



Senate Fiscal Agency
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BILL ANALYSIS



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FY 2007-08 Year-to-Date Gross Appropriation	\$12,223,414,600
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Changes from FY 2007-08 Year-to-Date:

Items Included by the Senate and House

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| 1. Restoration of Second Disproportionate Share Hospital (DSH) Pool. The Senate and the House restored the so-called "\$5 million" DSH pool. | 5,000,000 |
| 2. Medicaid Cost Reduction Measures. The Senate and House recognized savings from a continued decrease in utilization of nursing homes (\$12.9 million GF/GP savings) and from an increase in rebates for pharmaceutical products (\$3.2 million GF/GP savings). | (40,583,200) |
| 3. Special Medicaid Payments. The Senate and House reflected the anticipated Federal revenue available for the various special financing mechanisms used by the State. | 24,897,000 |
| 4. Economic Adjustments. | 4,188,800 |

Conference Agreement on Items of Difference

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| 5. Medicaid Base. The Conference recognized the consensus agreement on Medicaid base funding. | 147,456,500 |
| 6. Healthy Michigan Fund. The Senate had reduced Healthy Michigan Fund programming by \$10,753,200. The Conference concurred with the Governor and House and made no reductions. | 0 |
| 7. Long Term Care Program Expansion. The Senate had provided a \$1.0 million increase for community-based long term care services while the House had \$32.4 million. The Conference reflected a compromise amount of funding. | 15,692,600 |
| 8. Actuarially Sound Rates. The Conference included funding to meet requirements that Medicaid capitation rates paid to health maintenance organizations and Prepaid Inpatient Health Plans be actuarially sound. The amount was lower than what was originally assumed in the Governor's budget. | 143,508,100 |
| 9. Program Increases. The Conference included increased funding for Medicaid physician services (\$2.1 million GF/GP), a 25-cent increase in the Medicaid pharmacy dispensing fee effective April 1, 2009 (\$250,000 GF/GP), a 1.0% wage pass-through for mental health direct care workers effective February 1, 2009 (\$2.7 million GF/GP), an \$8-per-month increase for personal care services (\$534,000 GF/GP), and an increase for CMH multicultural services (\$1,060,000 GF/GP). | 14,336,900 |
| 10. Other changes. Other changes made by the Conference resulted in a slight decrease in spending. | (4,769,300) |

Total Changes.....	\$309,727,400
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FY 2008-09 Conference Report Gross Appropriation	\$12,533,142,000
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Amount Over/(Under) GF/GP Target: \$0

Changes from FY 2007-08 Year to Date:Items Included by the Senate and House

1. **Reporting of Data by CMHSPs.** Boilerplate specified that CMHSPs must report to the Legislature on services provided through the community mental health system by May 31 of each fiscal year.
2. **Graduate Medical Education (GME) Flow-Through.** Language directed the Department to ensure that GME funds are promptly distributed through Medicaid HMOs. (Sec. 1740)

Conference Agreement on Items of Difference

3. **Travel Restrictions.** The Conference included revised travel restrictions approved by the leadership of both the House and Senate. (Sec. 284)
4. **Prescription Drug Website.** New language directed the Department to work towards including additional information regarding prescription drugs on the MDCH website. (Sec. 285)
5. **Multicultural Contracts.** The Conference included new language requiring organizations in receipt of funds from the multicultural services line to provide the Department with detailed reports on the services financed and the population served by those funds. (Sec. 403)
6. **Odyssey House Funding.** The Conference required that the Department continue funding for programs provided by Odyssey House at the level in effect during FY2007-08. (Sec. 482)
7. **Tobacco Ban for Psychiatric Facilities.** The Conference mandated that the Department ban the use of all tobacco products on the grounds of State psychiatric facilities, effective October 1, 2008. (Sec. 609)
8. **HMO Service-Area Expansion.** The Conference included additional language requiring that an HMO wishing to expand into counties not previously served by that HMO meet specific criteria before doing so. (Sec. 1652)
9. **Health Information Technology.** The Conference directed the Department to conduct an in-depth study on the feasibility of implementing electronic prescribing for the Medicaid program. (Sec. 1733)
10. **\$60 Million DSH Pool.** The Conference deleted preexisting language providing parameters for the establishment of a new hospital DSH payment plan. (Sec. 1778)
11. **Emergency Room Diagnosis Codes.** New language required the Department to convene a work group to develop a list of ER diagnosis codes which will be used to determine payment rates to hospitals. If the payment methodology agreed upon is budget-neutral, it will be implemented. (Sec. 1785)
12. **Study on Physician QAAP.** New language required the Department to work with MSMS and the Michigan Osteopathic Association to examine the possibility of a Physician QAAP. (Sec. 1792)
13. **Medicaid Payment Mechanism.** The Conference also included language allowing the Department to convene a workgroup to study the feasibility of establishing a Medicaid payment mechanism for the reimbursement of mental health services provided by primary care physicians. (Sec. 1807)

Date Completed: 6-27-08

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