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Senate Bill 1011 (as reported without amendment)
Sponsor: Senator Bruce Caswell
Committee: Judiciary

CONTENT

The bill would amend the Social Welfare Act to require the Department of Community Health (DCH) to suspend, rather than terminate, a person's medical assistance eligibility if he or she had a serious mental illness or a serious emotional disturbance and were in a DCH inpatient program or a correctional facility. Upon notification that the individual was no longer an inmate residing in a public institution, the DCH would have to reinstate his or her medical assistance if he or she were otherwise eligible.

The Act requires the DCH to establish a program for medical assistance for the medically indigent under Title XIX of the Social Security Act (Medicaid). One of the criteria for being a medically indigent individual is that the person is not an inmate of a public institution except as a patient in a medical institution. Under the bill, however, the State Medicaid Plan would have to require the DCH to suspend rather than terminate the medical assistance of a person with a serious mental illness or a serious emotional disturbance when either of the following applied:

- The person became an inmate residing in a public institution but otherwise remained eligible for medical assistance.
- An inmate was not eligible for medical assistance when he or she entered the public institution but subsequently was determined to be eligible for medical assistance while in the public institution.

The bill would define "public institution" as an inpatient program operated by the DCH for treatment of individuals with serious emotional disturbance or serious mental illness, or a local, State, or youth correctional facility.

MCL 400.106 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would likely have no fiscal impact on State government or local government, as it largely would codify current practices. If it is assumed that both prisons and jails currently suspend, rather than terminate, Medicaid eligibility for mentally ill and emotionally disabled inmates, there exists essentially no gap between the time a person leaves the public institution and the time coverage is resumed.

However, if jails currently terminate, rather than suspend, Medicaid eligibility, then there is a gap between when a person leaves jail and requalifies for coverage. In this case, the bill would have a negative impact on State government due to increased costs stemming from the immediate resumption of medical assistance benefits.

Short jail terms do make it more difficult to complete the process for suspending Medicaid for mentally ill and emotionally disturbed prisoners, or to complete an initial Medicaid application before the end of the jail term. This may create a gap between the time a person leaves a public institution and successfully completes the application process. The costs incurred due to this situation will exist regardless of the bill's passage.

Date Completed: 9-16-14

Fiscal Analyst: Ellyn Ackerman

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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.