

**FY 2015-16: DEPARTMENT OF COMMUNITY HEALTH**  
**Summary: As Passed by the Senate**  
**Article IV, Senate Bill 133 (S-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 Enacted	<i>Difference: Senate From FY 2014-15 YTD</i>	
						<i>Amount</i>	<i>%</i>
<b>IDG/IDT</b>	\$9,425,900	\$9,678,100	\$9,678,100	\$9,678,100		\$252,200	2.7
<b>Federal</b>	12,455,907,600	13,465,957,200	13,457,655,100	13,488,611,200		1,032,703,600	8.3
<b>Local</b>	227,120,400	85,984,600	85,961,700	85,974,700		(141,145,700)	(62.1)
<b>Private</b>	127,856,600	127,698,700	127,698,700	127,698,700		(157,900)	(0.1)
<b>Restricted</b>	2,135,694,400	2,289,035,100	2,130,566,200	2,173,385,400		37,691,000	1.8
<b>GF/GP</b>	3,088,706,800	2,993,251,300	3,121,097,300	3,128,354,300		39,647,500	1.3
<b>Gross</b>	<b>\$18,044,711,700</b>	<b>\$18,971,605,000</b>	<b>\$18,932,657,100</b>	<b>\$19,013,702,400</b>		<b>\$968,990,700</b>	<b>5.4</b>
<b>FTEs</b>	3,659.1	3,683.1	3,683.1	3,695.1		36.0	1.0

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.

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Senate Change</b>
<b>1. Base Medicaid, MICHild, and Federal Medicare Pharmaceutical Program Cost Increases</b>	<b>Gross \$12,915,340,200</b>	<b>\$104,456,200</b>
The <u>Executive</u> includes 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 <u>House</u> and <u>Senate</u> concur, with a technical adjustment to offset an additional \$805,000 GF/GP with federal funds based on Enhanced FMAP adjustments.	IDG 2,999,900	(11,000)
	Federal 8,448,405,800	86,573,000
	Local 45,465,200	0
	Private 2,100,000	0
	Restricted 1,900,374,300	(1,536,100)
	GF/GP \$2,515,995,000	\$19,430,300
<b>2. Healthy Michigan Plan (HMP) Cost Increases</b>	<b>Gross \$2,651,022,800</b>	<b>\$815,762,200</b>
The <u>Executive</u> includes increase in FY 2014-15 HMP costs of \$361.1 million and 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 (see final page of analysis). The <u>Senate</u> concurs with the Executive and does not include FY 2014-15 supplemental adjustments in the bill.	Federal 2,651,022,800	815,762,200
	GF/GP \$0	\$0

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Senate Change</b>
<b>3. Actuarially Sound Capitation Payment Rates Adjustments</b>	<b>Gross \$9,820,800,900</b>	<b>\$170,040,500</b>
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> and <u>Senate</u> concur.	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
<b>DEPARTMENTWIDE ADMINISTRATION</b>		
<b>4. Administrative Hearing System Costs</b>	<b>Gross \$1,424,600</b>	<b>\$1,039,400</b>
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> and <u>Senate</u> concur.	Federal 704,000	519,700
	GF/GP \$720,600	\$519,700
<b>5. Economic Adjustments</b>	<b>Gross NA</b>	<b>(\$607,500)</b>
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> and <u>Senate</u> concur.	IDG NA	(5,500)
	Federal NA	(250,400)
	Local NA	(42,800)
	Private NA	(400)
	Restricted NA	(76,300)
	GF/GP NA	(\$232,100)
<b>6. Administrative Savings from Merger of DCH and DHS</b>	<b>Gross \$64,816,200</b>	<b>\$0</b>
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.	Federal 32,920,500	0
	Restricted 2,657,700	0
	GF/GP \$29,238,000	\$0
<b>7. Administrative Lapse Savings</b>	<b>Gross NA</b>	<b>(\$340,000)</b>
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.	GF/GP NA	(\$340,000)
<b>BEHAVIORAL HEALTH SERVICES</b>		
<b>8. Mental Health and Wellness Commission</b>	<b>FTE 0.0</b>	<b>1.0</b>
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> 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, and concurs with the \$1.5 million in one-time funding. 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.	<b>Gross \$33,625,000</b>	<b>(\$18,593,700)</b>
	Federal 22,205,000	(12,302,800)
	GF/GP \$11,420,000	(\$6,290,900)

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Senate Change</b>
<b>9. Mental Health Jail Diversion and Transition</b>		
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.	FTE 1.0 Gross \$3,050,000 GF/GP \$3,050,000	0.0 \$300,000 \$300,000
<b>10. Community Mental Health (CMH) Non-Medicaid Services</b>		
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> and <u>Senate</u> concur.	Gross \$117,050,400 Restricted 20,000,000 GF/GP \$97,050,400	\$0 (20,000,000) \$20,000,000
<b>11. Community Mental Health (CMH) Purchase of State Services</b>		
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> and <u>Senate</u> concur.	Gross \$278,931,200 Local 139,465,600 GF/GP \$139,465,600	(\$139,465,600) (139,465,600) \$0
<b>12. Liquor License Fee Increases</b>		
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> does not include the additional restricted fund authorization.	Gross \$1,784,200 Restricted 1,784,200 GF/GP \$0	\$0 0 \$0
<b>13. One-Time Drug Policy Initiatives</b>		
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.	Gross \$0 GF/GP \$0	\$0 \$0
<b>14. Children's Waiver Home Care Program</b>		
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.	Gross \$21,544,900 Federal 15,488,700 GF/GP \$6,056,200	\$0 (1,355,200) \$1,355,200
<b>STATE PSYCHIATRIC HOSPITALS &amp; FORENSIC MENTAL HEALTH SERVICES</b>		
<b>15. State Psychiatric Hospitals – Pharmacy Costs</b>		
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.	Gross NA Federal NA Local NA Restricted NA GF/GP NA	\$425,700 28,700 29,500 30,700 \$336,800
<b>16. State Psychiatric Hospitals – Placeholder Adjustments</b>		
The <u>House</u> applies a negative \$100 GF/GP placeholder adjustment to the line item for each of the four psychiatric hospital line items excluding the Center for Forensic Psychiatry. The <u>Senate</u> does not include these placeholder adjustments.	Gross NA Federal NA Local NA Restricted NA GF/GP NA	\$0 0 0 0 \$0

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Senate Change</b>
<b>PUBLIC HEALTH ADMINISTRATION</b>			
<b>17. Essential Local Public Health Services</b>			
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> and <u>Senate</u> concur.	<b>Gross</b>	<b>\$39,386,100</b>	<b>\$1,500,000</b>
	Local	5,150,000	0
	GF/GP	\$34,236,100	\$1,500,000
<b>18. Health and Wellness Initiatives</b>			
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).	<b>Gross</b>	<b>\$7,450,000</b>	<b>(\$3,187,200)</b>
	Restricted	5,210,700	0
	GF/GP	\$2,239,300	(\$3,187,200)
<b>HEALTH POLICY</b>			
<b>19. Federal Grant for Blueprint for Health Innovation</b>			
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.	<b>Gross</b>	<b>\$20,000,000</b>	<b>(\$5,000,000)</b>
	Federal	20,000,000	(5,000,000)
	GF/GP	\$0	\$0
<b>20. Health Innovation Grants</b>			
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.	<b>Gross</b>	<b>\$1,500,000</b>	<b>\$0</b>
	GF/GP	\$1,500,000	\$0
<b>21. Newborn Screening</b>			
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> and <u>Senate</u> concur.	<b>Gross</b>	<b>\$14,070,500</b>	<b>\$2,060,900</b>
	Restricted	14,070,500	2,060,900
	GF/GP	\$0	\$0
<b>EPIDEMIOLOGY AND INFECTIOUS DISEASE</b>			
<b>22. Immunization Vaccine Education</b>			
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.	<b>Gross</b>	<b>\$15,022,300</b>	<b>\$500,000</b>
	Federal	12,112,400	0
	Restricted	850,000	0
	GF/GP	\$2,059,900	\$500,000
<b>CHRONIC DISEASE, INJURY PREVENTION, &amp; HEALTH PROMOTION</b>			
<b>23. Public Health Federal Grants</b>			
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> and <u>Senate</u> concur.	FTE	NA	4.0
	<b>Gross</b>	<b>NA</b>	<b>\$5,868,200</b>
	Federal	NA	5,868,200
	GF/GP	NA	\$0

		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Senate Change
<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>			
<b>24. Trauma Hospital Traumatic Brain Injury Treatment Support</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>(\$1,000,000)</b>
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> and <u>Senate</u> concur.	GF/GP	\$1,000,000	(\$1,000,000)
<b>25. Alzheimer's Disease In-Home Care Pilot</b>	<b>Gross</b>	<b>\$150,000</b>	<b>\$0</b>
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.	GF/GP	\$150,000	\$0
<b>FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES</b>			
<b>26. Real Alternatives Pilot Program</b>	<b>Gross</b>	<b>\$800,000</b>	<b>(\$750,000)</b>
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> and <u>Senate</u> reduce program funding to \$50,000, and revise Sec. 1136.	GF/GP	\$800,000	(\$750,000)
<b>27. Rural Maternal, Infant and Early Childhood Home Visit Program</b>	<b>Gross</b>	<b>\$2,250,000</b>	<b>(\$2,249,900)</b>
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.	GF/GP	\$2,250,000	(\$2,249,900)
<b>28. Pay for Success Maternal and Child Health Pilot Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$100</b>
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.	GF/GP	\$0	\$100
<b>29. Autism University and Family Assistance Programs</b>	<b>Gross</b>	<b>\$9,000,000</b>	<b>(\$6,500,000)</b>
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.	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> and <u>Senate</u> concur.			
<b>OFFICE OF SERVICES TO THE AGING</b>			
<b>30. Seniors – Ombudsman Fund Shift and Nursing Home Improvement</b>	<b>Gross</b>	<b>\$357,500</b>	<b>\$200,000</b>
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> and <u>Senate</u> concur.	Private	357,500	(157,500)
	GF/GP	\$0	\$357,500
<b>MEDICAL SERVICES ADMINISTRATION</b>			
<b>31. Transparency Database</b>	<b>Gross</b>	<b>\$0</b>	<b>\$300,000</b>
The <u>Senate</u> provides \$300,000 GF/GP to develop a transparency database. The funding is contingent upon enactment of enabling legislation.	GF/GP	\$0	\$300,000

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Senate Change</b>
<b>32. Medicaid Inspector General and Third Party Liability Efforts</b>	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).	<b>Gross</b>	<b>NA</b>	<b>(\$34,227,800)</b>
	Federal	NA	(22,627,800)
	GF/GP	NA	(\$11,600,000)
<b>MEDICAL SERVICES</b>			
<b>33. Health Insurance Claims Assessment (HICA) Rate Increase and Cap Removal</b>	<b>Gross</b>	<b>\$237,178,400</b>	<b>\$0</b>
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.	Restricted	237,178,400	0
	GF/GP	\$0	\$0
<b>34. Replacement of Medicaid Restricted Revenue with GF/GP</b>	<b>Gross</b>	<b>\$90,037,300</b>	<b>\$0</b>
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> and <u>Senate</u> concur.	Federal	5,900,000	(5,900,000)
	Restricted	84,137,300	(84,137,300)
	GF/GP	\$0	\$90,037,300
<b>35. Merit Award Trust Fund Offset</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
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.	Merit Awd	NA	40,000,000
	GF/GP	NA	(\$40,000,000)
<b>36. Graduate Medical Education (GME)</b>	<b>Gross</b>	<b>\$148,378,700</b>	<b>\$14,509,600</b>
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> restores the Executive Order 2015-5 reduction and does 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
<b>37. Special Rural Hospital Payments</b>	<b>Gross</b>	<b>\$29,019,200</b>	<b>\$5,803,800</b>
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> restores the Executive Order 2015-5 reduction and does 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
<b>38. Hospital QAAP Increase</b>	<b>Gross</b>	<b>NA</b>	<b>\$85,242,200</b>
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.	Federal	NA	55,918,900
	Restricted	NA	85,242,200
	GF/GP	NA	(\$55,918,900)
<b>39. Hospital Capital Cost Reimbursements</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
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.	Federal	NA	0
	GF/GP	NA	\$0

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Senate Change</b>
<b>40. OB/GYN Hospital Lump Sum Payment Elimination</b>	<b>Gross</b>	<b>\$11,027,300</b>	<b>\$0</b>
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> and <u>Senate</u> do not concur with elimination, retaining current funding for the payments.	Federal	7,233,900	0
	GF/GP	\$3,793,400	\$0
<b>41. Wayne State Psychiatric DSH Payment</b>	<b>Gross</b>	<b>\$5,605,900</b>	<b>(\$605,900)</b>
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.	GF/GP	\$5,605,900	(\$605,900)
<b>42. Value-Added DSH Pool</b>	<b>Gross</b>	<b>\$0</b>	<b>\$2,907,000</b>
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.	Federal	0	1,907,000
	GF/GP	\$0	\$1,000,000
<b>43. Primary Care Rate Annualization</b>	<b>Gross</b>	<b>\$72,547,900</b>	<b>\$24,182,600</b>
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> and <u>Senate</u> concur.	Federal	47,547,900	15,863,800
	GF/GP	\$25,000,000	\$8,318,800
<b>44. Hospice Room and Board</b>	<b>Gross</b>	<b>\$111,982,500</b>	<b>\$3,400,000</b>
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.	Federal	73,393,200	0
	GF/GP	\$38,589,300	\$3,400,000
<b>45. Healthy Kids Dental Services</b>	<b>Gross</b>	<b>NA</b>	<b>\$16,250,000</b>
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).	Federal	NA	10,660,000
	GF/GP	NA	\$5,590,000
<b>46. Adult Dental Services</b>	<b>Gross</b>	<b>NA</b>	<b>\$7,679,300</b>
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.	Federal	NA	5,037,600
	GF/GP	NA	\$2,641,700
<b>47. Ambulance QAAP</b>	<b>Gross</b>	<b>NA</b>	<b>\$40,000,000</b>
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.	Federal	NA	26,240,000
	Restricted	NA	17,223,700
	GF/GP	NA	(\$3,463,700)
<b>48. Dual Integrated Care Demonstration</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
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.	Federal	NA	0
	GF/GP	NA	\$0

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Senate Change</b>
<b>49. Adult Home Help Administrative Reimbursement Policy Savings</b>	<b>Gross</b>	<b>\$302,440,800</b>	<b>(\$2,300,000)</b>
The <u>House</u> and <u>Senate</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)
<b>50. Program of All-Inclusive Care for the Elderly (PACE) Expansion</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
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.	Federal	NA	0
	GF/GP	NA	\$0
<b>51. Medicaid Managed Care Pharmacy Coverage</b>	<b>Gross</b>	<b>NA</b>	<b>(\$48,771,800)</b>
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.	Federal	NA	(31,994,300)
	GF/GP	NA	(\$16,777,500)
<b>52. Medicaid Managed Care Laboratory Reimbursement Annualization</b>	<b>Gross</b>	<b>(\$4,352,900)</b>	<b>(\$27,437,100)</b>
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> and <u>Senate</u> concur.	Federal	(2,852,900)	(18,001,300)
	GF/GP	(\$1,500,000)	(\$9,435,800)
<b>53. Medicaid Managed Care Integration Savings</b>	<b>Gross</b>	<b>\$4,886,273,000</b>	<b>(\$19,405,300)</b>
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).	Federal	3,259,591,300	(12,729,900)
	Local	13,617,500	0
	Restricted	1,217,104,000	0
	GF/GP	\$395,960,200	(\$6,675,400)
<b>54. Medicaid Managed Care Use Tax Actuarial Soundness</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
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.	Federal	NA	0
	GF/GP	NA	\$0
<b>55. Medicaid Autism Services through Age 21</b>	<b>Gross</b>	<b>\$25,171,800</b>	<b>\$7,350,100</b>
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> and <u>Senate</u> concur.	Federal	16,497,500	4,821,700
	GF/GP	\$8,674,300	\$2,528,400
<b>ONE-TIME BASIS ONLY APPROPRIATIONS</b>			
<b>56. Eliminate Other One-Time Basis Appropriations</b>	<b>Gross</b>	<b>\$10,742,300</b>	<b>(\$10,492,200)</b>
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.	Federal	2,700,000	(2,700,000)
	Restricted	1,300,000	(1,300,000)
	GF/GP	\$6,742,300	(\$6,492,200)



## **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.

#### ***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 and Senate retain current law.

#### ***Sec. 282. Performance Metrics for Contracts – CURRENT LAW***

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.

#### ***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.

#### ***Sec. 290. Department Merger Status Report – NOT INCLUDED***

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.

### **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 retains 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 and Senate 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 does not include.

#### ***Sec. 498. State General Fund Distribution to CMHSPs – NOT INCLUDED***

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.

#### ***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 and Senate retain current law.

#### ***Sec. 507. Distribution of Non-Medicaid funds to CMHSPs – NEW***

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.

#### ***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.

### **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.

#### ***Sec. 654. School Children's Healthy Exercise Program – DELETED***

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.

## **Major Boilerplate Changes From FY 2014-15**

### **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 and Senate retain current law.

#### **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.

### **FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES**

#### **Sec. 1103. Report of Sexual and Maternal Health Demographics and Expenditures by Marital Status – DELETED**

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.

#### **Sec. 1107. Contract and Subcontract Restrictions for Family Planning Local Agreements State Funds – NOT INCLUDED**

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.

#### **Sec. 1139. Housing Rehabilitation and Hazard Abatement Program Task Force and Report – DELETED**

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.

### **WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM**

#### **Sec. 1151. Report on Access and Savings Regarding Generic Peanut Butter Purchasing Requirement - CURRENT LAW**

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.

### **CHILDREN'S SPECIAL HEALTH CARE SERVICES**

#### **Sec. 1205. Expansion of Telemedicine Capacity – CURRENT LAW**

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.

### **CRIME VICTIM SERVICES COMMISSION**

#### **Sec. 1302. Allocation of Funds for Forensic Nurse Examiner Programs – CURRENT LAW**

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.

### **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 adds 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 does not include.

#### **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.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 1730. Maternal Infant Health Literacy Assessment – NOT INCLUDED***

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.

### ***Sec. 1735. Ambulance Provider Quality Assurance Assessment – NOT INCLUDED***

House requires the Department and ambulance providers to explore the feasibility of implementing a quality assurance assessment (QAAP) for ambulance providers. Senate does not include.

### ***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.

### ***Sec. 1800. Medicaid Value Pool – CURRENT LAW***

Requires the Department to explore establishment of a Medicaid value 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.

### ***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.

### ***Sec. 1808. Third Party Collections – NEW***

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.

### ***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.

### ***Sec. 1811. Maternal Infant Health Program Integration – NEW***

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".

### ***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.

### ***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, and Senate delete.

### ***Sec. 1861. Nonemergency Medical Transportation Pilot Program – CURRENT LAW***

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.

### ***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.

**FY 2014-15 Supplemental Appropriations**

**1. *Healthy Michigan Plan (HMP) Cost Increases***

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.

	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2014-15 Senate Supplemental</b>
<b>Gross</b>	<b>\$2,651,022,800</b>	<b>\$0</b>
Federal	2,651,022,800	0
GF/GP	\$0	\$0