

Legislative Analysis



CERTIFICATE OF NEED FEES

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4787 (H-1) as Reported from Committee

Sponsor: Rep. Matt Lori

Committee: Appropriations

Complete to 6-12-13

SUMMARY OF HOUSE BILL 4787 (H-1) as Reported from Committee

The bill would amend the Public Health Code, Part 201 of Article 17, General Provisions regarding Facilities and Agencies. The bill affects the state's Certificate of Need (CON) regulatory program administered by the Department of Community Health (DCH). The bill:

- Increases existing fees for application for certificate of need
- Establishes new fees for:
 - Designated complex projects including comparative review or consolidated licensed health facility acquisition or replacement
 - Expedited processing, if the Department requires
 - Review of letter of intent for waiver from certificate of need review
 - Amendment to an approved certificate of need
 - CON approved covered clinical service offered by health facility or agency, as part of CON annual survey
- Enacting section 1 establishes an October 1, 2013 effective date for the bill

The intent of the CON program is to balance health care costs, quality, and access, and ensure that only needed health services and facilities are developed in the state. Applicants must obtain a CON to carry out proposals to increase the number of/relocate licensed beds, or begin or expand operation of a health facility or covered service.

Certificate of need fees were last increased in 2005. GF/GP funding was removed from the program in FY 2002-03. Fees currently range from \$1,500 to \$8,500. The bill expands and increases fees, with a fee range of \$100 to \$15,000. A schedule of the fees proposed by HB 4787 follows on page 2, including current law.

FISCAL IMPACT:

House Bill 4787 provides statutory changes upon which the FY 2013-14 budget for the Department of Community Health (DCH) is based in Enrolled HB 4328, Article IV. The FY 2013-14 DCH budget includes a \$700,000 increase in state restricted funding from increased CON fees to maintain the current program. Total revenue from CON fees is estimated to increase from \$2.0 million to about \$2.8 million annually. Current fee levels are inadequate to support the program and available fund balances have been depleted. Total appropriations of CON fees included in the FY 2013-14 budget are \$2,698,600.

Fiscal Analyst: Susan Frey

■ 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.

HB 4787 Certificate of Need Fees	Current Law Fee Amount	Proposed Fee Amount
Base fee, each application	\$1,500	\$3,000
Additional fee for projects of \$500,000 - \$4,000,000	\$4,000	\$5,000
Additional fee for projects of \$4,000,000 - \$10,000,000	\$7,000	\$8,000
Additional fee for projects over \$10,000,000	\$7,000	\$12,000
Additional fee for designated complex project	\$0	\$3,000
Expedited processing per request of applicant, fee if required by DCH	\$0	\$1,000
Review of letter of intent for waiver from CON review	\$0	\$500
Amendment to an approved certificate of need	\$0	\$500
Annual fee for CON approved covered clinical service as part of CON annual survey at time of submission of survey data.	\$0	\$100