

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA



BILL ANALYSIS

Telephone: (517) 373-2768
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 964 (Draft 2 as reported)

Committee: Appropriations

FY 1999-2000 Year-to-Date Gross Appropriation	\$8,157,654,800
Changes from FY 1999-2000 Year-to-Date:	
1. Medicaid Match Rate. The Federal Medicaid match rate increases from 55.11% to 56.18% in FY 2000-01, producing a \$64,481,600 GF/GP savings.	0
2. Community Mental Health Adjustments. The Senate Subcommittee bill shifts responsibility for psychotropic pharmaceutical costs to the State, with an increase of \$4.5 million in Federal match earned. The bill also concurs with the Executive's proposal to cover the mental health costs of retroactive Medicaid eligibles on a fee-for-service rather than a capitated basis. The Subcommittee, however, assumes less Gross savings than did the Executive, and provides a one-time \$125 per eligible served administrative fee.	(5,682,600)
3. Healthy Michigan Fund (HMF) and Related Issues. The Subcommittee includes all of the Executive's new initiatives. However, two of those initiatives are financed with carryforward tobacco settlement revenue rather than HMF. One other Executive HMF initiative is financed by the Subcommittee with GF/GP. The Subcommittee uses HMF to cover multicultural primary care services as well as an expansion of teen center funding. Finally, the Subcommittee assumes \$550,000 in Federal money for the Executive's stroke and colorectal cancer initiatives.	3,250,000
4. Local Public Health. The Subcommittee concurs with the Executive's 3% increase.	1,196,200
5. Medicaid Base Funding and Special Financing. The Subcommittee concurs with the Executive's base adjustments for Medicaid, including the Children's Special Health Care Services program. The Subcommittee also concurs with the Executive's adjustments (totaling \$63,209,200 Gross) to so-called Medicaid "special financing".	71,778,400
6. Home/Community Based Waiver Expansion. The Subcommittee includes funding for expansion of the Home and Community Based Waiver program from 9,000 slots to 15,000 slots.	53,652,000
7. Medicaid Reimbursement Rate Increases. The Subcommittee concurs with the Executive's 4% increases for most Medicaid services, among them long term care and hospital inpatient services. The Subcommittee also includes funding to cover an 11% increase in Medicaid rates paid to physicians and for outpatient hospital services.	133,373,100
8. Economic Adjustments. Standard economic adjustments are applied consistent with factors applied to all budgets, including a 2.5% increase for unclassified salaries.	25,387,600
9. Other Changes. The net change due to other changes results in a slight negative adjustment to the budget.	(528,400)
10. Comparison to Governor's Recommendation. The Senate Subcommittee bill is at the Governor's level of GF/GP appropriations, but exceeds the Governor's Gross budget by \$42,494,500.	
Total Changes	\$ 282,426,300
FY 2000-01 Senate Appropriations Subcommittee Gross Appropriation	\$8,440,081,100

Changes from FY 1999-2000 Year-to-Date:

1. **Intent Language.** The Subcommittee includes language stating the Senate's intent that additional funding for Senior Volunteer Services, Parkinson's Disease programming, and Centers for Independent Living be considered should additional funding be available. (Sec. 224)
2. **Income Limit on Mental Health Services.** The Subcommittee increases the income limit that must be exceeded before recipients may be charged for mental health services from \$9,000 to \$10,000. (Sec. 303)
3. **Community Mental Health (CMH) Language.** The Subcommittee includes language that bars the State from implementing a bid-out of managed care mental health services in FY 2000-01, adds language requiring any competitive bid plan to be submitted to the Senate and House Subcommittees for approval, and deletes language permitting implementation of a bid-out pilot project if the Federal government approves. The Subcommittee also includes language stating that CMH boards shall not be liable for the cost of psychotropic prescriptions, language directing that CMH boards be reimbursed on a fee-for-service basis for services provided to retroactive Medicaid eligibles, and language encouraging CMH boards to establish regional partnerships and permitting such partnerships to retain all net lapses. (Secs. 413, 415, 416, and 417)
4. **Early and Periodic Screening, Diagnosis and Testing (EPSDT) and Maternal and Infant Support Services (MSS/ISS) Language.** The Subcommittee includes language reflecting the transfer of funding for EPSDT and MSS/ISS outreach to local Public Health Departments and also amends FY 1999-2000 language to require a report on the distribution of MSS/ISS providers across the State. (Secs. 905 and 1692)
5. **MICHILD Eligibility.** The Subcommittee amends MICHILD eligibility language to remove any reference to stepparents' and other responsible relatives' income in determining eligibility. This change will make it easier for applicants to qualify for the program. (Sec. 1681)
6. **Rural Health Initiative.** The Subcommittee includes language to continue the rural health initiative, with an emphasis on rural emergency services. The language allocates \$4 million in matching grants to defray the costs of training and retaining rural emergency medical technicians and \$1 million for the purchase of defibrillators. (Sec. 1697)
7. **Presumed Eligibility for Pregnant Women.** The Subcommittee adds language stating that pregnant Medicaid applicants shall be presumed to be eligible for Medicaid unless the preponderance of evidence indicates otherwise. This language also directs that such an applicant be given a letter of authorization to receive Medicaid pregnancy-related services, bars such an applicant from being required to be enrolled in managed care until the second month post partum, guarantees that all pregnancy-related services provided shall be reimbursed until the applicant is determined not to be eligible, and directs that if an applicant does not appear to be Medicaid eligible, the applicant shall be referred to the nearest public health clinic for pregnancy related services. (Sec. 1698)
8. **Lipase Inhibitors.** The Subcommittee includes language directing that the Department cover lipase inhibitors for the treatment of obesity and its related co-morbidities. (Sec. 1699a)

Date Completed: 3-13-00

Fiscal Analysts: John S. Walker
Steve Angelotti