

PRIVATE FOSTER CARE ADMINISTRATIVE RATES - CONTINUE HOLD-HARMLESS POLICY

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5562, as introduced
Sponsor: Rep. Earl Poleski
Committee: Appropriations

Analysis available at
<http://www.legislature.mi.gov>

Complete to 4-19-16

A SUMMARY OF HOUSE BILL 5562 AS INTRODUCED:

House Bill 5562 would amend Section 117a of the Social Welfare Act of 1939 to require the state to continue to pay certain payment amounts for services provided by private providers of foster care services. Under current law, the state is required to pay the following payment amounts until September 30, 2016:

- 100% of the costs of the \$3.00 increase to the administrative rate for private providers of foster care services.
- 100% of the administrative rate for providers of foster care services for new foster cases established after October 13, 2013.
- 100% of the costs of the rate increase to providers of residential foster care services under contract with the Department of Health and Human Services (DHHS).

The bill would amend Section 117a by eliminating the language concerning the \$3.00 increase to the administrative rate as well as language that states the department shall pay 100% of the administrative rate for all providers of foster care services for cases that were established after October 1, 2013. Since all relevant cases for which these payments are made currently have been established after that date, the bill would now require the department to pay 100% of the administrative rate for all cases. That rate is currently set at \$40 per day.

In addition, the bill eliminates the sunset and removes language that makes the payments subject to appropriations by the Legislature. The bill would take effect 90 days after it is enacted into law.

MCL 400.117a

FISCAL IMPACT:

By eliminating the sunset provisions, House Bill 5562 would require the state to continue to make payments in future years in similar amounts as those provided in the current

fiscal year. If the bill is not enacted, then the sunset provisions would remain in effect and counties would be responsible for 50% of these payments. If House Bill 5562 is not enacted, the estimated overall costs that county governments would be required to spend from their Child Care Fund would be approximately \$8.0 million annually. The approximate increase to counties would be as follows:

- \$3.00 administrative rate increase: \$500,000
- Administrative rate for new foster cases: \$6.0 million
- Private residential foster care services rate increase: \$1.5 million

Without the bill's enactment, the state would realize an estimated savings of \$8.0 million. The Executive DHHS budget recommendation for FY 2016-17 assumes the savings from maintaining the sunset and eliminating the county hold-harmless policy. Both the House and Senate Committee-passed FY 2016-17 DHHS appropriation bills reflect the continuation of the current-year county hold-harmless policy and retain the state 100% funding of these rates at current-year levels.

Fiscal Analyst: Viola Bay Wild

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.