

SPARROW HEALTH SYSTEM

CERTIFICATE OF NEED

GUIDING PRINCIPLES

The Sparrow Health System supports the continuation of the Certificate of Need program in the State of Michigan primarily because of inadequate governmental payments for Medicare and Medicaid beneficiaries, which undermines rational marketplace behavior due to the inconsistent distribution of uninsured/underinsured patients.

1. The geographical boundaries for the health services areas for Certificate of Needs is in dire need of being revised. The most rational approach to revision would be to utilize physician and hospital referral patterns, which currently exist in Michigan and are documented by both the Dartmouth Atlas and the Blue Cross Blue Shield of Michigan Dartmouth Atlas (see map next page).
2. The Certificate of Need threshold for existing space, which will be renovated and does not involve a change in services or licensed bed capacity, should be eliminated. The renovation should be for a specific project within a defined campus. (A recent change in interpretation by the Michigan Department of Community Health, which has required the filing of additional CON's, has caused a significant increase in administrative expenses for projects and significant delays for renovations).
3. A process must be developed to examine the application and expansion of new technology on a more timely basis and a clear definition related to equipment upgrades must occur (For example, does new software on an existing piece of equipment such as an MRI require a CON).
4. Develop clear definitions of timeframes (such as a one-year period) that would require the aggregate renovation dollars for a specific project.
5. The capital reimbursement from Medicaid should not be tied to receiving a CON on a project, whether or not a CON was required for that project.

