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BILL ANALYSIS



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Senate Bill 1216 (as enrolled)

PUBLIC ACT 259 of 2004

Sponsor: Senator Tom George

Senate Committee: Economic Development, Small Business and Regulatory Reform

House Committee: Government Operations

Date Completed: 2-4-05

CONTENT

The bill amended the Mental Health Code to require the Department of Community Health (DCH) to do the following in regard to the licensure of psychiatric facilities and programs:

- Issue an initial license within six months after an applicant files a completed application.**
- Notify the applicant within 30 days after receiving an incomplete application.**
- Refund the application fee and reduce the applicant's next renewal application fee, if any, by 15%, if the Department misses the six-month deadline.**
- Submit to the Legislature an annual report regarding license applications.**

The bill took effect on July 23, 2004.

The requirements apply to a license to construct, establish, or maintain a psychiatric hospital, psychiatric unit, or psychiatric partial hospital program, or to use those terms.

Specifically, the bill requires the DCH to issue an initial license within six months after an applicant files a completed application. The bill defines "completed application" as an application that is complete on its face and submitted with any applicable licensing fees as well as any other information, records, approval, security, or similar item required by law or rule from a local unit of government, a Federal agency, or a private entity, but not from another department or agency of this State.

The bill states that receipt of the application is considered the date the application is received by any agency or department of the State. If the DCH considers the application incomplete, the Department must notify the applicant in writing or make notice electronically available within 30 days after receiving the incomplete application. The notice must describe the deficiency and request additional information. The six-month period will be tolled (suspended) upon notification of a deficiency until the DCH receives the requested information.

The bill provides that the determination of completeness of an application is not an approval of the application for the license and does not confer eligibility on an applicant determined otherwise ineligible for issuance of a license.

If the DCH fails to issue or deny a license within the time required, it must return the license fee and reduce the fee for the applicant's next renewal application, if any, by 15%. Failure to issue or deny a license within the required time period does not allow the DCH otherwise to delay the processing of the application. A completed application must be placed in sequence with other completed applications received at the same time. The DCH may not discriminate against an applicant in the processing of the application based upon the fact that the application fee was refunded or discounted.

By December 1 of each year, beginning in 2005, the DCH Director must submit a report to the standing committees and

Appropriations subcommittees of the Senate and House of Representatives concerned with mental health issues. The Director must include all of the following information in the report concerning the preceding fiscal year:

- The number of initial applications the DCH received and completed within the six-month time period.
- The number of applications rejected.
- The number of applicants not issued a license within the six-month period.
- The amount of fees returned.

MCL 330.1137

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The current fee to obtain a license for a mental health facility (psychiatric hospital, psychiatric unit, or psychiatric partial hospitalization program) is \$600 plus \$7.50 per patient bed or treatment position. The total license fee may not exceed \$5,000 and a license is granted for a two-year period. The current fee to obtain a construction permit for a mental health facility is \$300.

Data obtained from the Department indicated that in FY 2001-02, almost \$33,000 was collected from mental health facility licensing fees. If the Department does not meet the requirements of Senate Bill 1216, some or all of this revenue will be lost. If none of the applications for licensure were processed within the six-month time frame, the entire amount of potential fee revenue would have to be returned to the facilities. In addition, 15% of this revenue would be retained by facilities on their next renewal application. Using FY 2001-02 information, this would amount to just under \$5,000.

Finally, the Department will incur increased staff time costs related to the compilation of a report containing statistics on the licensure application process.

Fiscal Analyst: David Fosdick

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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.