

FY 2013-14: DEPARTMENT OF COMMUNITY HEALTH
Summary: Conference Report
Senate Bill 198 (S-1) CR-1*



Analysts: Margaret Alston, Susan Frey, Steve Stauff

IDG/IDT	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Conference	Difference: Conference	
						From FY 2012-13 YTD	%
						Amount	
	\$10,023,800	\$10,056,100	\$10,056,100	\$10,056,100	\$10,056,100	\$32,300	0.3
Federal	9,693,023,500	11,392,469,900	9,882,379,600	9,924,142,100	9,915,647,000	222,623,500	2.3
Local	257,148,600	227,545,600	251,820,200	253,450,100	251,820,200	(5,328,400)	(2.1)
Private	93,364,000	106,333,300	126,342,400	106,342,400	126,342,400	32,978,400	35.3
Restricted	2,158,060,000	2,172,313,600	2,165,424,200	2,226,518,200	2,165,435,800	7,375,800	0.3
GF/GP	2,817,437,800	2,725,532,500	2,891,001,700	2,844,743,000	2,916,047,100	98,609,300	3.5
Gross	\$15,029,057,700	\$16,634,251,000	\$15,327,024,200	\$15,365,251,900	\$15,385,348,600	\$356,290,900	2.4
FTEs	3,552.6	3,589.6	3,577.6	3,599.6	3,591.6	39.0	1.1

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.
(3) Federal revenue is overstated by \$3,836,700, local revenue is understated by \$23,900, and state restricted revenue is understated by \$3,812,800 in the Executive Budget Bill for FY 2013-14.

Overview

The Department of Community Health budget provides funding for a wide range of behavioral health (mental health and substance abuse), public health, and medical services programs, including Medicaid. Established in 1996, the Department also includes the Office of Services to the Aging, the Crime Victim Services Commission, and health policy.

Major Budget Changes From FY 2012-13 YTD Appropriations

1. Medicaid Expansion

Medicaid expansion is not included. Under the Executive's proposal Medicaid expansion savings within the Department of Community Health budget were projected to be \$181.7 million GF/GP and additional federal Medicaid revenue of \$1.5 billion, both covering three quarters of the fiscal year. Across the Department of Community Health and the Department of Corrections, the GF/GP savings were estimated to be \$205.9 million mainly from shifting current state costs to federal revenue, with one half of these savings to be deposited in a Budget Stabilization Fund sub-fund entitled the Michigan Health Savings Fund to pay future state costs when the state share of expansion costs increases from 0% to 5% in 2017 and then 10% in 2020. The expansion of the income criteria for Medicaid eligibility up to 133% of the federal poverty level (FPL) is estimated to qualify an additional 320,000 Michigan residents in FY 2013-14. The assumed expansion start date was January 1, 2014.

	FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change
Gross	\$12,158,621,600	\$0
Federal	8,242,226,900	0
Restricted	1,954,513,900	0
Local	45,815,600	0
Private	2,100,000	0
GF/GP	\$1,913,965,200	\$0

2. Medicaid Cost Increases

Included is an increase for FY 2013-14 of \$182.8 million Gross (\$66.6 million GF/GP) to cover Medicaid caseload, utilization and inflation changes within Medical Services, Mental Health/Substance Abuse, Children's Special Health Care Services and the Federal Medicare Pharmaceutical programs. Also recognized is a FY 2012-13 Medicaid caseload, utilization and inflation adjustment reducing various Medicaid appropriation lines by \$183.0 million Gross (\$63.1 million GF/GP).

Gross	\$12,158,621,600	\$14,915,000
Federal	8,242,226,900	9,141,600
Restricted	1,954,513,900	0
Local	45,815,600	0
Private	2,100,000	0
GF/GP	\$1,913,965,200	\$5,773,400

3. Health Insurance Claims Assessment (HICA)

There is no change to the base FY 2012-13 HICA authorization. The most recent estimate is that HICA revenues are short \$137.0 million in FY 2012-13 and will be short \$124.0 million in FY 2013-14. Senate Bill 335 which extends the sunset for the current 1% assessment to January 1, 2018 has passed both the House and Senate.

Gross	\$398,051,600	\$0
Restricted	398,051,600	0
GF/GP	\$0	\$0

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change
4. Healthy Kids Dental Expansion	Gross	\$99,000,000	\$11,643,000
Continues the phase-in of the statewide coverage for the Healthy Kids Dental program by increasing the budget \$11.6 million Gross (\$3.9 million GF/GP). The expansion would include the counties of Ingham, Ottawa and Washtenaw, enrolling an additional 70,500 children.	Federal	65,726,100	7,721,600
	GF/GP	\$33,273,900	\$3,921,400
5. Economic Adjustments	Gross	N/A	\$16,308,500
Includes a net increase of \$16.3 million Gross (\$7.3 million GF/GP) to finance negotiated lump sum salary and wage increase of 1.0%, insurance rate increases, actuarially-required retirement rate increase, and economic adjustments for worker's compensation, building occupancy, rent, and food costs for FY 2013-14.	IDG	N/A	52,000
	Federal	N/A	4,007,500
	Restricted	N/A	773,800
	Local	N/A	4,206,100
	Private	N/A	3,300
	GF/GP	N/A	\$7,265,800
6. Community Health Automated Medicaid Processing System (CHAMPS) One-Time Only Appropriation	Gross	\$60,201,100	(\$11,700,000)
Eliminates the FY 2012-13 one-time only appropriation of \$30.0 million Gross (\$3.0 million GF/GP) for CHAMPS. Includes the FY 2013-14 one-time only appropriation of \$18.3 million Gross (\$2.3 million GF/GP) for CHAMPS in order to finalize implementation of the medical codes for diagnosis and inpatient procedures (ICD-10) as required by federal law.	Federal	49,621,000	(11,000,000)
	GF/GP	\$10,580,100	(\$700,000)
7. Human Trafficking Intervention Services	Gross	N/A	\$0
Does not include a \$100 GF/GP placeholder for a new line item entitled "Human Trafficking Intervention Services".	GF/GP	N/A	\$0
8. Jail Diversion Programs Initiative	FTE	N/A	1.0
Redirects base funding reduction from Caro Regional Mental Health Center - Psychiatric Hospital and Walter P. Reuther Psychiatric Hospital that is partially financed by \$1.6 million GF/GP from the CMHSP, Purchase of State Services Contracts line item for a jail diversion program initiative that would do the following: create an Advisory Council to advise the Department of Community Health on the state's jail diversion plan; and enhance current jail diversion efforts for individuals with mental illness, emotional disturbance, or developmental disability within five communities. Sec. 500 is related boilerplate to the new program initiative.	Gross	N/A	\$1,630,000
	GF/GP	N/A	\$1,630,000
9. Mental Health and Substance Abuse Services for Veterans	Gross	N/A	\$60,000
Adds \$60,000 GF/GP to the Behavioral Health Program Administration line item to support programs designed to improve mental health and substance abuse service quality for veterans and their families. The funding would be allocated as follows: \$20,000 for credentialing CMHSPs and Substance Abuse Disorder (SUD) providers in TriCare, an insurance system that pays for treatment for active duty/military families; \$10,000 for co-location and/or co-credentialing of CMHSP and SUD providers by the Veterans Health Administration; \$20,000 for a law enforcement training program in recognizing post-traumatic stress disorder related behavior; and \$10,000 for military cultural competency for all CMHSPs and at least one SUD provider in each coordinating agency area.	GF/GP	N/A	\$60,000
10. Behavioral Health Homes	Gross	N/A	\$900,000
Adds funding of \$900,000 Gross (\$90,000 GF/GP) for the implementation of three behavioral health homes demonstration projects ensuring better coordination of physical and behavioral health care for Medicaid beneficiaries with chronic conditions such as asthma, heart disease, obesity, mental condition, or substance abuse disorder. The demonstration projects will be located in the Washtenaw region (Washtenaw, Livingston, Lenawee, and Monroe counties), Northern Michigan (21 counties which include Manistee, Emmett, and Iosco), and either Saginaw County or the Genesee region (which includes St. Clair, Lapeer, and Sanilac counties).	Federal	N/A	810,000
	GF/GP	N/A	\$90,000

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change
11. Family Support Subsidy Program	Gross	\$19,161,000	\$203,900
Increases TANF funding for the Family Support Subsidy Program which provides \$222.11 monthly payment to an average of 7,189 income-eligible families with a child under age 18 living at home who is severely mentally impaired, severely multiply impaired, or autistic by \$203,900 anticipating a 1.1% caseload increase in FY 2013-14.	TANF	19,161,000	203,900
	GF/GP	\$0	\$0
12. Actuarially Sound Capitation Payment Rates Adjustment	Gross	\$6,572,096,900	\$112,546,900
Includes a capitation rate increase of 2.5% for Health Plans and 1.25% for Prepaid Inpatient Health Plans (PIHPs) to ensure that capitation payment rates for these managed care entities are actuarially sound in FY 2013-14. This adjustment results in an additional \$112.5 million Gross (\$37.9 million GF/GP) for the Medicaid Mental Health Services, Medicaid Substance Abuse Services, and Health Plan Services line items.	IDG	2,925,900	0
	Federal	4,472,162,300	74,641,100
	Restricted	1,269,917,600	0
	Local	38,931,800	0
	GF/GP	\$788,159,300	\$37,905,800
13. Mental Health Services for Special Populations	Gross	\$8,842,800	\$0
Eliminates the FY 2012-13 one-time appropriation of \$3.0 million GF/GP for mental health services for special populations and includes the funds in the ongoing appropriation line item. The funding is allocated as follows: \$250,000 for Hispanic/Latino Commission within the Department of Civil Rights; \$700,000 for ACCESS; \$700,000 for Arab/Chaldean; \$650,000 for Chaldean Chamber Foundation; and \$700,000 for Michigan Jewish Federation.	GF/GP	\$8,842,800	\$0
14. Mental Health Innovation Grants One-Time Only Appropriation	Gross	N/A	\$5,000,000
Includes one-time only FY 2013-14 appropriation of \$5.0 million GF/GP for mental health innovation grants that will be allocated as follows: \$2.5 million to finance and support home-based mental health services for children; \$1.0 million for care management and treatment of high-risk youth; and \$1.5 million for mental health training and awareness programs in identifying youth with mental health needs. Sec. 1901 is related boilerplate for the one-time appropriation.	GF/GP	N/A	\$5,000,000
15. Family Independence Program (FIP) Recipient Substance Abuse Treatment Pilot	Gross	N/A	\$0
Does not include a \$100 GF/GP placeholder for a new line item entitled "Family Independence Program Recipient Substance Abuse Treatment Pilot" in response to HB 4118 as passed by the House on May 1, 2013. The proposed legislation, among other things, requires the Department of Human Services to refer FIP recipients who test positive for illegal use of a controlled substance to regional substance abuse coordinating agencies for treatment.	GF/GP	N/A	\$0
16. Veterans Post-Traumatic Stress Disorder	Gross	\$8,842,800	\$0
Does not include \$100 GF/GP placeholder for the establishment of a pilot project in several CMHSPs to provide post-traumatic stress disorder services to current or former service members.	GF/GP	\$8,842,800	\$0
17. Health and Wellness Initiatives	Gross	\$12,146,600	(\$4,000,000)
Eliminates one-time funding of \$5.0 million GF/GP for health and wellness initiatives. Ongoing funding is increased by \$1.0 million GF/GP. Most projects funded in the current year are funded at reduced levels.	Restricted	5,146,600	0
	GF/GP	\$7,000,000	(\$4,000,000)
18. Fee Increases - Vital Records, EMS Licensure, Certificate of Need	Gross	\$16,167,600	\$3,206,100
Includes \$3.2 million of additional state restricted revenue from proposed new fees and fee increases to maintain the following programs: emergency medical services licensure and regulation (\$1.0 million), certificate of need (\$700,000), and vital records services (\$1.5 million). Statutory changes are required for each.	IDG	1,293,600	0
	Federal	3,764,100	0
	Restricted	10,724,600	3,206,100
	GF/GP	\$385,300	\$0
19. Health Care Service Delivery Innovation Grants	Gross	N/A	\$1,500,000
Provides \$1.5 million for a new Health Innovations Grants program to address emerging issues and encourage innovative advances in health care and service delivery. Allocates \$250,000 of the new grants funding for a chronic disease syndrome study. Sec. 717 is related boilerplate.	GF/GP	N/A	\$1,500,000

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 Year-to-Date (as of 2/7/13)</u>	<u>FY 2013-14 Conference Change</u>
20. Michigan Essential Health Provider Program	Gross	\$1,491,300	\$1,000,000
Includes an increase of \$1,000,000 Gross (\$500,000) GF/GP for the Michigan Essential Health Provider program, to assist primary care providers practicing in designated medically underserved and health professional shortage areas in the repayment of health education loans.	Federal	736,300	500,000
	Private	255,000	0
	GF/GP	\$500,000	\$500,000
21. Essential Local Public Health Services	Gross	\$37,386,100	\$2,000,000
Includes \$2.0 million GF/GP funding increase for Essential Local Public Health Services funding to local health departments.	Local	5,150,000	0
	GF/GP	\$32,386,100	\$2,000,000
22. Traumatic Brain Injury Treatment Services	Gross	N/A	\$1,250,000
Provides \$1.25 million for public health traumatic brain injury treatment services programming.	GF/GP	N/A	\$1,250,000
23. Lead Abatement	Gross	\$2,932,100	\$1,250,000
Includes \$1.25 million for funding increase for the Healthy Homes lead abatement program for the safe removal of lead hazards from homes in areas with high incidence of lead-poisoned children. Sec. 851 is related boilerplate.	Federal	2,155,600	0
	Private	75,000	0
	Restricted	701,500	0
	GF/GP	\$0	\$1,250,000
24. Infant Mortality Reduction Plan	FTEs	0.0	4.0
Provides 4.0 FTEs and increased funding of \$2.0 million to address infant mortality, to promote regional perinatal care system, improve health of women of childbearing age, and encourage infant safe sleep practices.	Gross	\$8,101,400	\$2,000,000
	Federal	6,601,400	0
	GF/GP	\$1,500,000	\$2,000,000
25. Alternative Home Visit and Support Program	Gross	\$8,101,400	\$700,000
Provides \$700,000 GF/GP for a new pregnancy and parenting support program as a pilot project, which promotes childbirth and alternatives to abortion. Sec. 1136 is related boilerplate.	Federal	6,601,400	0
	GF/GP	\$1,500,000	\$700,000
26. Infant Mortality Expanded Programming	Gross	\$8,101,400	\$500,000
Provides \$500,000 GF/GP to support evidence-based infant mortality programs including nurse family partnership programs, to enhance support, education, client recruitment, and strategic planning. Sec. 1137 is related boilerplate.	Federal	6,601,400	0
	GF/GP	\$1,500,000	\$500,000
27. Autism Center Grants	Gross	\$500,000	\$2,000,000
Maintains a \$500,000 GF/GP grant to Eastern Michigan University Autism Collaborative Center, and provides an additional \$500,000 GF/GP as one-time funding. Also provides \$500,000 GF/GP each as one-time funding to 3 additional higher education institutions for autism education centers and programs. Sec. 1902 is related boilerplate for the one-time funding.	Federal	0	0
	GF/GP	\$500,000	\$2,000,000
28. Senior Nutrition Services	Gross	\$35,430,200	\$500,000
Includes a \$500,000 funding increase for home-delivered and congregate meals and nutrition services for seniors.	Federal	26,343,200	0
	Private	300,000	0
	GF/GP	\$8,787,000	\$500,000
29. Graduate Medical Education	Gross	\$162,888,300	\$0
There is no reduction to graduate medical education funding.	Federal	108,141,500	0
	GF/GP	\$54,746,800	\$0
30. Low-Income Rural Resident Hospitals	Gross	\$35,484,000	\$0
The hospital, low-income rural resident payments pool of \$12.0 million and associated federal match is maintained. Related boilerplate Sec. 1866 is modified.	Federal	23,484,000	0
	GF/GP	\$12,000,000	\$0
31. Detroit Medical Center Reduction	Gross	\$19,989,600	(\$19,989,600)
Removes the Detroit Medical Center (DMC) hospital rate adjustment (HRA) payment of \$20.0 million Gross (\$6.7 million GF/GP) which was established in FY 2008-09 due to a conversion from a disproportionate share hospital (DSH) payment not financed with GF/GP. The conversion was due to an effort to establish more room under the DSH ceiling. DMC is the only hospital that receives a GF/GP financed HRA payment.	Federal	13,257,100	(13,257,100)
	GF/GP	\$6,732,500	(\$6,732,500)

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 Year-to-Date (as of 2/7/13)</u>	<u>FY 2013-14 Conference Change</u>
32. Primary Care Physician Rate Increase	Gross	\$281,800,000	\$103,200,000
Recognizes the increase of \$103.2 million, annualizing the 3/4 amount of federal funds included in FY 2012-13 that will be available to provide an increase in the reimbursement rates for primary care doctors, family doctors and pediatricians up to 100% of Medicare rates. Not included in the rate increase are nurse practitioners, physician assistants and OB/GYNs. This reimbursement level change is a requirement of the Affordable Care Act of 2010 and is entirely federally funded. The federal funding is available through December 31, 2014.	Federal	281,800,000	103,200,000
	GF/GP	\$0	\$0
33. Integration of Care for Dual Eligibles	Gross	\$0	\$24,541,900
Includes a partial, \$24,541,900 Gross (\$8,265,7000), reinstatement of the \$29.8 million Gross (\$10.1 million GF/GP) which was removed from the FY 2012-13 budget as savings generated by integrating care for dual eligibles. The care integration pilot projects are scheduled to start in April 2014.	Federal	0	16,276,200
	GF/GP	\$0	\$8,265,700
34. Transparency Database	Gross	\$0	\$300,000
Funding of \$300,000 GF/GP is included in the Medical Services Administration line to create and develop a transparency database website contingent upon enactment of enabling legislation.	Federal	0	0
	GF/GP	\$0	\$300,000

Major Boilerplate Changes From FY 2012-13

GENERAL SECTIONS

Sec. 298. Michigan-Illinois Alliance Medicaid Management Information Systems Project – NEW

Allocates \$20.0 million in private revenue for the Michigan-Illinois Alliance Medicaid Management Information Systems Project.

BEHAVIORAL HEALTH SERVICES

Sec. 500. Jail Diversion Programs Initiative – NEW

Requires DCH in allocating funds for the jail diversion programs initiative that priority is given to county sheriffs including St. Joseph County Sheriff, and community court projects including the 36th District Court community court project.

Sec. 502. Fetal Alcohol Syndrome Services - NEW

Requires DCH to explore developing an outreach program on fetal alcohol syndrome services and report on efforts to prevent, combat, and reduce the incidence of fetal alcohol syndrome.

Sec. 503. Policies and Procedures for PIHPs or CMHSPs - NEW

Requires DCH to consult with CMHSPs from across the state when developing policies and procedures that will impact PIHPs or CMHSPs.

Sec. 504. Workgroup on PIHPs Capitation Payments - NEW

Requires DCH to create a Workgroup to make recommendations to achieve more uniformity in capitation payments made to the PIHPs.

PUBLIC HEALTH ADMINISTRATION

Sec. 650. Fish Consumption Advisory Methodology - REVISED

Directs DCH to report to the Legislature by April 1, 2013 on the criteria and methodology used to derive information provided to residents in the annual Michigan fish advisory. Expands this section and adds specific information to be included in the report.

Sec. 651. Michigan Health Endowment Fund - NEW

Includes new boilerplate providing that the Department shall work with the Michigan Health Endowment Fund Corporation established under the Blue Cross and Blue Shield reform enacted this year as Act 4 PA 2013 (SB 61), to explore ways to expand health and wellness programs.

Sec. 654. Pilot Before- and After-School Healthy Exercise Program - RETAINED

Retains language providing that funding of \$1.0 million be allocated for a pilot before- and after-school healthy exercise program for children kindergarten through grade 6.

EPIDEMIOLOGY

Sec. 851. Lead Abatement - NEW

Includes new boilerplate to expand lead abatement efforts, and direct that the Department coordinate its lead abatement efforts with the Michigan Public Service Commission, specifically on the issue of window replacement.

Major Boilerplate Changes From FY 2012-13

CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

Sec. 1004. Cancer Rate Investigations – DELETED

Establishes legislative intent that DCH continue to collaborate with St. Clair County and the City of Detroit's southwest community to investigate and evaluate cancer rates.

MEDICAL SERVICES

Sec. 1689. Home- and Community-Based Services (HCBS) Waiver – REVISED

Language is removed that required reporting concerning the net cost savings from moving individuals from nursing homes to the community.

Sec. 1861. Nonemergency Medical Transportation Competitive Bid – REVISED

Replaces current language with a report required from the Department regarding the nonemergency medical transportation pilot program.

Sec. 1866. Rural Hospital Payments – REVISED

Requires the distribution of \$12.0 million GF/GP, along with the federal match, to rural hospitals meeting certain criteria. New requirements are that the department must include hospital assistance with labor and delivery services as a component in the distribution formula. Also, the Department must communicate to hospitals the methodology which was used in calculating the distribution amounts

Sec. 1873. Hospital Funding Workgroup – NEW

New language which directs the Department to establish a workgroup that will discuss new ways to distribute funding paid for by the hospital quality assurance assessment program tax. A report is required.

Sec. 1883. Observation Stay Policy – NEW

New language which directs the Department to consider developing an appropriate policy and rate for observation stays.

Sec. 2001. Anticipated FY 2014-15 Appropriations – REVISED

Anticipates that the FY 2014-15 appropriations would be the same as FY 2013-14, except that the line items will be adjusted for changes in caseload and related costs, federal fund match rates, economic factors, and available revenue. (Boilerplate intent language only; would not be binding appropriation).