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BILL ANALYSIS

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Senate Fiscal Agency

Lansing, Michigan 48909

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Senate Bill 724

Sponsor: Senator John J. H. Schwarz, M.D.

Committee: Health Policy

Date Completed: 3-15-88

SUMMARY OF SENATE BILL 724 as introduced 2-25-88:

The bill would amend the Public Health Code to:

- Provide that a hospital applying for a certificate of need, which met certain Federal "swing bed" requirements, would have to be granted a certificate of need for a short term nursing care program of up to 10 beds.
- Require that a certificate of need be obtained before a short term nursing care program could be established.
- Establish certain requirements that would have to be met by a hospital granted a certificate of need for a short term nursing care program.
- Define "short term nursing care program".
- Delete reference to a current financial requirement that certain construction, modernization, and operation projects costing "in excess of \$150,000" obtain a certificate of need.

Certificate of Need

A hospital that applied to the Department of Public Health for a certificate of need and was eligible for, and in compliance with, the swing-bed provisions of Federal law (42 U.S.C. 1395 tt), except for the certificate of need requirement, would have to be granted a certificate of need for a short term nursing care program with up to 10 beds. A hospital that was granted a certificate of need under the bill's provisions could apply for a separate certificate of need for additional beds for the short term nursing care program. No one could establish a short term nursing care program without first obtaining a certificate of need.

"Short term nursing care" would mean nursing care provided in a hospital to a patient who had been discharged from an acute care bed.

Short Term Care Program Requirements

A hospital that was granted a certificate of need for a short term nursing care program would have to do all of the following:

- Limit the length of stay for a patient in the short term nursing care program to 20 days for each hospital admission.
- Admit patients to the short term nursing care program only pursuant to an admissions contract that was approved by the Department.
- Not discharge a patient from an acute care bed and admit that patient to the short term nursing care program until the day after the average length of stay for the diagnostic-related group category under which the patient was admitted to the hospital.

- Permit access by a representative of an organization, which had received approval as prescribed in the Code, to patients admitted to the short term care program for all of the purposes described in the Code, such as assisting patients in asserting their legal rights and making personal, social, and legal services available to the patients (MCL 333.21763).
- Provide the Department, upon request, with data considered necessary by the Department to evaluate the short term nursing care program. The data could include, but would not be limited to, the number of patients admitted to the hospital's short term care program during the period specified by the Department; the number of patient days for the period specified by the Department, which would have to be identified by the level of care and the individual or other entity that paid for the short term nursing care services; and information identifying the type of care to which patients in the short term care nursing program were released.

An applicant for a certificate of need for a short term nursing program would not have to comply with requirements in the Code that otherwise apply to applicants for a certificate of need, which include providing a statement addressing criteria specified in the Code.

Construction/Conversion Costs

Currently under the Code, a person cannot begin operation of a new health facility, change bed capacity, change service, or undertake a capital expenditure for the construction, conversion, addition to, or modernization in excess of \$150,000 of a health facility or make a commitment for financing the offering or development of a new institutional health service without first obtaining a certificate of need which documents a demonstrated need and grants permission for the proposed project. The bill would add provisions concerning the addition of beds to a short term nursing care program to this requirement. In addition, the bill would delete reference to these projects being "in excess of \$150,000".

MCL 333.22131 et al.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would have an indeterminate impact on Department of Public Health expenditures. An increase in Department administrative costs would be offset by an increase in certificate of need application fee revenues. The bill would have no significant impact on the State's Medicaid Program. There is the potential for some savings in the Medicaid Program in the cases in which an individual

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is maintained in an acute care hospital bed pending the availability of a skilled nursing facility bed, and the hospital is receiving partial payment under Medicaid.

Fiscal Analysts: P. Graham
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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.