

COMMUNITY HEALTH FY 2009-10 Appropriations
Summary: Conference Report
HB 4436 (S-1) CR-1



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	FY 2008-09 YTD as of 2/12/09	FY 2009-10 Executive Revised	FY 2009-10 House	FY 2009-10 Senate	FY 2009-10 Conference	Difference: Conference From FY 2008-09 YTD	
						Amount	%
IDG/IDT	\$40,883,900	\$50,446,000	\$47,177,000	\$47,177,000	\$48,946,000	\$8,062,100	19.7
Federal	7,219,405,800	8,328,253,700	8,961,254,700	8,692,546,500	8,949,473,200	1,730,067,400	24.01
Local	241,578,600	229,677,200	217,839,500	227,986,700	225,972,600	(15,606,000)	(6.5)
Private	66,686,800	70,208,500	72,608,500	72,308,500	72,308,500	5,621,700	8.4
Restricted	1,862,478,400	1,493,425,200	1,512,437,600	1,551,463,300	1,487,063,400	(375,415,000)	(20.2)
GF/GP	3,057,671,800	2,800,964,300	2,669,841,200	2,267,988,400	2,308,666,100	(749,005,700)	(24.5)
Gross	\$12,488,705,300	\$12,972,974,900	\$13,481,158,500	\$12,859,470,400	\$13,092,429,800	\$603,724,500	4.8
FTEs	4,608.7	4,386.1	4,384.6	4,375.6	4,381.6	(227.1)	(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.

		FY 2008-09 YTD (as of 2/12/09)	Conference Change From YTD
Major Budget Changes From FY 2008-09 YTD Appropriations			
1. Economic Adjustments	Gross	N/A	\$13,407,300
Includes \$13.4 million gross (\$5.9 million GF/GP) to fund 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	843,200
	Federal	N/A	2,745,400
	Restricted	N/A	762,700
	Local	N/A	3,159,700
	Private	N/A	1,800
	GF/GP	N/A	\$5,894,500
2. Office of Long-Term Care Supports and Services	Gross	\$3,882,000	(\$2,453,800)
Concurs with the House and Senate 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	(1,660,200)
	Private	40,100	0
	GF/GP	\$793,600	(\$793,600)
3. Actuarially Sound Capitation Payment Rates	Gross	\$5,293,292,900	\$197,711,000
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	124,933,500
	Local	30,030,200	0
	Restricted	971,726,200	0
	GF/GP	\$1,077,452,400	\$72,777,500
4. Mental Health Court Pilot Programs	Gross	\$1,126,900	(\$1,126,900)
Eliminates \$1.1 million GF/GP for nine mental health court pilot programs as Byrne Justice Assistance Grant funding is available for these programs.	GF/GP	\$1,126,900	(\$1,126,900)
5. Wage Increase for Direct Care Workers	Gross	\$2,092,155,700	\$3,009,000
Adds \$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. Does not concur with the House proposal to add \$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	1,718,800
	Restricted	97,074,300	0
	Local	25,228,900	0
	GF/GP	\$902,816,000	\$1,290,200

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD (as of 2/12/09)	Conference Change From YTD
6. CMH Non-Medicaid Services Reduction		Gross \$322,027,700	(\$40,000,000)
Annualizes the Executive Order 2009-22 reduction of \$10.0 million GF/GP for CMH Non-Medicaid Services line item. Does not concur with the House proposal to increase funding for this line item by 2.0% (\$6.5 million GF/GP). Also, does not concur with the Senate proposal to reduce this line item by an additional \$21.8 million and unroll the line into three line items.		GF/GP \$322,027,700	(\$40,000,000)
7. Multicultural Services		Gross \$6,823,800	\$0
Does not concur with the Executive proposal 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
Concurs with the House and Senate to add \$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)
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
Adds \$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. State Disability Assistance Program		Gross \$2,509,800	(\$266,700)
Includes a reduction of \$266,700 GF/GP for the State Disability Assistance Program which is the per diem room and board payments for needy persons 18 years of age or older who reside in substance abuse residential facilities and do not qualify for SSI. Does not concur with the House proposal to increase funding for the State Disability Assistance Program Substance Abuse Services by \$4.0 million gross (all GF/GP) in which the funds were to be distributed based on local needs as determined by the department, in consultation with coordinating agencies.		GF/GP \$2,509,800	(\$266,700)
12. Community Substance Abuse Prevention, Education, and Treatment Programs		Gross \$84,968,000	(\$1,875,700)
Concurs with the House to establish a \$100 GF/GP placeholder for medically necessary medications for the treatment of alcoholism and other substance abuse disorders. Also, concurs with the House to allocate \$300,000 GF/GP for methadone/buprenorphine clinic to serve 25 counties. Does not concur with the House to allocate \$15.0 million GF/GP for coordinating agencies and \$9.0 million GF/GP for 90-day intensive substance treatment services for certain offenders. (Secs. 407 and 487). Also, does not concur with the Senate's projected savings of \$1.0 million GF/GP by consolidating CMHSPs and coordinating agencies. Includes a reduction of \$2.2 million GF/GP for this line item which is offset by \$950,000 in carryforward substance abuse licensing/fine revenue.		Federal 65,777,500	0
		Restricted 1,784,200	950,000
		GF/GP \$17,406,300	(\$2,825,700)
13. Respite Services		Gross \$1,000,000	(\$1,000,000)
Concurs with the Senate to eliminate funding for respite care services for children with serious emotional disturbances and their families.		GF/GP \$1,000,000	(\$1,000,000)

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD (as of 2/12/09)	Conference Change From YTD
14. Primary Care Services	Gross	\$4,241,700	\$100,000
Does not concur with the House to increase free health clinics funding by \$250,000 GF/GP. Concur with the House to allocate \$100,000 GF/GP for Beaver, Drummond, and Mackinac Island clinics. (Sec. 712.) Also, concurs with the Senate to maintain \$75,000 GF/GP for Helen M. Nickless Volunteer Clinic in Bay City.	Federal	2,970,200	0
	GF/GP	\$1,271,500	\$100,000
15. Healthy Michigan Funded (HMF) Projects and Poison Control	Gross	\$41,364,600	(\$13,404,800)
HMF project funding is reduced from \$25.1 million to \$11.0 million, and HMF funding for Medicaid match is increased from \$15.9 million to \$26.5 million, for GF/GP savings. Funds to 16 of 27 projects are eliminated. HMF funding for poison control is replaced with GF/GP, with Gross funding of \$1.1 million. Overall HMF revenue is down by \$3.5 million due to declining cigarette tax revenue.	Federal	395,000	427,300
	Restricted	40,969,600	(3,541,400)
	GF/GP	\$0	(\$10,290,700)
16. Public Health Program State Funding Reductions	Gross	\$16,415,600	(\$3,588,400)
For \$3.3 million GF/GP savings, the Conference eliminates the following: AIDS and risk reduction clearinghouse and media campaign, African-American male health initiative, public health physician practice project, FY 2008-09 sexually transmitted disease targeted initiative for gonorrhea and chlamydia, and methamphetamine cleanup fund. Funding is reduced for laboratory services and family planning local agreements.	Private	300,000	(300,000)
	Restricted	1,351,000	0
	GF/GP	\$13,953,500	(\$3,288,400)
17. Local Public Health Operations Funding	Gross	\$40,618,400	(\$535,600)
The Conference reduces funding to local public health departments for state-local cost-shared public health services by \$535,600.	Local	5,150,000	0
	GF/GP	35,468,400	(\$535,600)
18. Aging Program Reductions	Gross	\$79,651,600	(\$4,529,300)
The Conference reduces GF/GP funding for senior community services programs by \$2,147,600, senior nutrition services and meals by \$1,610,000, and three senior volunteer programs by \$771,700. (Restricted Healthy Michigan Fund for nutrition services is also eliminated, see item 15).	Federal	46,873,100	0
	Private	132,000	0
	Restricted	167,000	0
	GF/GP	\$32,479,500	(\$4,529,300)
19. Elimination of Health IT Initiatives Funding	Gross	N/A	(\$5,000,000)
Removes funding for Health Information Exchanges (HIEs) and the HIE Resource Center for health IT initiatives. The recent federal stimulus provides new federal funding for health IT initiatives.	GF/GP	N/A	(\$5,000,000)
20. CSHCS Parent Participation Fee Increase	Gross	N/A	\$0
Includes savings from Executive proposal to increase fees on families utilizing Children's Special Health Care Services (CSHCS). Executive budget assumed \$1.1 million in GF/GP savings; conference increases savings to \$1.5 million	Restricted	N/A	1,540,100
	GF/GP	N/A	(\$1,540,100)
21. Health Care Coverage Expansion for Disabled Children	Gross	N/A	\$11,373,200
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
22. Medicaid Caseload, Utilization and Inflation Increase	Gross	\$9,996,061,200	\$635,442,800
Include an increase 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. This caseload adjustment includes the annualization of the 4% provider rate reduction and reductions to Single Point of Entry, Medicaid optional services, and non-emergency transportation included in Executive Order 2009-22.	Federal	6,127,686,700	399,849,500
	Local	43,567,800	0
	Merit Awd	55,856,200	0
	Restricted	1,600,165,000	0
	GF/GP	\$2,168,785,500	\$235,593,300

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD (as of 2/12/09)	Conference Change From YTD
23. Additional 4% Provider Rate Reduction	Gross	N/A	(\$177,488,800)
Includes additional savings linked to an additional 4% reduction in Medicaid provider rates beyond the rate reduction imposed in Executive Order 2009-22. This reduction would impact the same providers affected by the E.O. cut.	Federal	N/A	(130,046,000)
	GF/GP	N/A	(\$47,442,800)
24. Restoration of Executive Order Rate Reductions through QAAP	Gross	N/A	\$101,498,500
Appropriates funding to replace the reductions attributed to the 4% provider rate reductions to hospitals and nursing homes in Executive Order 2009-22 by increasing the QAAP assessment on these entities. Generates additional net GF/GP savings.	Federal	N/A	74,367,900
	Restricted	N/A	31,081,800
	GF/GP		(\$3,951,200)
25. Preferred Drug List Savings	Gross	N/A	(\$18,663,500)
Assumes savings from moving behavioral health drugs to the preferred drug list. The action would also require changes to current state law.	Federal	N/A	(13,674,700)
	GF/GP	N/A	(\$4,988,800)
26. Pharmacy Dispensing Fee Increase	Gross	N/A	\$629,200
Annualizes the \$.25 per script increase in the pharmaceutical dispensing fee that had been eliminated in a previous Executive Order. (Sec. 1620.)	Federal	N/A	397,600
	GF/GP	N/A	\$231,600
27. Nursing Home Transition Savings	Gross	\$1,928,347,300	(\$17,379,400)
Concurs with Executive proposal for net savings of \$17.4 million resulting from nursing home transitions. Direct savings in the Long-Term Care Services line are offset by increases in other long-term care services lines.	Federal	1,182,871,100	(12,733,800)
	Local	6,883,800	0
	Merit Awd	55,856,200	0
	Restricted	219,536,400	0
	GF/GP	\$463,199,800	(\$4,645,600)
28. Long-Term Care Estate Recovery Savings	Gross	N/A	(\$29,600,100)
Assumes savings of \$29.6 million gross, \$7.9 million GF/GP from estate recovery efforts. Executive budget included lower savings assumptions of \$7.9 million gross, \$2.9 million GF/GP.	Federal	N/A	(21,688,000)
	GF/GP	N/A	(\$7,912,100)
29. Medicaid HMO Federal Pharmaceutical Rebates	Gross	\$0	(\$120,000,000)
Concurs with the Executive reduction of \$120.0 million 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	(87,924,000)
	GF/GP	\$0	(\$32,076,000)
30. Fund Shift - Medicaid Benefits Trust Fund	Gross	\$0	\$0
Includes fund shift replacing GF/GP with Medicaid Benefits Trust Fund revenue from an estimated \$11.4 million fund balance plus \$3.7 million in additional presumed fraud savings to be generated from enhanced efforts through fraudulent billing reform legislation.	Restricted	0	15,094,100
	GF/GP	\$0	(\$15,094,100)
31. Savings from Data Requirements on Auto Insurers	Gross	\$0	(\$18,705,600)
Assumes savings from new data requirements on automobile insurers to identify third-party liability to the State for Medicaid.	Federal	0	(13,705,600)
	GF/GP	\$0	(\$5,000,000)

Major Boilerplate Changes From FY 2008-09

GENERAL

Sec. 287. General Fund/General Purpose Lapses - NEW

Requires DCH to report on the estimated general fund/general purpose appropriation lapses at the close of the fiscal year by no later than December 1, 2010.

Sec. 286. Financial Transparency Information - NEW

Directs DCH to expend no more than \$10,000 to develop, post, and maintain on a publicly accessible Internet site all expenditures made the agency within a fiscal year. Prohibits DCH from hiring additional employees to comply with this section.

Sec. 288. Antipsychotic Prescriptions – NEW

Requires DCH to report on the feasibility and impact of including antipsychotic prescriptions, net of actual rebates, into the actuarially sound capitation rates for the PIHPs.

Major Boilerplate Changes From FY 2008-09

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

Sec. 407. Substance Abuse Prevention, Education, and Treatment Grants - REVISED

Requires coordinating agencies that are located completely within the boundary of a PIHP to conduct a study on the administrative costs and efficiencies associated with consolidating with that PIHP. Also, provides that if the coordinating agency realizes an administrative cost savings of 5% or greater of their current costs, the coordinating agency is then required to initiate discussions regarding a potential merger in accordance with Section 6226 of the Public Health Code.

Sec. 460. CMH Non-Medicaid Funding Formula - REVISED

Requires DCH to report on the funding formula and allocations for all CMHSPs that receive funds appropriated under the CMH non-Medicaid Services line. The report shall include a comparison of the current fiscal year allocation to the prior fiscal year allocation, and a description of the factors used in the funding formula to achieve an equitable distribution of funds.

Sec. 489. CMH Non-Medicaid Funding Reductions - NEW

Requires DCH to work with MI Association of CMH Boards and individual CMHSPs to mitigate reductions to CMH non-Medicaid Services line by seeking alternative funding sources.

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

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. 652. Healthy Michigan Fund Spending Priorities for Single Line Item Funding – NOT INCLUDED

Language is not included to establish Healthy Michigan Fund spending priorities under a single appropriation line item.

Sec. 1139. Nurse Family Partnership Funding for Kalamazoo – NEW

Requires the Department to fund the Kalamazoo nurse family partnership program at the same level of funding as was provided in FY 2007-08.

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. 1419. Support for In-Home Services for Non-Medicaid Seniors - NEW

Allocates \$120,100 of nutrition services appropriations for an interdepartmental grant to the Department of Agriculture to support the Michigan Agricultural Surplus system.

MEDICAL SERVICES

Sec. 1625. Anti-Psychotic Medications and Preferred Drug List - DELETED

Current law required DCH to continue placing all atypical anti-psychotic medications on the preferred drug list.

Sec. 1634. Ambulance Service Payment Rates - DELETED

Required the department to continue a 5% increase in payment rates for ambulance services implemented in FY 2001 and the ground mileage reimbursement rate of \$4.25 per statute mile.

Sec. 1670. MiChild Program Guidelines - MODIFIED

New subsection (9) requires DCH to develop an automatic enrollment algorithm based on quality and performance factors.

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. 1757. Medicaid and Fugitive Felons - MODIFIED

Includes new intent language that DCH seek clarification from the federal government on whether states can deny Medicaid eligibility to fugitive felons through a state plan amendment or waiver.

Sec. 1783. Medicare Advantage Special Needs Plans - NEW

Requires the department to develop rates by April 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.

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.

Major Boilerplate Changes From FY 2008-09

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. 1815. Limit on Capitation Withhold - NEW

Prohibits DCH from implementing a capitation withhold as part of the overall capitation rate schedule that exceeds 0.19% as administered during FY 2008-09.

Sec. 1822. Coverage for Mental Health Prescription Drugs - NEW

Requires DCH, the contracted pharmacy benefits manager, and all health plans to implement coverage for a mental health prescription drug within 30 days of the drug's approval by the DCH's Pharmacy and Therapeutics Committee.

Sec. 1826. Beneficiary Monitoring Program - NEW

Requires DCH to develop a plan to expand and improve its beneficiary monitoring program.

Sec. 1828. Medicaid Provider Rate Reductions - NEW

Provides for a reduction in Medicaid provider rates by 8% from their May 1, 2009 levels for all providers subject to the rate reductions in Executive Order 2009-22; provides if new revenue to match federal funds is generated, that the revenue shall be used to restore the rate reductions and other reductions made to the FY 2009-10 DCH budget.