

Presentation on FY20 Fee Proposal
and
Fee Sunset Legislation
House Appropriation Sub-Committee on LARA

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Radiological Health Regulation

Fee Proposal

The Radiation Safety Section is responsible for radiation machine and facility regulation in Michigan.

- The section registers about 10,000 x-ray facilities with more than 29,000 x-ray machines.
- The facilities and machines are routinely inspected by section health physicists to determine compliance with applicable state radiation rules and statutes.
- The section issues authorization for mammography machines prior to their use; approves radiation shielding design for medical and nonmedical radiation machines and facilities; and investigates radiation incidents involving excessive radiation doses to workers, radiation therapy medical events, and computed tomography (CT) medical events.



Radiological Health Regulation Cont'd

Fee Proposal

Who is Impacted - All health providers in Michigan that utilize x-ray and mammography machines in the course of doing business. This could include: hospitals, doctor's offices, dental offices, veterinarians office, State and county prisons or jails, industrial applications where x-ray units are used for scanning, etc.

Budgetary Impact: The 20% base increase for 8 fees will generate an additional \$500,000 in revenue through the registration and inspection of radiological health equipment.

- Revenue will support 3 inspector positions to be filled; restoring to 12 total inspectors.
- Revenue will allow staff to inspect 100% of the non-mammography facilities within the mandated 5-year period. FY18 inspection percentage dropped to 94.3%.



Radiological Health Fees Proposal

Radiological Health Fee Proposal [Est. \$500,000 in New Annual Revenue]

8 Fees	Existing Fee Structure	Fee Proposal		
	FY19 Fee	FY20 Proposed Fee Increase (Base w/out CPI)	Base % Change	Estimated FY20 Fee Range (w/CPI)
Dental or veterinary x-ray tube registration, first tube	\$78.81	\$94.57	20%	[\$94.57--\$99.3]
Dental or veterinary x-ray tube registration, each additional tube	\$43.72	\$52.46	20%	[\$52.46--\$55.08]
Nondental, nonveterinary x-ray tube registration	\$131.39	\$157.67	20%	[\$157.67--\$165.55]
Non-Compliance Inspection Fee	\$175.23	\$210.28	20%	[\$210.28--\$220.79]
Mammography Inspection Fee (per machine)	\$175.23	\$210.28	20%	[\$210.28--\$220.79]
Mammography Re-Inspection Fee (per machine)	\$175.23	\$210.28	20%	[\$210.28--\$220.79]
Mammography Authorization Fee for State Evaluation	\$1,177.70	\$1,413.24	20%	[\$1413.24--\$1483.9]
State Re-evaluation of a radiation machine	\$504.76	\$605.71	20%	[\$605.71--\$636]

*Pursuant to PA 88 of 1992, fees are adjusted annually to reflect the cumulative annual percentage change in the Detroit Consumer Price Index, not to exceed 5%.



Radiological Health Fees

Operating Statement thru 9/30/18

Operating Statements:												20% Increase Applied		
	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21	FY22	
Revenues:														
From Operations														
Non Operating Revenues														
From Services														
From Licenses and Permits	2,232,267	2,240,784	2,327,990	2,360,046	2,328,227	2,377,395	2,373,783	2,418,726	2,467,901	2,518,059	2,961,481	3,021,671	3,083,064	
Miscellaneous					29	0	11,021	0	0	0	0	0	0	
Total Revenues	2,232,267	2,240,784	2,327,990	2,360,046	2,328,256	2,377,395	2,384,804	2,418,726	2,467,901	2,518,059	2,961,481	3,021,671	3,083,064	
Expenditures:														
Expenditures	2,348,571	2,546,589	2,658,527	2,763,206	2,516,550	2,519,550	2,413,707	2,421,357	3,046,366	3,107,293	3,046,366	3,107,293	3,169,439	
Transfers from other Funds														
Transfers to other Funds														
Total Expenditures	2,348,571	2,546,589	2,658,527	2,763,206	2,516,550	2,519,550	2,413,707	2,421,357	3,046,366	3,107,293	3,046,366	3,107,293	3,169,439	
Net Revenues over Expenses	(116,304)	(305,805)	(330,537)	(403,160)	(188,294)	(142,155)	(28,904)	(2,631)	(578,465)	(589,234)	(84,885)	(85,622)	(86,375)	
Encumbrances				20,586	29,848									
Restricted Revenue C/F from prior year	2,237,042	1,941,269	1,560,362	1,177,788	1,019,343	877,187	848,284	845,653	267,188	(322,046)	760,768	675,146	588,771	



Fee Sunset Legislation

Impact

The sunsets for 38 different fees and/or fee schedules in 7 Acts are set to expire on 9/30/19. The removal of the sunsets would allow for the existing fee to continue beginning in FY20.

There is a \$16.7 million revenue loss in the event that the fees associated with the sunset dates are not eliminated or extended.



Fee Sunset Legislation

Corporation Fees

The Corporation Fees revenue supports multiple programs within LARA. The programs consist of Corporations, Securities and Commercial Licensing, Department Administration, Workers' Compensation Agency, MIOSHA, Wage and Hour, Information Technology, Michigan Administrative Hearing System, and Bureau of Construction Codes.

Impact: A reduction in revenue in FY20 will cause the fund to become depleted in FY21; resulting in the programs operating in a deficit as shown in the following operating statement.



Corporation Fees

Operating Statement thru 9/30/18

Operating Statement:

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	Est. FY19	Est. FY20	Est. FY20 Without Sunset Fee Elimination or Extension	Est. FY21 Without Sunset Fee Elimination or Extension
Revenues:												
From Operations												
Non Operating Revenues												
Revenue Transferred to MAHS 4083 (See Note below)	796,109	65,939	960,526									
From Services							305	517				
From Licenses and Permits (Net)	20,416,342	21,176,311	21,330,864	22,119,441	22,318,995	22,971,308	24,206,927	26,052,980	27,798,301	29,268,732	22,068,732	22,068,732
Miscellaneous	857,200	885,300	928,301	945,966	934,444	822,302	1,010,407	1,049,931	0	0	0	0
Total Revenues	22,069,652	22,127,550	23,219,691	23,065,407	23,253,439	23,793,610	25,217,639	27,103,429	27,798,301	29,268,732	22,068,732	22,068,732
% Change	4%	0%	5%	-1%								
Expenditures:												
Expenditures	20,291,807	19,888,477	22,145,525	19,882,806	21,519,899	23,456,190	24,553,768	27,838,703	28,029,857	28,590,454	28,590,454	28,590,454
Transfers from other Funds	0		0	0	0	0	0	0	0	0	0	0
Transfers to other Funds		(8,000,000)										
Total Expenditures	20,291,807	27,888,477	22,145,525	19,882,806	21,519,899	23,456,190	24,553,768	27,838,703	28,029,857	28,590,454	28,590,454	28,590,454
Net Revenues over Expenses	1,777,844	(5,760,927)	1,074,166	3,182,601	1,733,540	337,420	663,872	(735,274)	(231,556)	678,278	(6,521,722)	(6,521,722)
Encumbrances					(469,678)	194,887	(207,804)					
Ending Balance Revenue Carried Forward	10,506,240	3,889,758	4,628,108	7,925,041	9,188,904	9,721,211	10,177,279	9,442,005	9,210,449	9,888,727	3,367,005	(3,154,717)



Fee Sunset Legislation

Licensing and Regulation Fees

The Licensing & Regulation Fees collected each year supports programs in LARA. The programs consist of Bureau of Professional Licensing, Corporations, Securities and Commercial Licensing, Department Administration, Information Technology, Michigan Administrative Hearing System, and Bureau of Construction Codes.

Although not all the fees within the Licensing and Regulation fund that will sunset are related to the programs above, the fund as a whole supports the entire licensing and regulation operations.

Impact: A reduction in revenue in FY20 will result in the programs operating in a deficit as the fund balance will be depleted as shown in the following operating statement.



Licensing and Regulation Fees Operating Statement thru 9/30/18

Operating Statement:												
		FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	Est. FY19	Est. FY20	Est. FY20 Without Sunset Fee Elimination or Extension
Revenues:												
	From Operations											
	Non Operating Revenues											
	Revenue Transferred to MAHS 4083 (See Note	876,623	579,409	685,950								
	From Services							1,274	6,411	0	0	0
	From Licenses and Permits	13,902,734	9,795,890	9,015,627	14,401,124	10,758,897	10,139,789	17,013,681	9,831,854	13,697,777	14,269,290	12,169,290
	Miscellaneous	0	3,230	1,493,770	47,587	201,651	206,404	278,834	439,996	0	0	0
	Total Revenues	14,779,357	10,378,529	11,195,347	14,448,711	10,960,548	10,346,193	17,293,789	10,278,262	13,697,777	14,269,290	12,169,290
Expenditures:												
	Expenditures	12,773,644	13,596,635	13,006,726	12,008,704	12,667,071	10,262,301	13,998,478	14,284,027	13,545,830	13,816,747	13,816,747
	Transfers from other Funds											
	Transfers to other Funds											
	Total Expenditures	12,773,644	13,596,635	13,006,726	12,008,704	12,667,071	10,262,301	13,998,478	14,284,027	13,545,830	13,816,747	13,816,747
Net Revenues over Expenses		2,005,713	(3,218,106)	(1,811,380)	2,440,007	(1,706,524)	83,892	3,295,311	(4,005,765)	151,947	452,543	(1,647,457)
	Encumbrances					421,764	1,887	7,296				
	Ending Balance Revenue Carried Forward	6,958,728	3,767,867	1,966,192	4,406,401	3,121,641	3,207,420	6,510,027	2,504,262	2,656,209	3,108,752	(1,647,457)



Fee Sunset Legislation

Securities Fees

The Securities Fees generated revenue supports program expenditures within LARA. The programs consist of Corporations, Securities and Commercial Licensing, Department Administration, Information Technology, Workers' Compensation Agency, Bureau of Employment Relations, MIOSHA, Wage and Hour, and Michigan Administrative Hearing System.

Impact: At year-end the revenue collected and not expended lapses to the general fund. A reduction in revenue will reduce the general fund lapse in both FY20 and FY21. In addition, the department programs funded with Securities fees will be negatively impacted in FY21 as illustrated in the following operating statement.



Securities Fees

Operating Statement thru 9/30/18

Operating Statement:

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	Est. FY19	Est. FY20	Est. FY20 Without Sunset Fee Elimination or Extension	Est. FY21 Without Sunset Fee Elimination or Extension
Revenues:												
From Operations												
Non Operating Revenues												
Revenue Transferred to MAHS 4083 (See Note below)	605,106	769,905	1,505,931									
From Services							2,852	160	0	0	0	0
From Licenses and Permits (Net)	13,956,937	14,995,838	17,492,436	17,600,297	18,026,851	17,537,071	17,270,796	17,102,313	17,455,488	17,804,598	17,804,598	11,904,598
Miscellaneous	1,342	701	(1,491,074)	389	1,430	(572,263)	(636,040)	(375,028)	0	0	0	0
Total Revenues	14,563,384	15,766,444	17,507,293	17,600,686	18,028,281	16,964,808	16,637,608	16,727,445	17,455,488	17,804,598	17,804,598	11,904,598
Expenditures:												
Expenditures	14,474,488	15,805,044	17,497,075	17,538,490	18,099,005	16,709,836	16,424,947	16,987,001	17,455,488	17,804,598	17,804,598	17,804,598
Transfers from other Funds												
Transfers to other Funds												
Total Expenditures	14,474,488	15,805,044	17,497,075	17,538,490	18,099,005	16,709,836	16,424,947	16,987,001	17,455,488	17,804,598	17,804,598	17,804,598
Net Revenues over Expenses	88,896	(38,600)	10,219	62,196	(70,723)	254,972	212,661	(259,556)	0	0	0	(5,900,000)
License and Permit Revenue amount is Net because	7,328,476	6,419,800	5,493,103	6,758,582	6,758,952	8,224,576	8,594,161	8,742,625	9,254,302	9,047,582	3,147,582	0
Unexpended Revenue lapse to General Fund												
Gross Revenue Amount	21,891,861	22,186,244	23,000,396	24,359,267	24,787,233	25,189,384	25,231,769	25,470,070	26,709,790	26,852,180	20,952,180	11,904,598



Fee Sunset Legislation

Health System Fees

The Health Systems Fees collected support programs in the Bureau of Community and Health Systems, Department Administration, Bureau of Construction Codes, Information Technology, and Michigan Administrative Hearing System. The programs consist of the Health Facility State Licensing Unit, the Substance Use Disorder Program State Licensing Unit, Engineering Unit, and the State Licensing Support Unit.

The majority of state licensing activities involve the issuance and renewal of licenses to qualified providers; conducting initial, routine, and revisit inspections to determine compliance with state requirements; and investigating complaints against state licensed providers.

Impact: A reduction in revenue in FY20 will result in the program operating in a deficit as the fund balance will be depleted as shown in the following operating statement.



Health System Fees

Operating Statement thru 9/30/18

Operating Statements:	In DCH										Est. FY20 Without Sunset Fee Elimination or Extension
	FY11 Est.	FY12	FY13	FY14	FY15	FY16	FY17	FY18	Est. FY19	Est. FY20	
Revenues:											
From Operations											
Non Operating Revenues											
Revenue Transferred to MAHS 4083 (See Note below)		177,513	41,478								
From Services											
From Licenses and Permits	2,352,406	2,896,427	1,981,319	3,075,761	2,284,173	4,156,108	3,948,926	3,788,060	3,918,800	3,958,800	2,458,800
Miscellaneous				1,178,256	1,911,359	5,400	10,065	7,007			
Total Revenues	2,352,406	3,073,940	2,022,797	4,254,016	4,195,532	4,161,508	3,958,991	3,795,067	3,918,800	3,958,800	2,458,800
Expenditures:											
Expenditures	0	2,005,213	3,010,378	2,087,757	2,166,813	3,926,287	3,749,919	4,196,703	4,399,008	4,442,998	4,442,998
Transfers from other Funds											
Transfers to other Funds											
Total Expenditures	0	2,005,213	3,010,378	2,087,757	2,166,813	3,926,287	3,749,919	4,196,703	4,399,008	4,442,998	4,442,998
Net Revenues over Expenses	2,352,406	1,068,727	(987,581)	2,166,259	2,028,719	235,220	209,072	(401,636)	(480,208)	(484,198)	(1,984,198)
Encumbrances					266,084						
Restricted Revenue C/F	769,626	1,400,852	501,153	2,750,946	5,045,749	5,280,969	5,490,042	5,088,406	4,608,198	4,124,000	(1,984,198)
FY13 Increased costs due to Federal program subsidy											

