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BILL ANALYSIS

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Senate Bill 394 (as introduced 5-23-17)

Sponsor: Senator Peter MacGregor

Committee: Appropriations

Date Completed: 6-6-17

CONTENT

The bill would amend the Social Welfare Act to require the Department of Health and Human Services (DHHS) to continue paying the county cost share for certain services provided by private foster care providers until September 30, 2018. Under current law, the DHHS is responsible for the following until September 30, 2017: 1) 100% of a \$1.20 increase for the administrative rate for existing and new foster care cases; 2) 100% of the administrative rate for new foster care cases; and 3) 100% of the costs of the rate increase that is provided to residential foster care providers.

First, the bill would amend the section that concerns the DHHS payment of 100% of an increase in the administrative rate. Under the bill, the rate increase would change from the current \$8.00 increase to a \$9.20 rate increase.

Second, concerning the requirement that the DHHS pay 100% of the administrative rate for foster care cases, the bill would require the Department to pay 100% of the administrative rate for all cases until September 30, 2018.

Finally, concerning the requirement that the DHHS pay 100% of any rate increase to providers of residential foster care, the bill would delay the sunset until September 30, 2018.

MCL 400.117a

FISCAL IMPACT

The bill would result in a cost to State government and savings to county governments. By delaying the sunset provisions until September 30, 2018, and raising the administrative rate by \$1.20 per day (from \$45.00 per day to \$46.20 per day), the bill would require the DHHS to continue to make payments in FY 2017-18 with a total estimated cost to the State of \$22.2 million Gross (\$16.9 million GF/GP). The annual cost to the State is broken into the following categories:

- \$1.20 administrative rate increase: \$12.0 million Gross (\$6.8 million GF/GP)
- Holding counties harmless for administrative rate for new foster cases: \$8.0 million Gross and GF/GP
- Holding counties harmless for private residential foster care services rate increase: \$2.1 million Gross and GF/GP

County governments would realize a reduction in Child Care Fund spending equal to the increase in State spending.

Fiscal Analyst: John P. Maxwell

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