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BILL ANALYSIS

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Senate Bill 675 (as introduced 12-4-19)  
Sponsor: Senator Curtis S. VanderWall  
Committee: Health Policy and Human Services

Date Completed: 12-27-19

### **CONTENT**

**The bill would amend the Public Health Code to modify the definition of "covered clinical service".**

Under the Code, "covered clinical service" means, except as modified by the Certificate of Need Commission, one or more of the following:

- Initiation or expansion of a neonatal intensive care services or special newborn nursing service; open heart surgery; or extrarenal organ transplantation.
- Initiation, replacement, or expansion of extracorporeal shock wave lithotripsy; megavoltage radiation therapy; positron emission tomography; certain surgical services; a fixed and mobile magnetic resonance imager service; a fixed and mobile computerized tomography scanner service; or an air ambulance service.
- Initiation or expansion of a specialized psychiatric program for children and adolescent patients utilizing licensed psychiatric beds.
- Initiation, replacement, or expansion of a service not listed in the definition but designated as a covered clinical service by the Commission under the Code.

In addition, "covered clinical service" means the initiation, replacement, or expansion of cardiac catheterization. The bill specifies that a cardiac catheterization service would not include an outpatient service for which the Federal Centers for Medicare and Medicaid Services had approved a current procedural terminology (CPT) code as an outpatient service.

### **BACKGROUND**

Generally, CPT codes are a set of standardized medical codes that medical professionals use to describe procedures and services that they perform. These codes communicate accurate and consistent information between health providers, health institutions, insurance providers, among others. The American Medical Association created the codes in 1966 and continues to maintain the list annually. The Codes consist of five characters made up of numbers and letters. The Federal Centers for Medicare and Medicaid use CPT codes to designate approved services under Medicare and Medicaid health insurance plans.

MCL 333.22203

Legislative Analyst: Tyler VanHuyse

### **FISCAL IMPACT**

The bill would exempt outpatient cardiac catheterization services from the CON process. This exemption likely would lead to greater availability of and greater demand for those services.

On the other hand, greater availability of services in an arguably less expensive setting could shift costs from more expensive providers. This ties to a general question in many CON discussions (related in particular to outpatient services) whether the greater availability and demand for less regulated services increases costs more than the shift of clients to a less expensive setting reduces costs. There is no consensus on this front. It is safe to say that the net change in cost for this kind of service likely would be marginal. As such, the bill would have an indeterminate marginal impact on Medicaid and public employee health insurance costs.

Fiscal Analyst: Steve Angelotti

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