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BILL ANALYSIS



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Senate Bill 1216 (as introduced 5-13-04)

Sponsor: Senator Tom George

Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 5-18-04

CONTENT

The bill would amend the Mental Health Code to require the Department of Community Health (DCH) to do the following in regard to the licensure of psychiatric facilities and programs:

- Issue initial and renewal licenses within 180 days of the date of application.**
- Refund the application fee and reduce the applicant's next renewal application, if any, by 15%, if the Department missed the deadline.**
- Submit to the Legislature an annual report regarding license applications.**

The requirements would apply to a license to construct, establish, or maintain a psychiatric hospital, psychiatric unit, or psychiatric partial hospital program, or to use those terms.

Specifically, beginning on the bill's effective date, the DCH would have to issue an initial or renewal license or registration within 180 days after an applicant filed a completed application. Within 10 days after receiving an application the Department considered incomplete, the DCH would have to give the applicant written notice describing the deficiency and requesting additional information. The 180-day period would be tolled (suspended) upon notification of a deficiency until the DCH received the requested information.

If the DCH failed to issue or deny a license or registration within the time required, it would have to return the license or registration fee and reduce the fee for the applicant's next renewal application, if any, by 15%. The Department would be prohibited from discriminating against an applicant in the processing of the application based upon the fact that the application fee was refunded or discounted.

By January 31 of each year, beginning in 2005, the DCH Director would have to submit a report to the standing committees and Appropriations subcommittees of the Senate and House of Representatives concerned with mental health issues. The Director would have to include all of the following information in the report concerning the preceding calendar year:

- The number of initial and renewal applications the DCH received and completed within the 180-day time period.
- The number of applications requiring a request for additional information.
- The average time for an applicant to respond to a request for additional information.
- The number of applications rejected, categorized by reason for rejection.
- The amount of application fees returned to licensees and registrants.
- The number of applications not issued within the 180-day period.

-- The average processing time for initial and renewal applications granted after the 180-day period.

MCL 330.1137

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The current fee to obtain a license for a mental health facility (psychiatric hospital, psychiatric unit, or psychiatric partial hospitalization program) is \$600 plus \$7.50 per patient bed or treatment position. The total license fee cannot exceed \$5,000 and a license is granted for a two-year period. The current fee to obtain a construction permit for a mental health facility is \$300.

Data obtained from the Department indicate that in FY 2001-02, almost \$33,000 worth of revenue was collected from mental health facility licensing fees. If the Department did not meet the requirements of Senate Bill 1216, some or all of this revenue could be lost. If none of the applications for licensure were processed within the 180-day time frame, the entire amount of potential fee revenue would have to be returned to the facilities. In addition, 15% of this revenue would be retained by facilities on their next renewal application. Using FY 2001-02 information, this would amount to just under \$5,000.

Finally, the Department would incur increased staff time costs related to the compilation of a report containing statistics on the licensure application process.

Fiscal Analyst: Dana Patterson

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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.