



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

BILL ANALYSIS



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

House Bill 5375 (Substitute H-1 as passed by the House)
House Bills 5376 and 5377 (as passed by the House)
Sponsor: Representative Gail Haines
House Committee: Health Policy
Senate Committee: Health Policy

Date Completed: 5-27-14

CONTENT**House Bill 5375 (H-1) would amend the Public Health Code to do the following:**

- Allow a nursing home to employ or contract with a physician or osteopathic physician to provide the nursing home's program of planned and continuing nursing care and medical treatment.
- Specify that "medical treatment", within the Code's definition of "nursing home", would include treatment by a physician or osteopathic physician who was an employee or independent contractor of a nursing home.

House Bills 5376 and 5377 would amend the Michigan Limited Liability Company (LLC) Act and the Business Corporation Act, respectively, to specify that the term "services in a learned profession", with regard to the formation of a professional LLC or corporation, would not include services provided to nursing home residents by a physician or osteopathic physician who was an employee or independent contractor of the nursing home.

House Bills 5376 and 5377 are tie-barred to House Bill 5375.

House Bill 5375 (H-1)

The Public Health Code requires nursing homes to provide a program of planned and continuing medical care under the charge of physicians. The bill would require instead that a nursing home provide a program of planned and continuing nursing care and medical treatment under the charge of physicians. The bill would permit a nursing home, regardless of its legal entity status, to employ or contract with an individual licensed or otherwise authorized to engage in a health profession under Part 170 (Medicine) or Part 175 (Osteopathic Medicine and Surgery) to provide the program of planned and continuing nursing care and medical treatment, which would have to include direct clinical services to patients.

The Code defines "nursing home" as a nursing care facility, including a county medical care facility, that provides organized nursing care and medical treatment to seven or more unrelated individuals suffering or recovering from illness, injury, or infirmity. The bill specifies that "medical treatment" would include treatment by an employee or independent contractor of the nursing home who was licensed or otherwise authorized to engage in a health profession under Part 170 or Part 175.

House Bills 5376 & 5377

Article 9 of the Michigan Limited Liability Company Act allows the formation of certain professional LLCs, and specifies that an LLC formed to provide services in learned profession must comply with Article 9.

Under the Business Corporation Act, a corporation incorporated to provide one or more services in a learned profession must be incorporated under Chapter 2A (Professional Corporations).

Both Acts define "services in a learned profession" as services rendered by a dentist, an osteopathic physician, a physician, a surgeon, a doctor of divinity or other clergy, or an attorney-at-law. The bills specify that the term would not include services provided to residents of a nursing home by an osteopathic physician, physician, or surgeon who was an employee or independent contractor of the nursing home.

MCL 333.20109 & 333.21715 (H.B. 5375)
450.4102 (H.B. 5376)
450.1109 (H.B. 5377)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bills would have no fiscal impact on State or local government.

Fiscal Analyst: Josh Sefton

S1314\5375sa

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.