

Senate Bill 1101 (S-1 as passed by the Senate)

Committee: Appropriations

FY 2001-02 Year-to-Date Gross Appropriation	\$8,525,720,000
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Changes from FY 2001-02 Year-to-Date:

1. Medicaid Match Rate. The Federal Medicaid match rate decreases from 56.36% to 55.42% in FY 2002-03, producing a cost increase of \$64,522,800 GF/GP.	0
2. Increases in Federal Funds. The Senate recognized significant increases in Federal grants available to the Department, including over \$10 million for efforts to combat potential Bioterrorism in Michigan.	27,983,400
3. Medicaid Base, Caseload, and Utilization Adjustments. The Senate concurred with the Executive's base adjustment for the major Medicaid line items, including Community Mental Health, Children's Special Health Care Services, and Adult Home Help.	370,475,000
4. Medicaid Special Financing. The Senate concurred with the Executive's adjustments to Medicaid special financing. Due to a phase-out over the next few years, GF/GP savings from special financing will decline in FY 2002-03.	88,287,800
5. MI-Family Program. The Senate included funding for an expansion of Medicaid coverage to individuals who are either currently served by other State programs or who are uninsured. This proposal would draw down unallocated Federal dollars to pay for the expansion.	62,685,600
6. Program Restorations and Enhancements. The Senate restored many of the programs that were reduced in FY 2001-02 by vetoes, the budgetary savings line item, and Executive Order 2001-9. Among these restorations and enhancements were full funding for Teen Centers, partially restored funding for the Rural Health Initiative, and restoration of cuts to psychiatric residency training, graduate medical education, and nursing homes.	61,407,000
7. Provider Rate Increases. The Senate provided 5% provider rate increases to all Medicaid providers, Community Mental Health, local public health, and other providers.	227,324,100
8. Expansion of Elder Prescription Insurance Coverage (EPIC) Program. The Senate concurred with the Executive's assumption that additional Federal money would be available to fund the EPIC program.	94,999,300
9. Medicaid Trust Fund. The Senate proposed a withdrawal of \$433,171,600 from the Medicaid Trust Fund to offset GF/GP costs.	0
10. Economic Adjustments. Standard economic adjustments were applied consistent with factors applied to all budgets, including a 2% increase for all unclassified salaries.	6,270,400
11. Other Changes. The net change due to other changes results in an increase to the budget.	6,963,000
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 \$315,951,700.	
Total Changes	\$946,395,600
FY 2002-03 Senate Gross Appropriation	\$9,472,115,600



Changes from FY 2001-02 Year to Date:

Senate Fiscal Agency

P. O. Box 100346

Lansing, Michigan 48208-0346

SEAFISCAL ANALYSIS

Telephone: (517) 373-2768

Fax: (517) 373-1986

TDD: (517) 373-0543

1. **Primary Care Services.** The Senate includes language governing the distribution of primary care services funding. The language allocates \$3,572,000 to various primary care clinics across the state and \$1,651,000 to the Federally Qualified Health Centers and look-alikes to support their participation in indigent care programs. The remaining primary care services funding is to be allocated based on the total number of users who have no insurance or are on Medicaid. (Sec. 307)
2. **Community Mental Health.** The Senate rejects the Executive proposal to transfer responsibility for administration of substance abuse services to Community Mental Health Services Providers and retains the current policy of contracting with coordinating agencies for these services. (Sec. 407, 408)
3. **Bioterrorism Funding.** The Senate includes language requiring the department to distribute \$1,100,000 of the new Federal Bioterrorism funding to Sparrow hospital for the development of a Capitol Complex Response Plan covering central Michigan and \$3,000,000 for the development of regional hospital response plans covering northern Michigan and the upper peninsula, Grand Rapids and western Michigan, and Detroit and southeastern Michigan. (Sec. 852)
4. **Local Public Health Operations.** The Senate includes language pertaining to the implementation of the new funding distribution methodology. The language assures that local health departments will receive at least 100% of their FY 2001-02 allocation. (Sec. 905)
5. **African-American Male Health Initiative.** The Senate expands the initiative to include funding for a pilot project for prostate and colorectal cancer prevention and early detection for high risk African-American low-income men. (Sec. 1011)
6. **Medicaid Rebasing.** The Senate restores the requirement, which was removed by E.O. 2001-9, that the department recalculate hospital inpatient rates on a budget neutral basis. (Sec. 1614)
7. **Elder Prescription Insurance Coverage (EPIC) Program.** The Senate includes language protecting tobacco settlement revenue for EPIC if Federal funds assumed in the FY 2002-03 budget are not available. (Sec. 1624)
8. **Medicaid Pharmacy.** The Senate includes language allowing the department to negotiate with pharmaceutical manufacturers to obtain the same level of rebates for most State funded programs. If a pharmaceutical manufacturer provides such rebates on all its products, that manufacturer's products shall not be subject to prior authorization, with the exception of products that were already subject to prior authorization in FY 2000-01 and for persons in Medicaid HMO's. (Sec. 1627)
9. **Medicaid HMOs.** The Senate amends current year language to require the department to include in material provided to Medicaid health plans related to the rebidding of the managed care program, an unambiguous statement as to whether a health plan can base its bid for inpatient hospital services on estimates of per diem costs for these services. (Sec. 1658)
10. **Nursing Home Wage Pass-Through.** The Senate includes language requiring that up to one half of the economic increase for long term care services be made available for a wage pass-through for nursing facilities (Sec. 1684). All of the wage pass-through funding shall go to worker wages and benefits. (Sec. 1684a)
11. **Medicaid Home and Community-Based Waiver.** The Senate includes language requiring the department to develop an allocation formula that will allow for coverage of no fewer than 15,000 individuals in this program. Service providers are allowed to spend, on average, no more than \$8,820 per person per year. (Sec. 1689)
12. **Long Term Care Pilot Project.** The Senate includes language requiring the department to allocate \$1,000,000 to establish a pilot project to assess whether a managed care approach to the full spectrum of long-term care services can provide an appropriate level of care at a lower cost than achieved through purchasing those services on an individual basis. (Sec. 1690)

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Fiscal Analysts: John Walker
Steve Angelotti
Dana Patterson

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



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