



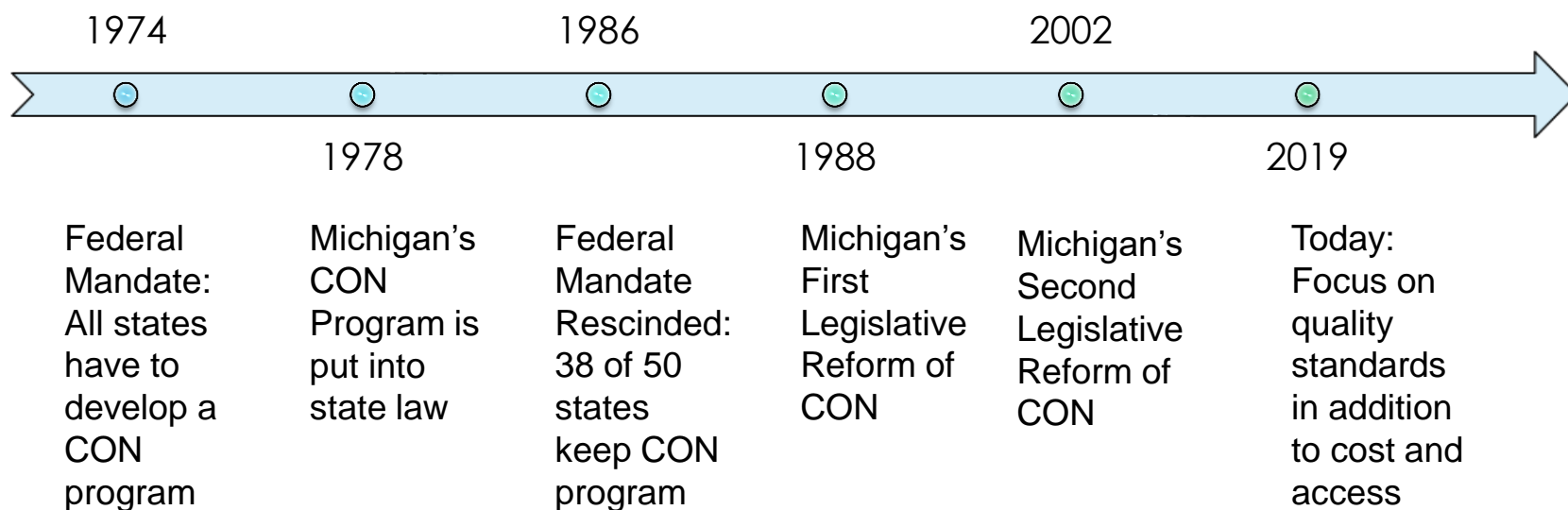
Michigan Certificate of Need Program

FEBRUARY 21, 2019

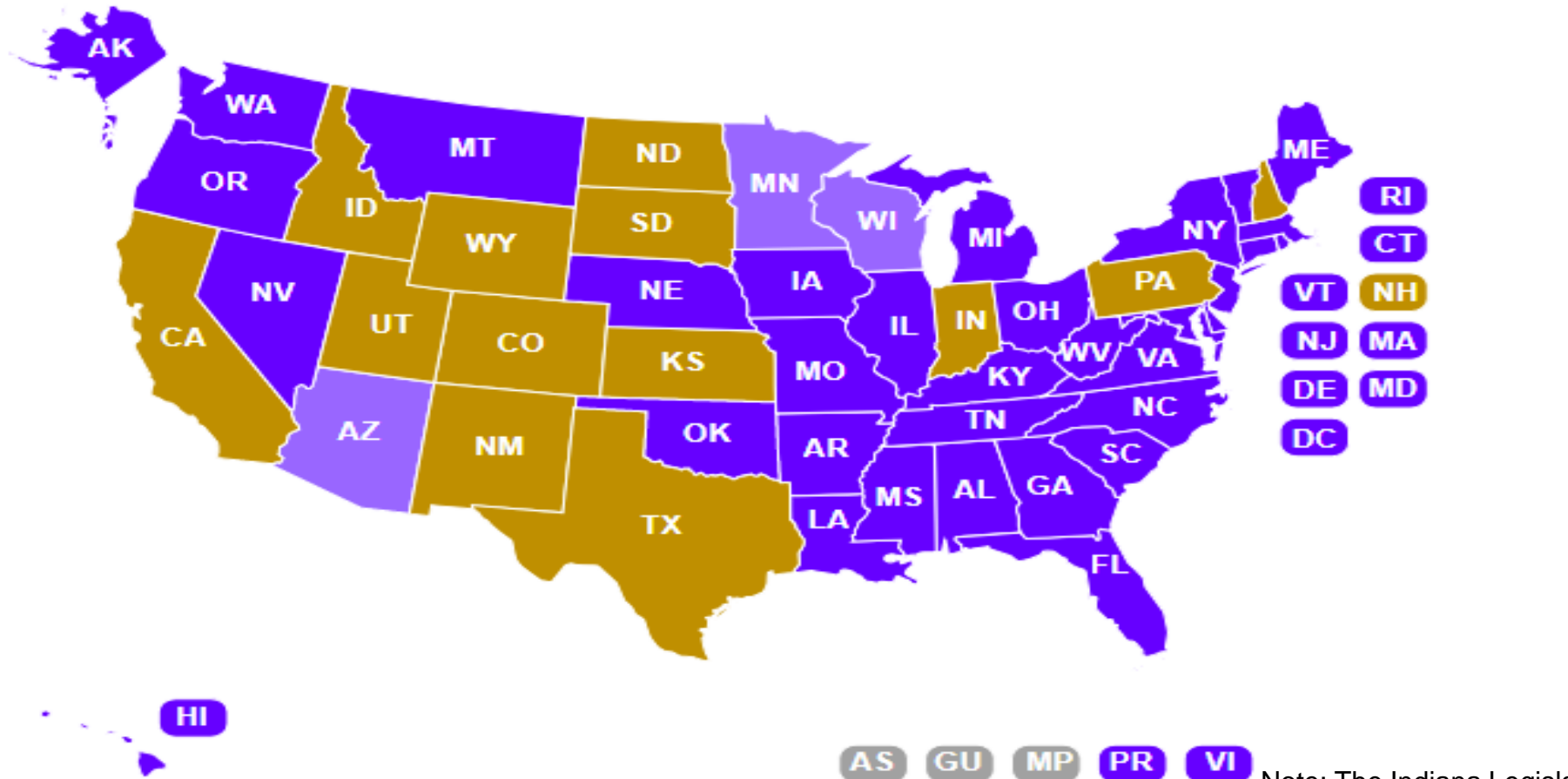
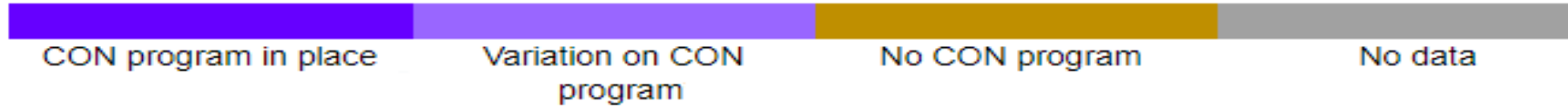
What is Certificate of Need (CON)?

- ▶ A health service, facility & equipment regulatory program
- ▶ Intended to balance cost, quality and access by ensuring that only needed health services are developed in Michigan
- ▶ Part 222 of the Public Health Code
- ▶ Two public bodies implement the program:
 - ▶ The Certificate of Need Commission develops and updates the standards for each regulated service, facility and equipment
 - ▶ Michigan Department of Health and Human Services operationalizes the program

Michigan Certificate of Need History



CERTIFICATE OF NEED STATE LAWS



Source: NCSL, August 2016

Note: The Indiana Legislature enacted legislation to begin a CON program in 2018.

The Certificate of Need Commission

Representation	Current Commissioners
Hospitals	James "Chip" Falahee - Bronson Healthcare System
Hospitals	Denise Brooks-Williams - Henry Ford Wyandotte Hospital
Physician - Doctors of Medicine	Melisa J. Oca, MD
Physician - Doctors of Osteopathic Medicine	Tressa Gardner, DO
Physician representing schools of medicine	Stewart C. Wang - University of Michigan
Nursing Homes	J. Lindsey Dood - Metron Integrated Health Systems
Nurses	Debra Guido-Allen, RN
Company self-insured for healthcare coverage	Melanie Lalonde - General Motors
Company not self-insured for healthcare coverage	Robert L. Hughes - Advantage Benefits Group
Nonprofit healthcare corporation or mutual disability insurer	Amy L. McKenzie, MD - Blue Cross Blue Shield of Michigan
Organized Labor Unions	Thomas Mittlebrun, III - Southeastern Michigan Chapter of the National Electrical Contractors Association

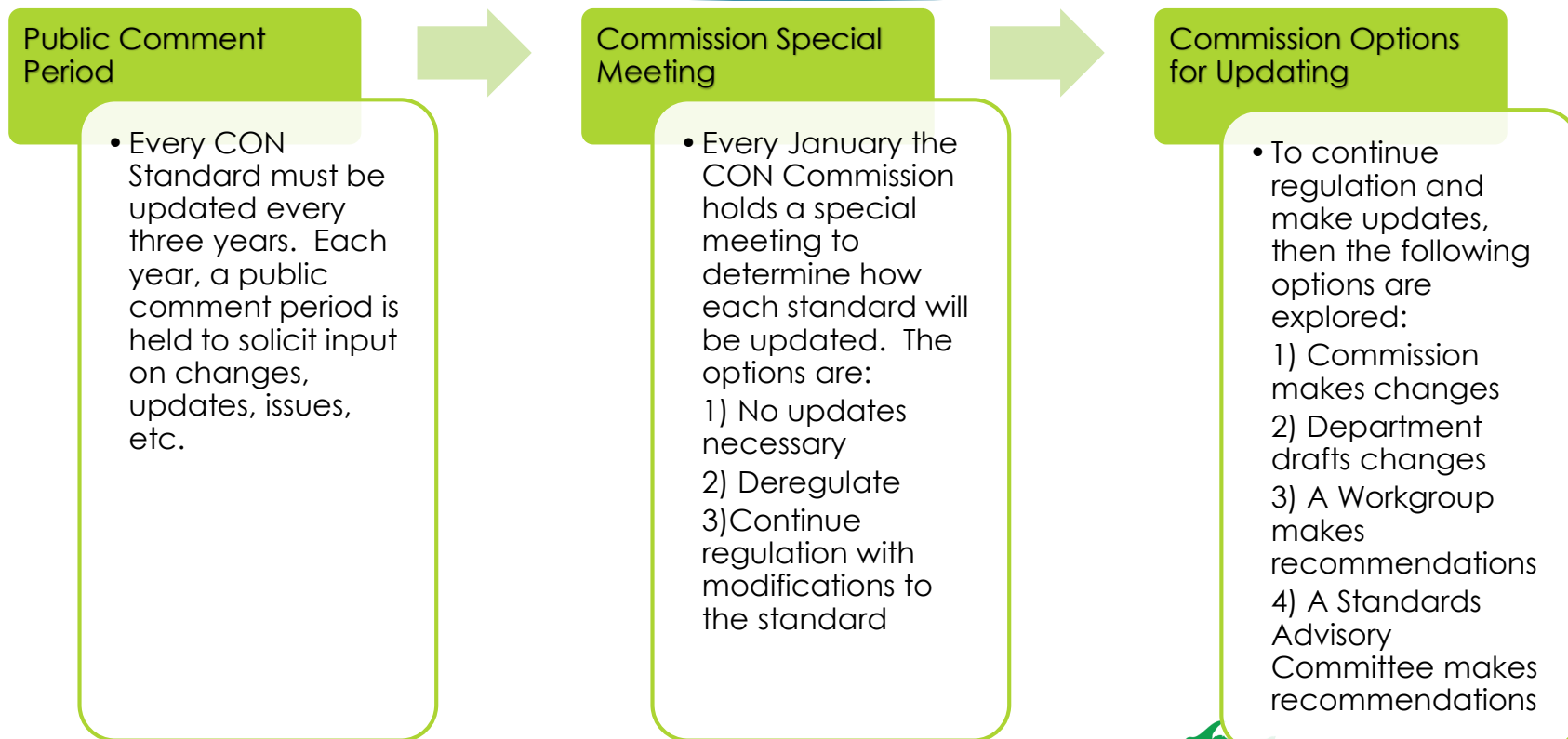
Certificate of Need Covered Services

- ▶ A healthcare provider must apply for a Certificate of Need in order to operate any one of the 15 covered clinical services

CON Covered Clinical Services

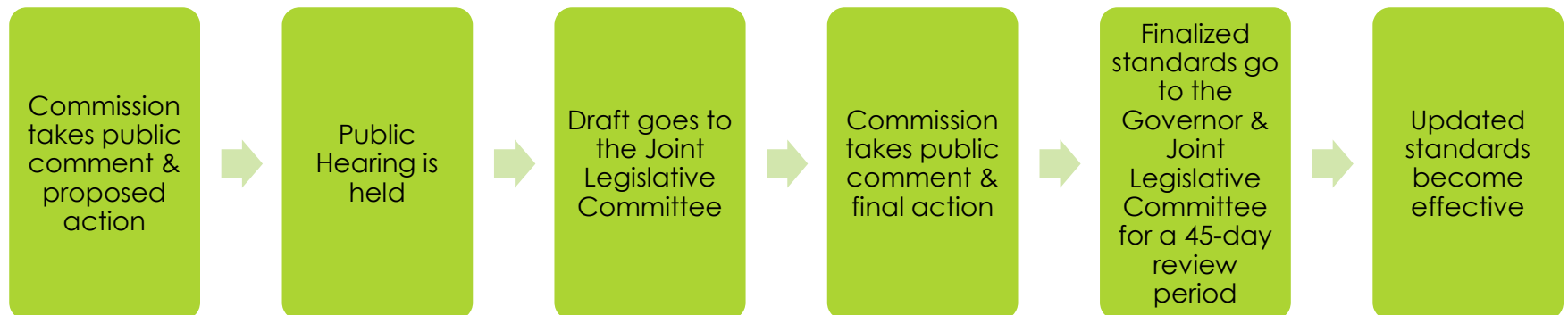
Air Ambulance Services (helicopters only)	Cardiac Catheterization Services
Computed Tomography (CT) Scanners	Hospital Beds
Magnetic Resonance Imaging (MRI)	Megavoltage Radiation Therapy (MRT)
Neonatal Intensive Care Units (NICU)	Nursing Home Beds
Open Heart Surgery Services	Positron Emission Tomography (PET) Scanners
Psychiatric Beds (Acute Inpatient)	Surgical Services
Transplant Services: Bone Marrow; Heart, Lung & Liver	Urinary Lithotripter Services

CON Standard Update Process



CON Standards Updating Process

- ▶ Recommendations presented to the Commission
- ▶ Commission may:
 - ▶ Accept the Recommendations
 - ▶ Make modifications
 - ▶ Reject the Recommendations
- ▶ If changes to the Standard are to be made, then:



When is a CON Approval required?

The following projects must obtain a CON:

- ▶ Begin operation of a health facility that is not currently licensed or acquire an existing health facility
- ▶ Make a change in the bed capacity of a health facility
- ▶ Initiate, replace or expand a covered clinical service
- ▶ Make a covered capital expenditure for a clinical area in a licensed health facility if the project exceeds \$3,325,000

Note: Thresholds are indexed annually by the department based on the Consumer Price Index.

Certificate of Need Application Process

File a Letter of Intent (LOI)

- MDHHS Processes within 15 Days



CON Application Filed

- Must be within one year of filing the LOI
- MDHHS evaluates completeness within 15 days



Application Review

- Non-Substantive Reviews are done in 45 days
- Substantive Reviews are done in 120 days
- Comparative Reviews are done in 150 days



**MDHHS
Director
Issues Final
Decision**

Certificate of Need FY 18 Data

- ▶ 371 Letters of Intent received and 99% processed within 15 days
- ▶ 174 Non-substantive Applications and 107 Substantive Applications were reviewed with 100% of decisions issued on time
 - ▶ 214 Applications approved
 - ▶ 65 Applications approved with conditions
 - ▶ 2 Applications disapproved
- ▶ 75 Amendment decisions were issued 100% on time
- ▶ 73 Waivers were processed