



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 644 (as reported without amendment)
Sponsor: Senator Jim Stamas
Committee: Health Policy

CONTENT

The bill would amend the Municipal Health Facilities Corporations Act to authorize the restructuring of a municipal health facilities corporation or subsidiary municipal health facilities corporation as a nonprofit corporation if both of the following conditions were met:

- The corporation or subsidiary corporation was located in a county with a population of more than 26,000 and less than 30,000 as of the 2010 decennial census.
- The restructuring was completed before June 30, 2017.

(Alpena, Cheboygan, and Dickinson Counties meet the population criteria.)

The restructuring would be subject to certain requirements the Act, as well as applicable licensing and other regulatory requirements and the requirements of the Nonprofit Corporation Act.

MCL 331.1305a

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The State, through its Medicaid program, achieves GF/GP savings through a program involving publicly owned hospitals, known as "certified public expenditures". These expenditures reflect uncompensated care provided by public hospitals. The State then receives reimbursement from the Federal government that equates to the Medicaid match that the State would have received had the uncompensated care been covered by Medicaid. The program leads to State savings of roughly \$54.0 million GF/GP each year. Conversion of a publicly owned hospital to nonprofit status would reduce the State's GF/GP savings from this program, proportional to the ratio of uncompensated care performed by the given hospital to uncompensated care performed by all public hospitals. Small public hospitals, such as those eligible for restructuring under the bill, represent only a few hundred thousand dollars of these savings.

Conversion of a public hospital owned by a city, county, or other local entity to nonprofit status would lead to local savings if the local government is subsidizing the hospital's operation.

Date Completed: 2-3-16

Fiscal Analyst: Steve Angelotti
Elizabeth Pratt