

COMMUNITY HEALTH FY 2008-09 Appropriations
Summary: As Passed by the House
SB 1094 (H-1)

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	FY 2007-08 YTD as of 2/07/08	FY 2008-09 Executive Revised	FY 2008-09 Senate	FY 2008-09 House	FY 2008-09 Enacted	<i>Difference: House From FY 2007-08 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$39,410,200	\$40,883,900	\$40,883,900	\$40,883,900		\$1,473,700	3.7
Federal	6,708,510,700	7,159,785,100	7,159,893,600	7,146,514,600		438,003,900	6.5
Local	247,237,400	241,980,600	241,980,600	241,578,600		(5,658,800)	(2.3)
Private	65,519,800	66,686,800	66,686,800	66,686,800		1,167,000	1.8
Restricted	1,862,336,400	1,860,109,700	1,891,186,200	1,841,291,200		(21,045,200)	(1.1)
GF/GP	3,125,311,600	3,086,105,800	3,082,241,600	3,101,757,200		(23,554,400)	(0.8)
Gross	\$12,048,326,100	\$12,455,551,900	\$12,482,872,700	\$12,438,712,300		\$390,386,200	3.2
FTEs	4,767.6	4,602.7	4,600.7	4,602.7		(164.9)	(3.5)

Overview

The Department of Community Health (DCH) budget provides funding for a wide range of mental health, substance abuse, public health, and medical services programs including Medicaid. Established in 1996, the Department also includes the Office of Drug Control Policy, the Office of Services to the Aging, the Crime Victim Services Commission, and health regulatory functions.

Major Budget Issues

Major Budget Changes From FY 2007-08 YTD Appropriations

		FY 2007-08 YTD (as of 2/07/08)	House Change From YTD
1. Economic Adjustments	Gross	N/A	\$4,188,800
The House and Senate concur with the Executive Recommendation to include \$4.2 million gross (\$1.6 million GF/GP) to annualize the cost of the 2.0% salary/wage increase for non-bargaining and unionized employees effective April 2008, and finance economic adjustments for defined benefit/contribution retirement, insurance, building occupancy, food, worker's compensation, and gas, fuel, and utility costs for FY 2008-09.	IDG	N/A	(44,900)
	Federal	N/A	1,091,300
	Restricted	N/A	177,800
	Local	N/A	1,317,500
	Private	N/A	400
	GF/GP	N/A	\$1,646,700
2. Director and Other Unclassified Positions	Gross	\$598,600	\$0
The House does not concur with the Senate to reduce the salaries of the Director and other unclassified FTE positions by \$299,300 GF/GP which represents 50% of the line item appropriation.	GF/GP	\$598,600	\$0
3. Consolidation of Human Resources	Gross	N/A	(\$4,492,000)
Concurring with the Executive Recommendation, the House and Senate recognize savings of \$4.2 million gross (\$2.5 million GF/GP) by consolidating the Department of Community Health's Human Resources Operations with the Department of Management and Budget pursuant to implementation of Executive Order 2007-30. Also, Human Resources Optimization savings of \$285,500 gross (all GF/GP) are recognized.	Federal	N/A	(316,500)
	Restricted	N/A	(265,900)
	Local	N/A	(1,127,200)
	GF/GP	N/A	(\$2,782,400)
4. Mental Illness in Jails	Gross	\$13,409,500	\$0
The House does not concur with the Senate to allocate \$200,000 GF/GP for a study on the prevalence of mental illness in jails. (Sec. 427)	Federal	3,121,000	0
	Private	190,000	0
	GF/GP	\$10,098,500	\$0

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD (as of 2/07/08)	House Change From YTD
5. Actuarially Sound Rates		Gross \$4,516,377,400	\$175,436,400
The House and Senate concur with the Executive Recommendation to increase capitation payment rates for Health Plan Services by 5.0%, for Medicaid Mental Health Services by 3.4%, and for Medicaid Substance Abuse Services by 1.0% (\$175.4 million gross, \$69.7 million GF/GP) to ensure rates are actuarially sound in FY 2008-09.		Federal 2,652,514,400	105,735,500
		Local 29,737,100	0
		Restricted 898,986,100	0
		GF/GP \$935,139,800	\$69,700,900
6. CMH Non-Medicaid Services Reduction		Gross \$319,566,100	(\$7,250,000)
The House concurs with the Executive to include \$7.25 million GF/GP reduction for CMH Non-Medicaid Services which will be offset by funds from a statewide and centralized mental health managed care risk pool. Mandating, rather than permitting, the use of funds from CMHSPs risk pooling arrangements to support publicly funded mental health services requires changes in the state's Mental Health Code. The Senate does not concur with the House and Executive Recommendation.		GF/GP \$319,566,100	(\$7,250,000)
7. Mental Health Court Pilot Programs		Gross \$0	\$1,434,100
Unlike the Executive, the Senate does not reinvest \$2,253,800 GF/GP from savings achieved through creation of a statewide and centralized mental health managed care risk pool, in conjunction with \$1.1 million from Judiciary, to implement five mental health court programs. Services that may be included in the programs are psychiatric counseling, case management, vocational training, housing assistance, program adherence monitoring, and training court and law enforcement personnel. The House allocates \$1,434,100 GF/GP for mental health court pilot programs. (Sec. 459)		GF/GP \$0	\$1,434,100
8. Wage Increase for Direct Care Workers		Gross \$2,037,495,400	\$9,027,000
The House adds \$9,027,000 gross (\$4,108,900 GF/GP) to fully fund a 2.0% wage increase, effective April 1, 2009, for direct care workers in mental health settings. The Senate adds \$10,068,000 gross (\$4.0 million GF/GP) to finance a 2.0% wage increase for direct care workers. (Sec. 405)		Federal 998,117,000	4,918,100
		Restricted 102,980,500	0
		Local 26,072,100	0
		GF/GP \$910,325,800	\$4,108,900
9. Multicultural Services		Gross \$5,763,800	\$0
The House does not concur with the Senate to add \$350,000 GF/GP for the Chaldean Culture Center and \$360,000 GF/GP for the Jewish Federation.		GF/GP \$5,763,800	\$0
10. State Disability Assistance Program		Gross \$2,509,800	\$1,450,000
The House adds \$1,450,000 GF/GP for the State Disability Assistance Substance Abuse Services Program in which the funds are to be distributed based on local needs as determined by the department, in conjunction with coordinating agencies. (Sec. 406)		GF/GP \$2,509,800	\$1,450,000
11. Community Substance Abuse Prevention, Education, and Treatment Programs		Gross \$85,268,000	\$2,450,000
The House adds \$2,450,000 GF/GP to the Community Substance Abuse Prevention, Education, and Treatment Programs line item. The funds are allocated to coordinating agencies to provide 90-day intensive substance abuse services including, but not limited to, residential services when appropriate for certain offenders who are referred to treatment by a drug treatment court or other court orders as a condition of parole. (Sec. 484)		Federal 66,077,500	0
		Restricted 1,784,200	0
		GF/GP \$17,406,300	\$2,450,000
12. Criminal Background Check Program		Gross \$10,475,900	(\$3,119,600)
In concurrence with the Executive, the House and Senate eliminate federal pilot grant revenue of \$2.6 million for the Criminal Background Check Program for employees of health facilities as this grant has expired. Funding for this program is also reduced by \$519,600 anticipating less federal Medicaid revenue and health systems fees/collections. Unlike the Senate, however, the House does not add \$1.0 million GF/GP for the costs of background checks for newly hired nursing home employees.		Federal 7,074,400	(\$2,890,700)
		Restricted 3,401,500	(228,900)
		GF/GP \$0	\$0

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>		<u>FY 2007-08 YTD (as of 2/07/08)</u>	<u>House Change From YTD</u>	
13. Bureau of Health Professions Phone System		Gross	\$20,950,600	\$1,500,000
The House and Senate do not concur with the Executive to appropriate \$2.0 million from the Health Professions Regulatory Fund to upgrade the Bureau of Health Professions customer service phone system as the Bureau receives between 400-500 calls daily. The House appropriates \$1.5 million from the Health Professions Regulatory Fund for the customer service phone system. The Senate allocates \$500,000 for an upgraded phone system and shifts the remaining Health Professions Regulatory Fund revenue to GF/GP to finance other initiatives.		Federal	3,476,700	0
		Restricted	17,473,900	1,500,000
		GF/GP	\$0	\$0
14. Healthy Michigan Funded Projects		Gross	\$41,827,600	\$0
The House maintains current year Healthy Michigan Fund appropriations for projects and Medicaid. The House does not concur with Senate Healthy Michigan Fund changes or new funds for nurse family partnership and arthritis programs which offset Senate Healthy Michigan Fund reductions.		Restricted	41,827,600	0
		GF/GP	\$0	\$0
15. Michigan Health Initiative Fund Adjustments		Gross	\$10,525,600	(\$475,000)
The House concurs with the Senate to reduce Michigan Health Initiative (MHI) funds for public health programs by \$1.4 million to reflect available Fund revenue. MHI funds are replaced with GF/GP for the sexually transmitted disease control program, and with federal funds in departmental administration. Reductions are made to the AIDS and risk reduction clearinghouse and media campaign, and to the bovine tuberculosis laboratory program. The House provides \$50,000 GF/GP to partially offset the \$300,000 reduction to bovine tuberculosis.		Federal	0	50,000
		Restricted	10,525,600	(1,441,700)
		GF/GP	\$0	\$916,700
16. Infectious Disease Targeted Initiatives		Gross	N/A	\$1,300,000
The House includes funding for intensified infectious disease efforts recommended by the Executive, which the Senate did not: (1) \$1.0 million GF/GP for expanded testing and treatment of gonorrhea and chlamydia diseases in high-prevalence areas; and (2) \$300,000 GF/GP to address contagious, antibiotic-resistant staphylococcus aureus ("staph") infections in health care facilities and in communities (MRSA and VRSA infections).		GF/GP	N/A	\$1,300,000
17. Bioterrorism Funding Revisions and New Match Requirement		Gross	\$50,953,300	(\$600,100)
The House concurs with the Senate on funding changes for hospital and public health system bioterrorism preparedness, with a \$100 difference. A net reduction of \$600,100 reflects a \$2.2 million decrease in federal grant funds, and new GF/GP and local funding of \$1.6 million to satisfy new federal match requirements of 5% effective August 2008 and rising to 10% July 2009.		Federal	50,953,300	(2,177,300)
		Local	0	500,000
		GF/GP	\$0	\$1,077,200
18. Local Public Health Operations		Gross	\$40,618,400	\$2,000,000
Additional GF/GP funding of \$2.0 million is provided by the House for the state share of public health services provided by local health departments: immunizations, infectious disease control, sexually transmitted disease control, hearing and vision screening, food protection, public water, private groundwater and on-site sewage management. The Senate had provided an additional \$1.0 million.		Local	5,150,000	0
		GF/GP	\$35,468,400	\$2,000,000
19. Local Public Health Physician Recruitment Project		Gross	\$0	\$600,000
The House concurs with the Senate and provides \$600,000 for a new initiative with Michigan State University and the University of Michigan to recruit and train qualified physicians to practice in local public health to address a shortage. The universities will provide half of the funding.		Private	0	300,000
		GF/GP	\$0	\$300,000
20. Early Childhood Collaborative		Gross	\$524,000	\$0
The House maintains current year funding for the Early Childhood Collaborative Secondary Prevention program, and does not include a funding increase recommended by the Senate.		GF/GP	\$524,000	\$0

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD (as of 2/07/08)	House Change From YTD
21. Senior Services	Gross	\$60,000	\$60,000
The House maintains current year funding of \$6.8 million for care management of community services for frail low-income elderly at home, and does not include a funding increase or new Senior Olympics funding recommendations of the Senate. The House provides a \$60,000 increase for Tribal Elders' programs.	GF/GP	\$60,000	\$60,000
22. Medicaid Fund Source Adjustments	Gross	\$9,462,685,400	(\$1,356,900)
The House, Senate and Executive concur on an increase of federal Medicaid and SCHIP funds offsetting \$176.9 million of GF/GP due to changes in federal match rates. A loss of Medicaid Benefits Trust Fund revenue would be made up by \$10.6 million GF/GP. A shortfall of Merit Award Trust Fund revenue would be made up by \$45.3 million GF/GP.	Federal	5,588,042,500	188,493,100
	Local	43,009,700	0
	Merit Awd	139,000,000	(45,300,000)
	Restricted	1,500,111,200	(23,551,200)
	GF/GP	\$2,192,522,000	(\$120,998,800)
23. Hospital and Nursing Home State Retained QAAP	Gross	\$0	\$0
The House increases the state retained share of the hospital quality assurance assessment program (QAAP) by \$8,150,000 and the nursing home QAAP by \$8,613,900. The Senate concurred with the Executive's savings of \$36.2 million GF/GP from setting the amount which the state retains from the hospital and nursing home QAAPs at a percentage of the total federal gain. Statutory changes would be necessary to implement the Executive's plan.	Restricted	138,750,000	16,763,900
	GF/GP	(\$138,750,000)	(\$16,763,900)
24. Physician Primary Care Funding Increase	Gross	N/A	\$100
The House proposal includes a \$100 point of difference with the Senate's funding of \$6.0 million gross (\$2.4 million GF/GP) within the Physician Services line and \$11.6 million gross (\$4.6 million GF/GP) within the Health Plan Services line providing for a primary care rate increase for Medicaid physician services. (Sec. 1791)	Federal	N/A	0
	GF/GP	N/A	\$100
25. Pharmacy Dispensing Fee Increase	Gross	\$285,210,900	\$0
The House does not concur with the Senate to include within the Pharmaceutical Services line an additional \$3.8 million gross (\$1.5 million GF/GP) to provide a \$0.75 per script increase in the Medicaid pharmacy dispensing fee.	Federal	165,721,800	0
	Restricted	2,000,000	0
	GF/GP	\$117,489,100	\$0
26. Healthy Kids Dental Expansion	Gross	\$285,210,900	\$582,900
The House includes \$582,900 gross (\$231,600 GF/GP) to expand the Healthy Kids Dental program in Muskegon County on July 1, 2009. The House does not concur with the Senate increase of \$251,700 gross (\$100,000 GF/GP) to expand the program in Montcalm County and \$125,800 gross (\$50,000 GF/GP) expanding to the City of Roseville, both beginning July 1, 2009. (Sec. 1633)	Federal	165,721,800	351,300
	Restricted	2,000,000	0
	GF/GP	\$117,489,100	\$231,600
27. Community-Based Long-Term Care Services Savings and Expansion	Gross	\$1,980,350,200	\$0
The House and Executive concur on the expansion of community-based long-term care services by \$32.4 million gross (\$12.9 million GF/GP) funded through savings from reduced nursing home admissions. The funds are reallocated for: (1) expanding the PACE program, (2) expanding the MSHDA affordable assisted living program, (3) reducing the waiting list for the home and community-based waiver program, (4) adding specialized residential care to the current waiver, (5) activities of the single-point of entry program, (6) transitioning out of nursing homes occupants who will not need medical services, and (7) \$363,200 gross (\$176,500 GF/GP) that will be transferred to the Office of Long Term Care and Supports and Services for additional staffing. The Senate, however, did not concur with the plan to reallocate the savings to expand community-based long-term care services. The Senate did provide \$636,800 gross (\$253,000 GF/GP) to expand the MIChoice program and \$363,200 gross (\$176,500 GF/GP) for the Office of Long Term Care and Supports and Services for additional staffing.	Federal	1,149,384,300	0
	Local	6,618,800	0
	Merit Awd	139,000,000	0
	Restricted	222,683,200	0
	GF/GP	\$462,663,900	\$0

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD (as of 2/07/08)	House Change From YTD
28. Limit Nursing Home Variable Cost Component Increase	Gross	\$1,554,146,800	(\$31,261,900)
The House and Executive concur on reducing the Long-Term Care Services line by \$31.3 million gross (\$12.4 million GF/GP) from savings created by limiting the growth rate of the nursing home variable cost component of nursing reimbursement from 4.9% to 2.5%. The Senate did not include this reduction.	Federal	902,952,700	(18,841,600)
	Local	6,618,800	0
	Merit Awd	139,000,000	0
	Restricted	222,683,200	0
	GF/GP	\$282,892,100	(\$12,420,300)
29. Create Adult Home Help Health Care Trust	Gross	N/A	\$2,768,700
The House funds the creation of an Adult Home Help Health Care Trust at \$2,768,700 gross (\$1,100,000 GF/GP), which would help support health care benefits for adult home help workers. The Senate funds the Trust at \$2,517,000 gross (\$1,000,000 GF/GP). (Sec. 1788)	Federal	N/A	1,668,700
	GF/GP	N/A	\$1,100,000
30. Increase Monthly Personal Care Supplement by \$8	Gross	\$30,716,100	\$1,344,000
The House increases the Personal Care Services line by \$1,344,000 Gross (\$534,000 GF/GP) to provide for an \$8.00 increase to the monthly personal care supplement payment provided for Medicaid eligible residents in adult foster care homes and homes for the aged. (Sec. 1805)	Federal	17,846,100	810,000
	GF/GP	\$12,870,000	\$534,000
31. Medicaid Consensus Adjustments	Gross	N/A	(\$35,078,800)
Adjusts Medicaid funding levels for multiple appropriation lines to reflect the consensus FY 2008-09 expenditures agreed to by the House and Senate Fiscal Agencies and the State Budget Office in May 2008.	Federal	N/A	(22,961,600)
	Restricted	N/A	\$2,806,700
	GF/GP	N/A	(\$14,923,900)

Major Boilerplate Changes From FY 2007-08

GENERAL

Sec. 272. Administrative Efficiencies, Shared Services, and Consolidations – MODIFIED

The Senate revises current law to require the Department to make efforts to implement results of a study that encourages administrative efficiencies for local public health departments, CMHSPs, coordinating agencies on substance abuse, and area agencies on aging. The House revises current law to require the Department to make recommendations based on the results of the FY 2008-09 study.

Sec. 285. Prescription Drug Website – NEW

The House does not concur with the Senate's new section requiring DCH to operate a prescription drug website that educates individuals regarding prescription drugs, provides a list of prescription drug prices, and provides links to other websites that offer free or discounted prescription drug programs.

Sec. 286. Medicaid Administrative Hearings – NEW

The House does not concur with Senate language requiring DCH to make all Medicaid administrative hearing decisions issued on or after October 1, 2008 available to the public by posting them on Michigan's Internet website without personal identifying information.

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

Sec. 430. Carry Forward of Medicaid Capitation Payments – NEW

The House does not concur with the Senate's new language expressing legislative intent that PIHPs have the option to carry forward a portion of the nonfederal share of Medicaid capitation payments into the subsequent fiscal year.

Sec. 481. Centralized PIHP Risk Pool - NEW/MODIFIED

New language is proposed by the Senate requiring the establishment of a board that includes representatives from each PIHP if the state creates a centralized PIHP risk pool and prohibiting the use of risk pool funds to offset reductions in other non-Medicaid mental payments to CMHSPs. The House modifies the Senate proposal by allowing the use of PIHP risk pool funds to offset non-Medicaid mental payments to CMHSPs.

Sec. 483. Cost-Benefit Analysis of Suspension of Medicaid Status – NEW

The Senate proposes new language requiring DCH, in conjunction with the Department of Corrections, to prepare a cost-benefit analysis of suspending rather than terminating the Medicaid status of a recipient with serious mental illness or emotional disturbance who becomes incarcerated in a state or local correctional facility. The House proposes language requiring a Medicaid recipient to remain eligible for medical assistance during a period of incarceration or detention and limiting the Medicaid coverage to off-site inpatient hospitalization.

Major Boilerplate Changes From FY 2007-08

STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES

Sec. 609. Tobacco Use in State Psychiatric Facilities – NEW

The House does not concur with a new Senate provision that prohibits the use of all tobacco products in and on the grounds of state psychiatric facilities.

PUBLIC HEALTH

Sec. 905. Hearing and Vision Screening Services Allocation - DELETED

The House deletes language establishing \$5.15 million of local public health operations line items funds to continue to be used to fund hearing and vision screening, initiated when funding was reduced for one year in FY 2005-06.

Sec. 1115. After-School Partnership – NEW

New House language requires the Department to collaborate with the state board of education and other state departments regarding implementation of recommendations of the Michigan After-School Initiative, and appropriates \$25,000 GF/GP.

Sec. 1116. Coordinated Regional Perinatal System – NEW

The House includes new language that requires the Department to convene a discussion regarding a coordinated regional perinatal system. Requires a report by April 1, 2009 including recommendations for policy and funding.

Sec. 1302. Allocation of Funds for Forensic Nurse Examiner Programs - DELETED

Language is eliminated that allocates up to \$50,000 of federal funds for expansion of forensic nurse examiner programs.

MEDICAL SERVICES

Sec. 1607. Medicaid Presumptive Eligibility for Pregnant Women – MODIFIED

Concurs with the Senate in the addition of a new subsection mandating enrollment of Medicaid eligible pregnant women into Medicaid HMOs. The House provides an exception for women who have an established relationship with a Medicaid participating physician who is not associated with a Medicaid HMO.

Sec. 1670. MICHild Program Eligibility – MODIFIED

Includes new language that requires the Department to assure that an external quality review of each MICHild services contractor is performed, which analyzes quality, timeliness, and access to health care services provided by the contractor to MICHild beneficiaries.

Sec. 1680. Nursing Home Wage Pass-Through – MODIFIED

Both the House and Senate add intent language that would provide nursing home employees an enhanced wage or benefit equating to 50¢ per employee hour. The House language provides more detail than Senate language on the wage pass-through. Funding for the pass-through is supported by an appropriation increase in the Long-Term Care Services line.

Sec. 1690. MIChoice and Adult Home Help Quality Assurance Indicators, Improvement Plans and Incident Reports – NEW

The House adds new language that requires the Department to submit a report on the adult home help and MIChoice program quality assurance indicators, quality improvement plans, critical incidents and their resolutions.

Sec. 1800. Immunosuppressant Drug Substitution Protocol – NEW

The Senate included language that requires the Department to develop a protocol for the substitution of immunosuppressant drugs for Medicaid patients who receive transplants. The House bill makes it optional for the Department to develop the protocol.

Sec. 1806. Expansion of County Health Plans – NEW

Establishes a \$100 place-holder in the County Indigent Care and Third Share Plans appropriation line for the expansion of county health plans.

Sec. 1807. Medicaid Reimbursement of Primary Care Physicians Providing Mental Health Services – NEW

The House adds new language that allows the Department to convene a workgroup and provide a report evaluating the feasibility of establishing a Medicaid payment mechanism for the reimbursement of mental health services by primary care physicians.

Sec. 1808. Medicaid Ambulance Quality Assurance Assessment Program (QAAP) – NEW

The House adds new language authorizing \$100 in the Ambulance Services appropriation line for an ambulance QAAP.