

FY 2015-16: DEPARTMENT OF COMMUNITY HEALTH
Summary: As Reported by House Appropriations Committee
Article IV, House Bill 4102 (H-1)



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IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	Difference: House From FY 2014-15 YTD	
						Amount	%
	\$9,425,900	\$9,678,100	\$9,678,100			\$252,200	2.7
Federal	12,455,907,600	13,465,957,200	13,457,655,100			1,001,747,500	8.0
Local	227,120,400	85,984,600	85,961,700			(141,158,700)	(62.2)
Private	127,856,600	127,698,700	127,698,700			(157,900)	(0.1)
Restricted	2,135,694,400	2,289,035,100	2,130,566,200			(5,128,200)	(0.2)
GF/GP	3,088,706,800	2,993,251,300	3,121,097,300			32,390,500	1.0
Gross	\$18,044,711,700	\$18,971,605,000	\$18,932,657,100			\$887,945,400	4.9
FTEs	3,659.1	3,683.1	3,683.1			24.0	0.7

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) Appropriation amounts for Executive Recommendation do not reflect revisions for the merger of the Departments of Community Health and Human Services into the new Department of Health and Human Services.

Overview

The Department of Community Health budget provides funding for a wide range of behavioral health (mental health and substance use disorder), public health, and medical services programs, including Medicaid and the Healthy Michigan Plan. 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 2014-15 YTD Appropriations

1. Base Medicaid, MICHild, and Federal Medicare Pharmaceutical Program Cost Increases

The Executive includes increase of \$104.5 million Gross (\$20.2 million GF/GP) for caseload, utilization, and inflation adjustments for Medical Services, Behavioral Health Services, Children's Special Health Care Services, Federal Medicare Pharmaceutical Program, and Family Support Subsidy. Amount also includes the Federal Medical Assistance Percentage (FMAP) adjustment from 65.54% to 65.60% and the Enhanced FMAP adjustment from 75.88% to 98.92%, offsetting \$22.9 million GF/GP. The House concurs, with a technical adjustment to offset an additional \$805,000 GF/GP with federal funds based on Enhanced FMAP adjustments.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
Gross	\$12,915,340,200	\$104,456,200
IDG	2,999,900	(11,000)
Federal	8,448,405,800	86,573,000
Local	45,465,200	0
Private	2,100,000	0
Restricted	1,900,374,300	(1,536,100)
GF/GP	\$2,515,995,000	\$19,430,300

2. Healthy Michigan Plan (HMP) Cost Increases

The Executive includes increase in FY 2014-15 HMP costs of \$361.1 million and increase in FY 2015-16 HMP costs of \$454.6 million, reflecting increased federal funding for caseload, utilization, and inflation adjustments in Medical Services and Behavioral Health Services for Healthy Michigan Plan/Medicaid expansion. HMP costs are funded with 100% federal revenue through the end of calendar year 2016. The House concurs and also includes FY 2014-15 supplemental adjustments for HMP in the FY 2015-16 budget bill (see page 9).

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
Gross	\$2,651,022,800	\$815,762,200
Federal	2,651,022,800	815,762,200
GF/GP	\$0	\$0

Major Budget Changes From FY 2014-15 YTD Appropriations	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
3. Actuarially Sound Capitation Payment Rates Adjustments	Gross	\$9,820,800,900
The <u>Executive</u> provides \$170.0 million Gross (\$38.0 million GF/GP) to increase capitation payment rates for Medicaid Health Plans 2.0% and Prepaid Inpatient Health Plans (PIHPs) 1.5% to comply with federal requirement that rates for these managed care entities are actuarially sound. Line items increased include Medicaid mental health services, Medicaid substance use disorder services, Healthy Michigan Plan – behavioral health, health plan services, and Healthy Michigan Plan. The <u>House</u> concurs.	IDG	2,999,900
	Federal	7,402,104,700
	Local	38,846,400
	Restricted	1,235,226,000
	GF/GP	\$1,141,623,900
		\$170,040,500
		0
		132,035,300
		0
		0
		\$38,005,200
DEPARTMENTWIDE ADMINISTRATION		
4. Administrative Hearing System Costs	Gross	\$1,424,600
The <u>Executive</u> increases funding for administrative hearing costs related to DCH programs by \$1.0 million gross (\$519,700 GF/GP): \$139,400 for new charges for related rent and information technology costs, and \$900,000 transferred from Department of Licensing and Regulatory Affairs (LARA) for Healthy Michigan Plan related hearings costs. LARA is paid to administer the hearings system through an interdepartmental grant, and the appropriation should reside within DCH budget. The <u>House</u> concurs.	Federal	704,000
	GF/GP	\$720,600
		\$1,039,400
		519,700
		\$519,700
5. Economic Adjustments	Gross	NA
The <u>Executive</u> includes a net reduction of \$607,500 Gross (\$232,100 GF/GP) for the following economics adjustments for employees and other: negotiated salary and wage increases (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and increases for worker's compensation, building occupancy, and rent. There are no economic adjustments recommended for costs for food, gas, fuel, or utilities for state hospitals and centers. The <u>House</u> concurs.	IDG	NA
	Federal	NA
	Local	NA
	Private	NA
	Restricted	NA
	GF/GP	NA
		(\$607,500)
		(5,500)
		(250,400)
		(42,800)
		(400)
		(76,300)
		(\$232,100)
6. Administrative Savings from DCH/DHS Merger	Gross	\$64,816,200
The <u>House</u> includes assumed savings totaling \$2.2 million GF/GP from the merger of the Department with the Department of Human Services, under Executive Order 2015-4 effective April 10, 2015. The following savings are assumed: \$350,000 Director and Other Unclassified line item, \$1,650,000 Departmental Administration and Management line item, and \$243,000 Information Technology line item. YTD shown includes all three line items.	Federal	32,920,500
	Restricted	2,657,700
	GF/GP	\$29,238,000
		(\$2,243,000)
		0
		0
		(\$2,243,000)
BEHAVIORAL HEALTH SERVICES		
7. Mental Health and Wellness Commission	FTE	0.0
The <u>Executive</u> provides \$5.0 million Gross (\$1.9 million GF/GP) and 1.0 FTE for a 12-bed psychiatric residential treatment facility and a children's behavioral action team with an emphasis on children residing at Hawthorn Center; provides \$1.5 million GF/GP designated as one-time basis only to coordinate child trauma response and to partially offset reductions from Executive Order 2015-5; and removes \$6.1 million Gross (\$2.1 million GF/GP) designated as one-time basis funding appropriated in FY 2014-15. The <u>House</u> concurs with all adjustments except that funding for 12-bed psychiatric residential treatment facility and children's behavioral action team is reduced to \$2.7 million Gross (\$1.0 million GF/GP), requiring a roughly 6-month delay in implementation.	Gross	\$33,625,000
	Federal	22,205,000
	GF/GP	\$11,420,000
		(\$1,834,400)
		(2,258,000)
		\$423,600
		1.0
		0.0
8. Mental Health Jail Diversion and Transition	FTE	1.0
The <u>Executive</u> restores an Executive Order 2015-5 reduction of \$300,000 GF/GP and transfers in \$1.0 million GF/GP from Department of Corrections for jail diversion and transition programming. The <u>House</u> concurs.	Gross	\$3,050,000
	GF/GP	\$3,050,000
		\$1,300,000
		\$1,300,000
9. Community Mental Health (CMH) Non-Medicaid Services	Gross	\$117,050,400
The <u>Executive</u> replaces \$20.0 million in one-time Roads and Risks Reserve funds with an equal amount of GF/GP to maintain annual CMH Non-Medicaid funding at \$117.1 million. The \$20.0 million in one-time Roads and Risks Reserve funds was included in the current year supplemental, HB 4112. The <u>House</u> concurs.	Restricted	20,000,000
	GF/GP	\$97,050,400
		\$0
		(20,000,000)
		\$20,000,000

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
10. Community Mental Health (CMH) Purchase of State Services	Gross	\$278,931,200	(\$139,465,600)
The <u>Executive</u> eliminates the transfer of GF/GP to local Community Mental Health Services Programs (CMHSP) for the purchase of state services, reducing the corresponding \$139.5 million in local revenue appropriated for state psychiatric hospitals. The GF/GP currently appropriated for CMHSP purchase of state services is instead directly appropriated to support the state psychiatric hospitals. The <u>House</u> concurs.	Local	139,465,600	(139,465,600)
	GF/GP	\$139,465,600	\$0
11. Liquor License Fee Increases	Gross	\$1,784,200	\$913,200
The <u>Executive</u> provides \$913,200 in restricted funds to support fetal alcohol syndrome disorders. Restricted funds would be available through Executive proposal for increased liquor fees, which have a statutory requirement for 3.5% of license fees to be used for prevention, rehabilitation, care, and treatment of alcoholics and 15% of the fee charged for the issuance of licenses to sell spirits or mixed spirit drinks on Sunday to be used for the treatment of alcoholics. Remaining liquor license fee revenue appropriated in Licensing and Regulatory Affairs (LARA) budget. The <u>House</u> concurs.	Restricted	1,784,200	913,200
	GF/GP	\$0	\$0
12. One-Time Drug Policy Initiatives	Gross	\$0	\$100
The <u>Executive</u> provides \$1.5 million GF/GP on a one-time basis to support a new initiative for prescription drug abuse prevention and treatment. Funding targeted to reduce prescription drug abuse and to support those seeking recovery. The <u>House</u> includes a \$100 placeholder for this item.	GF/GP	\$0	\$100
13. Children's Waiver Home Care Program	Gross	\$21,544,900	(\$1,544,900)
The <u>Executive</u> revises fund sourcing for the children's waiver home care program by offsetting \$1.4 million in federal funds that are not available with GF/GP. The <u>House</u> concurs and also reduces program funding by \$1.5 million Gross (\$531,400 GF/GP) to reflect anticipated program expenditure levels based on historic expenditure trends.	Federal	15,488,700	(2,368,700)
	GF/GP	\$6,056,200	\$823,800
STATE PSYCHIATRIC HOSPITALS & FORENSIC MENTAL HEALTH SERVICES			
14. State Psychiatric Hospitals – Pharmacy Costs	Gross	NA	\$567,600
The <u>Executive</u> provides \$567,600 Gross (\$449,100 GF/GP) for a 5% inflationary increase for pharmacy costs at the state's 4 psychiatric hospitals and the Forensic Center. The <u>House</u> concurs.	Federal	NA	38,200
	Local	NA	39,400
	Restricted	NA	40,900
	GF/GP	NA	\$449,100
15. State Psychiatric Hospitals – Placeholder Adjustments	Gross	NA	(\$400)
The <u>House</u> applies a negative \$100 GF/GP placeholder adjustment to the line item for each of the four psychiatric hospital line items excluding the Center for Forensic Psychiatry.	Federal	NA	0
	Local	NA	0
	Restricted	NA	0
	GF/GP	NA	(\$400)
PUBLIC HEALTH ADMINISTRATION			
16. Reinstate Public Health and Wellness Reductions	Gross	\$46,836,100	\$3,000,000
The <u>Executive</u> reinstates the following funds reduced in the current fiscal year by Executive Order 2015-5: \$1.5 million GF/GP for essential local public health services, and \$1.5 million GF/GP for health and wellness initiatives including cancer prevention funding (revising focus from breast cancer to lung cancer prevention). Year-to-date (YTD) amount shown is for both line items. The <u>House</u> concurs.	Local	5,150,000	0
	Restricted	5,210,700	0
	GF/GP	\$36,475,400	\$3,000,000
HEALTH POLICY			
17. Health Policy – Federal Grant for Blueprint for Health Innovation	Gross	\$20,000,000	\$30,000,000
The <u>Executive</u> recognizes a \$30.0 million increase in federal grant funds to test and implement Michigan's Blueprint for Health Innovation, supporting major innovations in health care service delivery and payment systems. The grant totals \$70.0 million over 4 years. Current year authorization for the initial \$20.0 million was recently enacted in HB 4112. Also adds new related boilerplate Sec. 718, including outcomes and performance measures. The <u>House</u> concurs, and includes revised Sec. 718 boilerplate.	Federal	20,000,000	30,000,000
	GF/GP	\$0	\$0

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
18. Health Innovation Grants	Gross	\$1,500,000	(\$1,499,900)
The <u>House</u> reduces state GF/GP funding for Health Innovations Grants, leaving a \$100 placeholder for the line item, and concurs with <u>Executive</u> revisions to related Sec. 717 boilerplate. The <u>Executive</u> had recommended no funding changes.	GF/GP	\$1,500,000	(\$1,499,900)
19. Newborn Screening	Gross	\$14,070,500	\$2,060,900
The <u>Executive</u> increases funding for newborn screening and treatment program, and related laboratory and vital records services by \$2.1 million from state restricted newborn screening fees. Additional revenues are from fee increases for inflation and for new tests as recommended by the Quality Assurance Advisory Committee, pursuant to the Public Health Code. YTD amount shown includes funding for all newborn screening services. The <u>House</u> concurs.	Restricted	14,070,500	2,060,900
	GF/GP	\$0	\$0
CHRONIC DISEASE, INJURY PREVENTION, & HEALTH PROMOTION			
20. Chronic Disease Prevention	Gross	NA	\$3,520,000
The <u>Executive</u> includes \$3.5 million authorization for a new 4-year federal grant to support coordinated population approaches and reduce disparities in prevention of adult chronic disease, including obesity, diabetes, heart disease and stroke. The <u>House</u> concurs.	Federal	NA	3,520,000
	GF/GP	NA	\$0
21. Other Public Health Federal Grants	FTE	NA	4.0
The <u>Executive</u> recognizes additional federal grant adjustments for public health and family, maternal, and child health programs totaling \$2.3 million, including: five new grants totaling \$2.9 million, removal of one completed grant of \$850,000, and an increase of \$286,000 to one ongoing grant. New grants address immunization, lead poisoning prevention, environmental public health tracking, and school readiness for children with high health needs. The <u>House</u> concurs.	Gross	NA	\$2,348,200
	Federal	NA	2,348,200
	GF/GP	NA	\$0
22. Trauma Hospital Traumatic Brain Injury Treatment Support	Gross	\$1,000,000	(\$1,000,000)
The <u>Executive</u> eliminates \$1.0 million GF/GP supporting evidence-based traumatic brain injury intensive care treatment management system, training, and interactive software at Level I trauma hospitals, first funded in FY 2011-12. This program was also reduced by \$350,000 GF/GP in the current fiscal year by Executive Order 2015-5. The <u>House</u> concurs.	GF/GP	\$1,000,000	(\$1,000,000)
FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES			
23. Real Alternatives Pilot Program	Gross	\$800,000	(\$750,000)
The <u>Executive</u> eliminates funding of \$800,000 GF/GP for alternative pregnancy and parenting support program which promotes childbirth and alternatives to abortion; pilot program was first funded in FY 2013-14. Related boilerplate Sec. 1136 is also eliminated. The <u>House</u> reduces program funding to \$50,000, and revises Sec. 1136.	GF/GP	\$800,000	(\$750,000)
24. Pay for Success Maternal and Child Health Pilot Program	Gross	\$0	\$100
The <u>Executive</u> reinstates \$1.5 million GF/GP for one-time funding for pay for success contracts for maternal and child services programs that was eliminated in the current fiscal year by Executive Order 2015-5. The <u>House</u> does not restore the funding, but provides a \$100 placeholder and revises related Sec. 1906 boilerplate.	GF/GP	\$0	\$100
25. Autism University and Family Assistance Programs	Gross	\$9,000,000	(\$8,999,900)
The <u>Executive</u> provides one-time funding of \$2.5 million GF/GP for university autism provider education programs, a reduction from \$7.5 million Gross (\$7.0 million one-time and \$500,000 ongoing). (In the current year HB 4112 shifted \$3.0 million from GF/GP to Autism Coverage Fund for this program). The <u>House</u> eliminates the ongoing funding, reduces the one-time funding to a \$100 GF/GP placeholder, and revises related Sec. 1902 boilerplate. The <u>Executive</u> also eliminates one-time funding of \$1.5 million for autism family assistance services, from the Autism Coverage Fund, and the <u>House</u> concurs.	Restricted	8,500,000	(8,500,000)
	GF/GP	\$500,000	(\$499,900)

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
OFFICE OF SERVICES TO THE AGING			
26. Seniors – Ombudsman Fund Shift and Nursing Home Improvement	Gross	\$357,500	\$200,000
The <u>Executive</u> includes a net \$0 gross (\$357,500 GF/GP) shift from civil monetary penalty fund revenues to GF/GP to fund state and local long-term care ombudsman programs, to comply with revised federal guidelines that disallow use of penalty fund revenue for this purpose, and retains \$200,000 of the civil monetary penalty fund revenue as a budget increase for a new voluntary nursing home culture and quality improvement project emphasizing person-centered services. The <u>House</u> concurs.	Private	357,500	(157,500)
	GF/GP	\$0	\$357,500
MEDICAL SERVICES			
27. Health Insurance Claims Assessment (HICA) Rate Increase and Cap Removal	Gross	\$237,178,400	\$0
The <u>Executive</u> increases HICA revenue \$180.1 million to offset an equal amount of GF/GP. The additional HICA revenues are from a proposed rate increase from 0.75% to 1.30% (\$162.8 million) and a proposed removal of the statutory cap on annual HICA collections (\$17.3 million). The <u>House</u> does not concur, retaining current GF/GP funding.	Restricted	237,178,400	0
	GF/GP	\$0	\$0
28. Medicaid Managed Care Use Tax Actuarial Soundness	Gross	NA	\$8,098,000
The <u>Executive</u> includes \$8.1 million Gross (\$2.8 million GF/GP) to reflect federally-required actuarially sound payments for costs to Medicaid managed care organizations of the 6% use tax currently applied to such organizations. The <u>House</u> concurs.	Federal	NA	5,312,300
	GF/GP	NA	\$2,785,700
29. Replacement of Medicaid Restricted Revenue with GF/GP	Gross	\$90,037,300	\$0
The <u>Executive</u> includes an increase of \$90.0 million GF/GP to replace the following: one-time Roads and Risks Reserve funds (\$62.9 million), a decline in Medicaid Benefits Trust Fund revenue (\$19.5 million), one-time Certified Public Expenditures (\$5.9 million federal), and a decline in Healthy Michigan Fund revenue (\$1.7 million) that are currently used to support Medicaid medical services. The <u>House</u> concurs.	Federal	5,900,000	(5,900,000)
	Restricted	84,137,300	(84,137,300)
	GF/GP	\$0	\$90,037,300
30. Merit Award Trust Fund Offset	Gross	NA	\$0
The <u>House</u> offsets \$37.5 million in GF/GP funding for Long-Term Care Services with an equal amount of available restricted Merit Award Trust fund revenue.	Merit Awd	NA	37,500,000
	GF/GP	NA	(\$37,500,000)
31. Graduate Medical Education (GME)	Gross	\$148,378,700	\$14,509,600
The <u>Executive</u> restores a \$14.5 million Gross (\$5.0 million GF/GP) Executive Order 2015-5 reduction and finances GME with \$63.5 million in increased hospital quality assurance assessment program (QAAP) revenue to offset \$63.5 million GF/GP. Amount includes \$7.4 million in GF/GP retainer savings. The <u>House</u> concurs but includes technical adjustments to fully reflect GF/GP retainer savings (additional GF/GP savings of \$8.0 million) and less QAAP needed to finance GME and the state retainer (\$2.2 million less QAAP increase).	Federal	97,278,700	19,706,000
	Restricted	0	61,345,600
	GF/GP	\$51,100,000	(\$66,542,000)
32. Special Rural Hospital Payments	Gross	\$29,019,200	\$0
The <u>Executive</u> restores a \$5.8 million Gross (\$2.0 million GF/GP) Executive Order 2015-5 reduction and finances special rural hospital payments with \$13.6 million in increased hospital QAAP revenue to offset \$13.6 million GF/GP. Amount includes \$1.6 million in GF/GP retainer savings. The <u>House</u> does not concur with use of QAAP revenue and instead retains the same level of reduction from the original FY 2014-15 level. Reduction would, however, be spread over four quarterly payments, rather than two payments, effectively restoring 50% of the Executive Order reduction.	Federal	19,019,200	0
	Restricted	0	0
	GF/GP	\$10,000,000	\$0
33. Hospital Capital Cost Reimbursements	Gross	NA	(\$34,806,800)
The <u>Executive</u> assumes savings of \$34.8 million Gross (\$12.0 million GF/GP) from incorporating managed care hospital capital cost expenditure data into the hospital capital cost reimbursement formula. The <u>House</u> concurs.	Federal	NA	(22,833,300)
	GF/GP	NA	(\$11,973,500)

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
34. Primary Care Rate Annualization	Gross	\$72,547,900	\$24,182,600
The <u>Executive</u> annualizes the partial continuation of the primary care rate increase that was provided through the Affordable Care Act with 100% federal funds through calendar year 2014. After calendar year 2014, states have the option to continue the higher rates at regular FMAP. The <u>House</u> concurs.	Federal	47,547,900	15,863,800
	GF/GP	\$25,000,000	\$8,318,800
35. OB/GYN Hospital Lump Sum Payment Elimination	Gross	\$11,027,300	\$0
The <u>Executive</u> eliminates \$11.0 million Gross (\$3.8 million GF/GP) allocated as lump sum payments based on amount of obstetrical care and newborn care provided through hospitals that qualify for special rural hospital payments. The <u>House</u> does not concur with elimination, retaining current funding for the payments.	Federal	7,233,900	0
	GF/GP	\$3,793,400	\$0
36. Healthy Kids Dental Services	Gross	NA	\$21,802,300
The <u>Executive</u> provides \$21.8 million Gross (\$7.5 million GF/GP) to expand Healthy Kids Dental for an estimated 210,000 additional children ages 0-8 in Kent, Oakland, and Wayne counties. The <u>House</u> concurs.	Federal	NA	14,302,300
	GF/GP	NA	\$7,500,000
37. Adult Dental Services	Gross	NA	\$100
The <u>Executive</u> provides \$23.0 million Gross (\$7.9 million GF/GP) to convert the current Medicaid fee-for-service adult dental program to a managed care organization statewide. Adult dental increase would be effective for only the last quarter of FY 2015-16; full year cost would be \$92.1 million Gross (\$31.7 million GF/GP). The <u>House</u> includes a \$100 GF/GP placeholder for this item.	Federal	NA	0
	GF/GP	NA	\$100
38. Dual Integrated Care Demonstration	Gross	NA	\$0
The <u>House</u> includes various shifts requested by the State Budget Office as technical adjustments, with no net change in appropriations, to reflect anticipated expenditure levels under ongoing dual integrated care demonstration projects. Net adjustments include Gross increases of \$56.2 million for Long-Term Care Services and \$38.5 million for Federal Medicare Pharmaceutical Program and Gross reductions of \$37.3 million for Adult Home Help Services and \$23.8 million for Integrated Care Organization Services, among other smaller line item reductions.	Federal	NA	0
	GF/GP	NA	\$0
39. Adult Home Help Administrative Reimbursement Policy Savings	Gross	\$302,440,800	(\$2,300,000)
The <u>House</u> applies savings of \$2.3 million Gross (\$791,200 GF/GP) to Adult Home Help Services line item to reflect proposed administrative Home Help agency provider reimbursement policy change (#1512).	Federal	198,669,500	(1,508,800)
	GF/GP	\$103,771,300	(\$791,200)
40. Program of All-Inclusive Care for the Elderly (PACE) Expansion	Gross	NA	\$0
The <u>Executive</u> provides \$8.3 million Gross (\$2.8 million GF/GP) to expand PACE into Jackson County and Traverse City. Assumes expansion of PACE will offset an equal amount of funding within the long-term care services line item. The <u>House</u> concurs with a technical adjustment requested by the State Budget Office to reflect the full projected expansion of \$9.1 million Gross (\$3.1 million GF/GP).	Federal	NA	0
	GF/GP	NA	\$0
41. Medicaid Managed Care Pharmacy Coverage to Fee-For-Service	Gross	NA	(\$54,585,800)
The <u>Executive</u> assumes savings of \$48.8 million Gross (\$16.8 million GF/GP) from moving current funding of \$450.0 million Gross (\$154.8 million GF/GP) for pharmacy coverage from managed care contracts to fee-for-service effective January 1, 2016. The <u>House</u> retains funding in managed care contracts and assumes higher savings amount, \$54.6 million Gross (\$18.8 million GF/GP), from anticipated pharmacy formulary savings.	Federal	NA	(35,808,300)
	GF/GP	NA	(\$18,777,500)
42. Medicaid Managed Care Laboratory Reimbursement Annualization	Gross	(\$4,352,900)	(\$27,437,100)
The <u>Executive</u> annualizes laboratory reimbursement savings effective August 1, 2015 under Executive Order 2015-5. Savings are from a policy change that reduces laboratory service payments benchmark from Medicare payment rates to Medicaid fee-for-service rates. The <u>House</u> concurs.	Federal	(2,852,900)	(18,001,300)
	GF/GP	(\$1,500,000)	(\$9,435,800)

<u>Major Budget Changes From FY 2014-15 YTD Appropriations</u>		<u>FY 2014-15 Year-to-Date (as of 3/12/15)</u>	<u>FY 2015-16 House Change</u>
43. Medicaid Managed Care Integration Savings	Gross	\$4,886,273,000	(\$15,375,000)
The <u>Executive</u> assumes savings of \$15.4 million Gross (\$5.3 million GF/GP) from Medicaid managed care coordination and other contractual changes effective January 1, 2016. The <u>House</u> concurs.	Federal	3,259,591,300	(10,086,000)
	Local	13,617,500	0
	Restricted	1,217,104,000	0
	GF/GP	\$395,960,200	(\$5,289,000)
44. Medicaid Autism Services Through Age 21	Gross	\$25,171,800	\$7,350,100
The <u>Executive</u> provides \$7.4 million Gross (\$2.5 million GF/GP) to expand Medicaid autism benefit through age 21. Current benefit is offered to individuals from ages 18 months to 5 years. Also transfers line item from Medical Services to Behavioral Health Services. The <u>House</u> concurs.	Federal	16,497,500	4,821,700
	GF/GP	\$8,674,300	\$2,528,400
45. Hospice Room and Board	Gross	\$111,982,500	\$100
The <u>House</u> includes a \$100 GF/GP placeholder for room and board costs under Hospice Services on a one-time basis.	Federal	73,393,200	0
	GF/GP	\$38,589,300	\$100
ONE-TIME BASIS ONLY APPROPRIATIONS			
46. Eliminate Other One-Time Basis Appropriations	Gross	\$10,742,300	(\$10,742,100)
The <u>Executive</u> removes the following one-time funding items that were included in the FY 2014-15 budget: \$250,000 GF/GP for bone marrow registry, \$2.0 million GF/GP for child and adolescent health services pilot in schools, \$4.1 million GF/GP for University of Detroit dental program, \$3.0 million Gross (\$300,000 GF/GP) for Healthy Kids Dental computer project, \$1.3 million for statewide trauma system (HB 4112 shifted in current year from GF/GP to state restricted Crime Victim's Rights Fund), and \$100,000 GF/GP for Senior Olympics. The <u>House</u> concurs except that it retains \$100 GF/GP placeholders for the child and adolescent health services pilot and the University of Detroit dental program.	Federal	2,700,000	(2,700,000)
	Restricted	1,300,000	(1,300,000)
	GF/GP	\$6,742,300	(\$6,742,100)

Major Boilerplate Changes From FY 2014-15

GENERAL SECTIONS

Sec. 204. Benchmarks for New Programs or Program Increases – REVISED

Requires DCH to identify performance measurement benchmarks for new programs or program expansions for which funds of \$500,000 or greater are appropriated, and provide a report; also expresses Legislative intent for FY 2015-16 budget. Executive deletes. House revises current law to \$1.0 million or more and deletes report.

Sec. 218. Basic Health Services – CURRENT LAW

Lists eight basic health services, as required by Part 23 of the Public Health Code, 1978 PA 368, that are to be available and accessible throughout the state. Executive deletes. House retains current law.

Sec. 282. Performance Metrics for Contracts – REVISED

Requires establishment of an automated annual metric collection and reporting system for contracts via the state's e-procurement system, and deadlines for generation of report under the system for state-funded contracts of \$1.0 million or more. Executive deletes. House revises, removing deadlines and reference to e-procurement, and requiring one report annually.

Sec. 285. Workgroup to Investigate Bridge Card Fraud Minimization – NEW

House requires participation of department in a multi-department workgroup to investigate means of minimizing fraud in the MIBridges benefits programs, including improper use or sale of bridge cards, possible replacement of bridge cards with a state driver's license or identification card, and federal policies that may inhibit or enhance adoption of fraud minimization actions.

Sec. 290. Department Merger Status Report – NEW

House requires a monthly status report on the merger of the Department of Community Health and the Department of Human Services.

BEHAVIORAL HEALTH SERVICES

Sec. 412. Non-Medicaid Substance Use Disorder Services – DELETED

Requires DCH to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services. Executive and House delete.

Sec. 424. Timely Claims Process for PIHPs – CURRENT LAW

Requires that PIHPs contracting with DCH to provide services to the Medicaid population adhere to the timely claims processing and payments procedure to claims submitted by health professionals and facilities as described in Section 111i of the Social Welfare Act, 1939 PA 280, MCL 400.111i. Executive deletes. House retains current law.

Major Boilerplate Changes From FY 2014-15

Sec. 436. Detroit Wayne County Community Mental Health Authority – NEW

House requires Detroit Wayne County Community Mental Health Authority to provide \$8.9 million for mental health services at the Wayne County adult and juvenile detention facilities.

Sec. 498. State General Fund Distribution to CMHSPs – NEW

House requires the department, if the department decides to use census data, to use the most recent federal decennial census data available for distribution of state general funds to CMHSPs.

Sec. 503. Policies and Procedures for PIHPs or CMHSPs – CURRENT LAW

Requires DCH to notify the Michigan Association of CMH Boards when developing policies and procedures that will impact PIHPs or CMHSPs. Executive deletes. House retains current law.

PUBLIC HEALTH ADMINISTRATION

Sec. 654. School Children's Healthy Exercise Program – CURRENT LAW

Allocates \$1.0 million for the school children's healthy exercise program for children in kindergarten through grade 8, using evidence-based best practice models; no less than one half of the funds shall be granted for before- and after-school programs. Executive deletes. House retains current law.

HEALTH POLICY

Sec. 712. Free Health Clinic Funding – CURRENT LAW

Allocates \$250,000 to free health clinics from the funds appropriated for primary care services, to be distributed equally to each free health clinic; defines free health clinic. Executive deletes. House retains current law.

FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

Sec. 1103. Report of Sexual and Maternal Health Demographics and Expenditures by Marital Status – REVISED

Requires annual report of estimate of public funds expended for family planning, sexually transmitted infection prevention and treatment, pregnancies, and births, and client demographics as voluntarily provided to DCH; and to report data by marital status. Executive deletes. House retains and updates state application form references.

Sec. 1139. Housing Rehabilitation and Hazard Abatement Program Task Force and Report – REVISED

Requires DCH to establish a joint task force with Department of Human Services and Michigan State Housing Development Authority to review housing rehabilitation, energy, weatherization, and hazard abatement policies, and report recommendations. Executive deletes. House revises to require DCH to continue to work with the joint task force, and adds language regarding task force recommendations.

WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM

Sec. 1151. Report on Access and Savings Regarding Generic Peanut Butter Purchasing Requirement – REVISED

Requires the Department to report on complaints received regarding access to and savings gained related to recent generic peanut butter purchasing requirement modifications by the Department to the Women, Infants, and Children Special Supplemental Food and Nutrition program (WIC). Executive deletes. House revises to require Department to make national brand products available if price is more cost effective and satisfies program nutritional requirements.

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Sec. 1205. Expansion of Telemedicine Capacity – REVISED

Authorizes the Department to use up to \$500,000 for continued development and expansion of telemedicine capacity to allow CSHCS children better access to specialty providers. Executive deletes. House strikes the specific dollar amount of \$500,000.

CRIME VICTIM SERVICES COMMISSION

Sec. 1302. Allocation of Funds for Forensic Nurse Examiner Programs – REVISED

Allocates up to \$200,000 of justice assistance grants line item funds for expansion of forensic nurse examiner programs to coordinate and facilitate training for improved evidence collection for prosecution of sexual assault. Executive deletes. House revises to require the Department to continue to support the program, and removes amount.

MEDICAL SERVICES

Sec. 1625. Pharmaceutical Formulary Savings – NEW

House requires the department and contracted Medicaid health plans to work together to achieve pharmaceutical formulary savings through a mutually agreed upon developmental and implementation process; requires report on implementation progress.

Sec. 1631. Medical Services Copayments – REVISED

Requires copayments on dental, podiatric, and vision services unless prohibited by law or regulation. Specifies copayments of \$2 for a physician office visit, \$3 for a hospital emergency room visit, \$50 for the first day of an in-patient hospital stay, and \$1 for an out-patient hospital visit. Executive retains. House revises to requires recipients to pay "not less than" the copayments listed in this section.

Sec. 1730. Maternal Infant Health Literacy Assessment – NEW

House requires the department to work with the Department of Education to evaluate the feasibility of including an assessment tool to promote literacy development of pregnant women and new mothers in the maternal infant health program; requires a report on the findings of the feasibility study.

Major Boilerplate Changes From FY 2014-15

Sec. 1735. Ambulance Provider Quality Assurance Assessment – NEW

House requires the department and ambulance providers to explore the feasibility of implementing a quality assurance assessment (QAAP) for ambulance providers.

Sec. 1800. Medicaid Value Pool – REVISED

Requires DCH to explore establishment of a Medicaid value pool that rewards and incentivizes hospitals providing low cost and high quality services. Requires establishment of a workgroup to assist in the development of metrics used to determine value. Also requires DCH to report to the Legislature and State Budget Director on the progress of the workgroup. Executive and House delete the workgroup and report and requires the \$85.0 million in Medicaid value disproportionate share hospital payment pool be based on metrics utilized to determine value.

Sec. 1815. Cap on Health Plan Capitation Withhold – DELETED

Prohibits DCH from implementing a capitation withhold as part of overall health plan capitation rate schedule that exceeds the 0.19% withhold administered during FY 2008-09. Executive and House delete.

Sec. 1861. Nonemergency Medical Transportation Pilot Program – REVISED

Requires the Department to review the efficiency and effectiveness of the current nonemergency transportation system and report the results to the Legislature. Directs the Department to create a pilot in at least two counties, with priority given to Berrien and Muskegon counties, to provide nonemergency transportation services encouraging use of nonprofit entities. Executive deletes. House strikes current law and requires department to encourage cooperation between the Medicaid managed care health plans and nonprofit entities providing nonemergency transportation to create a pilot in at least 2 counties, with priority given to Berrien and Muskegon Counties.

Sec. 1870. MIDocs Consortium – REVISED

Directs the Department to establish the MIDocs consortium, consisting of Michigan-based medical schools. The purpose of MIDocs is to develop freestanding residency training programs in primary care and other ambulatory care-based specialties. Directs the Department to require an annual report from the consortium detailing per resident costs for medical training and clinical quality measures. Clarifies that, from the funds appropriated in part 1, \$500,000 is allocated to prepare the report, legally create the consortium, prepare to obtain ACGME accreditation, and develop new residency programs. Executive deletes. House removes the \$500,000 allocation and encourages, rather than requires, the department to work with MIDocs.

FY 2014-15 Supplemental Appropriations

1. Healthy Michigan Plan (HMP) Cost Increases

The House includes FY 2014-15 supplemental adjustments in Part 1B of the bill for a projected increase in HMP costs of \$361.1 million, reflecting increased federal funding for caseload, utilization, and inflation adjustments in Medical Services and Behavioral Health Services for Healthy Michigan Plan/Medicaid expansion. HMP costs are funded with 100% federal revenue through the end of calendar year 2016. These adjustments were requested by the Executive in State Budget Office supplemental request 2015-3.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2014-15 House Supplemental
Gross	\$2,651,022,800	\$361,118,400
Federal	2,651,022,800	361,118,400
GF/GP	\$0	\$0