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SFA



BILL ANALYSIS

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House Bill 4299 (S-1 as reported)

Committee: Appropriations

FY 1998-99 Year-to-Date Gross Appropriation	\$7,483,537,800
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Changes from FY 1998-99 Year-to-Date:

1. Medicaid Match Rate. The Federal Medicaid match rate increases from 52.72% to 55.11% in FY 1999-2000, producing a \$133,085,900 GF/GP savings.	0
2. Mental Health Base Adjustments. The Senate concurs with the Governor's proposals to increase Forensic Center staffing, to increase Community Mental Health (CMH) Medicaid revenue (totaling \$65,542,900), and to fund the full-year cost of the CMH wage pass-through.	81,920,800
3. Healthy Michigan Fund. Senate appropriations from this Fund are nearly \$3.3 million greater than the Governor and House. The Senate restores a number of projects eliminated by the Governor and House, funds several new initiatives, and reduces physical fitness funding.	(5,270,000)
4. Medicaid Base Adjustments. The Governor, Senate, and House adjusted various Medicaid accounts to reflect projected spending levels, expiration of Federal outreach funds, and availability of special financing sources. The Senate assumes \$11,138,300 Gross, \$5,000,000 GF/GP less in base funding for adult home help services; the House assumes \$22,500,000 Gross, and \$10,101,700 GF/GP less in base funding for pharmacy and other non-capitated services accounts.	192,345,800
5. Health Plan Rate Increase. Rates for Medicaid managed care providers are increased 4%.	48,803,700
6. Medicaid Fee-for-Service Rate Increase. The Governor included funds for unspecified rate increases. The Senate provides a 3.1% rate increase for covered providers. The House reduced the Governor's proposed unspecified rate increases by \$5,500,000 Gross, \$2,472,000 GF/GP.	30,380,000
7. Long Term Care Adjustments. The Governor, House, and Senate increase nursing home rates 1.5%, increase the nursing home personal needs allowance to \$40 per month, and eliminate \$25,000,000 Gross, \$11,222,500 GF/GP for a Continuous Quality Improvement Program.	(7,900,000)
8. Nursing Home Employee Retention. The Senate includes funds equivalent to a \$0.30 per hour increase for enhancing nursing home employee wages and/or benefits. The House provided for a \$0.50 per hour wage increase to increase to \$0.75 per hour increase effective April 1, 2000.	13,366,000
9. Senior Pharmaceutical Program. The Senate includes tobacco settlement and senior prescription tax credit funds for a new Elderly Prescription Insurance Coverage Program (EPIC).	50,000,200
10. Economic Adjustments. Standard economic adjustments are applied consistent with factors applied to all budgets, including a 3% increase for unclassified salaries.	23,215,400
11. Other Changes. Increases for a program that maintains developmentally disabled children at home; a 3% increase for local health departments, and other adjustments are provided.	15,097,700
12. Comparison to Governor's Recommendation. The Senate bill is at the Governor's level of GF/GP appropriations, but exceeds the Governor's gross budget by \$57,228,000.	
Total Changes	\$441,959,600

FY 1999-2000 Senate Appropriations Committee Gross Appropriation	\$7,925,497,400
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FY 1999-2000 COMMUNITY HEALTH BUDGET

BOILERPLATE HIGHLIGHTS

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.



Hidch_fa-May22, 1999

Changes from FY 1998-99 Year to Date:

1. **Community Mental Health.** Several language sections were modified or included in the Senate bill to enhance legislative oversight of mental health services program spending and services. (Secs. 218, 235, 402, 407, 604)
2. **Michigan Public Health Institute.** Current year /House language is changed to require more information on projects, and copies of all State funded reports and publications. New language requiring an external review of the research done by the Institute, and requiring State Auditor General audits of State funded projects is included. (Secs. 224, 225, 226)
3. **Abstinence Program.** New House language targets Federal abstinence education funds at ages 9-17 and gives priority to organizations that have at least a 50% volunteer base and do not provide contraceptives to adolescents without parental consent. The Senate bill changes the age range to 9-14 and removes the priority requirements. (Sec. 1106a)
4. **Newborn Screening Fees.** House language makes spending from increased appropriations from newborn screening fees contingent on enactment of a specific newborn fee increase. The Senate does not specify the fee level. (Sec. 1119)
5. **Medicaid Pharmacy.** The House and Senate maintain the pharmacy dispensing fee at \$3.72. The House requires a plan for the implementation of an automated claims adjudication system; the Senate assumes a system is implemented. The House modified current language on single-source pharmaceutical preauthorization to allow preauthorization of pharmaceuticals with therapeutic equivalents, of prescriptions for off-label use, and drugs to improve quality of life. The Senate deletes the therapeutic equivalent provision, changes "quality of life" to products for the treatment of sexual dysfunction, and includes drugs without medically accepted indications to those which may require preauthorization. The Senate includes language permitting the implementation of prospective drug utilization review and disease management systems, developed in consultation with providers. The House included language permitting the Department to implement a mail-order pharmacy program after a study was submitted to and approved by the subcommittees. The Senate requires the study and requires the repeal of the State law that bars Michigan companies from providing mail-order pharmacy services before implementation.(Secs. 1603, 1612, 1613, 2103)
6. **Long Term Care Plan.** The House altered current year language on the long term care working group directing that the group continue in FY 1999-2000 if its work is not done. The Senate bill includes language directing that the working group shall continue to exist until its work has been completed and bars the Department from implementing a plan until 60 days or 24 legislative days after it has been submitted to the Legislature. (Sec. 1657)
7. **Emergency Room Services.** New Senate language requires health plan reimbursement for diagnostic and stabilization medical services provided to a Medicaid recipient in an emergency room (ER) to not require health plan prior authorization, requires that a workgroup be convened to recommend ER reimbursement rates, and requires the work group to develop educational materials to assist Medicaid recipients in understanding appropriate ER use. (Sec. 1690)
8. **Medicaid Uniform Billing.** New Senate language requires the development by the Department, in conjunction with Medicaid providers, of a new uniform Medicaid billing form, and specifies the treatment of bills with non-correctable errors penalties to be applied if bills are not paid on time or duplicate bills are submitted. (Sec. 1691)
9. **Maternal and Infant Support (MSS/ISS) and Early and Periodic Screening, Diagnosis, and Treatment (EPSDT).** New Senate language on MSS/ISS and EPSDT services directs the development of standards and definitions for such services, prohibits preauthorization of certain services, and requires reporting on services provision. The Senate also includes language directing that MSS/ISS and EPSDT outreach funding be provided to qualified health plans to contract with local health departments to provide outreach services. (Secs. 1692, 1693)
10. **Medicaid Dental Services.** The Senate includes language regarding dental services claims processing and expresses Legislature intent that dental reimbursement rates will be increased beginning in FY 2000-01 and over the succeeding six years to be equivalent to those paid by the largest dental insurance company in the state. (Sec. 1694)
11. **Elder Prescription Insurance Coverage Program (EPIC).** The Senate includes language creating a new Elder Prescription Insurance Coverage (EPIC) program, which would extend prescription coverage to individuals older than 64, under 200% of poverty, who are not insured for pharmaceuticals, and would require premiums. (Sec. 1695)

Date Completed: 5-21-99

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