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House Bill 5004 (Substitute S-4 as passed by the Senate)

Sponsor: Representative Christine Morse

House Committee: Appropriations

Senate Committee: Appropriations

Date Completed: 9-27-23

## **CONTENT**

The bill would amend the Public Health Code to update the definition of "child or youth with special health care needs by raising the age from "under 21" to "under 26".

The \$500 fee on substance use disorder service programs is due to sunset on October 1, 2023, after which the fee would be eliminated. The bill would delay the sunset until October 1, 2027.

The bill would change the radiological health fee schedules for the registration, renewal, noncompliance charge, inspection, reinspection, evaluation, and reevaluation of radiation machines. The fees would continue to be adjusted annually based on the Detroit Consumer Price Index (CPI) capped at 5%.

The bill would extend the sunset on six health facility fee types regulated by the Department of Licensing and Regulatory Affairs (LARA). Currently, they are due to sunset on October 1, 2023. The bill would extend the sunset date to October 1, 2027.

The bill would add a base facility licensure fee of \$500 for homes for the aged and would require a \$2,000 application fee for initial homes for the aged licensure applications. The \$500 license fee would be required in addition to the \$6.27 per licensed bed fee currently in place. The new fees would sunset October 1, 2027.

The bill also would extend the sunset on the quality assurance assessment programs (QAAPs) fee schedule and QAAP collections for nursing homes and hospital long-term care units, and hospitals from October 1, 2023, to October 1, 2027. The bill would remove disproportionate share hospital (DSH) payment rate from the list of rates that must be maintained at rate levels greater than the rates established on April 1, 2002, for the hospital quality assurance assessment to be collected and spent.

The bill would remove specified level of the retention amount for the hospital quality assurance assessment for previous fiscal years (FYs): 2015-16 and 2016-17. The bill would maintain the QAAP retention amount for the Healthy Michigan Plan of at least \$188,420,600.00. The bill would require, by May 31 annually, the Department of Health and Human Services to identify with the Michigan Health and Hospital Association a QAAP retention amount for the Healthy Michigan Plan which could not be less than \$188,420,600.00.

Also, the bill would extend the sunset on the QAAP for ambulance services from October 1, 2023, to October 1, 2027.

MCL 333.5801 et al.

## **FISCAL IMPACT**

### Department of Health and Human Services (DHHS)

The bill would have no fiscal impact on the DHHS. Since the expansion of Children's Special Health Care Services (CSHCS) to individuals aged 26 was funded in Article 6 of Public Act (PA) 119 of 2023, the FY 2023-24 appropriations for the DHHS, there is no cost to fund the proposed statutory change. The FY 2023-24 budget included \$15.8 million Gross (\$7.4 million General Fund/General Purpose (GF/GP)) to provide medical services to eligible adult children up to 26 years of age in the CSHCS program.

Extension of the QAAP sunset would maintain current policy. The enacted versions of the FY 2023-24 DHHS budget assumes extension of the QAAP sunset. If the sunset were not extended, GF/GP costs would increase by the estimated revenue collected, about \$1.5 billion.

The removal of DSH payment rates from the list of rates that must be not below April 1, 2002, rate levels would have no direct cost. If DSH payments were reduced to below April 1, 2002, levels (approximately \$250.0 million) under current law, the hospital quality assurance assessment could not be collected. Disproportionate share hospital allotments are determined by the Federal government annually and the FY 2022-23 DSH allotment is estimated by the Michigan State Budget Office at \$540.3 million Gross (\$383.1 million Federal).

### Department of Labor and Economic Opportunity (LEO)

The bill would increase radiological health fees by 20.0% from the current fee rate and would have no fiscal impact on local units of government. This fee increase is estimated to generate an additional \$500,000 in fee revenue. Radiological Health Fee revenue is used to support the Michigan Occupational Safety and Health Administration. Current law annually adjusts the radiological health fees based on Detroit CPI up to 5%. For FY 2023-24, the estimated amount of Radiological Health Fee revenue without increasing the fee rate is \$3.0 million. The chart below shows the original fee in statute, the current fee rate based on Detroit CPI, and the proposed fees in the bill.

<b>Summary of Radiological Health Fees</b>			
<b>Type of Fee</b>	<b>Original Fees in 1978 Statute</b>	<b>Current Fees</b>	<b>Proposed Fees (Current Fees + 20%)</b>
Non-Dental, Non-Vet per tube	\$75.00	\$145.73	\$174.88
Dental/Vet per tube	\$45.00	\$87.40	\$104.88
Each additional Dental/Vet Tube	\$25.00	\$48.49	\$58.19
Mammography – Inspection Fee	\$100.00	\$194.36	\$233.23
Mammography - Reinspection	\$100.00	\$194.36	\$233.23
Mammography Evaluation for Compliance	\$700.00	\$1,306.21	\$1,567.45
Mammography - Revaluation	\$300.00	\$559.71	\$671.65

### Department of Licensing and Regulatory Affairs

The bill would have a positive fiscal impact on LARA and no fiscal impact on local units of government.

The extension of the sunset on the health facility fees would preserve approximately \$987,000 in revenue. The extension of the sunset of the substance use disorder program fee would

preserve about \$450,000 in annual fee revenues. The revenue from these fees is deposited into the Health Systems Fees Fund, which is used for to regulate certain facilities, programs, and activities under the Mental Health Code and the Public Health Code.

According to LARA, the current fee structure for Homes for the Aged does not support the costs of administering the licensure program. The proposed fees would offset these expenditures. The Department estimates that the bill's changes would result in an additional \$200,000 per year.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.