

# HOUSE BILL No. 5055

July 13, 2005, Introduced by Rep. Caswell and referred to the Committee on Appropriations.

A bill to amend 1978 PA 368, entitled "Public health code," by amending section 20161 (MCL 333.20161), as amended by 2004 PA 469.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 20161. (1) The department shall assess fees and other  
2 assessments for health facility and agency licenses and  
3 certificates of need on an annual basis as provided in this  
4 article. Except as otherwise provided in this article, fees and  
5 assessments shall be paid in accordance with the following  
6 schedule:

7           (a) Freestanding surgical outpatient  
8 facilities ..... \$238.00 per facility.

- 1 (b) Hospitals ..... \$8.28 per licensed bed.
- 2 (c) Nursing homes, county medical care
- 3 facilities, and hospital long-term care
- 4 units ..... \$2.20 per licensed bed.
- 5 (d) Homes for the aged ..... \$6.27 per licensed bed.
- 6 (e) Clinical laboratories ..... \$475.00 per laboratory.
- 7 (f) Hospice residences ..... \$200.00 per license
- 8 survey; and \$20.00 per
- 9 licensed bed.
- 10 (g) Subject to subsection (13), quality
- 11 assurance assessment for ~~nongovernmentally~~
- 12 ~~owned~~ nursing homes and hospital long-term
- 13 care units ..... an amount resulting in
- 14 not more than 6% of
- 15 total industry
- 16 revenues.
- 17 (h) Subject to subsection (14), quality
- 18 assurance assessment for hospitals ..... at a fixed or variable
- 19 rate that generates
- 20 funds not more than the
- 21 maximum allowable under
- 22 the federal matching
- 23 requirements, after
- 24 consideration for the
- 25 amounts in subsection
- 26 (14)(a) and ~~(j)~~ (I).
- 27 (2) If a hospital requests the department to conduct a

1 certification survey for purposes of title XVIII or title XIX of  
2 the social security act, the hospital shall pay a license fee  
3 surcharge of \$23.00 per bed. As used in this subsection, "title  
4 XVIII" and "title XIX" mean those terms as defined in section  
5 20155.

6 (3) The base fee for a certificate of need is \$1,500.00 for  
7 each application. For a project requiring a projected capital  
8 expenditure of more than \$500,000.00 but less than \$4,000,000.00,  
9 an additional fee of \$4,000.00 shall be added to the base fee. For  
10 a project requiring a projected capital expenditure of  
11 \$4,000,000.00 or more, an additional fee of \$7,000.00 shall be  
12 added to the base fee. The department of community health shall use  
13 the fees collected under this subsection only to fund the  
14 certificate of need program. Funds remaining in the certificate of  
15 need program at the end of the fiscal year shall not lapse to the  
16 general fund but shall remain available to fund the certificate of  
17 need program in subsequent years.

18 (4) If licensure is for more than 1 year, the fees described  
19 in subsection (1) are multiplied by the number of years for which  
20 the license is issued, and the total amount of the fees shall be  
21 collected in the year in which the license is issued.

22 (5) Fees described in this section are payable to the  
23 department at the time an application for a license, permit, or  
24 certificate is submitted. If an application for a license, permit,  
25 or certificate is denied or if a license, permit, or certificate is  
26 revoked before its expiration date, the department shall not refund  
27 fees paid to the department.

1           (6) The fee for a provisional license or temporary permit is  
2 the same as for a license. A license may be issued at the  
3 expiration date of a temporary permit without an additional fee for  
4 the balance of the period for which the fee was paid if the  
5 requirements for licensure are met.

6           (7) The department may charge a fee to recover the cost of  
7 purchase or production and distribution of proficiency evaluation  
8 samples that are supplied to clinical laboratories pursuant to  
9 section 20521(3).

10           (8) In addition to the fees imposed under subsection (1), a  
11 clinical laboratory shall submit a fee of \$25.00 to the department  
12 for each reissuance during the licensure period of the clinical  
13 laboratory's license.

14           (9) The cost of licensure activities shall be supported by  
15 license fees.

16           (10) The application fee for a waiver under section 21564 is  
17 \$200.00 plus \$40.00 per hour for the professional services and  
18 travel expenses directly related to processing the application. The  
19 travel expenses shall be calculated in accordance with the state  
20 standardized travel regulations of the department of management and  
21 budget in effect at the time of the travel.

22           (11) An applicant for licensure or renewal of licensure under  
23 part 209 shall pay the applicable fees set forth in part 209.

24           (12) Except as otherwise provided in this section, the fees  
25 and assessments collected under this section shall be deposited in  
26 the state treasury, to the credit of the general fund.

27           (13) The quality assurance assessment collected under

1 subsection (1)(g) and all federal matching funds attributed to that  
2 assessment shall be used only for the following purposes and under  
3 the following specific circumstances:

4 (a) The quality assurance assessment and all federal matching  
5 funds attributed to that assessment shall be used to finance  
6 medicaid nursing home reimbursement payments. Only licensed nursing  
7 homes and hospital long-term care units that are assessed the  
8 quality assurance assessment and participate in the medicaid  
9 program are eligible for increased per diem medicaid reimbursement  
10 rates under this subdivision.

11 ~~—(b) The quality assurance assessment shall be implemented on~~  
12 ~~May 10, 2002.~~

13 (B) ~~—(e)~~ The quality assurance assessment is based on the  
14 number of licensed nursing home beds and the number of licensed  
15 hospital long-term care unit beds in existence on July 1 of each  
16 year, shall be assessed ~~upon implementation pursuant to~~  
17 ~~subdivision (b)~~ **BEGINNING MAY 10, 2002** and subsequently on October  
18 1 of each following year, and is payable on a quarterly basis, the  
19 first payment due 90 days after the date the assessment is  
20 assessed.

21 (C) ~~—(d)~~ Beginning October 1, ~~—2007—~~ **2008**, the department  
22 shall no longer assess or collect the quality assurance assessment  
23 or apply for federal matching funds.

24 (D) ~~—(e) Upon implementation pursuant to subdivision (b)~~  
25 **BEGINNING MAY 10, 2002**, the department of community health shall  
26 increase the per diem nursing home medicaid reimbursement rates for  
27 the balance of that year. For each subsequent year in which the

1 quality assurance assessment is assessed and collected, the  
2 department of community health shall maintain the medicaid nursing  
3 home reimbursement payment increase financed by the quality  
4 assurance assessment.

5 (E) ~~-(f)-~~ The department of community health shall implement  
6 this section in a manner that complies with federal requirements  
7 necessary to assure that the quality assurance assessment qualifies  
8 for federal matching funds.

9 (F) ~~-(g)-~~ If a nursing home or a hospital long-term care unit  
10 fails to pay the assessment required by subsection (1)(g), the  
11 department of community health may assess the nursing home or  
12 hospital long-term care unit a penalty of 5% of the assessment for  
13 each month that the assessment and penalty are not paid up to a  
14 maximum of 50% of the assessment. The department of community  
15 health may also refer for collection to the department of treasury  
16 past due amounts consistent with section 13 of 1941 PA 122, MCL  
17 205.13.

18 (G) ~~-(h)-~~ The medicaid nursing home quality assurance  
19 assessment fund is established in the state treasury. The  
20 department of community health shall deposit the revenue raised  
21 through the quality assurance assessment with the state treasurer  
22 for deposit in the medicaid nursing home quality assurance  
23 assessment fund.

24 (H) ~~-(i)-~~ The department of community health shall not  
25 implement this subsection in a manner that conflicts with 42 USC  
26 1396b(w).

27 (I) ~~-(j)-~~ The quality assurance assessment collected under

1 subsection (1)(g) shall be prorated on a quarterly basis for any  
2 licensed beds added to or subtracted from a nursing home or  
3 hospital long-term care unit since the immediately preceding July  
4 1. Any adjustments in payments are due on the next quarterly  
5 installment due date.

6 (J) ~~(k)~~ In each fiscal year governed by this subsection,  
7 medicaid reimbursement rates shall not be reduced below the  
8 medicaid reimbursement rates in effect on April 1, 2002 as a direct  
9 result of the quality assurance assessment collected under  
10 subsection (1)(g).

11 (K) ~~(l)~~ In fiscal year ~~2004-2005~~ **2005-2006**, \$21,900,000.00  
12 of the quality assurance assessment collected pursuant to  
13 subsection (1)(g) shall be appropriated to the department of  
14 community health to support medicaid expenditures for long-term  
15 care services. These funds shall offset an identical amount of  
16 general fund/general purpose revenue originally appropriated for  
17 that purpose.

18 (14) The quality assurance dedication is an earmarked  
19 assessment collected under subsection (1)(h). That assessment and  
20 all federal matching funds attributed to that assessment shall be  
21 used only for the following ~~purposes~~ **PURPOSE** and under the  
22 following specific circumstances:

23 (a) ~~Part of the quality assurance assessment shall be used to~~  
24 **TO** maintain the increased medicaid reimbursement rate increases as  
25 provided for in subdivision ~~(d)~~ **(C)**. ~~A portion of the funds~~  
26 ~~collected from the quality assurance assessment may be used to~~  
27 ~~offset any reduction to existing intergovernmental transfer~~

1 ~~programs with public hospitals that may result from implementation~~  
2 ~~of the enhanced medicaid payments financed by the quality assurance~~  
3 ~~assessment. Any portion of the funds collected from the quality~~  
4 ~~assurance assessment reduced because of existing intergovernmental~~  
5 ~~transfer programs shall be used to finance medicaid hospital~~  
6 ~~appropriations.~~

7 ~~— (b) The quality assurance assessment shall be implemented on~~  
8 ~~October 1, 2002.~~

9 (B) ~~—(e)~~ The quality assurance assessment shall be assessed  
10 on all net patient revenue, before deduction of expenses, less  
11 medicare net revenue, as reported in the most recently available  
12 medicare cost report and is payable on a quarterly basis, the first  
13 payment due 90 days after the date the assessment is assessed. As  
14 used in this subdivision, "medicare net revenue" includes medicare  
15 payments and amounts collected for coinsurance and deductibles.

16 (C) ~~—(d) Upon implementation pursuant to subdivision (b)~~  
17 **BEGINNING OCTOBER 1, 2002**, the department of community health shall  
18 increase the hospital medicaid reimbursement rates for the balance  
19 of that year. For each subsequent year in which the quality  
20 assurance assessment is assessed and collected, the department of  
21 community health shall maintain the hospital medicaid reimbursement  
22 rate increase financed by the quality assurance assessments.

23 (D) ~~—(e)~~ The department of community health shall implement  
24 this section in a manner that complies with federal requirements  
25 necessary to assure that the quality assurance assessment qualifies  
26 for federal matching funds.

27 (E) ~~—(f)~~ If a hospital fails to pay the assessment required

1 by subsection (1)(h), the department of community health may assess  
2 the hospital a penalty of 5% of the assessment for each month that  
3 the assessment and penalty are not paid up to a maximum of 50% of  
4 the assessment. The department of community health may also refer  
5 for collection to the department of treasury past due amounts  
6 consistent with section 13 of 1941 PA 122, MCL 205.13.

7 (F) ~~(g)~~ The hospital quality assurance assessment fund is  
8 established in the state treasury. The department of community  
9 health shall deposit the revenue raised through the quality  
10 assurance assessment with the state treasurer for deposit in the  
11 hospital quality assurance assessment fund.

12 (G) ~~(h)~~ In each fiscal year governed by this subsection, the  
13 quality assurance assessment shall only be collected and expended  
14 if medicaid hospital inpatient DRG and outpatient reimbursement  
15 rates and disproportionate share hospital and graduate medical  
16 education payments are not below the level of rates and payments in  
17 effect on April 1, 2002 as a direct result of the quality assurance  
18 assessment collected under subsection (1)(h), except as provided in  
19 subdivision ~~(i)~~ (H).

20 (H) ~~(i)~~ The quality assurance assessment collected under  
21 subsection (1)(h) shall no longer be assessed or collected after  
22 September 30, ~~2007~~ 2008, or in the event that the quality  
23 assurance assessment is not eligible for federal matching funds.  
24 Any portion of the quality assurance assessment collected from a  
25 hospital that is not eligible for federal matching funds shall be  
26 returned to the hospital.

27 (I) ~~(j)~~ In fiscal year ~~2004-2005, \$18,900,000.00~~ 2005-

1 2006, \$42,400,000.00 of the quality assurance assessment collected  
2 pursuant to subsection (1)(h) shall be appropriated to the  
3 department of community health to support medicaid expenditures for  
4 hospital services and therapy. These funds shall offset an  
5 identical amount of general fund/general purpose revenue originally  
6 appropriated for that purpose.

7 (15) The quality assurance assessment provided for under this  
8 section is a tax that is levied on a health facility or agency.

9 (16) As used in this section, "medicaid" means that term as  
10 defined in section 22207.