

Legislative Analysis



PRIVATE FOSTER CARE ADMINISTRATIVE RATES - CONTINUE HOLD-HARMLESS POLICY

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

Senate Bill 988 (S-1) as passed the Senate
Sponsor: Sen. Peter MacGregor
House Committee: Appropriations
Senate Committee: Appropriations
Complete to 5-29-18

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

SUMMARY:

Senate Bill 988 would amend Section 117a of the Social Welfare Act of 1939 to eliminate the sunset on the county hold-harmless provision that requires that the department pay 100% of certain payment amounts for services provided by private providers of foster care services instead of the past 50/50 state-county cost sharing model for certain rates.

Under current law, the state is required to pay the following payment amounts until September 30, 2018:

- 100% of the costs of the \$9.20 increase to the administrative rate for private providers of foster care services, subject to appropriation.
- 100% of the administrative rate for providers of foster care services and treatment foster care services.
- 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).

Under the bill's provisions, the state would continue to pay these rates in future years. Currently, the administrative rate for private providers of foster care services is \$46.20 per day. The rate is built with a \$37.00 base and a \$9.20 additional increase until September 30, 2018.

The bill would take effect 90 days after it is enacted into law.

MCL 400.117a

FISCAL IMPACT:

By eliminating the sunset provisions, Senate Bill 988 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. The estimated additional overall

costs that county governments would be required to spend from their Child Care Funds would be approximately \$8.0 million annually.

Without the bill's enactment, the state would realize an estimated savings of \$8.0 million. Both the Executive DHHS budget recommendation for FY 2018-19 and the House-Passed FY 2018-19 DHHS appropriation bill, HB 5578 (H-1), assume the \$8.0 million General Fund savings from maintaining the sunset and eliminating the county hold-harmless policy. The Senate-passed FY 2018-19 DHHS appropriation bill, SB 856 (S-1), reflects the continuation of the current-year county hold-harmless policy and retains 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.