



Senate Fiscal Agency  
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# BILL ANALYSIS

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Senate Bill 267 (S-1, Draft 2 as reported)  
Committee: Appropriations

<b>FY 2004-05 Year-to-Date Gross Appropriation .....</b>	<b>10,330,592,000</b>
<b>Changes from FY 2004-05 Year-to-Date:</b>	
1. <b>Medicaid Base Funding.</b> The Senate Subcommittee's FY 2005-06 Department of Community Health (DCH) budget concurs with the Executive's base/caseload adjustments for Medicaid and MI-Child (\$287,066,100 Gross); Children's Special Health Care Services (\$19,800,000 Gross); and mental health and substance abuse (\$35,500,000 Gross).	342,366,100
2. <b>Community Mental Health (CMH) Quality Assurance Assessment Program (QAAP).</b> The Senate Subcommittee concurs with the Executive's proposal to establish a CMH QAAP. This proposal would tax CMHs at 6% of their Medicaid revenue. The State would then increase their Medicaid rates, resulting in a net \$35.1 million increase in CMH funding, with a GF/GP savings to the state of \$35.0 million.	104,328,700
3. <b>CMH Non-Medicaid Funding.</b> The proposed Senate budget reduces Detroit-Wayne CMH's non-Medicaid allotment.	(20,000,000)
4. <b>Healthy Michigan Fund.</b> The proposed Senate budget scales back several FY 2004-05 increases in Healthy Michigan Fund programming.	(9,276,300)
5. <b>Public Health Hearing and Vision Screening.</b> The proposed Senate budget restores half of the Executive's reduction to hearing and vision screening services.	(2,575,000)
6. <b>Physician QAAP.</b> The proposed Senate budget rejects the Physician QAAP.	0
7. <b>Medicaid Special Financing.</b> Medicaid special financing mechanisms continue to be phased out due to changes in Federal regulations. The proposed Senate budget concurs with a new proposed mechanism projected to save the State \$50.0 million GF/GP. The net impact of the changes would be an increase in GF/GP costs of \$161.1 million.	(244,357,400)
8. <b>Medicare Part D.</b> As part of the Medicare Pharmaceutical Program, Michigan Medicaid's pharmaceutical costs for dual Medicare/Medicaid eligibles would be paid through a clawback provision. The Federal match would no longer be reflected in the DCH budget.	(227,944,500)
9. <b>Executive Medicaid Cost Containment.</b> The proposed Senate budget concurs with the Governor's Medicaid cost containment items, including a 4% reduction in provider rates (saving \$94.0 million Gross), elimination of retroactive benefits (saving \$28.3 million Gross), institution of estate recovery (saving \$10.0 million Gross), a tightening of asset requirements (saving \$28.3 million Gross), freezing enrollment of certain 19 and 20 year olds, limiting benefits to some optional groups, and other changes.	(170,840,500)
10. <b>Proposed Senate Medicaid Changes.</b> The proposed Senate bill freezes enrollment for caretaker relatives, the Adult Benefits Waiver, and the Home and Community Based Waiver. The bill also institutes premiums and copayments for Medicaid services.	(104,861,400)
11. <b>Economic Adjustments.</b>	30,313,800
12. <b>Other Changes.</b> The proposed Senate budget rejects the Governor's cut to Children's Special Health Care Services. Overall, other changes lead to a slight reduction in funding.	(11,038,000)
13. <b>Comparison to Governor's Recommendation.</b> The Senate bill is \$53,100,000 GF/GP below the Governor's budget.	
<b>Total Changes.....</b>	<b>(313,884,500)</b>
<b>FY 2005-06 Senate Appropriations Subcommittee Gross Appropriation .....</b>	<b>\$10,016,707,500</b>

**Changes from FY 2004-05 Year to Date:**

1. **Detroit-Wayne Community Mental Health (CMH) Administrative Cost Limit.** Senate language requires the Detroit-Wayne County CMH to spend no more than 3% of its state allotment on administrative functions. (Sec. 456)
2. **Detroit-Wayne County Mental Health Authority.** Language requires that the Detroit-Wayne CMH become a community mental health authority by July 1, 2005 or have its non-Medicaid allotment reduced by \$20 million. Language states legislative intent to restore \$10 million in non-Medicaid funding in FY 2006-07 if Detroit-Wayne becomes an authority by July 1, 2006, if the CMH is not an authority by this date the legislature will explore other options for administration of mental health in Wayne County including contracting with a private managed care organization. (Sec. 457)
3. **Hearing and Vision Screening.** Senate partially restores hearing and vision screening services offered through local public health. These services are targeted towards pre-school and early elementary school aged children. (Sec. 905)
4. **Medicaid Recipient Cost Sharing.** Language establishes, contingent upon federal approval, co-payments and deductibles for services provided to Medicaid fee-for-service enrollees. The department is further required to implement a system of premiums averaging \$5 per eligible member. (Secs. 1635 and 1636)
5. **Personal Responsibility Agreements.** Senate language allows all Medicaid recipients to sign a personal responsibility agreement. In the agreement Medicaid recipients would affirm that they will engage in specified healthy behaviors. Those recipients who sign an agreement will be charged lower Medicaid premiums. All Medicaid recipients will be required to attend an annual health assessment, those who signed an agreement will submit to a test determining if they have smoked. (Sec. 1637)
6. **MiChild Reorganization.** Boilerplate related to the state MiChild program is reorganized. Language describing eligibility requirements, provider continuity for recipients moving between MiChild and Medicaid, and program income requirements are moved to section 1670. The Senate added language limiting participation in the MiChild program to Medicaid HMOs and dental care corporations. Language prohibiting co-pays and describing MiChild benefits is removed. (Secs. 1670 to 1677)
7. **Nursing Home Inflationary Increases.** This language limits annual increases in the variable cost portion of Medicaid reimbursement for long-term care facilities to an inflationary factor. Senate language requires the department to identify ways to mitigate the effect of this change. (Sec. 1686)

Date Completed: 6-6-05

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