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BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

(517) 373-5383

House Bill 4841 (as reported without amendment)

Sponsor: Representative Michael J. Bennane

House Committee: Public Health

Senate Committee: Health Policy

Date Completed: 12-5-89

RATIONALE

A number of states, including New York, Massachusetts, California, and Texas, have established nonprofit public health research corporations. As nonprofit corporations, these institutes can apply for and accept money from sources--such as private foundations and the Federal government--that traditionally are unavailable to state government agencies. The Michigan Department of Public Health (DPH) reportedly wished to set up such a nonprofit research institute two years ago, but was advised by the Attorney General's office that the Department needed legislative authorization before it could do so. Some people believe that the DPH should be allowed to establish a nonprofit health research corporation in order to be eligible for revenues and grants that could be used to conduct research, education, and service activities.

CONTENT

The bill would amend the Public Health Code to permit the Department of Public Health to establish a nonprofit corporation, pursuant to the Nonprofit Corporation Act, to plan, promote, and coordinate health services research with a public university or a consortium of public universities in the State.

The corporation could research, evaluate, and demonstrate all of the following:

- The cause, effects, extent, and nature of illness and disability among all or a

- particular group of people in the State.
- The impact of personal illness and disability on the economy of the State and the well-being of all or a particular group of people in the State.
- Environmental, laboratory, social, and other health-related issues.
- The health knowledge and practices of the people of the State.
- The quality and availability of health resources in the State, including, but not limited to, health care institutions and health professions.
- The determinants of health and nutritional practices and status, including, but not limited to, behaviors that are related to health.
- Access to and use of health care services by all or a particular group of people in the State, including, but not limited to, the use of ambulatory health care services. The access and use could be categorized by specialty and type of practice of the health professional or health facility providing the service.
- Health care costs and financing including, but not limited to, trends in health care costs, sources of payments, and Federal, State, and local expenditures for health care services.
- Public health policies and programs.
- Other issues considered appropriate by the board of directors of the corporation.

MCL 333.2611

H.B. 4841 (12-5-89)

FISCAL IMPACT

The bill would have no fiscal implications for State or local government. The Department of Public Health has stated that any costs associated with establishing or operating a nonprofit corporation pursuant to the bill would be supported by non-State resources.

ARGUMENTS

Supporting Argument

A number of states have established nonprofit public health research corporations, allowing them to take advantage of funds available to nonprofit corporations through private and corporate foundations and through Federal scientific agencies, like the National Institutes of Health. In addition to allowing the State to capture funds for public health research not normally available to State agencies, the bill also would benefit the research universities in the State and promote joint cooperative research projects involving the State and the universities. Other benefits cited by states that have formed similar nonprofit corporations include: improving the states' ability to recruit scientific, professional, and support personnel; allowing for flexibility in managing short, intensive projects; and, increasing the speed of "technology transfer" to state government operations.

Opposing Argument

While the establishment of a nonprofit health research corporation should be supported, concerns have been raised that there would be no representation of the Legislature on the corporation's board of directors. Such representation could promote the coordination of public health policy in the State as well as be an avenue for raising public concerns and ideas.

Response: If the State had approval power over the board of directors or had legislative representation on the board, the corporation no longer would be considered a nonprofit corporation but a governmental entity, making it ineligible to vie for certain grants and funds.

Legislative Analyst: L. Arasim
Fiscal Analyst: P. Graham

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