

Legislative Analysis



HEALTH SYSTEMS FEE SUNSET EXTENSIONS

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Senate Bill 444 as passed by the Senate
Sponsor: Sen. Curtis Hertel, Jr.
House Committee: Appropriations
Senate Committee: Appropriations
Complete to 8-29-19

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 444 would amend the Public Health Code (1978 PA 368) by extending sunsets on fees that will mature on October 1, 2019, including the sunset associated with the Quality Assurance Assessment Program (QAAP). The bill would maintain FY 2018-19 fee amounts by maintaining the fees (which would otherwise be eliminated) for an additional four years, through October 1, 2023.

MCL 333.20161

FISCAL IMPACT:

The bill would maintain current levels of revenue for fees collected by the Department of Licensing and Regulatory Affairs (LARA), to the extent that LARA would continue collecting revenue generated by fees that would otherwise sunset. Revenue generated from these fees is deposited to the Health Systems Fees Fund. Estimates made using data provided by the State Budget Office indicate that resulting revenue losses if the sunsets are not extended would total approximately **\$875,000**. The table below provides information for each of the fees that affects LARA.

The bill would allow for the continued collection of the Quality Assurance Assessment Program (QAAP). QAAP generates approximately \$1.3 billion in revenues collected from hospitals, nursing homes, and ambulance providers. These QAAP revenues are used both to increase Medicaid provider rates through supplemental Medicaid payments to the respective provider classes and to offset GF/GP through statutorily established state retainers. The current net provider benefit (i.e., Gross Medicaid payments less QAAP paid) is approximately \$1.9 billion, and the state GF/GP retention is approximately \$365 million.

Fee Title	Current Fee	Fee Post-Sunset	Projected Revenue Loss
Freestanding Surgical Outpatient Facilities Fee	\$500 per license	\$0	\$75,500
Hospitals Fee	\$500 per license and \$10 per bed	\$0	\$342,880

Nursing Homes, County Medical Care Facilities, and Hospital Long-Term Care Units Fee	\$500 per license and \$3 per bed over 100 beds	\$0	\$259,064
Homes for the Aged	\$6.27 per bed	\$0	\$119,387
Hospice Agencies Fee	\$500 per license	\$0	\$68,500
Hospice Residences Fee	\$500 per license and \$5 per bed	\$0	\$9,750

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