if
9 any, in geriatric care. If a member of a nursing home survey team
10 is a pharmacist licensed under article 15, he or she shall earn not
11 less than 30% of his or her required continuing education credits
12 in geriatric care.

13 (8) Subject to subsection (11), the department may waive the
14 visit required by subsection (1) if a health facility or agency,
15 requests a waiver and submits the following as applicable and if
16 all of the requirements of subsection (10) are met:

17 (a) Evidence that it is currently fully accredited by a body
18 with expertise in the health facility or agency type and the
19 accrediting organization is accepted by the United States
20 Department of Health and Human Services for purposes of 42 USC
21 1395bb.

22 (b) A copy of the most recent accreditation report, or
23 executive summary, issued by a body described in subdivision (a),
24 and the health facility's or agency's responses to the
25 accreditation report is submitted to the department at least 30
26 days from license renewal. Submission of an executive summary does
27 not prevent or prohibit the department from requesting the entire
28 accreditation report if the department considers it necessary.

29 (c) For a nursing home, a finding of substantial compliance or

1 an accepted plan of correction, if applicable, on the most recent
2 standard federal certification survey under part 221.

3 (9) Except as otherwise provided in subsection (13),
4 accreditation information provided to the department under
5 subsection (8) is confidential, is not a public record, and is not
6 subject to court subpoena. The department shall use the
7 accreditation information only as provided in this section and
8 properly destroy the documentation after a decision on the waiver
9 request is made.

10 (10) The department shall grant a waiver under subsection (8)
11 if the accreditation report submitted under subsection (8)(b) is
12 less than 3 years old or the most recent standard federal
13 certification survey under part 221 submitted under subsection
14 (8)(c) shows substantial compliance or an accepted plan of
15 correction, if applicable. If the accreditation report is too old,
16 the department may deny the waiver request and conduct the visits
17 required under subsection (8). Denial of a waiver request by the
18 department is not subject to appeal.

19 (11) This section does not prohibit the department from citing
20 a violation of this part during a survey, conducting investigations
21 or inspections according to section 20156, or conducting surveys of
22 health facilities or agencies for the purpose of complaint
23 investigations. This section does not prohibit the bureau of fire
24 services created in section 1b of the fire prevention code, 1941 PA
25 207, MCL 29.1b, from conducting annual surveys of hospitals,
26 nursing homes, and county medical care facilities.

27 (12) At the request of a health facility or agency other than
28 a health facility or agency defined in section 20106(1)(a), (d),
29 (h), and (i), the department may conduct a consultation engineering

1 survey of that health facility or agency and provide professional
2 advice and consultation regarding facility construction and design.
3 A health facility or agency may request a voluntary consultation
4 survey under this subsection at any time between licensure surveys.
5 The fees for a consultation engineering survey are the same as the
6 fees established for waivers under section ~~20161(8)~~. **20161(7)** .

7 (13) If the department determines that substantial
8 noncompliance with licensure standards exists or that deficiencies
9 that represent a threat to public safety or patient care exist
10 based on a review of an accreditation report submitted under
11 subsection (8)(b), the department shall prepare a written summary
12 of the substantial noncompliance or deficiencies and the health
13 facility's or agency's response to the department's determination.
14 The department's written summary and the health facility's or
15 agency's response are public documents.

16 (14) The department or a local health department shall conduct
17 investigations or inspections, other than inspections of financial
18 records, of a county medical care facility, home for the aged,
19 nursing home, or hospice residence without prior notice to the
20 health facility or agency. An employee of a state agency charged
21 with investigating or inspecting the health facility or agency or
22 an employee of a local health department who directly or indirectly
23 gives prior notice regarding an investigation or an inspection,
24 other than an inspection of the financial records, to the health
25 facility or agency or to an employee of the health facility or
26 agency, is guilty of a misdemeanor. Consultation visits that are
27 not for the purpose of annual or follow-up inspection or survey may
28 be announced.

29 (15) The department shall require periodic reports and a

1 health facility or agency shall give the department access to
2 books, records, and other documents maintained by a health facility
3 or agency to the extent necessary to carry out the purpose of this
4 article and the rules promulgated under this article. The
5 department shall not divulge or disclose the contents of the
6 patient's clinical records in a manner that identifies an
7 individual except under court order. The department may copy health
8 facility or agency records as required to document findings.
9 Surveyors shall use electronic resident information, whenever
10 available, as a source of survey-related data and shall request the
11 assistance of a health facility or agency to access the system to
12 maximize data export.

13 (16) The department may delegate survey, evaluation, or
14 consultation functions to another state agency or to a local health
15 department qualified to perform those functions. The department
16 shall not delegate survey, evaluation, or consultation functions to
17 a local health department that owns or operates a hospice or
18 hospice residence licensed under this article. The department shall
19 delegate under this subsection by cost reimbursement contract
20 between the department and the state agency or local health
21 department. The department shall not delegate survey, evaluation,
22 or consultation functions to nongovernmental agencies, except as
23 provided in this section. The licensee and the department must both
24 agree to the voluntary inspection described in this subsection.

25 (17) If, upon investigation, the department or a state agency
26 determines that an individual licensed to practice a profession in
27 this state has violated the applicable licensure statute or the
28 rules promulgated under that statute, the department, state agency,
29 or local health department shall forward the evidence it has to the

1 appropriate licensing agency.

2 (18) The department shall conduct a quarterly meeting and
3 invite appropriate stakeholders. The department shall invite as
4 appropriate stakeholders under this subsection at least 1
5 representative from each nursing home provider organization that
6 does not own or operate a nursing home representing 30 or more
7 nursing homes statewide, the state long-term care ombudsman or his
8 or her designee, and any other clinical experts. Individuals who
9 participate in these quarterly meetings, jointly with the
10 department, may designate advisory workgroups to develop
11 recommendations on opportunities for enhanced promotion of nursing
12 home performance, including, but not limited to, programs that
13 encourage and reward nursing homes that strive for excellence.

14 (19) A nursing home may use peer-reviewed, evidence-based,
15 nationally recognized clinical process guidelines or peer-reviewed,
16 evidence-based, best-practice resources to develop and implement
17 resident care policies and compliance protocols with measurable
18 outcomes to promote performance excellence.

19 (20) The department shall consider recommendations from an
20 advisory workgroup created under subsection (18). The department
21 may include training on new and revised peer-reviewed, evidence-
22 based, nationally recognized clinical process guidelines or peer-
23 reviewed, evidence-based, best-practice resources, which contain
24 measurable outcomes, in the joint provider and surveyor training
25 sessions to assist provider efforts toward improved regulatory
26 compliance and performance excellence and to foster a common
27 understanding of accepted peer-reviewed, evidence-based, best-
28 practice resources between providers and the survey agency. The
29 department shall post on its website all peer-reviewed, evidence-

1 based, nationally recognized clinical process guidelines and peer-
2 reviewed, evidence-based, best-practice resources used in a
3 training session under this subsection for provider, surveyor, and
4 public reference.

5 (21) A nursing home shall post the nursing home's survey
6 report in a conspicuous place within the nursing home for public
7 review.

8 (22) Nothing in this section limits the requirements of
9 related state and federal law.

10 Sec. 20161. (1) The department shall assess fees and other
11 assessments for health facility and agency licenses ~~and~~
12 ~~certificates of need~~ on an annual basis as provided in this
13 article. Until October 1, 2027, except as otherwise provided in
14 this article, fees and assessments must be paid as provided in the
15 following schedule:

16 (a) Freestanding surgical
17 outpatient facilities.....\$500.00 per facility license.

18 (b) Hospitals \$500.00 per facility license and
19 \$10.00 per licensed bed.

20 (c) Nursing homes, county
21 medical care facilities, and
22 hospital long-term care units\$500.00 per facility license and
23 \$3.00 per licensed bed over 100
24 licensed beds.

25 (d) Homes for the aged \$500.00 per facility license and
26 \$6.27 per licensed bed.

27 (e) Hospice agencies \$500.00 per agency license.

28 (f) Hospice residences \$500.00 per facility license and
29 \$5.00 per licensed bed.

1 (g) Subject to subsection
2 ~~(11)~~, **(10)**, quality assurance
3 assessment for nursing homes and
4 hospital long-term care units

5 an amount resulting in not more
6 than 6% of total industry
7 revenues.

8 (h) Subject to subsection
9 ~~(12)~~, **(11)**, quality assurance
10 assessment for hospitals

11 at a fixed or variable rate that
12 generates funds not more than
13 the maximum allowable under the
14 federal matching requirements,
15 after consideration for the
16 amounts in subsection ~~(12)(a)~~
17 **(11) (a)** and (i).

18 (i) Initial licensure
19 application fee for subdivisions

20 (a), (b), (c), (d), (e), and (f) ..\$2,000.00 per initial license.

21 (2) If a hospital requests the department to conduct a
22 certification survey for purposes of title XVIII or title XIX, the
23 hospital shall pay a license fee surcharge of \$23.00 per bed. As
24 used in this subsection:

25 (a) "Title XVIII" means title XVIII of the social security
26 act, 42 USC 1395 to 1395III.

27 (b) "Title XIX" means title XIX of the social security act, 42
28 USC 1396 to 1396w-7.

29 ~~(3) All of the following apply to the assessment under this~~

1 ~~section for certificates of need:~~

2 ~~(a) The base fee for a certificate of need is \$3,000.00 for~~
3 ~~each application. For a project requiring a projected capital~~
4 ~~expenditure of more than \$500,000.00 but less than \$4,000,000.00,~~
5 ~~an additional fee of \$5,000.00 is added to the base fee. For a~~
6 ~~project requiring a projected capital expenditure of \$4,000,000.00~~
7 ~~or more but less than \$10,000,000.00, an additional fee of~~
8 ~~\$8,000.00 is added to the base fee. For a project requiring a~~
9 ~~projected capital expenditure of \$10,000,000.00 or more, an~~
10 ~~additional fee of \$12,000.00 is added to the base fee.~~

11 ~~(b) In addition to the fees under subdivision (a), the~~
12 ~~applicant shall pay \$3,000.00 for any designated complex project~~
13 ~~including a project scheduled for comparative review or for a~~
14 ~~consolidated licensed health facility application for acquisition~~
15 ~~or replacement.~~

16 ~~(c) If required by the department, the applicant shall pay~~
17 ~~\$1,000.00 for a certificate of need application that receives~~
18 ~~expedited processing at the request of the applicant.~~

19 ~~(d) The department shall charge a fee of \$500.00 to review any~~
20 ~~letter of intent requesting or resulting in a waiver from~~
21 ~~certificate of need review and any amendment request to an approved~~
22 ~~certificate of need.~~

23 ~~(e) A health facility or agency that offers certificate of~~
24 ~~need covered clinical services shall pay \$100.00 for each~~
25 ~~certificate of need approved covered clinical service as part of~~
26 ~~the certificate of need annual survey at the time of submission of~~
27 ~~the survey data.~~

28 ~~(f) Except as otherwise provided in this section, the~~
29 ~~department shall use the fees collected under this subsection only~~

1 ~~to fund the certificate of need program. Funds remaining in the~~
 2 ~~certificate of need program at the end of the fiscal year do not~~
 3 ~~lapse to the general fund but remain available to fund the~~
 4 ~~certificate of need program in subsequent years.~~

5 (3) ~~(4)~~—A license issued under this part is effective for no
 6 longer than 1 year after the date of issuance.

7 (4) ~~(5)~~—Fees described in this section are payable to the
 8 department at the time an application for a license, permit, or
 9 certificate is submitted. If an application for a license, permit,
 10 or certificate is denied or if a license, permit, or certificate is
 11 revoked before its expiration date, the department shall not refund
 12 fees paid to the department.

13 (5) ~~(6)~~—The fee for a provisional license or temporary permit
 14 is the same as for a license. A license may be issued at the
 15 expiration date of a temporary permit without an additional fee for
 16 the balance of the period for which the fee was paid if the
 17 requirements for licensure are met.

18 (6) ~~(7)~~—The cost of licensure activities must be supported by
 19 license fees.

20 (7) ~~(8)~~—The application fee for a waiver under section 21564
 21 is \$200.00 plus \$40.00 per hour for the professional services and
 22 travel expenses directly related to processing the application. The
 23 travel expenses must be calculated in accordance with the state
 24 standardized travel regulations of the department of technology,
 25 management, and budget in effect at the time of the travel.

26 (8) ~~(9)~~—An applicant for licensure or renewal of licensure
 27 under part 209 shall pay the applicable fees set forth in part 209.

28 (9) ~~(10)~~—Except as otherwise provided in this section, the
 29 fees and assessments collected under this section must be deposited

1 in the state treasury, to the credit of the general fund. The
2 department may use the unreserved fund balance in fees and
3 assessments for the criminal history check program required under
4 this article.

5 (10) ~~(11)~~—The quality assurance assessment collected under
6 subsection (1)(g) and all federal matching funds attributed to that
7 assessment must be used only for the following purposes and under
8 the following specific circumstances:

9 (a) The quality assurance assessment and all federal matching
10 funds attributed to that assessment must be used to finance
11 Medicaid nursing home reimbursement payments. Only licensed nursing
12 homes and hospital long-term care units that are assessed the
13 quality assurance assessment and participate in the Medicaid
14 program are eligible for increased per diem Medicaid reimbursement
15 rates under this subdivision. A nursing home or long-term care unit
16 that is assessed the quality assurance assessment and that does not
17 pay the assessment required under subsection (1)(g) in accordance
18 with subdivision (c)(i) or in accordance with a written payment
19 agreement with this state shall not receive the increased per diem
20 Medicaid reimbursement rates under this subdivision until all of
21 its outstanding quality assurance assessments and any penalties
22 assessed under subdivision (f) have been paid in full. This
23 subdivision does not authorize or require the department to
24 overspend tax revenue in violation of the management and budget
25 act, 1984 PA 431, MCL 18.1101 to 18.1594.

26 (b) Except as otherwise provided under subdivision (c),
27 beginning October 1, 2005, the quality assurance assessment is
28 based on the total number of patient days of care each nursing home
29 and hospital long-term care unit provided to non-Medicare patients

1 within the immediately preceding year, must be assessed at a
2 uniform rate on October 1, 2005 and subsequently on October 1 of
3 each following year, and is payable on a quarterly basis, with the
4 first payment due 90 days after the date the assessment is
5 assessed.

6 (c) Within 30 days after September 30, 2005, the department
7 shall submit an application to the Centers for Medicare and
8 Medicaid Services to request a waiver according to 42 CFR 433.68(e)
9 to implement this subdivision as follows:

10 (i) If the waiver is approved, the quality assurance assessment
11 rate for a nursing home or hospital long-term care unit with less
12 than 40 licensed beds or with the maximum number, or more than the
13 maximum number, of licensed beds necessary to secure federal
14 approval of the application is \$2.00 per non-Medicare patient day
15 of care provided within the immediately preceding year or a rate as
16 otherwise altered on the application for the waiver to obtain
17 federal approval. If the waiver is approved, for all other nursing
18 homes and long-term care units the quality assurance assessment
19 rate is to be calculated by dividing the total statewide maximum
20 allowable assessment permitted under subsection (1)(g) less the
21 total amount to be paid by the nursing homes and long-term care
22 units with less than 40 licensed beds or with the maximum number,
23 or more than the maximum number, of licensed beds necessary to
24 secure federal approval of the application by the total number of
25 non-Medicare patient days of care provided within the immediately
26 preceding year by those nursing homes and long-term care units with
27 more than 39 licensed beds, but less than the maximum number of
28 licensed beds necessary to secure federal approval. The quality
29 assurance assessment, as provided under this subparagraph, must be

1 assessed in the first quarter after federal approval of the waiver
2 and must be subsequently assessed on October 1 of each following
3 year, and is payable on a quarterly basis, with the first payment
4 due 90 days after the date the assessment is assessed.

5 (ii) If the waiver is approved, continuing care retirement
6 centers are exempt from the quality assurance assessment if the
7 continuing care retirement center requires each center resident to
8 provide an initial life interest payment of \$150,000.00, on
9 average, per resident to ensure payment for that resident's
10 residency and services and the continuing care retirement center
11 utilizes all of the initial life interest payment before the
12 resident becomes eligible for medical assistance under the state's
13 Medicaid plan. As used in this subparagraph, "continuing care
14 retirement center" means a nursing care facility that provides
15 independent living services, assisted living services, and nursing
16 care and medical treatment services, in a campus-like setting that
17 has shared facilities or common areas, or both.

18 (d) Beginning May 10, 2002, the department shall increase the
19 per diem nursing home Medicaid reimbursement rates for the balance
20 of that year. For each subsequent year in which the quality
21 assurance assessment is assessed and collected, the department
22 shall maintain the Medicaid nursing home reimbursement payment
23 increase financed by the quality assurance assessment.

24 (e) The department shall implement this section in a manner
25 that complies with federal requirements necessary to ensure that
26 the quality assurance assessment qualifies for federal matching
27 funds.

28 (f) If a nursing home or a hospital long-term care unit fails
29 to pay the assessment required by subsection (1)(g), the department

1 may assess the nursing home or hospital long-term care unit a
2 penalty of 5% of the assessment for each month that the assessment
3 and penalty are not paid up to a maximum of 50% of the assessment.
4 The department may also refer for collection to the department of
5 treasury past due amounts consistent with section 13 of 1941 PA
6 122, MCL 205.13.

7 (g) The Medicaid nursing home quality assurance assessment
8 fund is established in the state treasury. The department shall
9 deposit the revenue raised through the quality assurance assessment
10 with the state treasurer for deposit in the Medicaid nursing home
11 quality assurance assessment fund.

12 (h) The department shall not implement this subsection in a
13 manner that conflicts with 42 USC 1396b(w).

14 (i) The quality assurance assessment collected under
15 subsection (1)(g) must be prorated on a quarterly basis for any
16 licensed beds added to or subtracted from a nursing home or
17 hospital long-term care unit since the immediately preceding July
18 1. Any adjustments in payments are due on the next quarterly
19 installment due date.

20 (j) In each fiscal year governed by this subsection, Medicaid
21 reimbursement rates must not be reduced below the Medicaid
22 reimbursement rates in effect on April 1, 2002 as a direct result
23 of the quality assurance assessment collected under subsection
24 (1)(g).

25 (k) The state retention amount of the quality assurance
26 assessment collected under subsection (1)(g) must be equal to 13.2%
27 of the federal funds generated by the nursing homes and hospital
28 long-term care units quality assurance assessment, including the
29 state retention amount. The state retention amount must be

1 appropriated each fiscal year to the department to support Medicaid
 2 expenditures for long-term care services. These funds must offset
 3 an identical amount of general fund/general purpose revenue
 4 originally appropriated for that purpose.

5 (l) Beginning October 1, 2027, the department shall not assess
 6 or collect the quality assurance assessment or apply for federal
 7 matching funds. The quality assurance assessment collected under
 8 subsection (1)(g) must not be assessed or collected after September
 9 30, 2011 if the quality assurance assessment is not eligible for
 10 federal matching funds. Any portion of the quality assurance
 11 assessment collected from a nursing home or hospital long-term care
 12 unit that is not eligible for federal matching funds must be
 13 returned to the nursing home or hospital long-term care unit.

14 (11) ~~(12)~~—The quality assurance dedication is an earmarked
 15 assessment collected under subsection (1)(h). That assessment and
 16 all federal matching funds attributed to that assessment must be
 17 used only for the following purpose and under the following
 18 specific circumstances:

19 (a) To maintain the increased Medicaid reimbursement rate
 20 increases as provided for in subdivision (c).

21 (b) The quality assurance assessment must be assessed on all
 22 net patient revenue, before deduction of expenses, less Medicare
 23 net revenue, as reported in the most recently available Medicare
 24 cost report and is payable on a quarterly basis, with the first
 25 payment due 90 days after the date the assessment is assessed. As
 26 used in this subdivision, "Medicare net revenue" includes Medicare
 27 payments and amounts collected for coinsurance and deductibles.

28 (c) Beginning October 1, 2002, the department shall increase
 29 the hospital Medicaid reimbursement rates for the balance of that

1 year. For each subsequent year in which the quality assurance
2 assessment is assessed and collected, the department shall maintain
3 the hospital Medicaid reimbursement rate increase financed by the
4 quality assurance assessments.

5 (d) The department shall implement this section in a manner
6 that complies with federal requirements necessary to ensure that
7 the quality assurance assessment qualifies for federal matching
8 funds.

9 (e) If a hospital fails to pay the assessment required by
10 subsection (1) (h), the department may assess the hospital a penalty
11 of 5% of the assessment for each month that the assessment and
12 penalty are not paid up to a maximum of 50% of the assessment. The
13 department may also refer for collection to the department of
14 treasury past due amounts consistent with section 13 of 1941 PA
15 122, MCL 205.13.

16 (f) The hospital quality assurance assessment fund is
17 established in the state treasury. The department shall deposit the
18 revenue raised through the quality assurance assessment with the
19 state treasurer for deposit in the hospital quality assurance
20 assessment fund.

21 (g) In each fiscal year governed by this subsection, the
22 quality assurance assessment must only be collected and expended if
23 Medicaid hospital inpatient DRG and outpatient reimbursement rates
24 and graduate medical education payments are not below the level of
25 rates and payments in effect on April 1, 2002 as a direct result of
26 the quality assurance assessment collected under subsection (1) (h),
27 except as provided in subdivision (h).

28 (h) The quality assurance assessment collected under
29 subsection (1) (h) must not be assessed or collected after September

1 30, 2011 if the quality assurance assessment is not eligible for
2 federal matching funds. Any portion of the quality assurance
3 assessment collected from a hospital that is not eligible for
4 federal matching funds must be returned to the hospital.

5 (i) The state retention amount of the quality assurance
6 assessment collected under subsection (1) (h) must be equal to 13.2%
7 of the federal funds generated by the hospital quality assurance
8 assessment, including the state retention amount. The 13.2% state
9 retention amount described in this subdivision does not apply to
10 the Healthy Michigan plan. Beginning in the fiscal year ending
11 September 30, 2018, and for each fiscal year thereafter, there is a
12 retention amount of at least \$118,420,600.00 for each fiscal year
13 for the Healthy Michigan plan. By May 31 of each year, the
14 department, the state budget office, and the Michigan Health and
15 Hospital Association shall identify an appropriate retention amount
16 for the Healthy Michigan plan. The state retention percentage must
17 be applied proportionately to each hospital quality assurance
18 assessment program to determine the retention amount for each
19 program. The state retention amount must be appropriated each
20 fiscal year to the department to support Medicaid expenditures for
21 hospital services and therapy. These funds must offset an identical
22 amount of general fund/general purpose revenue originally
23 appropriated for that purpose.

24 **(12)** ~~(13)~~—The department may establish a quality assurance
25 assessment to increase ambulance reimbursement as follows:

26 (a) The quality assurance assessment authorized under this
27 subsection must be used to provide reimbursement to Medicaid
28 ambulance providers. The department may promulgate rules to provide
29 the structure of the quality assurance assessment authorized under

1 this subsection and the level of the assessment.

2 (b) The department shall implement this subsection in a manner
3 that complies with federal requirements necessary to ensure that
4 the quality assurance assessment qualifies for federal matching
5 funds.

6 (c) The total annual collections by the department under this
7 subsection must not exceed \$20,000,000.00.

8 (d) The quality assurance assessment authorized under this
9 subsection must not be collected after October 1, 2027. The quality
10 assurance assessment authorized under this subsection must no
11 longer be collected or assessed if the quality assurance assessment
12 authorized under this subsection is not eligible for federal
13 matching funds.

14 (e) By November 1 of each year, the department shall send a
15 notification to each ambulance operation that will be assessed the
16 quality assurance assessment authorized under this subsection
17 during the year in which the notification is sent.

18 **(13)** ~~(14)~~—The quality assurance assessment provided for under
19 this section is a tax that is levied on a health facility or
20 agency.

21 **(14)** ~~(15)~~—As used in this section:

22 (a) "Healthy Michigan plan" means the medical assistance
23 program described in section 105d of the social welfare act, 1939
24 PA 280, MCL 400.105d, that has a federal matching fund rate of not
25 less than 90%.

26 (b) "Medicaid" means ~~that term as defined in section 22207.~~
27 **the program for medical assistance established under title XIX of**
28 **the social security act, 42 USC 1396 to 1396w-7, and administered**
29 **by the department of health and human services under the social**

1 **welfare act, 1939 PA 280, MCL 400.1 to 400.119b.**

2 Sec. 20164. (1) Except as provided in part 209, a license,
3 certification, provisional license, or limited license is valid for
4 not more than 1 year after the date of issuance.

5 (2) A license ~~, or certification, or certificate of need is~~
6 not transferable and must state the persons, buildings, and
7 properties to which it applies. ~~Applications for licensure or~~
8 ~~certification because of transfer of ownership or essential~~
9 ~~ownership interest must not be acted upon until satisfactory~~
10 ~~evidence is provided of compliance with part 222.~~

11 (3) If ownership is not voluntarily transferred, the
12 department must be notified immediately and the new owner shall
13 apply for a license and certification not later than 30 days after
14 the transfer.

15 Sec. 20165. (1) Except as otherwise provided in this section,
16 after notice of intent to an applicant or licensee to deny, limit,
17 suspend, or revoke the applicant's or licensee's license or
18 certification and an opportunity for a hearing, the department may
19 deny, limit, suspend, or revoke the license or certification or
20 impose an administrative fine on a licensee if 1 or more of the
21 following exist:

22 (a) Fraud or deceit in obtaining or attempting to obtain a
23 license or certification or in the operation of the licensed health
24 facility or agency.

25 (b) A violation of this article or a rule promulgated under
26 this article.

27 (c) False or misleading advertising.

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

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

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

5 (g) Failure to comply with section 10115.

6 (h) Failure to comply with **former** part 222 or a term,
7 condition, or stipulation of a certificate of need issued under
8 **former** part 222, or both. **This subdivision only applies to a**
9 **failure to comply that occurred before the effective date of the**
10 **amendatory act that repealed part 222.**

11 (i) A violation of section 20197(1).

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

16 (3) Denial, suspension, or revocation of an individual
17 emergency medical services personnel license under part 209 is
18 governed by section 20958.

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

23 Sec. 20166. (1) Notice of intent to deny, limit, suspend, or
24 revoke a license or certification ~~shall~~**must** be given by certified
25 mail or personal service, ~~shall~~ set forth the particular reasons
26 for the proposed action, and ~~shall~~ fix a date, not less ~~that~~**than**
27 30 days after the date of service, on which the applicant or
28 licensee ~~shall be~~**is** given the opportunity for a hearing before the
29 director or the director's authorized representative. The hearing

1 ~~shall~~**must** be conducted in accordance with the administrative
 2 procedures act of 1969 and rules promulgated by the department. A
 3 full and complete record ~~shall~~**must** be kept of the proceeding and
 4 ~~shall~~**must** be transcribed when requested by an interested party,
 5 who shall pay the cost of preparing the transcript.

6 (2) On the basis of a hearing or on the default of the
 7 applicant or licensee, the department may issue, deny, limit,
 8 suspend, or revoke a license or certification. A copy of the
 9 determination ~~shall~~**must** be sent by certified mail or served
 10 personally upon the applicant or licensee. The determination
 11 becomes final 30 days after it is mailed or served, unless the
 12 applicant or licensee within the 30 days appeals the decision to
 13 the circuit court in the county of jurisdiction or to the Ingham
 14 ~~county~~**County** circuit court.

15 (3) The department may establish procedures, hold hearings,
 16 administer oaths, issue subpoenas, or order testimony to be taken
 17 at a hearing or by deposition in a proceeding pending at any stage
 18 of the proceeding. A person may be compelled to appear and testify
 19 and to produce books, papers, or documents in a proceeding.

20 (4) In case of disobedience of a subpoena, a party to a
 21 hearing may invoke the aid of the circuit court of the jurisdiction
 22 in which the hearing is held to require the attendance and
 23 testimony of witnesses. The circuit court may issue an order
 24 requiring an individual to appear and give testimony. Failure to
 25 obey the order of the circuit court may be punished by the court as
 26 a contempt.

27 (5) The department shall not deny, limit, suspend, or revoke a
 28 license on the basis of an applicant's or licensee's failure to
 29 show a need for a health facility or agency unless the health

1 facility or agency ~~has~~**did** not ~~obtained~~**obtain** a certificate of
2 need **as** required by **former** part 222.

3 Sec. 21551. (1) A hospital licensed under this article and
4 located in a nonurbanized area may apply to the department to
5 temporarily delicense the following:

6 (a) Not more than 50% of its licensed beds for not more than 5
7 years.

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

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

22 (3) Except as otherwise provided in this section, for a period
23 of 90 days after January 1, 1991, if a hospital is located in a
24 distressed area and has an annual indigent volume consisting of not
25 less than 25% indigent patients, the hospital may apply to the
26 department to temporarily delicense not more than 50% of its
27 licensed beds for a period of not more than 2 years. On the receipt
28 of a complete application under this subsection, the department
29 shall temporarily delicense the beds indicated in the application.

1 The department shall not grant an extension of temporary
2 delicensure under this subsection.

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

6 (a) The number and location of the specific beds to be
7 delicensed.

8 (b) The period of time during which the beds will be
9 delicensed.

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

12 (5) A hospital that files an application under subsection (1)
13 or (3) may file an amended application with the department on a
14 form provided by the department. The hospital shall state on the
15 form the purpose of the amendment. If the hospital meets the
16 requirements of this section, the department shall so amend the
17 hospital's original application.

18 (6) An alternative use of space made available by the
19 delicensure of beds under this section does not result in a
20 violation of this article or the rules promulgated under this
21 article. Along with the application, an applicant for delicensure
22 under subsection (1) or (3) shall submit to the department plans
23 that indicate to the satisfaction of the department that the space
24 occupied by the beds proposed for temporary delicensure will be
25 used for 1 or more of the following:

26 (a) An alternative use that over the proposed period of
27 temporary delicensure would defray the depreciation and interest
28 costs that otherwise would be allocated to the space along with the
29 operating expenses related to the alternative use.

1 (b) To correct a licensing deficiency previously identified by
2 the department.

3 (c) Nonhospital purposes, including, but not limited to,
4 community service projects, if the depreciation and interest costs
5 for all capital expenditures that would otherwise be allocated to
6 the space, as well as any operating costs related to the proposed
7 alternative use, would not be considered as hospital costs for
8 purposes of reimbursement.

9 (7) The department shall relicense beds that are temporarily
10 delicensed under this section if all of the following requirements
11 are met:

12 (a) The hospital files with the department a written request
13 for relicensure not less than 90 days before the earlier of the
14 following:

15 (i) The expiration of the period for which delicensure was
16 granted.

17 (ii) The date upon which the hospital is requesting
18 relicensure.

19 (iii) The last hospital license renewal date in the delicensure
20 period.

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

26 (8) If a hospital does not meet all of the requirements of
27 subsection (7) or if a hospital decides to allow beds to become
28 permanently delicensed as described in subsection (2), then all of
29 the temporarily delicensed beds must be automatically and

1 permanently delicensed effective on the last day of the period for
2 which the department granted temporary delicensure.

3 ~~(9) The department of health and human services shall continue~~
4 ~~to count beds temporarily delicensed under this section in the~~
5 ~~department of health and human services' bed inventory for purposes~~
6 ~~of determining hospital bed need under part 222 in the hospital~~
7 ~~group in which the beds are located.~~ The department of health and
8 human services shall indicate in the bed inventory which beds are
9 licensed and which beds are temporarily delicensed under this
10 section. The department of health and human services shall not
11 include a hospital's temporarily delicensed beds in the hospital's
12 licensed bed count.

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

16 **(10)** ~~(11)~~ As used in this section:

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

19 (i) Had a negative population change from 2010 to the date of
20 the 2020 federal decennial census.

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

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

25 (iv) Was eligible for an urban development action grant from
26 the United States Department of Housing and Urban Development in
27 1984 and was listed in 49 FR No. 28 (February 9, 1984) or 49 FR No.
28 30 (February 13, 1984).

29 (v) Had an unemployment rate that was higher than the

1 statewide average for 3 of the 5 years from 1981 to 1985.

2 (b) "Indigent volume" means the ratio of a hospital's indigent
3 charges to its total charges expressed as a percentage as
4 determined by the department of health and human services after
5 November 12, 1990, under chapter 8 of the department of health and
6 human services guidelines titled "Medical Assistance Program
7 Manual".

8 (c) "Nonurbanized area" means an area that is not an urbanized
9 area.

10 (d) "Urbanized area" means that term as defined by the Office
11 of Federal Statistical Policy and Standards of the United States
12 Department of Commerce in the appendix entitled "General Procedures
13 and Definitions", 45 FR p. 962 (January 3, 1980), which document is
14 incorporated by reference.

15 Sec. 21562. (1) A hospital designated as a rural community
16 hospital under section 21561 shall be a limited service hospital
17 directed toward the delivery of not more than basic acute care
18 services in order to ~~assure~~**ensure** appropriate access in the rural
19 area.

20 (2) The rules promulgated to implement this part ~~shall~~**must**
21 require that a hospital designated as a rural community hospital
22 under section 21561 ~~shall~~ provide no more than the following
23 services:

24 (a) Emergency care.

25 (b) Stabilization care for transfer to another facility.

26 (c) Inpatient care.

27 (d) Radiology and laboratory services.

28 (e) Ambulatory care.

29 (f) Obstetrical services.

1 (g) Outpatient services.

2 (h) Other services determined as appropriate by the ~~ad hoc~~
3 ~~advisory committee created in subsection (5).~~ **department.**

4 (3) A rural community hospital shall enter into an agreement
5 with the department of ~~social~~ **health and human** services to
6 participate in the ~~medicaid~~ **Medicaid** program. As used in this
7 subsection, "~~medicaid~~" **"Medicaid"** means ~~that term as defined in~~
8 ~~section 22207.~~ **the program for medical assistance established under**
9 **title XIX of the social security act, 42 USC 1396 to 1396w-7, and**
10 **administered by the department of health and human services under**
11 **the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b.**

12 (4) A rural community hospital shall meet the conditions for
13 participation in the federal ~~medicare~~ **Medicare** program under title
14 XVIII of the social security act, **42 USC 1395 to 1395III.**

15 ~~(5) Not later than 3 months after the effective date of this~~
16 ~~section, the director shall appoint an ad hoc advisory committee to~~
17 ~~develop recommendations for rules to designate the maximum number~~
18 ~~of beds and the services to be provided by a rural community~~
19 ~~hospital. In developing recommendations under this subsection, the~~
20 ~~ad hoc advisory committee shall review the provisions of the code~~
21 ~~pertaining to hospital licensure in order to determine those~~
22 ~~provisions that should apply to rural community hospitals. The~~
23 ~~director shall direct the committee to report its recommendations~~
24 ~~to the department within 12 months after the committee is~~
25 ~~appointed. The ad hoc advisory committee shall be appointed as~~
26 ~~follows:~~

27 ~~(a) Twenty-five percent of the members shall be~~
28 ~~representatives from hospitals with fewer than 100 licensed beds.~~

29 ~~(b) Twenty-five percent of the members shall be~~

1 ~~representatives from health care provider organizations other than~~
 2 ~~hospitals.~~

3 ~~(c) Twenty-five percent of the members shall be~~
 4 ~~representatives from organizations whose membership includes~~
 5 ~~consumers of rural health care services or members of local~~
 6 ~~governmental units located in rural areas.~~

7 ~~(d) Twenty-five percent of the members shall be~~
 8 ~~representatives from purchasers or payers of rural health care~~
 9 ~~services.~~

10 **(5)** ~~(6)~~A hospital designated as a rural community hospital
 11 under section 21561 shall develop and implement a transfer
 12 agreement between the rural community hospital and 1 or more
 13 appropriate referral hospitals.

14 Sec. 21563. (1) The department ~~, in consultation with the ad~~
 15 ~~hoc advisory committee appointed under section 21562,~~ shall
 16 promulgate rules for designation of a rural community hospital,
 17 maximum number of beds, and the services provided by a rural
 18 community hospital. ~~The director shall submit proposed rules, based~~
 19 ~~on the recommendations of the committee, for public hearing not~~
 20 ~~later than 6 months after receiving the report under section~~
 21 ~~21562(5).~~

22 (2) The designation as a rural community hospital ~~shall~~**must**
 23 be shown on a hospital's license and ~~shall~~**must** be for the same
 24 term as the hospital license. Except as otherwise expressly
 25 provided in this part or in rules promulgated under this section, a
 26 rural community hospital ~~shall~~**must** be licensed and regulated in
 27 the same manner as a hospital otherwise licensed under this
 28 article. ~~The provisions of part 222 applicable to hospitals also~~
 29 ~~apply to a rural community hospital and to a hospital designated by~~

1 ~~the department under federal law as an essential access community~~
2 ~~hospital or a rural primary care hospital.~~ This part and the rules
3 promulgated under this part do not preclude the establishment of
4 differential reimbursement for rural community hospitals, essential
5 access community hospitals, and rural primary care hospitals.

6 Enacting section 1. The following acts and parts of acts are
7 repealed:

8 (a) Section 20143 of the public health code, 1978 PA 368, MCL
9 333.20143.

10 (b) Section 21420 of the public health code, 1978 PA 368, MCL
11 333.21420.

12 (c) Part 222 of the public health code, 1978 PA 368, MCL
13 333.22201 to 333.22260.

14 (d) Section 8t of 1945 PA 47, MCL 331.8t.

15 (e) Section 47 of the hospital finance authority act, 1969 PA
16 38, MCL 331.77.