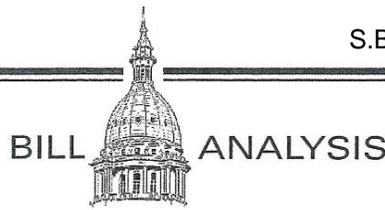




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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	3,653.1	3,687.1	34.0	0.9
GROSS	18,050,059,300	19,562,369,000	1,512,309,700	8.4
Less:				
Interdepartmental Grants Received	9,425,900	9,678,100	252,200	2.7
ADJUSTED GROSS.....	18,040,633,400	19,552,690,900	1,512,057,500	8.4
Less:				
Federal Funds.....	12,459,869,600	14,035,917,900	1,576,048,300	12.6
Local and Private	355,112,600	215,650,500	(139,462,100)	(39.3)
TOTAL STATE SPENDING.....	5,225,651,200	5,301,122,500	75,471,300	1.4
Less:				
Other State Restricted Funds.....	2,136,944,400	2,100,525,800	(36,418,600)	(1.7)
GENERAL FUND/GENERAL PURPOSE.....	3,088,706,800	3,200,596,700	111,889,900	3.6
PAYMENTS TO LOCALS	1,122,966,300	1,127,817,700	4,851,400	0.4

FY 2014-15 Year-to-Date Gross Appropriation \$18,050,059,300

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

Items Included by the Senate and House

1. **Medicaid and State Children's Health Insurance Program (SCHIP) Match Rate.** Conference reflected \$5.9 million in GF/GP savings from an increase in the Medicaid match rate from 65.54% to 65.60% and \$17.8 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.** Conference reflected expiration of \$62.9 million in Roads and Risks Reserve funding, \$21.2 million in reduced in Tobacco Tax revenue, a shift of \$20.0 million in Community Mental Health (CMH) funding from Restricted to GF/GP, an increase of \$6.5 million in Health Insurance Claims Assessment (HICA) revenue, and reduced GF/GP savings in certified public expenditures of \$5.9 million. 0
3. **Changes in Federal Authorization.** Conference reflected changes in Federal grants. 5,056,100
4. **Actuarial Soundness Adjustments.** Conference 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
5. **Programmatic Reductions.** Conference reflected an end to traumatic brain injury funding, a reduction in the Real Alternatives program, changes in managed care lab reimbursement, and a change in Adult Home Help policy. GF/GP savings of \$13.8 million. (36,190,000)

FY 2015-16 COMMUNITY HEALTH BUDGET

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| 6. Change in How Facility Purchase of State Services (POSS) is Recognized. Conference 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) |
| 7. Statutory Changes to HICA. Conference rejected Governor's proposed changes to HICA, which would have eliminated the cap on combined HICA and net GF/GP Use Tax revenue and increased the HICA rate from 0.75% to 1.3%. | 0 |
| 8. Reversal of Executive Order 2015-5 Adjustments. Conference did not reflect these items as adoption of Executive Order 2015-5 occurred after the FY 2015-16 budget process began. | 32,716,300 |
| 9. Economic Adjustments. Included a negative \$4,076,500 Gross and a 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) |
| 10. Other Changes. Other changes resulted in a small increase in funding. | 11,315,900 |
| <u>Conference Agreement on Items of Difference</u> | |
| 11. "Traditional" Medicaid Base and Caseload. Conference reflected the consensus agreement among the fiscal agencies and the State Budget Office. GF/GP cost \$100.4 million. | 200,616,300 |
| 12. "Expansion" Medicaid Base and Caseload. Conference reflected the consensus agreement among the fiscal agencies and the State Budget Office on the Healthy Michigan Plan (HMP) base and caseload. The adjustment reflects the rapid growth in the HMP caseload, which is expected to exceed 600,000 in FY 2015-16. | 1,278,627,100 |
| 13. Federal State Innovation Model (SIM) Grant. Conference reflected an increase in the SIM grant from \$20.0 million in FY 2014-15 to \$25.0 million in FY 2015-16. This grant would be used to help implement the State's Blueprint for Health Innovation. | 5,000,000 |
| 14. Programmatic Savings. Conference reflected savings due to a reduction in rural visitation due to carryforward, changes in care coordination and pharmaceutical services for Medicaid health plans, and enhanced third party liability and inspector general endeavors. GF/GP savings of \$37.2 million. | (117,819,400) |
| 15. Program Enhancements. Conference included increased funding tied to the Mental Health and Wellness Commission recommendations, jail diversion, immunization efforts, an ambulance provider tax, and an expansion of the Healthy Kids Dental program to Kent, Oakland, and Wayne Counties for children aged 0-12. | 50,433,200 |
| 16. Hospital Funding. Conference increased provider tax revenue by \$92.9 million to offset GF/GP with an equivalent increase of \$92.9 million in hospital payments made through the Healthy Michigan Plan. Conference also concurred with the Governor's proposed changes in hospital capital funding. Total GF/GP savings of \$104.9 million. | 58,049,300 |
| 17. FY 2015-16 One-Time Gross Appropriations. Conference included reductions in autism funding (and transfer to ongoing), the University of Detroit dental clinic (transferred to ongoing), Mental Health and Wellness Commission recommendations, child and adolescent health, a new drug policy initiative, and new one-time funding for hospice services. Total one-time funding was \$7,000,000, all GF/GP. | (5,462,500) |

Total Changes	\$1,512,309,700
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FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation	\$19,562,369,000
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Amount Over/(Under) GF/GP Target: \$0

Boilerplate Changes from FY 2014-15 Year-to-Date:Items Included by the Senate and House

1. **Legacy Costs.** Senate included language specifying 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)

Conference Agreement on Items of Difference

2. **Distribution of CMH Non-Medicaid Funds.** Senate included new language directing how funds appropriated for CMH non-Medicaid services be distributed. Conference removed. (Sec. 507)
3. **PIHP Administrative Cost.** Senate included new language directing PIHPs to work to reduce administrative costs, promote conflict-free care management, ensure that direct service rate variance be related to quantifiable measures, and promote fair and adequate direct care reimbursement. Conference concurred. (Sec. 508)
4. **Workgroup on Staff Recruitment and Retention.** Senate included new language requiring the creation of a workgroup to analyze the challenges of recruiting and retaining certain PIHP direct care staff. The workgroup must develop a plan to enhance efforts to attract and retain such staff, and account for the effect of the increase in the State minimum wage. Conference modified language to remove the requirement that the workgroup account for the effect of the increase in the State minimum wage. (Sec. 509)
5. **Redistribution of Lapsed PIHP and CMHSP Funds.** Conference included new language requiring the Department to redistribute lapsed Federal Medicaid match funds to individual PIHPs based on the current fiscal year PIHP distribution formula, if allowed. States legislative intent that lapsed funds be redistributed based on the community mental health non-Medicaid services distribution formula in effect during the current fiscal year and requires a report on past year and projected lapses by PIHPs. (Sec. 510)
6. **Diabetes/Kidney Health and Wellness Programming and Blue Cross Health Endowment Fund.** Senate altered language to transfer responsibility for funding some mental health and wellness initiatives and mental health and wellness commission recommendations to the Health Endowment Fund. Conference modified language to require that the Department work with the Health Endowment Fund to fund and evaluate current policies, as well as future policies. (Sec. 651)
7. **Health and Wellness Initiative Criteria.** Conference included new language requiring the Department to establish criteria for all Health and Wellness Initiatives, as well as give preference to programs that can pull down match funding. (Sec. 655)
8. **Federal SIM Grant Funding.** Senate 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. Conference modified language to change the length of the project from five to four years and added a new section outlining five standards that must be followed should SIM funding be used to create a data aggregator. (Sec. 718)
9. **Indian Health Service, Tribal or Urban Indian Health Program Facility Supplemental Payments.** Senate included new language requiring prospective, quarterly payments to Indian Health Service, Tribal or Urban Indian Health Program Facilities which contract with a Medicaid managed care organization. Conference modified language to require the Department to work to ensure that I/T/U facilities receive the maximum amount allowable for Medicaid services. (Sec. 719)
10. **Prohibition on Use of Funds for Agencies which Provide Abortions.** House included new language prohibiting State Restricted or GF/GP funds appropriated in the family planning local agreements line from being used to contract or subcontract with organizations which provide elective abortions, abortion counseling, or abortion referrals. Conference concurred. (Sec. 1107)
11. **Office of the Inspector General and Third Party Liability Report.** Conference included new language requiring the Department to submit a report on March 1 projecting the annual increase in reimbursement savings and cost offsets resulting from increased staffing for the Office of the Inspector General and Third Party Liability. Another report is required on September 1 stating the actual increase and cost offsets. (Sec. 1505)

12. **Pharmacy and Medicaid Services Copayments.** House modified language to require copayments for Medicaid services be not less than listed in current year language. Senate altered language to increase co-payments for Medicaid recipients enrolled in the Healthy Michigan Plan with an income of at least 100% of the Federal Poverty Level. Conference concurred with Senate. (Secs. 1620 and 1631)
13. **Laboratory Services Fee Reduction Savings.** Conference included new language requiring the Department to report on the savings from the reduction in managed care laboratory services fees as well as the actual gross reduction in expenditures by Medicaid health plans due to the reduction in the laboratory services fees. (Sec. 1770)
14. **Medicaid Managed Long-Term Care.** Governor and Senate included new language requiring a report on the implementation of the MI Health Link demonstration, as well as the existence of an ombudsman program. House modified new language to decrease the number of reports received to two per year, and to add elements to be included in the reports. Conference concurred with House. (Sec. 1775)
15. **GME Quality Data Reporting.** Senate included new language requiring hospitals that receive Graduate Medical Education payments to submit data to a national nonprofit organization. Conference modified language to require the Department to hold a hospital's fourth quarter GME payments until the submission of data, as required in this section. (Sec. 1805)
16. **Consensus Formulary.** Senate included new language requiring the development and implementation of a consensus formulary by the Medicaid health plans, with input from the Department. Conference modified language to replace all references to a "consensus formulary" with "common formulary" and place the Department as the head of the workgroup. (Sec. 1806)
17. **Encounter Data Improvement.** Senate included new language requiring the enhancement of encounter data reporting, the development of rules regarding encounter data completeness, and the creation of a fair measure of acuity for enrolled populations. Conference concurred. (Sec. 1810)
18. **Maternal Infant Health Program Integration.** Senate included new language requiring the integration of the MIHP into the Medicaid health plan benefit package. Conference removed. (Sec. 1811)
19. **GME Cost and Retention Reporting.** Senate included new language requiring three separate reports regarding GME funding. Language also creates a workgroup to develop new metrics for funding distribution and states legislative intent that those metrics will be implemented in the next fiscal year. Conference modified language to combine second and third report, require the Department to hold a hospital's fourth quarter GME payments until the submission of data, and change a report date. (Sec. 1812)
20. **Healthy Kids Dental.** Governor and House included new language directing the expansion of Health Kids Dental to kids between the ages of 0 and 8 in Kent, Oakland, and Wayne Counties. House included intent language to expand the program in the next fiscal year. Senate included new language directing the expansion of Healthy Kids Dental to Kent, Oakland, and Wayne Counties by July 1, 2016. Outlines performance measures for the program. Conference modified the language to expand Healthy Kids Dental to kids between the ages of 0 and 12 and add intent language. (Sec. 1894)
21. **Adult Dental Services.** Senate included new language requiring a contract with a managed care organization to administer the Medicaid adult dental benefit beginning September 1, 2016. Also includes outcomes and performance measures. Conference removed. (Sec. 1895)
22. **Special Projects Funding.** Governor, House, and Senate altered language to direct that funds for university autism programs go to support programs which increase the number of applied behavioral analysis therapists in the State. Senate added new language allowing for the funds to be used to support scholarships, and outline the performance measures for the program. Conference modified language to allocate funds through a grant process and moved the language to Sec. 460. (Sec. 1902)
23. **Hospice Room and Board.** Conference included new language allocating part 1 funds to provide for room and board for Medicaid recipients who meet hospice eligibility requirements and receive services at Medicaid enrolled hospice residences. (Sec. 1908)

Date Completed: 5-28-15

Fiscal Analysts: Steve Angelotti and Ellyn Ackerman