



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bill 1 (as introduced 1-10-07)
Sponsor: Senator Tom George
Committee: Health Policy

Date Completed: 2-14-07

CONTENT

The bill would amend the Social Welfare Act to require the Department of Human Services to seek appropriate amendments to the Medicaid State plan and to include in any Federal waiver request, submitted with the intent to secure Federal matching funds to cover the medically uninsured, language to allow the Department of Community Health (DCH) at a minimum to do all of the following:

- Use Medicaid funds to 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 and 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, the contracted Medicaid HMOs, and provider organizations.
- Provide financial support for electronic health records, including e-prescribing, web-based medical records, and other health information technology initiatives using Medicaid funds.

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.

Fiscal Analyst: Steve Angelotti

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.