



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 579 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Curtis S. VanderWall
Committee: Health Policy and Human Services

CONTENT

The bill would amend the Public Health Code to do the following:

- Require a hospital that treated 50 or more patients per year in its emergency department for opioid-related overdose to implement an emergency-based medication-assisted treatment (MAT) program.
- Require the Department of Health and Human Services (DHHS) to develop and implement a grant program to provide grant-based financial support to hospitals for the purpose of offering MAT programs, subject to available funding.
- Require a hospital to agree to comply with certain requirements as a condition of receiving grant funds.

Proposed MCL 333.21528

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would have an indeterminate negative fiscal impact on the DHHS and no fiscal impact on local units of government. The magnitude of the cost would depend partially on the level of appropriation made to support the grant program to provide financial support to hospitals to offer MAT programs. As of December 2020, 70 hospitals fell into the category of treating greater than 50 opioid-related overdoses in the previous year. A pilot program administered by the Michigan Opioid Partnership indicated that, for hospitals treating 50 to 100 opioid-related overdoses annually, a grant of \$100,000 was necessary to implement a MAT program, while for hospitals that treated over 100 opioid-related overdoses annually, a \$200,000 start-up grant was necessary. The Department indicates a necessary funding level of \$8.3 million with an assumed 70% participation rate among eligible hospitals. The number of hospitals implementing MAT programs under the bill would depend on the Department's decision whether to require hospitals that treated fewer than 50 emergency opioid-related overdoses to implement MAT programs, as well as the number of hospitals that opted out. The Department would incur minor administrative costs to create the program opt-out form.

Currently, Medicaid reimburses for one dose of medication when a beneficiary presents in an Emergency Department with an opioid-related overdose. Although the bill may result in a shift in what overdose medication is used, it should not increase the number of total doses utilized resulting in no fiscal impact.

Substance use disorder treatment, including MAT, is covered under the State's Medicaid program for Medicaid beneficiaries. To the extent that the bill would increase referrals to, and use of, SUD treatment services by Medicaid beneficiaries, the State would face increased costs. The fiscal year (FY) 2020-21 DHHS budget includes \$87.7 million for costs related to Medicaid-covered SUD services. In the long term, an increase in referrals to SUD treatment

services could result in a reduction in covered visits to hospitals for treatment of the effects of a drug overdose, as well as improved overall health. These outcomes would result in the State seeing a reduction in Medicaid costs that could partially offset the costs related to increased service usage.

Costs incurred by the Department as a result of the bill could be supported by Federal funding in the current DHHS budget as well as Federal funding made available by the various stimulus bills enacted over the past calendar year to address the impact of the COVID-19 pandemic. The enacted FY 2020-21 budget included \$60.2 million of funds received through the Substance Abuse Prevention and Treatment Block Grant. Additionally, the Consolidated Appropriations Act (PL 116-260) allocated \$52.5 million of Substance Abuse Prevention and Treatment Block Grant funding, while the American Rescue Plan Act allocated \$46.8 million in additional funding.

Date Completed: 10-13-21

Fiscal Analyst: Ellyn Ackerman