

SFA

BILL ANALYSIS

OCT 23 1987

Senate Fiscal Agency

Lansing, Michigan 48909

(517) 373-5389 Mich. State Law Library

House Bill 4322 (as reported without amendment)**Sponsor:** Representative David C. Hollister**House Committee:** Public Health**Senate Committee:** Health Policy**Date Completed:** 10-1-87**RATIONALE**

Public Act 293 of 1980, which created Part 214 of the Public Health Code, provides for licensure of hospices and sets standards for hospice care. Prior to 1980, there was no State regulation of hospices. Today, there are 81 hospices — which are associated with hospitals or home-health agencies, or are community based — that operate in the State and are regulated by the Act. Unless the Act is amended, regulation of these hospices and any new hospices will cease on March 31, 1988, since the Act is scheduled to expire seven years after its effective date. Some people believe that the sunset provision should be repealed so that regulation and licensure of hospices will continue.

CONTENT

The bill would amend Part 214 of the Public Health Code, which licenses and regulates hospices, to repeal the provision that requires Part 214 to expire seven years after its effective date.

(Public Act 293 of 1980 took effect March 31, 1981.)

MCL 333.21421

FISCAL IMPACT

The bill would result in no fiscal impact. Although the Department of Public Health allotted \$35,000 from existing funds for a contract to implement the Hospice Licensure Program, no specific appropriation was ever made for the implementation of this program. The sunset provision, therefore, would not have resulted in any net savings in the Department of Public Health budget nor would the repeal of the sunset result in any net cost.

ARGUMENTS**Supporting Argument**

Without repeal of the sunset provision, there will be virtually no regulation of hospices in the State as of March 31, 1988. Michigan has been a leader in the hospice movement and was the first state in the nation to enact a hospice licensing law. This law provides consumer protection and consistency in services by defining what a hospice is, outlining the duties and responsibilities of the hospice owner or operator, and explaining what type of care a hospice should provide. If the hospice regulation is allowed to expire, persons needing hospice care would be placed at risk and could face a varying degree of services.

Supporting Argument

The bill only would repeal the provision that specifies that

Part 214 will expire seven years after its effective date. The bill would make no other changes in that part of the Health Code.

Response: Currently, there are provisions in Part 214 that outline circumstances under which hospices are exempt from licensing regulations. If the bill's proponents are concerned that hospices should be regulated, it is not clear why these exemptions should remain in the Code.

Opposing Argument

Hospices seeking Medicare reimbursement must meet Federal certification requirements that are stricter than those in Michigan. The State Department of Social Services also provides a Medicaid benefit to hospices that have obtained Medicare certification. It is not clear why the State should duplicate licensing efforts already conducted by the Federal government, especially since the Federal government's standards are more stringent than those in Michigan.

Response: There is no connection between State licensing and Medicare reimbursement. Besides, Medicare applies to persons who are 65 years of age or older. In Michigan, 40% of the hospice care caseload is made up of persons who are under 65 years of age. Medicare certification standards would not affect hospices that care for persons under 65 years of age. Thus, those patients would not be protected by any hospice regulations. Failure to pass the bill could lead to a decrease in the quality of care available through hospice programs as well as increase the possibility of abuses occurring.

Legislative Analyst: L. Arasim

Fiscal Analyst: P. Graham

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.

H.B. 4322 (10-1-87)