

# Legislative Analysis



## PSYCHIATRIC BEDS

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**Senate Bill 672 (proposed substitute H-1)**  
**Senate Bill 673 as passed by the Senate**  
**Sponsor: Sen. Curtis S. VanderWall**  
**House Committee: Health Policy**  
**Senate Committee: Health Policy and Human Services**  
**Complete to 9-24-20**

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

## SUMMARY:

Senate Bill 672 would amend Part 222 (Certificates of Need) of the Public Health Code to modify two definitions regarding psychiatric beds, and Senate Bill 673 would amend Chapter 1 (Department of Mental Health) of the Mental Health Code to require psychiatric facilities to maintain 50% of the beds for public patients in order to preserve licensure.

**Senate Bill 672** would amend two definitions. Under the code, a person cannot make a *change in bed capacity* of a health facility or initiate, replace, or expand a *covered clinical service* without first obtaining a certificate of need.

Currently, the term *change in bed capacity* means one of the following:

- An increase in licensed hospital beds.
- An increase in licensed nursing home beds or hospital beds certified for long-term care.
- An increase in licensed psychiatric beds.

The bill would amend the third category so that it would include an increase in licensed psychiatric beds if the increase was at a location in a county that had a population of more than 40,000, according to the most recent federal decennial census. However, this category would sunset, or expire, five years after the bill took effect.

Additionally, *covered clinical service* under the code currently includes services such as certain neonatal services, open heart surgery, and certain radiation and surgery services. The bill would amend one of the categories—initiation or expansion of a specialized psychiatric program for children and adolescent patients utilizing licensed psychiatric beds—so that it would apply in a county that had a population of more than 40,000, according to the most recent federal decennial census. This category would likewise sunset five years after the bill took effect.

MCL 333.22203

**Senate Bill 673** would amend the Mental Health Code to require that a psychiatric hospital or psychiatric unit accept *public patients* and maintain 50% of beds available to public patients as a condition of licensure.

*Public patient* would mean a person approved for mental health services by a community mental health services program (CMHSP). Public patient would include a person admitted as a patient pending certification by a psychiatrist, a person being

detained pending examination, or a person under court-ordered hospitalization because he or she is deemed a risk to self or others.

Under the bill, beginning June 1, 2020, a psychiatric hospital or psychiatric unit would have to submit an annual report to the Department of Health and Human Services (DHHS) as part of the application for license renewal. The report would have to include data from the previous calendar year on all of the following:

- Total patient days of care provided to public patients.
- Total beds available.
- Total patient days of care.

DHHS could use the report or a departmental investigation to determine whether a psychiatric hospital or psychiatric unit maintains 50% of beds available to public patients.

MCL 330.1100c and 330.1137 and proposed MCL 330.1137a

Senate Bill 673 is tie-barred to Senate Bill 672, meaning it could not take effect unless Senate Bill 672 were also enacted.

#### **FISCAL IMPACT:**

**Senate Bill 672** would have fiscal implications for the certificate of need program under DHHS. The elimination of a requirement for a certificate of need (CON) for an increase in licensed psychiatric beds or initiation or expansion of certain specialized psychiatric programs using psychiatric beds would eliminate the provision of such CON services and the related costs, and would eliminate the revenue to the CON program charged for that service, which may be from \$3,000 to \$15,000. Currently the CON program is funded at \$2.8 million and is solely supported by revenue from CON fees. The bill may also have fiscal implications for health care costs in Michigan, which are indeterminate.

**Senate Bill 673** would not have an immediate fiscal impact on the state and local units of government (specifically the 46 CMHSPs), but could increase costs by an indeterminate amount to the degree in which additional beds become available to the CMHSPs, and to the degree in which the CMHSPs utilize these beds. Any additional inpatient utilization costs would be partially offset with lower emergency department utilization and lower outpatient/community services utilization.

Section 308 of the Mental Health Code requires the state, subject to appropriations, to pay 90% of the net CMHSP costs.

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