

# Legislative Analysis

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## MEDICAID INCENTIVES

Mitchell Bean, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**Senate Bill 1 (S-1)**

**Sponsor: Sen. Tom George**

**Senate Committee: Appropriations**

**House Committee: Health Policy**

**Complete to September 24, 2007**

## A SUMMARY OF SENATE BILL 1 AS PASSED BY THE SENATE 2-22-07

Senate Bill 1 would amend the Social Welfare Act by requiring the Department of Community Health (DCH) to create incentives for Medicaid recipients to practice positive health behaviors. It requires DCH to create performance incentives for Medicaid health maintenance organizations (HMOs) to meet chronic disease compliance targets with priority given to the 10 most prevalent and costly medical conditions affecting Medicaid eligibles.

The bill requires the establishment a preferred product and service formulary program for durable medical equipment. The program would be established by working with the Centers for Medicare and Medicaid Services, contract Medicaid HMOs and other provider organizations.

The DCH is required to seek financial support for electronic health records and other health information technology initiatives. The bill also requires the DCH to include incentive programs in any Federal waiver request that was submitted with the intent to secure Federal matching funds to cover the medically uninsured non-Medicaid population.

### **FISCAL IMPACT:**

The fiscal impact of this legislation is indeterminate. Without knowing the structure of the programs and what the Federal approvals will allow, specific savings are unknown.

The FY 2006-07 Department of Community Health budget bill contains \$9.5 million designated for health information technology initiatives. The budget bill also contains \$10.0 million of federal authorization premised on an approved Federal waiver allowing the use of Medicaid funds for a personal health incentive program.

Fiscal Analyst: Steve Stauff

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