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ELIMINATE ROUTINE HOSPITAL INSPECTIONS

**House Bill 5252 as introduced
First Analysis (4-26-00)**

**Sponsor: Rep. Paul DeWeese
Committee: Health Policy**

THE APPARENT PROBLEM:

Under provisions of the Public Health Code, hospitals must be surveyed and evaluated for licensure by the Department of Consumer and Industry Services every two years. Hospitals that have received accreditation by a national accreditation body such as the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) or the American Osteopathic Association (AOA) may request a waiver from the biennial inspections. However, the department cannot grant more than two consecutive waivers; therefore, each hospital must be inspected by the department at least once every six years.

Though accreditation by JCAHO or AOA is voluntary, both organizations are authorized by the federal Health Care Financing Administration (HCFA) to grant accreditation. All hospitals participating in the federal Medicare program must receive accreditation from one of these organizations. Hospitals must meet stringent quality standards and undergo extensive on-site inspections at least once every three years to maintain accreditation. According to information supplied by the Michigan Health and Hospital Association, at least 43 states and the District of Columbia accept JCAHO or AOA accreditation as fulfilling state licensure requirements.

Some in the health care industry feel that to require the DCIS to conduct biennial inspections on hospitals with the national accreditation is an unnecessary expense of both time and money and that the department's resources could be better focused on following up on complaints if relieved of the time-consuming task of conducting biennial inspections on hospitals which have already undergone an intensive inspection by JCAHO or AOA. Therefore, at the department's request, legislation has been proposed to remove the requirement for the department to conduct biennial inspections on hospitals with national accreditation.

THE CONTENT OF THE BILL:

House Bill 5252 would amend the Public Health Code to remove the restriction on how many waivers the department could grant before having to do an inspection. Therefore, under the bill, the department could continue to waive routine biennial inspections for nationally accredited hospitals with acceptable compliance to state licensure standards. The bill would not prevent the department from conducting inspections or investigations following a complaint against a hospital, nor would it prohibit inspections for federal certification. Further, hospitals that have not received national accreditation would still be subject to the biennial inspections.

In addition, the code requires that investigations and inspections (other than inspections of financial records) of county medical care facilities, homes for the aged, nursing homes, and hospice residences be conducted without prior notice. The bill would specify that the Department of Consumer and Industry Services and a local health department would have to conduct these inspections and investigations without prior notice to the health facility or agency.

MCL 333.20155

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the bill has no fiscal implications. (4-25-00)

ARGUMENTS:

For:

Hospitals that are accredited by either the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) or the American Osteopathic Association (AOA) must meet a strict standard for

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quality care and are subjected to extensive on-site surveys (inspections) once every three years. Currently, those hospitals with national accreditation and acceptable compliance with state licensure requirements can request to have the biennial inspection conducted by the Department of Consumer and Industry Services (CIS) waived. However, the department can only waive two consecutive inspections; therefore, the department must also conduct an extensive on-site survey at least once every four to six years (an extension of the two-year license can be granted pending the outcome of the next scheduled JCAHO or AOA evaluation, thus resulting in some situations where there is up to six years between departmental inspections).

The bill would eliminate these routine inspections for hospitals with national accreditation. The department would still be required to follow up on complaints or could reinstate the departmental inspection if a hospital lost its accreditation or otherwise was not in acceptable compliance with state licensure standards. However, for those hospitals providing a high level of care, with national accreditation, the bill could result in cost savings and a better use of resources for both hospitals and the department. Eliminating duplicative and therefore unnecessary inspections would allow departmental staff to focus on conducting inspections on nonaccredited hospitals and also conducting investigations into complaints. Reportedly, the majority of states allow the national accreditation to fulfill state licensure requirements for inspections. Michigan should join the ranks of those states working to maximize available resources in revenue and staffing.

Against:

Currently, DCIS conducts annual investigations or inspections without prior notice of county medical facilities, homes for the aged, nursing homes, and hospice residences. The bill, however, would change the current provision to state that the department and a local health department would have to conduct investigations or inspections, other than inspections of financial records, of these facilities without prior notice. Similar language is contained in House Bill 5460, which would amend the same section of the Public Health Code to revise the membership of survey teams which inspect nursing homes. Some have interpreted the amended language to clarify that inspections are to be done without first alerting the facility, whether done by the department or by a local health department (the code allows the department to contract with a local health department to do health care inspections, though reportedly this is not a current

practice). However, others have interpreted the amended language as specifying that under the bill, both the department and a local health department would have to conduct these unannounced inspections, which would represent a change in current practice and would have cost implications for cost reimbursement to the local health departments. This provision should be clarified to accurately reflect the intent of the legislation.

POSITIONS:

The Department of Consumer and Industry Services supports the bill. (4-25-00)

The Michigan Health & Hospital Association supports the bill. (4-17-00)

Analyst: S. Stutzky

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