

FY 2013-14 SUPPLEMENTAL APPROPRIATIONS
Summary: As Passed by the House
Senate Bill 616 (S-1) as Amended



HFA Director: Mary Ann Cleary
HFA Deputy Director: Kyle I. Jen

APPROPRIATION SUMMARY

Budget Area	FY 2013-14 Year-to-Date Appropriations	FY 2013-14 Supplemental Change	% Change
Community Health	Gross \$16,589,093,400	\$260,356,700	1.6
	GF/GP 2,843,410,200	173,572,700	6.1
TOTAL (All budget areas)	Gross \$51,193,545,800	\$260,356,700	0.5
	GF/GP 9,439,114,900	173,572,700	1.8

Overview

Senate Bill 616 (S-1) as amended would increase the FY 2013-14 state budget by \$260.4 million Gross (\$173.6 million GF/GP). The increase in GF/GP appropriations is due to the reinstatement of the Use Tax on services provided by Medicaid managed care organizations in conjunction with reducing the health insurance claims assessment (HICA) rate from 1.00% to 0.75% and offsetting an ongoing shortfall in HICA collections (see item 1 below). HICA collections are classified as restricted revenue, whereas Use Tax collections utilized in the Community Health budget are GF/GP revenue.

FY 2013-14 Supplemental Appropriation Items

**House
Appropriation
Change**

COMMUNITY HEALTH

1. HICA/Use Tax Adjustments

Incorporates current year budgetary adjustments reflecting policy changes in Public Acts 161 and 162. Together, the acts (1) reinstate the Use Tax on services provided by Medicaid managed care organizations and (2) reduce the health insurance claims assessment (HICA) rate from 1.00% to 0.75%. The adjustments include, in accordance with federal regulations, a payment rate increase to Medicaid managed care organizations to hold them harmless for the full amount of the Use Tax. In recognition of the increased GF/GP revenue, a portion of which will go toward the HICA shortfall, the adjustments also include a fund shift of \$101.2 million from restricted HICA revenue to GF/GP. Current projections indicate that \$31.6 million will be needed to address the remainder of the shortfall in FY 2013-14. It is anticipated that those funds will be drawn from the Roads and Risks Reserve (RRR) fund. Because the RRR, like HICA, is considered a "restricted" fund source, no additional appropriation action is necessary to allow this to occur. (SBO Request 2014-8)

Gross	\$260,356,700
Federal	188,017,600
Restricted	(101,233,600)
GF/GP	\$173,572,700

FY 2013-14 Supplemental Boilerplate Items

REPEALER

Enacting Section 1. RRR Appropriation (Community Health)

Repeals section 305 of 2014 PA 34, which stipulates that if, by September 30, 2014, there are insufficient state match funds appropriated in the Community Health budget (due to the HICA shortfall), an amount equal to the shortfall will be automatically appropriated from the Roads and Risks Reserve (RRR) Fund. Current projections anticipate that, with the proposed HICA/Use Tax changes, FY 2013-14 HICA collections will be \$31.6 million short of the state restricted revenue appropriation in Medicaid (i.e. a smaller shortfall still exists). (SBO Request 2014-8)