

COMMUNITY HEALTH FY 2008-09 Appropriations
Summary: Conference Report
SB 1094 (S-1) CR-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 Conference	<i>Difference: Conference 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	\$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	7,225,985,400	517,474,700	7.7
Local	247,237,400	241,980,600	241,980,600	241,578,600	241,578,600	(5,658,800)	(2.3)
Private	65,519,800	66,686,800	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	1,862,478,400	142,000	.01
GF/GP	3,125,311,600	3,086,105,800	3,082,241,600	3,101,757,200	3,095,528,900	(29,782,700)	(1.0)
Gross	\$12,048,326,100	\$12,455,551,900	\$12,482,872,700	\$12,438,712,300	\$12,533,142,000	\$484,815,900	4.0
FTEs	4,767.6	4,602.7	4,600.7	4,602.7	4,608.7	(158.9)	(3.3)

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)	Conference Change From YTD
1. Economic Adjustments	Gross	N/A
Includes \$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. The Conference report also includes \$398,300 gross (all GF/GP) reduction to reflect employee-related savings from actual HMO rates.	IDG	\$3,790,500
	Federal	(44,900)
	Restricted	1,091,300
	Local	177,800
	Private	1,317,500
	GF/GP	400
		\$1,248,400
2. Director and Other Unclassified Positions	Gross	\$598,600
Does not include proposal to reduce the salaries of the Director and other unclassified FTE positions by \$299,300 GF/GP which represented 50% of the line item appropriation.	GF/GP	\$0
		\$598,600
3. Consolidation of Human Resources	Gross	N/A
Recognizes 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	(\$4,492,000)
	Restricted	(316,500)
	Local	(265,900)
	GF/GP	(1,127,200)
		(\$2,782,400)
4. Mental Illness in Jails	Gross	\$13,409,500
Does not include proposal to allocate \$200,000 GF/GP for a study on the prevalence of mental illness in jails. (Sec. 427)	Federal	\$0
	Private	3,121,000
	GF/GP	190,000
		\$10,098,500

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD (as of 2/07/08)	Conference Change From YTD
5. Actuarially Sound Rates		Gross \$4,516,377,400	\$143,508,100
Increases 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. Based on updated information, however, capitation payment rates for Health Plan Services were reduced to 4.0% and capitation payment rates for PIHPs were reduced to 2.9% (\$31.9 million gross, \$10.9 million GF/GP).		Federal 2,652,514,400	86,492,500
		Local 29,737,100	0
		Restricted 898,986,100	1,474,900
		GF/GP \$935,139,800	\$55,540,700
6. CMH Non-Medicaid Services Reduction		Gross \$319,566,100	\$0
Does not include \$7.25 million GF/GP reduction for CMH Non-Medicaid Services which would have been 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.		GF/GP \$319,566,100	\$0
7. Mental Health Court Pilot Programs		Gross \$0	\$1,126,900
Includes \$1,126,900 GF/GP, in conjunction with \$550,000 GF/GP from Judiciary, for the implementation of mental health court pilot 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. (Sec. 459)		GF/GP \$0	\$1,126,900
8. Wage Increase for Direct Care Workers		Gross \$2,037,495,400	\$6,018,000
Adds \$6,018,000 gross (\$2,739,300 GF/GP) to finance a 1.0% wage increase, effective February 1, 2009, for direct care workers in mental health settings. (Sec. 405)		Federal 998,117,000	3,278,700
		Restricted 102,980,500	0
		Local 26,072,100	0
		GF/GP \$910,325,800	\$2,739,300
9. Multicultural Services		Gross \$5,763,800	\$1,060,000
Allocates an additional \$1,060,000 GF/GP for multicultural services in which the funds are to be distributed as follows: \$350,000 for the Chaldean Culture Center, \$380,000 for the Jewish Federation, \$300,000 for ACCESS, and \$30,000 for Arab/Chaldean Council.		GF/GP \$5,763,800	\$1,060,000
10. State Disability Assistance Program		Gross \$2,509,800	\$0
Does not include \$1,450,000 GF/GP for the State Disability Assistance Substance Abuse Services Program in which the funds were to be distributed based on local needs as determined by the department, in conjunction with coordinating agencies. (Sec. 406)		GF/GP \$2,509,800	\$0
11. Community Substance Abuse Prevention, Education, and Treatment Programs		Gross \$85,268,000	\$0
Does not add \$2,450,000 GF/GP to the Community Substance Abuse Prevention, Education, and Treatment Programs line item. The funds were to be 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	\$0
12. Criminal Background Check Program		Gross \$10,475,900	(\$3,119,600)
Eliminates 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. 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

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD (as of 2/07/08)	Conference Change From YTD
13. Bureau of Health Professions Phone System Appropriates \$1.4 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. Also shifts \$600,000 from the Health Professions Regulatory Fund revenue to GF/GP to finance other initiatives.	Gross	\$20,950,600	\$1,400,000
	Federal	3,476,700	0
	Restricted	17,473,900	2,000,000
	GF/GP	\$0	(\$600,000)
14. Healthy Michigan Funded Projects Maintains current year Healthy Michigan Fund appropriations for 27 projects and Medicaid. A projected Fund revenue shortfall is offset with GF/GP as part of the Target Agreement. This fund shift is made to the Cancer Prevention and Control Program line item.	Gross	\$41,827,600	\$0
	Restricted	41,827,600	(858,000)
	GF/GP	\$0	\$858,000
15. Michigan Health Initiative Fund Adjustments Reduces 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. Funding for AIDS and risk reduction clearinghouse and media campaign is reduced by \$225,000 from \$1,576,000 to \$1,351,000. Funding for the bovine tuberculosis laboratory program is reduced from \$500,000 to \$200,000.	Gross	\$10,525,600	(\$525,000)
	Federal	0	50,000
	Restricted	10,525,600	(1,441,700)
	GF/GP	\$0	\$866,700
16. Infectious Disease Targeted Initiatives Includes funding of \$750,000 GF/GP for expanded testing and treatment of gonorrhea and chlamydia diseases in high-prevalence areas, and funding of \$300,000 GF/GP to address contagious, antibiotic-resistant staphylococcus aureus ("staph") infections in health care facilities and in communities (MRSA and VRSA infections).	Gross	N/A	\$1,050,000
	GF/GP	N/A	\$1,050,000
17. Bioterrorism Funding Revisions and New Match Requirement Recognizes a federal delay in implementation of a state/local 5% match on federal grant funding for hospital and public health system bioterrorism preparedness, and therefore does not provide new state match funding as initially proposed. A \$2.2 million decrease in federal grant funds is included and local funding authorization of \$0.5 million.	Gross	\$50,953,300	(\$1,677,300)
	Federal	50,953,300	(2,177,300)
	Local	0	500,000
	GF/GP	\$0	\$0
18. Local Public Health Operations Does not fund any increase 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.	Gross	\$40,618,400	\$0
	Local	5,150,000	0
	GF/GP	\$35,468,400	\$0
19. Local Public Health Department Physician Recruitment Project Provides \$600,000 for a new initiative with Michigan State University and the University of Michigan to recruit and train physicians for work in local public health to address a shortage of qualified medical directors at local public health departments. The universities will provide half of the funding.	Gross	\$0	\$600,000
	Private	0	300,000
	GF/GP	\$0	\$300,000
20. Pilot Programs for Traumatic Brain Injury Treatment Models Provides \$300,000 GF/GP to establish two incentive-based pilot programs for level I and level II trauma hospitals to encourage greater utilization of a treatment model for traumatic brain injury. (Sec. 1031)	Gross	\$0	\$300,000
	GF/GP	\$0	\$300,000
21. Early Childhood Collaborative Does not include a funding increase for the Age 0-3 Early Childhood Collaborative Secondary Prevention program.	Gross	\$524,000	\$0
	GF/GP	\$524,000	\$0
22. Senior Services Provides an additional \$600,000 for care management of community services for frail low-income elderly at home, which is a funding increase of 8.8% for this program. Also included are \$100,000 for new Senior Olympics funding and a \$60,000 increase for Tribal Elders' programs, now funded at \$120,000.	Gross	\$6,885,500	\$760,000
	GF/GP	\$6,885,500	\$760,000

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD (as of 2/07/08)	Conference Change From YTD
23. Medicaid Fund Source Adjustments		Gross \$9,462,685,400	(\$1,356,900)
An increase of federal Medicaid and SCHIP funds offsets \$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 \$18.6 million GF/GP. A shortfall of Merit Award Trust Fund revenue would be made up by \$83.1 million GF/GP.	Federal	5,588,042,500	188,493,100
	Local	43,009,700	0
	Merit Awd	139,000,000	(83,143,800)
	Restricted	1,500,111,200	(31,551,200)
	GF/GP	\$2,192,522,000	(\$75,155,000)
24. Hospital and Nursing Home State Retained QAAP		Gross \$0	\$0
Increases the state retained share of the hospital quality assurance assessment program (QAAP) revenue by \$18,650,000 and the nursing home QAAP revenue by \$13,993,700. (Sec. 1809)	Restricted	138,750,000	32,643,700
	GF/GP	(\$138,750,000)	(\$32,643,700)
25. Physician Primary Care Funding Increase		Gross N/A	\$5,285,700
Provides an increase of \$1.8 million gross (\$715,100 GF/GP) within the Physician Services line and \$3.5 million gross (\$1.4 million GF/GP) within the Health Plan Services line providing for a Medicaid payment rate increase for certain physician primary care codes. (Sec. 1791)	Federal	N/A	3,185,700
	GF/GP	N/A	\$2,100,000
26. Pharmacy Dispensing Fee Increase		Gross \$285,210,900	\$629,200
Increases the Pharmaceutical Services line by an additional \$629,200 gross (\$250,000 GF/GP) to provide a \$0.25 per script increase in the Medicaid pharmacy dispensing fee effective April 1, 2009. (Sec. 1620)	Federal	165,721,800	379,200
	Restricted	2,000,000	0
	GF/GP	\$117,489,100	\$250,000
27. Community-Based Long-Term Care Services Savings and Expansion		Gross \$1,980,350,200	(\$16,736,600)
A reduction in the Long-Term Care Services line of \$32.4 million gross (\$12.9 million GF/GP) will fund the phase-in of a \$15.7 million gross (\$9.1 million GF/GP) expansion of community-based long-term care services, with a net savings of \$16.7 million gross (\$3.8 million GF/GP). Savings are anticipated 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 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.	Federal	1,149,384,300	(12,889,800)
	Local	6,618,800	0
	Merit Awd	139,000,000	0
	Restricted	222,683,200	0
	GF/GP	\$462,663,900	(\$3,846,800)
28. Limit Nursing Home Variable Cost Component Increase		Gross \$1,554,146,800	\$0
Not included was a proposal to reduce the Long-Term Care Services line by \$31.3 million gross (\$12.4 million GF/GP) due to savings created by limiting the growth rate of the nursing home variable cost component of nursing reimbursement from 4.9% to 2.5%.	Federal	902,952,700	0
	Local	6,618,800	0
	Merit Awd	139,000,000	0
	Restricted	222,683,200	0
	GF/GP	\$282,892,100	\$0
29. Create Adult Home Help Health Care Trust		Gross N/A	\$0
Does not include funding, or boilerplate, for the creation of an Adult Home Help Health Care Trust. (Sec. 1788)	Federal	N/A	0
	GF/GP	N/A	\$0
30. Increase Monthly Personal Care Supplement by \$8		Gross \$30,716,100	\$1,344,000
Increases the Personal Care Services line by \$1.3 million 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. Eliminate Medicaid Eligibility for 19 & 20 Year Olds		Gross \$36,372,400	\$0
Not included was a proposal to save \$36.4 million gross (\$14.5 million GF/GP) by eliminating optional Medicaid eligibility for 19 and 20 year olds.	Federal	21,132,400	0
	GF/GP	\$15,240,000	\$0
32. 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

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.

Sec. 285. Prescription Drug Website – NEW

Requires DCH to determine the cost of expanding its prescription drug website that provides the 150 most commonly prescribed brand name drug products under the Medicaid program, links to other websites that would be of assistance to consumers, and toll-free number that residents may call to determine eligibility for prescription drug programs including free and discounted prescription drug programs.

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

Sec. 430. Carry Forward of Medicaid Capitation Payments – NOT INCLUDED

Does not include 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 - NOT INCLUDED

Does not include language 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.

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

Requires 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.

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

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

Language is deleted which highlights that \$5.15 million of local public health operations line items funds are to continue to be used to fund hearing and vision screening, language that was initiated when funding was reduced for one year in FY 2005-06. There are no changes to the funding for hearing and vision screening.

Sec. 1111. Family Planning and Pregnancy Prevention Services - CURRENT LAW

No changes are made to current law which requires the Department to allocate at least 88% of the funds appropriated for family planning local agreements and pregnancy prevention program for direct provision of services.

Sec. 1115. After-School Partnership – NOT INCLUDED

Proposed language is not included that would require the Department to collaborate on implementation of the 2003 recommendations of the Michigan After-School Initiative. Proposed funding of \$25,000 GF/GP is also not included.

Sec. 1116. Coordinated Regional Perinatal System – NEW

New language is included that requires the Department to convene a discussion regarding a statewide coordinated regional perinatal system. A report is required by April 1, 2009 including policy and funding recommendations.

OFFICE OF DRUG CONTROL POLICY

Sec. 1250. Interdepartmental Grant to Judiciary for Drug Treatment Courts - MODIFIED

Revised to require the Department to provide "up to" \$1,800,000 of federal Byrne grant funds to the Judicial Branch for local drug treatment courts, in anticipation of reduced federal funding available for FY 2008-09.

CRIME VICTIM SERVICES COMMISSION

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

Language is modified that allocates federal funds for expansion of forensic nurse examiner programs; the amount authorized to be allocated is increased to "up to \$200,000".

MEDICAL SERVICES

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

Includes new subsections mandating enrollment of Medicaid eligible pregnant women into Medicaid HMOs and requiring the Department to encourage physicians to provide these women a referral to a Medicaid participating dentist at the first pregnancy-related appointment.

Major Boilerplate Changes From FY 2007-08

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

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. 1806. Expansion of County Health Plans – NEW

Allows up to \$100 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

New language is added 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 – NEW

Adds new language requiring the Department to implement an ambulance quality assurance assessment program with the State to retain a portion of the assessment, if legislation is enacted allowing the ambulance QAAP.

Sec. 1809. State Retained Hospital and Long-Term Care QAAP Revenue – NEW

Authorizes the expenditure of quality assurance assessment program (QAAP) funds and specifies the state retained amounts of \$117.5 million hospital QAAP and \$53,893,700 of long-term care QAAP.