

# Legislative Analysis



## MUNICIPAL HEALTH FACILITIES CORPORATION

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**Senate Bill 1055 as passed by the Senate**

**Sponsor: Sen. Wayne Schmidt**

**House Committee: Health Policy**

**Senate Committee: Health Policy and Human Services**

**Complete to 11-9-22**

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

### SUMMARY:

Senate Bill 1055 would amend the Municipal Health Facilities Corporations Act (MHFCA) to revise provisions pertaining to a municipal health facilities corporation's restructuring as a nonprofit corporation.

**Currently**, section 305a of the MHFCA allows the board of trustees, or a subsidiary board, of a municipal health facilities corporation to restructure the corporation or subsidiary corporation as a nonprofit corporation if both of the following conditions are met:

- The corporation or subsidiary corporation is located in a county that had a population of more than 45,000 and less than 60,000 as of the most recent decennial census.
- The restructuring is completed before June 30, 2018.

This ability to restructure is also subject to any applicable licensing and regulatory requirements, the requirements of the Nonprofit Corporation Act, and the requirements listed elsewhere in section 305a of the MHFCA.

The current population requirements reflect changes made to the act by 2017 PA 148, which allowed the Branch County Community Health Center to restructure as a nonprofit corporation so that it could be purchased by ProMedica Health Systems of Toledo.

**The bill** would revise the population numbers to apply to corporations and subsidiary corporations in counties with a population between 5,000 and 7,500 as of the most recent decennial census. Additionally, under the bill, the restructuring would need to be completed by June 30, 2024.

MCL 331.1305a

### BACKGROUND:

The proposed amendments to section 305a of the MHFCA would allow the Helen Newberry Joy Hospital and Healthcare Center (HNJH), which currently is organized as a county hospital, to restructure as a nonprofit corporation. The HNJH is a rural health care facility located in the village of Newberry in the Upper Peninsula.

## **FISCAL IMPACT:**

Senate Bill 1055 would have an indeterminate fiscal impact on the Department of Health and Human Services (DHHS) resulting from uncompensated care cost offset payments related to the state's traditional and expanded Medicaid programs (Healthy Michigan Plan).

The enactment of 2017 PA 148 allowed the Branch County Community Health Center to restructure as a nonprofit, which, at the time, was estimated<sup>1</sup> to increase state costs by \$1.5 million GF/GP. Publicly owned and operated hospitals submit uncompensated care reports to DHHS, which allows the department to draw federal disproportionate share hospital funds to offset the costs of uncompensated care. This reduction in available funding would vary from year to year, but would be entirely dependent upon the number of public hospitals that choose to restructure as a nonprofit under the MHFCA.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

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<sup>1</sup> House Fiscal Agency analysis of SB 450: <http://legislature.mi.gov/documents/2017-2018/billanalysis/House/pdf/2017-HLA-0450-41F2A83D.pdf>