



Senate Fiscal Agency  
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BILL ANALYSIS



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2017-18 YEAR-TO-DATE*	FY 2018-19 CONFERENCE	CHANGES FROM FY 2017-18 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions .....	15,620.5	15,621.7	1.2	0.0
<b>GROSS</b> .....	<b>25,510,667,400</b>	<b>24,823,016,300</b>	<b>(687,651,100)</b>	<b>(2.7)</b>
Less:				
Interdepartmental Grants Received .....	13,640,900	13,813,700	172,800	1.3
<b>ADJUSTED GROSS</b> .....	<b>25,497,026,500</b>	<b>24,809,202,600</b>	<b>(687,823,900)</b>	<b>(2.7)</b>
Less:				
Federal Funds .....	18,408,024,300	17,592,246,300	(815,778,000)	(4.4)
Local and Private .....	266,421,000	272,022,500	5,601,500	2.1
<b>TOTAL STATE SPENDING</b> .....	<b>6,822,581,200</b>	<b>6,944,933,800</b>	<b>122,352,600</b>	<b>1.8</b>
Less:				
Other State Restricted Funds .....	2,442,049,800	2,484,846,500	42,796,700	1.8
<b>GENERAL FUND/GENERAL PURPOSE</b> .....	<b>4,380,531,400</b>	<b>4,460,087,300</b>	<b>79,555,900</b>	<b>1.8</b>
<b>PAYMENTS TO LOCALS</b> .....	<b>1,360,064,000</b>	<b>1,468,359,900</b>	<b>108,295,900</b>	<b>8.0</b>

\*As of May 3, 2018.

<b>FY 2017-18 Year-to-Date Gross Appropriation .....</b>	<b>\$25,510,667,400</b>
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**Changes from FY 2017-18 Year-to-Date:**

Items Included by the Senate and House

- 1. Medicaid and Related Match Rates.** Conference reflected drops in traditional Medicaid match rate to 64.45%, Title XXI match rate to 98.12%, and expansion Medicaid match rate to 93.0% effective January 1, 2019. Total cost increase \$71.5 million GF/GP. 0
- 2. Changes in Federal Grants.** Conference reflected changes in Federal grants including a \$48.2 million reduction due to expiration of Federal electronic health records funding. (30,050,400)
- 3. Medicaid Actuarial Soundness Adjustments.** Conference reflected a 1.5% increase for physical health Medicaid and a 2.0% increase for behavioral health. Net cost \$38.7 million GF/GP. 140,080,000
- 4. Adjustments to Special Medicaid Payments.** Conference included adjustments to special Medicaid payments made to hospitals and physicians to reflect maximum allowable expenditures in FY 2018-19. (12,556,800)
- 5. Food Assistance Base and Caseload.** Conference reflected a rebasing of this 100% Federal line to expected expenditure levels. (415,110,400)
- 6. Other Changes.** Other changes resulted in a slight increase in spending. 7,669,100
- 7. Economic Adjustments.** Includes \$32,777,500 Gross and \$16,728,600 GF/GP for total economic adjustments, of which an estimated \$4,261,800 Gross and 2,185,400 GF/GP is for legacy retirement costs (pension and retiree health). 32,777,500

Conference Agreement on Items of Difference

8. <b>Other Fund Source Adjustments.</b> Conference reflected many fund source shifts, including \$60.0 million reduction in available Health Insurance Claims Assessment revenue, \$2.0 million more tobacco settlement revenue, \$14.3 million less Healthy Michigan Fund revenue, \$38.3 million more Medicaid Benefits Trust Fund revenue, \$10.0 million in available TANF and a shift in cost allocation saving \$14.0 million in Medicaid. Total impact is a \$12.5 million GF/GP increase.	0
9. <b>Hospital Rate Adjustor (HRA) Payment Changes.</b> New Federal regulations forced a shift in allowable HRA payments. Conference budget reflected an increase in the hospital provider assessment used to provide a net increase in reconfigured HRA payments, with resulting State gainsharing. The rural and sole community hospital pool and the obstetrics hospital pool would no longer be eligible for Federal match. The lost match on the obstetrics pool would be replaced with \$4.0 million in GF/GP and the lost match on the rural and sole community pool would be replaced with \$6.0 million in GF/GP. Net GF/GP savings due to the gainshare would be \$10.4 million.	104,395,700
10. <b>Healthy Michigan Plan (HMP) Base and Caseload.</b> Conference adjusted HMP lines to reflect consensus estimated expenditures in FY 2018-19. Savings of \$27.3 million GF/GP.	(386,409,200)
11. <b>Traditional Medicaid Base and Caseload.</b> Conference adjusted Medicaid physical and behavioral health lines to reflect consensus estimate of the decrease in costs. Net savings of \$73.4 million GF/GP.	(311,064,000)
12. <b>Autism Services Base and Caseload.</b> Conference reflected a large increase in funding over the FY 2017-18 level for these services due to significant growth in demand. Net cost of \$30.5 million GF/GP.	87,390,800
13. <b>Children's Services Base and Caseload.</b> Conference included a net increase in funding, largely tied to a projected \$19.9 million Gross increase in the foster care line. Net increase of \$16.5 million GF/GP.	19,471,200
14. <b>Public Assistance Programs Base and Caseload.</b> Conference included minor caseload adjustments for cash welfare programs, including fund source adjustments. Net savings of \$12.2 million GF/GP.	(8,338,000)
15. <b>Program Enhancements.</b> Budget included increases of \$4.5 million for Local Public Health, \$4.75 million to combat public health threats, \$2.0 million for crime victims, \$2.0 million for Centers for Independent Living, \$5.5 million for Community Mental Health non-Medicaid services, \$1.7 million for guardian services, \$2.8 million for senior services. Budget also included \$28.1 million in increased graduate medical education payments, \$2.8 million to increase Medicaid neo-natal reimbursements, \$1.2 million to increase Adult Foster Care payments, and \$73.0 million to create a special nursing home payment pool. Total cost \$31.0 million GF/GP.	170,056,600
16. <b>Program Reductions.</b> Budget included reductions to autism reimbursement rates (\$34.6 million), mental health and wellness commission programming (\$9.0 million), removal of FY 2017-18 hepatitis A funding, technical adjustments to expiring funds, the elimination of gift card rewards for HMP recipients, and \$1.0 million in department merger savings. Total savings of \$31.4 million GF/GP.	(69,970,700)
17. <b>Removal of FY 2017-18 One-Time Appropriations.</b> Conference reflected removal of FY 2017-18 one-time appropriations, including \$21.5 million related to the Flint water crisis, \$5.7 million for a direct primary care pilot program, a \$850,000 hospital grant, and numerous smaller initiatives.	(33,664,700)
18. <b>FY 2018-19 One-Time Gross Appropriations.</b> Conference included \$4.6 million related to the Flint water crisis, a \$5.0 million medical resident loan repayment program, \$1.4 million for multicultural integration, \$1.0 million for autism navigators, \$1.5 million for health clinics, and other initiatives.	17,672,200
<b>Total Changes</b> .....	(\$687,651,100)
<b>FY 2018-19 Conference Report Ongoing/One-Time Gross Appropriation</b> .....	<b>\$24,823,016,300</b>
<b>Amount Over/(Under) GF/GP Target:</b>	<b>\$0</b>

**Boilerplate Changes from FY 2017-18 Year-to-Date:**Items Included by the Senate and House

1. **Legacy Costs.** Senate and House modified language to specify legacy costs for FY 2018-2019 to include \$168.4 million for pension-related costs and \$196.9 million for retiree health care costs. (Sec. 214)
2. **Spenddown Report.** Senate and House removed language requiring a report addressing the challenges of meeting spenddown requirements. (Sec. 1012)
3. **Family Planning and Pregnancy Prevention Fund Prioritization.** Senate and House included new language prohibiting funding to entities that engage in abortion related activities if a qualified entity exists in the county or health district that does not. Requires the Department to prioritize funding in counties or health districts that do not have a family planning and pregnancy prevention service provider over funding entities that engage in abortion related activities in counties or health districts that already have a qualified entity providing services. (Sec. 1305)

Conference Agreement on Items of Difference

4. **Deletions.** Conference eliminated the following sections from current year boilerplate: 291, 310, 526, 603, 651, 908, 916, 943, 1011, 1012, 1057, 1310, 1502, 1503, 1645, 1705, 1706, 1724, 1790, 1876, 1877, 1906, 1910, 1911, and 1915.
5. **Consent Education.** Senate included new language requiring the Department to work with various entities to re-draft two curriculum modules to include age-appropriate information on the importance of consent, setting and respecting personal boundaries, and the prevention of child sexual abuse. Conference modified language to make implementation contingent upon funding becoming available. (Sec. 256)
6. **SB 897 Implementation Language.** Senate included new language requiring funding for unclassified salaries and wages only be provided from two specific lines. Makes the release of funds from the unclassified salaries allocated pursuant to section 273 line item contingent upon submission and acceptance of a Federal waiver to implement SB 897. Conference removed. (Sec. 273)
7. **Healthy Michigan Plan (HMP) 48 Month Limit.** Senate included new language prohibiting coverage through the HMP plan for recipients who have been enrolled for 48 cumulative months and with income above 100% of the Federal Poverty Level. States legislative intent that completing a healthy behavior shall not be sufficient to maintain eligibility. Conference removed. (Sec. 276)
8. **Department Employee Legal Fees.** Senate included new language requiring the Department be responsible for any necessary and reasonable attorney fees incurred by private and independent legal counsel for current and former employees in defense of the Department in relation to the Flint municipal water system. Conference modified language to reflect technical corrections. (Sec. 296)
9. **Behavioral Health Integration Pilots.** Senate modified language to reflect the second year of pilot implementation, allow selected Medicaid Health Plans to contract directly with service providers within the pilot region, and states legislative intent that the pilots be designed to last 3 years. Conference modified language to reflect the second year of pilot implementation. (Sec. 298)
10. **Actuarial Sound Rates for Child Welfare Services.** Senate modified language to require the Department to conduct an actuarial study on rates paid to private child placing agencies for adoption incentive payments. Senate also made several smaller changes to reflect implementation of performance-based funding. Conference added language to fund actuarial study and an adoption placement payment rate increase. (Sec. 503)
11. **Child Care Fund Administrative/Indirect Cost Payment.** Senate included new language requiring the Department to disburse the 10% administrative/indirect payment to a county without submission of documentation to reflect requirements in MCL 400.117(a). Additionally, pest control activities conducted in a juvenile detention facility as a condition of licensure shall be considered a direct expenditure. Conference removed pest control/direct expenditure language. (Sec. 516)
12. **Title IV-E Appeals Policy.** Senate included new language requiring the Department to retain the same Title IV-E appeals policy that was in place as of September 30, 2017. Conference concurred with Senate. (Sec. 517)
13. **Adoption Caseload Calculation Definition.** Senate included new language directing the Department to exclude certain types of adoption cases from the adoption case worker ratios. Conference modified language slightly to gain approval from the Michigan Monitor Team for the ISEP. (Sec. 527)

14. **Adoption Subsidies Report.** Senate included new language requiring the Department to report on the several features of the determination of the adoption subsidies provided to adoptive parents. Conference concurred with Senate. (Sec. 534)
15. **Unpaid Case Coverage.** Senate included new language directing the formation of a workgroup to compensate private agencies for case management and services provided to children for which an administrative rate payment is not made. Additionally, the language excludes certain types of cases from a foster care worker caseload ratio until such a time as the recommendations of the workgroup are implemented. Conference removed the caseload ratio exclusion language. (Sec. 573)
16. **Able-Bodied Adult Without Dependent Waiver Rescission.** Senate included new language requiring the Department to enforce work requirement for time-limited food assistance universally. Conference concurred with Senate. (Sec. 650)
17. **Disability Determination Contracted Rates Report.** Senate included new language directing the Department to report on various information in regards to independent contractors providing disability determination services. Conference modified language to increase payments to contractors by 7%. (Sec. 890)
18. **Medicaid Autism Reimbursement Limit.** House included new language limiting reimbursement rates for Medicaid autism services to no more than 75% of Tricare rates. Conference modified language to require the establishment of a fee schedule for autism services by October 1, and reduce behavioral technician rates by 10%. (Sec. 924).
19. **Medicaid Autism Benefit Cost Containment.** Senate included new language requiring the Department to continue coverage for autism services that were covered on January 1, 2018, specifies cases in which a second opinion is needed, and requires a report on cases requiring a second opinion. Conference modified language to require the creation of a workgroup. (Sec. 959)
20. **CMHSP Program Eligibility by Category.** Senate included new language requiring each CMHSP to report on populations served by program eligibility category, and what percent of the operational budget is related to program eligibility enrollment. Conference concurred. (Sec. 1001)
21. **Direct Care Worker Wage Increase.** Senate modified language to clarify what PIHP expenses for which the funds may be utilized, removes the reporting requirement related to the expenditure of pool funds, and removes the penalty clause. Conference concurred with Senate. (Sec. 1009)
22. **Student Outreach Services Grant Program.** Senate include new language appropriating \$10.0 M in grant funding to support mental health awareness and intervention in school districts. Conference removed. (Sec. 1020)
23. **Traditional Medicaid to HMP Migration Restriction.** Senate included new language prohibiting a person from receiving coverage through the HMP if the person received traditional Medicaid in the previous fiscal year and is still eligible for coverage through traditional Medicaid. Conference modified language to state intent that this prohibition begin in FY 2019-2020. (Sec. 1696)
24. **Obstetrical and Newborn Care Lump Sum Payment.** Senate modified language to specify that \$7.0 million shall be used to provide a lump-sum payment to rural hospitals access payment qualifying hospitals providing obstetrical care. The payments shall be based on the volume of obstetrical and newborn care cases billed by qualified hospitals using the most recent available data. Conference modified language to fund the OB/GYN Pool at \$8.0 million. (Sec. 1802)
25. **Rural Hospital Funding.** Senate modified language to specify that \$19.0 million shall be used to provide payments to rural hospitals that meet criteria for services to low-income rural residents and to reference the Healthy Michigan Plan line item rather than the Health Plan Services line item in order to reflect new managed care rule distributions. Conference modified language to fund the Rural/Sole Pool at \$18.0 million. (Sec. 1866)
26. **Child Care Fund MiSACWIS Modifications.** Senate modified language to direct the Department to make the appropriate information technology modifications to MiSACWIS to meet the requirements in MCL 400.117(a). Conference concurred with House. (Sec. 1904)
27. **Flint Declaration of Emergency.** Senate modified language to direct the Department to allocate \$500,000.00 to the Children's Health Access Program, and \$335,000 to C.S. Mott Community College, and prohibiting the Department from appropriating any funds to two specified programs. House maintained current year language. Conference concurred with House. (Sec. 1905)

Date Completed: 6-6-18

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.