

PUBLIC HEALTH CODE AND MENTAL HEALTH CODE FEES AND SUNSET PROVISIONS

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House Bills 5003 (H-1) and 5004 (S-4)

Sponsor: Rep. Christine Morse

Committee: Appropriations

Complete to 9-27-23

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

SUMMARY:

House Bill 5003 would amend the Mental Health Code to extend the sunset (expiration date) on the annual license and license renewal fee for psychiatric hospitals and units to October 1, 2027 – currently set to mature on October 1, 2023. Without a removal or extension of the sunset, the fees would not be collected after September 30, 2023. FY 2022-23 fee amounts, that otherwise would be eliminated, would be maintained in perpetuity under the bill. The fee is currently \$500 per license and \$10 per patient bed.

MCL 330.1139

House Bill 5004 would amend the Public Health Code to include revisions to sunsets, fee schedules, and technical items. Specifically, the bill would do all of the following:

- Update the definition of “child or youth with special health care needs” by raising the age from “under 21” to “under 26.”
- Extend the October 1, 2023 sunset on substance use disorder services program licensing fees to September 30, 2027.
- Update the fee schedule and increase fees for registration and renewal of licensure for veterinary/dental electron tubes for radiography machines, non-veterinary/non-dental electron tubes, and non-compliance penalty fees.
- Update the fee schedule and increase fees for inspection, reinspection/reinstatement, and compliance evaluation of mammography machines.
- Extend the October 1, 2023 sunset on numerous health facility/agency license fees and quality assurance assessments (QAAP) for nursing homes and hospitals to October 1, 2027.
- Include a base facility licensure fee of \$500 for homes for the aged and require a \$2,000 application fee for initial homes for the aged licensure applications.
- Eliminate references to specific Healthy Michigan Plan (HMP) statutory hospital QAAP retainer amounts for fiscal years 2015-16 and 2016-17.
- Retain the FY 2017-18 HMP retention requirement of \$118.4 million as a floor amount, and require the Department of Health and Human Services (DHHS), the State Budget Office (SBO), and the Michigan Health and Hospital Association to identify an appropriate retention amount each fiscal year by May 31.
- Remove disproportionate share hospital (DSH) payment rate from the statutorily defined group of service rates that act as a mechanism to trigger the collection or elimination of hospital QAAP for each fiscal year. The mechanism requires rates to be greater than the rates established on April 1, 2002, for hospital QAAP to be collected.
- Extend the October 1, 2023 sunset on ambulance QAAP collections to October 1, 2027.

- Update various technical references and department/agency titles and eliminate outdated references and sections.

MCL 333.5801 et seq.

FISCAL IMPACT:

Department of Health and Human Services (DHHS)

House Bill 5004 would have no fiscal impact on DHHS. However, the state would forgo an estimated \$1.5 billion¹ in state restricted QAAP revenue for Medicaid-funded long-term care facilities, hospitals, and ambulance services if related sunset provisions are not extended or eliminated prior to the end of FY 2022-23. Additionally, removing disproportionate share hospital (DSH) payment rates from the hospital QAAP collection mechanism de-couples the payments and ensures collection continues regardless of variation in DSH rates each fiscal year. Similarly, removing DSH payment rates from the hospital QAAP collection mechanism de-couples the payments and ensures collection continues regardless of variation in DSH rates each fiscal year.

Article 6 of 2023 PA 119, FY 2023-24 appropriations for DHHS, includes \$17.0 million Gross (\$7.8 million GF/GP) to support costs of expanding Children’s Special Health Care Services (CSHCS) medical services to eligible adult children up to 26 years of age.

Department of Labor and Economic Opportunity (LEO)

House Bill 5004 would increase eight radiation safety fees by 20.0% of the current fee amounts. In section 13522 of the Public Health Code, current statute lists the original amounts of these fees as enacted in 1978. Section 13522(8) allows for an annual increase of up to 5.0 % for these fees, so current fee amounts reflect this annual adjustment that has been made each year since 1978. Fee increases proposed in the bill would increase revenue to LEO by approximately \$500,000 per year and would have no significant fiscal impact on local units of government.

The table below lists the eight fees that would be increased under the bill, as well as the current fee amount and the proposed fee amount.

MIOSHA RADIATION SAFETY FEES

Type of Fee	1978 Statutory Amount	Current Fee Amount (includes annual CPI increases)	Proposed Fee Amount
First veterinary or dental x-ray machine	\$45	\$87.40	\$104.88
Additional veterinary or dental x-ray machine/electron tube	\$25	\$48.49	\$58.19
Non-veterinary or dental x-ray machine	\$75	\$145.73	\$174.88

¹ SIGMA; Total FY 2022-23 QAAP collections as of September 14, 2023.

Follow-up inspection due to noncompliance in same year	\$100	\$194.36	\$233.23
Mammography machine inspection	\$100	\$194.36	\$233.23
Mammography machine reinspection	\$100	\$194.36	\$233.23
Mammography compliance evaluation	\$700	\$1,306.21	\$1,567.45
Mammography compliance reevaluation	\$300	\$559.71	\$671.65

Department of Licensing and Regulatory Affairs (LARA)

House Bills 5003 and 5004 would maintain current levels of revenue for fees collected by LARA, to the extent that LARA would continue collecting revenue generated from fees that would otherwise sunset. Revenue generated from these fees is deposited into the Health Systems Fees Fund. LARA estimates that the extension of the sunset provisions under both bills will preserve \$1.5 million in restricted revenue that it would otherwise not collect; \$63,700 of this amount would be attributable to House Bill 5003, and \$1.4 million to House Bill 5004. The table below provides information for each of the fee sunsets that affects LARA.

Fee Title	Current Fee	Fee Post-Sunset	Projected Revenue Loss²
Psychiatric Hospitals or Units	\$500 per license and \$10 per bed	\$0	\$63,700
Substance Use Disorder Services Program Annual License Fee	\$500	\$0	\$439,300
Freestanding Surgical Outpatient Facilities Fee	\$500 per license	\$0	\$97,300
Hospitals Fee	\$500 per license and \$10 per bed	\$0	\$343,900
Nursing Homes, County Medical Care Facilities, and Hospital Long-Term Care Units Fee	\$500 per license and \$3 per bed over 100 beds	\$0	\$250,800
Homes for the Aged Fee	\$6.27 per bed	\$0	\$143,000
Hospice Agencies Fee	\$500 per license	\$0	\$152,500

² Projections from LARA.

Hospice Residences Fee	\$500 per license and \$5 per bed	\$0	\$9,500
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House Bill 5004 also would create a new base fee for homes for the aged, which are currently subject to an annual fee of \$6.27 per licensed bed. Under the bill, a base fee of \$500 per facility would be added, and the per bed fee would be in addition to that amount. There are presently 335 homes for the aged operating in Michigan, so LARA would be projected to receive an additional \$167,500 per annum. The bill would also require homes for the aged that apply for an initial license to remit an initial licensure application fee of \$2,000. Revenue from this fee would depend on the number of new homes for the aged that pursue licensure.

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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.