



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5505 (Substitute S-1 as reported)
House Bill 5506 (Substitute S-1 as reported)
House Bill 6400 (as reported without amendment)
Sponsor: Representative Frank Liberati (H.B. 5505)
Representative Daire Rendon (H.B. 5506)
Representative Jeff Noble (H.B. 6400)
House Committee: Families, Children, and Seniors
Senate Committee: Health Policy

CONTENT

House Bill 5505 (S-1) would amend the Adult Foster Care Facility Licensing Act to do the following:

- Modify the definition of "adult foster care facility" and other definitions.
- Increase adult foster care facility license fees, beginning January 1, 2020, and again beginning January 1, 2022.
- Exempt from a criminal history check and a criminal record check an owner, partner, or director of an applicant who had regular direct access to residents or who had on-site facility operational responsibilities if he or she already had submitted consent to the checks and was continuously affiliated with a licensed adult foster care facility as an applicant, owner, partner, or director.
- Allow an on-site inspection of an adult foster care facility conducted for license renewal to be conducted within 12 months before the expiration date of the current license without impact on the license renewal date or license fee.
- Allow the Department of Licensing and Regulatory Affairs (LARA) to refuse to issue or renew a license for a period of five years after the denial of an application for a license.
- Require a licensee designee to meet the licensee qualification requirements and rules promulgated under the Act.
- Delete a provision allowing LARA to issue a 90-day emergency license to a facility.
- Prohibit an application for licensure from being denied, a license from being revoked, a renewal from being refused, and a regular license from being modified unless LARA provided the applicant or licensee written notice of the grounds for the proposed denial, revocation, refusal to renew, or modification.
- Allow an applicant or licensee to appeal in writing a proposed denial, revocation, refusal to renew, or modification within 30 days after receiving a notice.
- Require LARA to take certain actions if it issued a summary suspension order for closure of an adult foster care facility, or when a facility could not provide adequate resident care.

House Bill 5506 (S-1) would amend the Adult Foster Care Facility Licensing Act to do the following:

- Require LARA to conduct an administrative review, instead of a hearing, if a person who believed that the Act or a promulgate rule had been violated.

- Delete a provisions that specifies that an adult foster care facility, staffing agency, or a prospective employee covered under the Act may not be charged for the cost of a criminal history check.
- Until June 30, 2020, require a fee charged by the Michigan State Police (MSP) or the Federal Bureau of Investigation (FBI) for conducting a criminal history check to be paid by an adult foster care facility, staffing agency, or a prospective employee

The bill also would repeal Section 23 of the Act, which pertains to when a city, village, or township in which an adult foster care facility is located may file a complaint to have the facility's license denied or revoked.

House Bill 6400 would amend the Michigan Zoning Enabling Act to specify that a private residence with the capacity to receive at least one but not more than four adults who all received benefits from a community mental health services program would be a residential use of property.

MCL 400.703 et al. (H.B. 5505)
400.724 et al. (H.B. 5506)
125.3206 (H.B. 6400)

Legislative Analyst: Tyler VanHuysse

FISCAL IMPACT

House Bill 5505 (S-1) would have a significant positive fiscal impact on the Department of Licensing and Regulatory Affairs and no fiscal impact on local government units. The affected license fees have not been increased since 1992. The increase would bring fees more in line with current administrative costs. In fiscal year 2017-18, revenue from both temporary and renewal license fees equaled approximately \$140,000. The Department estimates that the fee increases would result in an initial additional \$260,000 in revenue, resulting in approximately \$400,000 in adult foster care license fee revenue overall.

The Department also estimates that fewer than 30 licensees likely would operate as an unlicensed facility because of the bill's changes. As a result, revenue loss from these cases likely would be negligible.

House Bill 5506 (S-1) would have a significant positive fiscal impact on the Department of Licensing and Regulatory Affairs (LARA) and no fiscal impact on local government units. The Department estimates a savings of between \$1.2 and \$1.5 million per year due to the shifting of criminal history check costs from LARA to facilities, agencies, and individuals. This change would take place on July 1, 2020.

The bill's changes regarding administrative review processes would have a minor but positive fiscal impact on the Department.

House Bill 6400 would have no fiscal impact on State or local government.

Date Completed: 12-18-18

Fiscal Analyst: Ryan Bergan
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Bill Analysis @ www.senate.michigan.gov/sfa

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.