



**Senate Fiscal Agency**  
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Senate Bill 118 (as introduced)  
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is Senate Bill 133.](#)

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	3,648.1	3,677.1	29.0	0.8
<b>GROSS .....</b>	<b>18,225,844,900</b>	<b>18,971,605,000</b>	<b>745,760,100</b>	<b>4.1</b>
Less:				
Interdepartmental Grants Received .....	9,425,900	9,678,100	252,200	2.7
<b>ADJUSTED GROSS.....</b>	<b>18,216,419,000</b>	<b>18,961,926,900</b>	<b>745,507,900</b>	<b>4.1</b>
Less:				
Federal Funds.....	12,567,108,200	13,465,957,200	898,849,000	7.2
Local and Private .....	348,205,900	213,683,300	(134,522,600)	(38.6)
<b>TOTAL STATE SPENDING.....</b>	<b>5,301,104,900</b>	<b>5,282,286,400</b>	<b>(18,818,500)</b>	<b>(0.4)</b>
Less:				
Other State Restricted Funds.....	2,061,403,500	2,289,035,100	227,631,600	11.0
<b>GENERAL FUND/GENERAL PURPOSE.....</b>	<b>3,239,701,400</b>	<b>2,993,251,300</b>	<b>(246,450,100)</b>	<b>(7.6)</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>1,108,135,300</b>	<b>1,125,752,600</b>	<b>17,617,300</b>	<b>1.6</b>

**FY 2014-15 Year-to-Date Gross Appropriation ..... \$18,225,844,900**

**Changes from FY 2014-15 Year-to-Date:**

1. **Medicaid and State Children's Health Insurance Program (SCHIP) Match Rate.** Governor reflected \$5.9 million in GF/GP savings from an increase in the Medicaid match rate from 65.54% to 65.60% and \$17.1 million in GF/GP savings from an increase in the SCHIP match rate from 75.88% to 98.92%. 0
2. **Other Fund Source Adjustments.** Governor reflected expiration of \$60.9 million in Roads and Risks Reserve funding, \$21.2 million in reduced Tobacco Tax revenue, and an increase of \$6.5 million in Health Insurance Claims Assessment (HICA) revenue. 0
3. **Medicaid Base and Caseload.** Due to a drop in the Medicaid caseload in late 2014, the Governor's budget reduced base funding by \$56.9 million GF/GP. (184,028,100)
4. **Medicaid Expansion Base and Caseload.** The Medicaid expansion, also known as the Healthy Michigan Plan, continued to see caseload growth. There is no GF/GP cost as the program is funded with 100% Federal funding through December 31, 2016. 815,762,200
5. **Changes in Federal Authorization.** Governor reflected changes in Federal grants, in particular a \$50.0 million State Innovation Model grant that would help implement the State's Blueprint for Health Innovation. 62,468,100
6. **Actuarial Soundness Adjustments.** Governor recognized the Federal requirement that Medicaid managed care rates be actuarially sound. Increases were proposed for behavioral health, physical health, and Medicaid expansion, at a cost of \$38.0 million GF/GP. 170,040,500

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7. <b>Technical Adjustments to Medicaid and Other Payments.</b> Governor included adjustments to reflect increased public clinic adjustor payments, changes to special payments to State psychiatric hospitals, and the annualization of Medicaid primary care rates.	106,659,900
8. <b>Programmatic Reductions.</b> Governor proposed transferring managed care pharmaceutical to fee for service (savings \$16.8 million GF/GP), reducing hospital capital reimbursement (savings \$12.0 million GF/GP), reducing managed care lab reimbursement (savings \$10.9 million GF/GP), eliminating the outstate hospital obstetrics funding pool (savings \$3.8 million GF/GP), and eliminating the Real Alternatives pregnancy program (savings \$0.8 million GF/GP).	(143,070,900)
9. <b>Program Enhancements.</b> Governor proposed expanding Healthy Kids Dental to children ages 0-8 in Kent, Oakland, and Wayne Counties (cost \$7.9 million GF/GP), increasing adult dental reimbursement (cost \$7.5 million GF/GP), increasing Community Mental Health non-Medicaid funding by \$20.0 million GF/GP, and expanding Medicaid autism services to age 21 (cost of \$2.5 million GF/GP).	77,190,200
10. <b>Change in How Facility Purchase of State Services (POSS) is Recognized.</b> Governor transferred POSS funding from the Behavioral Health unit to the State facility line items. Instead of the State share of facility costs being provided to CMHs, the money would be reflected in the individual facility line items. While this adjustment leads to an ostensible reduction in Gross funding, the change would lead to the money only being reflected in the budget once; there would be no change in the money spent on State facilities or the level of services provided.	(139,465,600)
11. <b>Statutory Changes to HICA.</b> Governor proposed eliminating the cap on combined HICA and net GF/GP Use Tax revenue (GF/GP savings of \$17.3 million). Governor proposed increasing HICA rate from 0.75% to 1.3% (GF/GP savings of \$162.8 million). Both changes would require legislation.	0
12. <b>Increase in Hospital Quality Assurance Assessment Program (QAAP) Tax to Fund Ongoing Programs.</b> Governor proposed increasing the hospital QAAP rate to fund the graduate medical education program (GF/GP savings of \$63.5 million) and to fund the rural and sole community hospital pool (GF/GP savings of \$13.6 million).	0
13. <b>One-time Funding.</b> Governor included several one-time items (\$1.5 million for mental health commission recommendations, \$1.5 million for pay for success contracts, \$1.5 million for a drug policy initiative, and \$500,000 apiece for five University autism centers). Governor removed current year funding for mental health commission recommendations, autism services, the University of Detroit dental clinic, a Healthy Kids Dental computerization project, child and adolescent health funding, the statewide trauma system, a bone marrow registry, and the Senior Olympics.	(22,704,800)
14. <b>Economic Adjustments.</b> Includes a negative \$4,076,500 Gross and negative \$2,216,600 GF/GP for OPEB and \$3,469,000 Gross and \$1,984,500 GF/GP for other economic adjustments.	(607,500)
15. <b>Other Changes.</b> Other changes resulted in a small increase in expenditures.	3,516,100
Total Changes .....	\$745,760,100
<b>FY 2015-16 Governor's Recommendation .....</b>	<b>\$18,971,605,000</b>

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

**Boilerplate Changes from FY 2014-15 Year-to-Date:**

1. **Performance Metrics.** Governor removed language requiring a report of benchmarks to measure performance for all new programs and program expansions with appropriations greater than \$500,000, as well as intent language that all new appropriations greater than \$500,000 include performance metrics. (Sec. 204)

2. **Communication with Department Staff.** Governor removed language prohibiting punishment of any employee for communicating with a legislator or legislative staffer. (Sec. 267)
3. **Legacy Costs.** Governor altered language to specify the legacy costs at \$49,623,700 for pension-related costs and \$37,801,400 for retiree health care costs for the year. (Sec. 297)
4. **Data Reporting by CMHs.** Governor deleted language requiring CMHs to report data to the Department and the Legislature on their expenditures and services. (Sec. 404)
5. **Mental Health Diversion Council Recommendations.** Governor altered language to appropriate \$4,825,000 from the Behavioral Health Administration line to address recommendations by the Council. (Sec. 495)
6. **Privatization of State Facility Food and Custodial Services.** Governor deleted language permitting the Department to bid out food and custodial services at State hospitals if certain conditions were met. (Sec. 608)
7. **Healthy Exercise Program Pilot.** Governor deleted language allocating \$1.0 million to establish a school children's healthy exercise program aimed at children grades K-8. Also requires that program sites provide a 20% match to receive funds. (Sec. 654)
8. **Free Health Clinic Funding.** Governor removed language directing \$250,000 in funding to be equally distributed to free health clinics throughout the State. (Sec. 712)
9. **Incentives for In-State Residencies.** Governor deleted language evaluating ways to incentivize medical students to serve their primary care residency in this State. (Sec. 715)
10. **Federal SIM Grant Funding.** Governor included new language directing State Innovation Model Grant funding be allocated to support the implementation of the health delivery system innovations. Also includes outcomes and performance measures. (Sec. 718)
11. **Report on Planned Allocations for Maternal and Child Programs.** Governor deleted language requiring a report on expenditures for local maternal and child health services, prenatal care outreach, pregnancy prevention, and family planning. (Sec. 1104)
12. **Mobile Dentistry Fees.** Governor included new language directing that fees collected for Mobile Dentistry be used to offset the cost of the program. (Sec. 1110)
13. **OB/GYN Lump Sum Payment.** Governor deleted language requiring a lump sum payment equal to \$830 for each obstetrical and newborn care case billed by hospitals in FY 2012-13, to hospitals which qualify for rural hospital access payments. (Sec. 1802)
14. **Graduate Medical Education.** Governor removed language directing the distribution of funds allocated for GME to encourage the training of physicians to meet future State needs, as well as allocating \$500,000 for the creation of a GME consortium, MiDocs, to develop new residency programs. (Secs. 1846 and 1870).
15. **Healthy Kids Dental.** Governor included new language to expand the Healthy Kids Dental Program to kids up to the age of 9, in Kent, Oakland, and Wayne counties. Also includes outcomes and performance measures. (Sec. 1894).
16. **Adult Dental Services.** Governor included new language requiring a contract with a managed care organization to administer the Medicaid adult dental benefit. Also includes outcomes and performance measures. (Sec. 1895)
17. **Diabetes Manifestation in Medicaid.** Governor removed language requiring reports on the prevalence of gestational diabetes in the Medicaid population and the Medicaid program performance on diabetes specific measures. Language would allocate up to \$35,000 contingent upon the receipt of matching private funds for the study on gestational diabetes. (Secs. 1896 and 1897)
18. **Drug Policy Initiatives.** Governor included new language requiring the development and implementation of a plan to address the problem of drug abuse. Also includes outcomes and performance measures. (Sec. 1907)

Date Completed: 2-18-15

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