

# HOUSE BILL No. 6251

June 18, 2008, Introduced by Reps. Robert Jones, Angerer, Brown, Simpson, Valentine, Donigan, Leland, Ebli, Miller, Meisner, Polidori, Bennett, Corriveau, Dean, Meadows and Clemente and referred to the Committee on Senior Health, Security, and Retirement.

A bill to amend 1978 PA 368, entitled  
"Public health code,"  
(MCL 333.1101 to 333.25211) by adding section 22225a.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           SEC. 22225A. (1) IN ORDER TO BE APPROVED UNDER THIS PART, AN  
2    APPLICANT FOR A CERTIFICATE OF NEED TO ACQUIRE OR BEGIN OPERATION  
3    OF A NURSING HOME OR TO MAKE A CHANGE IN BED CAPACITY IN LICENSED  
4    NURSING HOME BEDS SHALL FURNISH A SURETY BOND TO THE PEOPLE OF THE  
5    STATE OF MICHIGAN. EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION,  
6    THE AMOUNT OF THE SURETY BOND SHALL EQUAL OR EXCEED THE TOTAL COST  
7    TO ACQUIRE OR BEGIN OPERATION OF A NURSING HOME OR TO MAKE THE  
8    CHANGE IN BED CAPACITY IN LICENSED NURSING HOME BEDS, AS DETERMINED  
9    BY THE DEPARTMENT. THE AMOUNT OF THE SURETY BOND REQUIRED UNDER

1 THIS SUBSECTION SHALL NOT BE LESS THAN \$25,000.00 OR BE GREATER  
2 THAN \$500,000.00. THE SURETY BOND SHALL BE CONDITIONED UPON THE  
3 CONTINUED OPERATION OF THE NURSING HOME BY THE APPLICANT. THE  
4 SURETY BOND SHALL BE APPROVED BY THE DEPARTMENT. IN LIEU OF A  
5 SURETY BOND, THE DEPARTMENT MAY BY RULE PROVIDE FOR AN APPROPRIATE  
6 DEPOSIT OF CASH OR SECURITIES, A LETTER OF CREDIT, OR THE  
7 ASSIGNMENT OF COVERAGE OF OTHER BONDS IF THE DEPARTMENT IS  
8 SATISFIED THAT COMPARABLE OR MORE EXTENSIVE COVERAGE RESULTS.

9 (2) THE DEPARTMENT SHALL ESTABLISH PROCEDURES TO, AND UNDER  
10 THOSE PROCEDURES MAY, DEMAND PAYMENT FROM THE SURETY OR DRAW UPON  
11 THE DEPOSIT OF CASH OR SECURITIES, LETTER OF CREDIT, OR ASSIGNMENT  
12 OF COVERAGE OF OTHER BONDS IF THE NURSING HOME DISCONTINUES,  
13 VOLUNTARILY OR INVOLUNTARILY, ITS OPERATIONS, IF A RECEIVER OF THE  
14 NURSING HOME IS APPOINTED UNDER SECTION 21751, OR IF A TEMPORARY  
15 MANAGER IS APPOINTED UNDER SECTION 21799B(1)(F). UPON FULL  
16 SETTLEMENT OF ALLOWED CLAIMS FROM THE BOND, DEPOSIT OF CASH OR  
17 SECURITIES, LETTER OF CREDIT, OR ASSIGNMENT OF COVERAGE OF OTHER  
18 BONDS, THE DEPARTMENT SHALL RETURN ANY REMAINING ASSETS OF THOSE  
19 RESOURCES TO THE NURSING HOME.

20 (3) THE DEPARTMENT MAY BRING AN ACTION IN A COURT OF COMPETENT  
21 JURISDICTION AGAINST THE NURSING HOME, ITS ASSETS, OR THE SURETY ON  
22 THE BOND OR MAY TAKE ANY APPROPRIATE ACTION AGAINST THE ISSUER OF  
23 THE DEPOSIT OF SECURITIES, LETTER OF CREDIT, OR ASSIGNMENT OF  
24 COVERAGE OF OTHER BONDS FOR RECOVERY OF MONEY DUE AND OWING TO THE  
25 DEPARTMENT UNDER THIS ACT.

26 (4) THE DEPARTMENT SHALL REQUIRE THAT THE SURETY BOND OR  
27 DEPOSIT OF CASH OR SECURITIES, LETTER OF CREDIT, OR ASSIGNMENT OF

1 COVERAGE OF OTHER BONDS BE AND REMAIN IN EFFECT BEFORE ISSUANCE OR  
2 RENEWAL OF A NURSING HOME LICENSE UNDER PART 217.