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

BILL ANALYSIS

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

Senate Bill 501 (Substitute S-1 as passed by the Senate) *(enrolled version)*
House Bill 4101 (Substitute S-2 as passed by the Senate) *(enrolled version)*
Sponsor: Senator Mary Cavanagh (S.B. 501)
Representative Matthew Bierlein (H.B. 4101)
House Committee: Health Policy
Senate Committee: Health Policy

Date Completed: 9-26-25

RATIONALE

The bills would enact a physical therapy state licensure compact, which is an agreement between states to establish uniform standards for licensure and practice of physical therapy, to facilitate the interstate practice of physical therapy. They would would see Michigan join 38 other states and D.C. in adopting the Compact, in which physical therapists from all 38 states and D.C. could work in any of the other states with the same licensure. These bills would increase access to physical therapists from outside the State by removing redundant licensure processes that serve as barriers to physical therapists who want to move states. According to testimony before the Senate Committee on Health Policy, better recruitment and retention of physical therapists could result from the bills, which could lead to better health outcomes in Michigan communities.

CONTENT

(COMPANION BILL LINK: H.B. 4380)

House Bill 4101 (S-2) would enact within Article 15 (Occupations) of the Public Health Code the Physical Therapy Licensure Compact (Compact), which allows the interstate practice of physical therapy. Specifically, the Compact does the following:

- **Specifies the requirements to participate in the Compact, including participating fully in the Physical Therapy Compact Commission's data system and having a mechanism in place for receiving and investigating complaints about licensees, among other things.**
- **Requires a member state to grant the Compact privilege to a licensee holding a valid unencumbered license in another member state in accordance with terms of the Compact and rules.**
- **Requires a licensee, to exercise the Compact privilege under the terms and provisions of the Compact, to meet requirements prescribed by the bill, including holding a license in the home state and having no encumbrance on any state license, among other things.**
- **Specifies that, if a licensee loses Compact privilege in any remote state, the individual loses the Compact privilege in any remote state until he or she meets certain requirements.**
- **Provides a home state with the exclusive power to impose adverse action against a license issued by the home state.**
- **Allows any member state to investigate actual or alleged violations of the statutes and rules authorizing the practice of physical therapy in any other member state in which a physical therapist or physical therapist assistant held a license or Compact privilege.**

-- Requires the Compact member states to create and establish the Physical Therapy Compact Commission, and prescribes the Commission's membership, powers, and duties.
-- Provides the Commission's executive board the power to act on the Commission's behalf according to the terms of the Compact, and prescribes the executive board's membership, powers, and duties.
-- Requires the Commission to provide for the development, maintenance, and use of a coordinated database and reporting system containing licensure, adverse action and investigative information on all licensed individuals in member states.
-- Requires the Commission to exercise its rulemaking powers pursuant to the Compact.
-- Requires the executive, legislative, and judicial branches of state government in each member state to enforce the Compact.
-- Requires the Commission to enforce all provisions and rules of the Compact and take all actions necessary and appropriate to effectuate its purposes and intent.
-- Prescribes the procedure for how a state may withdraw from the Compact.

Senate Bill 501 (S-1) would amend Article 17 (Facilities and Agencies) of the Public Health Code to do the following:

-- Authorize an individual who held a compact privilege to practice physical therapy under the Compact to engage in the practice of physical therapy under Article 15 of the Code.
-- Authorize an individual who held a compact privilege to practice physical therapy as a physical therapist assistant under the Compact to engage in practice as a physical therapist assistant under Article 15 under the supervision of a physical therapist.
-- Prescribe a $90 fee for an individual seeking to hold a compact privilege.
-- Require the Director of the Department of Licensing and Regulatory Affairs (LARA) or the Director's designee to act as Michigan's delegate for Compact purposes.

The bills are tie-barred, and each bill would take effect 18 months after its enactment.

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House Bill 4101 (S-2)

Purpose

The Compact states that its purpose is to facilitate interstate practice of physical therapy with the goal of improving public access to physical therapy services. The practice of physical therapy occurs in the state where the patient/client is located at the time of the patient/client encounter. The Compact preserves the regulatory authority of states to protect public health and safety through the current system of state licensure.

This Compact specifies that it is designed to achieve the following objectives:

-- Increase public access to physical therapy services by providing for the mutual recognition of other member state licenses.
-- Enhance the states' ability to protect the public's health and safety.
-- Encourage the cooperation of member states in regulating multi-state physical therapy practice.
-- Support spouses of relocating military members.
-- Enhance the exchange of licensure, investigative, and disciplinary information between member states.
-- Allow a remote state to hold a provider of services with a Compact privilege in that state accountable to that state's practice standards.

Definitions

Under the Compact, "Compact privilege" means the authorization granted by a remote state to allow a licensee from another member state to practice as a physical therapist or work as a physical therapist assistant in the remote state under its laws and rules. The practice of physical therapy would have to occur in the member state where the patient/client is located at the time of the patient/client encounter.

"Remote state" means a member state other than the home state, where a licensee is exercising or seeking to exercise the Compact privilege. "Member state" would mean a state that has enacted the Compact. "Party state" would mean any member state in which a licensee holds a current license or Compact privilege or is applying for a license or Compact privilege. "Home state" would mean the member state that is the licensee's primary state of residence. "State" would mean any state, commonwealth, district, or territory of the United States of America that regulated the practice of physical therapy.

"Physical therapy", "physical therapy practice", and "the practice physical therapy" means the care and services provided by or under the direction and supervision of a licensed physical therapist. "Physical therapist" means an individual who is licensed by a state to practice physical therapy. "Physical therapist assistant" would mean an individual who is licensed/certified by a state and who assists the physical therapist in selected components of physical therapy.

"Licensee" means an individual who currently holds an authorization from the state to practice as a physical therapist or to work as a physical therapist assistant.

"Physical Therapy Compact Commission" means the national administrative body whose membership consists of all states that have enacted the Compact.

"Physical therapy licensing board" or "licensing board" means the agency of a state that is responsible for the licensing and regulation of physical therapists and physical therapist assistants.

"Active duty military" means full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to 10 USC 1209 and 1211 (which generally pertain to transfer to inactive status and members on temporary disability retirement, respectively).

"Adverse action" means disciplinary action taken by a physical therapy licensing board based upon misconduct, unacceptable performance, or a combination of both.

"Alternative program" means a non-disciplinary monitoring or practice remediation process approved by a physical therapy licensing board. This includes, but is not limited to, substance abuse issues.

"Continuing competence" means a requirement, as a condition of license renewal, to provide evidence of participation in, and/or completion of, educational and professional activities relevant to practice or area of work.

"Data system" means a repository of information about licensees, including examination, licensure, investigative, Compact privilege, and adverse action.

"Encumbered license" means a license that a physical therapy licensing board has limited in any way.

"Executive board" means a group of directors elected or appointed to act on behalf of, and within the powers granted to them by, the Commission.

"Investigative information" means information, records, and documents received or generated by a physical therapy licensing board pursuant to an investigation.

"Jurisprudence requirement" means the assessment of an individual's knowledge of the laws and rules governing the practice of physical therapy in a state.

"Rule" means a regulation, principle, or directive promulgated by the Commission that has the force of law.

Compact Participation

To participate in the Compact, a state must do all of the following:

-- Participate fully in the Commission's data system, including using the Commission's unique identifier as defined in rules.
-- Have a mechanism in place for receiving and investigating complaints about licensees.
-- Notify the Commission, in compliance with the terms of the Compact and rules, of any adverse action or the availability of investigative information regarding a licensee.
-- Fully implement a criminal background check requirement, within a time frame established by rule, by receiving the results of the Federal Bureau of Investigation record search on criminal background checks and use the results in making licensure decisions.
-- Comply with the rules of the Commission.
-- Use a recognized national examination as a requirement for licensure pursuant to the rules of the Commission.
-- Have continuing competence requirements as a condition for license renewal.

Upon adoption of the Compact, the member state must have the authority to obtain biometric-based information from each physical therapy licensure applicant and submit this information to the Federal Bureau of Investigation for a criminal background check in accordance with 28 USC 534 (which generally pertains to acquisition, preservation, and exchange of identification records and information) and 42 USC 14616 (the National Crime Prevention and Privacy Compact).

A member state must grant the Compact privilege to a licensee holding a valid unencumbered license in another member state in accordance with the terms of the Compact and rules.

Member states may charge a fee for granting a Compact privilege.

Compact Privilege

To exercise the Compact privilege under the terms and provisions of the Compact, the licensee must do the following:

-- Hold a license in the home state.
-- Have no encumbrance on any state license.
-- Be eligible for a Compact privilege in any member state.
-- Have not had any adverse action against any license or Compact privilege within the previous two years.
-- Notify the Commission that the licensee is seeking the Compact privilege within a remote state or states.
-- Pay any applicable fees, including any state fee, for the Compact privilege.
-- Meet any jurisprudence requirements established by the remote state or states in which the licensee is seeking a Compact privilege.
-- Report to the Commission adverse action taken by any non-member state within 30 days from the date the adverse action is taken.

The Compact privilege is valid until the expiration date of the home license. The licensee must comply with the above requirements to maintain the Compact privilege in the remote state. A licensee providing physical therapy in a remote state under the Compact privilege must function within the laws and regulations of the remote state.

A licensee providing physical therapy in a remote state is subject to that state's regulatory authority. A remote state may, in accordance with due process and that state's laws, remove a licensee's Compact privilege in the remote state for a specific period of time, impose fines, and take any other necessary actions to protect the health and safety of its citizens. The licensee is not eligible for a Compact privilege in any state until the specific time for removal has passed and all fines are paid.
If a home state license is encumbered, the licensee loses the Compact privilege in any remote state until both of the following occur:

-- The home state license is no longer encumbered.
-- Two years have elapsed from the date of the adverse action.

Once an encumbered license in the home state is restored to good standing, the licensee must meet the requirements described above to obtain a Compact privilege in any remote state.

If a licensee's Compact privilege in any remote state is removed, the individual loses the Compact privilege in any remote state until all of the following occur:

-- The specific period of time for which the Compact privilege was removed has ended.

-- All fines have been paid.
-- Two years have elapsed from the date of the adverse action.

Once these requirements have been met, the license must meet the requirements described above to obtain a Compact privilege in a remote state.

Active Duty Military Personnel

A licensee who is active duty military or is the spouse of an individual who is active duty military may designate one of the following as the home state:

-- Home of record.
-- Permanent change of station.
-- State of current residence if it was different than either of the above.

Adverse Actions

A home state has exclusive power to impose adverse action against a license issued by the home state. A home state may take adverse action based on the investigative information of a remote state, so long as the home state follows its own procedures for imposing adverse action.

Nothing in this Compact overrides a member state's decision that participation in an alternative program may be used instead of adverse action and that participation must remain nonpublic if required by the member state's laws. Member states must require licensees who enter any alternative programs instead of discipline to agree not to practice in any other member state during the term of the alternative program without prior authorization from such other member state.

Any member state may investigate actual or alleged violations of the statutes and rules authorizing the practice of physical therapy in any other member state in which a physical therapist or physical therapist assistant holds a license or Compact privilege. A remote state has the authority to:

-- Take adverse actions against a licensee's Compact privilege in the state.
-- If otherwise permitted by state law, recover from the licensee the costs of investigations and disposition of cases resulting from any adverse action taken against that licensee.
-- Issue subpoenas for both hearings and investigations that require the attendance and testimony of witnesses, and the production of evidence.

Subpoenas issued by a physical therapy licensing board in a party state for the attendance and testimony of witnesses, or the production of evidence from another party state, must be enforced in the latter state by any court of competent jurisdiction, according to the practice and procedure of that court applicable to subpoenas issued in proceedings pending before it. The issuing authority must pay any witness fees, travel expenses, mileage, and other fees required by the service statutes of the state where the witnesses or evidence are located.

In addition to the authority granted to a member state by its respective physical therapy practice act or other applicable state law, a member state may participate with other member states in joint investigations of licensees. Member states must share any investigative, litigation, or compliance materials in furtherance of any joint or individual investigation initiated under the Compact.

Compact Commission

Establishment. The Compact member states create and establish a joint public agency known as the Physical Therapy Compact Commission. The Commission is an instrumentality of the Compact states. Venue is proper and judicial proceedings by or against the Commission must be brought solely and exclusively in a court of competent jurisdiction where the principal office of the Commission is located. The Commission may waive venue and jurisdictional defenses to the extent it adopts or consents to participate in alternative dispute resolution proceedings. Nothing in this Compact is to be construed to be a waiver of sovereign immunity.

Membership, Voting, & Meetings. The following apply to Commission membership, voting, and meetings:

-- Each member state has one delegate selected by that member state's licensing board.
-- The delegate must be a current member of the licensing board, who is a physical therapist, physical therapist assistant, public member, or the board administrator.
-- Any delegate may be removed or suspended from office as provided by the law of the state from which the delegate is appointed.
-- The member state board must fill any vacancy occurring in the Commission.
-- Each delegate is entitled to one vote with regard to the promulgation of rules and creation of bylaws and must otherwise have an opportunity to participate in the business and affairs of the Commission.
-- The Commission must meet at least once during each calendar year, and additional meetings shall be held as set forth in the bylaws.
-- A delegate must vote in person or by such other means as provided in the bylaws.

The bylaws may provide for delegates' participation in meetings by telephone or other means of communication.

Powers & Duties. The Commission has the following powers and duties:

-- Establish the fiscal year of the Commission.
-- Establish bylaws.
-- Maintain its financial records in accordance with the bylaws.
-- Meet and take such actions as are consistent with the provisions of this Compact and the bylaws.
-- Promulgate uniform rules to facilitate and coordinate implementation and administration of this Compact; the rules have the force and effect of law and are binding in all member states.
-- Bring and prosecute legal proceedings or actions in the name of the Commission, provided that the standing of any state physical therapy licensing board to sue or be sued under applicable law is not affected.
-- Purchase and maintain insurance and bonds.
-- Borrow, accept, or contract for services of personnel, including, employees of a member state.
-- Hire employees, elect or appoint officers, fix compensation, define duties, grant such individuals appropriate authority to carry out the purposes of the Compact, and to establish the Commission's personnel policies and programs relating to conflicts of interest, qualifications of personnel, and other related personnel matters.
-- Accept any and all appropriate donations and grants of money, equipment, supplies, materials and services, and to receive, use, and dispose of the same, provided that at all times the Commission avoids any appearance of impropriety and conflict of interest.

-- Lease, purchase, accept appropriate gifts or donations of, or otherwise to own, hold, improve or use, any property, real, personal or mixed, provided that at all times the Commission avoids any appearance of impropriety.
-- Sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose of any property real, personal, or mixed.
-- Establish a budget and make expenditures.
-- Borrow money.
-- Appoint committees, including standing committees composed of members, state regulators, state legislators or their representatives, and consumer representatives, and such other interested persons as may be designated in the Compact and the bylaws.
-- Provide and receive information from, and cooperate with, law enforcement agencies.
-- Establish and elect an executive board.
-- Perform such other functions as may be necessary or appropriate to achieve the purposes of the Compact consistent with the state regulation of physical therapy licensure and practice.

Executive Board. The executive board has the power to act on behalf of the Commission according to the terms of the Compact. The executive board consists of the following nine members:

-- Seven voting members who are elected by the Commission from its current membership.
-- One ex-officio, nonvoting member from the recognized national physical therapy professional association.
-- One ex-officio, nonvoting member from the recognized membership organization of the physical therapy licensing boards.

The following apply to the executive board:

-- The ex-officio members will be selected by their respective organizations.
-- The Commission may remove any member of the executive board as provided in bylaws.
-- The executive board must meet at least annually.

The executive board has all of the following duties and responsibilities:

-- Recommend to the entire Commission changes to the rules or bylaws, changes to the Compact legislation, fees paid by Compact member states such as annual dues, and any Commission Compact fee charged to licensees for the Compact privilege.
-- Ensure Compact administration services are appropriately provided, contractual or otherwise.
-- Prepare and recommend the budget.
-- Maintain financial records on behalf of the Commission.
-- Monitor Compact compliance of member states and provide compliance reports to the Commission.
-- Establish additional committees as necessary.
-- Other duties as provided in rules or bylaws.

Meetings. The following apply to meetings of the Commission:

-- All meetings must be open to the public, and public notice of meetings must be given in the same manner as required under the rulemaking provisions.
-- If a meeting, or portion of a meeting, is closed under this provision, the Commission's legal counsel or designee must certify that the meeting may be closed and must reference each relevant exempting provision.

-- The Commission must keep minutes that fully and clearly describe all matters discussed in a meeting and must provide a full and accurate summary of actions taken, and the reasons for doing so, including a description of the views expressed.

All documents considered in connection with an action must be identified in such minutes. All minutes and documents of a closed meeting must remain under seal, subject to release by a majority vote of the Commission or order of a court of competent jurisdiction.

The Commission or the executive board or other committees of the Commission may convene in a closed, nonpublic meeting if the Commission or executive board or other committees of the Commission must discuss any of the following:

-- Noncompliance of a member state with its obligations under the Compact.
-- The employment, compensation, discipline or other matters, practices or procedures related to specific employees or other matters related to the Commission's internal personnel practices and procedures.
-- Current, threatened, or reasonably anticipated litigation.
-- Negotiation of contracts for the purchase, lease, or sale of goods, services, or real estate.
-- Accusing any person of a crime or formally censuring any person.
-- Disclosure of trade secrets or commercial or financial information that is privileged or confidential.
-- Disclosure of information of a personal nature in which disclosure would constitute a clearly unwarranted invasion of personal privacy.
-- Disclosure of investigative records compiled for law enforcement purposes.
-- Disclosure of information related to any investigative reports prepared by or on behalf of or for use of the Commission or other committee charged with responsibility of investigation or determination of compliance issues pursuant to the Compact.
-- Matters specifically exempted from disclosure by Federal or member state statute.

Financing. All the following apply to the financing of the Commission:

-- The Commission must pay, or provide for the payment of, the reasonable expenses of its establishment, organization, and ongoing activities.
-- The Commission may accept any and all appropriate revenue sources, donations, and grants of money, equipment, supplies, materials, and services.
-- The Commission may not incur obligations of any kind before securing the funds adequate to meet the same; it also may not pledge the credit of any of the member states, except by and with the authority of the member state.
-- The Commission must keep accurate accounts of all receipts and disbursements.

The receipts and disbursements of the Commission are subject to the audit and accounting procedures established under its bylaws. However, all receipts and disbursements of funds handled by the Commission must be audited yearly by a certified or licensed public accountant, and the report of the audit must be included in and become part of the annual report of the Commission.

The Commission may levy on and collect an annual assessment from each member state or impose fees on other parties to cover the cost of the operations and activities of the Commission and its staff, which must be in a total amount sufficient to cover its annual budget as approved each year for which revenue is not provided by other sources. The aggregate annual assessment amount must be allocated based upon a formula to be determined by the Commission, which must promulgate a rule binding upon all member states.

Liability. The members, officers, executive director, employees and representatives of the Commission are immune from suit and liability, either personally or in their official capacity, for any claim for damage to or loss of property or personal injury or other civil liability caused by or arising out of any actual or alleged act, error or omission that occurred, or that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of Commission employment, duties or responsibilities, provided that this provision may not be construed to protect any such person from suit or liability for any damage, loss, injury, or liability caused by the intentional or willful or wanton misconduct of that person.

The Commission must defend any member, officer, executive director, employee or representative of the Commission in any civil action seeking to impose liability arising out of any actual or alleged act, error, or omission that occurred within the scope of Commission employment, duties, or responsibilities, or that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of Commission employment, duties, or responsibilities. This provision may not be construed to prohibit that person from retaining his or her own counsel. This provision applies if the actual or alleged act, error, or omission did not result from that person's intentional or willful or wanton misconduct.

The Commission must indemnify and hold harmless any member, officer, executive director, employee, or representative of the Commission for the amount of any settlement or judgment obtained against that person arising out of any actual or alleged act, error, or omission that occurred within the scope of Commission employment, duties, or responsibilities, or that such person had a reasonable basis for believing occurred within the scope of Commission employment, duties, or responsibilities. This provision applies if the actual or alleged act, error, or omission did not result from the intentional or willful or wanton misconduct of that person.

Data System

The Commission must provide for the development, maintenance, and use of a coordinated database and reporting system containing licensure, adverse action, and investigative information on all licensed individuals in member states. Notwithstanding any other provision of state law to the contrary, a member state must submit a uniform data set to the data system on all individuals to whom this Compact is applicable as required by the rules of the Commission, including:

-- Identifying information.
-- Licensure data.
-- Adverse actions against a license or Compact privilege.
-- Nonconfidential information related to alternative program participation.
-- Any denial of application for licensure, and the reason or reasons for such denial.
-- Other information that may facilitate the administration of this Compact, as determined by the rules of the Commission.

Investigative information pertaining to a licensee in any member state will be available only to other party states.

The Commission must notify all member states of any adverse action taken against a licensee or an individual applying for a license. Adverse action information pertaining to a licensee in any member state will be available to any other member state.

Member states contributing information to the data system may designate information that may not be shared with the public without the express permission of the contributing state. Any information submitted to the data system that subsequently is required to be expunged

by the laws of the member state contributing the information must be removed from the data system.

Rulemaking

The Commission must exercise its rulemaking powers pursuant to the criteria set forth below and the rules adopted thereunder. Rules and amendments become binding as of the date specified in each rule or amendment. If a majority of the legislatures of the member states rejects a rule, by enactment of a statute or resolution in the same manner used to adopt the Compact within four years of the date of adoption of the rule, then the rule has no further force and effect in any member state.

Rules or amendments to the rules must be adopted at a regular or special meeting of the Commission. Before promulgation and adoption of a final rule or rules by the Commission, and at least 30 days in advance of the meeting at which the rule will be considered and voted upon, the Commission must file a notice of proposed rulemaking on the following:

-- On the website of the Commission or other publicly accessible platform.
-- On the website of each member state physical therapy licensing board or other publicly accessible platform or the publication in which each state would otherwise publish proposed rules.

The notice of proposed rulemaking must include all of the following:

-- The proposed time, date, and location of the meeting in which the rule will be considered and voted upon.
-- The text of the proposed rule or amendment and the reason for the proposed rule.
-- A request for comments on the proposed rule from any interested person.
-- The manner in which interested parties may submit notice to the Commission of their intention to attend the public hearing and any written comments.

Before adopting a proposed rule, the Commission must allow people to submit written data, facts, opinions, and arguments, which must be made available to the public. The Commission must grant an opportunity for a public hearing before it adopts a rule or amendment if a hearing is requested by any of the following:

-- At least 25 people.
-- A state or Federal governmental subdivision or agency.
-- An association having at least 25 members.

If a hearing is held on the proposed rule or amendment, the Commission must publish the place, time, and date of the scheduled public hearing. If the hearing is held via electronic means, the Commission must publish the mechanism for access to the electronic hearing. All of the following apply to public hearings of the Commission:
-- All parties wishing to be heard at the hearing must notify the executive director of the Commission or other designated member in writing of their desire to appear and testify at the hearing at least five business days before the scheduled date of the hearing.
-- Hearings must be conducted in a manner providing each person who wishes to comment a fair and reasonable opportunity to comment orally or in writing.
-- All hearings will be recorded, a copy which will be made available on request.

Nothing in rulemaking provisions is to be construed as requiring a separate hearing on each rule. Rules may be grouped for the convenience of the Commission at hearings required by the rulemaking provisions.

Following the scheduled hearing date, or by the close of business on the scheduled hearing date if the hearing was not held, the Commission must consider all written and oral comments received. If no written notice of intent to attend the public hearing by interested parties is received, the Commission may proceed with promulgation of the proposed rule without a public hearing.

The Commission must, by majority vote of all members, take final action on the proposed rule and must determine the effective date of the rule, if any, based on the rulemaking record and the full text of the rule.

Upon determination that an emergency exists, the Commission may consider and adopt an emergency rule without prior notice, opportunity for comment, or hearing, provided that the usual rulemaking procedures provided in the Compact and in the rulemaking provisions must be applied retroactively to the rule as soon as reasonably possible, but not later than 90 days after the rule's effective date. For the purposes of this provision, an emergency rule is one that must be adopted immediately in order to do any of the following:

-- Meet an imminent threat to public health, safety, or welfare.
-- Prevent a loss of Commission or member state funds.
-- Meet a deadline for the promulgation of an administrative rule that is established by Federal law or rule.
-- Protect public health and safety.

The Commission or an authorized committee of the Commission may direct revisions to a previously adopted rule or amendment for purposes of correcting typographical errors, errors in format, errors in consistency, or grammatical errors. Public notice of any revisions must be posted on the website of the Commission. The revision is subject to challenge by any person for a period of 30 days after posting. The revision may be challenged only on grounds that it results in a material change to a rule. A challenge must be made in writing, and delivered to the chair of the Commission before the end of the notice period. If no challenge is made, the revision will take effect without further action. If the revision is challenged, the revision may not take effect without the approval of the Commission.

Oversight, Dispute Resolution, & Enforcement

The following relate to oversight of the Compact:

-- The executive, legislative, and judicial branches of state government in each member state must enforce this Compact and take all actions necessary and appropriate to effectuate the Compact's purposes and intent.
-- The provisions of this Compact and the rules promulgated under it have standing as statutory law.
-- All courts must take judicial notice of the Compact and the rules in any judicial or administrative proceeding in a member state pertaining to the subject matter of this Compact which may affect the powers, responsibilities or actions of the Commission.
-- The Commission is entitled to receive service of process in any such proceeding and has standing to intervene in such a proceeding for all purposes.

Failure to provide service of process to the Commission renders a judgment or order void as to the Commission, the Compact, or promulgated rules. If the Commission determines that a member state has defaulted in the performance of its obligations or responsibilities under this Compact or the promulgated rules, the Commission must do both of the following:

-- Provide written notice to the defaulting state and other member states of the nature of the default, the proposed means of curing the default or any other action to be taken by the Commission.
-- Provide remedial training and specific technical assistance regarding the default.

If a state in default fails to cure the default, the defaulting state may be terminated from the Compact after an affirmative vote of a majority of the member states, and all rights, privileges, and benefits conferred by this Compact may be terminated on the effective date of termination. A cure of the default does not relieve the offending state of obligations or liabilities incurred during the period of default.

Termination of membership in the Compact is imposed only after all other means of securing compliance have been exhausted. Notice of intent to suspend or terminate must be given by the Commission to the governor, the majority and minority leaders of the defaulting state's legislature, and each of the member states. A state that has been terminated is responsible for all assessments, obligations, and liabilities incurred through the effective date of termination, including obligations that extend beyond the effective date of termination.

The Commission may not bear any costs related to a state that is found to be in default or that has been terminated from the Compact, unless agreed upon in writing between the Commission and the defaulting state.

The defaulting state may appeal the action of the Commission by petitioning the United States District Court for the District of Columbia or the Federal district where the Commission has its principal offices. The prevailing member must be awarded all costs of such litigation, including reasonable attorney fees.

The following relate to dispute resolution related to the Compact:

-- Upon request by a member state, the Commission must attempt to resolve disputes related to the Compact that arise among member states and between member and nonmember states.
-- The Commission must promulgate a rule providing for both mediation and binding dispute resolution for disputes as appropriate.

The following relate to enforcement of the Compact:

-- The Commission, in the reasonable exercise of its discretion, must enforce the provisions and rules of this Compact.
-- By majority vote, the Commission may initiate legal action in the US District Court for the District of Columbia or the Federal district where the Commission has its principal offices against a member state in default to enforce compliance with the provisions of the Compact and its promulgated rules and bylaws.

The relief sought may include both injunctive relief and damages. If judicial enforcement is necessary, the prevailing member must be awarded all costs of such litigation, including reasonable attorney's fees.

These remedies are not the exclusive remedies of the Commission. The Commission may pursue any other remedies available under Federal or state law.

Compact Implementation, Withdrawal & Amendment

The Compact takes effect on the date on which the Compact statute is enacted into law in the

tenth member state. The provisions, which become effective at that time, are limited to the powers granted to the Commission relating to assembly and the promulgation of rules. Thereafter, the Commission must meet and exercise rulemaking powers necessary to the implementation and administration of the Compact.

Any state that joins the Compact subsequent to the Commission's initial adoption of the rules is subject to the rules as they exist on the date on which the Compact becomes law in that state. Any rule that has been adopted previously by the Commission has the full force and effect of law on the day the Compact becomes law in that state.

Any member state may withdraw from the Compact by enacting a statute repealing the same.

The following apply to withdrawal:

-- A member state's withdrawal does not take effect until six months after enactment of the repealing statute.
-- Withdrawal does not affect the continuing requirement of the withdrawing state's physical therapy licensing board to comply with the investigative and adverse action reporting requirements of the Compact prior to the effective date of withdrawal.

Nothing contained in this Compact is to be construed to invalidate or prevent any physical therapy licensure agreement or other cooperative arrangement between a member state and a nonmember state that does not conflict with the provisions of this Compact.

This Compact may be amended by the member states. No amendment to this Compact becomes effective and binding upon any member state until it is enacted into the laws of all member states.

Construction & Severability

This Compact must be liberally construed to effectuate its purposes. The Compact provisions are severable and if any phrase, clause, sentence, or provision of the Compact is declared to be contrary to the constitution of any party state or of the United States or its applicability to any government, agency, person or circumstance is held invalid, the validity of the remainder of the Compact and its applicability to any government, agency, person or circumstance is not affected. If this Compact is held contrary to the constitution of any party state, the Compact remains in full force and effect as to the remaining party states and in full force and effect as to the party state affected as to all severable matters.

Senate Bill 501 (S-1)

Under the bill, an individual who held a compact privilege to practice physical therapy under the Compact would be authorized to engage in the practice of physical therapy under Article 15. For purposes of Article 15, including the obligations of an individual who was licensed as a physical therapist, an individual who held a compact privilege to practice physical therapy under the Compact would be considered a physical therapist licensed under the Code.

The Code defines "physical therapist" as an individual licensed under Article 15 to engage in the practice of physical therapy. Under the bill, the term also would mean an individual who was authorized under Section 17820a, which the bill would add, to engage in the practice of physical therapy.

The bill also would authorize an individual who held a compact privilege to practice physical therapy as a physical therapist assistant under the Compact to engage in practice as a physical

therapist assistant under Article 15 under the supervision of a physical therapist. For purposes of Article 15, including the obligations of an individual who was licensed as a physical therapist assistant, an individual who held a compact privilege to practice physical therapy under the Compact would be considered a physical therapist assistant licensed under the Code.

The Code defines "physical therapist assistant" as an individual with a health profession subfield license under the Code who assists a physical therapist in physical therapy intervention. Under the bill, the term also would mean an individual authorized under Section 17820b, which the bill would add, to engage in practice as a physical therapist assistant under the supervision of a physical therapist.

The bill would prescribe a $90 fee for an individual seeking to hold a compact privilege under the Compact, which is the same fee as the current physical therapist license fee.

Finally, the bill would require the Director of LARA or the Director's designee to act as Michigan's delegate for the purposes of the Compact.

MCL 333.16335 et al. (S.B. 501)
Proposed MCL 333.16187a (H.B. 4101)

PREVIOUS LEGISLATION

(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

Senate Bill 501 and House Bill 4101 are reintroductions of Senate Bill 1168 and House Bill 4504 of the 2023-2024 Legislative Session, respectively. Senate Bill 1168 passed the Senate but received no further action. House Bill 4504 passed the House and was reported from the Senate Committee on Health Policy but received no further action.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Improving access to physical therapists would help underserved patients within Michigan and out-of-state patients. According to testimony before the Senate Committee on Health Policy, the Compact would help extend continuity of care to those who live out of state for part of the year and want to continue to access the same care. This would reduce burden on these patients because they could access trusted medical professionals across state lines who already know their medical history. Additionally, increased access to telehealth services and increased retention of physical therapists would improve accessibility in rural areas, particularly for patients with specialized needs. Because the Compact would improve access to physical therapy inside and outside of Michigan, the bills should be passed.

Legislative Analyst: Alex Krabill

FISCAL IMPACT

The bills would have an indeterminate fiscal impact on State government and no fiscal impact on local units of government. The bills would require LARA to take on significant responsibilities; however, existing appropriations and staff likely would be sufficient to cover the cost and workload associated with the Compact. As a participant in the Compact, the State could incur legal costs if it defaulted on Compact terms or was terminated from the

Compact. The Attorney General also could incur additional enforcement costs. The Commission also could levy and collect an annual assessment on the State to cover its own operation costs. The total assessment is currently unknown.

Fiscal Analyst: Nathan Leaman

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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.