



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



Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 4434 (Substitute H-2 as passed by the House)
Sponsor: Representative Earl Poleski
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 5-5-15

CONTENT

The bill would amend the Social Welfare Act to remove a sunset clause of September 30, 2015, that applies to three rate adjustments, and make the rate adjustments subject to appropriation. The adjustments pertain to the per diem rates for private agencies to provide services for child abuse and neglect cases, and were enacted in Public Act 304 of 2014. The bill would hold the counties harmless for the rate adjustments.

Under the bill, requirements that the Department of Health and Human Services (DHHS) pay the county cost share for the following three items would be subject to appropriations: 1) a \$3 increase for the administrative rate for existing and new foster care cases; 2) the administrative rate for new foster care cases; and 3) any rate increase that is provided to residential foster care providers. Currently, the counties are responsible for 50% of the costs of these administrative rates through the Child Care Fund.

First, subject to appropriation, the bill would require the DHHS to pay 100% of a \$3 increase to the administrative rate for cases that receive the \$37 administrative rate that is referred to in Section 546(1) of Article X of Public Act 252 of 2014. This rate increase was first included in the FY 2013-14 budget.

Second, subject to appropriation, the bill would require the DHHS to pay 100% of the \$37 administrative rate that is referred to in Section 546(1) of Article X of Public Act 252 of 2014, to providers of eligible foster care services for all new cases that are established beginning October 1, 2013. Currently, the counties are responsible for 50% of the administrative rate through the Child Care Fund.

(Article X of Public Act 252 of 2014 contains the 2014-15 fiscal year appropriations for the Department of Health and Human Services (now in the DHHS). Section 546(1) states, "From the funds appropriate for foster care payments and from [the] child care fund, the department shall pay providers of foster care services not less than a \$37.00 administrative rate.")

Finally, subject to appropriation, the bill would require the State to pay 100% of any increase that the providers of residential foster care services receive in a given fiscal year.

The bill would take effect on October 1, 2015.

MCL 400.117a

FISCAL IMPACT

The bill would make rate adjustments for private agencies subject to appropriation. In FY 2014-15, appropriations for these adjustments totaled \$13.8 million Gross (\$12.1 million GF/GP). The estimated costs for future appropriations would be based on the projected number of new cases and average days of care in eligible out-of-home placements.

County governments would realize a reduction in Child Care Fund spending equal to the increase in State spending.

Fiscal Analyst: Frances Carley

SAS\S1516\s4434sa

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.