



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4436 (S-1 as passed by the Senate)

Committee: Appropriations

FY 2008-09 Year-to-Date Gross Appropriation	\$12,494,815,400
Changes from FY 2008-09 Year-to-Date:	
1. Medicaid Base Funding. The Senate 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 \$282,302,200.	769,646,600
2. Actuarially Sound Rates. The Senate provided an adjustment in Medicaid managed care capitation rates of 4.5% and CMH Medicaid rates of 4.0% to meet Federal requirements that capitation rates be actuarially sound, at a cost of \$72,777,500 GF/GP.	197,711,000
3. Special Medicaid Payments. The Senate budget reflected the anticipated Federal revenue available for the various special financing mechanisms used by the State.	88,020,600
4. Increase in Medicaid Match Rate. The Senate budget reflected the increase in the base Medicaid match rate to 63.19%, for a savings of \$246,526,000 GF/GP. The Senate also reflected the consensus agreement on increase in the Medicaid match rate to 73.27% due to the Federal stimulus bill, for a further GF/GP savings of \$968,707,700.	0
5. Quality Assurance Assessment Program (QAAP) Adjustments. The Senate budget included adjustments to the QAAP programs as well as a \$304,704,300 GF/GP increase reflecting the replacement of the Restricted funding from the managed care QAAPs with GF/GP from Use Tax revenue.	64,920,600
6. Program Reductions. The Senate accepted the vast majority of the Governor's budgetary reductions, but restored CMH Multicultural (\$6.8 million GF/GP), the Nurse Family Partnership (\$811,000 GF/GP), and several smaller programs. The remaining reductions led to a net savings of \$80.4 million GF/GP. The Senate reduced CMH non-Medicaid by \$61.8 million GF/GP, transferred responsibility for anti-psychotic medications to CMH (\$7.5 million GF/GP), expanded Medicaid cost-sharing (\$10.0 million GF/GP), assumed passage of legislation to expand third party liability recoveries (\$10.0 million GF/GP) and to increase fraudulent recovery collections (\$5.3 million GF/GP), and assumed greater savings from nursing home transitions (\$16.5 million GF/GP). Finally, the Senate reduced Medicaid provider rates by 8% below the rates in effect prior to Executive Order 2009-22 (\$94.9 million GF/GP).	(760,180,100)
7. Healthy Michigan Fund. The Senate rolled Healthy Michigan Fund programming dollars into one line and reduced the line.	(20,682,100)
8. Program Enhancements. The Senate increased funding for Local Public Health (\$1.0 million GF/GP), expanded of Healthy Kids Dental to Sterling Heights and Highland Park (\$115,000 GF/GP), funded a multicultural intestinal disease program (\$250,000 GF/GP), and gave a 50 cents per hour increase to Adult Home Help workers (\$4.4 million GF/GP).	18,264,300
9. Economic Adjustments.	13,455,900
10. Other Changes. Other changes in the budget resulted in a minor decrease in funding.	(6,501,800)
11. Comparison to Governor's Recommendation. The Senate is \$114,164,500 Gross and \$533,635,900 GF/GP below the Governor.	
Total Changes.....	\$364,605,000
FY 2009-10 Senate-Passed Gross Appropriation	\$12,859,470,400

Changes from FY 2008-09 Year to Date:

1. **Updated Prescription Drug Website.** Language included in the proposed budget requires the Department to maintain and regularly update a more comprehensive prescription drug website. The website will be used to provide consumers with information regarding customary prescription drug prices and dosages. (Sec. 285)
2. **Substance Abuse Funding.** The proposed budget dictates that funding for substance abuse services be distributed directly to the existing Prepaid Inpatient Health Plans (PIHPs). This action is intended to initiate the further consolidation of substance abuse coordinating agencies into the PIHPs. (Sec. 407)
3. **CMH Non-Medicaid Equity Funding Formula.** The proposed budget requires the Department to implement a new equity funding formula for the distribution of funds appropriated under the Community Mental Health non-Medicaid Services line. (Sec. 462)
4. **CMH Non-Medicaid Funding Disbursement.** The Subcommittee adds language which directs the Department to distribute funds appropriated under the Community Mental Health non-Medicaid Services line directly to the existing PIHPs. This action is intended to initiate further the further consolidation of CMHSPs into the PIHPs. (Sec. 470)
5. **Future Closures of State Hospitals.** The proposed budget includes new boilerplate requiring the Department to investigate the feasibility of closing and or/consolidating the remaining state hospitals. The Department is required to submit a detailed report on this issue by February 1, 2010. (Sec. 605)
6. **Outsourcing of Medical Marihuana Administration.** The Subcommittee included language directing the Department to establish a competitive bid process to identify a vendor to administer the medical Marihuana application and registration process. (Sec. 727)
7. **Enrollment of new CSHCS beneficiaries into HMOs.** The proposed budget includes new language mandating the enrollment of new Children's Special Health Care Services beneficiaries into accredited managed care plans. Children enrolled in the program prior to October 1, 2009 will not be subject to this mandate. (Sec. 1204)
8. **Transfer of MIChild Program to Medicaid HMOs.** The proposed budget includes a modification to existing language on the MIChild program that transfers the administration of that program from Blue Cross Blue Shield of Michigan to the Medicaid HMOs. (Sec. 1670)
9. **Bid Process for Durable Medical Equipment.** The proposed budget includes language directing the Department to establish a competitive bid process to identify a vendor to provide benefit administration for durable medical equipment for individuals in the fee-for-service Medicaid program. (Sec. 1823)
10. **MIChoice Waiver Services in Group Homes.** The Subcommittee added boilerplate language that expands eligibility for home- and community-based waiver services to individuals residing in homes for the aged and adult foster care facilities. (Sec. 1824)
11. **Additional QAAP programs.** The proposed budget includes language directing the Department to work in cooperation with relevant stakeholders to determine the feasibility of implementing quality assurance assessment programs targeted to certain providers of medical services, as permitted by federal law. The Department shall submit a report on these efforts by April 1, 2010. (Sec. 1825)
12. **Expansion of Beneficiary Monitoring.** The proposed budget directs the Department to develop a plan to expand the existing Medicaid beneficiary monitoring program. This program has previously been used to manage the care of Medicaid beneficiaries who do not comply with treatment protocols. (Sec. 1826)
13. **Contingency Language on Rate Cuts.** The proposed budget includes language which explicitly states the Medicaid rate cuts to be applied to the various provider groups for fiscal year 2009-2010. This language also includes specifications for a physician quality assurance assessment program (QAAP), should one be enacted to mitigate the rate cuts to physicians. (Sec. 1828)

Date Completed: 6-25-09

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