

SUBSTITUTE FOR  
SENATE BILL NO. 1110

A bill to amend 2016 PA 560, entitled  
"Michigan veterans' facility authority act,"  
by amending the title and sections 2, 3, 5, and 6 (MCL 36.102,  
36.103, 36.105, and 36.106), sections 3, 5, and 6 as amended by  
2018 PA 630, and by adding sections 6a, 6c, and 12a; and to repeal  
acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE  
2 An act to create the Michigan veterans' facility authority; to  
3 develop and operate certain veterans' facilities; to create funds  
4 and accounts; to authorize the issuing of bonds and notes; to  
5 prescribe the powers and duties of the authority and certain state  
6 departments and other state officials and employees; ~~and to require~~



1 **the promulgation of rules; and** to make appropriations and prescribe  
 2 certain conditions for the appropriations.

3 Sec. 2. As used in this act:

4 (a) "Authority" means the Michigan veterans' facility  
 5 authority created under section 3.

6 (b) ~~"Board"~~ **"Authority board" or "board"** means the board of  
 7 directors of the authority.

8 (c) "Bond" means a bond, note, or other obligation issued by  
 9 the authority under this act.

10 (d) "Department" means the department of military and veterans  
 11 affairs.

12 (e) "Develop" means to plan, acquire, construct, improve,  
 13 enlarge, maintain, renew, renovate, repair, replace, lease, equip,  
 14 furnish, market, promote, manage, or operate.

15 (f) **"Michigan veteran homes" means the administrative entity**  
 16 **that centrally manages and operates veterans' facilities in this**  
 17 **state.**

18 (g) ~~(f)~~ "Veteran" means an individual who meets both of the  
 19 following:

20 (i) Is a veteran as defined in section 1 of 1965 PA 190, MCL  
 21 35.61.

22 (ii) Was honorably discharged.

23 (h) ~~(g)~~ "Veterans' facility" means a long-term care facility  
 24 and ancillary facilities for veterans and their dependents as  
 25 determined by the authority.

26 Sec. 3. (1) The Michigan veterans' facility authority is  
 27 created as a public body corporate and politic within the  
 28 department. The authority shall be administered under the  
 29 supervision of the department but shall exercise its prescribed



1 statutory powers, duties, and functions independently of the  
 2 department as an autonomous entity within the department. The  
 3 exercise by the authority of the powers conferred by this act is an  
 4 essential governmental function of this state.

5       **(2) The authority shall provide general oversight and**  
 6 **governance of Michigan veteran homes and veterans' facilities in**  
 7 **this state. The authority shall promulgate rules to implement this**  
 8 **act under the administrative procedures act of 1969, 1969 PA 306,**  
 9 **MCL 24.201 to 24.328. Rules promulgated by the prior board of**  
 10 **managers under former 1885 PA 152 and in effect on the effective**  
 11 **date of the amendatory act that added this subsection continue in**  
 12 **effect to the extent that the rules do not conflict with this act**  
 13 **and may be amended or rescinded by the authority.**

14       **(3) ~~(2)~~**Notwithstanding the existence of common management,  
 15 the authority ~~shall~~**must** be treated and accounted for as a separate  
 16 legal entity with its separate corporate purposes as set forth in  
 17 this act. The assets, liabilities, and funds of the authority ~~shall~~  
 18 **must** not be consolidated or commingled with those of this state.

19       Sec. 5. (1) The authority shall exercise its duties through a  
 20 board of directors.

21       (2) The board shall be made up of the following members:

22       (a) Subject to subsection (7), the director of the department.

23       (b) Three members with professional knowledge, skill, or  
 24 experience in long-term care, health care licensure or finance, or  
 25 medicine who represent the interests of 1 or more congressionally  
 26 chartered veterans' organizations appointed by the governor with  
 27 the advice and consent of the senate.

28       (c) Three members with professional knowledge, skill, or  
 29 experience in long-term care, health care licensure or finance, or



1 medicine appointed by the governor with the advice and consent of  
2 the senate. One of the members appointed under this subdivision  
3 ~~shall~~**must** be a resident of the Upper Peninsula of this state.

4 (d) One member appointed by the governor from a list of 2 or  
5 more individuals selected by the majority leader of the senate,  
6 with professional knowledge, skill, or experience in long-term  
7 care, health care licensure or finance, or medicine.

8 (e) One member appointed by the governor from a list of 2 or  
9 more individuals selected by the speaker of the house of  
10 representatives, with professional knowledge, skill, or experience  
11 in long-term care, health care licensure or finance, or medicine.

12 (3) The appointed members shall serve for terms of 4 years. Of  
13 the 5 members first appointed, ~~1~~**the governor** shall ~~be appointed~~  
14 **appoint 1** for an initial term of 1 year, ~~2 shall be appointed for~~  
15 an initial term of 2 years, and ~~2 shall be appointed for~~ an initial  
16 term of 3 years. The appointed members shall serve until a  
17 successor is appointed. A vacancy ~~shall~~**must** be filled for the  
18 balance of the unexpired term in the same manner as the original  
19 appointment.

20 (4) A director of a state department who is a designated  
21 member of the board may appoint a representative to serve in his or  
22 her absence.

23 (5) Members of the board shall serve without compensation but  
24 may receive reasonable reimbursement for necessary travel and  
25 expenses incurred in the discharge of their duties.

26 (6) The director of the department shall serve as chairperson  
27 of the board until January 1, 2019. At that time, the board members  
28 shall elect a chairperson who is not the director of the department  
29 or his or her designee.



1 (7) One year after the second facility operated by the  
 2 authority is open and housing veterans, the director of the  
 3 department shall then serve as a nonvoting member of the board. A  
 4 new member who is a veteran who has professional knowledge, skill,  
 5 or experience in long-term care, health care licensure or finance,  
 6 or medicine shall be appointed by the governor with the advice and  
 7 consent of the senate.

8 (8) A majority of the appointed and serving members of the  
 9 board ~~shall~~ constitute a quorum of the board for the transaction of  
 10 business. Actions of the board ~~shall~~ **must** be approved by a majority  
 11 vote of the members present at a meeting.

12 (9) The members of the board shall recommend by name the  
 13 appointment of an executive director of the Michigan veterans'  
 14 facility authority, to be appointed by the governor. The executive  
 15 director is exempt from the classified state civil service and  
 16 serves at the pleasure of the governor. The executive director  
 17 shall administer the business operations of ~~Michigan veterans'~~  
 18 ~~facilities, as that term is defined under section 2a of 1985 PA~~  
 19 ~~152, MCL 36.2a, Michigan veteran homes~~, veterans' facilities  
 20 developed and operated under this act, and the authority. The  
 21 executive director shall receive compensation determined annually  
 22 by the authority.

23 (10) The authority may employ or contract for legal,  
 24 financial, and technical experts, and other officers, agents, and  
 25 employees, permanent and temporary, as the authority requires, and  
 26 shall determine their qualifications, duties, and compensation. The  
 27 board may delegate to 1 or more agents or employees any powers or  
 28 duties, and any limitations on those powers or duties, that the  
 29 board considers proper.



1 (11) The members of the board and officers and employees of  
2 the authority are subject to 1968 PA 317, MCL 15.321 to 15.330, and  
3 1968 PA 318, MCL 15.301 to 15.310.

4 (12) A member of the board or officer, employee, or agent of  
5 the authority shall discharge the duties of his or her position in  
6 a nonpartisan manner, with good faith, and with that degree of  
7 diligence, care, and skill that an ordinarily prudent ~~person~~  
8 **individual** would exercise under similar circumstances in a like  
9 position. In discharging his or her duties, a member of the board  
10 or an officer, employee, or agent, when acting in good faith, may  
11 rely upon the opinion of the authority's counsel, upon the report  
12 of an independent appraiser selected with reasonable care by the  
13 board, or upon the financial statements of the authority  
14 represented to him or her by the executive director, or an officer  
15 of the authority having charge of its books or account, to be  
16 correct, or stated in a written report by a certified public  
17 accountant, or firm of certified public accountants, to fairly  
18 reflect the financial condition of the authority.

19 (13) The board shall organize and make its own policies and  
20 procedures. The board shall conduct all business at public meetings  
21 held in compliance with the open meetings act, 1976 PA 267, MCL  
22 15.261 to 15.275. Public notice of the time, date, and place of  
23 each meeting shall be given in the manner required by the open  
24 meetings act, 1976 PA 267, MCL 15.261 to 15.275.

25 (14) Upon request by a member of the legislature, the board  
26 shall make nonprivileged information regarding the operations and  
27 accounts of the authority and nonprivileged information regarding  
28 the care provided to veterans at a veterans' facility available to  
29 members of the legislature.



1           Sec. 6. (1) The authority ~~shall have~~**has** all of the following  
2 powers:

3           **(a) To review and revise a system of oversight and governance**  
4 **for Michigan veteran homes, that must include all rules,**  
5 **regulations, and laws necessary for effective management and**  
6 **preserving the health and welfare of veterans and dependents**  
7 **residing at veterans' facilities in this state.**

8           **(b)** ~~(a)~~—To solicit and accept gifts, grants, and loans from  
9 any person.

10           **(c)** ~~(b)~~—To invest any money of the authority at the  
11 authority's discretion, in any obligations determined proper by the  
12 authority, and name and use depositories for its money.

13           **(d)** ~~(c)~~—To procure insurance against any loss in connection  
14 with the property, assets, or activities of the authority.

15           **(e)** ~~(d)~~—To sue and be sued, to have a seal, and to make,  
16 execute, and deliver contracts, conveyances, and other instruments  
17 necessary to the exercise of the authority's powers.

18           **(f)** ~~(e)~~—To make and amend bylaws.

19           **(g)** ~~(f)~~—To employ and contract with individuals necessary for  
20 the operation of the authority and 1 or more veterans' facilities.

21           **(h)** ~~(g)~~—To make and execute contracts including without  
22 limitation sale agreements, trust agreements, trust indentures,  
23 bond purchase agreements, tax regulatory agreements, continuing  
24 disclosure agreements, ancillary facilities, and all other  
25 instruments necessary or convenient for the exercise of its powers  
26 and functions, and commence any action to protect or enforce any  
27 right conferred upon it by law, or by any contract or other  
28 agreement.

29           **(i)** ~~(h)~~—To engage the services of financial advisors and



1 experts, legal counsel, placement agents, underwriters, appraisers,  
 2 and other advisors, consultants, and fiduciaries as may be  
 3 necessary to effectuate the purposes of this act.

4 (j) ~~(i)~~—To pay its operating expenses and financing costs.

5 (k) ~~(j)~~—To pledge revenues or other assets as security for the  
 6 payment of the principal of and interest on any bonds.

7 (l) ~~(k)~~—To procure insurance, letters of credit, or other  
 8 credit enhancement with respect to any bonds for the payment of  
 9 tenders of bonds, or for the payment upon maturity of short-term  
 10 bonds.

11 (m) ~~(l)~~—To develop or operate 1 or more veterans' facilities.

12 (n) ~~(m)~~—To solicit federal funds and other funding sources to  
 13 develop veterans' facilities.

14 (o) ~~(n)~~—To establish or permit to be established on its behalf  
 15 1 or more separate nonprofit corporations organized under the  
 16 nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192,  
 17 to assist the authority in the furtherance of its public purposes.

18 (p) ~~(o)~~—To do any and all things necessary or convenient to  
 19 carry out its purposes and exercise the powers expressly given and  
 20 granted in this act.

21 (2) When hiring employees for a veterans' facility, the  
 22 authority shall give preference to employees currently employed ~~by~~  
 23 ~~at a Michigan veterans' facility. under 1885 PA 152, MCL 36.1 to~~  
 24 ~~36.12.~~

25 (3) In determining the operation and staffing of a veterans'  
 26 facility, the authority shall do both of the following:

27 (a) Consider nationally recognized models and guidelines for  
 28 the delivery of health care in veterans' facilities.

29 (b) Follow the rules and regulations of the civil service





1 commission.

2       Sec. 6a. (1) The following individuals are eligible for  
3 admission to a veterans' facility in this state:

4       (a) A veteran eligible for the United States Department of  
5 Veterans Affairs' health care or financial assistance for long-term  
6 nursing or day care.

7       (b) A dependent of a veteran who meets 1 of the following  
8 criteria:

9       (i) The veteran is eligible for admission under subdivision  
10 (a).

11       (ii) The veteran was eligible for admission under subdivision  
12 (a) at the time of the veteran's death.

13       (2) As a condition of admission, each veteran and dependent  
14 must agree to pay to Michigan veteran homes, for the use by and  
15 benefit of this state, a sum based on his or her income and assets  
16 to support the care and services he or she receives at the  
17 veterans' facility.

18       (3) Michigan veteran homes shall annually determine the per  
19 diem maintenance rate and present the rate to the board for  
20 approval. The per diem maintenance rate charges must be paid in a  
21 manner and timeline determined by Michigan veteran homes.

22       (4) Money collected under this section and from the United  
23 States Department of Veterans' Affairs administration in direct  
24 payment for services to veterans at the veterans' facilities must  
25 be deposited in the veterans' facility operation fund created in  
26 section 6c.

27       (5) Michigan veteran homes may deduct either of the following  
28 amounts from money Michigan veteran homes holds on behalf of a  
29 veteran or dependent residing at a veterans' facility after the



1 death of the veteran or dependent:

2 (a) Money the veteran or dependent owes to Michigan veteran  
3 homes or the veterans' facility at the time of his or her death.

4 (b) Funeral or burial-related expenses incurred by Michigan  
5 veteran homes or the veterans' facility due to the death of the  
6 veteran or dependent.

7 (6) Michigan veteran homes shall, after all necessary payments  
8 are made under subsection (5), remit any remaining money to the  
9 next of kin of the deceased veteran or dependent.

10 (7) If, after 2 years following the death of a veteran or  
11 dependent residing at a veterans' facility, Michigan veteran homes  
12 is unable to find a surviving relative or next of kin of the  
13 veteran or dependent, Michigan veteran homes shall deposit any  
14 money held on behalf of the veteran or dependent into the  
15 charitable support fund created in section 6c.

16 (8) A veteran's or dependent's failure to remit a payment  
17 agreed to under subsection (2) is cause for dismissal from a  
18 veterans' facility.

19 (9) As used in this section:

20 (a) "Dependent" means a widow, widower, former spouse, or  
21 spouse of a veteran, or a gold star parent.

22 (b) "Gold star parent" means an individual who has had a son  
23 or daughter die while serving in the United States Armed Forces or  
24 in forces incorporated as part of the United States Armed Forces if  
25 the son or daughter meets any of the eligibility criteria specified  
26 in 10 USC 1126(a)(1) to (3) for a gold star lapel button.

27 Sec. 6c. (1) The authority shall provide fiduciary oversight,  
28 in coordination with the state treasury, for all funds held by  
29 Michigan veteran homes on behalf of members residing at each



1 veterans' facility.

2 (2) The authority may receive money held in the post fund and  
3 posthumous fund created by former 1905 PA 313, and the veterans'  
4 facility operation fund created in section 11 of former 1885 PA  
5 152.

6 (3) The authority and Michigan veteran homes shall do all of  
7 the following:

8 (a) Create and maintain a charitable support fund into which  
9 the post fund and posthumous fund must be deposited. Gifts received  
10 by the authority and Michigan veteran homes that are not  
11 specifically directed for the use and benefit of this state must be  
12 deposited into the charitable support fund.

13 (b) Expend money in the charitable support fund, upon approval  
14 by the board, to benefit the members of Michigan veteran homes and  
15 support the operations of veterans' facilities.

16 (c) Create and maintain a separate, segregated account for the  
17 veterans' facility operation fund. Money in the veterans' facility  
18 operation fund must be expended only to support the operations and  
19 services provided at a veterans' facility established under this  
20 act.

21 Sec. 12a. (1) No later than January 1, April 1, July 1, and  
22 October 1 of each year, the Michigan veteran homes on behalf of the  
23 authority, or a successor entity, shall submit a quarterly report  
24 in writing to the governor, the senate and house committees on  
25 veterans affairs, and the senate and house appropriations  
26 subcommittees for the department that contains all of the following  
27 information for each state veterans' facility:

28 (a) Staffing levels and the extent that staffing levels do or  
29 do not meet industry standards.



1 (b) Number of patient complaints, average time to review a  
2 complaint and respond, and the response to each complaint.

3 (c) Timeliness of the distribution of pharmaceutical drugs.

4 (d) Security provided for pharmaceutical drugs in the  
5 facility, including the title of the individuals providing the  
6 security.

7 (e) How patient money is accounted for, including the name and  
8 title of the individual who supervises patient spending accounts.

9 (f) Number of facility resident deaths that occurred after the  
10 most recent report.

11 (2) The Michigan veteran homes, on behalf of the authority,  
12 shall post the reports required under subsection (1) on its public  
13 website in a prominent and conspicuous manner.

14 Enacting section 1. 1885 PA 152, MCL 36.1 to 36.12, is  
15 repealed.

16 Enacting section 2. 1921 PA 15, MCL 36.31 to 36.32, is  
17 repealed.

18 Enacting section 3. 1901 PA 54, MCL 36.51 to 36.55, is  
19 repealed.

20 Enacting section 4. 1905 PA 313, MCL 36.61, is repealed.

21 Enacting section 5. This amendatory act does not take effect  
22 unless Senate Bill No. 1109 of the 100th Legislature is enacted  
23 into law.

