



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Tom George
Committee: Health Policy

CONTENT

The bill would amend the Social Welfare Act to require the Department of Community Health (DCH) to do all of the following:

- Create incentives, including expanded benefits and incentives related to premiums, co-pays, or benefits, for individual medical assistance recipients who practiced specified positive health behaviors.
- Create pay-for-performance incentives for contracted Medicaid health maintenance organizations (HMOs), including incentives for meeting health outcome targets for chronic disease states, increasing the number of medical assistance recipients who practiced positive health behaviors, and meeting patient compliance targets established by the DCH.
- Establish a preferred product and service formulary program for durable medical equipment, which would require participation from the DCH, and would permit the contracted Medicaid HMOs and provider organizations to participate.
- Seek financial support for electronic health records, including personal health records, e-prescribing, web-based medical records, and other health information technology initiatives using Medicaid funds.
- Include language to allow the DCH to establish the required incentive programs, in any Federal waiver request submitted with the intent to secure Federal matching funds to cover the medically uninsured nonMedicaid population.

The DCH could not implement incentives that conflicted with Federal statute or regulations.

Proposed MCL 400.105b

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The FY 2006-07 Department of Community Health appropriation includes \$10.0 million Federal in placeholder funding contingent upon Federal approval of a waiver permitting the use of Federal Medicaid funding for a personal health incentive program. The FY 2006-07 budget also includes \$9.5 million for health information technology efforts.

The cost savings that could be generated from the Medicaid program changes proposed by the bill are largely contingent upon the State's garnering Federal approval for necessary State plan amendments and Medicaid waivers and the actual structure of these programs. These unknown variables make the fiscal impact of this legislation indeterminate at this time.

Date Completed: 2-21-07

Fiscal Analyst: Steve Angelotti

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