

**FY 2015-16: DEPARTMENT OF COMMUNITY HEALTH
AND FY 2014-15 SUPPLEMENTAL
Summary: Conference Report
Senate Bill 118 (S-2) CR-1**



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	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
IDG/IDT	\$9,425,900	\$9,678,100	\$9,678,100	\$9,678,100	\$9,678,100	\$252,200	2.7
Federal	12,455,907,600	13,465,957,200	13,457,655,100	13,488,611,200	14,035,917,900	1,580,010,300	12.7
Local	227,120,400	85,984,600	85,961,700	85,974,700	85,951,800	(141,168,600)	(62.2)
Private	127,856,600	127,698,700	127,698,700	127,698,700	129,698,700	1,842,100	1.4
Restricted	2,135,694,400	2,289,035,100	2,130,566,200	2,173,385,400	2,100,525,800	(35,168,600)	(1.6)
GF/GP	3,088,706,800	2,993,251,300	3,121,097,300	3,128,354,300	3,200,596,700	111,889,900	3.6
Gross	\$18,044,711,700	\$18,971,605,000	\$18,932,657,100	\$19,013,702,400	\$19,562,369,000	\$1,517,657,300	8.4
FTEs	3,659.1	3,683.1	3,683.1	3,695.1	3,693.1	34.0	0.9

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Community Health budget provides funding for a wide range of behavioral health (mental health and substance use disorder), public health, and medical services programs, including Medicaid and the Healthy Michigan Plan. Established in 1996, the Department also includes the Office of Services to the Aging, the Crime Victim Services Commission, and health policy.

NOTE: Information on House action in this document is based on House Bill 4102 (H-1) as passed by the House. Information on Senate action is based on Senate Bill 133 (S-1) as passed by the Senate.

Major Budget Changes From FY 2014-15 YTD Appropriations	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change
1. Base Medicaid, MICHild, and Federal Medicare Pharmaceutical Program Cost Adjustments	Gross \$12,915,340,200	\$190,188,200
	IDG 2,999,900	(11,000)
	Federal 8,448,405,800	145,159,600
	Local 45,465,200	0
	Private 2,100,000	0
	Restricted 1,900,374,300	(1,536,100)
	GF/GP \$2,515,995,000	\$46,575,700

The Executive includes an increase of \$104.5 million Gross (\$20.2 million GF/GP) for caseload, utilization, and inflation adjustments for Medical Services, Behavioral Health Services, Children's Special Health Care Services, Federal Medicare Pharmaceutical Program, and Family Support Subsidy. Amount also includes the Federal Medical Assistance Percentage (FMAP) adjustment from 65.54% to 65.60% and the Enhanced FMAP adjustment from 75.88% to 98.92%, offsetting \$22.9 million GF/GP. The House and Senate concur, with a technical adjustment to offset an additional \$805,000 GF/GP with federal funds based on Enhanced FMAP adjustments. The Conference includes revised adjustments of \$190.2 million Gross (\$46.6 million GF/GP) based on estimates agreed to at the May Consensus Revenue Estimating Conference with the technical adjustment to offset an additional \$805,000 GF/GP with federal funds based on Enhanced FMAP adjustments and also includes FY 2014-15 supplemental adjustments agreed to at the May Consensus Revenue Estimating Conference in the bill (see final page of analysis)

Major Budget Changes From FY 2014-15 YTD Appropriations	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change	
2. Healthy Michigan Plan (HMP) Cost Adjustments			
The <u>Executive</u> includes an increase in FY 2014-15 HMP costs of \$361.1 million and an increase in FY 2015-16 HMP costs of \$454.6 million, reflecting increased federal funding for caseload, utilization, and inflation adjustments in Medical Services and Behavioral Health Services for Healthy Michigan Plan/Medicaid expansion. HMP costs are funded with 100% federal revenue through the end of calendar year 2016. The <u>House</u> concurs and also includes FY 2014-15 supplemental adjustments for HMP in the FY 2015-16 budget bill. The <u>Senate</u> concurs with the Executive and does not include FY 2014-15 supplemental adjustments in the bill. The <u>Conference</u> includes revised adjustments of \$485.9 million for FY 2014-15 and \$474.6 million for FY 2015-16 based on estimates agreed to at the May Consensus Revenue Estimating Conference and also includes FY 2014-15 supplemental adjustments for HMP in the FY 2015-16 budget bill (see final page of analysis).	Gross	\$2,651,022,800	\$960,427,100
	Federal	2,651,022,800	960,427,100
	GF/GP	\$0	\$0
3. Healthy Michigan Plan (HMP) MACI Payments			
The <u>Conference</u> includes \$318.2 million in federal funding for Medicaid Access to Care Initiative (MACI) payments to hospitals under Healthy Michigan Plan; these payments had not previously been appropriated. Conference also includes FY 2014-15 supplemental adjustments for HMP MACI payments in the FY 2015-16 budget bill (see final page of analysis). FY 2015-16 funding is the same amount that will be appropriated for FY 2014-15 HMP MACI payments.	Gross	\$0	\$318,200,000
	Federal	0	318,200,000
	GF/GP	\$0	\$0
4. Actuarially Sound Capitation Payment Rates Adjustments			
The <u>Executive</u> provides \$170.0 million Gross (\$38.0 million GF/GP) to increase capitation payment rates for Medicaid Health Plans 2.0% and Prepaid Inpatient Health Plans (PIHPs) 1.5% to comply with federal requirement that rates for managed care entities are actuarially sound. Line items increased include Medicaid mental health services, Medicaid substance use disorder services, Healthy Michigan Plan – behavioral health, health plan services, and Healthy Michigan Plan. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	\$9,820,800,900	\$170,040,500
	IDG	2,999,900	0
	Federal	7,402,104,700	132,035,300
	Local	38,846,400	0
	Restricted	1,235,226,000	0
	GF/GP	\$1,141,623,900	\$38,005,200
DEPARTMENTWIDE ADMINISTRATION			
5. Administrative Hearing System Costs			
The <u>Executive</u> increases funding for administrative hearing costs related to DCH programs by \$1.0 million gross (\$519,700 GF/GP): \$139,400 for new charges for related rent and information technology costs, and \$900,000 transferred from Department of Licensing and Regulatory Affairs (LARA) for Healthy Michigan Plan related hearings costs. LARA administers the hearings system for all departments through interdepartmental grants. The <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.	Gross	\$1,424,600	\$1,039,400
	Federal	704,000	519,700
	GF/GP	\$720,600	\$519,700
6. Economic Adjustments			
The <u>Executive</u> includes a net reduction of \$607,500 Gross (\$232,100 GF/GP) for the following economics adjustments: salary/wage 2.0% base increase, insurance rate increase, reductions in actuarially-determined retirement rates, and increases for worker's compensation, building occupancy, and rent. There are no economic adjustments recommended for food, gas, fuel, or utility costs for state hospitals and centers. The <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.	Gross	NA	(\$607,500)
	IDG	NA	(5,500)
	Federal	NA	(250,400)
	Local	NA	(42,800)
	Private	NA	(400)
	Restricted	NA	(76,300)
	GF/GP	NA	(\$232,100)
7. Administrative Savings from Merger of DCH and DHS			
The <u>House</u> assumes savings totaling \$2.2 million GF/GP from the merger of the Department with the Department of Human Services, effective April 10, 2015 under Executive Order 2015-4, including: \$350,000 Director and Other Unclassified line item, \$1,650,000 Departmental Administration and Management line item, and \$243,000 Information Technology line item. YTD shown includes all three line items. The <u>Senate</u> does not include. The <u>Conference</u> concurs with the Senate.	Gross	\$64,816,200	\$0
	Federal	32,920,500	0
	Restricted	2,657,700	0
	GF/GP	\$29,238,000	\$0

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change
8. Administrative Lapse Savings			
The <u>Senate</u> includes savings of \$340,000 GF/GP from 7 administrative line items throughout the budget, based on FY 2013-14 year-end lapsed amounts. The <u>Conference</u> does not concur.	Gross GF/GP	NA NA	\$0 \$0
BEHAVIORAL HEALTH SERVICES			
9. Mental Health and Wellness Commission			
The <u>Executive</u> provides \$5.0 million Gross (\$1.9 million GF/GP) and 1.0 FTE for a 12-bed psychiatric residential treatment facility and a children's behavioral action team with an emphasis on children residing at Hawthorn Center; provides \$1.5 million GF/GP designated as one-time basis only to coordinate child trauma response and to partially offset reductions from Executive Order 2015-5; and removes \$6.1 million Gross (\$2.1 million GF/GP) designated as one-time basis funding appropriated in FY 2014-15. The <u>House</u> concurs and reduces funding for 12-bed psychiatric residential treatment facility and children's behavioral action team to \$2.7 million Gross (\$1.0 million GF/GP), requiring a roughly 6-month delay in implementation. The <u>Senate</u> reduces funding for 12-bed psychiatric residential treatment facility and children's behavioral action team to \$1.25 million Gross (\$469,000 GF/GP), requiring a 9-month delay in implementation, and reduces one-time funding to a \$100 GF/GP placeholder. Finally, the <u>Senate</u> removes \$13.8 million Gross (\$4.7 million GF/GP), equal to 50% of remaining funding, based on the assumption those initiatives could be funded by the Michigan Health Endowment Fund, which is funded by statutorily-required contributions from Blue Cross Blue Shield of Michigan. The <u>Conference</u> concurs with the Executive and reduces funding for 12-bed psychiatric residential treatment facility and children's behavioral action team to \$1.25 million Gross (\$469,000 GF/GP), requiring a 9-month delay in implementation.	FTE Gross Federal GF/GP	0.0 \$33,625,000 22,205,000 \$11,420,000	1.0 (\$3,312,500) (3,181,500) (\$131,000)
10. Mental Health Jail Diversion and Transition			
The <u>Executive</u> restores an Executive Order 2015-5 reduction of \$300,000 GF/GP and transfers in \$1.0 million GF/GP from Department of Corrections for jail diversion and transition programming. The <u>House</u> concurs. The <u>Senate</u> concurs with restoration of the Executive Order reduction but does not include the \$1.0 million GF/GP transfer from Department of Corrections. The <u>Conference</u> concurs with House.	FTE Gross GF/GP	1.0 \$3,050,000 \$3,050,000	0.0 \$1,300,000 \$1,300,000
11. Community Mental Health (CMH) Non-Medicaid Services			
The <u>Executive</u> replaces \$20.0 million in one-time Roads and Risks Reserve funds with an equal amount of GF/GP to maintain annual CMH Non-Medicaid funding at \$117.1 million. The \$20.0 million in one-time Roads and Risks Reserve funds was included in the current year supplemental, HB 4112. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross Restricted GF/GP	\$117,050,400 20,000,000 \$97,050,400	\$0 (20,000,000) \$20,000,000
12. Community Mental Health (CMH) Purchase of State Services			
The <u>Executive</u> eliminates the transfer of GF/GP to local Community Mental Health Services Programs (CMHSP) for the purchase of state services, reducing the corresponding \$139.5 million in local revenue appropriated for state psychiatric hospitals. The GF/GP currently appropriated for CMHSP purchase of state services is instead directly appropriated to support the state psychiatric hospitals. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross Local GF/GP	\$278,931,200 139,465,600 \$139,465,600	(\$139,465,600) (139,465,600) \$0
13. Liquor License Fee Increases			
The <u>Executive</u> authorizes \$913,200 in restricted funds to support fetal alcohol syndrome disorders. Restricted funds would be available through Executive proposal for increased liquor fees, which have a statutory requirement for 3.5% of license fees to be used for prevention, rehabilitation, care, and treatment of alcoholics and 15% of the fee charged for the issuance of licenses to sell spirits or mixed spirit drinks on Sunday to be used for the treatment of alcoholics. Remaining liquor license fee revenue appropriated in Licensing and Regulatory Affairs (LARA) budget. The <u>House</u> concurs. The <u>Senate</u> and <u>Conference</u> do not include the additional restricted fund authorization.	Gross Restricted GF/GP	\$1,784,200 1,784,200 \$0	\$0 0 \$0

Major Budget Changes From FY 2014-15 YTD Appropriations	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change	
14. One-Time Drug Policy Initiatives	Gross	\$0	\$1,500,000
The <u>Executive</u> provides \$1.5 million GF/GP on a one-time basis to support a new initiative for prescription drug abuse prevention and treatment. Funding targeted to reduce prescription drug abuse and to support those seeking recovery. The <u>House</u> includes a \$100 placeholder for this item. The <u>Senate</u> does not include funding for this item. The <u>Conference</u> concurs with the Executive.	GF/GP	\$0	\$1,500,000
15. Children's Waiver Home Care Program	Gross	\$21,544,900	(\$1,544,900)
The <u>Executive</u> revises fund sourcing for the children's waiver home care program by offsetting \$1.4 million in federal funds that are not available with GF/GP. The <u>House</u> concurs and also reduces program funding by \$1.5 million Gross (\$531,400 GF/GP) to reflect anticipated program expenditure levels based on historic expenditure trends. The <u>Senate</u> concurs with the Executive. The <u>Conference</u> concurs with the House.	Federal	15,488,700	(2,368,700)
	GF/GP	\$6,056,200	\$823,800
STATE PSYCHIATRIC HOSPITALS & FORENSIC MENTAL HEALTH SERVICES			
16. State Psychiatric Hospitals – Pharmacy Costs	Gross	NA	\$425,700
The <u>Executive</u> provides \$567,600 Gross (\$449,100 GF/GP) for a 5% inflationary increase for pharmacy costs at the state's 4 psychiatric hospitals and the Forensic Center. The <u>House</u> concurs. The <u>Senate</u> provides a lower increase of \$425,700 Gross (\$336,800 GF/GP) based on an estimate of 3.75% in inflationary growth. The <u>Conference</u> concurs with the Senate.	Federal	NA	28,700
	Local	NA	29,500
	Restricted	NA	30,700
	GF/GP	NA	\$336,800
PUBLIC HEALTH ADMINISTRATION			
17. Essential Local Public Health Services	Gross	\$39,386,100	\$1,500,000
The <u>Executive</u> reinstates \$1.5 million GF/GP for essential local public health services, a reduction in the current fiscal year under Executive Order 2015-5. The <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.	Local	5,150,000	0
	GF/GP	\$34,236,100	\$1,500,000
18. Health and Wellness Initiatives	Gross	\$7,450,000	\$1,500,000
The <u>Executive</u> reinstates \$1.5 million GF/GP for health and wellness initiatives including cancer prevention funding, a reduction in the current fiscal year under Executive Order 2015-5. The <u>House</u> concurs. The <u>Senate</u> does not concur with the Executive, and reduces the line item by \$3.2 million, (\$2.2 million GF/GP), eliminating allocations for certain projects and assuming funding for the discontinued projects may be granted by the non-state Michigan Health Endowment Fund foundation; shifts \$947,900 of Healthy Michigan Fund savings to Medicaid, for GF/GP savings. (YTD amounts shown are Health and Wellness Initiatives only, and do not include Medicaid). The <u>Conference</u> concurs with the House.	Restricted	5,210,700	0
	GF/GP	\$2,239,300	\$1,500,000
HEALTH POLICY			
19. Federal Grant for Blueprint for Health Innovation	Gross	\$20,000,000	\$5,000,000
The <u>Executive</u> recognizes a \$30.0 million increase in federal grant funds to test and implement Michigan's Blueprint for Health Innovation, supporting major innovations in health care service delivery and payment systems. The grant totals \$70.0 million over 4 years. (Current year authorization for the initial \$20.0 million was in HB 4112). Also adds new related boilerplate Sec. 718, including outcomes and performance measures. The <u>House</u> concurs, and includes revised Sec. 718. The <u>Senate</u> recognizes authorization of \$15.0 million for the grant and includes Sec. 718 with revisions. The <u>Conference</u> provides \$25.0 million of federal authorization for the grant and includes Sec. 718 with revisions including standards for aggregated claims data systems created with funds from the grant.	Federal	20,000,000	5,000,000
	GF/GP	\$0	\$0
20. Health Innovation Grants	Gross	\$1,500,000	\$0
The <u>House</u> reduces state GF/GP funding for Health Innovations Grants, leaving a \$100 placeholder for the line item. The <u>Senate</u> makes no funding changes. The <u>House</u> and <u>Senate</u> concur with <u>Executive</u> revisions to related boilerplate Sec. 717. The <u>Conference</u> concurs with the Senate.	GF/GP	\$1,500,000	\$0

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change
21. Newborn Screening		Gross	\$14,070,500
The <u>Executive</u> increases funding for newborn screening and treatment program, and related laboratory and vital records services by \$2.1 million from state restricted newborn screening fees. Additional revenues are from fee increases for inflation and for new tests as recommended by the Quality Assurance Advisory Committee, pursuant to the Public Health Code. YTD amount shown includes funding for all newborn screening services. The <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.	Restricted	14,070,500	\$2,060,900
	GF/GP	\$0	2,060,900
			\$0
EPIDEMIOLOGY AND INFECTIOUS DISEASE			
22. Immunization Vaccine Education		Gross	\$15,022,300
The <u>Senate</u> increases funding for immunization programs by \$500,000 GF/GP with new related boilerplate Sec. 853, to provide and promote education about the value of vaccines. The funding is to be expended only upon commitment of matching funds from private sector sources, at a match rate of \$1.00 state for \$4.00 private. The <u>Conference</u> concurs with the Senate and adds \$2.0 million private funds authorization for the private match, and establishes the focus of the project on vaccines for infants and toddlers.	Federal	12,112,400	\$2,500,000
	Private	0	0
	Restricted	850,000	2,000,000
	GF/GP	\$2,059,900	0
			\$500,000
CHRONIC DISEASE, INJURY PREVENTION, & HEALTH PROMOTION			
23. Public Health Federal Grants		FTE	NA
The <u>Executive</u> recognizes federal grant adjustments for public health and family, maternal, and child health programs totaling \$5.9 million, including: a new chronic disease prevention grant of \$3.5 million, five other new grants totaling \$2.9 million, removal of one completed grant of \$850,000, and an increase of \$286,000 to one ongoing grant. Other new grants address immunization, lead poisoning prevention, environmental public health tracking, and school readiness for children with high health needs. The <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.	Gross	NA	4.0
	Federal	NA	\$5,868,200
	GF/GP	NA	5,868,200
			\$0
24. Trauma Hospital Traumatic Brain Injury Treatment Support		Gross	\$1,000,000
The <u>Executive</u> eliminates \$1.0 million GF/GP supporting evidence-based traumatic brain injury intensive care treatment management system, training, and interactive software at Level I trauma hospitals, first funded in FY 2011-12. This program was reduced by \$350,000 GF/GP in the current fiscal year by Executive Order 2015-5. The <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.	GF/GP	\$1,000,000	(\$1,000,000)
			(\$1,000,000)
25. Alzheimer's Disease In-Home Care Pilot		Gross	\$150,000
The <u>Executive</u> eliminates \$150,000 GF/GP funding for an Alzheimer's Disease in-home care and support pilot program, first funded in FY 2014-15, and related Sec. 1001. The <u>House</u> concurs. The <u>Senate</u> does not concur. The <u>Conference</u> concurs with the Senate.	GF/GP	\$150,000	\$0
			\$0
FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES			
26. Real Alternatives Pilot Program		Gross	\$800,000
The <u>Executive</u> eliminates funding of \$800,000 GF/GP for alternative pregnancy and parenting support program which promotes childbirth and alternatives to abortion, first funded in FY 2013-14, and eliminates related Sec. 1136. The <u>House</u> , <u>Senate</u> and <u>Conference</u> reduce program funding to \$50,000, and revise Sec. 1136.	GF/GP	\$800,000	(\$750,000)
			(\$750,000)
27. Rural Maternal, Infant and Early Childhood Home Visit Program		Gross	\$2,250,000
The <u>Senate</u> reduces funding from \$2.25 million GF/GP to a \$100 placeholder for a home visit program of prenatal, infant, and early childhood support services in rural areas in the northern Lower Peninsula and the Upper Peninsula, first funded in FY 2014-15, and adds related new Sec. 1141 directing the Department to spend available work project funds for this program. The <u>Conference</u> reduces funding to \$1.7 million GF/GP, and provides a work project in the proposed FY 2014-15 supplemental for anticipated \$550,000 lapse that would be available for expenditure during FY 2015-16; also concurs with Senate Sec. 1141.	GF/GP	\$2,250,000	(\$550,000)
			(\$550,000)

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change
28. Rollup Public Health Dental Program Line Items	Gross	\$1,798,600	\$0
The <u>Conference</u> rolls up the Dental Program for Persons with Developmental Disabilities line item and funding of \$151,000 GF/GP into the Dental Programs line item, as requested in a revised Executive recommendation	Federal	1,247,600	0
	Private	250,000	0
	GF/GP	\$301,000	\$0
29. Pay for Success Maternal and Child Health Pilot Program	Gross	\$0	\$1,500,000
The <u>Executive</u> reinstates \$1.5 million GF/GP for one-time funding for pay for success contracts for maternal and child services programs that was eliminated in the current fiscal year by Executive Order 2015-5. The <u>House</u> and <u>Senate</u> provide a \$100 placeholder. The <u>Executive</u> and <u>House</u> revise related Sec. 1906; the <u>Senate</u> eliminates Sec. 1906. The <u>Conference</u> concurs with the Executive and revises related Sec. 1906 to require copies of contracts executed for this program be provided to the Legislature.	GF/GP	\$0	\$1,500,000
30. Autism University and Family Assistance Programs	Gross	\$9,000,000	(\$6,500,000)
The <u>Executive</u> provides one-time funding of \$2.5 million GF/GP for university autism provider education programs, a reduction from \$7.5 million Gross (\$7.0 million one-time and \$500,000 ongoing). (In the current year HB 4112 shifted \$3.0 million for this program from GF/GP to Autism Coverage Fund). The <u>House</u> eliminates the ongoing funding, and reduces the one-time funding to a \$100 GF/GP placeholder. The <u>Senate</u> concurs with the Executive. All include revisions to related Sec. 1902. The <u>Conference</u> concurs with the Senate, and moves the appropriation line item from the one-time appropriation unit to the Behavioral Health Services unit; related boilerplate is revised and moved to Sec. 460.	Restricted	8,500,000	(8,500,000)
	GF/GP	\$500,000	\$2,000,000
The <u>Executive</u> also eliminates one-time funding of \$1.5 million for autism family assistance services from the Autism Coverage Fund, and related Sec. 1902(2). The <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.			
OFFICE OF SERVICES TO THE AGING			
Renamed to AGING AND ADULT SERVICES AGENCY per Executive Order 2015-4			
31. Seniors – Ombudsman Fund Shift and Nursing Home Improvement	Gross	\$357,500	\$200,000
The <u>Executive</u> includes a net \$0 gross (\$357,500 GF/GP) shift from civil monetary penalty fund revenues to GF/GP to fund state and local long-term care ombudsman programs, to comply with revised federal guidelines that disallow use of penalty fund revenue for this purpose, and retains \$200,000 of the civil monetary penalty fund revenue as a budget increase for a new voluntary nursing home culture and quality improvement project emphasizing person-centered services. The <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.	Private	357,500	(157,500)
	GF/GP	\$0	\$357,500
32. Rollup Senior Volunteer Program Appropriation Lines	Gross	\$4,465,300	\$0
The <u>Conference</u> rolls up three appropriation line items into one Senior Volunteer Service Programs line item, including foster grandparent volunteer program \$2.23 million, retired and senior volunteer program \$627,300, and senior companion volunteer program \$1.6 million, as requested in a revised Executive recommendation.	GF/GP	\$4,465,300	\$0
MEDICAL SERVICES ADMINISTRATION			
33. Transparency Database	Gross	\$0	\$0
The <u>Senate</u> provides \$300,000 GF/GP to develop a transparency database. The funding is contingent upon enactment of enabling legislation. The <u>Conference</u> does not concur.	GF/GP	\$0	\$0
34. Medicaid Inspector General and Third Party Liability Efforts	FTE	NA	10.0
The <u>Senate</u> provides \$2.4 million Gross (\$1.2 million GF/GP) and 10.0 FTEs for the Medicaid Inspector General and additional third party liability efforts, and assumes these increased administrative activities will result in savings of \$36.6 million Gross (\$12.8 million GF/GP) in Medical Services costs; net assumed savings of \$34.2 million Gross (\$11.6 million GF/GP). The <u>Conference</u> concurs with the Senate with a technical federal funding adjustment. The Conference also includes reporting language in Sec 1505 on the actual savings in expenditures from these efforts.	Gross	NA	(\$34,809,300)
	Federal	NA	(23,209,300)
	GF/GP	NA	(\$11,600,000)

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change
35. Commercial Insurance Third Party Liability Efforts	Gross	NA	(\$2,709,000)
The <u>Conference</u> assumes an additional savings of \$2.7 million Gross (\$1.0 million GF/GP) from commercial insurance third party liability efforts. Savings would require enabling legislation.	Federal	NA	(1,907,000)
	GF/GP	NA	(\$1,000,000)
MEDICAL SERVICES			
36. Health Insurance Claims Assessment (HICA)	Gross	\$237,178,400	\$0
The <u>Executive</u> increases HICA revenue \$180.1 million to offset an equal amount of GF/GP. The additional HICA revenues are from a proposed rate increase from 0.75% to 1.30% (\$162.8 million) and a proposed removal of the statutory cap on annual HICA collections (\$17.3 million). The <u>House</u> and <u>Senate</u> do not concur, retaining current GF/GP funding. The <u>Conference</u> concurs with the House and Senate and also increases GF/GP \$27.1 million to offset a net reduction of available HICA revenue based on updated revenue and statutory cap projections.	Restricted	237,178,400	(27,100,000)
	GF/GP	\$0	\$27,100,000
37. Replacement of Medicaid Restricted Revenue with GF/GP	Gross	\$90,037,300	\$0
The <u>Executive</u> includes an increase of \$90.0 million GF/GP to replace the following: one-time Roads and Risks Reserve funds (\$62.9 million), a decline in Medicaid Benefits Trust Fund revenue (\$19.5 million), one-time Certified Public Expenditures (\$5.9 million federal), and a decline in Healthy Michigan Fund revenue (\$1.7 million) that are currently used to support Medicaid medical services. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	5,900,000	(5,900,000)
	Restricted	84,137,300	(84,137,300)
	GF/GP	\$0	\$90,037,300
38. Merit Award Trust Fund Offset	Gross	NA	\$0
The <u>House</u> offsets \$37.5 million in GF/GP funding for Long-Term Care Services with an equal amount of available restricted Merit Award Trust fund revenue. The <u>Senate</u> offsets \$40.0 million in GF/GP funding in the same manner. The <u>Conference</u> does not increase Merit Award Trust funds to offset GF/GP.	Merit Awd	NA	0
	GF/GP	NA	\$0
39. Graduate Medical Education (GME)	Gross	\$148,378,700	\$14,509,600
The <u>Executive</u> restores a \$14.5 million Gross (\$5.0 million GF/GP) Executive Order 2015-5 reduction and finances GME with \$63.5 million in increased hospital quality assurance assessment program (QAAP) revenue to offset \$63.5 million GF/GP. Amount includes \$7.4 million in GF/GP retainer savings. The <u>House</u> concurs but includes technical adjustments to GF/GP retainer savings (additional GF/GP savings of \$8.0 million). The <u>Senate</u> and <u>Conference</u> restore the Executive Order 2015-5 reduction and do not concur with the use of QAAP revenue for GME.	Federal	97,278,700	9,509,600
	Restricted	0	0
	GF/GP	\$51,100,000	\$5,000,000
40. Special Rural Hospital Payments	Gross	\$29,019,200	\$5,803,800
The <u>Executive</u> restores a \$5.8 million Gross (\$2.0 million GF/GP) Executive Order 2015-5 reduction and finances special rural hospital payments with \$13.6 million in increased hospital QAAP revenue to offset \$13.6 million GF/GP. Amount includes \$1.6 million in GF/GP retainer savings. The <u>House</u> does not concur with use of QAAP revenue and instead retains the same level of reduction from the original FY 2014-15 level. Reduction would, however, be spread over four quarterly payments, rather than two payments, effectively restoring 50% of the Executive Order 2015-5 reduction. The <u>Senate</u> and <u>Conference</u> restore the Executive Order 2015-5 reduction and do not concur with the use of QAAP revenue for these payments.	Federal	19,019,200	3,803,800
	Restricted	0	0
	GF/GP	\$10,000,000	\$2,000,000
41. Hospital QAAP Increase	Gross	NA	\$92,856,100
The <u>Senate</u> provides a net increase in Medicaid hospital payments of \$85.2 million Gross through a combination of: increased hospital quality assurance assessment program (QAAP) (\$85.2 million), a reduction in GF/GP funding for hospitals (\$38.8 million), and the net increase to federal matching funds (\$55.9 million). Including state retainer savings of \$17.1 million, this results in a total GF/GP savings of \$55.9 million. The <u>Conference</u> does not concur with providing a net increase in Base Medicaid hospital payments, instead the Conference offsets \$92.9 million hospital QAAP increase used to offset GF/GP with a \$92.9 million increase to the Healthy Michigan Plan Hospital Rate Adjustment (HRA) which is 100% federally funded.	Federal	NA	92,856,100
	Restricted	NA	92,856,100
	GF/GP	NA	(\$92,856,100)

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change
42. Hospital Capital Cost Reimbursements	Gross	NA	(\$34,806,800)
The <u>Executive</u> assumes savings of \$34.8 million Gross (\$12.0 million GF/GP) from incorporating managed care hospital capital cost expenditure data into the hospital capital cost reimbursement formula. The <u>House</u> concurs. The <u>Senate</u> does not concur, retaining the current funding level. The <u>Conference</u> concurs with the House.	Federal	NA	(22,833,300)
	GF/GP	NA	(\$11,973,500)
43. OB/GYN Hospital Lump Sum Payment Elimination	Gross	\$11,027,300	\$0
The <u>Executive</u> eliminates \$11.0 million Gross (\$3.8 million GF/GP) allocated as lump sum payments based on amount of obstetrical care and newborn care provided through hospitals that qualify for special rural hospital payments. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> do not concur with elimination, retaining current funding for the payments.	Federal	7,233,900	0
	GF/GP	\$3,793,400	\$0
44. Wayne State Psychiatric DSH Payment	Gross	\$5,605,900	\$0
The <u>Senate</u> reduces the Wayne State Psychiatric Disproportionate Share Hospital (DSH) payment by \$605,900 GF/GP. Current funding level is \$5.6 million GF/GP. The <u>Conference</u> does not concur.	GF/GP	\$5,605,900	\$0
45. Value-Added DSH Pool	Gross	\$0	\$0
The <u>Senate</u> creates a value-added Disproportionate Share Hospital (DSH) pool of \$2.9 million Gross (\$1.0 million GF/GP) to reward and incentivize hospitals that provide low-cost and high-quality Medicaid services. The <u>Conference</u> does not concur.	Federal	0	0
	GF/GP	\$0	\$0
46. Primary Care Rate Annualization	Gross	\$72,547,900	\$24,182,600
The <u>Executive</u> annualizes the partial continuation of the primary care rate increase that was provided through the Affordable Care Act with 100% federal funds through calendar year 2014. After calendar year 2014, states have the option to continue the higher rates at regular FMAP. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	47,547,900	15,863,800
	GF/GP	\$25,000,000	\$8,318,800
47. Hospice Room and Board	Gross	\$111,982,500	\$2,500,000
The <u>House</u> includes a \$100 GF/GP placeholder for room and board costs under Hospice Services on a one-time basis. The <u>Senate</u> provides \$3.4 million in ongoing GF/GP for these costs. The <u>Conference</u> provides \$2.5 million GF/GP on a one-time basis.	Federal	73,393,200	0
	GF/GP	\$38,589,300	\$2,500,000
48. Healthy Kids Dental Services	Gross	NA	\$37,042,200
The <u>Executive</u> provides \$21.8 million Gross (\$7.5 million GF/GP) to expand Healthy Kids Dental for an estimated 210,000 additional children ages 0-8 in Kent, Oakland, and Wayne Counties. The <u>House</u> concurs. The <u>Senate</u> includes a lower funding increase of \$16.25 million Gross (\$5.6 million GF/GP) based on assumptions of (1) expansion to include all children in those counties at an annual cost of \$65.0 million Gross (\$22.4 million GF/GP) and (2) delaying implementation until the final 4 months of FY 2015-16 savings \$48.75 million Gross (\$16.8 million GF/GP). The <u>Conference</u> provides \$37.0 million Gross (\$12.7 million GF/GP) to expand Healthy Kids Dental to children ages 0-12 in Kent, Oakland, and Wayne Counties.	Federal	NA	24,299,800
	GF/GP	NA	\$12,742,400
49. Adult Dental Services	Gross	NA	\$0
The <u>Executive</u> provides \$23.0 million Gross (\$7.9 million GF/GP) to convert the current Medicaid fee-for-service adult dental program to a managed care contract statewide. Adult dental increase would be effective for only the last 3 months of FY 2015-16; full year cost would be \$92.1 million Gross (\$31.7 million GF/GP). The <u>House</u> includes a \$100 GF/GP placeholder for this item. The <u>Senate</u> provides a lower increase of \$7.7 million Gross (\$2.6 million GF/GP) based on delayed implementation until final month of FY 2015-16. The <u>Conference</u> does not concur.	Federal	NA	0
	GF/GP	NA	\$0

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change
50. Ambulance QAAP	Gross	NA	\$8,641,000
The <u>Senate</u> increases ambulance provider rates \$40.0 million Gross through a new ambulance quality assurance assessment program (QAAP). State retainer results in a GF/GP savings of \$3.5 million. The <u>Conference</u> revises the increase to ambulance provider rates to \$8.6 million Gross, and revises the state retainer savings to \$1.0 million GF/GP.	Federal	NA	5,668,500
	Restricted	NA	3,972,500
	GF/GP	NA	(\$1,000,000)
51. Dual Integrated Care Demonstration	Gross	NA	\$0
The <u>House</u> includes various shifts requested by the State Budget Office as technical adjustments, with no net change in appropriations, to reflect anticipated expenditure levels under ongoing dual integrated care demonstration projects, known as MI Health Link. Net adjustments include Gross increases of \$56.2 million for Long-Term Care Services and \$38.5 million for Federal Medicare Pharmaceutical Program and Gross reductions of \$37.3 million for Adult Home Help Services and \$23.8 million for Integrated Care Organization Services, among other smaller line item reductions. The <u>Senate</u> does not incorporate these adjustments. The <u>Conference</u> incorporates these adjustments within the Base Medicaid cost adjustments within item #1.	Federal	NA	0
	GF/GP	NA	\$0
52. Adult Home Help Administrative Reimbursement Policy Savings	Gross	\$302,440,800	(\$2,300,000)
The <u>House</u> , <u>Senate</u> , and <u>Conference</u> assume savings of \$2.3 million Gross (\$791,200 GF/GP) to Adult Home Help Services line item to reflect DCH's proposed administrative Home Help agency provider reimbursement policy change (#1512).	Federal	198,669,500	(1,508,800)
	GF/GP	\$103,771,300	(\$791,200)
53. Program of All-Inclusive Care for the Elderly (PACE) Expansion	Gross	NA	\$0
The <u>Executive</u> provides \$8.3 million Gross (\$2.8 million GF/GP) to expand PACE into Jackson County and Traverse City. Assumes expansion of PACE will offset an equal amount of funding within the long-term care services line item. The <u>House</u> concurs with a technical adjustment requested by the State Budget Office to reflect the full projected expansion of \$9.1 million Gross (\$3.1 million GF/GP). The <u>Senate</u> concurs without the technical adjustment. The <u>Conference</u> concurs with the technical adjustment and transfers the line item from Medical Services to the Aging and Adult Services Agency Unit.	Federal	NA	0
	GF/GP	NA	\$0
54. Medicaid Managed Care Pharmacy Coverage	Gross	NA	(\$54,585,800)
The <u>Executive</u> assumes savings of \$48.8 million Gross (\$16.8 million GF/GP) from moving current funding of \$450.0 million Gross (\$154.8 million GF/GP) for pharmacy coverage from managed care contracts to fee-for-service effective January 1, 2016. The <u>House</u> retains funding in managed care contracts and assumes higher savings amount, \$54.6 million Gross (\$18.8 million GF/GP), from anticipated pharmacy formulary savings. The <u>Senate</u> retains funding in managed care contracts and assumes same savings amount as Executive from anticipated pharmacy formulary savings. The <u>Conference</u> concurs with the House.	Federal	NA	(35,808,300)
	GF/GP	NA	(\$18,777,500)
55. Medicaid Managed Care Laboratory Reimbursement Annualization	Gross	(\$4,352,900)	(\$27,437,100)
The <u>Executive</u> annualizes laboratory reimbursement savings effective August 1, 2015 under Executive Order 2015-5. Savings are from a policy change that reduces laboratory service payments benchmark from Medicare payment rates to Medicaid fee-for-service rates. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur. The Conference also includes reporting language in Sec 1770 on the actual reduction in expenditures from this reduction.	Federal	(2,852,900)	(18,001,300)
	GF/GP	(\$1,500,000)	(\$9,435,800)
56. Medicaid Managed Care Integration Savings	Gross	\$4,886,273,000	(\$15,375,000)
The <u>Executive</u> assumes savings of \$15.4 million Gross (\$5.3 million GF/GP) from Medicaid managed care coordination and other contractual changes effective January 1, 2016. The <u>House</u> concurs. The <u>Senate</u> assumes a higher savings of \$19.4 million Gross (\$6.7 million GF/GP). The <u>Conference</u> concurs with the House.	Federal	3,259,591,300	(10,086,000)
	Local	13,617,500	0
	Restricted	1,217,104,000	0
	GF/GP	\$395,960,200	(\$5,289,000)

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change
57. Medicaid Managed Care Use Tax Actuarial Soundness	Gross	NA	\$16,818,900
The <u>Executive</u> includes \$8.1 million Gross (\$2.8 million GF/GP) to reflect federally-required actuarially sound payments for costs to Medicaid managed care organizations of the 6% use tax currently applied to such organizations. The <u>House</u> concurs. The <u>Senate</u> does not include this funding increase. The <u>Conference</u> provides \$16.8 million Gross (\$5.8 million GF/GP).	Federal	NA	11,033,200
	GF/GP	NA	\$5,785,700
58. Medicaid Autism Services through Age 21	Gross	\$25,171,800	\$7,350,100
The <u>Executive</u> provides \$7.4 million Gross (\$2.5 million GF/GP) to expand Medicaid autism benefit through age 21. Current benefit is offered to individuals from ages 18 months to 5 years. Also transfers line item from Medical Services to Behavioral Health Services. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	16,497,500	4,821,700
	GF/GP	\$8,674,300	\$2,528,400
ONE-TIME BASIS ONLY APPROPRIATIONS			
59. Eliminate Other One-Time Basis Appropriations	Gross	\$10,742,300	(\$9,492,300)
The <u>Executive</u> removes the following one-time funding items that were included in the FY 2014-15 budget: \$250,000 GF/GP for bone marrow registry, \$2.0 million GF/GP for child and adolescent health services pilot, \$4.1 million GF/GP for University of Detroit dental program, \$3.0 million Gross (\$300,000 GF/GP) for Healthy Kids Dental computer project, \$1.3 million for statewide trauma system (HB 4112 shifted in current year from GF/GP to state restricted Crime Victim's Rights Fund), and \$100,000 GF/GP for Senior Olympics. The <u>House</u> concurs except that it retains \$100 GF/GP placeholders for the child and adolescent health services pilot and the University of Detroit dental program. The <u>Senate</u> concurs with the Executive except that it retains \$250,000 GF/GP for the bone marrow registry and includes a \$100 GF/GP placeholder for the child and adolescent health services pilot. The <u>Conference</u> concurs with the Executive except that it retains \$1.0 million GF/GP for University of Detroit Dental and transfers the funding into the Medical Services appropriation unit, and retains \$250,000 GF/GP for the bone marrow registry and transfers the funding into the Health Policy appropriation unit (related boilerplate is moved to Sec. 720).	Federal	2,700,000	(2,700,000)
	Restricted	1,300,000	(1,300,000)
	GF/GP	\$6,742,300	(\$5,492,300)

Major Boilerplate Changes From FY 2014-15

GENERAL SECTIONS

Sec. 204. Benchmarks for New Programs or Program Increases – REVISED

Requires DCH to identify performance measurement benchmarks for new programs or program expansions for which funds of \$500,000 or greater are appropriated, and provide a report; also expresses Legislative intent for FY 2015-16 budget. Executive deletes. House revises current law to \$1.0 million or more and deletes report. Senate revises current law to program-specific metrics in addition to metrics required under the Management and Budget Act. Conference concurs with the Senate, but revises to new programs or enhancements in excess of \$1.0 million.

Sec. 218. Basic Health Services – CURRENT LAW

Lists eight basic health services as required in Part 23 of the Public Health Code, 1978 PA 368, that are to be available and accessible throughout the state. Executive deletes. House, Senate and Conference retain current law.

Sec. 282. Performance Metrics for Contracts – DELETED

Requires establishment of an automated annual metric collection and reporting system for contracts via the state's e-procurement system, and deadlines for generation of report under the system for state-funded contracts of \$1.0 million or more. Executive deletes. House revises, removing deadlines and reference to e-procurement. Senate retains current law. Conference concurs with the Executive.

Sec. 285. Workgroup to Investigate Bridge Card Fraud Minimization – NOT INCLUDED

House requires participation of department in a multi-department workgroup to investigate means of minimizing fraud in the MIBridges benefits programs, including improper use or sale of bridge cards, possible replacement of bridge cards with a state driver's license or identification card, and federal policies that may inhibit or enhance adoption of fraud minimization actions. Senate does not include. Conference concurs with the Senate.

Sec. 290. Department Merger Status Report – NEW

House includes new boilerplate to require a monthly status report on the merger of the Department of Community Health and Department of Human Services. Senate does not include. Conference concurs with the House, but requires quarterly reporting.

Major Boilerplate Changes From FY 2014-15

BEHAVIORAL HEALTH SERVICES

Sec. 412. Non-Medicaid Substance Use Disorder Services – CURRENT LAW

Requires the Department to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services. Executive and House delete. Senate and Conference retain current law.

Sec. 424. Timely Claims Process for PIHPs – CURRENT LAW

Requires that PIHPs contracting with the Department to provide services to the Medicaid population adhere to the timely claims processing and payments procedure to claims submitted by health professionals and facilities as described in Section 111i of the Social Welfare Act, 1939 PA 280, MCL 400.111i. Executive deletes. House, Senate, and Conference retain current law.

Sec. 436. Detroit Wayne County Community Mental Health Authority – NOT INCLUDED

House requires Detroit Wayne County Community Mental Health Authority to provide \$8.9 million for mental health services at the Wayne County adult and juvenile detention facilities. Senate and Conference do not include.

Sec. 498. State General Fund Distribution to CMHSPs – NEW

House requires the Department, if the Department decides to use census data, to use the most recent federal decennial census data available for distribution of state general funds to CMHSPs. Senate does not include. Conference concurs with the House.

Sec. 503. Policies and Procedures for PIHPs or CMHSPs – CURRENT LAW

Requires the Department to notify the Michigan Association of CMH Boards when developing policies and procedures that will impact PIHPs or CMHSPs. Executive deletes. House, Senate, and Conference retain current law.

Sec. 507. Distribution of Non-Medicaid funds to CMHSPs – NOT INCLUDED

Senate requires the distribution of non-Medicaid funding to CMHSPs as follows: \$97.1 million in the same manner as the original FY 2014-15 allocation, \$10.0 million in proportion to the original FY 2014-15 allocation, and \$10.0 million in proportion to the \$40.0 million FY 2009-10 reduction, with the exception that no CMHSP receive more than \$3.3 million of this \$10.0 million. Conference does not include.

Sec. 509. Workgroup on Staff Recruitment and Retention – NEW

Senate requires the Department to establish a workgroup to analyze the workforce challenges of recruitment and retention of staff who provide Medicaid-funded services and supports and to develop a plan to enhance recruitment and retention efforts accounting for the mandated increases in the state minimum wage; identifies who must be included in the workgroup; requires a report. Conference revises Senate language by striking the specific reference to the state minimum wage and requires the report to note when the participants of the workgroup had points of difference.

Sec. 510. Medicaid Mental Health Services Lapse Redistribution – NEW

If allowed by the federal government, Conference requires the redistribution of federal fund lapses in the Medicaid mental health services line to the PIHPs based on the current fiscal year funding formula; states legislative intent that any lapses from the Medicaid mental health services line be redistributed to CMHSPs based on the current fiscal year funding formula; and requires a report on PIHP lapses from the previous fiscal year and projected PIHP lapses in the current fiscal year.

PUBLIC HEALTH ADMINISTRATION

Sec. 651. Michigan Health Endowment Fund – REVISED

Requires the Department to work with the Michigan Health Endowment Fund Corporation established to explore ways to expand health and wellness programs. Senate revises to direct the Department to work with the Corporation to fund health and wellness programs and recommendations of the Mental Health and Wellness Commission that potentially qualify under the Fund. Conference revises current law to require the Department to work with the Health Endowment Fund Corporation to explore ways to fund and evaluate current and future policies and programs.

Sec. 654. School Children's Healthy Exercise Program – CURRENT LAW

Allocates \$1.0 million for the school children's healthy exercise program for children in kindergarten through grade 8, using evidence-based best practice models; no less than one half of the funds shall be granted for before- and after-school programs. Executive deletes. House retains current law. Senate deletes. Conference concurs with the House.

Sec. 655. Health and Wellness Initiatives Criteria– NEW

Conference adds new language to require the Department to establish criteria for Health and Wellness Initiatives line item project allocations, including evidence-based and supported by research, include interventions that demonstrate outcomes that lower cost and improve quality, and be designed for statewide impact. Preference is given to programs that use the funding to match additional resources.

HEALTH POLICY

Sec. 712. Free Health Clinic Funding – CURRENT LAW

Allocates \$250,000 to free health clinics from the funds appropriated for primary care services, to be distributed equally to each free health clinic; defines free health clinic. Executive deletes. House, Senate and Conference retain current law.

Major Boilerplate Changes From FY 2014-15

Sec. 719. Supplemental Payments to Indian or Tribal Facilities for Certain Medicaid Managed Care Services – NEW

Senate includes new boilerplate to require supplemental prospective quarterly payments by Medicaid managed care entities that provide services to clients through a contract with Indian Health Service, Tribal or Urban Indian Health Program facilities, of the estimated difference between managed care payments and Medicaid fee for service payments for services rendered. Conference revises to direct the Department to take steps necessary to assure that Indian Health Service, Tribal or Urban Indian Health Program facilities receive the maximum amount allowable under federal law for Medicaid services.

FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

Sec. 1103. Report of Sexual and Maternal Health Demographics and Expenditures by Marital Status – REVISED

Requires annual report of estimate of public funds expended for family planning, sexually transmitted infection prevention and treatment, pregnancies, and births, and client demographics as voluntarily provided to DCH; and to report data by marital status. Executive deletes. House retains and updates state application form references. Senate deletes. Conference concurs with the House.

Sec. 1107. Contract and Subcontract Restrictions for Family Planning Local Agreements State Funds – NEW

House language prohibits the department from contracting with an organization which provides elective abortions, abortion counseling, or abortion referrals, for services funded with state restricted or GF/GP funds appropriated for family planning local agreements. Also prohibits an organization under contract with the department from subcontracting with an organization that provides elective abortions, abortion counseling, or abortion referrals, for services that are to be funded with state restricted or GF/GP funds appropriated for family planning local agreements. Senate does not include. Conference concurs with the House.

Sec. 1139. Housing Rehabilitation and Hazard Abatement Program Task Force and Report – REVISED

Requires DCH to establish a joint task force with Department of Human Services and Michigan State Housing Development Authority to review housing rehabilitation, energy, weatherization, and hazard abatement policies, and report recommendations. Executive deletes. House retains and revises to require Department to continue to work with the joint task force. Senate deletes. Conference concurs with the House.

WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM

Sec. 1151. Report on Access and Savings Regarding Generic Peanut Butter Purchasing Requirement - REVISED

Requires the Department to report on complaints received regarding access to and savings gained related to recent generic peanut butter purchasing requirement modifications by the Department to the Women, Infants, and Children Special Supplemental Food and Nutrition program (WIC). Executive deletes. House revises to require Department to make national brand products available if price is more cost effective and satisfies program nutritional requirements. Senate retains current law. Conference revises to require the Department to encourage participants in the WIC program to choose the lowest price product available, that all products must satisfy the federal program nutritional requirements, and that the biannual food authorization guidelines will be updated to reflect such.

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Sec. 1205. Expansion of Telemedicine Capacity – REVISED

Authorizes the Department to use up to \$500,000 for continued development and expansion of telemedicine capacity to allow CSHCS children better access to specialty providers. Executive deletes. House strikes the specific dollar amount of \$500,000. Senate retains current law. Conference concurs with the House.

CRIME VICTIM SERVICES COMMISSION

Sec. 1302. Allocation of Funds for Forensic Nurse Examiner Programs – REVISED

Allocates up to \$200,000 of justice assistance grants line item funds for expansion of forensic nurse examiner programs to facilitate training for improved evidence collection for prosecution of sexual assault. Executive deletes. House revises to require the Department to continue to support the program, and removes amount. Senate retains current law. Conference concurs with the House.

MEDICAL SERVICES

Sec. 1620. Pharmacy Dispensing Fee and Prescription Drug Copayments – REVISED

Establishes the pharmacy dispensing fee at \$2.75 for recipients not in nursing homes and \$3.00 for nursing home residents, or the pharmacy's usual and customary charge, whichever is less. Specifies prescription copayments for Medicaid recipients of \$1.00 for generic drugs and \$3.00 for brand-name drugs except as prohibited by federal or state law or regulation. Senate and Conference add prescription copayments for Healthy Michigan Plan enrollees with an income above 100% of the federal poverty level of \$4.00 for generic drugs and \$8.00 for brand-name drugs except as prohibited by federal or state law or regulation.

Sec. 1625. Pharmaceutical Formulary Savings – NOT INCLUDED

House requires the Department and contracted Medicaid health plans to work together to achieve pharmaceutical formulary savings through a mutually agreed upon developmental and implementation process; requires report on implementation progress. Senate and Conference include Sec. 1806 instead of this section.

Major Boilerplate Changes From FY 2014-15

Sec. 1631. Medical Services Copayments – REVISED

Requires copayments on dental, podiatric, and vision services unless prohibited by law or regulation. Specifies copayments of \$2 for a physician office visit, \$3 for a hospital emergency room visit, \$50 for the first day of an inpatient hospital stay, and \$1 for an out-patient hospital visit. Executive retains. House revises to requires recipients to pay “not less than” the copayments listed in this section. Senate adds copayments for Healthy Michigan Plan enrollees with an income above 100% of the federal poverty level copayments of \$4 for a physician office visit, \$8 for a hospital emergency room visit, \$100 for the first day of an inpatient hospital stay, and \$4 for an out-patient hospital visit or any other medical provider visit except as prohibited by federal or state law or regulation. Conference concurs with both House and Senate revisions.

Sec. 1730. Maternal Infant Health Literacy Assessment – NEW

House requires the Department to work with the Department of Education to evaluate the feasibility of including an assessment tool to promote literacy development of pregnant women and new mothers in the maternal infant health program; requires a report on the findings of the feasibility study. Senate does not include. Conference concurs with the House.

Sec. 1764. Actuarial Soundness Certification of Medicaid Health Plan Rates – REVISED

Requires the Department to annually certify that rates paid to Medicaid health plans and specialty prepaid inpatient health plans are actuarially sound and to notify the legislature upon rate certification and approval. Executive deletes. House strikes the annual certification requirement. Senate adds requirements to include an economic analysis demonstrating that the approved rates will not be compromised for new Medicaid policy bulletins affecting Medicaid health plans and to annually reimburse Medicaid health plans the full cost of all taxes imposed by this state and the federal government, including the health insurer fee. Conference adds requirement that actuarial soundness take into account any Medicaid Policy Bulletins affecting Medicaid health plans and PIHPs.

Sec. 1770. Medicaid Managed Care Laboratory Reimbursement Report – NEW

The Conference requires the Department to submit a report on the actual gross reduction in expenditures by Medicaid health plans that result from the reduction in the laboratory service fees.

Sec. 1800. Outpatient DSH payments – REVISED

Requires the Department to explore establishment of a Medicaid value pool within the \$85.0 million outpatient DSH pool that rewards and incentivizes hospitals providing low cost and high quality services, to establish a workgroup to assist in the development of metrics used to determine value, and requires a report. Executive and House delete the workgroup and report and requires the \$85.0 million in Medicaid value disproportionate share hospital payment pool be based on metrics utilized to determine value. Senate retains current law. Conference deletes the workgroup and requires each pool within the \$85.0 million outpatient DSH pool to be distributed based on quality of care, cost, and traditional DSH factors.

Sec. 1805. Graduate Medical Education (GME) Data Reporting – NEW

Senate requires hospitals that receive GME funding to provide data to a national nonprofit organization on a public website. Conference concurs with the Senate and adds the requirement that the Department withhold the hospital's fourth quarter payment if the hospital fails to submit the required data.

Sec. 1806. Pharmaceutical Consensus Formulary Savings – NEW

Senate requires contracts for Medicaid health plans include cooperation and participation in development of a consensus formulary to be used by all contracting Medicaid health plans; permits the Department to establish performance standards; requires ongoing implementation to include consultation with the Department's preferred drug list; permits Medicaid health plans to use evidence-based management techniques to achieve low net cost objective; and requires the Department and the Medicaid health plans to continue emphasis on use of e-prescribing and electronic medical records. Conference concurs with the Senate with technical revisions.

Sec. 1808. Third Party Collections – NOT INCLUDED

Senate requires contracting Medicaid health plans to be considered an “agent of the Department” for purposes of Medicaid third party collections in order to access other carrier data that are otherwise provided to the Department. Conference does not include.

Sec. 1809. Medicaid Health Plan Performance Standards – NEW

House and Senate require the Department to establish contract performance standards for Medicaid health plans by July 1, 2016 and requires those performance standards be recognized concepts such as 1-year continuous enrollment and Healthcare Effectiveness Data and Information Set (HEDIS) audited data. Conference requires separate contract performance standards for the 0.75% and 0.25% capitation withholds with the 0.75% capitation withhold to include 1-year continuous enrollment and HEDIS audited and the 0.25% capitation withhold to include encouraging high-value services and discouraging low-value services.

Sec. 1811. Maternal Infant Health Program Integration – NOT INCLUDED

Senate requires the Department to integrate the Maternal Infant Health Program into the Medicaid health plan benefit beginning January 1, 2016 and refer all pregnant women to service providers that use evidence-based models; defines “evidence-based”. Conference does not include.

Major Boilerplate Changes From FY 2014-15

Sec. 1812. Graduate Medical Education (GME) Cost and Retention Reporting – NEW

Senate requires hospitals that receive GME funding to submit direct and indirect costs of the GME program; requires GME hospitals to report the marginal cost to add 1 residency program slot and number of additional slots that would result in significant increased administrative costs; requires the Department to report on postresidency retention rates for GME over the past 10 years; requires the Department to convene a workgroup based on the reports provided in this section; requires the Department to seek a federal waiver if needed to fulfill the requirements of this section. Conference concurs with the Senate, adds the requirement that the Department withhold the hospital’s fourth quarter payment if the hospital fails to submit the required data, and includes technical revisions.

Sec. 1815. Cap on Health Plan Capitation Withhold – DELETED

Prohibits the Department from implementing a capitation withhold as part of overall health plan capitation rate schedule that exceeds the 0.19% withhold administered during FY 2008-09. Executive, House, Senate, and Conference delete.

Sec. 1861. Nonemergency Medical Transportation Pilot Program – REVISED

Requires the Department to review the efficiency and effectiveness of the current nonemergency transportation system and report the results to the Legislature, directs the Department to create a pilot in at least two counties, with priority given to Berrien and Muskegon counties, to provide nonemergency transportation services encouraging use of nonprofit entities. Executive deletes. House strikes current law and requires department to encourage cooperation between the Medicaid managed care health plans and nonprofit entities providing nonemergency transportation to create a pilot in at least 2 counties, with priority given to Berrien and Muskegon Counties. Senate retains current law. Conference strikes current law and requires the Department to encourage cooperation between Medicaid managed care plans, other health providers, and nonprofit entities to facilitate a pilot nonemergency transportation system.

Sec. 1870. MIDocs Consortium – REVISED

Directs the Department to establish the MIDocs consortium, consisting of Michigan-based medical schools. The purpose of MIDocs is to develop freestanding residency training programs in primary care and other ambulatory care-based specialties. Directs the Department to require an annual report from the consortium detailing per resident costs for medical training and clinical quality measures. Allocates \$500,000 to prepare the report, legally create the consortium, prepare to obtain ACGME accreditation, and develop new residency programs. Executive deletes. House removes the \$500,000 allocation and encourages, rather than requires, the department to work with MIDocs. Senate replaces \$500,000 with \$100. Conference replaces \$500,000 with “the work project allocation form the fiscal year ending September 30, 2015”.

FY 2014-15 Supplemental Appropriations

1. Base Medicaid, MICHild, and Federal Medicare Pharmaceutical Program Cost Adjustments

The Conference includes increase of \$65.4 million Gross (\$14.7 million GF/GP) for caseload, utilization, and inflation adjustments for Medical Services, Behavioral Health Services, Children’s Special Health Care Services, and Federal Medicare Pharmaceutical Program based on estimates agreed to at the May Consensus Revenue Estimating Conference. Conference also includes a fund sourcing adjustment based on increased restricted funding for the base Medicaid Access to Care Initiative (MACI) that offsets \$3.3 million GF/GP.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2014-15 Conference Supplemental
Gross	\$12,915,340,200	\$65,397,000
IDG	2,999,900	0
Federal	8,448,405,800	40,915,000
Local	45,465,200	0
Private	2,100,000	0
Restricted	1,900,374,300	13,010,100
GF/GP	\$2,515,995,000	\$11,471,900

2. Healthy Michigan Plan (HMP) Cost Adjustments

The House includes FY 2014-15 supplemental adjustments in Part 1B of the bill for a projected increase in HMP costs of \$361.1 million, reflecting increased federal funding for caseload, utilization, and inflation adjustments in Medical Services and Behavioral Health Services for Healthy Michigan Plan/Medicaid expansion. HMP costs are funded with 100% federal revenue through the end of calendar year 2016. These adjustments were requested by the Executive in State Budget Office supplemental request 2015-3. The Senate does not include this FY 2014-15 supplemental adjustment. The Conference includes revised supplemental adjustment of \$485.9 million, based on estimate agreed to at the May Consensus Revenue Estimating Conference.

Gross	\$2,651,022,800	\$485,865,600
Federal	2,651,022,800	485,865,600
GF/GP	\$0	\$0

3. FY 2013-14 Healthy Michigan Plan (HMP) MACI Payments

The Conference includes \$148.7 million in federal funding for FY 2013-14 Medicaid Access to Care Initiative (MACI) payments to hospitals under Healthy Michigan Plan; these payments had not previously been appropriated. Funds will be appropriated in FY 2014-15 to make payments associated with FY 2013-14 services

Gross	\$0	\$148,700,000
Federal	0	148,700,000
GF/GP	\$0	\$0

<u>FY 2014-15 Supplemental Appropriations</u>		<u>FY 2014-15 Year-to-Date (as of 3/12/15)</u>	<u>FY 2014-15 Conference Supplemental</u>
4. FY 2014-15 Healthy Michigan Plan (HMP) MACI Payments	Gross	\$0	\$318,200,000
The <u>Conference</u> includes \$318.2 million in federal funding for FY 2014-15 Medicaid Access to Care Initiative (MACI) payments to hospitals under Healthy Michigan Plan; these payments had not previously been appropriated.	Federal	0	318,200,000
	GF/GP	\$0	\$0
5. Psychiatric Residency Program	Gross	\$0	\$1,500,000
The <u>Conference</u> provides \$1.5 million GF/GP to support a new psychiatry residency program. Conference also includes boilerplate section 3003 that requires these funds to be considered work project appropriations.	GF/GP	\$0	\$1,500,000

FY 2014-15 Supplemental Boilerplate Changes

GENERAL SECTIONS

Sec. 3003. Psychiatric Residency Program Work Project Authorization – NEW

Conference requires any unexpended, unencumbered, or unallotted funds appropriated in the FY 2014-15 supplemental to support a new psychiatry residency program to be considered a work project appropriation; specifies an estimated cost of \$1.5 million; and specifies a tentative completion date of September 30, 2016.

Sec. 3004. MIDocs Consortium Work Project Authorization – NEW

Conference requires any unexpended, unencumbered, or unallotted funds appropriated in section 1870 of Article IV of 2014 PA 252 to support the MIDocs consortium to be considered a work project appropriation; specifies an estimated cost of \$500,000; and specifies a tentative completion date of September 30, 2016.

Sec. 3005. Prenatal and Early Childhood Home Visiting Work Project Authorization – NEW

Conference requires any unexpended, unencumbered, or unallotted funds appropriated in Article IV of 2014 PA 252 for prenatal care outreach and services delivery support to support evidence-based prenatal and early childhood home visiting programs in rural areas to be considered a work project appropriation; specifies an estimated cost of \$550,000; and specifies a tentative completion date of September 30, 2016.