

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 1337 (as reported by the Committee of the Whole)
Sponsor: Senator Hammerstrom
Committee: Families, Mental Health and Human Services

CONTENT

The bill would amend the Mental Health Code to require the Michigan Department of Community Health (MDCH) to establish standards for community mental health services programs (CMHSPs) designated as specialty prepaid health plans (PHPs) under the Medicaid managed care program. The standards would have to refer to applicable Federal regulations related to Medicaid managed care programs and specify additional State requirements for specialty PHPs. The standards would have to be published in a departmental bulletin or by an updating insert to a departmental manual.

As a condition for contracting and for receiving payment under the Medicaid managed care program, a CMHSP designated as a specialty PHP would have to certify that the program was in substantial compliance with the standards promulgated by the MDCH and with applicable Federal regulations, and that it had established policies and procedures to monitor compliance and to ensure program integrity. The MDCH would have to conduct an annual review of all CMHSPs designated as specialty PHPs to verify the certifications made by the CMHSP and to monitor compliance with the standards and Federal regulations. The MDCH could conduct more frequent reviews in response to beneficiary complaints, financial status considerations, or health and safety concerns.

Contracts with specialty PHPs would have to indicate the sanctions that the MDCH could invoke if it determined that a specialty PHP was not in substantial compliance with the promulgated standards and established Federal regulations, that the specialty PHP had misrepresented or falsified information reported to the State or the Federal government, or that the specialty PHP had failed substantially to provide necessary covered services to recipients under the terms of the contract. Sanctions could include intermediate actions, including a monetary penalty imposed on the administrative and management operation of the specialty PHP, imposition of temporary State management of a CMHSP operating as a specialty PHP, or termination of the MDCH's Medicaid managed care contract with the CMHSP. Before imposing a sanction on a CMHSP operating as a specialty PHP, the MDCH would have to give it timely written notice that explained both the basis and nature of the sanction and the opportunity for a hearing to contest or dispute the Department's findings and intended sanction.

Proposed MCL 330.1232b

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have an indeterminate fiscal impact. Any sanctions, if enforced, would result in a revenue gain to the State, offset by an equivalent loss by a local community mental health board. The shift to treating such boards as prepaid health plans would have no fiscal impact, as these boards are already paid on a capitation basis, and the bill would not change that.

Date Completed: 5-28-02

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