



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



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

House Bill 4392 (S-1)

Committee: Appropriations

FY 2002-03 Year-to-Date Gross Appropriation \$9,278,149,412

Changes from FY 2002-03 Year-to-Date:

- 1. **Medicaid Match Rate.** The Federal Medicaid match rate was originally slated to increase from 55.42% to 55.89%, for a GF/GP savings of \$35,601,900. Recently-passed Federal legislation will increase that rate to 58.84% for the first three quarters of FY 2003-04 for an additional \$168,400,000 GF/GP savings. 0
- 2. **Increases in Federal Funds.** The Senate Subcommittee recognized significant increases in Federal grants, including over \$33 million to combat potential Bioterrorism in Michigan. 47,811,000
- 3. **Medicaid Base, Caseload, and Utilization Adjustments.** The Senate Subcommittee concurred with the Executive's base adjustment for the major Medicaid line items. 364,639,700
- 4. **Medicaid Special Financing.** The Senate Subcommittee concurred with the Executive's adjustments to Medicaid special financing. Due to a phase-out over the next few years, GF/GP savings from special financing will decline by over \$136 million in FY 2003-04. (203,897,900)
- 5. **Medicaid Adult Benefits Waiver.** The Subcommittee mostly concurred with the Executive's Medicaid Adult Benefits Waiver proposal. This waiver would expand limited Medicaid benefits to certain low income single adults, limit benefits for certain eligibles, and retain coverage for caretaker relatives. The Subcommittee retained podiatric, chiropractic, and hearing aid benefits and added limited funding to express the intent to retain adult dental coverage as well. (170,711,800)
- 6. **Annualization and Other Adjustments to Base Funding.** The Senate Subcommittee concurred with the Executive's annualization of Executive Order and Budgetary Savings reductions and also concurred with non-GF/GP adjustments to correct line item authorizations. (87,265,400)
- 7. **Mental Health Issues.** The Senate Subcommittee included funding for a 3.6% increase in Medicaid mental health rates. The Subcommittee also recognized funding changes from State facilities, including the closure of the Northville Psychiatric Hospital. 57,776,800
- 8. **Savings from Medicaid Restructuring and Pharmaceutical Changes.** The Senate Subcommittee concurred with the Executive's proposals on Medicaid restructuring and implementation of new pharmaceutical cost containment initiatives. (139,485,200)
- 9. **Medicaid Trust Fund.** The Senate Subcommittee included a deposit to the Trust Fund. 69,593,400
- 10. **Economic Adjustments.** Economic adjustments were limited to worker's compensation, facility utility costs, and rent. 2,018,800
- 11. **Tobacco Revenue.** The Senate Subcommittee transferred \$66.7 million in Tobacco Settlement revenue to support the Medicaid base. 0
- 12. **Other Changes.** The net change due to other changes results in a decrease to the budget. (2,552,512)
- 13. **Comparison to Governor's Recommendation.** The Senate bill is at the Governor's level of GF/GP appropriations, but exceeds the Governor's gross budget by \$98,729,400.

Total Changes (\$62,073,112)

FY 2002-03 Senate Appropriations Subcommittee Gross Appropriation \$9,216,076,300



Changes from FY 2002-03 Year to Date:

1. **Contingency Funds.** The Subcommittee removes language that establishes Federal, State-restricted, local and private contingency funds available for transfer under the legislative transfer process. (Sec. 206)
2. **CMHSP Reporting Requirements.** The Subcommittee includes language requiring the Department to establish a work group comprised of CMHSP/specialty prepaid health plan and Departmental staff to recommend strategies to streamline reporting requirements. (Sec. 450)
3. **Bioterrorism Preparedness.** The Subcommittee includes language governing the allocation of Federal bioterrorism preparedness funds. Sec. 853 allocates up to \$1,000,000, as allowed by Federal law or regulation, to a multispecies lab and necropsy facility located in the State that is certified by the USDA animal, plant, health inspection service, with a biosafety level 2/3 certification. Sec. 854 states that it is the intent of the Legislature that priority consideration for the allocation of bioterrorism hospital preparedness funds be given to the State's level one trauma centers.
4. **Medicaid Dental Providers.** The Subcommittee includes language requiring the Michigan Dental Association (MDA) to provide a report documenting their efforts to increase the MDA membership's participation as Medicaid providers. In addition, language was included requiring the Department, in conjunction with the MDA, to undertake a study to determine the level of participation by Michigan licensed dentists in the State's Medicaid program. (Sec. 1109, 1713)
5. **Disease Management Programs.** The Subcommittee includes language allowing the Department, in conjunction with pharmaceutical manufacturers, to establish pilot projects to test the efficacy of disease management and health management programs. (Sec. 1621a)
6. **Pharmacy and Therapeutics (P& T) Committee Membership.** The Subcommittee includes language that states that it is the intent of the Legislature that the P& T committee consist of five members who are Michigan licensed retail pharmacists and six members who are Michigan licensed physicians. (Sec. 1622a)
7. **Exemption from Prior Authorization.** The Subcommittee includes language exempting the following persons from prior authorization requirements: individuals that become Medicaid eligible who are currently under medical treatment and whose conditions have been stabilized under a given medication regimen; individuals under a court order for a particular medication; and, recipients of the children's special health care services program for prescription drugs related to their qualifying condition. (Sec. 1628, 1629a, 1629b)
8. **Multi-State Drug Purchasing Compact.** The Subcommittee includes language allowing the Department to continue all rebate and supplemental rebate contracts with a pharmaceutical manufacturer until a multi-state drug purchasing compact is fully established. In addition, language was included requiring the Department, prior to implementing a multi-state drug purchasing compact, to provide a benefit-cost analysis to document that the savings from the compact exceed the savings from the current preferred drug list supplemental rebate programs. (Sec. 1624, 1626)
9. **Atypical Antipsychotic Medications.** The Subcommittee includes language requiring the Department to continue its practice of placing all atypical antipsychotic medications on the Medicaid preferred drug list. (Sec. 1625)
10. **Prenatal Care and EPSDT Services.** The Subcommittee includes language requiring the Department to develop and implement incentives for providers to increase early entry of Medicaid recipients into prenatal care and a plan to improve access to health screening services under the Medicaid EPSDT program. (Sec. 1664, 1665)
11. **Alzheimer's/Dementia Care.** The Subcommittee includes language requiring the Department to undertake an assessment and inventory of all facilities capable of providing the appropriate level of residential care to persons afflicted with Alzheimer's disease or dementia. As part of this assessment, the Department may establish pilot projects to provide specialized residential care for patients with Alzheimer's disease or dementia. (Sec. 1687)
12. **Rural Health Initiative.** The Subcommittee includes language requiring the Department to implement a rural health initiative, subject to the availability of funds. (Sec. 1712)

Date Completed: 6-09-03

Fiscal Analysts: John Walker
Steve Angelotti
Dana Patterson