



**Senate Fiscal Agency**  
**P. O. Box 30036**  
**Lansing, Michigan 48909-7536**

# BILL ANALYSIS



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<b>FY 2013-14 Year-to-Date Gross Appropriation .....</b>	<b>\$16,543,793,400</b>
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## Changes from FY 2013-14 Year-to-Date:

### Items Included by the Senate and House

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|---|---------------|
| 1. <b>Medicaid Match Rate.</b> The Medicaid match rate will decrease from 66.14% to 65.54%, leading to a cost increase of \$79.3 million GF/GP.   | 0             |
| 2. <b>Medicaid Base and Caseload.</b> Conference reflected Medicaid base adjustments.   | 82,908,900    |
| 3. <b>Medicaid Expansion.</b> Conference budget reflected full-year Gross costs and GF/GP savings from implementation of the Healthy Michigan Program, commonly referred to as Medicaid expansion. The State has a number of programs serving this population using GF/GP dollars, especially Community Mental Health (CMH) non-Medicaid services, so the budget projects full-year GF/GP savings on these programs of \$232.1 million. | 1,080,725,600 |
| 4. <b>Economic Adjustments.</b> Included a negative \$2,427,900 Gross and a negative \$991,200 GF/GP for OPEB and \$11,249,800 Gross and \$4,235,400 GF/GP for other economic adjustments.  | 8,821,900     |
| 5. <b>Other Changes.</b> Other changes resulted in a small reduction in appropriations.   | (2,380,500)   |

### Conference Agreement on Items of Difference

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|---|---------------|
| 6. <b>Technical Adjustments.</b> Conference included technical adjustments, including adjustments to the Specialty Network Access Fee program, adjustments to special financing, and termination of an outpatient hospital pool.  | (141,388,300) |
| 7. <b>Medicaid Managed Care Actuarial Soundness.</b> Conference provided a 2.5% increase for Medicaid physical health and a 1.5% increase for Medicaid mental health to meet Federal guidelines that rates be actuarially sound. In addition, a reserve was created to cover the cost of new Federal managed care taxes. Total cost was \$72.0 million GF/GP.   | 208,958,900   |
| 8. <b>Medicaid Primary Care Services Rate Increase.</b> The Medicaid primary care rate increase to Medicare levels is funded with 100% Federal funds until December 31, 2013. Conference removed the Federal funding but retained half of the increase effective January 1, 2015, at a cost of \$25.0 million GF/GP.  | (273,368,800) |
| 9. <b>Program Increases.</b> Conference expanded Health and Wellness programming, implemented Mental Health and Wellness Commission recommendations, increased Local Public Health, concurred with Governor's Aging Services increases, expanded the Home and Community Based Waiver, expanded Healthy Kids Dental, and increased Medicaid obstetric payments to hospitals and physicians. Total cost \$58.7 million GF/GP. | 127,443,500   |
| 10. <b>Governor's Proposed Reductions.</b> Conference rejected proposed elimination of the rural/sole community hospital pool and graduate medical education funding.   | 0             |
| 11. <b>Health Insurance Claims Assessment (HICA) and Use Tax.</b> Conference reflected enactment of HICA rate reduction and Use Tax implementation, including covering managed care Use Tax costs and eliminating the HICA deficit. \$338.1 million GF/GP.  | 580,095,700   |
| 12. <b>FY 2014-15 One-Time Appropriations.</b> Changes to one-time appropriations including elimination of the mental health innovations pool, transfer of one-time GME funding to ongoing, funding for autism services, \$5.0 million for the mental health and wellness commission recommendations, and other projects.   | (234,400)     |

Total Changes .....	\$1,671,582,500
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<b>FY 2014-15 Conference Report Ongoing/One-Time Gross Appropriation .....</b>	<b>\$18,215,375,900</b>
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**Amount Over/(Under) GF/GP Target: \$**

**Changes from FY 2013-14 Year-to-Date:**Items Included by the Senate and House

1. **Legacy Costs.** Senate included new language specifying the legacy costs at \$49,676,000 for pension-related costs and \$39,448,600 for retiree health care costs for the year. (Sec. 297)

Conference Agreement on Items of Difference

2. **Healthy Michigan Plan.** Conference included new language stipulating that should the enacting legislation regarding the Healthy Michigan Plan be amended, repealed, or altered funds appropriated in that line would only be able to be used to pay bills accrued up until the effective date of amending, repeal, or alteration. (Sec. 252)
3. **Contracts for Mental Health Services for Special Populations.** Governor and House modified language to require competitive bidding for the dispersal of grants to multicultural service providers. Senate retained current year language. Conference revised language to require establishment of metrics. (Sec. 403)
4. **Housing Rehabilitation and Hazard Abatement Task Force.** Conference included new language which requires the Department to work with DHS and MSHDA to review housing rehabilitation, energy and weatherization, and hazard abatement program policies. (Sec. 1139)
5. **Certification of Health Plan and PIHP Rates as Actuarially Sound.** Conference retained current year language. (Sec. 1764)
6. **Health Insurer Fee Reserve Fund.** Conference included new language establishing a reserve fund of \$30.0 million GF/GP and associated Federal Match to cover the cost of the 2015 insurance provider's fee. These funds may only be expended after the IRS finalizes the percent assessment for 2015. (Sec. 1765)
7. **Rural Hospital Funding.** Senate retained current year language allocating \$12.0 million GF/GP, along with associated Federal match. Conference concurred with Senate, but modified limits on payments to any one hospital from a maximum of 5% of the pool to 10%. (Sec. 1866)
8. **Graduate Medical Education (GME).** Conference modified language on GME to require the Department to work with Michigan based medical schools to create a GME consortium to be known as MiDocs. Also, allocates \$500,000 for the legal creation of the consortium, to obtain ACGME accreditation and develop new residency programs within the State. (Sec. 1870)
9. **Medicaid Health Plan Performance Standards.** Conference included new language requiring the Department to establish contract performance standards for Medicaid health plans three months before their implementation. Language would only apply to contract performance standards associated with the capitation withhold and altered the time frame to at least three months before implementation. (Sec. 1888)
10. **Harper-Hutzel Hospital Funding.** Senate included new language allocating a DSH payment of \$6,500,000 GF/GP plus associated Federal match to Harper-Hutzel Hospital. Conference removed. (Sec. 1895)
11. **Diabetes Manifestation in Medicaid.** Conference included new language requiring reports on the prevalence of gestational diabetes in the Medicaid population and the Medicaid program performance on diabetes specific measures. Language would allocate up to \$35,000 contingent upon the receipt of matching private funds for the study on gestational diabetes. (Secs. 1896 and 1897)

Date Completed: 6-9-14

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