

**Summary: Executive Budget Recommendation
for Fiscal Year 2017-18
DEPARTMENT OF HEALTH AND HUMAN SERVICES**



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	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$13,513,700	\$13,640,900	\$127,200	0.9
Federal	17,905,772,200	18,351,244,100	445,471,900	2.5
Local	124,445,800	118,751,000	(5,694,800)	(4.6)
Private	154,259,300	149,873,300	(4,386,000)	(2.8)
Restricted	2,294,167,500	2,442,169,800	148,002,300	6.5
GF/GP	4,392,732,800	4,461,735,400	69,002,600	1.6
Gross	\$24,884,891,300	\$25,537,414,500	\$652,523,200	2.6
FTEs	15,600.5	15,620.5	20.0	0.1

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Health and Human Services (DHHS) was created in 2015 through the merger of the Department of Community Health and the Department of Human Services under Executive Order 2015-4. The DHHS budget includes programs and services to assist Michigan's most vulnerable families, including public assistance programs, protecting children and assisting families by administering foster care, adoption, and family preservation programs, and by enforcing child support laws, funding for behavioral health (mental health and substance use disorder), population health, aging, crime victim, and medical services programs, including Medicaid and the Healthy Michigan Plan.

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
MEDICAID AND BEHAVIORAL HEALTH - GENERAL		
1. Traditional Medicaid Cost Adjustments	Gross \$13,420,787,900	\$168,210,900
Provides increase of \$168.2 million Gross (\$120.1 million GF/GP) for traditional Medicaid program caseload, utilization, inflation, and financing adjustments of approximately 1.25% Gross. Total includes \$43.1 million GF/GP to offset decline in federal match rate from 65.15% to 64.78% due to relative growth in state's personal income. Also includes cost adjustment for the federal Medicare pharmaceutical clawback.	Federal 8,713,156,200 Local 47,005,700 Private 2,100,000 Restricted 1,884,179,700 GF/GP \$2,774,346,300	55,146,100 241,400 0 (7,245,300) \$120,068,700
2. Healthy Michigan Plan Cost Adjustments	Gross \$3,519,320,900	\$434,456,400
Provides increase of \$434.5 million Gross (\$80.2 million GF/GP) for Healthy Michigan Plan caseload, utilization, inflation, and financing adjustments of approximately 12% Gross. Total includes \$55.2 million GF/GP to offset the decline in the federal match rate from 96.25% to 94.25%.	Federal 3,388,487,600 Local 633,100 Restricted 119,599,800 GF/GP \$10,600,400	342,068,500 0 12,191,200 \$80,196,700
3. Actuarial Soundness Adjustments	Gross \$11,107,957,000	\$253,635,100
Includes \$253.6 million Gross (\$63.0 million GF/GP) to provide two actuarial soundness adjustments. First, \$86.6 million Gross (\$23.5 million GF/GP) to support a 1% actuarial soundness adjustment for Medicaid health plans, prepaid inpatient health plans (PIHPs), and Healthy Kids Dental. Second, \$167.0 million Gross (\$39.5 million GF/GP) to keep the Medicaid health plans actuarially sound for reinstatement of the Affordable Care Act (ACA) Insurer Fee.	Federal 8,441,473,400 Local 40,773,100 Restricted 1,352,921,900 GF/GP \$1,272,788,600	190,649,800 0 0 \$62,985,300
4. Medicaid Managed Care Use Tax Adjustments	Gross NA	(\$157,891,000)
Reduces \$157.9 million Gross (\$62.2 million GF/GP) to reflect, beginning January 1, 2017, discontinuation of Use Tax on Medicaid Managed Care Organizations (MCOs), associated actuarial soundness reimbursement payments to MCOs, and the Health Insurance Claims Assessment (HICA) increasing from 0.75% to 1.0%.	Federal NA HICA NA GF/GP NA	(116,240,400) 20,572,500 (\$62,223,100)

FY 2016-17 YTD
(as of 2/8/17)

Executive
Change
from YTD

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations

5. Health Insurance Claims Assessment Adjustments

Offsets \$129.9 million GF/GP with available HICA, of which \$59.0 million is from forecasted annual revenues including not having a HICA rebate to be paid out during FY 2017-18. The other \$70.9 million utilizes available year-end fund balance to offset GF/GP. Revenues are in addition to the \$20.6 million in HICA revenue from increasing the rate from 0.75% to 1.0% related to the discontinuation of the MCO Use Tax described in item #4. Total forecasted FY 2017-18 annual HICA revenue is \$331.3 million.

Gross	\$249,541,300	\$0
HICA	249,541,300	129,909,200
GF/GP	\$0	(\$129,909,200)

DEPARTMENTWIDE ADMINISTRATION

6. Integrated Service Delivery Project

Provides increase of 27.0 FTEs and \$8.2 million Gross (reduces \$177,700 GF/GP) to support Phase 2 of the Integrated Service Delivery project. Amount includes an additional \$45.1 million Gross (\$3.5 million GF/GP) in ongoing funding and removal of \$36.9 million Gross (\$3.7 million GF/GP) in one-time FY 2016-17 funding.

FTEs	15.0	27.0
Gross	\$43,230,500	\$8,167,300
Federal	38,907,500	8,345,000
GF/GP	\$4,323,000	(\$177,700)

7. Financial Operations Administration Staffing

Includes increase of \$1.8 million Gross (\$912,500 GF/GP) to add 19.0 FTEs to the Department's financial operations administration, including 9.0 for finance, accounting, budget, and grants, and 10.0 for SIGMA coordination and support. SIGMA is the Statewide Integrated Governmental Management Applications project underway to replace and improve the state's financial data system.

FTEs	494.0	19.0
Gross	\$57,728,700	\$1,824,900
TANF	9,090,400	0
Federal	24,527,200	912,400
Restricted	1,129,000	0
GF/GP	\$22,982,100	\$912,500

8. Economic Adjustments

Reflects increased costs of \$16.2 million Gross (\$9.0 million GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, building occupancy charges, food, fuel and utilities for facilities, other economic adjustments, and reduced costs for worker's compensation. Total includes economics increases of \$27.9 million Gross (\$13.8 million GF/GP) and removal of lump sum payment totaling \$11.7 million Gross (\$4.8 million GF/GP).

Gross	NA	\$16,186,500
IDG	NA	112,400
TANF	NA	1,852,700
Federal	NA	4,696,800
Local	NA	204,500
Private	NA	21,400
Restricted	NA	312,900
GF/GP	NA	\$8,985,800

9. Information Technology - MiSACWIS One-Time Funding

Eliminates one-time funding of \$11.5 million Gross (\$5.8 million GF/GP) for improvements to the Statewide Automated Child Welfare Information System (MiSACWIS). Ongoing funding is maintained for the system, and for continued implementation of court-ordered improvements for child welfare case monitoring.

Gross	\$11,538,600	(\$11,538,600)
Federal	5,769,300	(5,769,300)
GF/GP	\$5,769,300	(\$5,769,300)

HUMAN SERVICES

10. Public Assistance Caseload Adjustments

Reduces funding for public assistance programs by \$22.4 million Gross (\$4.6 million GF/GP) as follows:

- Family Independence Program (FIP) is reduced \$21.7 million Gross (\$4.0 million GF/GP) adjusting the monthly caseload estimate from 21,600 cases at \$376.81 per month to 17,000 cases at \$372.61 per month.
- State Disability Assistance (SDA) is reduced by \$131,400 Gross (\$73,100 GF/GP) adjusting the monthly caseload estimate from 4,500 cases at \$213.96 per month to 4,350 cases at \$218.82 per month.
- State Supplementation is reduced by \$562,600 GF/GP adjusting the monthly caseload estimate from 274,077 cases at \$18.93 per month to 271,600 cases at the same monthly rate.

Gross	\$171,482,200	(\$22,350,700)
Federal	54,285,100	(17,772,000)
Restricted	16,269,600	57,000
GF/GP	\$100,927,500	(\$4,635,700)

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
11. Child Welfare Caseload Adjustments	Gross \$619,918,000	(\$9,811,900)
Decreases funding for child welfare programs by \$9.8 million Gross (\$1.8 million GF/GP) as follows:	Federal 312,887,400	(8,561,100)
	Private 2,424,000	503,400
	Local 14,194,000	39,300
	GF/GP \$290,412,600	(\$1,793,500)
<ul style="list-style-type: none"> Foster care payments are increased by \$178,300 Gross (\$2.2 million GF/GP) from 5,907 cases at \$28,351 per year to 5,653 cases at \$30,655 per year. Adoption subsidies are reduced \$11.5 million Gross (\$5.3 million GF/GP) from 24,637 cases at \$735.83 per month to 23,457 cases at \$732.07 per month. The Child Care Fund is increased by \$993,000 GF/GP. Guardianship assistance payments are increased by \$851,100 Gross (\$305,500 GF/GP) from 1,162 cases at \$778.15 per month to 1,280 cases at \$761.82 per month. Family Support Subsidies remain funded at same level as FY 2016-17 with 6,360 cases at the same monthly rate of \$222.11. 		
12. Homeless Emergency Shelter Per Diem Rate	Gross \$15,721,900	\$3,744,800
Increases funding by \$3.7 million GF/GP to fund an increase to the per diem rate provided to emergency shelters from \$12 to \$16 per bed night. Adds boilerplate Sec. 453 directing that additional funding support the increase in the capacity of shelters to assist clients in applying for permanent housing and other social services.	Federal 7,102,600	0
	GF/GP \$8,619,300	\$3,744,800
13. Pathways to Potential Expansion	FTE NA	51.0
Includes additional 51.0 FTEs and \$5.6 million Gross (\$3.3 million GF/GP) to expand the Pathways to Potential program to additional school districts. The program places caseworkers in certain schools to help reduce absenteeism and help families obtain community resources; program is currently operating in 259 schools. Adds boilerplate Sec. 689 directing that low achieving schools and at-risk communities be prioritized.	Gross NA	\$5,640,000
	Federal NA	2,318,900
	GF/GP NA	\$3,321,100
14. Nutrition Education	FTE 2.0	0.0
Includes additional \$10.0 million federal funding authorization for nutrition education programs that provide educational services to help persons eligible to receive food assistance to improve their eating and lifestyle behaviors.	Gross \$23,042,700	\$10,000,000
	Federal 23,042,700	10,000,000
	GF/GP \$0	\$0
15. Adult Services Staffing Increase	FTE 425.0	95.0
Includes additional 95.0 FTE positions and \$11.3 million Gross (\$8.1 million GF/GP) in response to rising adult services caseloads. Adds boilerplate Sec. 851 directing that staffing ratios of adult protective services programs be improved to increase response times to help reduce risks for elderly and disabled adults.	Gross \$44,864,400	\$11,286,700
	Federal 30,579,700	3,189,500
	GF/GP \$14,284,700	\$8,097,200
16. Family Independence Program (FIP) Clothing Allowance Increase	Gross \$6,270,000	\$2,687,100
Includes additional \$2.7 million federal TANF funding to increase the annual clothing allowance for children who are FIP recipients from \$140 per child to \$200.	TANF 6,270,000	2,687,100
	GF/GP \$0	\$0
17. Centers for Independent Living Reduction	Gross \$12,031,600	(\$2,000,000)
Reduces funding by \$2.0 million GF/GP for Centers for Independent Living Centers which provide services to persons with disabilities.	Federal 8,451,000	0
	Private 10,000	0
	GF/GP \$3,570,000	(\$2,000,000)
18. Heat and Eat Program Continuance	Gross \$6,766,800	\$0
Maintains \$6.8 million GF/GP originally appropriated in FY 2016-17 in PA 340 of 2016 to fund the Heat and Eat program which provides energy assistance payments of \$20.01 to an estimated 338,173 Food Assistance Program (FAP) cases making them potentially eligible for additional FAP benefits.	GF/GP \$6,766,800	\$0
19. Multicultural Integration Funding	Gross \$13,303,800	\$2,000,000
Increases funding by \$2.0 million GF/GP to various multicultural organizations that provide social services programs to specific populations. Organizations receiving additional funding include: Arab Community Center for Economic and Social Services (ACCESS), Arab Chaldean Council (ACC), the Jewish Federation, and the Chaldean Community Foundation (CCF).	Federal 1,115,500	0
	GF/GP \$12,188,300	\$2,000,000

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)		Executive Change from YTD
20. Foster Care Administrative Rates Increase	Gross	NA	\$14,200,000
Increases funding by \$14.2 million Gross (\$6.8 million GF/GP) to increase administrative per diem rates paid to private foster care placing agencies and residential service providers. Rate increases are based upon a third-party cost analysis. The current general foster care rate would increase from \$45 to \$46.20. Independent living, trial reunification, and residential services rates would also be increased.	Federal	NA	5,290,000
	Local	NA	2,142,400
	GF/GP	NA	\$6,767,600
21. Foster Care Administrative Rates – Elimination of County Hold-Harmless Provision	Gross	NA	(\$8,000,000)
Reduces state funding by \$8.0 million GF/GP to recognize the savings to the state of rescinding the county hold-harmless provision that required DHHS to pay 100% of the foster care administrative rates to private agencies for all new cases beginning October 1, 2013 and 100% of the recent rate increases. Restores 50/50 cost sharing model and requires counties to pay 50% of all administrative rates for private foster care placing agencies and residential service providers beginning in FY 2017-18.	GF/GP	NA	(\$8,000,000)
22. Foster Parent Support and Michigan Youth Opportunities Initiative (MYOI) Expansion	FTE	NA	11.0
Includes 11.0 additional FTE positions and \$3.6 million Gross (\$2.8 million GF/GP) to fund the expansion of programs to support foster care parents and the MYOI program. Funding would support 10 additional MYOI coordinators and expand the program, which provides services to youth aging out of foster care, to all 83 counties; includes support for one statewide foster care recruitment supervisor. Adds boilerplate Sec. 594 directing that funding support five Regional Resource Teams to help recruit and retain qualified foster parents.	Gross	NA	\$3,591,400
	Federal	NA	783,500
	GF/GP	NA	\$2,807,900
23. Juvenile Justice Facilities Staffing Increase	FTE	84.0	10.0
Includes additional 10.0 FTEs and \$924,000 Gross (\$462,000 GF/GP) to comply with new minimum staffing requirements mandated by the federal Prison Rape Elimination Act (PREA). In order to comply, both state juvenile facilities, Shawono and Bay Pines, require 5.0 additional FTEs.	Gross	\$9,954,700	\$924,000
	Federal	220,300	0
	Local	5,377,900	462,000
	GF/GP	\$4,356,500	\$462,000
24. Family Preservation Programs – One-Time funding	FTE	1.0	(1.0)
Eliminates one-time funding of \$6.1 million federal TANF and the related 1.0 FTE for Family Preservation Programs; ongoing funding for Family Preservation Programs is maintained at current-year funding and staffing levels.	Gross	\$6,098,200	(\$6,098,200)
	Federal	6,098,200	(6,098,200)
	GF/GP	\$0	\$0
25. FTE Adjustments	FTE	NA	(31.0)
Eliminates 88.0 FTE authorizations in the following three line items to align FTE authorizations with the amount of funding available to support the positions: Child Welfare Field Staff – Caseload Compliance (50.0), Family Preservation Programs (10.0), and 29 FTEs added to Public Assistance Field Staff.	Gross	NA	\$0
	GF/GP	NA	\$0
26. Donated Funds Positions FTE Reduction	FTE	538.0	(250.0)
Eliminates 250.0 FTE authorizations from the Donated Funds Positions line item to better align FTE authorizations with the amount of currently-filled positions and the funding available to support those FTEs. Reduces funding by \$28.3 million Gross (\$0 GF/GP).	Gross	\$60,878,700	(\$28,300,000)
	IDG	238,900	0
	Federal	31,152,400	(14,152,400)
	Private	18,420,200	(5,309,900)
	Local	11,067,200	(8,837,700)
	GF/GP	\$0	\$0
27. Capped Federal Revenues Fund Source	Gross	NA	\$0
Rolls the "Capped Federal Revenues" fund source into the general "Total Federal Revenues" fund source.	Federal	NA	0
	GF/GP	NA	\$0
BEHAVIORAL HEALTH			
28. Direct Care Wage Increase	Gross	NA	\$45,000,000
Increases Medicaid mental health funding \$45.0 million Gross (\$14.2 million GF/GP) to provide a \$0.50 per hour increase for direct care workers. A FY 2015-16 legislative boilerplate report directed DHHS to review current challenges of recruiting and retaining direct care staff, and one of the findings was uncompetitive wages compared to other available entry-level wages.	Federal	NA	30,838,500
	GF/GP	NA	\$14,161,500

FY 2016-17 YTD
(as of 2/8/17)

Executive
Change
from YTD

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations

29. State Psychiatric Hospital Staffing Enhancement FTEs 1,613.6 72.0
Provides \$7.2 million Gross (\$4.9 million GF/GP) to increase state psychiatric hospital
staffing by 72.0 FTEs. Amount reflects a 3.4% increase in Gross appropriations. **Gross \$208,960,000 \$7,173,200**

Federal 34,738,400 2,308,900
Local 14,685,300 0
Restricted 17,633,000 0
GF/GP \$141,903,300 \$4,864,300

30. Mental Health and Wellness Commission **Gross \$17,030,000 \$3,750,000**
Increases Mental Health and Wellness Commission allocation by \$3.8 million Gross
(\$1.3 million GF/GP) for the Transition Unit for children residing at the Hawthorn
Center state psychiatric hospital for children. Federal 8,925,000 2,458,000
GF/GP \$8,105,000 \$1,292,000

31. Medical Marijuana Regulatory Revenue **Gross \$0 \$3,263,200**
Recognizes \$1.4 million in restricted medical marijuana regulatory revenue to
increase access to substance use disorder prevention, treatment, and education
programming. Assumes some programs would be eligible for federal matching funds. Federal 0 1,839,300
Restricted 0 1,423,900
GF/GP \$0 \$0

32. Civil Service Charges **Gross \$1,499,300 (\$1,100,000)**
Reduces civil services charges line within behavioral health services unit \$1.1 million
GF/GP, funding is transferred into Civil Services unit within Department of
Technology, Management, and Budget. GF/GP \$1,499,300 (\$1,100,000)

POPULATION HEALTH

33. Flint Drinking Water and Lead Exposure Emergency FTE 0.0 4.5
Reduces funding for assistance to residents exposed to lead in the City of Flint by
\$1.8 million Gross (\$8.1 million GF/GP). One-time funding of \$13.4 million Gross
(\$1.0 million GF/GP) and 4.5 FTEs are provided for food and nutrition services, health
services at child and adolescent health centers and schools, water filter cartridges
and filter replacements, and additional supports and services. Restricted funding
provided is primarily Healthy Michigan Fund and includes \$100 of the Drinking Water
Declaration of Emergency Reserve Fund. **Gross \$15,138,100 (\$1,776,400)**
TANF 3,520,000 (20,000)
Federal 2,050,000 (2,050,000)
Restricted 473,900 8,387,800
GF/GP \$9,094,200 (\$8,094,200)

34. Lead Poisoning Elimination Recommendations **Gross \$0 \$2,000,000**
Includes \$2.0 million GF/GP as one-time funding toward implementation of over 80
recommendations of the Childhood Lead Poisoning Elimination Board, created as a
two-year advisory commission under Executive Order 2016-9. GF/GP \$0 \$2,000,000

35. Continuation of Public Health and Lead Abatement Expansions FTEs 24.0 19.5
Provides \$2.9 million Gross increase (reduction of \$1.3 million GF/GP) and 19.5 FTE
increase from year-to-date appropriations to annualize and continue the following
new initiatives: vapor intrusion response program funded at \$2.2 million GF/GP,
drinking water, childhood lead testing, toxicology and response, and public health
staff enhancements funded at \$4.2 million Gross (\$0 GF/GP), and increased lead
abatement of homes initially focusing on Flint, funded at \$23.5 million from available
federal grants. Funding for these programs was initiated in the FY 2016-17
supplemental Act 340 of 2016. New related boilerplate sections providing outcomes
and metrics are included in Sec. 1180 and 1181. **Gross \$26,987,700 \$2,854,600**
Federal 23,470,000 10,000
Restricted 0 4,178,500
GF/GP \$3,517,700 (\$1,333,900)

36. Public Health Dental Clinics **Gross \$1,550,000 (\$1,550,000)**
Removes \$1.5 million GF/GP for local health departments partnering with nonprofit
dental providers for dental services, and removes related Sec. 1229 boilerplate.
Funding was new in FY 2016-17. GF/GP \$1,550,000 (\$1,550,000)

37. Population Health Federal Grant Adjustments **Gross NA \$8,400,000**
Recognizes \$8.4 million of additional public health federal funds including new
violence prevention grants of \$1.0 million, increase in local reimbursements for
Medicaid outreach totaling \$3.5 million, local health services increase of \$1.5 million,
and chronic disease prevention increase of \$2.4 million. The last two adjustments
are from increased Preventive Health and Health Services Block Grant funds. Federal NA 8,400,000
GF/GP NA \$0

38. Alternative Pregnancy and Parenting Support Program **Gross \$400,000 (\$350,000)**
Reduces funding by \$350,000 Gross (\$50,000 GF/GP increase) for alternative
pregnancy and parenting support program which promotes childbirth and alternatives
to abortion, returning the program to \$50,000 GF/GP funding level of FY 2015-16. TANF 400,000 (400,000)
GF/GP \$0 \$50,000

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations

AGING AND ADULT SERVICES AGENCY

39. Senior In-Home Services	Gross	\$8,024,300	\$2,053,400
Provides increase of \$2.1 million GF/GP for senior in-home services. Together with a FY 2016-17 increase, the program funding will meet demand as of September 30, 2016, including waiting lists. YTD shown is in-home services only in the Aging Community Services line item.	GF/GP	\$8,024,300	\$2,053,400

40. Senior Meals and Nutrition Services	Gross	\$39,044,000	\$3,210,200
Provides increase of \$1.5 million GF/GP for senior home-delivered meals to bring the program funding to a level that will meet demand as of September 30, 2016, including waiting lists. Federal grant increases totaling \$1.7 million for senior meals services are also recognized.	Federal	27,657,000	1,700,000
	Private	300,000	0
	GF/GP	\$11,087,000	\$1,510,200

MEDICAL SERVICES

41. Special Hospital Payments	Gross		NA (\$217,645,100)
Reduces quality assurance assessment program (QAAP)-funded special hospital payments a total of \$217.6 million Gross (\$20.3 million GF/GP) based on Hospital Rate Adjustment (HRA) reducing by \$47.9 million Gross (\$42.8 million GF/GP) and the Medicaid Access to Care Initiative (MACI) reducing by \$169.7 million Gross (increasing \$22.4 million GF/GP).	Federal		NA (151,922,800)
	Restricted		NA (45,382,500)
	GF/GP		NA (\$20,339,800)

42. Medicaid Non-Emergency Medical Transportation Broker Expansion	Gross		NA \$12,032,000
Includes \$12.0 million Gross (\$3.4 million GF/GP) to expand the Medicaid non-emergency medical transportation broker program into additional counties. Program is currently available in Macomb, Oakland, and Wayne counties. Counties without a broker program rely on local DHHS field staff workers to coordinate non-emergency medical transportation.	Federal		NA 8,599,500
	GF/GP		NA \$3,432,500

43. Ambulance QAAP	Gross	\$44,112,000	\$10,290,000
Includes \$10.3 million Gross (\$0 GF/GP) to add QAAP-funded supplemental Healthy Michigan Plan ambulance payments. Current year only included traditional Medicaid in the supplemental payment calculation. Also assumes implementation of Ambulance QAAP by April 1, 2017, which is noted below in the FY 2016-17 supplemental summary.	Federal	32,312,400	9,698,400
	Restricted	15,665,200	591,600
	GF/GP	(\$3,865,600)	\$0

44. New Nursing Facility Quality Pool	Gross	\$1,658,317,700	\$73,000,000
Creates a new QAAP-funded nursing facility quality pool totaling \$73.0 million Gross (reduces \$8.2 million GF/GP in state retainer savings). Adds boilerplate Sec. 1646 directing these new payments to support and reward improvements in outcomes for nursing facility patients and residents.	Federal	1,069,171,700	47,289,400
	Local	6,618,800	0
	Private	2,100,000	0
	Restricted	271,352,900	33,954,300
	GF/GP	\$309,074,300	(\$8,243,700)

45. Program of All-inclusive Care for the Elderly (PACE) Expansion	Gross	\$87,874,800	\$19,966,400
Adds \$20.0 million Gross (\$7.0 million GF/GP) to support enrollment increases within existing programs and for two new PACE sites in Newaygo County and in central Michigan. Increase is offset from assumed long-term care savings for a net \$0 budget adjustment.	Federal	57,250,400	12,934,200
	GF/GP	\$30,624,400	\$7,032,200

46. Medical Services Program Reductions	Gross		NA (\$10,427,500)
Reduces a total of \$10.4 million Gross (\$6.3 million GF/GP) by eliminating Authority Health GME (\$2.8 million Gross), Dental rate increase for pregnant Medicaid beneficiaries (\$2.7 million Gross), University of Detroit dental clinic (\$2.0 million Gross), Medicaid health plan immunization grant (\$1.5 million Gross), and by reducing Wayne State Psychiatric (\$1.4 million Gross).	Federal		NA (4,176,000)
	GF/GP		NA (\$6,251,500)

47. Other State Restricted Revenue Adjustments	Gross		NA \$0
Revises the following three restricted funds based on projected available revenues for a net increase of \$3.5 million, which is used to offset a like amount of GF/GP:	Restricted		NA 3,529,000
	GF/GP		NA (\$3,529,000)

- Increases Merit Award Trust Fund \$25.3 million.
- Increases Healthy Michigan Fund \$9.6 million.
- Reduces Medicaid Benefits Trust Fund \$31.4 million.

Major Boilerplate Changes From FY 2016-17

Executive Boilerplate Deletions

The Executive Budget Recommendation deletes a significant amount of boilerplate language included in the FY 2016-17 budget. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections proposed to be deleted.

GENERAL SECTIONS

Sec. 222. Notification and Report of Policy Changes - REVISED

Deletes subsection (1) which requires the Department's policy and procedures manual to be available on the DHHS website.

Sec. 231. Travel Reimbursement to Local County Board Members and Directors - DELETED

Allocates up to \$100,000 to reimburse counties for out-of-pocket travel costs of local county department board members and directors to attend one meeting each year of the Michigan County Social Services Association.

Sec. 252. Appropriations for Healthy Michigan Plan - DELETED

Specifies that appropriations for the Healthy Michigan Plan (HMP) are contingent upon 2013 PA 107 not being amended, repealed, or otherwise altered to eliminate the HMP. Also specifies that if any of those actions occur, the remaining funds in the HMP line items shall be used only to pay for previously incurred costs.

Sec. 274. Capped Federal Funds and Maintenance of Effort - REVISED

Deletes subsection (2) which directs that capped federal funds shall not be used for economics adjustments in the Governor's proposed budget, and subsection (3) which requires report on funding that meets TANF maintenance of effort funding requirement. *NOTE: Governor indicated subsection (2) considered unenforceable in his signing letter for enacted FY 2016-17 budget.*

Sec. 288. Services and Administrative Limitations for New Contracts - DELETED

Requires that after the first year of a contract, no less than 90% of a contract supported solely from state restricted or general fund/general purpose funds and designated for a specific entity for the purpose of providing services to individuals be expended for those services; allows DHHS to make exceptions; and requires a report by September 30 on the rationale for all exceptions and the number of contracts terminated due to violations.

Sec. 291. E-Verify - DELETED

Requires DHHS to use the E-Verify system to confirm that new employees and new employees of contractors and subcontractors paid from the appropriations in Part 1 are legally present in the United States.

Sec. 298. Behavioral Health Integration – REVISED

Replaces current language which requires DHHS to work with a workgroup to make recommendations on policy and financing to improve coordination of Medicaid behavioral health and physical health services, including goals, a detailed plan, annual benchmarks, and requiring legislative authorization for certain funding changes. New language directs DHHS to continue working with stakeholders to improve coordination of publicly funded behavioral health and physical health services, which must be built upon the published core values previously agreed upon by the Sec. 298 workgroup, including person-centered planning.

CHILDREN SERVICES – CHILD WELFARE

Sec. 511. Physical and Mental Health Assessment Report – DELETED

Requires DHHS to track the number and percentage of foster children who received physical and mental health assessments; requires semiannual reports.

Sec. 519. Treatment Foster Care – DELETED

Requires DHHS to permit private agencies with existing contracts to provide treatment foster care services.

Sec. 532. Licensing and Contract Compliance Review – DELETED

Requires collaboration between DHHS and representatives of private child and family agencies to revise and improve contract compliance and licensing review processes, requires report; restricts licensing reviews to no more than once every four years for nationally-accredited organizations with no outstanding violations.

Sec. 537. Residential Bed Space Standards and Preferences – DELETED

Directs DHHS to collaborate with child caring institutions to develop a strategy to implement MCL 400.115o, which restricts out-of-state placements of youth and restricts placements of youth in state administered facilities over comparable private provider facilities; requires report.

Sec. 540. Psychotropic Medication For Youth in Out-of-Home Placements – DELETED

Requires DHHS to determine within 7 days whether to change prescribed psychotropic medication for state wards if the physician or psychiatrist treating the youth determines that the medication should be changed, to seek parental consent within 7 business days for a temporary court ward, or to petition the court on the eighth business day if parental consent is not provided.

Major Boilerplate Changes From FY 2016-17

Sec. 546. Foster Care Agency Administrative Rates – REVISED

Establishes foster care administrative rate of \$37 for private child placing agencies under contract with DHHS; establishes general independent living administrative rate of \$28; requires payments for independent living plus services at the statewide per diem; increases administrative rate for foster care services by \$8, provided the county match rate is eliminated for this increase; requires increase to each private provider of residential services, provided that the county match rate is eliminated. Executive revises language to set the general foster care rate, independent living rate, and trial unification services rate all at \$46.20; strikes language requiring \$8.00 administrative rate increase to private foster care providers and language requiring an increase to private residential providers.

Sec. 558. Child Welfare Training Institute Report – DELETED

Requires DHHS to maximize use of training programs or courses provided through the Child Welfare Training Institute (CWTI) and requires courses be made available to employees of private service providers; requires DHHS to conduct a workgroup on reducing the required amount of centralized CWTI training class time; requires report on workgroup findings; requires report on number of programs and courses provided and the annual cost for each.

Sec. 562. Time and Travel Reimbursements for Foster Parents – DELETED

Requires DHHS to provide time and travel reimbursements for foster parents who transport foster children to parent-child visitation; requires reimbursement within 60 days.

Sec. 564. Parent-Child and Parent-Caseworker Visitations – DELETED

Requires DHHS to develop policy for parent-child visitations, requires local offices to meet a 50% success rate, after accounting for factors outside of the caseworker's control; requires caseworkers to achieve a success rate of 65% for parent-caseworker visitations, after accounting for factors outside of the caseworker's control; requires report.

Sec. 567. Medical Passports – REVISED

Requires foster care caseworkers to complete medical passports and requires medical passport to be transferred within 2 weeks from date of placement or return home; requires report. Executive deletes language that requires medical passports be transferred within 2 weeks of placement or return home.

Sec. 568. Adoption Subsidy Negotiations – DELETED

Requires DHHS to pay a minimum adoption subsidy rate that is not less than 95% of the family foster care rate, including the determination of care rate; states that state statute amended subsequent to this act shall control.

Sec. 569. Private Agency Adoption Completion Payment Rate – DELETED

Requires DHHS reimburse private child placing agencies that complete adoptions at the rate according to the date in which the petition for adoption and required support documentation was accepted by the court and not according to the date the court's order placing for adoption was entered.

Sec. 589. Payment of Foster Care Administrative Rate – REVISED

Requires DHHS to pay 100% of the administrative rate for all new cases referred to foster care services providers beginning October 1, 2013; requires monthly report on number of cases supervised by private agencies and by DHHS. Executive deletes language requiring DHHS to pay 100% of the administrative rates.

PUBLIC ASSISTANCE

Sec. 602. Multiple Disability Applications – DELETED

Requires DHHS to conduct a full evaluation of an individual's assistance needs if the individual has applied for disability more than 1 time within a 1-year period.

Sec. 625. Legal Services Association of Michigan – DELETED

Permits DHHS to contract with Legal Services Association of Michigan to provide assistance to individuals who have applied or wish to apply for federal disability benefits.

Sec. 630. Family Independence Program (FIP) Suspicion-Based Drug Testing Pilot Program – DELETED

Requires DHHS to implement a suspicion-based drug testing pilot program for FIP recipients.

Sec. 669. Annual FIP Clothing Allowance – REVISED

Allocates \$6.3 million for children's annual clothing allowance for all eligible children in FIP groups. Executive revises language to allocate \$9.0 million funding.

CHILDREN SERVICES – JUVENILE JUSTICE

Sec. 701. Residential Facility Contracts – DELETED

Unless required from changes to federal or state law or at the request of a provider, prohibits signed contracts with private residential facilities to be altered without written consent from a representative of the private residential facility.

Sec. 721. Residential Facility of Last Resort – DELETED

If demand exceeds capacity at state-operated facilities, requires DHHS to post a request for proposals to contract with not less than 1 private provider to be a residential facility of last resort instead of increasing available occupancy at state-operated facilities.

Major Boilerplate Changes From FY 2016-17

FIELD OPERATIONS AND SUPPORT SERVICES

Sec. 850. Out-Stationed Eligibility Specialists – REVISED

Requires DHHS to maintain out-stationed eligibility specialists in community-based organizations, community mental health agencies, nursing homes, and hospitals unless the location requests the program discontinued. Executive deletes language that requires that if a request for donated funds positions is denied, DHHS must provide the federal statute or regulation supporting a denial, if requested, as well as language that states if there is no federal statute or regulation supporting the denial, DHHS shall grant the position request.

BEHAVIORAL HEALTH SERVICES

Sec. 911. Jail Diversion Services for Persons with Mental Illness or Developmental Disability - DELETED

Requires DHHS to ensure that each contract with a CMHSP or PIHP requires the CMHSP or PIHP to implement programs to encourage diversions for individuals with serious mental illness, serious emotional disturbance, or developmental disability from possible jail incarceration; requires each CMHSP or PIHP to have jail diversion services and work toward establishing relationships with local law enforcement agencies.

Sec. 912. Salvation Army Harbor Light Program - DELETED

Requires DHHS to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services, if program meets standard of care.

Sec. 928. Capitation Rates Increase for PIHPs - DELETED

Requires PIHPs to provide local funds from internal resources that can be used as a source for the state match required under the Medicaid program in order to increase capitation rates for PIHPs; states legislative intent that any lapses from Medicaid mental health services be redistributed to CMHSPs as a reimbursement for these local funds.

Sec. 941. Medicaid Spenddown Allocation - DELETED

Allocates no less than \$3.0 million to CMHSPs for costs related to Medicaid spenddown beneficiaries having to satisfy monthly deductible requirements.

Sec. 994. National Accreditation Review Criteria for Behavioral Health Services - DELETED

Requires DHHS to consider a CMHSP, PIHP, or subcontracting provider agency that is reviewed and accredited by a national accrediting entity for behavioral health care services to be in compliance with state program review and audit requirements, contingent upon federal approval; requires a report that lists each CMHSP, PIHP, and subcontracting provider agency that is considered in compliance with state requirements; requires DHHS to continue to comply with state and federal law not initiate an action by negatively impacts beneficiary safety; defines "national accrediting entity."

Sec. 997. Distribution of Substance Use Disorder Block Grant Funds - DELETED

Requires population data from the most recent federal census be used in determining the distribution of substance use disorder block grant funds.

Sec. 1057. Hawthorn Center and Caro Center Evaluation - DELETED

Requires DHHS to evaluate the condition of the Hawthorn Center and Caro Center, to evaluate the cost effectiveness of improvements, and to recommend improvements.

HEALTH POLICY

Sec. 1140. Free Health Clinic Funding - DELETED

Allocates \$250,000 to free health clinics from the funds appropriated for primary care services. Requires DHHS to distribute funds equally to each free health clinic. Defines free health clinic as a nonprofit organization that uses volunteer health professionals to provide care to uninsured individuals.

Sec. 1150. Opioid Fraud Collaboration - DELETED

Requires DHHS to coordinate with other state departments, law enforcement, and Medicaid health plans to reduce fraud related to opioid prescribing within Medicaid, and to address other prescription drug and opioid abuse issues; requires a report by October 1.

Sec. 1151. Opioid Addiction Treatment Education Collaboration - DELETED

Requires DHHS to coordinate with other state departments, law enforcement, and Medicaid health plans to work with substance use disorder providers to inform Medicaid beneficiaries of medically appropriate opioid addiction treatment options when an opioid prescription is completed, and to address other prescription drug and opioid abuse issues; requires a report by October 1.

FAMILY, MATERNAL, AND CHILD HEALTH

Sec. 1340. National Brand Peanut Butter as Approved WIC Food Item - DELETED

Requires the Women, Infants, and Children Special Supplemental Food and Nutrition program (WIC) to include national brand peanut butter on the list of approved food basket items for WIC participant purchase.

Major Boilerplate Changes From FY 2016-17

MEDICAL SERVICES

Sec. 1724. Injectable Drugs for Respiratory Syncytial Virus - DELETED

Requires DHHS to allow pharmacies to purchase injectable drugs for treatment of respiratory syncytial virus for shipment to physician's offices.

Sec. 1757. Medicaid Applicant's Legal Residence - DELETED

Requires DHHS to require Medicaid applicants to prove that they are residing legally in the United States and that they are residents of Michigan.

Sec. 1805. Graduate Medical Education (GME) Quality Data - REVISED

Requires hospitals receiving GME payments to submit quality data utilizing consensus-based nationally endorsed standards to be posted on a public website, lists specific quality reporting information, and requires hospitals to also post quality data on the hospital's website. Revised language adds requirement to withhold 25% of a hospital's GME payment if the hospital does not submit the required data by January 1, 2018.

Sec. 1806. Common Formulary for Medicaid Health Plans - DELETED

Allows DHHS to establish performance standards to measure implementation progress of a common formulary; requires that ongoing implementation of the common formulary consider DHHS's preferred drug list; allows health plans to use evidence-based utilization management techniques in the implementation of the common formulary; requires health plans and DHHS to continue to emphasize the value of increased e-prescribing and electronic medical records.

Sec. 1820. Recognition of Medicaid Health Plan Accreditation - DELETED

Requires DHHS to give consideration to Medicaid health plan accreditation when establishing compliance with state program review criteria or audit requirements; requires DHHS continue to comply with federal and state laws and not initiate any action that negative impacts beneficiary safety; defines term "national accrediting entity"; requires progress report on implementation of section.

Sec. 1862. Obstetrical Rates - DELETED

Requires DHHS to maintain obstetrical service payment rates at 95% of Medicare levels effective October 1, 2014.

Sec. 1875. Prior Authorization for Certain Drugs - DELETED

Applies prior authorization prohibition to DHHS and its contractual agents for psychotropic medications, drugs for the treatment of epilepsy/seizure disorder, or drugs for organ transplant therapy, if those drugs were either carved out or not subject to prior authorization procedures as of May 9, 2016, defines "prior authorization".

		FY 2016-17 Recommendation
<u>Supplemental Recommendations for FY 2016-17 Appropriations</u>		
1. Traditional Medicaid Cost Adjustments		Gross (\$79,698,300)
Includes reduction of \$79.7 million Gross (\$30.5 million GF/GP) for traditional Medicaid program caseload/utilization/inflation, and financing adjustments. Total includes \$15.4 million GF/GP increase to offset decline in disproportionate share hospital (DSH) payment savings.	Federal	(36,140,000)
	Restricted	(13,087,400)
	GF/GP	(\$30,470,900)
2. Healthy Michigan Plan Cost Adjustments		Gross \$298,448,500
Provides increase of \$298.4 million Gross (\$11.2 million GF/GP) for Healthy Michigan Plan caseload/utilization/inflation adjustments. Gross increase is due to caseload increasing from approximately 600,000 beneficiaries to approximately 640,000 beneficiaries.	Federal	287,256,700
	GF/GP	\$11,191,800
3. Public Assistance Caseload Adjustments		Gross (\$11,172,400)
Reduces public assistance programs by \$11.2 million Gross (\$635,700 GF/GP) for caseload adjustments.	Federal	(10,478,400)
	Restricted	(58,300)
	GF/GP	(\$635,700)
4. Child Welfare Caseload Adjustments		Gross (\$4,533,000)
Reduces child welfare programs by \$4.5 million Gross (increase of \$41,600 GF/GP) for caseload adjustments; also includes a fund source shift of TANF and GF/GP for an increase of \$9.6 million GF/GP.	Federal	(14,684,300)
	Private	508,000
	Local	61,700
	GF/GP	\$9,581,600
5. Special Hospital Payments		Gross (\$187,160,100)
Reduces special hospital payments a total of \$187.2 million Gross (\$20.0 million GF/GP) based on the Hospital Rate Adjustment (HRA) reducing by \$17.5 million Gross (\$42.7 million GF/GP) and the Medicaid Access to Care Initiative (MACI) reducing by \$169.7 million Gross (increasing \$22.7 million GF/GP).	Federal	(118,470,000)
	Restricted	(48,667,500)
	GF/GP	(\$20,022,600)

Supplemental Recommendations for FY 2016-17 Appropriations

**FY 2016-17
Recommendation**

6. Ambulance Quality Assurance Assessment Program (QAAP) Implementation Delay	Gross	(\$16,911,000)
Reduces QAAP-funded supplemental ambulance payments \$16.9 million Gross (\$0 GF/GP) assuming the ambulance QAAP will be implemented by April 1, 2017 rather than at the start of FY 2016-17. The state retainer savings are also adjusted for partial year implementation, requiring an additional \$1.9 million GF/GP.	Federal	(11,204,100)
	Restricted	(7,639,700)
	GF/GP	\$1,932,800
7. Healthy Michigan Plan Health Initiatives	Gross	\$0
Increases \$846,400 GF/GP to replace reduction of \$846,400 in federal matching funds from 96.25% to 50% for two legislative boilerplate initiatives relating to Healthy Michigan Plan health initiative outreach (Sec. 228) and Healthy Michigan Plan measurable health outcomes demonstration project (Sec. 1876). Funding is not included in the FY 2017-18 Executive Recommendation.	Federal	(846,400)
	GF/GP	\$846,400
8. Healthy Michigan Plan Nursing Facility QAAP	Gross	\$5,000,000
Creates a \$5.0 million Gross (\$0 GF/GP) QAAP-funded nursing facility supplemental payment within Healthy Michigan Plan.	Federal	4,812,500
	Restricted	187,500
	GF/GP	\$0
9. Special Medicaid Reimbursements	Gross	\$23,299,200
Increases special Medicaid reimbursements by \$23.3 million Gross (\$0 GF/GP) for Specialty Network Access Fee (SNAF), physician adjustor payments, dental adjustor payments, and the state psychiatric DSH payment based on projected costs. Amount reflects adjustments for both traditional Medicaid and Healthy Michigan Plan. GF/GP is not used as state matching funds for these special Medicaid reimbursements.	Federal	41,115,600
	Local	(2,374,300)
	Restricted	(15,442,100)
	GF/GP	\$0