



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 198 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is House Bill 4328](#)

FY 2012-13 Year-to-Date Gross Appropriation	\$15,029,057,700
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Changes from FY 2012-13 Year-to-Date:

1. Medicaid Match Rate Change. The Medicaid match rate will decrease from 66.39% to 66.32%, leading to a cost increase of \$6.9 million GF/GP.	0
2. Medicaid Primary Care Services Rate Increase. The Governor included funding to annualize this Federally funded increase, which took effect on January 1, 2013 and raises payment rates for Medicaid primary care services to Medicare levels.	103,200,000
3. Medicaid Managed Care Actuarial Soundness. The Governor provided a 2.5% increase for Medicaid physical health and a 1.25% increase for Medicaid mental health to meet Federal requirements that capitation rates be actuarially sound, at a cost of \$37.9 million GF/GP.	112,546,900
4. Medicaid Base and Caseload Adjustments. The budget reflected a small net cost increase across all Medicaid programs, with a cost of \$13.2 million GF/GP.	20,603,600
5. Fee Increases. The Governor proposed increasing vital records, certificate of need, emergency medical services, and newborn screening fees.	3,811,100
6. Program Increases and New Programs. The Governor proposed a number of new programs and program expansions, including a jail diversion project, a mental health innovations fund, health innovation grants, a new infant mortality plan, an office of Medicaid transformation, and additional funding for the 4x4 anti-youth obesity initiative. Total cost of \$19.2 million GF/GP.	27,743,800
7. Program Reductions. The Governor proposed eliminating most one-time funding, including special populations, graduate medical education, and health and wellness programs. The Governor also eliminated a \$20.0 million payment to Harper/Hutzel hospital. Total savings from these reductions would be \$16.2 million GF/GP.	(32,303,800)
8. Medicaid Expansion. The Governor proposed expanding the Medicaid program effective January 1, 2014 to cover all those up to 133% of the Federal poverty level for an estimated 320,000 people. The increased services would be 100% Federally funded for the first three years. The State has a number of programs serving this population using GF/GP dollars, especially Community Mental Health (CMH) non-Medicaid services, so the Governor's budget projects GF/GP savings on these programs of \$181.7 million.	1,359,044,100
9. Economic Adjustments. Includes \$1,944,800 Gross and \$1,103,900 GF/GP for OPEB and \$14,356,700 Gross and \$6,154,900 GF/GP for other economic adjustments.	16,301,500
10. Other Changes. Other adjustments lead to a small reduction in funding.	(5,753,900)
Total Changes	\$1,605,193,300

FY 2013-14 Governor's Recommendation	\$16,634,251,000
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The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Communication with Department Staff.** Governor removed language prohibiting punishment of any employee for communicating with a legislator or legislative staffer. (Sec. 267)
2. **CMH Contractual Requirements.** Governor altered language on CMH contracts, removing references to a specific array of services that CMHs were required to offer and instead state that services be provided in accordance with State and Federal laws. (Sec. 401)
3. **Data Reporting by CMHs.** Governor deleted language requiring CMHs to report data to the Department and the Legislature on their expenditures and services. (Sec. 404)
4. **Data Reporting by Substance Abuse Agencies.** Governor altered language on substance abuse data reporting to remove references to specific data and instead require analysis of trends in programs and determine effectiveness. (Sec. 408)
5. **Privatization of State Facility Food and Custodial Services.** Governor deleted language permitting the Department to bid out food and custodial services at State hospitals if certain conditions were met. (Sec. 608)
6. **Michigan Essential Health Provider Loan Repayments.** Governor modified language to expand loan repayment to primary care physicians as well as obstetricians and gynecologists. (Sec. 709)
7. **Report on Planned Allocations for Maternal and Child Programs.** Governor deleted language requiring a report on expenditures for local maternal and child health services, prenatal care outreach, pregnancy prevention, and family planning. (Sec. 1104)
8. **Medicaid Protected Income Level.** Governor modified language to reflect Medicaid expansion to all those up to 133% of the Federal poverty level. (Sec. 1605)
9. **Medicaid Health Maintenance Organization (HMO) Capitation Withhold.** Governor removed language limiting the Medicaid HMO capitation withhold to 0.19%. (Sec. 1815)
10. **Michigan-Illinois Medicaid Management Information System (MMIS) Collaboration.** Governor included new language to reflect a joint project between the two states that could leave to savings for Michigan. (Sec. 4-1866)
11. **GF/GP Savings from Medicaid Expansion.** Governor included new language directing that negative appropriations in Medicaid Expansion unit be fulfilled by savings from a reduction in the number of people served by these programs and directs that adjustments to these lines be made through the legislative transfer process. (Sec. 4-1867)
12. **Deposit into the Michigan Health Savings Fund.** Governor included new language in the general sections of the omnibus bill appropriating \$103.0 million to the Michigan Health Savings Fund. (Sec. 20-208)
13. **Mental Health Innovations Fund.** Governor included new language permitting the Department to receive revenues and donations to support the mental health innovations fund, with language designating the entire program as a work project. (Sec. 4-1901)

Date Completed: 2-20-13

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