

**COMMUNITY HEALTH FY 2009-10 Appropriations
Summary: As Reported from House Appropriations
HB 4436 (H-1)**



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	FY 2008-09 YTD as of 2/12/09	FY 2009-10 Executive	FY 2009-10 House	FY 2009-10 Senate	FY 2009-10 Enacted	<i>Difference: House From FY 2008-09 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$40,883,900	\$48,677,000	\$47,177,000	\$0	\$0	\$6,293,100	15.4
Federal	7,219,405,800	8,323,404,700	8,926,554,300	0	0	1,707,148,500	23.7
Local	241,578,600	229,677,200	227,986,700	0	0	(13,591,900)	(5.6)
Private	66,686,800	70,208,500	72,608,500	0	0	5,921,700	8.9
Restricted	1,862,478,400	1,493,425,200	1,512,437,500	0	0	(350,040,900)	(18.8)
GF/GP	3,057,671,800	2,801,574,300	2,646,009,700	0	0	(411,662,100)	(13.5)
Gross	\$12,488,705,300	\$12,966,966,900	\$13,432,773,700	\$0	\$0	\$944,068,400	7.6
FTEs	4,608.7	4,386.1	4,384.6			(224.1)	(4.9)

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through February 12, 2009.

Overview

The Department of Community Health (DCH) budget provides funding for a wide range of mental health, substance abuse, public health, and medical services programs including Medicaid. Established in 1996, the Department also includes the Office of Drug Control Policy, the Office of Services to the Aging, the Crime Victim Services Commission, and health regulatory functions.

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>	<u>FY 2008-09 YTD (as of 2/12/09)</u>	<u>House Change From YTD</u>
1. Economic Adjustments	Gross	N/A
The House concurs with the Executive to include \$13.4 million gross (\$5.9 million GF/GP) for 1.0% salary/wage increase for non-bargaining and unionized employees and economic adjustments for defined benefit/contribution retirement, insurance, worker's compensation, building occupancy, food, and gas, fuel, and utility costs for FY 2009-10.	IDG	N/A
	Federal	N/A
	Restricted	N/A
	Local	N/A
	Private	N/A
	GF/GP	N/A
		\$13,407,300
		843,200
		2,745,400
		762,700
		3,159,700
		1,800
		\$5,894,500
2. Office of Long-Term Care Supports and Services	Gross	\$3,882,000
The House concurs with the Executive to abolish the Office of Long-Term Care Supports and Services, effective October 1, 2009, in accordance with Executive Order 2009-3, and to integrate functions of this Office within the DCH.	Federal	3,048,300
	Private	40,100
	GF/GP	\$793,600
		(\$2,453,800)
		(1,660,200)
		0
		(\$793,600)
3. Actuarially Sound Capitation Payment Rates	Gross	\$5,293,292,900
Concurring with the Executive, the House increases capitation payment rates for Health Plan Services by 4.5% and Medicaid Mental Health and Substance Abuse Services by 4.0% (\$197.7 million gross, \$72.8 million GF/GP) to ensure rates are actuarially sound in FY 2009-10.	Federal	3,214,084,100
	Local	30,030,200
	Restricted	971,726,200
	GF/GP	\$1,077,452,400
		\$197,711,000
		124,933,500
		0
		0
		\$72,777,500
4. Mental Health Court Pilot Programs	Gross	\$1,126,900
The House does not concur with the Executive to eliminate \$1.1 million GF/GP for nine mental health court pilot programs. Instead, the House proposes a \$100 placeholder anticipating that Byrne Justice Assistance Grant funding will be available for financing these programs. Services included in the programs are psychiatric counseling, case management, vocational training, housing assistance, program adherence monitoring, and training court and law enforcement personnel.	GF/GP	\$1,126,900
		(\$1,126,800)
		(\$1,126,800)

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD (as of 2/12/09)	House Change From YTD
5. Wage Increase for Direct Care Workers		Gross \$2,092,155,700	\$35,226,600
The House concurs with the Executive to add \$3.0 million gross (\$1.3 million GF/GP) to annualize the cost of a 1.0% wage increase, effective February 1, 2009, for direct care workers in mental health settings. Also, the House adds \$32.2 million gross (\$10.9 million GF/GP) for a \$.50 wage increase, effective October 1, 2009, for direct care workers. (Sec. 405)	Federal	1,067,036,500	23,057,400
	Restricted	97,074,300	0
	Local	25,228,900	0
	GF/GP	\$902,816,000	\$12,169,200
6. CMH Non-Medicaid Services Reduction		Gross \$322,027,700	\$6,549,400
The House does not concur with the Executive to reduce funding for CMH Non-Medicaid Services by \$7.6 million GF/GP. Instead, the House increases funding for this line item by 2.0% (\$6.5 million GF/GP)		GF/GP \$322,027,700	\$6,549,400
7. Multicultural Services		Gross \$6,823,800	\$0
The House does not concur with the Executive to eliminate \$6.8 million GF/GP for multicultural services in which the funds are distributed to the following populations and groups: Chinese American, Asian American, Hispanics, Arab/Chaldean Council, Michigan Inter-Tribal Council, Jewish Federation, Chaldean Culture Center, ACCESS, and Vietnam Veterans.		GF/GP \$6,823,800	\$0
8. Hospital Rate Adjustor for PIHPs		Gross \$1,770,128,000	\$30,000,000
Concurring with the Executive, the House adds \$30.0 million gross (\$0 GF/GP) to Medicaid Mental Health Services due to the establishment of hospital rate adjustor for Prepaid Inpatient Health Plans (PIHPs). As is the case for Medicaid Health Plans, estimated payments from private inpatient hospitals for mental health services would be passed through PIHPs.	Federal	1,067,036,500	18,957,000
	Restricted	97,074,300	11,043,000
	Local	25,228,900	0
	GF/GP	\$580,788,300	\$0
9. Mt. Pleasant Center Closure		Gross \$0	(\$15,409,700)
The House and Executive includes a net reduction of \$15.4 million gross (\$3.1 million GF/GP) due to the proposed closure of Mt. Pleasant Center for Persons with Developmental Disabilities in October of this year. The reduction reflects the shifting of funds to Medicaid Mental Health Services and other closure-related adjustments.	Federal	0	(2,199,100)
	Restricted	0	(880,000)
	Local	0	(9,248,800)
	GF/GP	\$0	(\$3,081,800)
10. Forensic Mental Health Services to DOC		Gross \$39,344,800	\$5,318,300
The House concurs with the Executive to add \$5.3 million to the interdepartmental grant from the Department of Corrections (DOC) to reflect the increased demand for DOC mental health services.		IDG \$39,344,800	\$5,318,300
11. Criminal Background Check Program		Gross \$3,956,400	(\$1,277,600)
The House and Executive partially replace health systems fees/collections and matching federal Medicaid revenue with GF/GP for the Criminal Background Check Program for employees of health facilities due to lack of available fee revenue.	Federal	782,500	(246,700)
	Restricted	3,173,900	(3,173,900)
	GF/GP	\$0	\$2,143,000
12. State Disability Assistance Program		Gross \$2,509,800	\$4,000,000
The House increases funding for the State Disability Assistance Program Substance Abuse Services by \$4.0 million gross (all GF/GP). The funds are to be distributed based on local needs as determined by the department, in consultation with coordinating agencies. (Sec. 406)		GF/GP \$2,509,800	\$4,000,000
13. Community Substance Abuse Prevention, Education, and Treatment Programs		Gross \$84,968,000	\$24,300,100
The House establishes a \$100 GF/GP placeholder for medically necessary medications for the treatment of alcoholism and other substance abuse disorders; allocates \$300,000 GF/GP for methadone/buprenorphine clinic to serve 25 counties; adds \$15.0 million GF/GP for coordinating agencies; and allocates \$9.0 million GF/GP for 90-day intensive substance treatment services for certain offenders. (Secs. 407 and 487)	Federal	65,777,500	0
	Restricted	1,784,200	0
	GF/GP	\$17,406,300	\$24,300,100
14. Primary Care Services		Gross \$4,241,700	\$350,000
The House increases free health clinics funding by \$250,000 GF/GP. Also, the House allocates \$100,000 GF/GP for Beaver, Drummond, and Mackinac Island clinics. (Sec. 712.)	Federal	2,970,200	0
	GF/GP	\$1,271,500	\$350,000

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD (as of 2/12/09)	House Change From YTD
15. Healthy Michigan Funded (HMF) Projects and Poison Control		Gross \$41,364,600	\$805,000
The House retains projects funded by HMF at FY 2008-09 funding levels, and does not concur with selective project reductions proposed by the Executive. HMF funding for poison control is increased from \$300,000 to \$401,000, generating federal Medicaid match to fund poison control at \$1.5 million Gross. An overall Fund revenue reduction of \$3.5 million due to declining cigarette tax revenue is taken from the HMF appropriation for Medicaid, and is offset with GF/GP.	Federal	395,000	704,000
	Restricted	40,969,600	(3,541,400)
	GF/GP	\$0	\$3,642,400
16. Public Health Program State Funding Reductions		Gross \$16,415,600	(\$299,900)
The House rejects almost all of the \$5.0 million of GF/GP and Michigan Health Initiative Fund reductions proposed by the Executive to eliminate or reduce the following: AIDS and risk reduction clearinghouse and media campaign, African-American male health initiative, zero to three early childhood program, nurse family partnership, public health physician practice project, FY 2008-09 sexually transmitted disease targeted initiative for gonorrhea and chlamydia, methamphetamine cleanup fund, laboratory services, and family planning local agreements. Traumatic brain injury pilot funding is restored with a \$100 placeholder.	Federal	811,100	0
	Private	300,000	0
	Restricted	1,351,000	0
	GF/GP	\$13,953,500	(\$299,900)
17. Local Public Health Operations Funding Increase		Gross \$40,618,400	\$5,000,000
The House provides an increase of \$5,000,000 for local public health departments for state-local cost-shared public health services.	Local	5,150,000	0
	GF/GP	35,468,400	\$5,000,000
18. Office of Drug Control Policy Dissolved		Gross \$12,129,300	(\$382,300)
House concurs with the Executive to dissolve the Office of Drug Control Policy and transfer the remaining functions within DCH. Executive Order 2009-2 abolishes the Office, effective October 1, 2009. GF/GP funding is eliminated. Responsibility for the remaining Office functions, \$11.7 million Gross (\$0 GF/GP), and 10.5 staff are transferred to DCH Mental Health and Substance Abuse Services Administration. Based on recent passage of the federal budget for FY 2008-09, the House does not concur with the Executive regarding federal Byrne Justice Assistance Grant reductions and new state restricted substance abuse licensing fees and fines revenue.	FTEs	15.0	(4.5)
	Federal	11,747,000	0
	Restricted	0	0
	GF/GP	\$382,300	(\$382,300)
19. Aging Program Reductions		Gross \$79,751,600	(\$100,000)
The House does not concur with GF/GP reductions of \$2.0 million proposed by the Executive to senior community services programs (\$955,100), nutrition services (\$697,200), and three senior volunteer programs (\$347,700). The House concurs with the Executive and eliminates Senior Olympics funding (\$100,000), new in FY 2008-09. Tribal Elders program funding is retained at \$120,000.	Federal	46,873,100	0
	Private	132,000	0
	Restricted	167,000	0
	GF/GP	\$32,579,500	(\$100,000)
20. Health Care Coverage Expansion for Disabled Children		Gross N/A	\$11,373,200
The House concurs with the Executive increasing by \$11.4 million federal Title XIX Medicaid in the Children's Special Health Care Services program expanding primary care coverage for disabled children in households with income between 200% and 300% of the federal poverty level. This would cover an estimated 4,000 more children.	Federal	N/A	11,373,200
	GF/GP	N/A	\$0
21. Medicaid Caseload, Utilization and Inflation Increase		Gross \$9,996,061,200	\$357,927,800
The House concurs with the Executive to include an increase of \$357.9 million Goss (\$129.0 million GF/GP) to cover caseload/utilization/inflation changes within Medicaid, Mental Health/Substance Abuse, Children's Special Health Care Services, Adult Benefits waiver and Federal Medicare Prescription programs.	Federal	6,127,686,700	228,969,600
	Local	43,567,800	0
	Merit Awd	55,856,200	0
	Restricted	1,600,165,000	0
	GF/GP	\$2,168,785,500	\$128,958,200
22. Medicaid FMAP Federal Stimulus Bill Adjustment		Gross \$9,996,061,200	(\$3,383,200)
The House and Executive concur on an anticipated increase of federal Medicaid funds resulting from the American Recovery and Reinvestment Act that would offset \$929.5 million of GF/GP due to a temporary increase in the federal match rate.	Federal	6,127,686,700	961,849,700
	Local	43,567,800	(3,382,200)
	Merit Awd	55,856,200	0
	Restricted	1,600,165,000	(32,313,000)
	GF/GP	\$2,168,785,500	(\$929,536,700)

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD (as of 2/12/09)	House Change From YTD
23. GME and DSH Increases	Gross	\$218,954,800	\$83,170,200
The House increases funding for the Graduate Medical Education (GME) program by \$82,170,200 Gross (\$21,964,100 GF/GP). Funding for Disproportionate Share Hospital (DSH) payments are increased by \$1.0 million Gross (\$267,300 GF/GP). (Sec. 1647 and Sec. 1717 respectively)	Federal	131,964,100	60,938,800
	GF/GP	\$80,875,800	\$22,231,400
24. Physician Increase and Pharmacy Dispensing Fee Increase	Gross	N/A	\$5,262,200
A 1% increase by the House of certain primary care physician procedure codes increases the Physician Services line by \$4,830,200 Gross (\$1,291,100 GF/GP). The Pharmaceutical Services line is increased by \$432,000 Gross (\$115,500 GF/GP) to fund an additional 30¢ per script for the use of e-prescribing. (Sec. 1620.)	Federal	N/A	3,855,600
	GF/GP	N/A	\$1,406,600
25. Healthy Kids Dental Expansion	Gross	\$35,280,000	\$76,046,700
The House expands the Healthy Kids Dental program to all counties in Michigan, an additional 22 counties, resulting in an increase of \$76.1 million Gross (\$20.3 million GF/GP).	Federal	21,263,300	55,719,400
	GF/GP	\$559,100	\$20,327,300
26. Nursing Home Transition Savings	Gross	\$1,928,347,300	(\$15,279,400)
The House concurs with Executive savings of \$15.3 million Gross (\$6.2 million GF/GP) resulting from \$34.1 million Gross (\$12.5 million GF/GP) of nursing home transition savings in the Long-Term Care Services line offset by \$12.3 million Gross (\$3.7 million GF/GP) of increases in other long-term care services lines.	Federal	1,182,871,100	(9,054,100)
	Local	6,883,800	0
	Merit Awd	55,856,200	0
	Restricted	219,536,400	0
	GF/GP	\$463,199,800	(\$6,225,300)
27. Adult Home Help Worker Wage Increase	Gross	\$258,789,300	\$16,584,000
An increase by the House in the Adult Home Help Services line of \$16.6 million Gross (\$4.4 million GF/GP) will fund a 50¢ per hour wage increase for all adult home help workers in all counties. (Sec. 1691)	Federal	155,972,300	12,151,100
	GF/GP	\$102,817,000	\$4,432,900
28. Medicaid HMO Federal Pharmaceutical Rebates	Gross	\$0	(\$120,000,000)
The House concurs with the Executive reduction of \$120.0 million Gross (\$44.2 million GF/GP) which represents anticipated savings from allowing health plans to receive federal pharmaceutical rebates for prescription drugs provided to managed care Medicaid enrollees. This would require a change in federal law.	Federal	0	(75,828,000)
	GF/GP	\$0	(\$44,172,000)
29. County Health Plans	Gross	N/A	\$103,165,400
The House includes \$98,165,400 GF/GP to provide preventative and ambulatory health care services through county health plans. Also included is \$5.0 million GF/GP million to cover half of the remaining 35% of COBRA costs for those workers who are eligible for the 65% subsidy of health coverage authorized by the American Recovery and Reinvestment Act. (Sec. 1806 and Sec. 1810 respectively)	GF/GP	N/A	\$103,165,400
30. Adult Benefits Waiver Hospital Benefit	Gross	\$134,837,900	\$45,000,000
The House includes \$45.0 million Gross (\$23.7 GF/GP) to provide starting October 1, 2009, a hospital benefit to those enrolled in the Medicaid adult benefits waiver program. (Sec. 1814)	Federal	97,399,500	21,326,600
	Local	6,653,800	0
	Restricted	6,100,000	0
	GF/GP	\$24,744,600	\$23,673,400

Major Boilerplate Changes From FY 2008-09

GENERAL

Sec. 205. Hiring Freeze – REVISED

Imposes hiring freeze on full-time state classified civil service employees, except internal transfers of classified employees from one position to another in a department or when freeze will render DCH unable to deliver basic services, cause loss of revenue to the state, result in inability of the state to receive federal funds, and necessitate additional expenditures that exceed vacancy savings. Also, requires an annual report on the number of approved exceptions to the hiring freeze.

Major Boilerplate Changes From FY 2008-09

Sec. 282. Administrative Costs for Coordinating Agencies and Area Agencies on Aging – DELETE

Requires DCH to establish uniform definitions, standards, and instructions for the classification, allocation, assignment, calculation, recording, and reporting of administrative costs by the following entities: coordinating agencies on substance abuse, Salvation Army Harbor Light program, and their subcontractors; and area agencies on aging and local providers and their subcontractors.

Sec. 286. Financial Transparency Information - NEW

Directs DCH to provide financial information on its website that details expenditures for the current fiscal year. Prohibits DCH from using funds to create financial transparency information if the use of those funds would affect direct services or DCH's ability to perform its mission.

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

Sec. 407(3). Substance Abuse Prevention, Education, and Treatment Grants – DELETED

Requires DCH to develop a feasibility study on a payment methodology that increases allotments to coordinating agencies that are CMH providers.

STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES

Sec. 608. Privatization of Food and Custodial Services – DELETED

Requires DCH to evaluate the privatization of food and custodial services at state hospitals.

Sec. 610. Closure of State Facilities - NEW

Requires DCH to make every effort to minimize job losses due to any reductions in force or closing of facilities by placing those employees displaced by the reduction or closure within other state positions and encouraging CMHSPs to hire those displaced employees.

PUBLIC HEALTH

Sec. 804. HIV and Hepatitis C Program Report – REVISED

Eliminates report requirement for cooperative data sharing program with Corrections regarding prisoners being released who have HIV or Hepatitis C, related to the Michigan prisoner reentry initiative.

Sec. 1116. Coordinated Regional Perinatal System – DELETED

Directs DCH to convene a discussion regarding a statewide coordinated regional perinatal system, and report by April 1, 2009, including policy and funding recommendations.

CRIME VICTIM SERVICES COMMISSION

Sec. 1304. Sexual Assault Evidence Collection Procedures – DELETED

Requires DCH to work with State Police and other agencies to ensure that recommended procedures for emergency treatment of victims are followed in the collection of evidence in cases of sexual assault.

OFFICE OF SERVICES TO THE AGING

Sec. 1413. Support of Locally-Based Community Senior Services and Area Agencies on Aging - REVISED

Eliminates legislative intent language from this section, including support of locally-based services and prohibiting area agencies on aging from providing direct services except access services, unless a waiver is obtained.

Sec. 1416. Support for In-Home Services for Non-Medicaid Seniors - DELETED

Establishes legislative commitment to provide in-home services, resources, and assistance for the frail elderly who are not being served by the Medicaid home- and community-based services waiver program.

MEDICAL SERVICES

Sec. 1678. MICHild/School Lunch Act Eligibility - NEW

Requires a child to be automatically enrolled in the MICHild program if the child meets the income eligibility criteria for free breakfast, lunch, or milk as determined under the Richard B. Russell National School Lunch Act.

Sec. 1687. Health Insurance Study for Long-Term Care Direct Care Workers - NEW

Requires the Department to conduct a study on the feasibility of a rate enhancement for long-term care direct care workers to fund health insurance for these workers.

Sec. 1753. Auto Insurer Third Party Liability Information - DELETED

Requires Department, upon passage of legislation, to collect medical expense information from auto insurers to allow the State to make third party liability claims for Medicaid recipients.

Sec. 1775. Medicaid Managed Long-Term Care Study - DELETED

Requires Department to conduct a study and publish a report regarding the feasibility of providing long-term care services through managed care and to implement two long-term care pilots, one in a county with a population over 750,000 and the other in a county with a population under 250,000.

Major Boilerplate Changes From FY 2008-09

Sec. 1776. Outpatient Prospective Payment System (OPPS) Methodology - DELETED

If the OPPS reimbursement methodology is continued, the applied Medicaid reduction factor must be revenue neutral and actuarially sound.

Sec. 1783. Medicare Advantage Special Needs Plans - NEW

Requires the department to develop rates by January 1, 2010 for the enrollment of individuals who are dually eligible for Medicare and Medicaid into Medicaid health plans if the health plans also maintain a Medicare Advantage Special Needs Plan (SNP) certification. The Department is to report quarterly on the number of enrollees with these plans.

Sec. 1785. Emergency Department Diagnosis Codes - DELETED

Requires Department to convene a workgroup to develop and maintain a list of hospital reimbursement emergency department diagnosis codes for services provided to Medicaid recipients at a defined triage or stabilization rate; the rate shall be equal to the triage rate in place prior to the implementation of the outpatient prospective payment system; defines the workgroup representation; and that implementation of this policy will occur by January 1, 2009.

Sec. 1789. Nursing Home Occupancy Ceiling Study - DELETED

Requires Department to study whether the current nursing home ceiling of 85% is adequate and to report its findings by April 1, 2009.

Sec. 1793. Preventable Hospitalizations from Nursing Homes - DELETED

Department shall consider the development of a pilot project that focuses on preventable hospitalizations from nursing homes.

Sec. 1807. Medicaid Reimbursement of Primary Care Physicians Providing Mental Health Services – DELETED

Allows the Department to convene a workgroup and provide a report evaluating the feasibility of establishing a Medicaid payment mechanism for the reimbursement of mental health services by primary care physicians.

Sec. 1808. Medicaid Ambulance Quality Assurance Assessment Program – DELETED

Requires the Department to implement an ambulance quality assurance assessment program with the State to retain a portion of the assessment, if legislation is enacted allowing the ambulance QAAP.

Sec. 1811. Medicaid Recoveries from Pharmaceutical Drug Damage Suits – NEW

Conditions that if statute is amended to allow Michigan citizens to file product liability suits against pharmaceutical manufacturers related to defective drugs, the Department shall make efforts to recover Medicaid funds paid for in the treatment of injuries resulting from the use of these drugs.

Sec. 1812. Regional Healthcare Resource Sharing Network Pilot Project – NEW

The Department may allocate funds to support a pilot project to develop a regional healthcare resource sharing network.

Sec. 1813. Offset Prior Year Executive Order Hospital Payment Reductions – NEW

The Department shall allocate \$12.3 million to prevent the implementation of EOs 2001-09, 2002-22 and 2005-07 which reduced certain hospital payments.