

Fiscal Analysis

HEALTH FACILITY LICENSE FEES & QUALITY ASSURANCE ASSESSMENT PROGRAM



Bill/Sponsor **SENATE BILL 576 (H-2), Sen. Robert Emerson**

House Committee Appropriations

Analysis **Summary**

The House substitute H-2 of Senate Bill 576 would amend the Public Health Code to increase fees charged to health facilities for licensure, application, and construction permits. It also makes two technical corrections by including 1) language adopted in Senate Bill 589 which revised the hospital and nursing quality assessment assurance program, and 2) a date correction which inadvertently excluded September 30, 2003 from being covered by the fee assessment periods.

The bill permits the Department of Consumer and Industry Services to charge a new fee for the licensure of substance abuse programs. The bill provides for a sunset date of September 30, 2007 at which time the fees would revert to their current levels. The table below provides details on the fee changes.

	Current Fee	Proposed Fee
Hospitals	\$8.28 per bed	\$10 per bed
Long-term Care Facilities	\$2.20 per bed	\$10 per bed
Freestanding Surgical Outpatient Facilities Licensure Fee	\$238	\$450
Substance Abuse License Fee	\$0	\$100
EMS Vehicles License Fee	\$25	\$35
Construction Permit Opening Surveys Fees	.5% of first \$1 million in capital expenditure plus .85% of any amount over \$1 million, not to exceed \$30,000 per project	.5% of first \$1 million in capital expenditure plus .85% of any amount over \$1 million, not to exceed \$60,000 per project

The technical correction which repeats the language adopted in Senate Bill 589 would amend the Public Health Code to revise the hospital and nursing quality assessment assurance program fee provisions enacted last year. Generally, the proposed changes are intended to assure compliance with federal requirements and to require appropriation of \$18.9 million from the hospital fees and \$18.9 million from the nursing home fees to the Department of Community Health in support of Medicaid expenditures for long-term care

Mitchell Bean, Director – House Fiscal Agency
 124 N. Capitol Avenue, Lansing, MI 48909
 Phone: (517)373-8080, Fax: (517)373-5874
<http://www.house.mi.gov/hfa>

and hospital services.

Fiscal Impact

Senate Bill 576 would generate approximately \$1.2 million in additional revenue which would be used to replace General Fund/General Purpose funding for the support of the Bureau of Health Systems within the Department of Consumer and Industry Services.

The bill would also result in a \$37.8 million net increase of state revenues from the quality assurance assessment fees and allocate the funds for Medicaid, consistent with the FY 2003-04 Community Health budget. The remaining amount of the fees will be utilized to provide higher reimbursement rates for Medicaid services to hospitals and nursing homes. While the net impact of the quality assurance assessment fee varies for each facility based on the volume of Medicaid services it provides, the higher Medicaid reimbursement rates are projected to significantly increase hospital and nursing home payment levels overall.

Analyst(s)

Steve Stauff

Bill Fairgrieve

REVISED COMMITTEE ANALYSIS - 7/15/03

Mitchell Bean, Director – House Fiscal Agency
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