

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4057 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Representative Gary Woronchak
House Committee: Senior Health, Security and Retirement
Senate Committee: Health Policy

CONTENT

The bill would amend the Public Health Code to do the following:

- Establish a quality assurance assessment fee for nongovernmentally owned nursing homes and hospital long-term care units, in an amount that would result in not more than a 7% increase in aggregate Medicaid nursing home and hospital long-term care unit payment rates, net of assessments.
- Require the fee to be implemented on the bill's effective date, and ended on October 1, 2007.
- Specify that the fee, and all Federal matching funds attributable to it, could be used only to increase per diem Medicaid reimbursement rates each year the fee was assessed.
- Require the Department of Community Health (DCH) to implement the fee in compliance with Federal requirements, to assure that the fee qualified for Federal matching funds.
- Prohibit Medicaid reimbursement rates from being reduced below the rates in effect on April 1, 2002, as a direct result of the quality assurance assessment fee.
- Appropriate \$1,469,003,900 to the DCH for fiscal year 2002-03, for long-term care services, from the following revenue sources:

Federal revenues	\$814,122,200
Medicaid quality assurance assessment	44,829,000
Local revenues	8,445,100
General Fund/General Purpose	601,607,600

The bill also would do the following:

- Prohibit a health facility (nursing home, county medical care facility, or home for the aged) from employing, contracting with, or granting clinical privileges to an individual who provided direct services to patients or residents, and who had been convicted of any felony, or a misdemeanor that involved certain abuse or theft.
- Require a facility to request criminal background checks from the State Police on applicants for employment, contracts, or clinical privileges.
- Require national criminal history checks from the FBI on applicants who had been Michigan residents for less than three years.
- Allow conditional employment or clinical privileges for applicants before a facility received the results of a criminal history check, under certain conditions.

In addition, the bill provides that a Grand Rapids general acute care hospital, that proposed to move from a nonrural subarea to a new site less than 10 miles from its current site but within the same hospital subarea, would not be subject to comparative review, and would have to be given certificate of need (CON) approval to move if it fulfilled certain requirements.

MCL 333.20161 et al.

Legislative Analyst: George Towne

FISCAL IMPACT

Medicaid Quality Assurance Assessment. In regard to the quality assurance assessment fee, if this fee were considered an "allowable" Medicaid cost, the State would, in the next 15 months or so, end up paying around \$14 million GF/GP to the nursing homes as the fee would be rolled into the cost base of those facilities. There could be other additional costs to the State, but they are indeterminate at this time.

Employee Background Checks. Staff from the Department of Consumer and Industry Services have indicated that cost increases to the Department under the bill's background check provisions would be minimal.

The bill would have a minimal fiscal impact on the Department of State Police. The Department would be required to provide certain criminal history background checks under the bill. These background checks have fees attached to them (\$15 for a name check, \$30 for a State fingerprint check, and \$24 for a Federal fingerprint check), which would be payable to the Department to cover its actual cost of providing criminal history background checks.

Date Completed: 5-1-02

Fiscal Analyst: John Walker
Elizabeth Pratt
Bruce Baker

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.