

Legislative Analysis



HEALTH AND SAFETY FUND DISTRIBUTIONS

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Senate Bill 929 (proposed substitute H-1)
Sponsor: Sen. Sarah Anthony
Senate Committee: Appropriations [Discharged]
House Committee: Appropriations
Complete to 9-23-24

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

SUMMARY:

Senate Bill 929 would amend the Health and Safety Fund Act, 1987 PA 264, to modify distributions from the Health and Safety Fund. Specifically, the bill would eliminate the requirement that 25% of the annual deposit be utilized to offset indigent care within the Medicaid program, instead allowing it to be utilized for the Medicaid program, in general.

MCL 141.475

FISCAL IMPACT:

The bill would allow \$4.6 million of Health and Safety Fund state restricted revenue to be repurposed from Medicaid Disproportionate Share Hospital (DSH) payments to a different Medicaid line item. Due to changes in the federal Medicaid managed care rules, hospitals will receive substantially increased supplemental Medicaid payments (an additional \$2.5 billion) through Medicaid Hospital Rate Adjustments (HRA) paid through the Medicaid managed care program. This increase to the HRA makes hospitals ineligible for DSH payments, which are calculated based on, among other things, uncompensated or undercompensated care. The enacted FY 2024-25 DHHS budget already assumes the reallocation of this \$4.6 million restricted to offset GF/GP appropriations related to general Medicaid expenditures.

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