

**Summary: As Reported from House Subcommittee  
for Fiscal Years 2011-12 and 2012-13  
DEPARTMENT OF COMMUNITY HEALTH  
HB 4269 (H-1) Draft 1**



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IDG/IDT	FY 2010-11 YTD as of 2/17/11	FY 2011-12 Executive	FY 2012-13 Executive	FY 2011-12 House	FY 2012-13 House	Difference: House FY 2011-12 from YTD FY 2010-11		Difference: House FY 2011-13 from FY 2010-12	
						Amount	%	Amount	%
<b>Federal</b>									
ARRA	650,327,000	0	0	0	0	(650,327,000)	(100.0)	0	0
Non-ARRA	8,823,718,200	8,758,307,700	8,976,727,400	8,746,547,600	8,964,967,300	(77,170,600)	(0.9)	218,419,700	2.5
Local	235,104,200	248,557,800	250,359,100	248,228,900	250,030,200	13,124,700	5.6	1,801,300	0.7
Private	88,103,600	96,494,700	96,494,700	96,694,700	96,694,700	8,591,100	9.8	0	0
Restricted	1,851,347,100	2,156,335,200	2,154,682,400	2,151,082,000	2,149,429,200	299,734,900	16.1	(1,652,800)	(0.1)
GF/GP	2,421,483,700	2,701,084,900	2,930,413,700	2,675,575,200	2,904,904,000	254,091,500	10.5	229,328,800	8.6
<b>Gross</b>	<b>\$14,124,104,600</b>	<b>\$13,965,309,000</b>	<b>\$14,413,206,000</b>	<b>\$13,922,657,100</b>	<b>\$14,370,554,100</b>	<b>(201,447,500)</b>	<b>(1.4)</b>	<b>\$447,897,000</b>	<b>3.2</b>
FTEs	4,398.8	4,031.0	4,031.0	4,030.0	4,030.0	(368.8)	(8.4)	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act or related sources.

**Overview**

The Department of Community Health (DCH) budget provides funding for a wide range of mental health, 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 regulatory functions.

**Executive Part 1 Appropriations:** The Executive proposes to roll-up the budget into 6 appropriation line items, a reduction from 143 line items in the current year budget.

**House Subcommittee Appropriations:** The House Subcommittee does not concur with the Executive to roll-up the budget into 6 appropriation line items.

Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	House Changes	
			FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
<b>1. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$22,464,200</b>	<b>\$0</b>
The House concurs with the Executive to include a net increase of \$22.5 million gross (\$10.3 million GF/GP) to finance economic adjustments for pension and retiree insurance (defined benefit and contribution), insurance, workers' compensation, building occupancy, and gas, fuel, and utility costs for FY 2011-12. Does not include economic adjustments for employees' salaries and wages and food provided to clients in state-operated facilities for individuals with mental illness and developmental disabilities.	IDG	N/A	35,700	0
	Federal	N/A	4,511,800	0
	Restricted	N/A	1,501,500	0
	Local	N/A	6,118,900	0
	Private	N/A	2,800	0
	GF/GP	N/A	\$10,293,500	\$0
<b>2. Retirement Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$5,024,300)</b>	<b>\$13,031,100</b>
The House concurs with the Executive projections of FY 2011-12 early retirement savings of \$5.0 million gross (\$3.5 million GF/GP).	Federal	N/A	(899,100)	3,709,200
The House also concurs with the Executive's proposal of FY 2012-13 active and retiree insurance and pension adjustment of \$13.0 million gross (\$7.6 million GF/GP).	Restricted	N/A	0	1,254,200
	Local	N/A	(607,800)	447,800
	GF/GP	N/A	(\$3,517,400)	\$7,619,900

**House Changes**

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>FY 2010-11 to FY 2011-12</b>	<b>FY 2011-12 to FY 2012-13</b>
<b>3. Community Health Automated Medical Processing System (CHAMPS) Funding</b>	<b>Gross</b>	<b>N/A</b>	<b>\$8,922,600</b>	<b>\$0</b>
The House concurs with the Executive to add \$8.9 million gross (\$1.2 million GF/GP) for the Medicaid automated claims processing system, referred to as CHAMPS, to meet federal requirements for enhancements related to the Health Insurance Portability and Accountability Act (HIPAA).	Federal	N/A	7,768,000	0
	GF/GP	N/A	\$1,154,600	\$0
<b>4. Actuarially Sound Capitation Payment Rates Adjustment</b>	<b>Gross</b>	<b>\$6,088,703,100</b>	<b>\$0</b>	<b>\$0</b>
Concurring with the Executive, the House does not recommend actuarial soundness adjustments in FY 2011-12 for Health Plans and Prepaid Inpatient Health Plans as it has been determined, at this time, no funding adjustments are necessary to ensure capitation payment rates are actuarially sound. These types of adjustments have been included in the DCH budget since FY 2004-05.	Federal	4,004,215,300	0	0
	ARRA	328,031,800	0	0
	Restricted	971,718,500	0	0
	Local	34,887,900	0	0
	GF/GP	\$749,849,600	\$0	\$0
<b>5. Mental Health Services for Special Populations Program Reduction</b>	<b>Gross</b>	<b>\$6,873,800</b>	<b>(\$6,873,800)</b>	<b>\$0</b>
The House does not concur with the Executive to reduce funding for mental health services for special populations and groups such as Chinese American, Asian American, Hispanics, Arab/Chaldean, ACCESS, Michigan Inter-Tribal Council, Jewish Federation, Chaldean Community Foundation, and Vietnam Veterans by \$1,031,000 GF/GP, an adjustment which represents a 15.0% reduction from current funding for this program. The House eliminates funding for this line item.	GF/GP	\$6,873,800	(\$6,873,800)	\$0
<b>6. Community Mental Health (CMH) Non-Medicaid Services and Administrative Reduction</b>	<b>Gross</b>	<b>\$282,275,100</b>	<b>(\$8,483,300)</b>	<b>\$0</b>
The House concurs with the Executive to reduce non-Medicaid services provided to individuals with mental illness and developmental disabilities by community mental health services programs (CMHSPs) and related administrative costs by \$8.5 million GF/GP, a budgetary change which represents a 3.0% reduction from current funding for the CMH non-Medicaid line item. According to the DCH, up to \$3.4 million GF/GP of the proposed reduction is related to administrative services and the remaining \$5.1 million GF/GP is related to non-Medicaid services provided to individuals. (Sec. 462)	GF/GP	\$282,275,100	(\$8,483,300)	\$0
<b>7. Substance Abuse Services and Administrative Funding</b>	<b>Gross</b>	<b>\$85,758,300</b>	<b>(\$8,310,000)</b>	<b>\$0</b>
The House concurs with the Executive to reduce administrative costs for coordinating agencies by \$152,900 GF/GP and eliminate one-time funding of \$1.0 million GF/GP for a community health outreach program provided by Self-Help Addiction Rehabilitation (SHAR) Inc. The House does not concur with the following proposals by the Executive: \$224,300 GF/GP reduction for the State Disability Assistance Program Substance Abuse Services line item; and \$165,000 GF/GP reduction for the Salvation Army Harbor Light Program and Odyssey House. Instead, the House eliminates funding for the State Disability Assistance Program (\$2,243,100 GF/GP) and the Salvation Army Harbor Light Program and Odyssey House (\$999,900 GF/GP).	Federal	65,893,900	(3,914,100)	0
	ARRA	277,700	0	0
	Restricted	3,051,100	0	0
	GF/GP	\$16,535,600	(\$4,395,900)	\$0
<b>8. Children's Waiver Home Care Program Reduction</b>	<b>Gross</b>	<b>\$21,049,800</b>	<b>(\$2,105,000)</b>	<b>\$0</b>
Concurring with the Executive, the House includes a reduction of \$2,105,000 gross (\$712,800 GF/GP) for the Children's Waiver Home Care Program that provides home and community-based services for 464 eligible children with developmental disabilities. The DCH will be reviewing administrative and regulatory requirements to implement efficiencies and hopes to capture unspent authorization for the waiver program.	Federal	14,361,800	(1,392,200)	0
	ARRA	1,066,000	0	0
	GF/GP	\$5,622,000	(\$712,800)	\$0

**House Changes**

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>	<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>FY 2010-11 to FY 2011-12</b>	<b>FY 2011-12 to FY 2012-13</b>
<p><b>9. Forensic Mental Health Services Provided to the Department of Corrections (DOC) Transfer</b> The House concurs with the Executive to transfer almost 400 staff positions associated with \$50.5 million interdepartmental grant from the DOC as the Department of Community Health will no longer be responsible for providing mental health services to prisoners under the jurisdiction of DOC. The effective date of the transfer was February 20, 2011. Michigan's Mental Health Code allows DOC to contract with DCH or third-party providers to operate the mental health program.</p>	<p>FTE 396.3 <b>Gross \$50,527,800</b> IDG 50,527,800 GF/GP \$0</p>	<p>(396.3) <b>(\$50,527,800)</b> (50,527,800) \$0</p>	<p>0.0 <b>\$0</b> 0 \$0</p>
<p><b>10. Criminal Background Check Program Funding</b> Concurring with the Executive, the House eliminates funding of \$2.7 million gross (\$2.2 million GF/GP) for the Criminal Background Check Program for employees of homes for the aged and adult foster care facilities by assuming that these facilities will be required to pay the costs for this program. Statutory changes to the Public Health Code and Adult Foster Care Facility Licensing Act are required in order to realize the proposed savings. (FTE-related economics adjustments are included in item 1.)</p>	<p>FTE 5.5 <b>Gross \$2,705,400</b> Federal 542,900 GF/GP \$2,162,500</p>	<p>(5.5) <b>(\$2,705,400)</b> (542,900) (\$2,162,500)</p>	<p>0.0 <b>\$0</b> 0 \$0</p>
<p><b>11. Health Facility Licensure Fees</b> The House does not concur with the Executive of assuming savings of \$4.4 million GF/GP by increasing the licensure fees for health facilities such as nursing homes, freestanding surgical outpatient facilities, and hospitals. Statutory changes to the Mental Health Code and Public Health Code are required in order to realize the proposed savings. (FTE-related economics adjustments are included in item 1.)</p>	<p><b>Gross \$21,322,200</b> Federal 15,010,700 Restricted 1,699,900 Private 200,000 GF/GP \$4,411,600</p>	<p><b>\$0</b> 0 0 0 \$0</p>	<p><b>\$0</b> 0 0 0 \$0</p>
<p><b>12. Essential Local Public Health Services Reduction</b> The House increases reductions over the Executive and reduces GF/GP funding to the state's 45 local public health departments by \$3.4 million (10%), affecting most state and local cost-shared services: immunizations, infectious disease control, sexually transmitted disease control and prevention, food protection, public water supply, private groundwater supply, and on-site sewage management. Hearing and vision screening programs funded by this line item are not affected. The Executive proposed a 5% GF/GP reduction.</p>	<p><b>Gross \$39,082,800</b> Local 5,150,000 GF/GP \$33,932,800</p>	<p><b>(\$3,393,300)</b> 0 (\$3,393,300)</p>	<p><b>\$0</b> 0 \$0</p>
<p><b>13. Healthy Michigan Prevention Funding Reduction</b> The House eliminates all but one Healthy Michigan funded public health prevention project and shifts \$10.3 million of Healthy Michigan Funds to Medicaid match, for GF/GP savings. Public health project allocations from the Fund are reduced to \$805,200. Medicaid program allocations from the Fund are increased to \$33.4 million. Medicaid program also receives \$194,200 in additional Fund revenue, for additional GF/GP savings. Healthy Michigan Fund appropriations total \$34.2 million. The Executive proposed a \$1.0 million project cut and shift to Medicaid.</p>	<p>FTE N/A <b>Gross \$33,981,700</b> Restricted 33,981,700 GF/GP \$0</p>	<p>(1.0) <b>(\$10,113,700)</b> 194,200 (\$10,307,900)</p>	<p>0.0 <b>\$0</b> 0 \$0</p>
<p><b>14. Public Health Laboratory Services and Facilities</b> The House concurs with the Executive and eliminates final year funding of \$250,000 GF/GP for the Upper Peninsula regional public health laboratory in Houghton.</p>	<p><b>Gross \$250,000</b> GF/GP \$250,000</p>	<p><b>(\$250,000)</b> (\$250,000)</p>	<p><b>\$0</b> \$0</p>
<p><b>15. Public Health Projects Eliminated</b> The House eliminates funding for the following public health projects: traumatic brain injury pilot projects \$200,000 Gross (\$100,000 GF/GP), stillbirth awareness \$50,000 GF/GP, colon disease project with Henry Ford Health System \$125,000 GF/GP, and Special Needs Vision Clinic \$50,000 GF/GP. The Executive proposed reductions of 15% for these projects.</p>	<p><b>Gross \$425,000</b> Federal 100,000 GF/GP \$325,000</p>	<p><b>(\$425,000)</b> (100,000) (\$325,000)</p>	<p><b>\$0</b> 0 \$0</p>

**House Changes**

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>FY 2010-11 to FY 2011-12</b>	<b>FY 2011-12 to FY 2012-13</b>
<b>16. Maternal and Infant Program Placeholders</b>	<b>Gross</b>	<b>\$0</b>	<b>\$200</b>	<b>\$0</b>
The House includes two \$100 placeholders for funding for infant mortality programs and nurse family partnership programs. Sec. 1112 and Sec. 1139 are related boilerplate.	GF/GP	\$0	\$200	\$0
<b>17. Crime Victim Services and Program Increases</b>	FTEs	11.0	2.0	0.0
The House concurs with the Executive and recognizes increased funds of \$10.4 million gross (\$0 GF/GP) available for local services to crime victims, victim compensation, and funding to local prosecutors and victim notification network system. Increase is related to additional revenue to the state restricted Crime Victim's Rights Fund due to statutory changes, and consequent increase in federal grant funds.	<b>Gross</b>	<b>\$27,039,800</b>	<b>\$10,381,000</b>	<b>\$0</b>
	Federal	16,563,700	6,881,000	0
	Restricted	10,476,100	3,500,000	0
	GF/GP	\$0	\$0	\$0
<b>18. Aging Program State Funding Reductions</b>	<b>Gross</b>	<b>\$90,829,700</b>	<b>(\$7,658,400)</b>	<b>\$0</b>
The House increases reductions over the Executive and reduces GF/GP funding to programs for seniors by \$8.0 million including \$1,835,000 (15%) of GF/GP funds for community services, \$1,581,700 (18.0%) of GF/GP funds for home-delivered and congregate meals, and eliminates all funding for 3 senior volunteer programs totaling \$4,465,300. Tribal Elders' funding of \$120,000 is eliminated. Executive had reduced GF/GP for aging programs by \$2.2 million (8-9% and 15%).	Federal	56,707,800	321,000	0
	Private	607,500	70,000	0
	Merit Awd	4,468,700	0	0
	Restricted	1,400,000	0	0
	GF/GP	\$27,645,700	(\$8,049,400)	\$0
<b>19. Medicaid FMAP Federal Stimulus Adjustment</b>	<b>Gross</b>	<b>N/A</b>	<b>\$20,877,000</b>	<b>\$0</b>
The House and Executive agree on an increase of \$564.7 million GF/GP to offset the final year of enhanced federal FMAP Medicaid funding from the American Recovery and Reinvestment Act (ARRA) and related extension.	ARRA	N/A	(627,327,000)	0
	Local	N/A	4,516,200	0
	Restricted	N/A	79,018,600	0
	GF/GP	N/A	\$564,669,200	\$0
<b>20. Medicaid Caseload, Utilization and Inflation Increase</b>	<b>Gross</b>	<b>\$11,397,017,900</b>	<b>\$437,522,800</b>	<b>\$334,468,400</b>
The House and Executive include a base adjustment increase for FY 2010-11 of \$115.5 million gross (\$47.8 million GF/GP) to cover caseload/utilization/inflation changes within Medicaid, Mental Health/Substance Abuse, Children's Special Health Care Services and Federal Medicare Prescription programs. The increase included for FY 2011-12 is \$322.0 million Gross (\$133.2 million GF/GP) and for FY 2012-13 the increase is projected to be \$334.5 million Gross (\$117.5 million GF/GP).	Federal	7,568,396,600	256,582,200	217,000,900
	Local	52,469,400	0	0
	Private	2,100,000	0	0
	Merit Awd	82,275,800	0	0
	Restricted	1,846,351,100	0	0
	GF/GP	\$1,845,425,000	\$180,940,600	\$117,467,500
<b>21. Dual Eligibles to Managed Care</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$29,828,700)</b>	<b>\$0</b>
The House and Executive concur on shifting individuals who are eligible for both Medicare and Medicaid (dual eligibles) from fee-for-service to an integrated managed care system. Savings of \$29.8 million gross (\$10.1 million GF/GP) are estimated given a start date of April 1, 2012. A federal waiver would be required to allow the State to receive the Medicare funds to manage the care of the dual eligibles.	Federal	N/A	(19,728,700)	0
	GF/GP	N/A	(\$10,100,000)	\$0
<b>22. Other Medicaid Fund Source Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$431,600</b>	<b>\$397,500</b>
The House concurs with the Executive regarding an increase of federal Medicaid and Children's Health Insurance Program Reauthorization Act (CHIPRA) funds for FY 2011-12 would offset \$29.9 million of GF/GP due to regular changes in federal match rates. An additional \$160.0 million GF/GP is necessary to offset one-time CHIPRA FMAP correction revenue included in the FY 2010-11 budget. In FY 2012-13, a decrease of federal Medicaid and SCHIP funds would require an additional \$97.8 million of GF/GP due to regular changes in federal match rates.	Federal	N/A	40,613,500	(97,841,400)
	Local	N/A	(457,800)	0
	Restricted	N/A	(169,810,500)	397,500
	GF/GP	N/A	\$130,086,400	\$97,841,400

**House Changes**

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>FY 2010-11 to FY 2011-12</b>	<b>FY 2011-12 to FY 2012-13</b>
<b>23. Graduate Medical Education Reduction</b>	<b>Gross</b>	<b>\$168,160,800</b>	<b>(\$67,264,300)</b>	<b>\$0</b>
Both the House and Executive apply a 40% reduction to the Graduate Medical Education (GME) payments resulting in savings of \$67.3 million gross (\$22.8 million GF/GP). GME payments are made to Michigan hospitals which provide clinical training and education to individuals in approved residency programs. This funding is provided in recognition of the higher costs incurred by the teaching hospitals.	Federal	110,633,000	(44,488,600)	0
	ARRA	9,164,800	0	0
	GF/GP	\$48,363,000	(\$22,775,700)	\$0
<b>24. Hospital Disproportionate Share Payments</b>	<b>Gross</b>	<b>\$52,500,000</b>	<b>(\$7,500,000)</b>	<b>\$0</b>
The House concurs with the Executive to decrease disproportionate share hospital (DSH) payments to \$45.0 million but rather than allocate all \$45.0 million to the larger hospital pool, he House allocates \$33,750,000 to the large hospital pool and \$11,250,000 to the small hospital pool. The distribution was based on a change in census numbers state wide. See boilerplate Sec. 1699.	Federal	34,344,700	(4,960,500)	0
	Restricted	8,875,700	(2,539,500)	0
	GF/GP	\$9,279,600	\$0	\$0
<b>25. Include Behavioral Health Drugs In Preferred Drug List</b>	<b>Gross</b>	<b>\$401,414,600</b>	<b>(\$18,700,000)</b>	<b>\$0</b>
The House and Executive agree on the removal of \$18.7 million gross (\$6.3 million GF/GP) in the Pharmaceutical Services line as a result of including behavioral health drugs on the preferred drug list. A statutory change would be required to realize these savings.	Federal	262,930,300	(12,368,200)	0
	ARRA	21,788,500	0	0
	GF/GP	\$116,695,800	(\$6,331,800)	\$0
<b>26. Medicaid Estate Recovery Program</b>	<b>Gross</b>	<b>\$1,687,362,700</b>	<b>(\$15,443,300)</b>	<b>\$0</b>
The House increases the Executive reduction to the Long-Term Care Services line up to \$15.4 million gross (\$5.2 million GF/GP) representing savings generated by statutory changes strengthening the existing Medicaid long-term care estate recovery law. These are additional savings beyond the Executive of \$5,443,300 gross (\$1,843,100 GF/GP). Michigan currently is the only state in the nation without a federally approved estate recovery program.	Federal	1,128,268,000	(10,214,200)	0
	ARRA	93,769,300	0	0
	Restricted	328,363,700	0	0
	Local	6,618,800	0	0
	GF/GP	\$130,342,900	(\$5,229,100)	\$0
<b>27. Adult Home Help Service Limits</b>	<b>Gross</b>	<b>\$304,928,900</b>	<b>(\$17,720,000)</b>	<b>\$0</b>
The House concurs with the Executive reduction to the Adult Home Help line of \$17.7 million gross (\$6.0 million GF/GP) as a result of excluding individuals from the Adult Home Help program who qualify only for assistance with instrumental activities of daily living (IADL). IADLs include shopping, laundry, housework, meal preparation and money management.	Federal	202,644,500	(11,720,000)	0
	ARRA	16,794,600	0	0
	GF/GP	\$85,489,800	(\$6,000,000)	\$0
<b>28. Repeal Medicaid HMO and PIHP Use Tax</b>	<b>Gross</b>	<b>\$388,352,900</b>	<b>(\$388,352,900)</b>	<b>\$0</b>
The House and Executive both assume repeal of the use tax currently covering Medicaid HMOs and PIHPs. Proposed elimination is based on anticipated federal action that would prohibit financing the Medicaid program under the current law. The repeal of the use tax would save the State \$131.5 million GF/GP; reduce tax collections by \$388.4 million Gross, resulting in a net State revenue reduction of \$257.9 million. Statutory changes would be necessary to repeal this portion of the use tax.	Federal	256,856,600	(256,856,600)	0
	GF/GP	\$131,496,300	(\$131,496,300)	\$0
<b>29. Insurer Paid Claims Tax of 1%</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
The House and Executive both assume enactment of a 1% assessment on all health insurance paid claims which would generate approximately \$396.9 million of state restricted revenue which would offset a like amount of GF/GP. Statutory changes would be necessary to enact the assessment.	Restricted	0	396,856,600	0
	GF/GP	\$0	(\$396,856,600)	\$0

**House Changes**

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>	<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>FY 2010-11 to FY 2011-12</b>		<b>FY 2011-12 to FY 2012-13</b>
<b>30. Third Party Liability Recovery Savings</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$20,210,300)</b>	<b>\$0</b>
The House increases the Executive reduction to the Health Plan Services line item up to \$20.2 million gross (\$6.8 million GF/GP) from \$14.8 million gross (\$5.0 million GF/GP) reflecting savings generated by broadening the Sharing Health Care Information Act.	Federal	N/A	(13,367,100)	0
The Executive proposed language change would require auto insurers who are legally responsible for payment of a health care claim to report to the Department of Community Health. This will enable the State to better identify Medicaid eligible persons with other health care coverage and avoid or recover payments for services provided by the Medicaid program. This requires a change in Michigan law.	GF/GP	N/A	(\$6,843,200)	\$0
<b>31. Primary Care Physician Rate Increase FY 2012-13</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>	<b>\$100,000,000</b>
Anticipates the availability of \$100.0 million federal funds in FY 2012-13 to increase the reimbursement rates of primary care physicians up to 100% of Medicare rates. This reimbursement level is a requirement of the Affordable Care Act of 2010 and the rate increase is fully federally funded	Federal	N/A	0	100,000,000
	GF/GP	N/A	\$0	\$0

**Major Boilerplate Changes From FY 2010-11**

*NOTE: No boilerplate language is proposed for FY 2012-13.*

**Executive Boilerplate Deletions**

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2010-11 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections deleted. For the Department of Community Health, the Executive deletes 210 of 251 boilerplate sections.

**GENERAL SECTIONS**

**Sec. 206. Contingency Funds – REVISED**

Appropriates and makes available for expenditure up to \$200 million federal contingency funds, up to \$40 million state restricted contingency funds, up to \$20 million local contingency funds, and up to \$20 million private contingency funds if transferred according to provisions of Section 393(2) of the Management and Budget Act.

**Sec. 213. Report on Tobacco Tax and Healthy Michigan Funds - RETAINED**

Requires state departments, agencies, and commissions receiving tobacco tax and Healthy Michigan funds to report on programs utilizing these funds.

**Sec. 219. DCH Contracts with the Michigan Public Health Institute - RETAINED**

Allows DCH to contract with the Michigan Public Health Institute for the design and implementation of projects and other public health related activities. Requires DCH to report on each funded project and provide copies of all reports, studies, and publications produced by the Institute.

**Sec. 220. Audits of Michigan Public Health Institute - DELETED**

Requires all contracts with the Michigan Public Health Institute funded with Part 1 appropriations to include a provision requiring financial and performance audits by the state Auditor General of funded projects with state appropriations.

**Sec. 292. Civil Service Classification Pay Status and Publicly Accessible Internet Website - REVISED**

Requires DCH to develop, post, and maintain on a publicly accessible Internet website all expenditures made by DCH within a fiscal year which includes the purpose for which expenditures are made.

**Sec. 295. Privatization of Program and Service Areas - NEW**

Requires the Department to explore program and other service areas, including eligibility determination, where privatization may lead to increased efficiencies and budgetary savings.

## **Major Boilerplate Changes From FY 2010-11**

### **COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS**

#### ***Sec. 401. Comprehensive System of CMH Services - DELETED***

Provides that Part 1 appropriated funds are to support a comprehensive system of CMH services under the full authority and responsibility of local community mental health services programs (CMHSPs) or prepaid inpatient health plans (PIHPs). Requires that DCH ensure each CMHSP or PIHP provide a complete array of mental health services, coordination of inpatient and outpatient hospital services, individualized plans of services, a case or care management system, and a system that serves at-risk and delinquent youth pursuant to provisions of the Mental Health Code.

#### ***Sec. 404. Report on CMHSPs - RETAINED***

Requires DCH to report on the following for CMHSPs or PIHPs: expenditures and services data, information about access to CMHSPs, lapses and carry-forwards, information on the CMH Medicaid managed care program, performance indicator required to be submitted to DCH in contracts with CMHSPs or PIHPs, and an estimate of the number of mental health direct care workers.

#### ***Sec. 407. Substance Abuse Prevention, Education, and Treatment Grants - RETAINED***

Requires that appropriations for substance abuse prevention, education, and treatment grants be expended for contracting with coordinating agencies. Requires coordinating agencies work with CMHSPs or PIHPs to coordinate care and services provided to individuals with severe and persistent mental illness and substance abuse diagnoses.

#### ***Sec. 408. Report on Substance Abuse Prevention, Education, and Treatment Programs - RETAINED***

Requires DCH to report on expenditures and services data on substance abuse prevention, education, and treatment programs from the prior fiscal year.

#### ***Sec. 414. Medicaid Substance Abuse Services - DELETED***

Requires Medicaid substance abuse services to be managed by PIHPs pursuant to the Centers for Medicare and Medicaid Services' approval of Michigan's 1915(b) waiver request to implement a managed care plan for specialized substance abuse services. Authorizes PIHPs to receive a capitated payment on a per eligible per month basis to assure the provision of medically necessary substance abuse services.

#### ***Sec. 494. National Accreditation Process for Behavioral Health Services - NEW***

Allows a CMHSP, PIHP, or subcontracting provider agency that has been reviewed and accredited through a national accreditation process for behavioral health care services to be considered in compliance with any state program review criteria or audit requirement for each corresponding item that was reviewed and addressed by the national accrediting entity. Requires DCH to minimize the number of gaps between state program review criteria and audit requirements and standards under the national accreditation process on or before March 1, 2012.

#### ***Sec. 495. Medical Home for Recipients of Medicaid Mental Health Benefits - NEW***

Expresses legislature's intent that the Department begins working with the Centers for Medicare and Medicaid Services to develop a program that creates a medical home for individuals receiving Medicaid mental health benefits.

### **STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES , AND FORENSIC AND PRISON MENTAL HEALTH SERVICES**

#### ***Sec. 605. Closures or Consolidations of State Hospitals and Centers - REVISED***

Requires DCH to provide a closure plan four months after closure certification to the House and Senate Appropriations Subcommittees on Community Health, House and Senate Fiscal Agencies, and State Budget Director. Upon the closure of state-run operations and after transitional costs have been paid, requires the transfer of remaining operational funds to CMHSPs or PIHPs.

### **PUBLIC HEALTH ADMINISTRATION**

#### ***Sec. 650. Fish Consumption Advisory - DELETED***

Directs DCH to communicate the annual public health consumption advisory for sport fish; at a minimum, post the advisory on the Internet and provide it to Women, Infants, and Children special supplemental nutrition program participants.

### **INFECTIOUS DISEASE CONTROL**

#### ***Sec. 801. Priority for Adolescents for AIDS Prevention Services - DELETED***

Requires DCH and its subcontractors to ensure that high-risk children ages 9 through 18 receive priority for AIDS prevention, education, and outreach services.

### **LOCAL HEALTH ADMINISTRATION AND GRANTS**

#### ***Sec. 904. Essential Local Public Health Services - REVISED***

Eliminates requirement for DCH to report on planned allocations of essential local public health services line item funds.

### **CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION**

#### ***Sec. 1006. Priority for Smoking Prevention Funding and Allocation for Quit Kits - DELETED***

Requires DCH to give priority to prevention and smoking cessation programs for pregnant women, women with young children, and adolescents in spending smoking prevention program line item funds. Allocates \$100,000 for the Quit Kit program that includes the nicotine patch or nicotine gum, for purposes of complying with Act 164 of 2004.

## **Major Boilerplate Changes From FY 2010-11**

### **FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES**

#### ***Sec. 1105. Contract with Local Agencies Best Able to Serve Clients - DELETED***

Requires DCH to contract for family, maternal, and children's health services with local agencies best able to serve clients. Describes factors to be used by DCH to evaluate a local agency's ability to serve clients.

#### ***Sec. 1118. Evidence-Based Practices for Maternal, Infant and Child Health In-Home Visiting Programs - NEW***

Directs DCH to pursue use of evidence-based practices and program models for maternal, infant, and child health in-home visiting programs funded in the budget, consistent with any applicable grant or program requirements.

#### ***Sec. 1129. Report of Elevated Blood Lead Levels in Children - DELETED***

Directs DCH to annually report to the Legislature on the number of children with elevated blood lead levels by county, including blood lead level and source of reported information

#### ***Sec. 1135. School Health Education Curriculum - DELETED***

Establishes that provision of a school health education curriculum shall be in accordance with health education goals of the Michigan Model for Comprehensive School Health Education State Steering Committee; establishes steering committee membership; and requires curriculum materials be made available upon request.

### **CHILDREN'S SPECIAL HEALTH CARE SERVICES**

#### ***Sec. 1204. CSHCS and Medicaid HMOs - DELETED***

Requires the Department to work with the Michigan Association of Health Plans to identify and report on a Medicaid HMO reimbursement methodology for Children's Special Health Care Services (CSHCS) eligibles.

### **OFFICE OF SERVICES TO THE AGING**

#### ***Sec. 1401. Eligibility for Senior Community Services and Nutrition Services Programs - RETAINED***

Eligibility for community services and nutrition services programs shall be restricted to individuals at least 60 years of age who fail to qualify for home care services under Titles XVIII, XIX, or XX of the Social Security Act.

### **MEDICAL SERVICES**

#### ***Sec. 1661. Access to Maternal Infant Health Program (MIHP) Services - DELETED***

Requires timely access to Maternal Infant Health Program (MIHP) services and coordination with other state or local programs; requires HMOs to be responsible for MIHP as described in Medicaid policy; coordination of MIHP services with other state services focusing on the prevention of adverse birth outcomes, child abuse and neglect; DCH to provide, annually, budget neutral incentives to Medicaid HMOs and local health departments to improve performance on measures related to the care of pregnant women.

#### ***Sec. 1691. Adult Home Help Worker Wage Increase - DELETED***

Provides that all adult home help workers receive the wage increase provided in previous years.

#### ***Sec. 1756. Beneficiary Monitoring Program - NEW***

Requires the Department to expand and improve the beneficiary monitoring program and provide a report by April 1 of the current fiscal year.

#### ***Sec. 1817. Medicaid and Preventable Medical Errors - DELETED***

Directs DCH to report to the Legislature on implementation of a policy to prohibit billing for care made necessary by preventable medical errors or adverse health events.

#### ***Sec. 1820. Recognition of Medicaid Health Plan Accreditation - NEW***

Requires the Department to give consideration of Medicaid Health Plan accreditation when establishing compliance with State program review criteria or audit requirements.

#### ***Sec. 1824. Residents of Homes for the Aged and Adult Foster Care and HCBS Program - DELETED***

Provides that individuals living in homes for the aged or adult foster care facilities shall be eligible to apply for enrollment for services from the Home- and Community-Based Services (HCBS) waiver program.

#### ***Sec. 1837. Telemedicine Use in Underserved Areas - DELETED***

Requires that DCH explore the use of telemedicine as a means to increase Medicaid recipients who reside in underserved areas access to primary care services.

#### ***Sec. 1838. Reimbursement Changes for Long-Term Care Facilities - DELETED***

Requires that DCH work with relevant parties to convene a workgroup to identify possible budget-neutral changes in reimbursement for long-term care facilities. An update of the findings will be presented at respective Executive budget subcommittee presentations to the Legislature.

#### ***Sec. 1847. Ambulance Quality Assurance Assessment Program - NEW***

Requires the Department to meet with the Michigan Association of Ambulance Services to discuss the possible structure of an ambulance quality assurance assessment program.