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BILL ANALYSIS

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House Bill 4439 (Substitute H-2 as reported without amendment)**Sponsor:** Representative Lynn Owen**House Committee:** Social Services & Youth**Senate Committee:** Human Resources and Senior Citizens**Date Completed:** 12-6-88**RATIONALE**

Generally, all persons receiving Medicaid services are entitled to the same services and treatment for comparable needs. There are some circumstances, however, in which the Federal government allows states to waive eligibility requirements for services. Amendments made to the Federal Omnibus Budget Reconciliation Act in 1981 gave states the authority to pursue home and community-based services waivers from Federal Medicaid regulations. The waivers were, in part, a means of addressing the increase in hospitalization costs and decrease in nursing home and institutional care resources plaguing the health industry. Now that waivers are available for home and community-based services, some feel that Michigan should develop a home and community-based services program for Medicaid recipients and seek the waivers as a means of addressing the increased institutionalization costs faced in the health care industry.

CONTENT

The bill would amend the Social Welfare Act to require the Department of Social Services to offer home and community-based services to eligible Medicaid patients; establish eligibility criteria for such services; establish an appeals process for complaints about services received; and require quarterly reports on the services offered and complaints adjudicated.

To qualify for home or community-based services, a person would have to be eligible for inpatient hospital or nursing home services and the estimated expenditure for the services for the person would have to be determined not to exceed the estimated expenditure that would have been made if the person received nursing home services, or inpatient hospital or similar institutional care services instead.

Home or community-based services would have to include safeguards adequate to protect the health and welfare of participating eligible persons, and would have to be provided according to a written plan of care for each person. An eligible person who was receiving home or community-based services and who was dissatisfied with a change in his or her plan of care or a denial of any home or community-based service, could demand a hearing and subsequently could appeal the hearing decision to circuit court.

The Department would have to give the Legislature and the Governor a quarterly report that detailed its case finding and placement activities, the number of hearings requested, and the outcome of each hearing that had been adjudicated during the quarter. The bill would require the

Department to seek a waiver from the Federal Department of Health and Human Services necessary to implement the program.

MCL 400.109a

FISCAL IMPACT

This bill should result in no net change in State expenditures for actual services provided. This is due to the requirement of Section 109c(3) that expenditure for the substitution of home or community-based care for institutional care not exceed the forgone cost of the latter on an average per capita basis. However, the State could incur an indeterminate increase in administrative costs resulting from the obtaining and maintaining of a Federal waiver.

ARGUMENTS**Supporting Argument**

For people receiving health care, surroundings can have a direct effect on emotional well-being. A person receiving health care often responds more positively in surroundings with which he or she is intimately familiar. The bill would allow Medicaid recipients to choose the option for care which they believe would give them the best quality of life. Many health care experts have noted that home and community-based services are frequently as cost-effective as institutional care. In addition, many states have implemented home and community-based services under the Federal waiver program with positive results.

Opposing Argument

One of the reasons that the Department has not sought waivers for home and community-based services in the past is that Federal waivers are often costly to administer. The Federal government imposes strict cost standards and reporting requirements for maintenance of waivers, and a state may have its waiver revoked because the state could not afford the costs and the staffing needed to maintain Federal standards. The requirement to seek a Federal waiver would impose unnecessary costs and administrative burdens on the Department and should be deleted from the bill, especially since a Federal waiver may not be necessary to carry out the concept embodied in the bill. Over the years, the Department has explored several ways to use home and community-based services without Federal waivers. According to the Department, nearly 25,000 persons received personal care and chore services in their homes during fiscal year 1986-87 at a cost of \$55 million. Approximately 75% of the services were Medicaid funded. (Chore services are not Medicaid

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benefits.) Waivers should remain an option that the Department could pursue, but should not be a requirement.

Legislative Analyst: L. Burghardt

Fiscal Analyst: J. Walker

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.