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NORTHERN MI: NURSING HOMES

Senate Bill 390 (Substitute H-2)
First Analysis (7-22-93)

Sponsor: Sen. Don Koivisto
Senate Committee: Health Policy
House Committee: Public Health

THE APPARENT PROBLEM:

Under the state's Certificate of Need (CON) program, health care providers must obtain approval from the state CON commission before making large expenditures for new or expanded facilities, equipment, or services. Part of the CON process regulates the number of beds that a facility can have for patients, depending on the kind of care offered. Under the Public Health Code, the CON review standards for long-term care services are set forth in a document approved by the Statewide Health Coordinating Council in 1985 and titled "Planning Policies Pertaining to Long-Term Nursing Care Bed Need." An addendum to these standards, adopted by the Department of Public Health (DPH) on December 18, 1989, allows a statewide pool of additional nursing home beds -- amounting to two percent of the long-term care and nursing home beds needed in the state -- to be set aside for "special population groups," specified in the addendum as 300 beds for "religious needs" (in nursing homes run by federally tax-exempt religious organizations), 200 beds for Alzheimer's patients, and 200 beds in certain sparsely populated rural counties (the county has to have fewer than 28 people per square mile and have had an average occupancy rate for its existing beds of at least 95 percent).

For many years there have been complaints about the shortage of regular long-term care and nursing home beds in rural counties, especially those in northern lower Michigan and in the Upper Peninsula. Some believe that this problem is directly related to the lengthy, complicated, and expensive Certificate of Need process, which makes it difficult for small rural facilities to initiate and complete CON requests. Legislation has been addressed to address this issue.

THE CONTENT OF THE BILL:

The bill would add a new section to the Public Health Code to amend the addendum to the Certificate of Need (CON) Review Standards for Long-term Care Services for Special Population Groups that became effective on December 18, 1989, to increase the percentage of nursing home beds in certain rural counties that may be set aside for special population groups from two percent to three percent. The bill also would add hospice care to the two percent limitation on beds to be used for religious or health needs for specialized services (such as AIDS or Alzheimer's disease).

MCL 333.22218

FISCAL IMPLICATIONS:

A Department of Public Health analysis on an earlier version of the bill noted that the addition of new nursing home beds could increase the state Medicaid budget in future years (to the extent that the new beds were enrolled in the program), and said that there would be some additional inspection and oversight costs to the department for these additional beds. (7-13-93)

ARGUMENTS:

For:

Rural Michigan -- and the Upper Peninsula in particular -- has had a longstanding need for additional nursing home beds. A 1986 Department of Public Health survey of waiting lists at nursing homes in the Upper Peninsula reported an average waiting list of 16, with the largest waiting list being 151! The Certificate of Need Commission recognized the special needs of rural Michigan when it adopted an addendum to the CON Review

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Standards for Long-Term Care Services in December of 1989. The addendum allocated a pool of 20 additional beds to 19 rural Michigan counties with fewer than 28 people per square mile and an average occupancy rate of at least 95 percent for each of the three preceding years. The addendum limits each county to a maximum of 20 additional beds. Eight counties applied for (and received) additional nursing home beds from this 200-bed pool, for a total of 157 beds. Reportedly, in Marquette County alone, there were 320 unduplicated names on waiting lists in 1992.

Despite this additional pool of beds, northern Michigan continues to experience a chronic problem with access to nursing home beds, and some people relate this shortage directly to the long, expensive, and complicated Certificate of Need process, which small rural facilities find difficult to negotiate. Meanwhile, the aging population in northern Michigan continues to grow, and with nursing home occupancy reportedly running at 97 percent in a majority of the existing nursing homes, many families cannot find space available in nearby nursing homes for their aged family members. As a result, these families are forced to place their aging family members in facilities that sometimes are hundreds of miles from their homes. In addition, without nearby open nursing home beds, aged patients are being forced to extend the length of their stays in hospitals, thereby adding to rural hospitals' uncompensated care costs and resulting financial problems.

The bill would address these problems by increasing the number of beds in the special pool (reportedly by about 500 beds), and dedicating these additional beds to rural counties that met certain criteria.

For:

The bill also would address a concern of the hospice care industry by allowing some of the "special needs" beds now allocated to religious needs, Alzheimer's patients, and rural areas to also be allocated for hospice needs.

Against:

The bill addresses only a small part of a much larger, state-wide problem. What is needed, in addition to additional beds in certain rural areas, is a comprehensive plan to address the entire issue of long-term care state-wide. Reportedly, the Departments of Public Health, Social Services, and Mental Health, and the Office of Services to the

Aging is working on just such a comprehensive plan, and the bill should be delayed until the plan is completed.

Response:

Reportedly, this proposed comprehensive plan was to be completed in June of this year, but has yet to be finished. Meanwhile, rural areas, with far fewer resources for their aging populations than the more urbanized areas of the state, are suffering acutely from a shortage of available long-term care beds and need this issue to be addressed now. The seriousness of the problem and the amount of time that rural counties already have waited for some "comprehensive" plan demands that the bill be considered immediately, and, if necessary, integrated into some later more comprehensive plan.

Against:

The bill is unusual in that it basically amends neither an existing state law nor an administrative rule, but rather an "addendum" -- adopted by the Department of Public Health -- to a document adopted by the Statewide Health Coordinating Council. Surely the DPH could make this change without the legislature having to pass a new law.

POSITIONS:

The Department of Public Health supports the bill. (7-20-93)