



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
Fax: (517) 373-1986

Senate Bill 79 (S-1)
Committee: Appropriations

Throughout this document Senate means Subcommittee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 SENATE SUBCOMM.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	15,481.0	14,776.8	(704.2)	(4.5)
GROSS	28,726,411,000	31,610,466,900	2,884,055,900	10.0
Less:				
Interdepartmental Grants Received	13,829,900	13,706,800	(123,100)	(0.9)
ADJUSTED GROSS	28,712,581,100	31,596,760,100	2,884,179,000	10.0
Less:				
Federal Funds	20,159,666,800	22,939,242,000	2,779,575,200	13.8
Local and Private	338,595,300	327,691,700	(10,903,600)	(3.2)
TOTAL STATE SPENDING	8,214,319,000	8,329,826,400	115,507,400	1.4
Less:				
Other State Restricted Funds	2,989,480,100	3,093,149,900	103,669,800	3.5
GENERAL FUND/GENERAL PURPOSE	5,224,838,900	5,236,676,500	11,837,600	0.2
PAYMENTS TO LOCALS	1,673,960,400	1,742,019,200	68,058,800	4.1

*As of February 8, 2021.

	Gross	GF/GP
FY 2020-21 Year-to-Date Appropriation	\$28,726,411,000	\$5,224,838,900

Changes from FY 2020-21 Year-to-Date:

- | | | |
|---|---------------|---------------|
| 1. Medicaid Match Rate Adjustments. The base Medicaid match rate will increase from 64.08% to 65.48%. In addition the budget assumes continuation of the 6.2% COVID-19 related match rate enhancement and an enhanced match for certain home and community-based services. | 0 | (179,243,400) |
| 2. Other Fund Source Adjustments. The budget includes removal of one-time Federal Coronavirus Relief Fund revenue, an increase in available Temporary Assistance for Needy Families revenue and increases in Restricted funds used to support Medicaid. | 0 | (85,128,400) |
| 3. Food Assistance Program (FAP) Base and Caseload. The budget reflects a large increase in FAP caseload and benefits. | 1,271,662,300 | 0 |
| 4. Medicaid Actuarial Soundness Adjustments. Budget includes increases for managed care entities that provide Medicaid services to reflect the Federal requirement that capitation rates paid be actuarially sound. | 299,600,000 | 78,794,100 |
| 5. Medicaid Special Financing and Provider Tax Adjustments. Budget includes expansion of special payments to hospitals that are funded with provider tax revenue. | 272,600,200 | (15,804,800) |
| 6. Full-year Funding for Direct Care Worker Wage Increase. The Senate proposal reflects full year implementation of a \$2.35 per hour direct care worker wage increase on an ongoing basis. | 460,007,800 | 159,775,100 |

7. Child Welfare Services Base and Caseload. Budget includes adjustments to reflect projected child welfare caseload costs, in particular the Child Care Fund.	(27,575,200)	(3,847,300)
8. Public Assistance Base and Caseload. Budget includes adjustments to reflect projected public assistance caseloads and costs, with the largest adjustment being in the Family Independence Program.	(34,938,300)	(34,617,400)
9. Medicaid Base and Caseload. Budget includes adjustments to reflect projected costs for the Medicaid program and to remove one-time savings tied to the health plan risk corridor.	748,185,500	175,187,400
10. Program Increases. Budget includes a number of program increases, including \$45.5 million Gross and \$15.0 million GF/GP for costs related to the KB v. Lyon settlement, \$49.0 million Gross in Federal pharmacy grants, \$14.6 million Gross and \$12.1 million GF/GP to implement the Raise the Age legislation, \$26.5 million Gross and \$5.0 million GF/GP for a community behavioral health demonstration project, \$20.3 million Gross and \$15.4 million GF/GP for qualified residential treatment programs, \$19.1 million Gross and \$3.1 million GF/GP to add 1,000 slots to the MiChoice program, \$7.4 million Gross and \$6.3 million GF/GP to expand home visiting services, \$3.4 million Gross and GF/GP to cover services to adults with sickle cell disease, \$5.0 million Gross and GF/GP to increase local public health funding, \$4.4 million Gross and GF/GP to increase multicultural services, and \$3.9 million Gross and \$1.3 million GF/GP to increase Medicaid private duty nursing rates by 10.0%..	285,807,500	105,037,500
11. Program Reductions and Savings. Budget includes assumed savings from greater efficiencies including \$12.4 million Gross and \$8.9 million GF/GP from home help payment changes and \$22.8 million Gross and \$9.4 million GF/GP from adjusting FTE counts and funding down to December 2020 on-board levels.	(44,352,700)	(21,765,400)
12. Removal of FY 2020-21 One-Time Appropriations.	(406,228,800)	(187,872,600)
13. FY 2021-22 One-Time Appropriations. Programs funded include nursing home support payments (\$37.5 million Gross, \$9.0 million GF/GP), lead poisoning prevention (\$2.0 million Gross and GF/GP), \$11.6 million Gross and \$5.8 million GF/GP for redetermination of Medicaid eligibility once the Federal COVID-19 emergency ends, \$17.5 million Gross and \$1.8 million GF/GP for MiHIN, and \$5.8 million Gross and GF/GP for hospital projects..	75,406,500	25,326,500
14. Other Changes. Other changes resulted in minor adjustments.	(5,384,400)	774,800
15. Economic Adjustments. Includes \$(10,734,500) Gross and \$(4,778,500) GF/GP for total economic adjustments, of which an estimated \$(43,970,300) Gross and \$(20,212,400) GF/GP is for legacy retirement costs (pension and retiree health). Unclassified salary funding was not adjusted.	(10,734,500)	(4,778,500)
16. Comparison to Governor's Recommendation. The Senate is \$36,767,300 Gross and \$40,006,500 GF/GP under the Governor.		
Total Changes	\$2,884,055,900	\$11,837,600
FY 2020-21 Senate Appropriations Subcommittee Recommendation.....	\$31,610,466,900	\$5,236,676,500

Boilerplate Changes from FY 2020-21 Year-to-Date:

1. **Deletions.** Senate eliminated the following sections from current year boilerplate: 210, 235, 281, 575, 619, 660, 688, 1006, 1185, 1238, 1319, 1501, 1506, 1509, 1876, 1878, 1902, 1910, 1914, 1917, 1918, 1919, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1930, and 1932.
2. **Renumbering.** Senate renumbered Sec. 256 as Sec. 463 (Consent Education), Sec. 295 as Sec. 1014 (Multicultural Contracts), Sec. 905 as Sec. 1063 (Children's Behavioral Action Team), Sec. 1226 as Sec. 1342 (Healthy Exercise Program Pilot), and Sec. 1920 as Sec. 906 (Autism Navigator Funding).
3. **Contingency Fund Authorization.** Senate removed current language that appropriated contingency funds in the following amounts: \$20.0M in federal funds, \$20.0M in state restricted funds, \$5.0M in local funds, and \$2.0M in private funds. (Sec. 210)
4. **Legacy Costs.** Senate modified language to specify legacy costs for FY 2021-22 to include \$182.8 million for pension-related costs and \$143.5 million for retiree health care costs. (Sec. 214)
5. **Contracting with Michigan Public Health Institute (MPHI).** Senate modified language to reduce the time the Department is allowed to contract with MPHI without using the bid process from 3 years to 6 months. (Sec. 219)
6. **Medicaid Reimbursement Parity.** Senate included new language to require the same reimbursement for services provided through telemedicine as through face-to-face contact in the Medicaid program. (Sec. 236)
7. **IT Agile Software Mandate.** Senate revised section requiring the Department to use "agile" principles and frameworks as the Department policy for IT and give updates to the subcommittees on request. (Sec. 253)
8. **Child Advocacy Centers.** Senate revised language to maintain increased payments to Child Advocacy Centers made in previous fiscal year. (Sec. 459)
9. **Adoption Placement Rate Increase.** Senate revised language to maintain increased payments to made for adoption placements made by private child placing agencies in previous fiscal year. (Sec. 509)
10. **Title IV-E Policy.** Senate included modified language that requires a certain Title IV-E appeals policy be maintained in order for any Title IV-E funds to be appropriated. (Sec. 517)
11. **Adoption Caseload Definition.** Senate changed language to appropriate funding to the settlement monitor that requires an interpretation in calculating adoption caseloads. (Sec. 527)
12. **Compliance with Social Welfare Act.** Senate included new language to require the department that it has implement section 115o of the social welfare act, 1939 PA 280, MCL 400.115o. (Sec. 537)
13. **Therapeutic Intervention Treatment.** Senate added language that requires the department to train any department employee responsible for the investigation of complaints and licensing determinations in therapeutic crisis intervention. (Sec. 541)
14. **Child Welfare Remote Training Allowance.** Senate revised section that allows private nonprofit child placing agencies to complete preservice training at private agency facilities internally. (Sec. 558)
15. **Indigent Burial Report.** Senate incorporated a report detailing various aspects of the existing indigent burial program. (Sec. 613)
16. **Drug Felony Exemption.** Senate eliminated section detailing process for excluding persons from food assistance after receiving two or more drug felonies. (Sec. 619)
17. **Heat and Eat Program.** Senate removed section requiring the Department to provide a \$20.01 payment in utility assistance to food assistance program households. (Sec. 688)
18. **Diaper Assistance Program.** Senate initiated new language to distribute \$250,000 for diaper assistance to entities across the state. (Sec. 689)
19. **Raise the Age Fund.** Senate included section that details the process for counties and tribal entities to receive allocations from the Raise the Age fund as new requirements for age of criminal liability go into effect. (Sec. 715)

20. **Uniform Credentialing.** Senate included new language requiring CMHSPs and PIHPs to work to implement the provisions of 2020 PA 282 to establish a uniform community mental health services credentialing program, as part of their contract. (Sec. 908)
21. **Block Grant Distribution.** Senate included new language that requires the Department to distribute Federal substance use disorder block grant and mental health block grant funds, pursuant to Federal laws, to local entities providing services and one private entity with a statewide contract to provide appropriate services. (Sec. 913 and 1015)
22. **Opioid Consulting Company Contracting Prohibition.** Senate included new language prohibiting the Department from contracting with a private company that has reached a settlement with this State regarding that company's role in designing and marketing plans and programs that contributed to the State's opioid crisis. (Sec. 1508)
23. **Pharmacy Dispensing Fee and Copayments.** Senate modified language to set professional dispensing fees to specific amounts or the submitted dispensing fee, whichever is less, and clarified language relating to prescriptions indicated as preferred and prescriptions not indicated as preferred. (Sec. 1620)
24. **Independent Pharmacist Dispensing Fee Increase.** Senate modified language to remove outdated references to "Average Wholesale Price" of prescription drugs when calculating reimbursements to independent pharmacies with seven or fewer retail outlets. (Sec. 1625)
25. **Medicaid Prescription Cost Report.** Senate included new language on historic and projected costs per Medicaid prescription in the Fee-for-Service Program and the Managed Care Program. (Sec. 1627)
26. **Prior Authorization for Certain Drugs.** Senate modified language to prohibit Medicaid prescriptions from being subject to prior authorization procedures if those prescriptions are recognized in a standard medical reference for treatment of a psychiatric disorder or for the treatment of HIV, AIDS, epilepsy or seizure disorder, or organ replacement therapy. (Sec. 1875)
27. **Managed Care Risk Corridor.** Senate included new language stating that the capitation rates for FY 2021-22 not include a 2-way risk corridor. (Sec. 1881)

Date Completed: 4-22-21

Fiscal Analyst: Steve Angelotti, Ellyn Ackerman, and John Maxwell