

SFA

BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

(517) 373-5383

MICHIGAN STATE LAW LIBRARY

Senate Bill 1056 (as passed by the Senate)

Sponsor: Senator John M. Engler

Committee: Health Policy

Date Completed: 10-23-90

RATIONALE

Public Act 152 of 1885 authorized the establishment of a State facility to care for veterans of the U.S. armed forces who were ill or disabled, whether or not the illness or disability was service-connected and regardless of a veteran's means of support. Supervision and management of the facility were vested in a seven-member board of managers, which operated autonomously and reported directly to the Governor. Under the Executive Organization Act of 1965, the facility and its board of managers were transferred, by a Type I transfer, to the Department of Public Health (DPH). The board is responsible for managing the facility--making recommendations on admissions, for example--while the Department is responsible for budgeting, procurement, and other related functions. Today, there are two veterans' facilities in the State: the Michigan Veterans' Facility in Grand Rapids and the D. J. Jacobetti Michigan Veterans' Facility in Marquette, both of which operate much like nursing homes and offer long-term care. Some veterans' organizations in the State have questioned whether the administration of these facilities more properly is the responsibility of the Department of Military Affairs, instead of the DPH.

CONTENT

The bill would amend the Executive Organization Act to transfer the State Veterans' Facility of Michigan and the board of managers, created under Public Act 152 of 1885, to the Department of Military Affairs. The transfer

would be made by a Type I transfer. The bill also would repeal the provision in the Act that transferred, by a Type I transfer, the veterans' facility and board of managers to the Department of Public Health. The bill specifies that after its effective date, the Michigan Veterans' Facility at Grand Rapids and the D. J. Jacobetti Veterans' Facility at Marquette would be known, respectively, as the Grand Rapids Home for Veterans and the D. J. Jacobetti Home for Veterans.

(The Act defines "type I transfer" as the transferring intact of an existing department, board, commission, or agency to a principal department established by the Act. The Act specifies that when any board, commission, or other agency is transferred to a principal department under a Type I transfer, that board, commission, or agency must be administered under the supervision of that principal department. Any board, commission, or other agency granted a Type I transfer is required to exercise its prescribed statutory powers, duties, and functions of rule-making, licensing, and registration including the prescription of rules, rates, and standards, and adjudication independently of the head of the department. The Act also specifies that under a Type I transfer, all budgeting, procurement, and related management functions of any transferred board, agency, or commission must be performed under the direction and supervision of the head of the principal department.)

Proposed MCL 16.129

S.B. 1056 (10-23-90)

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

ARGUMENTS

Supporting Argument

Administration of the veterans' facilities should be transferred from the Department of Public Health to the Department of Military Affairs because veterans' concerns fall more appropriately within the purview of the Military Affairs Department than the DPH. Members of some veterans' organizations are disturbed that the health concerns of aged veterans in the State must compete with other State health matters in obtaining funding in the DPH budget. If the State's veterans' facilities were housed within the Department of Military Affairs, veterans feel that administration of these facilities would get a higher priority within that Department's budget and operations.

Supporting Argument

The Department of Public Health regulates the operations of nursing homes and homes for the aged. At the same time, however, the DPH administers the operation of the State's two veterans' facilities, which are similar to nursing homes and homes for the aged in the services they provide to veterans. By maintaining certain administrative functions for the veterans' facilities within the DPH, there appears to be a potential conflict of interest in that the Department that regulates nursing homes also is in the business of administering two such facilities. Transferring the administration of these facilities to the Department of Military Affairs would dispel any potential conflict arising from a regulatory agency operating facilities that the agency also is supposed to regulate.

Opposing Argument

It is not certain that the bill would apply to both veterans' facilities. Public Act 152 of 1885 specifically created the Michigan Veterans' Facility at Grand Rapids. The D. J. Jacobetti Veterans' Facility was established in the 1978-79 fiscal year as the Upper Peninsula Veterans' Facility after a study conducted by the DPH indicated a need for such a facility. In the 1978-79 Capital Outlay Appropriation, the initial funding was provided to purchase and renovate

the Marquette General Hospital for a veterans' facility. The Upper Peninsula facility began operation in 1981 to provide domiciliary and nursing care to aged and disabled veterans. While the Jacobetti facility was established through appropriations legislation, there are no specific references to the facility in the Executive Organization Act.

Response: According to the Department of Public Health, both veterans' facilities are managed by a single board of managers, and the Jacobetti facility is considered to be an extension of the Grand Rapids facility. According to a 1990 report from the Office of Auditor General, the Jacobetti facility "provided additional placement for the Michigan Veterans' Facility, located in Grand Rapids, and both were established and operate under Sections 36.1-36.12 of the Compiled Laws". Thus, the bill would apply to both facilities.

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

A8990S1056A

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.