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BILL ANALYSIS



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Senate Bill 1216 (Substitute S-1 as reported)

Sponsor: Senator Tom George

Committee: Economic Development, Small Business and Regulatory Reform

CONTENT

The bill would amend the Mental Health Code to require the Michigan Department of Community Health to do the following, in regard to psychiatric programs and facilities:

- Issue an initial or renewal license within six months after an applicant filed a "completed application" (as defined by the bill).
- Notify the applicant in writing, or make information electronically available, within 30 days after receiving an incomplete application, describing the deficiency and requesting additional information.
- Refund the license fee and reduce the fee for the applicant's next renewal application, if any, by 15% if the Department missed the deadline.
- Report to the Legislature by December 1 each year, beginning in 2005, regarding the number of applications received and completed within the six-month time period; the number denied; the number of applicants not issued a license within the six-month period; and the amount of money returned to applicants.

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 cannot 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 indicate that in FY 2001-02, almost \$33,000 of revenue was collected from mental health facility licensing fees. If the Department did not meet the requirements of Senate Bill 1216 (S-1), some or all of this revenue could 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 would incur increased staff time costs related to the compilation of a report containing statistics on the licensure application process.

Date Completed: 6-14-04

Fiscal Analyst: Dana Patterson

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Bill Analysis @ www.senate.michigan.gov

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