

## NEW FEES FOR LAB TESTS

Senate Bill 499 with committee  
amendments  
First Analysis (4-7-92)

Sponsor: Sen. Vernon J. Ehlers  
Senate Committee: Health Policy  
House Committee: Public Health

### ***THE APPARENT PROBLEM:***

Elements of the 1991-92 state budget for public health programs (Public Act 120 of 1991), already approved, depend for revenue on a series of fee increases. More specifically, included as a source of funding for the laboratory services program was \$600,000 in fees that were to be generated from the testing of water samples and testing of samples for immune status (mainly of hospital staff and obstetrical patients).

### ***THE CONTENT OF THE BILL:***

The bill would give statutory authorization to a schedule of fees established under Executive Order 1991-17. More specifically, the bill would amend the Public Health Code to allow the director of the Department of Public Health (DPH), beginning October 1, 1991, to charge a "reasonable fee" for testing services provided by department laboratories and would set up a "laboratory testing fund" in the state treasury to which all laboratory testing fees would be credited. The fund could be used to develop and provide laboratory services including buying equipment and other improvements to the testing program, and any unspent funds at the end of the fiscal year would remain in the fund and not revert to the general fund.

Testing fees could not be more than what was necessary to pay for the costs of the test and could not be more than those set out in Executive Order 1991-17. The DPH would have to develop and publish a schedule of fees and submit it, along with the rationale for the fees and any revision of the fees, to the Department of Management and Budget (DMB) for approval. The DPH also would have to submit an annual report to the DMB and to the legislature on the number of tests performed for which a fee could be charged, the total amount of fees collected, and any costs related to testing for which a fee could be charged.

MCL 333.9601 and 333.9623

### ***HOUSE COMMITTEE ACTION:***

The House Committee on Public Health deleted from the Senate-passed version of the bill a section that would have allowed people to request directly from clinical laboratories (that is, without going through a physician) tests and test results. The House committee also made the bill's provisions retroactive to the beginning of the current fiscal year, restricted fees to the actual costs of the testing service, and made the laboratory testing fund a restricted fund.

### ***BACKGROUND INFORMATION:***

The Public Health Code requires that certain tests be done without charge. These include samples submitted by a local health department, state institution, or physician from an area where there is an outbreak of communicable disease or an epidemic requiring laboratory tests to protect the public health or to locate sources of infection. These agencies also can ask the department to test samples of public water supplies or water used by the public to assure quality and safety.

Executive Order 1991-17, which ordered reductions in the budgets of a number of state departments, was signed on June 18, 1991. Under the section for public health, the order says, in part, the following:

*Sections 9621 and 9601 of Act 368 of 1978, as amended, . . . is amended as follows for the remainder of fiscal year 1991:*

*Sec. 9621. The examination and analyses for these purposes shall be without charge EXCEPT IN CASES OF WATER TESTS. THE DEPARTMENT OF PUBLIC HEALTH MAY ESTABLISH A*

*SCHEDULE OF CHARGES FOR WATER TESTS, WITH THE APPROVAL OF THE DEPARTMENT OF MANAGEMENT AND BUDGET, FOR THE EXAMINATION AND ANALYSES FOR THESE PURPOSES. THESE FEES SHALL NOT EXCEED THE AMOUNTS NEEDED TO GENERATE REVENUES INCLUDED IN LEGISLATIVELY APPROVED APPROPRIATION.*

*Sec. 9601. THE DIRECTOR MAY ESTABLISH FEES, WITH THE APPROVAL OF THE DEPARTMENT OF MANAGEMENT AND BUDGET, FOR TESTING SERVICES NOT REQUIRED BY LAW TO BE PERFORMED BY DEPARTMENT LABORATORIES. THESE FEES SHALL NOT EXCEED THE AMOUNTS NEEDED TO GENERATE REVENUES INCLUDED IN LEGISLATIVELY APPROVED APPROPRIATION. . . .*

According to a water testing fee schedule published by the Department of Public Health (effective September 15, 1991),

- \* inorganic chemistry test fees range from \$4 to \$73 (only one test, that for complete minerals, has this higher fee; most of the fees are between \$8 and \$10);
- \* metals chemistry test fees range from \$6 to \$100 (again, only one test, that for complete metals, has this higher fee; most of the fees are between \$10 and \$15);
- \* volatile organic chemistry test fees are \$75 for either of two tests;
- \* non-volatile organic chemistry test fees are between \$65 and \$85; and
- \* microbiology test fees are between \$5 and \$7.

#### ***FISCAL IMPLICATIONS:***

According to the House Fiscal Agency, the water testing fees would raise between \$850,000 and \$900,000, based on the assumptions that:

- \* the fees charged under the bill would be the same as the fee schedule established under Executive Order 1991-17;
- \* the number of water chemistry tests performed on public water supplies would at least equal the workload of 1989-90;
- \* the number of all other tests on water samples would decrease 25 percent from the number performed in 1989-90 (these other tests would be partial automated water chemistry tests on private water systems and microbiology tests on public and private systems and on swimming pools);

\* all water chemistry tests on private systems (except partial automated water chemistry tests) would be exempt from fees since they normally are submitted by local health departments in response to health and safety concerns (see BACKGROUND INFORMATION); and

\* 10 percent of revenues would be lost due to other exemptions or follow-up of positive test results.

The revenues from fees for immune status testing, a new service offered by the department, are unknown, since the number of tests that will be requested is unknown. But assuming a \$16 test fee, the House Fiscal Agency assumes that revenues from this source will be nominal (under \$25,000). (11-15-91)

#### ***ARGUMENTS:***

##### ***For:***

The bill would allow the Department of Public Health to charge fees for tests which the 1991-92 budget for the department already presupposes.

##### ***Against:***

These fees, which in the past have been paid for out of the state general fund, are simply hidden tax increases imposed on the people of Michigan without their knowledge or consent.

#### ***POSITIONS:***

There are no positions at present.