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Senate Bill 1152 (as introduced)
Committee: Appropriations

[Vehicle for Governor's Recommendation line items is Senate Bill 1182.](#)

FY 2009-10 Year-to-Date Gross Appropriation	\$13,084,836,300
Changes from FY 2009-10 Year-to-Date:	
1. Medicaid Base Funding. The Governor included base adjustments for Medicaid, Community Mental Health (CMH) Medicaid services, the Children's Special Health Care Services program, and the Adult Benefits Waiver. These adjustments would increase GF/GP costs by \$57,486,800.	141,157,300
2. Actuarially Sound Rates. The Governor provided an adjustment in Medicaid managed care capitation rates and CMH Medicaid rates of 3.0% to meet Federal requirements that capitation rates be actuarially sound, at a cost of \$45,557,500 GF/GP.	133,170,300
3. Special Medicaid Payments and Quality Assurance Assessment Program (QAAP) Adjustments. The Governor's budget reflected the anticipated Federal revenue available for various special financing mechanisms, expanded other special payments to providers, and made adjustments to maximize use of QAAP revenue.	242,441,100
4. Fund Source Adjustments. The Governor included adjustments reflecting a \$4,000,000 loss of revenue from the Medicaid Benefits Trust Fund, a \$126,320,600 increase in Merit Award Trust Fund revenue, and a one-time retroactive FMAP payment of \$160,000,000, resulting in a GF/GP cost decrease of \$282,320,600.	0
5. Medicaid Match Rate Adjustments. The Governor assumed savings of \$223,504,100 GF/GP from the increase in the base Medicaid match rate from 63.19% to 65.79%. The Governor assumed that the American Recovery and Reinvestment Act (ARRA) stimulus funding would be available for nine months in FY 2010-11, resulting in a net increase in GF/GP costs of \$243,960,300 compared to FY 2009-10.	0
6. Restoration of Hospital and Nursing Home Payment Reductions. The Governor used an increase of the hospital and nursing home QAAPs to help restore the 8.0% provider rate reduction implemented in FY 2009-10.	101,498,500
7. Physician QAAP. The budget assumed implementation of a 3.0% physician services tax, which would raise \$300.0 million. Most of this money, combined with Federal match, would be used to raise fee for service and managed care Medicaid physician rates to Medicare levels. The State would see a gainsharing savings of \$98,561,800 GF/GP.	749,676,900
8. Cost Reduction Measures. The Governor's budget reflected administrative reductions, a freeze on enrollment in the HAB C and Adult Benefits Waiver programs, and implementation of Medicaid revenue recovery and Medicaid Inspector General programs. The budget also included numerous program cuts, including reductions to CMH non-Medicaid services, substance abuse, multicultural, laboratory services, human growth hormone therapy for the Children's Special Health Care Services program, and numerous aging services programs. Total GF/GP savings were \$26,926,700.	(78,997,400)
9. Economic Adjustments. Total GF/GP costs of these adjustments were \$13,494,500.	31,396,700
10. Other Changes. Other changes resulted in a minor decrease in funding.	(8,248,700)
Total Changes	\$1,312,094,700
FY 2010-11 Governor's Recommendation	\$14,396,931,000

Changes from FY 2009-10 Year to Date:

1. **Deletions.** The Governor's budget eliminated numerous boilerplate sections, including but not limited to: classified employee hiring freeze (Sec. 205), reporting requirement on policy changes (215), notification of state plan amendments and waiver submission (264), attorney general Medicaid recoveries (270), early mental health services pilots (271), consolidation of local organizations (272), out-of-state travel requirements (284), Salvation Army Harbor Light's contract (412), administrative expense definitions (460), CMH non-Medicaid equity funding plan (462), Odyssey House funding (482), bid process for food and custodial services at State facilities (608), a report on outsourcing the medical marijuana program (727), requirement that pregnant women be given a referral to a dentist (subsection 7 of 1607), HMO service area expansions (1652), report on nursing home case mix reimbursement (1695), rural health initiative language (1712), Medicaid eligibility errors (1725), e-prescribing (1733), Medicaid proof of citizenship (1757), language requiring development of rates for enrollment of dual Medicare/Medicaid eligibles into managed care under certain circumstances (1783), limitations on set-aside of capitation payments (1815), language on ways to prohibit billing for medical errors (1817), and expansion of the beneficiary monitoring program (1826).
2. **Consolidation of Coordinating Agencies.** The Governor's recommendation removed language directing that coordinating agencies completely within the boundaries of a Pre-paid Inpatient Health Plan (PIHP) conduct a study of the costs of consolidation with the PIHP. (Sec. 407(4))
3. **Michigan Mental Health Commission and Small Secure Residential Facilities.** The Governor's budget changed language on implementation of the 2004 Michigan Mental Health Commission report and removed language requiring a study of the costs and benefits of establishing small secure residential facilities. (Sec. 458)
4. **Genetic Diagnostic and Counseling Services for the Children's Special Health Care Services (CSHCS) Program.** The Governor's budget deleted language allowing the Department to provide such services to CSHCS clients, reflecting a dollar decision. (Sec. 1202)
5. **Ambulatory Surgery Centers.** The Governor added additional language setting guidelines for the reimbursement of ambulatory surgery centers using Medicaid funds. (Sec. 1642)
6. **Transitional Medical Assistance (TMA) Plus Program.** The Governor deleted language governing the TMA Plus program, as it was deleted in the proposed FY 2010-11 budget. (Sec. 1603)
7. **Implementation of Pharmacy Average Manufacturer's Price Requirement.** The Governor deleted language that would have required a pharmaceutical dispensing fee increase if the average manufacturer's price requirement in the Federal Deficit Reduction Act led to savings. (Sec. 1620(3))
8. **Disproportionate Share Hospital (DSH) Funding.** The Governor combined two sections of boilerplate on DSH funding, removing all references to the second \$5.0 million hospital DSH pool, which was vetoed in the FY 2009-10 budget. (Sec. 1699)
9. **Medicaid Emergency Room Physician Reimbursement Methodology.** The Governor removed specific requirements on emergency room reimbursement changes, including the requirement that payments not exceed 70% of Medicare payment rates. (Sec. 1711)
10. **Physician QAAP.** The Governor included language directing that if a physician QAAP is not implemented or does not generate sufficient GF/GP savings, payment rates for Medicaid providers cut under Executive Order 2009-22 shall be cut sufficiently to cover the GF/GP shortfall. (Sec. 1830)

Date Completed: 02-24-10

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