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SFA BILL ANALYSIS

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House Bill 5484 (Substitute H-1 as reported by the Committee of the Whole)
Sponsor: Representative Sue Tabor
House Committee: Family and Children Services
Senate Committee: Families, Mental Health and Human Service

CONTENT

The bill would amend the Social Welfare Act to require the Family Independence Agency (FIA) to establish and administer a State Plan for foster care according to Title IV-E of the Social Security Act (which for funding to states that adopt a State Plan to identify children likely to remain in foster care until 18 years of age and to help them make the transition to self-sufficiency, including educational, emotional, financial, and employment support).

The State Plan would have to include programs and services that promoted, implemented, and supported foster care youth focus groups to provide consultation and input into foster care policy. Programs and services established within the State Plan could use locally-based foster care youth focus groups, which could include youths currently in foster care, youths previously in foster care, or both.

The bill also would require the Department of Community Health to promulgate rules to implement the estate recovery program required by the Social Security Act. The rules would have to include procedures and standards for waiving recovery based on undue hardship, for the attachment and enforcement of liens, and for waiving recovery based on cost-effectiveness. Funds received under this program would have to be used first to offset the costs of operating it; the balance would be deposited in the Medicaid Benefits Trust Fund.

Proposed MCL 400.18e Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The Federal government (in the budget reconciliation of 1993) required states to establish estate recovery programs for Medicaid recipients who are 55 or older and are served in long-term care programs. Estimates of savings from an estate recovery program vary, as the savings depend on several factors: the scope of the program (which Medicaid clients and services are covered), the aggressiveness of the program, and whether cash or accrual accounting is used to book receipts. In 1997, the national average recovery was $9 million for states that had such a program (only Michigan and Texas do not).

It is estimated that when an estate recovery program is fully established in Michigan, annual savings may be up to $29 million GF/GP each year. The State risks its Federal Medicaid share (over $4 billion) if it does not implement the program. (The State has faced such a risk since the 1993 budget reconciliation, however, and has not yet been penalized.)

The bill's requirements for the FIA would have no fiscal impact. Currently, the FIA matches Federal Title IV-E funds 20% State, 80% Federal, to support contracts for services such as independent living and foster care for the transition to self-sufficiency.

Date Completed: 12-11-02 Fiscal Analyst: Steve Angelotti/Constance Cole

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