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BILL ANALYSIS

Senate Fiscal Agency

• Lansing, Michigan 48909

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Senate Bill 21

Sponsor: Senator James A. Barcia

Committee: Health Policy

Date Completed: 3-14-89

SUMMARY OF SENATE BILL 21 as introduced 1-11-89:

The bill would amend the Public Health Code to require homes for the aged and nursing homes, during periods of "extreme heat", to make available to patients and residents at least one room cooled by an air-conditioning unit or a central air-conditioning system. The room would have to be of adequate size to allow intermittent use by patients and residents during the period of extreme heat. The bill also would require that each annual visit by the Department of Public Health to a State-licensed home for the aged or nursing home, currently required under the Code, include an inspection of the air-conditioning unit or air-conditioning system.

"Extreme heat" would mean a temperature inside a home for the aged or nursing home higher than 90 degrees Fahrenheit measured at a level three feet above the floor.

MCL 333.20155 et al.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would result in an indeterminate increase in State Medicaid expenditures. The magnitude of the increase would depend on the number of nursing homes that do not currently have air-conditioning and the type of air-conditioning unit that would be installed in response to the provisions of this bill. If the cost of air-conditioning installation is treated as a capital expenditure, then the estimated General Fund cost could be approximately \$378,000 per year for a total cost of \$3.8 million over 10 years. These estimates are based on the following assumptions:

- Approximately 200 nursing homes are currently without air-conditioning.
- Approximately 60% of nursing home clients are Medicaid-reimbursed.
- The maximum cost of air-conditioning installation would be \$35,000 per nursing home.

- The cost of air-conditioning installation would be amortized over 10 years using straight-line depreciation.
- The total cost of air-conditioning installation would be twice the initial price due to interest costs.

Fiscal Analyst: J. Walker
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.