

SENATE BILL No. 619

June 21, 2005, Introduced by Senators CHERRY, JACOBS, EMERSON and PRUSI 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

1 facilities \$238.00 per facility.
2 (b) Hospitals \$8.28 per licensed bed.
3 (c) Nursing homes, county medical care
4 facilities, and hospital long-term care
5 units \$2.20 per licensed bed.
6 (d) Homes for the aged \$6.27 per licensed bed.
7 (e) Clinical laboratories \$475.00 per laboratory.
8 (f) Hospice residences \$200.00 per license
9 survey; and \$20.00 per
10 licensed bed.
11 (g) Subject to subsection (13), quality
12 assurance assessment for ~~nongovernmentally~~
13 ~~owned~~ nursing homes and hospital long-term
14 care units an amount resulting in
15 not more than 6% of
16 total industry
17 revenues.
18 (h) Subject to subsection (14), quality
19 assurance assessment for hospitals at a fixed or variable
20 rate that generates
21 funds not more than the
22 maximum allowable under
23 the federal matching
24 requirements, after
25 consideration for the
26 amounts in subsection
27 (14) (a) and (j).

1 (2) If a hospital requests the department to conduct a
2 certification survey for purposes of title XVIII or title XIX of
3 the social security act, the hospital shall pay a license fee
4 surcharge of \$23.00 per bed. As used in this subsection, "title
5 XVIII" and "title XIX" mean those terms as defined in section
6 20155.

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

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

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

1 fees paid to the department.

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

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

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

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

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

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

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

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

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

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

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

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

25 **(C)** ~~-(e)-~~ Upon implementation pursuant to subdivision (b)
26 **BEGINNING MAY 10, 2002**, the department of community health shall
27 increase the per diem nursing home medicaid reimbursement rates for

1 the balance of that year. For each subsequent year in which the
2 quality assurance assessment is assessed and collected, the
3 department of community health shall maintain the medicaid nursing
4 home reimbursement payment increase financed by the quality
5 assurance assessment.

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

10 (E) ~~—(g)—~~ If a nursing home or a hospital long-term care unit
11 fails to pay the assessment required by subsection (1)(g), the
12 department of community health may assess the nursing home or
13 hospital long-term care unit a penalty of 5% of the assessment for
14 each month that the assessment and penalty are not paid up to a
15 maximum of 50% of the assessment. The department of community
16 health may also refer for collection to the department of treasury
17 past due amounts consistent with section 13 of 1941 PA 122, MCL
18 205.13.

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

25 (G) ~~—(i)—~~ The department of community health shall not
26 implement this subsection in a manner that conflicts with 42 USC
27 1396b(w).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (I) ~~(j)~~ In fiscal year ~~2004-2005, \$18,900,000.00~~ **2005-2006**
2 **AND IN EACH SUBSEQUENT YEAR, \$42,400,000.00** of the quality
3 assurance assessment collected pursuant to subsection (1)(h) shall
4 be appropriated to the department of community health to support
5 medicaid expenditures for hospital services and therapy. These
6 funds shall offset an identical amount of general fund/general
7 purpose revenue originally appropriated for that purpose.

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

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