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BILL ANALYSIS

Senate Fiscal Agency

• Lansing, Michigan 48909

• (517) 373-5383

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Senate Bills 372, 373, and 374

Sponsor: Senator Frederick Dillingham

Committee: Human Resources and Senior Citizens

Date Completed: 5-9-89

SUMMARY OF SENATE BILLS 372, 373, and 374 as introduced 4-26-89:

The bills would create a Senior Care Respite Fund to provide day care to older persons, provide that uncashed benefits paid by nonprofit health care corporations to subscribers and providers would escheat to the State, and allocate 90% of escheated property to the Senior Care Respite Fund. The bills are tie-barred to each other.

Senate Bill 372

The bill would amend the Older Michiganians Act to establish a Senior Care Respite Fund in the Department of Treasury that could be used only by designated Area Agencies on Aging to provide day care for older persons or other types of respite services for persons providing care to older persons. An agency could develop new programs or fund existing programs, and provide the services directly or contract with other local agencies to provide them. The agency could design respite programs to meet the needs of its constituents.

The Fund would be administered by the Office on Services to the Aging which annually would distribute the money in the Fund in equal shares to the area agencies. Use of the money by an Area Agency on Aging, however, would not be subject to regulation by the Office.

The State Treasurer would have to credit to the Fund any money received as a gift or donation to the Fund that descended to the State as an escheat under the Nonprofit Health Care Corporation Reform Act, or that came from any other source as provided by law.

Any balances in the Fund at the end of any fiscal year would have to be carried over and would not revert to the General Fund.

MCL 400.589 et al.

Senate Bill 373

The bill would amend the Michigan Code of Escheats to:

- Include in the definition of "property" checks or other similar written instruments used by nonprofit health care corporations to pay benefits to

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subscribers or providers and interest due on refunds to consumers of excess or increased rates or charges collected by utility companies.

- Provide that property descending to the State as an escheat would be delivered to and held by the Department of Treasury rather than the Board of Escheats.
- Delete the requirement that the Board of Escheats turn escheated property or the proceeds of the sale of such property over to the State Treasury to the credit of the primary school fund.
- Provide that the Department of Treasury would have to deposit escheated property, other than that obtained under the Nonprofit Health Care Corporation Reform Act, or the proceeds of the sale of such property, in the State's General Fund, and could administer the funds subject to the supervision and direction of the State Administrative Board. Of the escheated property from nonprofit corporations, 10% would be deposited in the General Fund for the benefit of persons entitled to redemption and 90% would go to the Senior Care Respite Fund.

MCL 567.15 and 567.62

Senate Bill 374

The bill would amend the Nonprofit Health Care Corporation Reform Act to specify that benefits paid by a health care corporation to a subscriber or provider, who is a Michigan resident, by check or other similar written instrument for the transmission or payment of money, that is not cashed within the "period of dormancy" as specified in the Michigan Code of Escheats (generally seven years) would escheat to the State.

Proposed MCL 550.1403a

Legislative Analyst: L. Burghardt

FISCAL IMPACT

Since 1983, escheats to the General Fund from uncashed health care benefit checks have averaged \$371,000, with a high of \$788,000 in FY 1984. Although certain factors, such as litigation, can affect the level of escheats in a given year, the proposed Senior Care Respite Fund could be expected to receive approximately \$300,000 in the next fiscal year. This amount, plus any other contributions to the Fund, would be distributed in equal shares (approximately \$21,000) to each of the State's 14 Area Agencies on Aging.

The redirection of escheats from health care benefit checks from the State General Fund to a Senior Care Respite Fund would result in a reduction to the State General Fund of approximately \$300,000 per year, depending upon the level of funds escheated to the State in a given year from this source.

Fiscal Analyst: B. Baker

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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.