

Legislative Analysis



TEMPORARY DELICENSURE OF HOSPITAL BEDS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6380 (proposed substitute H-1)

Sponsor: Rep. Andrew Fink

Committee: Health Policy

Complete to 11-9-22

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 6380 would amend the Public Health Code to allow certain rural emergency hospitals to apply to temporarily delicense beds. The bill also would require notification to the Department of Health and Human Services (DHHS) if a hospital applied for designation as a rural emergency hospital and would eliminate a provision concerning the use of temporarily delicensed beds to comply with a bed reduction plan.

The bill would require a hospital licensed under Article 17 (Facilities and Agencies) to notify DHHS if the owner, operator, or governing body of the hospital applies for designation as *a rural emergency hospital*. The bill also would allow a rural emergency hospital licensed under Article 17 located in a nonurbanized area to apply to the Department of Licensing and Regulatory Affairs (LARA) to temporarily delicense 100% of its licensed beds for up to five years. (Delicensed beds are unavailable for patient use.)

Rural emergency hospital would mean a hospital designated by the federal Centers for Medicare and Medicaid Services (CMS) to offer *rural emergency hospital services*.

Rural emergency hospital services would mean that term as defined under federal law (42 USC 1395x).¹

In addition, the bill would remove a provision prohibiting a hospital that has beds subject to a hospital bed reduction plan or to a LARA action to enforce Article 17 from using beds temporarily delicensed to comply with the bed reduction plan.

MCL 333.21501, 333.21513, and 333.21551

FISCAL IMPACT:

House Bill 6380 would have an indeterminate, though likely modest, fiscal impact on the Department of Licensing and Regulatory Affairs. The potential exists for LARA to experience decreased fee revenue under the bill. If rural emergency hospitals choose to delicense beds, they would no longer be liable for the \$10 fee per bed that is assessed in addition to the \$500 base fee for hospital licensure. LARA believes that a limited number of hospitals may delicense their beds and that it would be a fairly low number of beds delicensed at each facility (estimated at no more than 50 beds each). The department's current projected revenue decrease is \$1,500 or less.

¹ <https://www.law.cornell.edu/uscode/text/42/1395x>

The bill would likely have no impact on the state Medicaid and Healthy Michigan Plan programs. Critical Access Hospitals and hospitals in eligible rural areas that transition to the Rural Emergency Hospital provider type would still provide emergency and outpatient services, and there would be no change in the Medicaid reimbursement rates for such services. Rural Emergency Hospitals would benefit from the 5% increase in federal Medicare reimbursement rates for emergency and outpatient services, as well as the monthly distribution from the Centers for Medicare and Medicaid Services.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.