



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4787 (Substitute H-1 as reported without amendment)
Sponsor: Representative Matt Lori
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT**The bill would amend the Public Health Code to increase Certificate of Need (CON) fees and create new CON fees.**

The Department of Community Health's (DCH's) Certificate of Need program regulates the health care industry by requiring health facilities to receive approval before increasing or relocating licensed beds, expanding health facilities, or building a new health facility.

The DCH budget reflects about \$2.0 million in CON funding to support the activities of the CON Commission. CON revenues have declined since FY 2007-08 from \$2.0 million to \$1.3 million in FY 2012-13, while spending has remained at \$2.0 million, leading to a structural deficit. There was a beginning fund balance of \$2.4 million in FY 2008-09 and that revenue has been used to cover the structural deficit in the past four years. The fund balance will be exhausted in FY 2013-14 and thus there will not be enough CON fee revenue to support the CON program in FY 2013-14. In the FY 2013-14 DCH budget, the Governor assumed, and the Legislature concurred with, a \$700,000 increase in CON fees to eliminate the structural deficit.

The bill would increase all CON fees, including increasing the base application fee from \$1,500 to \$3,000, increasing fees for projects costing between \$500,000 and \$4.0 million from \$4,000 to \$5,000, increasing fees for projects costing between \$4.0 million and \$10.0 million from \$7,000 to \$8,000, and increasing fees for projects costing more than \$10.0 million from \$7,000 to \$12,000.

The bill also would create new CON fees, including a \$3,000 fee for any designated complex project, a \$1,000 fee for expedited processing, a \$500 fee to review a letter of intent requesting a waiver from CON review or for any amendment request to an approved CON request, and a \$100 fee for any CON covered clinical service when survey data are submitted.

The bill would take effect on October 1, 2013.

MCL 333.20161

FISCAL IMPACT

The FY 2013-14 DCH budget assumed implementation of this bill and assumed \$700,000 in increased revenue from the fee increases and new fees. If the bill is not enacted, there will be a \$700,000 shortfall in support for the CON program, requiring either additional GF/GP funding to offset the deficit or reductions to the program.

Date Completed: 9-19-13

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