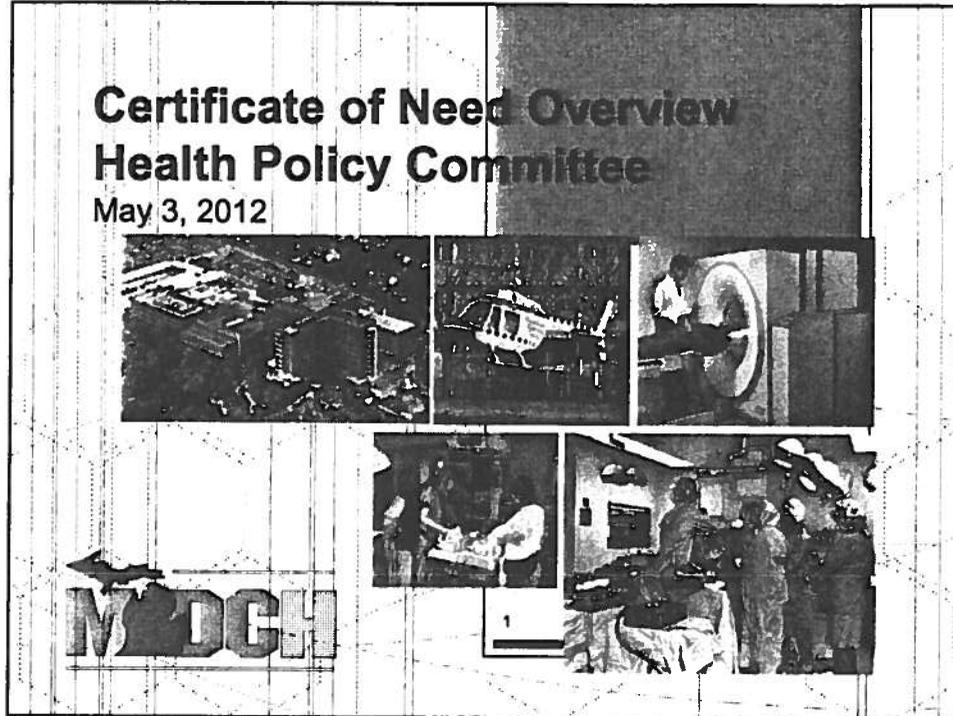


Submitted by
Scott Blakeney
and Tulika Bhattacharya



Certificate of Need

- The Certificate of Need (CON) program was mandated more than 30 years ago by Public Act 368 of 1978
- Focused on health planning, CON was expected to:
 - Contain costs of providing health services
 - Prevent unnecessary duplication of health resources
 - Increase access to quality health care services
- Health care organizations are required to demonstrate need before investing in a regulated facility, service or equipment
- *"Quality of care and better outcomes for some services can best be achieved by limiting the number of service providers, so that programs can achieve high volume and high-level proficiency."*

Source: National Health Planning and Resources Development Act

Certificate of Need



Commission

- Eleven members appointed by the Governor representing various stakeholder groups
- Responsible for determining services, equipment and health facilities to be covered and making recommendation to the Legislature
- Responsible for developing and revising standards for covered services, equipment and need for beds

Department

- Responsible for providing staff to support the Commission
- Responsible for reviewing applications based on compliance with the Public Health (PH) Code and CON Review Standards developed by the CON Commission
- Director issues the final decision of whether a project is approved or disapproved per PH Code and CON Standards

CON Commission Composition

Commission is made up of 11 members, MCL 333.22211:

- Two individuals representing hospitals
- One individual representing physicians licensed under part 170 (MD)
- One individual representing physicians licensed under part 175 (DO)
- One physician representing a school of medicine or osteopathic medicine
- One individual representing nursing homes
- One individual representing nurses
- One individual representing a company that is self-insured
- One individual representing a company that is not self-insured
- One individual representing a nonprofit health care corporation
- One individual representing organized labor unions

When a CON is Required

The following projects must obtain a CON [M.C.L. 333.22209(1)]:

- Acquire an existing health facility or begin operation of a health facility at a site that is not currently licensed for that type
- Make a change in the bed capacity of a health facility
- Initiate, replace or expand a covered clinical service
- Make a covered capital expenditure

Capital expenditure projects (i.e., construction, renovation) for a clinical area in a licensed health facility must obtain a CON if the projects exceeds [M.C.L. 333.22203]:

- \$3,012,500 for clinical service areas, as of January 2012

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

Covered Services & Beds

- Computed Tomography (CT) Scanners
- Magnetic Resonance Imaging (MRI) Units
- Positron Emission Tomography (PET) Scanners
- Cardiac Catheterizations
- Megavoltage Radiation Therapy (MRT) Services
- Open Heart Surgery
- Surgical Services (Hospital & Freestanding)
- Transplantation Services (Heart/Lung/Liver, Pancreas, Bone Marrow)
- Urinary Lithotripters
- Air Ambulance (Helicopters)
- Hospital Beds (Including NICU & Swing Beds)
- Nursing Home/Hospital LTCU Beds
- Psychiatric Beds



CON Commission Activity

- Statutory authority for review of standards: MCL 22215(1)(m) requires that standards be reviewed, and revised if necessary, every three years.
- Completed to date FY2012
 - Cardiac Catheterization Services
 - Computed Tomography (CT) Scanner Services
 - Magnetic Resonance Imaging (MRI) Services
 - Megavoltage Radiation Therapy (MRT) Services/Units
 - Positron Emission Tomography (PET) Scanner Services
 - Surgical Services
- Scheduled for review in FY2012-13
 - Bone Marrow Transplantation (BMT) Services
 - Heart/Lung and Liver Transplantation Services
 - Hospital Beds
 - Magnetic Resonance Imaging (MRI) Services
 - Open Heart Surgery (OHS) Services
 - Pancreas Transplantation Services
 - Positron Emission Tomography (PET) Services
 - Psychiatric Beds and Services

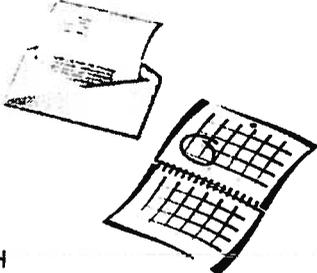
Developing CON Standards

- Process for developing new or revised standards per Section 22215 of CON law:
 - The CON Commission may convene a standard advisory committee (SAC) or request the service of private consultant to develop draft language
 - MDCH and the Office of the Attorney General consider the proposed standards and make recommendations based on legal analysis and implementation
 - The CON Commission approves, disapproves or revises proposed standards
 - The CON Commission holds a public hearing on the proposed standards and sends them to the Joint Legislative Committee (JLC) with a copy of the public hearing notice and a summary of the expected impact of the proposed action
 - The CON Commission meets to approve, disapprove or revise the proposed FINAL CON review standards
 - If approved, the Commission chairperson forwards the standards and concise summary of the expected impact to each member of the JLC and the Governor for a 45-day review period that includes at least nine legislative days
 - The CON review standards become effective and binding on all parties and are sent to the Office of Regulatory Reform to be published in the Michigan Register

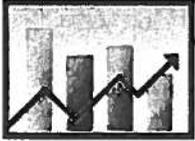
Standard Advisory Committee (SAC)

- Public Health Code, Act 368 [(MCL 333.22215) (1)(l)] states:
"If the Commission determines it necessary, appoint standard advisory committees to assist in the development of proposed certificate of need review standards ..."
- Comprised of experts, providers, purchasers, payers, consumers
- Various geographic locations and organizations
- Lasts up to six months
- This is an open process which provides an opportunity for public participation and comment
- Public comment also available at Commission meetings and prior to any standards going into effect

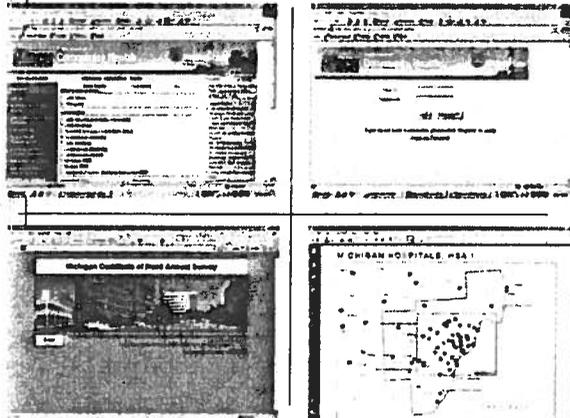
Process Outline and Requirements

- Letter of Intent (LOI) filed
 - CON Application filed
 - Submitted within one year of filing LOI
 - Application completeness check
 - Application review
 - Non-substantive
 - Substantive
 - Potential Comparative
 - Decision issued by the Director of DCH
 - Appeal Process
 - if DCH denies an application the applicant may appeal to the ALJ and circuit court
 - Amendments
 - Project Implementation Progress Report
 - One year 100% complete or enforceable equipment/construction contract
 - Two years equipment installed or construction started
 - Completion date based on timeline submitted with approved application
- 

FY2011 CON Evaluation Statistics

- Letters of Intent Received – 441
 - Applications received – 318
 - Decisions issued – 325
 - Approved – 299
 - Approved w/conditions – 25
 - Disapproved – 1
- 
- LOIs processed within statutory timeframe – 99.3%
 - Complete applications processed within statutory timeframe – 99.0%
 - Decisions made within statutory timeframe – 99.0%

Improving the Process Web Site: www.michigan.gov/con



Highlights

- Website
- Online Application System
- Online Survey System
- Online Mapping System
- Electronic Record Storage
- Seminar & ListServ

Questions?

Thank You.

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