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BILL ANALYSIS

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Senate Bill 649 (as introduced 6-28-05)
Sponsors: Senator Tony Stamas
Committee: Appropriations

Date Completed: 5-9-06

CONTENT

The bill would amend the Social Welfare Act to extend for five years a provision that limits a county's maintenance of effort rate for Medicaid-funded long-term care services to the rate in effect in 1984.

In the early 1980s, the Medicaid program began to provide reimbursement for long-term care services provided by county medical care facilities. Legislation was adopted to require counties to make maintenance of effort payments, using a formula based on changes in costs at the facility.

The law also includes a provision limiting a county's maintenance of effort payment to no more than the maintenance of effort payment that was required on September 30, 1984. This provision has always had a sunset date, which has been postponed several times. The current sunset date in the statute is December 31, 2007.

The bill would change the date of the sunset provision to December 31, 2012.

MCL 400.109

FISCAL IMPACT

Failure to extend the sunset would result in an increase in county maintenance of effort payments to the State, effective January 1, 2008. This increase would result in savings to the State of an amount in the range of \$1 million GF/GP, as the statute limits increases in maintenance of effort payments to \$1 per patient day each year. If the sunset were delayed, the estimated State savings would not occur.

Fiscal Analyst: Steve Angelotti

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