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BILL ANALYSIS

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House Bill 5249 (as passed by the House)
Sponsor: Representative Matthew Gillard
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

The bill would amend the Insurance Code to delay for one year a previously-established sunset on collection of quality assurance assessment fees imposed upon Medicaid HMOs and Specialty Prepaid Health Plans. The bill would change the sunset date from October 1, 2007, to October 1, 2008.

The State of Michigan has instituted a number of Quality Assurance Assessment Programs (QAAPs) for Medicaid providers. A QAAP is a financing arrangement that permits the State to increase net funding to Medicaid providers while producing GF/GP savings for the State.

A QAAP is a tax upon an entire provider group. Revenue from this tax accrues to the State and supplants State funds used to support the Medicaid program, thus producing GF/GP savings. The State uses most of the revenue from the provider assessment to increase Medicaid reimbursement rates paid to the taxed provider group. When these funds are combined with Federal Medicaid matching funds, the total increase in Medicaid rates exceeds the tax that was paid, leading to a net gain for that provider group as a whole.

MCL 500.224b

FISCAL IMPACT

Enactment of the bill would permit the State to continue to generate GF/GP savings through the operation of the Medicaid HMO and Community Mental Health (CMH) QAAPs. Postponing the sunset currently established for these QAAPs would allow the State to continue to generate GF/GP savings of \$98.3 million through the retention of QAAP revenue (\$48.6 million through the HMO QAAP and \$49.7 million through the CMH QAAP).

Date Completed: 9-25-07

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