

FY 2014-15: DEPARTMENT OF COMMUNITY HEALTH
Summary: Conference Report
Senate Bill 763 (S-1) CR-1



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	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	Difference: Conference From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$10,056,100	\$9,425,900	\$9,425,900	\$9,425,900	\$9,425,900	(\$630,200)	(6.3)
Federal	11,620,170,500	11,941,802,500	12,026,645,400	12,046,130,700	12,557,686,100	937,515,600	8.1
Local	251,820,200	216,656,400	216,656,400	216,656,400	220,102,400	(31,717,800)	(12.6)
Private	126,342,400	127,056,600	127,056,600	127,056,600	127,056,600	714,200	0.6
Restricted	2,178,580,800	2,140,657,600	2,048,623,700	2,034,663,400	2,061,403,500	(117,177,300)	(5.4)
GF/GP	2,747,583,600	2,938,968,800	3,036,792,800	3,058,969,100	3,239,701,400	492,117,800	17.9
Gross	\$16,934,553,600	\$17,374,567,800	\$17,465,200,800	\$17,492,902,100	\$18,215,375,900	\$1,280,822,300	7.6
FTEs	3,591.6	3,654.1	3,654.1	3,651.1	3,654.1	62.5	1.7

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (4) FY 2013-14 Year-to-date figures include appropriation adjustments in 2013, PA 102, and 2013 PA 107 for Medicaid Reform/Healthy Michigan Plan effective March 14, 2014, but based on the waiver, implemented on April 1, 2014.

Overview

The Department of Community Health budget provides funding for a wide range of programs and services which includes behavioral health (mental health and substance use disorder), public health, and medical services programs, including Medicaid. Established in 1996, the Department also includes the Office of Services to the Aging, the Crime Victim Services Commission, and health policy.

Major Budget Changes From FY 2013-14 YTD Appropriations

1. Medicaid Cost Increases

The Executive's Medicaid program cost adjustments include a FY 2014-15 increase of \$83.2 million Gross (\$103.0 million GF/GP) for caseload, utilization, and inflation adjustments in Medical Services, Behavioral Health Services, Children's Special Health Care Services, and the Federal Medicare Pharmaceutical program. It includes a FY 2014-15 FMAP adjustment of \$249,000 Gross (\$79.7 million GF/GP; reduction of \$83.5 million Federal). The House and Senate concur, and Conference reflects the adjustments.

	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
Gross	\$12,525,311,200	\$83,158,400
IDG	6,194,900	143,700
Federal	8,502,877,500	(24,014,300)
Local	45,970,200	501,600
Restricted	1,892,460,100	3,484,800
Private	2,100,000	0
Merit Awd	81,766,000	0
GF/GP	\$1,993,942,500	\$103,042,600

2. Healthy Michigan Plan

The Executive recommendation includes an increase of \$625.3 million Gross (reduction of \$79.6 million GF/GP) for a full-year of Healthy Michigan Plan implementation. The adjustments reflect changes in Behavioral Health Services, Medical Services Administration, and Medical Services. In Medical Services, the Plan First Family Planning Waiver and Medicaid Adult Benefits Waiver lines are zeroed out and removed. The Medicaid Adult Benefits Waiver line is also zeroed out and removed in Behavioral Health Services. Includes an increase of 36.0 FTEs for administration of the expanded program. The House and Senate concur, and Conference reflects the same.

FTE	0.0	36.0
Gross	\$1,549,115,700	\$625,348,100
Federal	1,704,523,500	697,883,600
Restricted	13,145,000	7,058,700
GF/GP	(\$168,552,800)	(\$79,594,200)

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change	
3. Family Support Subsidy Program		Gross	\$19,364,900	(\$1,215,000)
The <u>Executive</u> proposes a \$1.2 million reduction in TANF revenue supporting the Family Support Subsidy Program anticipating a projected decrease of (0.3%) over the FY 2013-14 appropriated level and an average caseload of 6,809. The program provides \$222.11 monthly payment to income-eligible families with a child under 18 living at home who is severely mentally impaired, severely multiply impaired, or autistic. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.		TANF	19,364,900	(1,215,000)
		GF/GP	\$0	\$0
4. Mental Health Jail Diversion Council		FTE	1.0	0.0
The <u>Executive</u> adds \$3.4 million GF/GP to support recommendations of the Mental Health Diversion Council. In accordance with Executive Order 2013-7, the Council was charged with the responsibility of implementing an action plan that improves upon efforts to divert individuals with mental illness and developmental disabilities from the criminal justice system to appropriate treatment. Additional funding of \$2.7 million GF/GP is included in the Department of Corrections and Judiciary budgets. The <u>House</u> concurs. Section 495 is related boilerplate language. The <u>Senate</u> does not concur and adds a \$100 GF/GP placeholder. The <u>Conference</u> concurs with the <u>House</u> .		Gross	\$1,630,000	\$3,350,000
		GF/GP	\$1,630,000	\$3,350,000
5. Mental Health and Wellness Commission		Gross	NA	\$36,525,000
The <u>Executive</u> adds new ongoing funds of \$10.6 million GF/GP and one-time funds of \$5.0 million GF/GP for implementation of recommendations included in the State of Michigan Mental Health and Wellness Commission 2013 Report. In accordance with Executive Order 2013-6, the Commission was required to make recommendations addressing gaps in the delivery of mental health services and propose new models to strengthen the delivery system in the state. The <u>House</u> concurs and, as a technical adjustment, adds an additional \$22.2 million in federal funds. The <u>Senate</u> does not concur and adds a \$200 GF/GP placeholder for ongoing and one-time funding. For ongoing funds, the <u>Conference</u> does not concur with the <u>House</u> or <u>Senate</u> and reduces funds by \$1.3 million GF/GP. For one-time funds, the <u>Conference</u> concurs with the <u>House</u> .		Federal	NA	22,205,000
		GF/GP	NA	\$14,320,000
6. Actuarially Sound Capitation Payment Rates Adjustment		Gross	\$6,945,303,500	\$121,901,200
The <u>Executive</u> proposes a capitation payment rate increase of 2.5% for Health Plans and 1.5% for Prepaid Inpatient Health Plans (PIHPs) to comply with federal requirements that rates for these managed care entities are actuarially sound in FY 2014-15. This adjustment results in an additional \$121.9 million Gross (\$42.0 million GF/GP) for the Medicaid Mental Health Services, Medicaid Substance Use Disorder Services, and Health Plan Services line items. The <u>House</u> concurs. The <u>Senate</u> concurs and also adds a \$200 GF/GP placeholder. The <u>Conference</u> concurs with the <u>House</u> .		IDG	2,925,900	0
		Federal	4,732,604,900	79,894,100
		Restricted	1,318,458,800	0
		Local	39,086,400	0
		GF/GP	\$852,227,500	\$42,007,100
7. Community Mental Health (CMH) Non-Medicaid Services		Gross	\$130,757,600	\$16,036,000
The <u>Executive</u> increases the funding for the CMH Non-Medicaid Services line item by \$8.0 million GF/GP to reflect a revision in the savings that will be achieved in FY 2013-14 due to implementation of the Healthy Michigan Plan on April 1, 2014 and annualizes those savings in FY 2014-15. The <u>House</u> concurs. The <u>Senate</u> concurs and also adds an additional \$4,821,300 GF/GP. The <u>Conference</u> concurs with the <u>House</u> . Section 506 is related boilerplate language.		GF/GP	\$130,757,600	\$16,036,000
8. Healthy Michigan Plan – Behavioral Health		Gross	\$288,646,900	\$38,813,700
As technical adjustments to the <u>Executive</u> , the <u>House</u> does not reduce funding for the Healthy Michigan Plan – Behavioral Health line item by \$16.0 million (all federal Medicaid revenue), in conjunction with, recognizing an annualized FY2013-14 revised savings estimate of \$16.0 million for the CMH Non-Medicaid Services line item. In addition, the <u>House</u> , <u>Senate</u> and <u>Conference</u> increase the federal Medicaid revenue supporting this line item by \$38.8 million to reflect estimated expenditures consistent with an actuarial analysis.		Federal	288,646,900	38,813,700
		GF/GP	\$0	\$0

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
9. Fetal Alcohol Syndrome Services		Gross	NA
The <u>Senate</u> adds a \$100 GF/GP placeholder for fetal alcohol syndrome services. The <u>House</u> and <u>Conference</u> do not concur.		GF/GP	NA
			\$0
			\$0
10. Mental Health Services for Special Populations		Gross	NA
The <u>Senate</u> adds a \$100 GF/GP placeholder for an additional increase in funding for mental health services for special populations. The <u>House</u> and <u>Conference</u> do not concur.		GF/GP	NA
			\$0
			\$0
11. Anti-Human Trafficking Efforts		Gross	NA
As part of the Leadership Target Agreement, the <u>Conference</u> includes \$200,000 GF/GP for a new line item to support efforts to combat human trafficking in Michigan.		GF/GP	NA
			\$200,000
			\$200,000
12. Healthy Kids Dental Computer Program		Gross	NA
As part of the Leadership Target Agreement, the <u>Conference</u> includes one-time only funds of \$3,000,000 Gross (\$300,000 GF/GP) to enable the DCH to update the Medicaid computer system so that the Healthy Kids Dental program could be expanded by zip code rather than by only county.		Federal	NA
		GF/GP	NA
			\$3,000,000
			2,700,000
			\$300,000
13. Diabetes Prevention		Gross	\$650,000
The <u>House</u> provides an increase of \$150,000 GF/GP for diabetes prevention projects, as supported by Health and Wellness Initiatives line item funding. The <u>Senate</u> provides a \$150,100 GF/GP increase. The <u>Conference</u> concurs with the House. Diabetes prevention is also funded at \$1.9 million in the Diabetes and Kidney Program line item.		GF/GP	\$650,000
			\$150,000
			\$150,000
14. Breast Cancer Screening and Services		Gross	\$0
The <u>Senate</u> provides funding of \$1.0 million GF/GP for breast cancer screening and services, as supported by Health and Wellness Initiatives line item funding. The <u>House</u> does not include. The <u>Conference</u> provides funding of \$500,000 GF/GP. Cancer prevention is also funded at \$15.0 million in the Cancer Prevention and Control Program line item.		GF/GP	\$0
			\$500,000
			\$500,000
15. Children's Before- and After-School Healthy Exercise Program		Gross	\$1,000,000
The <u>Senate</u> reduces funding by \$500,000 GF/GP for the children's before- and after-school healthy exercise program in the Health and Wellness Initiatives line item. The <u>House</u> maintains current year spending. The <u>Conference</u> concurs with the House. The program has been funded since FY 2012-13. See also related Section 654 below.		GF/GP	\$1,000,000
			\$0
			\$0
16. Immunization Registry		Gross	\$2,098,800
The <u>Executive</u> includes an \$89,300 GF/GP increase in funding for the Michigan Care Improvement immunization Registry (MCIR). The increase is reflected in the FY 2013-14 YTD amount shown, as appropriated in supplemental Act 102 of 2013. This restores the ongoing budget for MCIR to the FY 2012-13 funding level. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.		GF/GP	\$2,098,800
			\$0
			\$0
17. Emergency Medical Services (EMS) Program		FTE	23.0
The <u>Executive</u> provides \$1.0 million GF/GP to replace unrealized state restricted fee revenue from EMS licensure fee increases budgeted in FY 2013-14 that were not subsequently enacted in statute. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.		Gross	\$6,187,400
		Federal	908,900
		Restricted	4,887,800
		GF/GP	\$390,700
			\$0
			0
			(1,006,100)
			\$1,006,100
18. Statewide Trauma System – One-Time Funding		Gross	\$3,500,000
The <u>Senate</u> includes a \$100 placeholder for increased funding for the statewide trauma system, and adds Section 720 to direct funding to statewide systems for trauma, stroke, ST segment elevation myocardial infarction, perinatal, and other time-dependent systems of care. The <u>House</u> does not include. As part of the Leadership Target Agreement, the <u>Conference</u> provides \$1.3 million GF/GP as one-time funding and moves related boilerplate to Section 1904. Year to date shown is ongoing funding.		Restricted	3,500,000
		GF/GP	\$0
			\$1,300,000
			\$1,300,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change	
19. Michigan Essential Health Provider Loan Repayment Program		Gross	\$2,491,300	\$1,100,000
The <u>Senate</u> provides an increase of \$500,000 GF/GP for the State Loan Repayment Program. Primary care providers practice in health resource shortage areas in exchange for assistance with repayment of medical education loans. The <u>House</u> does not include. The <u>Senate</u> and <u>House</u> concur with the <u>Executive</u> recognizing increased private matching funds revenue of \$600,000 for the program. The <u>Conference</u> concurs with the Senate.		Federal	1,236,300	0
		Private	255,000	600,000
		GF/GP	\$1,000,000	\$500,000
20. Island Health Clinics		Gross	\$325,000	\$0
The <u>Executive</u> transfers \$325,000 GF/GP for primary care services at island health clinics from a one-time appropriation line item into the existing Primary Care Services line item to establish the funding as ongoing. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.		GF/GP	\$325,000	\$0
21. Rural Health Care		Gross	\$1,531,500	\$24,000
The <u>Senate</u> and <u>House</u> provide increased funding of \$24,000 GF/GP for rural health services, as contracted through Michigan Center for Rural Health. The <u>Conference</u> concurs.		Federal	1,380,500	0
		GF/GP	\$151,000	\$24,000
22. Essential Local Public Health Services		Gross	\$39,386,100	\$1,500,000
The <u>House</u> provides a \$1.5 million GF/GP funding increase for essential local public health services provided pursuant to the Public Health Code, including immunization, infectious disease control, sexually transmitted disease control, hearing and vision screening for children, food protection, public water and private groundwater supplies, and on-site sewage management. The <u>Senate</u> includes a \$100 placeholder for increased funding for this program. The <u>Conference</u> concurs with the House.		Local	5,150,000	0
		GF/GP	\$34,236,100	\$1,500,000
23. Alzheimer's Disease Pilot Programs		Gross	\$0	\$150,000
The <u>House</u> provides \$150,000 GF/GP for a pilot program in 3 counties of in-home support and care services for persons with Alzheimer's Disease, to extend the period that a person can remain at home delaying residential long term care services, and includes evaluation. The <u>Senate</u> provides \$150,100 for this pilot, and new related Section 1001 boilerplate. The <u>Conference</u> provides funding of \$150,000 GF/GP and includes Section 1001. The <u>Senate</u> also provides a \$100 placeholder for a new pilot program in Branch County for Alzheimer's Disease services which the <u>Conference</u> does not concur with.		GF/GP	\$0	\$150,000
24. Lead Hazard Remediation and Abatement		Gross	\$4,212,400	\$500,000
The <u>Senate</u> provides a \$100 placeholder for a funding increase for lead abatement in the Healthy Homes line item. The <u>House</u> does not include. The <u>Conference</u> provides \$500,000 GF/GP of additional funding for the program and directs it to be used for abatement of homes, revising related Section 851.		Federal	2,175,900	0
		Private	76,400	0
		Restricted	710,100	0
		GF/GP	\$1,250,000	\$500,000
25. Smoking Prevention, and Pain Syndrome Education/Workgroup		Gross	NA	\$0
The <u>Senate</u> provides \$100 placeholders for a funding increase for smoking prevention programs for pregnant women, and for new funding for a pain syndrome education and workgroup (PA 678 of 2006). The <u>House</u> does not include. The <u>Conference</u> concurs with the House.		GF/GP	NA	\$0
26. Bone Marrow Donor Registry Tissue Typing – One-Time Funding		Gross	\$0	\$250,000
The <u>Senate</u> provides \$250,000 GF/GP for tissue typing expenses associated with a bone marrow donor registry "Be the Match" program, and new related Section 1141 boilerplate. The <u>House</u> does not include. As part of the Leadership Target Agreement, the <u>Conference</u> concurs with the Senate, but includes as one-time funding and moves related boilerplate to Section 1905.		GF/GP	\$0	\$250,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
27. Maternal, Infant, and Child Home Visiting Care Programs			
The <u>Executive</u> increases FTEs and funding to expand home visiting programs for at-risk families including: a) 7.0 FTEs and \$6.0 million of increased funds from federal maternal, infant, and early childhood home visiting program grants, and b) 2.0 FTEs and \$2.5 million GF/GP to expand home visit programs in rural northern Michigan and the Upper Peninsula for families with children, during pregnancy to age 5. The <u>House</u> and <u>Senate</u> concur, but use federal TANF funds rather than GF/GP for the \$2.5 million expansion for which the <u>Senate</u> also adds related new Section 1140. The <u>Conference</u> concurs with the Executive, but at \$2.25 million GF/GP for item b), and includes Section 1140 with revisions. The <u>Senate</u> also provides a \$100 placeholder for a funding increase for evidence-based home visiting program support outlined in Section 1137, which the <u>Conference</u> does not concur with.	FTE	0.0	9.0
	Gross	\$8,601,400	\$8,276,300
	Federal	6,601,400	6,026,300
	TANF	0	0
	GF/GP	\$2,000,000	\$2,250,000
28. Alternative Pregnancy and Parenting Support Program			
The <u>Senate</u> provides an increase of \$1.5 million GF/GP for the alternative pregnancy and parenting support services program outlined in Section 1136. The <u>House</u> provides an increase of \$800,000 GF/GP for the program and modifies related Section 1136. The <u>Conference</u> provides increased funding of \$100,000 GF/GP for the program and modifies related Section 1136.	Gross	\$700,000	\$100,000
	GF/GP	\$700,000	\$100,000
29. Autism - University and Assistance Programs – One-Time Funding			
The <u>Executive</u> increases one-time funding for university autism centers and services by \$1.0 million GF/GP and revises grants from 4 universities to 3 universities. Ongoing funding of \$500,000 to Eastern Michigan University is retained and moved from maternal and child health special projects to behavioral health administration in the budget. The <u>House</u> reduces one-time funding by \$500,000, revises grants to 3 universities, updates related boilerplate Section 1902; and concurs with the move of the ongoing funds. The <u>Senate</u> concurs with the Executive, and also restores one-time grants of \$500,000 GF/GP each to 2 universities, adds \$1.5 million GF/GP of one-time funding to the Autism Alliance for assistance to families in choosing treatment and services, and modifies Section 1902 related boilerplate for the one-time funding. The <u>Conference</u> , as part of the Leadership Target Agreement, concurs with the Senate and also provides an additional \$3.0 million to Western Michigan University; funding for the two \$500,000 university grants, the Autism Alliance assistance to families, and the WMU increase is from the Autism Coverage Fund; one-time funding is in two line items. Related Section 1902 is modified.	Gross	\$2,000,000	\$6,500,000
	Autism CF	0	5,500,000
	GF/GP	\$2,000,000	\$1,000,000
30. Child and Adolescent Health Care Pilot – One-Time Funding			
The <u>Executive</u> provides new one-time funds of \$2.0 million GF/GP for a child and adolescent health services pilot, for nursing and behavioral health care in schools provided by mobile health professional teams. The <u>House</u> and <u>Senate</u> concur, but use federal TANF funds rather than GF/GP. The <u>Conference</u> concurs with the Executive.	Gross	\$0	\$2,000,000
	TANF	0	0
	GF/GP	\$0	\$2,000,000
31. Pay for Success for Maternal & Child Programs – One-Time Funding			
As part of the Leadership Target Agreement, the <u>Conference</u> provides \$1.5 million GF/GP for a new Pay for Success Contracts pilot program, with related boilerplate Section 1906, intended to provide services, improve outcomes and lower service costs using vendor payment following demonstrated performance and savings. The pilot will focus on home visit programs for mothers and infants, and wraparound/multi-partner community and school-based services in high risk neighborhoods.	Gross	\$0	\$1,500,000
	GF/GP	\$0	\$1,500,000
32. Crime Victim Services			
The <u>Executive</u> increases funding by \$1.0 million for grants to county prosecutors for training and services for crime victims, with state restricted Crime Victim's Rights Fund monies. Also recognizes federal Victims of Crime Act (VOCA) grant reductions of \$4.1 million for services to crime victims, and \$700,000 for victim compensation. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	FTE	13.0	0.0
	Gross	\$37,775,200	(\$3,806,100)
	Federal	23,494,800	(4,806,100)
	Restricted	14,280,400	1,000,000
	GF/GP	\$0	\$0

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
33. Senior Services Expansion and Fund Shift The <u>Executive</u> provides an additional \$6.0 million GF/GP to increase services for Michigan seniors and eliminate waiting lists, including: \$1.0 million to address elder abuse prevention supporting legislation enacted in 2012, \$3.2 million for in-home services, and \$1.8 million for home-delivered meals. Also provides \$400,000 GF/GP for respite care program to replace a \$400,000 shortfall of state restricted funds from the Senior Care Respite Fund. Net reduction of \$661,500 for federal grants is also shown. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	FTE	40.0	0.0
	Gross	\$94,081,600	\$5,338,500
	Federal	58,154,600	(661,500)
	Private	677,500	0
	Merit Awd	4,068,700	0
	Restricted	1,800,000	(400,000)
	GF/GP	\$29,380,800	\$6,400,000
34. Senior Olympics – One-Time Funding As part of the Leadership Target Agreement, the <u>Conference</u> provides new funding of \$100,000 GF/GP for the Senior Olympics. This program has been funded occasionally in past fiscal years.	Gross	\$0	\$100,000
	GF/GP	\$0	\$100,000
35. Health Insurance Claims Assessment (HICA) The <u>Executive</u> maintains \$420.2 million in state restricted HICA revenue, and assumes that the \$110.0 million shortfall will be resolved through an unspecified legislative action. The <u>Senate</u> and <u>House</u> reduce state restricted HICA revenue by \$110.0 million and replace it with a like amount of GF/GP to address the shortfall. <u>Conference</u> addresses the shortfall by incorporating budgetary adjustments stemming from SBs 893 and 913 of 2014, which (a) reinstate the 6% Use Tax on services provided by Medicaid managed care entities and (b) reduce the HICA rate by 0.25% to 0.75%.	Gross	\$420,203,700	\$580,095,500
	Federal	0	429,558,300
	Restricted	420,203,700	(187,550,900)
	GF/GP	\$0	\$338,088,100
36. Special Rural Hospital Payments The <u>Executive</u> includes a reduction of \$35.6 million Gross (\$12.0 million GF/GP) for full elimination of rural hospital payments. The <u>House</u> replaces GF/GP with hospital QAAP revenue to allow the payments to continue in the same gross amount. The <u>Senate</u> continues rural hospital payments in the current year amounts. <u>Conference</u> concurs with the Senate.	Gross	\$35,629,500	\$0
	Federal	23,629,500	0
	Restricted	0	0
	GF/GP	\$12,000,000	\$0
37. Primary Care Rate Increase – Partial Continuation The <u>Executive</u> partially continues a rate increase for primary care providers that was initially introduced in 2013. The rate increase was included temporarily with 100% federal funds from the Affordable Care Act. Full federal payment of the increased rate continues through calendar year 2014, after which states have the option to continue the higher rate at the regular FMAP. The Executive continues the higher rate with \$75.4 million Gross (\$26.0 million GF/GP) on an ongoing basis. The <u>Senate</u> concurs with the Executive. The <u>House</u> continues the increase with \$62.1 million Gross (\$21.4 million GF/GP). <u>Conference</u> continues the rate with \$72.5 million Gross (\$25.0 million GF/GP).	Gross	\$156,333,300	(\$83,785,400)
	Federal	156,333,300	(108,785,400)
	GF/GP	\$0	\$25,000,000
38. Other Provider Rate Increases The <u>Senate</u> proposes rate increases in the amount of \$21.7 million Gross (\$7.5 million GF/GP) for the following services: OB/GYN, personal care, ambulance, dialysis, and hospice. The <u>House</u> does not concur. <u>Conference</u> includes increases in the amount of \$15.2 million Gross (\$5.2 million GF/GP) for OB/GYN, personal care, and dialysis services.	Gross	NA	\$15,192,800
	Federal	NA	9,957,300
	GF/GP	NA	\$5,235,500
39. Graduate Medical Education (GME) The <u>Executive</u> removes \$4.3 million Gross (\$1.4 GF/GP) in one-time GME funding. The <u>House</u> continues one-time funding for GME at \$2,901,900 Gross (\$1,000,000 GF/GP), contingent on meeting the conditions in boilerplate section 1903. The Senate continues one-time GME funding at current year levels. <u>Conference</u> continues funding at current year levels, and moves the full amount from one-time to ongoing in the Hospital Services and Therapy line. (Conference removes related boilerplate section 1740 and 1903, and modifies sections 1846 and 1870).	Gross	\$4,314,200	\$0
	Federal	2,864,200	0
	GF/GP	\$1,450,000	\$0
40. Roads and Risks Reserve Funds <u>Conference</u> includes a fund shift of \$60.9 million from GF/GP to the Roads and Risks Reserve (RRR) fund in the Health Plan Services line.	Gross	NA	\$0
	RRR	NA	60,900,000
	GF/GP	NA	(\$60,900,000)

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>FY 2013-14 Year-to-Date (as of 2/5/14)</u>	<u>FY 2014-15 Conference Change</u>	
41. Affordable Care Act Insurance Fee Reserve	Gross	NA	\$87,057,500
<u>Conference</u> provides \$87.1 million Gross (\$30.0 million GF/GP) to hold Medicaid health plans harmless for the insurance provider's fee included in the Affordable Care Act. The amount of the federal fee is not yet finalized, so the funds are appropriated in a new Health Insurer Fee Reserve Fund line that is available only as outlined in boilerplate Sec.1765.	Federal	NA	57,057,500
	GF/GP	NA	\$30,000,000
42. Economic Adjustments	Gross	NA	\$8,789,500
The <u>Executive</u> proposes a net increase of \$8.8 million Gross (\$3.2 million GF/GP) for negotiated salary and wage increase (2.0% ongoing increase plus 0.5% lump sum increase), actuarially-required retirement rate increases, and economic adjustments for worker's compensation, building occupancy, and rent. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	NA	27,900
	Federal	NA	2,042,100
	Restricted	NA	452,700
	Local	NA	3,018,400
	Private	NA	4,200
	GF/GP	NA	\$3,244,200

Major Boilerplate Changes From FY 2013-14

GENERAL SECTIONS

Sec. 204. Benchmarks for New Programs or Program Increases – NEW

House adds new section that requires the following of DCH: report on a list of specific benchmarks intended to measure the performance or return on taxpayer investment of funds appropriated for a new program or program increase and its associated expenditures by November 1, 2014; and provide an update on the progress of the program and the status of expenditures for the program as measured by those benchmarks by March 1, 2015. Also, expresses Legislature's intent that, beginning with the FY 2015-16 budget, any proposal for a new program or spending increase on existing programs initiated by the Executive or Legislature include a specific list of benchmarks intended to measure the performance or return on taxpayer investment of the program or spending increase. Senate does not include new section. Conference revises the House language in which the DCH is required to identify specific benchmarks intended to measure the performance or return on taxpayer investment for each new program or program exceeding a Part 1 appropriation of \$500,000.

Sec. 252. Appropriations for Healthy Michigan Plan – NEW

Senate adds new language specifying that Part 1 appropriations for the Healthy Michigan Plan (HMP) are contingent upon 2013 PA 107 not being amended, repealed, or otherwise altered to eliminate the HMP. Also specifies that if those actions occur, the remaining funds in the HMP are to be used only to pay previously incurred costs. House does not include new section. Conference concurs with the Senate.

Sec. 282. Uniform Definitions for Administrative Costs/Performance Metrics for Contracts – REVISED

Requires DCH to establish, among other things, uniform definitions for the reporting of administrative costs by coordinating agencies on substance abuse, Salvation Army Harbor Light, and area agencies on aging and local providers. Executive deletes current law. House revises language in which the Department is required to work with the Department of Technology, Management, and Budget to establish an automated annual metric collection, validation, and reporting process for contracts via the state's e-procurement system. Requires DCH to report the status of this work and a project plan by October 1, 2014. Also, requires the Department to provide a June 30, 2015 report that presents performance metrics on all new or existing contracts at renewal of \$1.0 million or more funded with state general fund/general purpose or state restricted resources. The performance metrics must include, at a minimum, service delivery volumes and provider or beneficiary outcomes. Senate does not revise section as proposed by the House and modifies current law. Conference revises the House language in which DCH is required to report the status of project by November 1, 2014 and May 1, 2015. Also, the automated system must generate a report by June 30, 2016.

Sec. 288. Limits Administrative Component of New Contracts – NEW

House adds new section requiring that no less than 90% of a new department contract supported solely from state restricted or general funds and designated for a specific entity for the purpose of providing services to individuals be expended for those services. Senate does not include new section. Conference revises the House language in which the limitation applies to services after the first year of the contract and DCH is allowed to make exceptions to the limitation.

Sec. 297. Legacy Costs – NEW

Executive adds new section specifying that the total authorized appropriations for FY 2014-15 legacy costs are \$89,124,600 in which the pension-related legacy costs are estimated at \$49,676,000 and the retiree health care legacy costs are estimated at \$39,448,600. House, Senate, and Conference concur.

Major Boilerplate Changes From FY 2013-14

BEHAVIORAL HEALTH SERVICES

Sec. 403. Mental Health Services for Special Populations – REVISED

Requires DCH to ensure CMHSPs or PIHPs meet with multicultural service providers to develop a workable framework for contracting, service delivery, and reimbursement. Executive revises language in which the Department is required to competitively award grants for mental health services for special populations and ensure each contractor comply with performance-related metrics to maintain their eligibility for funding. Also, specifies that the state will not be held liable for any spending above the contract amount. House concurs. Senate maintains current law. Conference revises the House language in which DCH is permitted to require each contractor to provide data and information on performance-related metrics.

Sec. 502. Fetal Alcohol Syndrome Services – REVISED

Requires the Department to explore developing an outreach program on fetal alcohol syndrome services and report on efforts to prevent, combat, and reduce the incidence of fetal alcohol syndrome. Executive deletes current law. House adds new subsection requiring the DCH to explore federal grant funding to address prevention services for fetal alcohol syndrome and reduce alcohol consumption among pregnant women. Also, requires the DCH to submit a progress report by April 1, 2015. Senate revises current law in which DCH is required to continue developing an outreach program on fetal alcohol syndrome services. Conference concurs with the House and also requires DCH to continue developing an outreach program.

Sec. 506. Report on CMH Non-Medicaid Services Expenditures – NEW

Conference adds a new provision that requires the DCH to provide the most recent cost data information submitted by the CMHSPs on how CMH non-Medicaid services funding were expended by each CMHSP. Requires the information to include general fund/general purpose costs for administration, prevention, jail diversion and treatment services, MICHild program, children's waiver home care program, children with serious emotional disturbance waiver program, services provided to individuals with mental illness and developmental disabilities who are not eligible for Medicaid, and the Medicaid spend down population.

PUBLIC HEALTH ADMINISTRATION

Sec. 654. Before- and After-School Healthy Exercise Program – REVISED

Allocates \$1.0 million for a pilot before- and after-school healthy exercise program for children kindergarten through grade 6. Department shall incorporate evidence-based best practices for program model and guidelines. Program goals for participating children are indicated and a 20% match is required of grantees. Department shall seek third party financial support for program. The House revises to a school children's healthy exercise program through grade 8, and no less than ½ of the funds shall be granted for before- and after-school programs. The Senate revises \$1.0 million to \$500,000 related to a Part 1 change. The Conference concurs with the House.

HEALTH POLICY

Sec. 712. Free Health Clinic Funding – CURRENT LAW

Allocates \$250,000 to free health clinics from the funds appropriated for primary care services, to be distributed equally to each free health clinic. Defines free health clinic. Executive deletes. House, Senate, and Conference do not concur.

EPIDEMIOLOGY AND INFECTIOUS DISEASE

Sec. 852. Childhood and Adolescent Immunization Rates - NEW

Senate adds new Section 251 requiring the Department to develop a plan designed to improve Michigan's childhood and adolescent immunization rates. House does not include. Conference concurs with the Senate, but includes as Section 852.

FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

Sec. 1103. Sexual and Maternal Health Expenditure and Demographics Report – CURRENT LAW

Requires DCH to annually report an estimate of public funds administered by the department for family planning, sexually transmitted infection prevention and treatment, pregnancies, and births, and to report demographics collected by DCH that are voluntarily self-reported by individuals utilizing those services. Executive deletes. House concurs. Senate does not concur. Conference concurs with the Senate and includes Section 1103.

Sec. 1108. Prohibit Use of Pregnancy Prevention Funds for Abortion Counseling, Referrals, Services – REVISED and Sec. 1119. No Use of Funds to Encourage or Support Abortion Services – DELETED

Executive revises section 1108 to add family planning agreements, and deletes section 1119. House combines sections 1108 and 1119 as a revised section 1108, and deletes section 1119. The revised House language states that DCH shall not use state restricted or GF/GP funds appropriated in the family planning local agreements or pregnancy prevention program line items for abortion counseling, referrals, or services. Senate makes no changes to current law for Sections 1108 and 1119. Conference concurs with the House.

Sec. 1135. School Health Education Curriculum – DELETED

Establishes that if funds become available, provision of a school health education curriculum shall be in accordance with goals of the Michigan Model for Comprehensive School Health Education State Steering Committee; establishes steering committee membership; and requires curriculum materials be made available upon request. Executive deletes. House, Senate, and Conference concur.

Major Boilerplate Changes From FY 2013-14

Sec. 1139. Housing Rehabilitation and Hazard Abatement Program Task Force – NEW

Senate adds new section requiring DCH to establish a joint task force to review housing rehabilitation, energy and weatherization, and hazard abatement program policies, in collaboration with Department of Human Services and the Michigan State Housing Development Authority; establishes task force membership; and requires a report by March 1, 2015 of recommendations for integrating and coordinating projects to maximize resources while serving more families and achieving better outcomes. House does not include. Conference concurs with the Senate.

WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM

Sec. 1151. Report on Access and Savings Regarding Generic Peanut Butter Purchasing Requirement – NEW

Senate adds new Section 253 provision requiring the Department to provide a cost-benefit analysis of implementing the generic peanut butter purchasing requirement within the Women, Infants, and Children Supplemental Food and Nutrition (WIC) program. House does not include. Conference revises to require a report to the Legislature by January 1, 2015 on the number of complaints received regarding access to generic peanut butter by county, and the savings gained, from recent implementation of the WIC generic peanut butter purchasing requirement modifications.

CRIME VICTIM SERVICES COMMISSION

Sec. 1302. Allocation of Funds for Forensic Nurse Examiner Programs – CURRENT LAW

Allocates up to \$200,000 of justice assistance grants line item funds for expansion of forensic nurse examiner programs to facilitate training for improved evidence collection for prosecution of sexual assault. Funds to be used for program coordination and training. Executive deletes. House, Senate, and Conference do not concur.

MEDICAL SERVICES

Sec. 1503. Healthy Michigan Plan Administration – NEW

The House proposal adds a new section requiring the department to establish an accounting structure in the state system (Michigan administrative information network, or MAIN) to separately track expenditures for administration of the Healthy Michigan Plan. The Senate concurs. Conference includes Sec. 1503.

Sec. 1765. Health Insurer Fee Reserve Fund - NEW

Conference creates the Health Insurer Fee Reserve fund, consisting of GF/GP and associated federal match appropriated to the new Health Insurer Fee Reserve Fund line. The funding is intended to hold Medicaid health plans harmless for the impact of the federal insurance provider's fee created by the Affordable Care Act. Funds will be available after (1) the Internal Revenue Service finalizes the 2015 percent assessment fee rate and (2) the state budget director approves the amount of reimbursement from the fund.

Sec. 1815. Capitation Withhold Limitation – CURRENT LAW

This section limits capitation withholds for managed care plans at 0.19%. The Executive recommends removing the cap. The House concurs. The Senate does not concur. Conference retains the language.

Sec. 1846 and 1870. Graduate Medical Education – REVISED

Conference modifies these sections, which (1) emphasize disciplines that are necessary to meet the needs of the state, (b) establish the MIDocs consortium. The purpose of MIDocs is to develop freestanding residency training programs in primary care and other ambulatory care-based specialties.

Sec. 1861. Nonemergency Medical Transportation – REVISED

This section requires the department to report on the pilot program for non-emergency medical transportation in southeast Michigan. The Executive recommends deletion. The House proposal continues the reporting requirement, but broadens the scope of review to include the efficiency and effectiveness of the nonemergency transportation system, with acknowledgement that the review may be limited based on available data for services provided outside of DCH or its contractor. Accompanying language is proposed for the Department of Human Services (DHS), requiring DHS to provide DCH with data on methods of travel, number of people served, travel distances, number of trips, and trip costs. Adds a subsection requiring a new nonemergency pilot in at least two counties, with priority given to Berrien and Muskegon counties. The Senate concurs with the House. Conference includes the House and Senate version.

Sec. 1866. Rural Hospital Payments – CURRENT LAW

This section earmarks an amount of the Part 1 appropriation for special rural hospital payments, and establishes parameters for eligibility, disbursement, and reporting. The Executive recommends deletion. The House proposal changes the source of the state share from GF/GP to hospital quality assurance assessment program (QAAP) revenue to continue rural hospital payments in the same gross amount, and retains language regarding eligibility, disbursement, and reporting. The Senate retains current language, as does Conference.