



Senate Fiscal Agency  
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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2018-19 YEAR-TO-DATE*	FY 2019-20 CONFERENCE	CHANGES FROM FY 2018-19 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions .....	15,936.7	16,005.0	68.3	0.4
<b>GROSS .....</b>	<b>25,545,746,400</b>	<b>26,452,349,600</b>	<b>906,603,200</b>	<b>3.5</b>
Less:				
Interdepartmental Grants Received .....	13,813,700	13,857,600	43,900	0.3
<b>ADJUSTED GROSS .....</b>	<b>25,531,932,700</b>	<b>26,438,492,000</b>	<b>906,559,300</b>	<b>3.6</b>
Less:				
Federal Funds .....	18,050,841,200	18,393,661,400	342,820,200	1.9
Local and Private .....	274,722,500	295,081,100	20,358,600	7.4
<b>TOTAL STATE SPENDING .....</b>	<b>7,206,369,000</b>	<b>7,749,749,500</b>	<b>543,380,500</b>	<b>7.5</b>
Less:				
Other State Restricted Funds .....	2,758,754,600	2,990,821,200	232,066,600	8.4
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>4,447,614,400</b>	<b>4,758,928,300</b>	<b>311,313,900</b>	<b>7.0</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>1,486,146,300</b>	<b>1,567,136,600</b>	<b>80,990,300</b>	<b>5.4</b>

\*As of July 1, 2019.

	Gross	GF/GP
<b>FY 2018-19 Year-to-Date Appropriation .....</b>	<b>25,545,746,400</b>	<b>4,447,614,400</b>

#### Changes from FY 2018-19 Year-to-Date:

##### Items Included by the Senate and House

- |  |               |              |
|--|---------------|--------------|
| 1. <b>Medicaid and Related Match Rates.</b> Traditional Medicaid match dropped to 64.06%, SCHIP match to 86.34%, expansion match to 90.0% effective January 1, 2020. There was also a \$10.0 million decrease in Medicaid Benefits Trust Fund revenue.   | 0             | 149,474,800  |
| 2. <b>Changes in Federal Authorization.</b> Conference reflected a net increase in Federal funds, largely crime victims and substance abuse funding.   | 80,721,700    | 0            |
| 3. <b>Medicaid Actuarial Soundness Adjustments.</b> Conference included 2.75% for behavioral health, 2.0% for physical health, 5.75% for autism, and decreased funding for PACE.   | 211,452,100   | 61,886,800   |
| 4. <b>Special Financing/Quality Assurance Assessment Programs Adjustments.</b> Conference reflected increases in special payments to hospitals, nursing homes, and physicians, with increased State retainer savings.                                    | 282,341,400   | (12,627,700) |
| 5. <b>Food Assistance Program (FAP) Base and Caseload.</b> Conference reflected a continued decline in the FAP caseload.   | (170,911,300) | 0            |
| 6. <b>Economic Adjustments.</b> Includes \$28,809,400 Gross and \$19,135,400 GF/GP for total economic adjustments, of which an estimated negative \$22,581,200 Gross and \$15,603,400 GF/GP is for legacy retirement costs (pension and retiree health). | 28,809,400    | 19,135,400   |
| 7. <b>Other Changes.</b> Other changes led to a slight decrease in funding.  | (126,000)     | (5,760,100)  |

Conference Agreement on Items of Difference

8. <b>Child Welfare Services Base and Caseload.</b> Conference reflected increases for foster care and Child Care Fund and a decrease for adoption subsidies.	21,423,800	19,042,600
9. <b>Public Assistance Caseloads.</b> Conference reflected minor reductions for Family Independence Program and other public assistance programs.	(10,400,100)	(1,126,400)
10. <b>Medicaid Base and Caseload.</b> Conference included increased funding to reflect growth in Medicaid costs for physical and behavioral health.	391,690,900	45,011,000
11. <b>Program Increases.</b> Conference included funding for local public health, efforts to combat PFAS and other environmental contaminants, forensic center staff (12.0 FTEs), Centers for Independent Living, a new payment pool of over \$120.0 million for critical access hospitals, and reimbursement increases for pediatric psychiatry, neonatologists, private duty nurses, home help workers, and independent pharmacies.	242,426,000	63,099,700
12. <b>Program Reductions.</b> Conference included a reduction to the pharmacy administrative component of HMO rates. The budget also included assumed savings from expanded inspector general efforts to reduce inaccurate payments made by managed care entities, reductions tied to historical lapses, and revenue adjustments to reflect actual received revenue.	(122,757,700)	(37,723,000)
13. <b>Insurance Provider Assessment (IPA) Adjustments.</b> Conference reflected updated estimate of the impact of the new IPA.	(49,289,700)	(2,986,600)
14. <b>Healthy Michigan Plan (HMP) Work Engagement Legislation.</b> Conference included \$26.2 million Gross, \$13.1 million GF/GP to implement the legislation and assumed savings of \$50.0 million Gross, \$5.0 million GF/GP from caseload reduction.	(23,784,600)	8,107,700
15. <b>Removal of FY 2018-19 One-Time Appropriations.</b> Conference reflected removal of one-time appropriations.	(57,820,100)	(39,237,100)
16. <b>FY 2019-20 One-Time Appropriations.</b> Conference included a number of new initiatives and retained other one-time programs, including autism navigators, child and adolescent health centers, statewide lead abatement funding, multicultural services, \$47.0 million in one-time information technology funding, and clinic services.	82,827,400	45,016,800
Total Changes .....	\$906,603,200	\$311,313,900
<b>FY 2019-20 Conference Report Appropriation .....</b>	<b>\$26,452,349,600</b>	<b>\$4,758,928,300</b>
<b>Amount Over/(Under) GF/GP Target:</b>		<b>\$0</b>

**Boilerplate Changes from FY 2018-19 Year-to-Date:**Items Included by the Senate and House

1. **Legacy Costs.** Senate and House modified language to specify legacy costs for FY 2019-2020 to include \$170.3 million for pension-related costs and \$180.0 million for retiree health care costs. (Sec. 214)
2. **Over Expenditure Reporting.** Senate and House included new language to require monthly reports on any non-caseload line that is estimated to spend 5.0% or more over its appropriation. Requires the Department to provide an explanation and identify corrective action. (Sec. 251)
3. **Homeless Birth Certificates.** Senate and House included new language that appropriates \$90,000 to allow for the department to reimburse service agencies for birth certificates provided to homeless clients. (Sec. 456)
4. **Caro Regional Mental Health Center.** Senate and House revised language that requires funds appropriated for Caro Regional Mental Health Center only be used to support a psychiatric hospital at Caro to specify that capital outlay funding shall be used for a new or updated facility at the location. (Sec. 1061)

Conference Agreement on Items of Difference

5. **Deletions.** Senate eliminated the following sections from current year boilerplate: 208, 460, 528, 590, 593, 650, 721, 906, 925, 1146, 1147, 1170, 1183, 1230, 1235, 1510, 1603, 1621, 1809, 1861, 1866, 1882, 1907, 1909, 1912, 1913, 1919, 1921, and 1922.
6. **Renumbering.** Senate renumbered the following sections from current year boilerplate: 279 moved to 530, 597 moved to 996, 801 moved to 1158, 802 moved to 1152, 803 moved to 1153, 804 moved to 1154, 805 moved to 1155, 806 moved to 1156, 1005 moved to 962, 1010 moved to 963, 1223 moved to 1315, 1224 moved to 1316, 1229 moved to 1317, 1904 moved to 598, moved 1905 to 1910, moved 1908 to 1927, moved 1916 to 1929, moved 1917 to 1930, and moved 1918 to 1931.
7. **Contingency Fund Authorization.** Senate removed current language that appropriated contingency funds. Conference modified language to appropriate contingency funds in the following amounts: \$80.0M in federal funds, \$45.0M in state restricted funds, \$5.0M in local funds, and \$2.0M in private funds. (Sec. 210)
8. **IT Investment Board and Independent Verification Validation.** Senate included new language that directs the department to create a formal structure to make IT investment decisions, create IT investment policy guided by the U.S. Government Accountability Office publication, report to the legislature on steps taken to implement these new policies, and enter an agreement with a vendor who will use independent verification and validation strategies to minimize risk of IT overspending. Conference included the majority of the Senate language with slight revisions to reporting amounts and IVV scope. (Sec. 253)
9. **Behavioral Health Integration Pilots.** Senate revised current language to require the Department to define specific criteria under which the Medicaid Health Plans would be able to contract outside the CMHSP network and included a statement of legislative intent that the Department provide a report by January 31, 2021 on what potential pilot outcomes would trigger a full statewide integration. Language lists the metrics that must be included. Conference modified language to allow the Medicaid Health Plans to, at their discretion, contract outside the CMH network as long as two conditions are met, and concurred with the report triggering statewide integration, but changed the date to 2022. Conference included new language requiring the Department to create a risk corridor for the Medicaid Health Plans, ensure actuarially sound rates are paid, and account for the implementation costs before reinvesting the savings in the pilot site. (Sec. 298)
10. **Child Support Incentive Payments.** Senate revised amounts assumed for federal child support incentive payments. Amounts were changed to reflect the actual amount received. Amounts were decreased by \$500,000 throughout the section. Conference concurred with Senate. (Sec. 401)
11. **Child Protective Service Report.** Senate added language that requires the department to report on a summary of actions and expenditures made to comply with the Office of the Auditor General 2018 CPS audit. Conference concurred with Senate. (Sec. 514)
12. **Family First Preventions Services Act.** Senate added language that directs the department to report on the status of the actual and planned implementation of the federal FFPSA and steps the department is taking to implement federal requirements. The language requires the department to estimate the total administrative and compliance costs associated with the implementation. Conference concurred with Senate. (Sec. 536)
13. **Child and Family Services Review (Round 3).** Senate inserted language that requires the department to report on the status of the Program Improvement Plan that is being completed after the federal on-site review from Round 3 of the CFSR. Conference concurred with Senate. (Sec. 538)
14. **Child Welfare Caseworker Training.** Senate replaced current language with new child-placings agency training language that allows for the agencies to provide in-house pre-service training and to be able to train staff at other private child-placing agencies. Conference concurred with Senate. (Sec. 558)
15. **Unpaid Cases and Workgroup.** Senate modified current language to allocate \$100.00 to pay for currently unpaid foster care cases, to continue the unpaid cases workgroup to find ways to solve the unpaid case issue, to provide an actuarial study of the rates paid to child placing agencies in every even-numbered year, and to work with the settlement monitor to define caseload ratios in a way that unpaid cases are not included on settlement caseload ratios. Conference included language that would compensate for unpaid cases only if funds became available and actuarial and caseload ratio requirements. (Sec. 573)
16. **Foster Care Taskforce.** Senate added language to allocate \$50,000 towards the operations of a legislatively created task force to improve the foster care system in Michigan. Conference did not include. (Sec. 586)

17. **CPS Staff and Private Agency Caseload Ratio.** Senate included new language that directs the department to hire staff in order to comply with the Office of the Auditor General (OAG) 2018 CPS audit and that new foster care cases should be managed by private child-placing agencies to free up staffing capacity at the department to help come into compliance with the OAG 2018 CPS audit. Conference concurred with Senate. (Sec. 595)
18. **Actuarial Rate Reexamination.** Senate included new language that requires the Department to work with an actuarial firm to reexamine the behavioral health Medicaid rates. Conference removed. (Sec. 908)
19. **Medicaid Autism Benefit Cost Containment Workgroup.** Senate modified language to require that the Department to continue coverage for autism services that were covered on January 1, 2019, specifies cases in which a second opinion is needed, and requires a report on cases requiring a second opinion. Conference modified language to continue the workgroup and expanded what issues the workgroup is required to address. (Sec. 959)
20. **Behavioral Health Fee Schedule.** Senate included new language that requires the Department to develop and implement a Medicaid behavioral health fee schedule by January 1 and create network adequacy standards to be used in all contracts. Conference concurred with Senate. (Sec. 964)
21. **State Psychiatric Hospital Staffing Report.** Senate included new language to require a report on the measures implemented to hire qualified staff, address overtime and turnover, improve retention, the number of direct care and clinical staff positions that are vacant, and the range of wages paid by position by hospital. Conference removed and included reporting requirements in Sec. 1060. (Sec. 1062)
22. **Local Health Department Funding Formula.** Senate modified language to require the Department to implement the new distribution funding formula for local public health departments and states that each local public health department will not receive less than was allocated in the previous year. Conference concurred with Senate. (Sec. 1234)
23. **Prohibition on Use of Funds for Agencies that Provide Abortions.** Senate modified language to prohibit the use of state restricted or state general funds for contract, or subcontract, with organizations that provide elective abortions, abortion counseling, or abortion referrals. House retained current year language. Conference concurred with House. (Sec. 1303)
24. **Family Planning and Pregnancy Prevention Fund Prioritization.** Senate modified language to add funding appropriated in the Michigan essential health providers line, essential local public health services line, and the maternal and child health line be prioritized under the provisions of this section. House retained current year language with a technical reference revision. Conference concurred with House. (Sec. 1305)
25. **National Brand Peanut Butter.** Senate modified language to require that the Department include national brand options on the WIC food list for all food categories. House retained current year language. Conference concurred with House. (Sec. 1340)
26. **Healthy Michigan Plan Employment and Training Supports.** Senate included new language to appropriate \$10.0 million for Healthy Michigan Plan work engagement employment supports and services, and allow for the hiring of additional field staff workers. Requires a monthly report on program performance metrics and outcomes. Conference modified language to only include the monthly report on program performance metrics and outcomes. (Sec. 1511)
27. **Obstetrical and Newborn Care Lump Sum Payment.** Senate revised language to specify an explicit funding level of \$9.2 million for the OB/GYN Pool. Additionally, the Senate combined the Rural Hospital Funding pool language with this language section and specified an explicit funding level of \$19.8 million. Finally, the Senate added a new subsection to provide placeholder funding for a new critical access hospital payment pool. Conference modified the language to fund the OB/GYN Pool at \$8.0 million, the Rural/Sole Pool at \$13.9 million, and removed the placeholder for Critical Access Hospitals. (Sec. 1802).
28. **Veterans Benefits Eligibility.** Senate revised language to require the Department work with DMVA to identify Medicaid recipients who are Veterans and who may be eligible for Federal veteran's benefits. The language requires the Department to change public assistance application forms to ask whether the applicant had ever served in the military. Conference concurred with Senate. (Sec. 1804)
29. **Healthy Kids Dental Reporting.** Senate revised language to expand the reporting requirements related to the Healthy Kids Dental Program and to have the reported metrics broken down by dental benefit manager. Conference concurred with Senate and had the number of dentist willing to accept payment from the Healthy Kids Dental program broken down by dental benefit manager. (Sec. 1894)

Date Completed: 9-19-19

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.