House Legislative Analysis Section

Manufacturer's Bank Building, 12th Floor
Lansing, Michigan 48909
Phone. 517/373-6466

SENIOR CARE RESPITE FUND

House Bill 5065 (Substitute H-1)
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House Bill 5067 as introduced
First Analysis (12-11-89)

Sponsor: Rep. Justine Barns
Committee: Senior Citizens and Retirement

THE APPARENT PROBLEM:

According to estimates, there are more than one million Michigan residents aged 60 or older, five percent of whom will require long-term care at some point in the future. While many of these individuals will become disabled and will end up in nursing homes, there is a growing consensus among health care professionals that it is important to keep disabled senior citizens out of institutions. Those seniors who remain in their own homes, or with relatives, live longer and remain more active. It is also generally agreed that taking care of a disabled elderly relative places considerable stress on families and that these caregivers need relief from time to time. As a result, local community services agencies across the state have worked toward developing programs to provide day care services, where a patient may stay for a day, and respite care services, where a patient may spend several days, when, for example, his or her caregiver is on vacation. However, the process of generating funds for such programs has been slow; while a few areas of the state provide some type of service, most have waiting lists, or can only provide limited services, due to a shortage of funds or a lack of volunteers. It has been pointed out that money that currently reverts to the general fund from uncashed health benefit checks could be redirected into a special respite care fund. Currently, benefits paid by health care corporations to Michigan subscribers or providers escheat to the state's general fund if they are not cashed within the seven year "period of dormancy" that is specified in the Michigan Code of Escheats. In the last several years, these escheats have ranged from $371,000 to $671,000 annually.

THE CONTENT OF THE BILLS:

The bills would create the Senior Care Respite Fund and require that uncashed benefit checks paid by health care corporations — as well as gifts, donations, and money given to the fund from any other source — escheat to the state, and then be transferred to the fund. The bills are tie-barred to each other.

House Bill 5065 would amend the Older Michiganians Act to create the Senior Care Respite Fund within the Department of Treasury, to be administered by the Office of Services to the Aging. Money that descended to the state as an escheat, under the Nonprofit Health Care Corporation Reform Act; gifts or donations to the fund; and money received from any other source would be credited to the fund. Under the bill, the Office of Services to the Aging would be required to distribute money in the fund to area agencies on aging annually, according to a formula developed by the office under the Administrative Procedures Act, or according to the terms and conditions of the donor. The administrative costs of the office for administering the fund would be paid out of the fund. Balances in the fund at the end of any fiscal year would be carried over and would not revert to the general fund.

Area agencies on aging, designated by the Commission on Services to the Aging, would use the funds to provide day care for older persons, or other types of respite services for persons providing care to older persons. The area agency could develop new programs or fund existing programs, and would award the distributed funds by grant or contract to community agencies and organizations, except where a waiver allowing direct service delivery was granted by the Office of Services to the Aging.

MCL 400.589

House Bill 5066 (H-1) would amend the Nonprofit Health Care Corporation Reform Act. Under the bill, benefits paid by a health care corporation to a subscriber or provider by way of a check or other written instrument that were not cashed within the period of dormancy, as defined in the Michigan Code of Escheats, would escheat to the state.

MCL 550.1403a

House Bill 5067 would amend the Michigan Code of Escheats to include under its definition of "property" uncashed checks or other similar written instruments as described in the Nonprofit Health Care Corporation Reform Act, that are written for benefits paid by a health care corporation to a subscriber or provider, and that escheat to the state. Currently, under the code, property that descends to the state as an escheat is delivered to the state Board of Escheats. The board acts as conservator and trustee of the property, for the use and benefit of the state and of any person who might be entitled to redemption, and is vested with the authority to administer funds accruing from it. After a reasonable time, these funds are deposited into the state treasury, to be credited to the "primary school fund." Under the bill, property that descended to the state as escheat would be delivered first to the Department of Treasury, which would deposit the property, or the proceeds from its sale, into the general fund; property that escheated to the state in the form of unpaid checks paid by health care corporations to subscribers or providers would be transferred by the Department of Treasury as follows:

- 10 percent to the general fund, to be held for the benefit of persons entitled to redemption;
- 90 percent to the Senior Care Respite Fund.

MCL 567.15 et al.

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the bill would result in a small, indeterminate, revenue gain from the escheat to the state of nonprofit health care corporation payments in the form of uncashed checks. (12-11-89)

OVER

ARGUMENTS:

For:

It has often been pointed out in recent years that individuals who are allowed to spend their later years in their homes, or with family members, remain more active and alert than those who are confined to nursing homes. At the same time, it is more economical to provide one month of respite care in a senior care respite and day care center than to provide one month of care in a nursing home. Yet caregivers for the elderly are under considerable stress, and need the services such as this bill would provide. Although funds for respite and day care have not been one of society's priorities to date, the bill could be a start in the right direction

Against:

The money that escheats to the state from uncashed health care benefit checks varies too much ($371,000 to $671,000) from one year to another to provide a consistent level of funding. Programs that were initiated in one year would be cancelled in lean years. Senior citizens might be better off if the money were instead returned to the health care corporations and used to lower the premium rates.

POSITIONS:

The Department of Social Services supports the bills. (12-11-89)

The Office of Services to the Aging in the Department of Management and Budget supports the bills. (12-9-89)

The Michigan Coalition of Aging Organizations supports the bills. (12-11-89)

The State Employees Retirement Association (SERA)

supports the bills. (12-7-89)

The Michigan Women's Commission supports the bills. (11-29-89)

The Michigan Community Action Aging Association supports the concept of the bills. (12-11-89)

The American Association of Retired Persons (AARP) supports the concept of the bills. (12-11-89)