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Senate Bill 956 (as introduced 6-3-20)
Sponsor: Senator Peter J. Lucido
Committee: Health Policy and Human Services

Date Completed: 6-18-20

CONTENT

The bill would amend the Public Health Code to do the following:

- **Require the Department of Health and Human Services (DHHS) to develop and operate a centralized intake facility in each of the eight health care regions of the State to provide care to individuals who tested positive for coronavirus and were not eligible for admission to a hospital.**
- **Allow the DHHS to buy or lease property and enter into contracts as necessary or appropriate to implement and carry out the proposed requirement above.**
- **Specify that an individual could not be admitted or retained for care in a nursing home if he or she were being moved from another health facility or agency and the individual had tested positive for coronavirus unless that individual had since recovered from coronavirus.**

The bill would require the DHHS to develop and operate a centralized intake facility in each of the eight health care regions of the State to provide care to individuals who tested positive for coronavirus and were not eligible for admission at a hospital. The Department could buy or lease property and enter into contracts as necessary or appropriate to implement and carry out the bill's requirements.

"Coronavirus" would mean severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).
"Health care region" would mean a health care region as described by the DHHS.

Under the Code, an individual may not be admitted or retained for care in a nursing home if he or she requires special medical or surgical treatment, or treatment for acute mental illness, developmental disability, communicable tuberculosis, or a communicable disease, unless the home is able to provide an area and a program for the care and the DHHS approved both the area and the program.

The bill specifies that an individual also could not be admitted or retained for care in a nursing home if he or she were being moved from another health facility or agency and the individual had tested positive for coronavirus unless that individual had since recovered from coronavirus.

MCL 333.21717 et al.

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would increase Gross State costs by a figure in the range of \$1,000 per regional hub resident per month because of leasing and safety considerations. Because the costs likely would be reimbursable by the Federal Coronavirus Relief Fund (CRF) through the end of

calendar year 2020, it is likely that General Fund/General Purpose (GF/GP) costs would be minimal.

The bill would require the DHHS to develop and operate a centralized intake facility in each of the eight health care regions in the State for those infected with COVID-19 who were ineligible for hospital admission. The bill also would bar the admission of a COVID-19-positive person into a skilled nursing facility (SNF) from another health facility. In practice, this bill appears to propose the creation of regional facilities for care of COVID-19 positive individuals who either were ineligible for hospital admission or were being discharged from a hospital; the bill would bar the admission of those individuals to SNFs.

On June 15, 2020, Governor Whitmer issued Executive Order 2020-123 regarding long-term care facilities. The provisions of this Executive Order represent current State policy on COVID-19 and SNFs and, thus, represent the status quo against which Senate Bill 956 must be compared.

Executive Order 2020-123 directs that SNFs must place COVID-19 positive individuals into a dedicated unit created by the owners of the SNF either on-site or off-site. If a dedicated unit is not available, the resident must be placed in a regional hub, an alternate care facility that can care for the resident, or a hospital swing bed. If none of these placements is possible, then the SNF must attempt to send the resident to a hospital.

At present, according to the State's coronavirus website, the State has designated 21 SNFs across the State as "regional hubs", which are privately-owned SNFs so designated. In contrast, the bill would require the State to develop and operate eight centralized facilities that effectively would serve as long-term care facilities for SNF-eligible individuals recovering from COVID-19.

The major cost of the bill would tie to creating the centralized facilities. While data on the lease costs of nursing facilities vary, it appears that the cost is in the range of several hundred dollars per bed per month. Assuming the State would opt to rent space from existing facilities, and assuming a need for 1,000 beds at any given time, the cost to rent bed space would be under \$1.0 million per month. On top of that cost would be the costs of enhancing safety, which also could be significant. The typical treatment costs for the resident (the usual skilled nursing services) would be covered by the resident or the resident's insurance, which could include Medicare, Medicaid, long-term care insurance, or private pay. There would be no change in cost for the non-COVID SNF services; they just would be provided at a different facility.

It should be noted that the rent and safety costs very likely would be eligible for reimbursement from Federal CRF revenue. As such, the possible GF/GP cost of the bill appears to be quite minimal, at least as long as the CRF funding is available (CRF funds must be spent by December 30, 2020). It also should be noted that, at present, SNFs face significant costs for COVID-19 safety. The transfer of COVID-19 residents from SNFs to the regional hubs would reduce cost pressures at these SNFs. Because some SNFs are county-owned, there likely would be some local government cost savings.

Fiscal Analyst: Steve Angelotti

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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.