

**Summary: Conference Recommendation  
 FY 2002-03 Community Health  
 SB 1101**

	FTEs	Gross	IDG/IDT	Federal	Local	Private	State Restricted	GF/GP
<b>2001-02 YTD</b>	6,207.1	\$8,525,719,966	\$74,507,400	\$4,428,273,766	\$1,063,251,900	\$63,585,600	\$335,443,500	\$2,560,657,800
<b>Executive</b>	5,672.3	\$9,155,663,900	\$69,172,900	\$4,801,713,100	\$1,065,265,900	\$63,122,600	\$593,328,200	\$2,563,061,200
<b>Senate</b>	5,672.3	\$9,472,115,600	\$69,172,900	\$4,956,155,600	\$1,065,265,900	\$63,122,600	\$755,337,400	\$2,563,061,200
<b>House</b>	5,680.3	\$9,507,445,200	\$69,172,900	\$4,962,166,900	\$1,065,265,900	\$64,736,600	\$782,515,900	\$2,563,587,000
<b>Conference</b>	5,672.3	\$9,799,182,300	69,172,900	\$5,177,291,200	\$1,065,265,900	\$64,736,600	\$945,008,800	\$2,477,706,900
Conference YTD Change	(534.8)	\$1,273,462,334	(\$5,334,500)	\$749,017,434	\$2,014,000	\$1,151,000	\$609,565,300	(\$82,950,900)
Conference % Change from YTD	(8.6)	14.9	(7.2)	16.9	0.2	1.8	181.7	(3.2)

**OVERVIEW**

The Michigan Department of Community Health (DCH) was established by Executive Order in 1996 and consolidated the former Departments of Mental Health and Public Health with Medicaid and the Office of Drug Control Policy. In 1997, the Office of Services to the Aging was transferred from the Department of Management and Budget, and the Adult Home Help Program and the Social Services to the Physically Disabled Program were also brought into the Department from the Family Independence Agency. The Crime Victims Services Commission was transferred from the Department of Management and Budget to Community Health in 1997 as well. The DCH is responsible for the development of health policy and the management of Michigan's publicly-funded health care systems.

**Major Budget Changes from FY 2001-02 YTD Appropriations:**

**DEPARTMENTWIDE**

**1. Primary Care Services**

**Senate:** Increases funds for primary care services, which are to be used, for free health clinics and federally qualified health centers.

**House:** Concurs with Senate and provides an additional \$105,800 for free health clinics, federally qualified health centers, and Sterling area health center.

**Conference:** Does not include the Senate or House recommendation.

	<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>Gross</b>	<b>\$2,644,200</b>	<b>\$2,750,000</b>	<b>\$0</b>
<b>GF/GP</b>	\$2,644,200	\$2,750,000	\$0

**2. Michigan Essential Health Care Provider Program**

**House:** Rejects budgetary savings of \$270,900 for line item.

**Conference:** Reduces Healthy Michigan Fund (HMF) support for this program by \$500,000 and partially restores HMF reduction with \$5,000 in GF/GP dollars.

<b>Gross</b>	<b>\$0</b>	<b>\$270,900</b>	<b>(\$495,000)</b>
<b>Restr</b>	0	0	(500,000)
<b>GF/GP</b>	\$0	\$270,900	\$5,000

<u>Major Budget Changes from FY 2001-02 YTD Appropriations:</u>		<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>3. Certificate of Need</b>	FTE	0.0	8.0	0.0
<b>House:</b> Increases staff for administering the certificate of need program.	<b>Gross</b>	<b>\$0</b>	<b>\$555,200</b>	<b>\$0</b>
<b>Conference:</b> Concurs with the Senate.	GF/GP	\$0	\$555,200	\$0
<b>4. Worker's Compensation Program</b>	<b>Gross</b>	<b>\$0</b>	<b>(\$301,000)</b>	<b>(\$1,941,200)</b>
<b>House:</b> Reduces funds for worker's compensation program to finance \$101,000 for a crisis response pilot project with Clinton-Eaton-Ingham CMH services and \$200,000 for fire prevention education programming. (Also referred to in Sections 446 and 1029.)	GF/GP	\$0	(\$301,000)	(\$1,941,200)
<b>Conference:</b> Reduces funds for worker's compensation program by \$1.9 million to offset some Healthy Michigan Fund reductions.				
<b>5. Early Retirement Savings</b>	<b>Gross</b>	<b>\$0</b>	<b>(\$100)</b>	<b>(\$5,393,700)</b>
<b>House:</b> Recommends a \$100 placeholder to represent 2002 early retirement savings for departmental employees.	GF/GP	\$0	(\$100)	(\$5,393,700)
<b>Conference:</b> Projects 2002 early retirement savings of \$5,393,700. (Also referred to in Section 261.)				
<b>6. Budgetary Savings</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$25,630,600)</b>
<b>Conference:</b> Recommends a 1% GF/GP budgetary savings deduct for the department's budget. (Also referred to in Section 261)	GF/GP	\$0	\$0	(\$25,630,600)
<b>MENTAL HEALTH/SUBSTANCE ABUSE</b>				
<b>7. Caseload Increase in Medicaid Eligibles</b>	<b>Gross</b>	<b>\$25,347,600</b>	<b>\$25,347,600</b>	<b>\$36,155,500</b>
Increases funds for Medicaid Mental Health Services and Medicaid Substance Abuse Services by \$25.3 million gross and \$11.3 million GF/GP to recognize a projected caseload increase in Medicaid eligibles.	Federal	14,047,600	14,047,600	20,037,300
<b>Conference:</b> Increases funds for Medicaid Mental Health Services by \$36.2 million gross and \$16.1 million GF/GP to recognize a projected caseload increase in Medicaid eligibles for mental health and substance abuse services.	GF/GP	\$11,300,000	\$11,300,000	\$16,118,200
<b>8. Enhancements for Medicaid Mental Health Services</b>	<b>Gross</b>	<b>\$58,739,400</b>	<b>\$58,739,500</b>	<b>\$40,739,400</b>
Increases funds for Medicaid Mental Health Services by \$58.7 million gross and \$18.3 million GF/GP to provide services to the following populations in MIFamily Plan: parents of Medicaid eligible children whose income is between 50% and 100% of the federal poverty level (FPL); pregnant women whose income is between 185% and 200% of the FPL; and single adults in the State Medical Program. Increase is financed by a reduction to CMH Non-Medicaid Services.	Federal	40,406,900	40,407,000	40,407,000
<b>House:</b> Concurs with Executive and Senate and increases funds by \$100 to create a point of difference.	GF/GP	\$18,332,500	\$18,332,500	\$332,500
<b>Conference:</b> Increases funds for Medicaid Mental Health Services by \$40,739,400 gross and \$332,500 GF/GP for MIFamily Plan.				
<b>9. Rate Increase for Medicaid Mental Health Services</b>	<b>Gross</b>	<b>\$64,530,200</b>	<b>\$64,530,300</b>	<b>\$50,246,700</b>
Increases Medicaid Mental Health Services capitation payment rates by 3.9% (\$50.2 million gross and \$22.4 million GF/GP). Increase is part of the financing strategy for MIFamily Plan.	Federal	35,762,600	35,762,700	27,846,700
<b>Senate:</b> Increases Medicaid Mental Health Services capitation payment rates by 5%. GF/GP increase is partially offset by a withdrawal from the Medicaid Benefits Trust Fund.	GF/GP	\$28,767,600	\$28,767,600	\$22,400,000
<b>House:</b> Concurs with Senate and increases funds by \$100 to create a point of difference.				
<b>Conference:</b> Does not include the Senate or House recommendation.				

**Major Budget Changes from FY 2001-02 YTD Appropriations:**

		<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>10. Provider Assessment for CMHSPs</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>\$188,027,600</b>
<b>Conference:</b> Provides a 5% net increase in capitation payment rates for CMHSPs that is financed through a provider assessment.	Federal	0	0	104,204,900
	GF/GP	\$0	\$0	\$83,822,700
<b>11. Community Substance Abuse Prevention, Education, and Treatment Programs</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,000,000)</b>
Projects a savings of \$1.0 million for Community Substance Abuse Prevention, Education, and Treatment Programs by transferring the administrative responsibility for these programs from coordinating agencies to CMHSPs.	GF/GP	\$0	\$0	(\$1,000,000)
<b>Senate:</b> Rejects savings associated with transferring administrative responsibility for coordinating agencies to CMHSPs.				
<b>House:</b> Concurs with Senate.				
<b>Conference:</b> Accepts savings, however, administrative responsibility for coordinating agencies is not transferred to CMHSPs.				
<b>12. Elimination of TANF Funds</b>	<b>Gross</b>	<b>\$0</b>	<b>\$100,000</b>	<b>(\$3,000,000)</b>
Eliminates \$3.0 million in TANF funds that were originally designated in FY 1999-2000 for substance abuse treatment services for FIA recipients.	Federal	(3,000,000)	(3,000,000)	(3,000,000)
<b>Senate:</b> Replaces the TANF funds with GF/GP dollars.	GF/GP	\$3,000,000	\$3,100,000	\$0
<b>House:</b> Concurs with Senate and increases GF/GP funds by \$100,000. Section 421 allocates \$1.1 million GF/GP to the Drug Courts.				
<b>Conference:</b> Does not include the Senate or House recommendation.				
<b>13. Rebasng of Authorizations for State Hospitals and Centers</b>	FTEs	(56.0)	(56.0)	(56.0)
Corrects the FY 2001-02 authorizations for state psychiatric hospitals and centers for persons with developmental disabilities to reflect changes in census, costs, and projected revenues. Adjustment includes "new" local revenue of \$10.4 million realized from CMHSPs for utilization of state hospitals and centers.	<b>Gross</b>	<b>\$2,088,700</b>	<b>\$2,088,700</b>	<b>\$2,088,700</b>
<b>Conference:</b> Corrects the FY 2001-02 for state psychiatric hospitals and centers for persons with developmental disabilities; however, adjustment does not include "new" local revenue of \$8.8 million from CMHSPs for utilization of state hospitals and centers.	Federal	(6,094,900)	(6,094,900)	(6,094,900)
	Local	8,893,200	8,893,200	8,893,200
	Restr	(708,700)	(708,700)	(708,700)
	GF/GP	(\$900)	(\$900)	(\$900)
<b>14. Inflationary Increase for CMH Non-Medicaid Services</b>	<b>Gross</b>	<b>\$15,883,500</b>	<b>\$15,883,600</b>	<b>\$0</b>
<b>Senate:</b> Recommends a 5% inflationary increase for line item. Increase is offset by a withdrawal from the Medicaid Benefits Trust Fund.	Federal	0	100	0
<b>House:</b> Concurs with Senate and increases funds by \$100 to create a point of difference.	GF/GP	\$15,883,500	\$15,883,500	\$0
<b>Conference:</b> Does not include a 5% inflationary increase for line item.				
<b>15. Inflationary Increase for Medicaid Substance Abuse Services</b>	<b>Gross</b>	<b>\$1,306,400</b>	<b>\$1,306,500</b>	<b>\$0</b>
<b>Senate:</b> Recommends a 5% inflationary increase for line item. Increase is offset by a withdrawal from the Medicaid Benefits Trust Fund.	Federal	724,000	724,100	0
<b>House:</b> Concurs with Senate and increases funds by \$100 to create a point of difference.	GF/GP	\$582,400	\$582,400	\$0
<b>Conference:</b> Does not include a 5% inflationary increase for line item.				

**Major Budget Changes from FY 2001-02 YTD Appropriations:**

		<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>16. Inflationary Increase for Community Substance Abuse Prevention, Education and Treatment Programs</b>	<b>Gross</b>	<b>\$4,037,000</b>	<b>\$4,037,100</b>	<b>\$0</b>
	Federal	0	100	0
	GF/GP	\$4,037,000	\$4,037,000	\$0
<b>Senate:</b> Recommends a 5% inflationary increase for line item. Increase is offset by a withdrawal from the Medicaid Benefits Trust Fund.				
<b>House:</b> Concurs with Senate and increases funds by \$100 to create a point of difference.				
<b>Conference:</b> Does not include a 5% inflationary increase for line item.				
<b>17. Adolescents Mental Health Services</b>	<b>Gross</b>	<b>\$0</b>	<b>\$500,000</b>	<b>\$0</b>
	GF/GP	\$0	\$500,000	\$0
<b>House:</b> Recommends \$500,000 for a new line item entitled "Adolescents Mental Health Services". Section 440 allocates these funds to Wayne State University for the training of mental health professionals in child and adolescent mental health in the community.				
<b>Conference:</b> Does not concur with the House.				
<b>18. Prevention Pilot Projects</b>	<b>Gross</b>	<b>\$0</b>	<b>\$80,000</b>	<b>\$0</b>
	GF/GP	\$0	\$80,000	\$0
<b>House:</b> Recommends \$80,000 for prevention pilot projects. Section 443 allocates these funds to the Michigan Self-Help Clearinghouse program administered through Michigan Protection and Advocacy Service, Inc.				
<b>Conference:</b> Does not concur with the House.				
<b>19. Multicultural Services</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,500,000</b>
	GF/GP	\$0	\$0	\$2,500,000
<b>Conference:</b> Allocates \$2.5 million for persons with severe mental, developmental, physical, or emotional disabilities who are not currently served under the multicultural services program. (Also referred to in Section 449.)				
<b>PUBLIC HEALTH</b>				
<b>20. Local Public Health Operations Inflationary Increase</b>	<b>Gross</b>	<b>\$2,053,500</b>	<b>\$2,053,600</b>	<b>\$0</b>
	Federal	0	100	0
	GF/GP	\$2,053,500	\$2,053,500	\$0
<b>Senate:</b> Increases appropriation for local public health operations by 5%.				
<b>House:</b> Increases this amount by an additional \$100 as a point of difference with the Senate.				
<b>Conference:</b> Does not include the Senate or House recommendation.				
<b>21. Cardiovascular Employee Wellness Program Elimination</b>	<b>Gross</b>	<b>(\$1,059,300)</b>	<b>(\$959,300)</b>	<b>(\$1,059,300)</b>
	Federal	(3,100)	(3,100)	(3,100)
	Restr	(956,100)	(956,100)	(956,100)
	GF/GP	(\$100,100)	(\$100)	(\$100,100)
Annualizes the Executive Order 2001-9 reduction for the employee wellness program supporting worksite and community wellness and cardiovascular health, resulting in the elimination of funding for the employee wellness program.				
<b>Senate:</b> Concurs with the Executive.				
<b>House:</b> Retains \$100,000 for employee wellness program.				
<b>Conference:</b> Concurs with the Senate.				
<b>22. Transfer Responsibility for Adolescent Health Clinic and School Health Education Funding to School Aid Budget</b>	<b>Gross</b>	<b>(\$3,180,000)</b>	<b>(\$3,000,000)</b>	<b>(\$6,922,300)</b>
	Restr	(1,180,000)	(1,180,000)	(2,030,000)
	GF/GP	(\$2,000,000)	(\$1,820,000)	(\$4,892,300)
Transfers financial responsibility for adolescent primary health care clinics and school health education programs from DCH to the School Aid budget, resulting in the elimination of funding for these programs in DCH (\$3.7 million for adolescent clinics and \$3.2 million for school health education). DCH retains \$102,800 of federal funding to continue to staff school health education curriculum development.				
<b>Senate:</b> Retains funding for adolescent health care clinics.				
<b>House:</b> Concurs with the Senate regarding adolescent clinics; reduces school health education funding by \$3.0 million, a point of difference with the Senate.				
<b>Conference:</b> Concurs with the Executive.				

**Major Budget Changes from FY 2001-02 YTD Appropriations:**

		<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>23. Healthy Michigan Fund Reductions</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$12,976,600)</b>
<b>Conference:</b> Reduces Healthy Michigan Funds (HMF) to projects by \$17.2 million. Funding to some projects is partially replaced with GF/GP funds or additional available HMF. See attached HMF table. Sec. 263 is related boilerplate.	Restr	0	0	(16,865,900)
	GF/GP	\$0	\$0	\$3,889,300
<b>24. Prevention and Outreach Program Reductions</b>	<b>Gross</b>	<b>(\$6,320,800)</b>	<b>(\$507,700)</b>	<b>(\$6,320,800)</b>
Reduces funds for the following programs as a continuation of significant FY 2001-02 E.O. 2001-9 and budgetary savings reductions: smoking prevention \$3.0 million, violence prevention \$507,700, pregnancy prevention \$850,000, and Medicaid outreach \$2.0 million.	Federal	(1,000,000)	(1,000,000)	(1,000,000)
	Tobacco	0	1,500,000	0
	Restr	(507,700)	(507,700)	(507,700)
	GF/GP	(\$4,813,100)	(\$500,000)	(\$4,813,100)
<b>Senate:</b> Concurs with the Executive.				
<b>House:</b> Restores violence prevention \$500,000, pregnancy prevention \$850,000, and smoking prevention \$3.0 million, and provides an additional \$1.5 million from tobacco settlement revenue for smoking prevention.				
<b>Conference:</b> Concurs with the Senate. Additional HMF reductions noted in item 23 affect the pregnancy prevention and smoking prevention programs.				
<b>25. African-American Male Health Initiative Increase</b>	<b>Gross</b>	<b>\$580,000</b>	<b>\$575,000</b>	<b>(\$315,000)</b>
Reduces funding by \$100,000 for this program.	Restr	0	0	(320,000)
<b>Senate:</b> Retains current year funding and increases funding for the African-American Male Health Initiative by \$580,000 for a total appropriation of \$1.0 million. Establishes a separate line item for the Initiative.	GF/GP	\$580,000	\$575,000	\$5,000
<b>House:</b> Concurs with the Senate, with a \$5,000 difference in the increased funding amount.				
<b>Conference:</b> Concurs with the Executive; additionally reduces Healthy Michigan funding by \$320,000 and partially restores reduction with GF/GP funds.				
<b>26. Cancer Funding to Universities</b>	<b>Gross</b>	<b>\$1,500,000</b>	<b>\$1,600,000</b>	<b>(\$1,500,000)</b>
<b>Senate:</b> Restores remaining \$1.5 million vetoed in FY 2001-02 for university cancer centers, reestablishing university cancer funding at \$3.0 million total.	Restr	0	0	(1,500,000)
<b>House:</b> Concurs with the Senate, and increases funding by an additional \$100,000.	GF/GP	\$1,500,000	\$1,600,000	\$0
<b>Conference:</b> Does not include the Senate or House recommendation, and reduces Healthy Michigan funding by \$1.5 million. See Sec. 1008.				
<b>27. Lead Abatement Funding Increase</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,449,800</b>	<b>\$0</b>
<b>House:</b> Increases funding for residential lead abatement by \$1,449,800 GF/GP.	GF/GP	\$0	\$1,449,800	\$0
<b>Conference:</b> Does not include the House recommendation.				
<b>28. Early Childhood and Child Advocacy Funding Restoration</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>\$2,010,000</b>	<b>\$1,100,000</b>
<b>Senate:</b> Provides \$1.0 million for child advocacy centers, and \$1.0 million for early childhood secondary prevention programs for children ages 0-3.	Restr	0	0	1,100,000
<b>House:</b> Concurs with the Senate, with revised funding level of \$1,010,000 for child advocacy centers.	GF/GP	\$2,000,000	\$2,010,000	\$0
<b>Conference:</b> Provides \$1.1 million for child advocacy centers and does not provide funding for early childhood secondary prevention programs.				

**Major Budget Changes from FY 2001-02 YTD Appropriations:**

		<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>29. 5% Increases for Children's Waiver Home Care and Family Support Subsidy Programs</b>	<b>Gross</b>	<b>\$1,878,300</b>	<b>\$1,878,500</b>	<b>\$0</b>
<b>Senate:</b> Provides an increase of 5% to the children's waiver home care program (\$1.1 million) and to the family support subsidy program (\$736,900).	Federal	1,369,500	1,369,700	0
<b>House:</b> Increases both items by an additional \$100 as points of difference with the Senate.	GF/GP	\$508,800	\$508,800	\$0
<b>Conference:</b> Does not include the Senate or House recommendation.				
<b>30. Infant Mortality Intervention Pilots</b>	<b>Gross</b>	<b>\$0</b>	<b>\$3,000,000</b>	<b>\$0</b>
<b>House:</b> Appropriates \$3.0 million for infant mortality intervention pilot projects (also referred to in Sec. 1132).	GF/GP	\$0	\$3,000,000	\$0
<b>Conference:</b> Does not include the House recommendation.				
<b>31. Children's Special Health Care Services Rate Increase</b>	<b>Gross</b>	<b>\$6,428,900</b>	<b>\$6,429,000</b>	<b>\$0</b>
<b>Senate:</b> Increases CSHCS provider payment rates by 5%.	Federal	3,072,400	3,072,500	0
<b>House:</b> Concurs with Senate and increases funds by \$100 for each item to create a point of difference.	GF/GP	\$3,356,500	\$3,356,500	\$0
<b>Conference:</b> Does not include a provider rate increase.				
<b>OFFICE OF SERVICES TO THE AGING</b>				
<b>32. Senior Citizen Center Improvements</b>	<b>Gross</b>	<b>\$0</b>	<b>\$500,000</b>	<b>\$0</b>
<b>House:</b> Restores \$500,000 for senior citizen center facility improvements.	GF/GP	\$0	\$500,000	\$0
<b>Conference:</b> Does not include the House recommendation.				
<b>33. Senior Volunteer Program Increase</b>	<b>Gross</b>	<b>\$298,500</b>	<b>\$298,600</b>	<b>\$0</b>
<b>Senate:</b> Provides an increase of 5% to the senior volunteer services programs.	Federal	0	100	0
<b>House:</b> Increases this amount by an additional \$100 as a point of difference with the Senate.	GF/GP	\$298,500	\$298,500	\$0
<b>Conference:</b> Does not include the Senate or House recommendation				
<b>MEDICAL SERVICES</b>				
<b>34. Medical Services Provider Rate Increase</b>	<b>Gross</b>	<b>\$172,885,500</b>	<b>\$175,046,800</b>	<b>\$374,120,400</b>
<b>Senate:</b> Increases Medical Services provider payment rates by 5% for hospital, physician, home health, transportation, auxiliary medical, ambulance, long term care, and HMO services. A 5% inflationary increase is also provided for social services to the physically disabled, and the \$1.0 million for the Ambulance Services mileage adjustor payment that was eliminated by E.O. 2001-9 is restored.	Federal	95,813,100	97,011,500	207,337,500
<b>House:</b> Concurs with Senate and increases funds by \$100 for each item to create a point of difference. Also adds a 5% increase to the pharmacy dispensing fee, from \$3.77 to \$3.95. (Also referred to in Sec. 1620 and 1634)	Restr.	0	0	166,782,900
<b>Conference:</b> Includes provider rate increases for hospitals HMOs, and nursing homes that are financed through provider assessments.	GF/GP	\$77,072,400	\$78,035,300	\$0
<b>35. MIFamily Plan</b>	<b>Gross</b>	<b>\$191,091,900</b>	<b>\$191,091,900</b>	<b>\$191,091,900</b>
Establishes the MIFamily Plan to provide health care coverage for up to 222,000 persons including parents of Medicaid eligible children, pregnant women, State Medical Program recipients and other low income uninsured adults. It is financed with federal and state Medicaid funds, unspent federal SCHIP allocations, state and local indigent care monies, and state non-Medicaid mental health services funds.	Federal	116,621,900	116,621,900	116,621,900
	Local	24,409,700	24,409,700	24,409,700
	Private	3,512,700	3,512,700	3,512,700
	GF/GP	\$46,547,600	\$46,547,600	\$46,547,600

**Major Budget Changes from FY 2001-02 YTD Appropriations:**

		<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>36. EPIC Program Expansion</b>	<b>Gross</b>	<b>\$94,999,300</b>	<b>\$94,999,300</b>	<b>\$94,999,300</b>
Adds \$115.0 million in new federal funding to the EPIC program based on the proposed Medicare Low Income Drug Assistance Initiative and the Medicaid Pharmacy Plus Waiver to broaden prescription drug assistance to low income seniors. Tobacco settlement revenues and other State Restricted funds for the program are reduced by \$20.0 million. (Also referred to in Sec. 1624)	Federal	115,000,000	115,000,000	115,000,000
	Restr	(20,000,700)	(20,000,700)	(20,000,700)
	GF/GP	\$0	\$0	\$0
<b>37. Long Term Care Services Roll-up and Savings</b>	<b>Gross</b>	<b>(\$22,431,600)</b>	<b>(\$22,431,600)</b>	<b>(\$22,431,600)</b>
Rolls up the Adult Home Help Program and part of the Personal Care Services account into the Long Term Care Services line; assumes \$22.4 million in savings from new screening and assessment procedures to assure placement of patients in the most appropriate, cost effective setting.	Federal	(12,431,600)	(12,431,600)	(12,431,600)
<b>Senate:</b> Rejects roll-up and also establishes Home and Community Based Waiver Program as separate line item. Concurs with the savings from new screening and assessment procedures.	GF/GP	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)
<b>House:</b> Concurs with the Senate and rolls up the personal care services component with the Adult Home Help program.				
<b>Conference:</b> Concurs with the House.				
<b>38. Hospital and Nursing Home Reimbursement Savings</b>	<b>Gross</b>	<b>\$28,140,700</b>	<b>\$28,747,500</b>	<b>(\$9,384,300)</b>
Additional savings are taken as a result of annualizing the partial year Executive Order 2001-9 reductions related to hospital rebasing and nursing home reimbursement rate adjustments.	Federal	15,594,900	15,931,200	(5,200,700)
<b>Senate:</b> Rejects annualizing of hospital and nursing home reimbursement savings and restores funding eliminated in Executive Order 2001-9.	GF/GP	\$12,545,800	\$12,816,300	(\$4,183,600)
<b>House:</b> Concurs with the Senate and increases the restored funding by \$606,800. (Also referred to in Sec. 1614)				
<b>Conference:</b> Concurs with annualizing the hospital and nursing home EO savings				
<b>39. Rural Health Initiative</b>	<b>Gross</b>	<b>\$2,370,000</b>	<b>\$2,590,600</b>	<b>(\$5,136,100)</b>
Removes funding associated with the rural health initiative as part of the budgetary savings taken in FY 2001-02	Federal	2,976,000	3,020,300	(76,700)
<b>Senate:</b> Restores the budgetary savings associated with the rural health initiative, removes the \$3.0 million 1-time Mackinac Island clinic funding, increases the rural health free clinics funds from \$150,000 to \$300,000, and restores the \$5.2 million rural hospital adjustor payment eliminated by E.O. 2001-9.	GF/GP	(\$606,000)	(\$429,700)	(\$5,059,400)
<b>House:</b> Concurs with the Senate and increases the restored funding by \$220,600. (Also referred to in Sec. 1644)				
<b>Conference:</b> Concurs with the elimination of the rural health initiative and the removal of the 1-time Mackinac Island clinic funding				
<b>40. Graduate Medical Education</b>	<b>Gross</b>	<b>\$22,284,600</b>	<b>\$21,889,500</b>	<b>\$3,620,500</b>
<b>Senate:</b> Restores \$3.6 million for the Psychiatric Residency Program and \$9.4 million for the 5% GME reduction in E.O. 2001-9. Also adds \$9.3 million to provide a 5% GME increase.	Federal	12,350,200	12,131,200	2,006,500
<b>House:</b> Concurs with the Senate and reduces the restored funding by \$395,100. Also adjusts a portion of the Psychiatric Residency Program funding from GF/GP to Private. (Also referred to in Sec. 1647)	Private	0	1,614,000	1,614,000
<b>Conference:</b> Does not include restoration of 5% GME reduction, but does restore \$3.6 million for Psychiatric Residency program with the House fund source adjustment.	GF/GP	\$9,934,400	\$8,144,300	\$0

**Major Budget Changes from FY 2001-02 YTD Appropriations:**

		<b><u>Senate</u></b>	<b><u>House</u></b>	<b><u>Conference</u></b>
<b>41. Hospital Uncompensated Care and Transition Funding</b>	<b>Gross</b>	<b>0</b>	<b>\$5,000,000</b>	<b>\$1,000,000</b>
<b>House:</b> Adds \$4.0 million for uncompensated care payments to hospitals and \$1.0 million offset costs of hospitals that are closing, or transitioning to an urgent care center or FQHC. (Also referred to in Sec. 1645 and Sec. 1646)	GF/GP	\$0	\$5,000,000	\$1,000,000
<b>Conference:</b> Includes the \$1.0 million for hospital transition funding, but not the hospital uncompensated care funding.				
<b>42. Healthy Kids Dental Program</b>	<b>Gross</b>	<b>0</b>	<b>\$1,000,000</b>	<b>\$0</b>
<b>House:</b> Adds \$1.0 million to expand the Healthy Kids dental program. (Also referred to in Sec. 1633)	GF/GP	\$0	\$445,800	\$0
<b>Conference:</b> Concurs with the Senate				
<b>43. Medicaid Benefits Trust Fund Withdrawal</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Proposed Medicaid Benefits Trust Fund withdrawals include \$64.5 million to cover the loss of revenue due to the federal Medicaid match rate reduction, \$135.7 million to finance the utilization, inflation, and caseload growth, and \$46.4 million to offset the loss of special financing GF/GP savings.	Restr	408,171,600	433,846,300	261,662,400
<b>Senate:</b> Increases the Medicaid Benefits Trust Fund withdrawal by \$161.5 million in order to fund 5% rate increases, veto restorations, reversal of E.O. reductions, and other funding changes.	GF/GP	(\$408,171,600)	(\$433,846,300)	(\$261,662,400)
<b>House:</b> Concurs with the Senate and increases the Medicaid Benefits Trust Fund withdrawal by \$25.7 million.				
<b>Conference:</b> Concurs with the Executive and increases the Medicaid Benefits Trust Fund withdrawal by \$15.0 million.				
<b>44. Financing Adjustments</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Conference:</b> Adjusts fund sources to replace GF/GP with \$17.2 million from the Healthy Michigan Fund, and restricted revenue from the HMO, CMH, and hospital provider assessments.	Restr	0	0	102,437,100
	GF/GP	\$0	\$0	(\$102,437,100)

**Major Boilerplate Changes from FY 2001-02:**

**GENERAL**

**Sec. 206(2)(3). Contingency Funds**

Increases state restricted contingency funds from \$20.0 million to \$50.0 million and local contingency funds from \$20.0 million to \$50.0 million.

**House:** Does not concur with the Executive or Senate.

**Conference:** Concurs with the House.

**Sec. 224. Provider Rate Increases (New)**

**Senate:** Expresses legislative intent that a 5% rate increase be provided for the following: CMH Medicaid, CMH non-Medicaid, Medicaid substance abuse, non-Medicaid substance abuse, local public health, children's waiver, family support subsidy, children's special health care, the conveyor contract, senior volunteer services, hospital inpatient services, hospital outpatient services, graduate medical education, physician services, home health services, transportation services, auxiliary medical services, ambulance services, long-term care services, the home and community-based waiver, health maintenance organizations, adult home help, social services to the physically disabled, and personal care services.

**House:** Modifies the Senate language to express legislative intent that up to a 5% rate increase be provided to the named entities and pharmaceutical services.

**Conference:** Does not include language recommended by the Senate or House.

**Sec. 261. Early Retirement Savings (New)**

**House:** Provides that the negative appropriation in part 1 for early retirement represents savings from the state's 2002 early retirement program. Requires the state budget director to request legislative transfers, no later than November 15, 2002, to apply the early retirement savings to the appropriated line items affected by the early retirement program.

**Conference:** Modifies language to require that the negative appropriation in part 1 for early retirement savings be realized from not filling all of the positions lost due to state's 2002 early retirement program. Language also added to require that the negative appropriation in part 1 for budgetary savings be satisfied from the imposed hiring freeze and other savings identified by the Director of the Department and State Budget Director.

**Major Boilerplate Changes from FY 2001-02:**

***Sec. 262. Expenditure of Appropriated Funds (New)***

**House:** Requires the Department to provide a written explanation of the reasons why it did not fully expend appropriated funds if any of the following occurs: 1) a proposed legislative transfer removes 10% or more of the funding in a line item; 2) a proposed legislative transfer brings the total of the year-to-date transfers out of that line to 10% or more of the originally appropriated amount; 3) a proposed legislative transfer removes funding in a line item that is the subject of boilerplate language expressing legislative intent for program implementation; 4) 10% or more of a line item will lapse to the general fund at the close of the fiscal year; and 5) 10% or more of a line item will be proposed to be included in a work project.

**Conference:** Concur with the House.

***Sec. 263. Cigarette Tax Contingency Appropriations (New)***

**Conference:** Appropriates funds for various HMF projects, minority health grants and contracts, and consumer involvement program if the tax on cigarettes is increased by \$0.30 or more per pack by September 30, 2002.

**DEPARTMENTWIDE ADMINISTRATION**

***Sec. 309. Breton Health Center (New)***

**Senate:** Designates Breton Health Center as a state sponsored health center for the purpose of qualifying certified health providers for loan repayments under the Michigan Essential Health Care Provider program.

**House:** Does not concur with the Senate.

**Conference:** Concur with the Senate.

***Sec. 310. State Sponsored Health Center (New)***

**Senate:** Requires the Department to identify all primary care clinics located in federally designated health professional shortage areas and, upon the request of any primary care clinic, provide assistance in attaining designation as a state sponsored health center for the purpose of qualifying certified health care providers for loan repayments under the Michigan Essential Health Care Provider program. Requires the Department to provide bi-monthly reports on the names and locations of all clinics located in federally designated health professional shortage areas and those clinics that have been designated as Michigan Essential Health Care Provider sites.

**House:** Does not concur with the Senate.

**Conference:** Concur with the Senate.

***Sec. 311. Palliative and Hospice Care (New)***

**House:** Requires the Department to allocate \$300,000 to the Michigan Partnership for the Advancement of End-of-Life Care. Expresses the Legislature's intent that the grant decreases by \$100,000 per year over the next 3 fiscal years.

**Conference:** Modifies language to require the Department to allocate \$150,000 to the Michigan Partnership for the Advancement of End-of-Life Care. Expresses the Legislature's intent that the grant decreases by \$50,000 per year over the next 3 fiscal years.

***Sec. 313. Compulsive Gambling (New)***

**House:** Requires the Department to report by November 1, 2002 on activities undertaken to address compulsive gambling.

**Conference:** Concur with the House.

**MENTAL HEALTH/SUBSTANCE ABUSE SERVICES**

***Sec. 419. Carry Forward of Substance Abuse Funds***

**Senate:** Reinstates vetoed language that requires the Department and CMHSPs that contract with substance abuse coordinating agencies to include provisions in their contracts that allow the agencies to carry forward up to 5% of their revenue for Medicaid substance abuse services and community substance abuse prevention, education, and treatment programs.

**House:** Replaces Senate language with a provision requiring the Department to reallocate up to 5% of the unexpended substance abuse block grant funds from FY 2002-03 to substance abuse coordinating agencies.

**Conference:** Modifies Senate language to require the Department and CMHSPs that contract with substance abuse coordinating agencies to include provisions in their contracts that allow the agencies to carry forward up to 5% of its federal block grant revenue from the funds appropriated for community substance abuse prevention, education, and treatment programs.

***Sec. 421. Allocation of TANF Funds for Substance Abuse Treatment Programs***

Removes Sec. 421 that allocates \$700,000 in TANF funds for community substance abuse prevention, education, and treatment programs to treatment services for substance abuse nonviolent offenders identified by the Drug Courts, and allocates \$300,000 of the TANF funds to the Phoenix House Program.

**Senate:** Rejects removal of section; however, current year language is modified to only allocate \$700,000 for substance abuse nonviolent offenders identified by the Drug Courts.

**House:** Modifies current language to allocate \$1.1 million for substance abuse nonviolent offenders identified by the Drug Courts.

**Conference:** Does not include the Senate or House language.

**Major Boilerplate Changes from FY 2001-02:**

***Sec. 427. Capitation Payments to CMHSPs***

Eliminates Sec. 427 that prohibits the Department from enacting any contract changes concerning capitation payments to CMHSPs for Medicaid eligibles unless required by federal law and agreed to by contract with CMHSPs. Section also does not permit the Department to alter capitation rates in order to offset any increases in costs due to increases in the Medicaid caseload or case mixture.

**House:** Does not concur with the Executive or Senate.

**Conference:** Concurs with the House.

***Sec. 428. Contingency Appropriation of \$100 Million for CMHSPs***

**Conference:** Authorizes the Department to establish a separate contingency appropriations account, in amount not to exceed \$100 million, for the purpose of providing an increase in Medicaid capitation rates for CMHSPs. Specifies that, in order to receive a capitation rate increase, CMHSPs or an affiliation of CMHSPs provide local funds from internal resources that can be used as a bona fide source for the state match required under the Medicaid program. Requires the distribution of the rate increase to be based on a formula developed by the Department that includes representatives from CMHSPs or affiliations of CMHSPs and department staff. Specifies the criteria to be used in developing the distribution formula for the Medicaid capitation rate increase. Requires the Committee to report its findings to the House of Representatives and Senate Appropriations Subcommittee on Community Health by February 1, 2003. Prohibits the implementation of this section if it does not comply with federal laws or regulations.

***Sec. 436. Specialty Services and Support Waiver Bidding Process (New)***

**Senate:** Requires CMHSPs, regional partnerships, and other entities who are chosen to provide public mental health services through the 1915 (b) specialty services and support waiver bidding process to endeavor to minimize disruptions in services to their clientele due to potential changes in their contracts with providers.

**House:** Concurs with the Senate.

**Conference:** Concurs with the Senate.

***Sec. 437. CMHSPs Medicaid Revenue Surplus (New)***

**House:** Permits a regional affiliation or individual CMHSP serving as a prepaid health plan to retain up to 7.5% of any surplus of Medicaid revenue over expenditures as authorized by section 226 of the Mental Health Code.

**Conference:** Does not concur with the House.

***Sec. 439. Community Residential Settings Pilots (New)***

**House:** Expresses the Legislature's intent that the Department, in conjunction with CMHSPs, supports pilot projects that facilitate the movement of adults with mental illness from state psychiatric hospitals to community residential settings. Provides that the purpose of the voluntary pilot projects are to encourage the placement of persons with mental illness in community residential settings who, among other things, may require a secured and supervised living environment and assistance in taking prescribed medications. Requires quarterly reports on activities undertaken by the Department and CMHSPs to pilot projects.

**Conference:** Concurs with the House.

***Sec. 441. CMHSP Intensity Factor (New)***

**House:** Requires the Department to review the methodology utilized in determining each CMHSP's intensity factor in calculating the capitation rates payable to CMHSPs under the federal waiver for the Michigan Managed Specialty Services and Supports Program. Requires the Department to report its findings by October 1, 2002.

**Conference:** Does not concur with the House.

***Sec. 442. HIFA/MI Family Program (New)***

**House:** Permits the Department to redirect funds from CMH non-Medicaid services to only provide state match for increases in Medicaid funding for the HIFA/MI Family Program and economic increases for the Medicaid Specialty Services and Supports Program. Requires the Department to assure that persons eligible for mental health services under the priority population provisions of the Mental Health Code receive mandated services under this plan. Requires capitated payments to CMHSPs for persons that become Medicaid enrolled as a result of the HIFA/MI Family Program to be at the same rates as payments for current Medicaid beneficiaries. Requires the Department to request a transfer of all GF/GP redirected for the HIFA/MI Family program to CMH non-Medicaid services if the Department does not receive federal approval for the program. Requires the Department to establish a committee of departmental representatives and CMHSPs to establish a distribution formula of payments made available as a result of the increased Medicaid funding.

**Conference:** Modifies House language to express the Legislature's intent that the \$40.0 million transferred from CMH Non-Medicaid Services to Medicaid Mental Health Services be used to provide state match for increases in Medicaid funding for mental health services provided to MI-Family enrollees and economic increases for the Medicaid Specialty Services and Supports Program. Requires the general fund match for unused federal dollars be transferred back to CMH Non-Medicaid Services if payments made to CMHSPs for MI-Family services are less than the revenue included in the Medicaid mental health services line item. Authorizes the Department to transfer up to \$18.0 million from the CMH Non-Medicaid Services to provide state match for increases in Medicaid funding for MI-Family services to the extent that persons are enrolled in the program. Requires the Department to report quarterly on the number of persons enrolled in the MI-Family program, the amount of funding transferred from CMH Non-Medicaid Services per subsection, the amount of Medicaid federal funds drawn down as a result of each transfer, and the services provided to MI-Family enrollees with these funds.

**Major Boilerplate Changes from FY 2001-02:**

***Sec. 444. Children's Mental Health Services (New)***

**House:** Requires the Department to ensure that appropriate continuum of mental and behavior health services are available to meet children needs which include inpatient services, outpatient services, in-home visits, and family respite care. Also requires the Department to promote mental health preventive measures for children.

**Conference:** Concurs with the House.

***Sec. 445. Complaint Review (New)***

**House:** Permits a CMHSP recipient, after failing to obtain resolution of a problem through a local CMHSP grievance process, to request and receive a department-organized review of the complaint by clinicians independent of the consumer, provider, and service manager.

**Conference:** Does not include language recommended by the House.

***Sec. 447. Fixed Cost Rate for State Provided Services (New)***

**Conference:** Requires the Department to provide to CMHSPs a fixed net cost rate for services provided by the state. Requires the net cost rate to equal the operating cost of providing services minus the operating costs paid by federal and private funds, less the amount received by the state as reimbursement from persons and insurers who are financially liable for the cost of service. Requires the Department to use these rates for CMHSPs authorizations and rates in which the department bills CMHSPs for state services.

***Sec. 448. Quality Assurance Assessment for CMHSPs (New)***

**Conference:** Requires a CMHSP or affiliate of a CMHSP that receives funds under this act for participating in the Medicaid Managed Specialty Mental Health and Substance Abuse Program administered by the Department to comply with section 224b of the Insurance Code of 1956 as if it were a HMO. Requires the quality assurance assessment fee charged to a CMHSP or affiliate of a CMHSP to not exceed 6%.

***Sec. 449. Contingency Appropriation for Multicultural Services Program (New)***

**Conference:** Allocates \$2.5 million for persons with severe mental, developmental, physical, or emotional disabilities who are not currently served under the multicultural services program.

***Sec. 606. Patient Reimbursement (New)***

Allows the Department to collect revenue for patient reimbursement from first/third party providers, including Medicaid, local counties and/or CMHSPs to cover the cost of placement in state hospitals and centers. Authorizes the Department to adjust financing sources for patient reimbursement based on actual revenues earned. Permits revenue to be carried forward, with the approval of the State Budget Director, if the revenue collected exceeds current year expenditures.

**Senate:** Modifies language to allow the Department to collect revenue for patient reimbursement from first/third party payers rather than first/third party providers to cover the cost of placement in state hospitals and centers.

**House:** Modifies Senate language to only allow the Department to collect revenue for patient reimbursement from first/third party providers, including Medicaid, to cover the cost of placement in state hospitals and centers.

**Conference:** Concurs with the House.

**PUBLIC HEALTH**

***Sec. 805. Establish Meningitis Prevention Initiative Fund (New)***

**Senate:** Directs the Department to establish a Meningitis Prevention Initiative Fund in an amount not to exceed \$500,000.

**House:** Revises fund name.

**Conference:** Concurs with the House in an amount of \$334,100. The fund can accept private and local contributions.

***Sec. 852. Federal Bioterrorism Hospital Preparedness Allocations (New)***

**Senate:** Allocates federal bioterrorism hospital preparedness funding of \$1.0 million to Sparrow Hospital for a response plan covering central Michigan, and \$3.0 million for development of response plans for the remainder of the state.

**House:** Revises language to allocate \$2.9 million of the funds to hospitals in six regions.

**Conference:** Concurs with the House, and allocates \$3.4 million.

***Sec. 853. Animal-Borne Disease Transmission to Humans (New)***

**House:** Allocates \$100 for a proactive research initiative regarding transmission of traditionally animal-borne diseases to humans.

**Conference:** Concurs with the House.

***Sec. 905. Local Public Health Operations Distributions (New)***

**Senate:** Requires the Department to provide no less than 100% of FY 2001-02 allocations to local public health departments in FY 2002-03 in implementing the new funding distribution methodology for local public health operations funds.

**House:** Concurs with the Senate language.

**Conference:** Concurs with the Senate.

***Sec. 1026 and 1027. Sickle Cell Anemia Funding (New)***

**House:** Allocate a total of \$1.0 million for sickle cell anemia programs.

**Conference:** Allow the Department to allocate funds for sickle cell anemia programs.

**Major Boilerplate Changes from FY 2001-02:**

***Sec. 1028. African-American Male Health Initiative (New)***

**House:** Allocates \$500,000 to the African-American Male Health Initiative program at Henry Ford Health System.

**Conference:** Allows the Department to allocate funds for this purpose.

***Sec. 1129. Elevated Blood Lead Level Reporting (New)***

**House:** Requires the Department to annually report by county the number of children with elevated blood lead levels and indicate the blood lead levels.

**Conference:** Concurs with the House.

***Sec. 1134. Services for Sponsored Aliens (New)***

**Conference:** Requires the Department to implement a sponsor-to-alien deeming policy for aliens seeking services under any means-tested state-funded program; and to seek reimbursement from sponsors for nonqualified aliens who have received services.

***Sec. 1150. Federal Summer Food Service Program for Children***

Eliminates Sec. 1150 that requires the Department to effectively utilize existing state food program resources and infrastructure when administering the federal summer food service program for children.

**Senate:** Concurs with the Executive.

**House:** Restores Sec. 1150.

**Conference:** Concurs with the House.

**CRIME VICTIM SERVICES COMMISSION**

***Sec. 1304. Sexual Assault Evidence Collection Procedures (New)***

**Senate:** Requires the Department to work with other named entities to ensure that certain recommended procedures are followed in the collection of evidence in cases of sexual assault.

**House:** Retains the Senate language, but modifies the language to make this provision permissive rather than mandatory.

**Conference:** Concurs with the Senate.

**MEDICAL SERVICES**

***Sec. 1604. Medicaid Protected Income Level (New)***

**House:** Directs the department to report by November 1, 2002 on the steps required to increase the Medicaid protected income level to the Social Security substantial gainful activity level for persons receiving social security disability income and the annual costs of such a change.

**Conference:** Concurs with the House.

***Sec. 1614. Rebasing of Inpatient Hospital Rates***

Deletes provision that allows the Department to rebase inpatient hospital rates if, in the aggregate, the rebasing is budget neutral.

**Senate:** Requires the Department to recalculate hospital inpatient rates that were generated from the rebasing of FFS inpatient hospital rates completed in FY 2001-02 so that the aggregate adjustment to payment rates is budget neutral.

**House:** Concurs with the Senate.

**Conference:** Not included.

***Sec. 1615. Medicaid Electronic Billing (New)***

**House:** Adds a new section that authorizes the department to require Medicaid providers to submit bills for medical services electronically and provide a mechanism for providers to submit their bills over the Internet.

**Conference:** Concurs with the House.

***Sec. 1622 and Sec. 1625. Pharmaceutical Services Initiative (New)***

**House:** Includes two new sections that specify conditions for the continued implementation of the department's pharmaceutical initiative related to the prior authorization process, the pharmacy and therapeutics committee, and reporting requirements.

**Conference:** Combines the 2 sections into a new section 1622, and deletes 2 subsections relating to the pharmacy and therapeutics committee and 1 duplicative subsection regarding open meetings.

***Sec. 1627. Pharmaceutical Manufacturer Rebates***

Directs the Department to secure manufacturer drug rebates for participants in state funded programs that are equivalent to Medicaid rebates, and allows for preauthorization of drugs if rebates are not provided.

**Senate:** Authorizes the Department to negotiate with pharmaceutical manufacturers to obtain the same Medicaid level drug rebates for participants in managed care and other eligible programs if confirmation is provided that the rebates are not included in computing the manufacturer's best price. Requires the per unit rebate amount to be kept confidential and specifies that drug manufacturers that provide rebates on all their products shall have all their products made available without prior authorization.

**House:** Concurs with the Executive

**Conference:** Retains current year language.

***Sec. 1645. Hospital Uncompensated Care Payments (New)***

**House:** Adds a new section that provides for \$4.0 million in uncompensated care grants to Michigan hospitals.

**Conference:** Provides \$6.0 million for hospital adjustor payments if a cigarette tax of \$0.30 or more per pack is enacted.

**Major Boilerplate Changes from FY 2001-02:**

***Sec. 1658. HMO Contracts with Hospitals***

Eliminates language that relates to HMO-hospital contracts and reimbursement for non-contracted hospitals; authorizes payments to HMOs affected by the change from per diem to fee-for-service reimbursement to hospitals.

**Senate:** Requires materials provided by the Department related to the rebidding of the Medicaid managed care program to include an unambiguous statement as to whether a health plan's bid for inpatient hospital services can be based on estimates of per diem cost for these services and whether a health plan can reimburse hospitals on a per diem basis.

**House:** Requires hospitals that do not contract with HMOs in their service area to enter into a hospital access agreement to assure that all Medicaid beneficiaries have universal access to medically necessary covered hospital services.

**Conference:** Combines House language with a clarifying provision related to the insurance code.

***Sec. 1678. MIChild Program (New)***

**House:** Prohibits the use of MIChild funds for contraceptives to minors without parental consent.

**Conference:** Not included.

***Sec. 1681. Long-Term Care Services***

Allows the Department to fund personal care and other alternative long-term care services in place of nursing home care.

**Senate:** Maintains current year language that allows funding of home and community services in place of nursing home care and requires a report on the pilot projects to coordinate services with the Adult Home Help program.

**House:** Replaces the current language with a new section encouraging the use of family members, friends, and neighbors to provide non-medical covered home and community based services, where appropriate, through the HCBS program.

**Conference:** Includes House language along with a clarification that the use of family members, friends, and neighbors is consistent with state and federal law.

***Sec. 1684. Nursing Home Wage Pass-Through (New)***

**Senate:** Directs the department to make available up to ½ of the economic increase for a wage pass-through to nursing home employees, up to a maximum of \$0.50 per employee hour.

**House:** Concurs with the Senate but makes a wording change to create a point of difference.

**Conference:** Concurs with the Senate.

***Sec. 1689. Home and Community Based Services***

Eliminates language that prohibits a limit on personal care services reimbursement under the Home and Community-Based Services program, but allows the Department to maintain the per day client reimbursement cap.

**Senate:** Revises the section to require the Department to develop an allocation formula that allows for coverage of not less than 15,000 (unless a smaller number is required under federal law). Requires services providers to spend on average no more than \$8,820 per person and directs the Department to withhold existing or future allotments from service providers that exceed their allotment. Also requires quarterly comparisons of actual usage and expenditures with predicted levels and allows redistribution of resources among providers. Quarterly reports to the Legislature are also required.

**House:** Retains current year language and adds a new section 1689a that restores coverage for 15,000 persons in the HCBS program. Priority is given to enrolling persons currently residing in nursing homes or who are eligible to be admitted to a nursing home. Also provides for monthly reports on expenditures and the number of persons enrolled in the program.

**Conference:** Revised to combine certain provisions House and Senate language.

***Sec. 1690. Long Term Care Managed Care Pilot Project (New)***

**Senate:** Includes a new section that requires the Department to allocate \$1.0 million to Evercare for a pilot project to assess whether a managed care approach to the full spectrum of long-term care services can provide an appropriate level of care at a lower cost than achieved through purchasing those services on an individual basis.

**House:** Deletes reference to a specific organization and requires the department to work with community and other stakeholders and the long-term care work group to develop key elements of the pilot project.

**Conference:** Includes Senate language, but deletes reference to a specific organization to receive the pilot project funds.

***Sec. 1696. Magnetic Medicaid Identification Card***

**Senate:** Retains current year language for implementation of a magnetic card identification system to assist with the Medicaid eligibility verification process but changes the implementation date to December 31, 2002 and a progress report by October 1, 2002.

**House:** Requires the department to complete a study on the benefits of a single magnetic card identification system that can interface with various state benefit programs and assist with eligibility verification by October 1, 2002.

**Conference:** Concurs with the House.

***Sec. 1700. Medicaid Waivers***

**House:** Requires the department to submit any Medicaid waivers to the House and Senate appropriations subcommittees on community health at least 30 days prior to submission to the federal government.

**Conference:** Concurs with the House.

***Sec. 1701. Nursing Home Quality Incentive Program (New)***

**House:** Re-establishes a nursing home quality care incentive program that provides incentives for nursing homes to develop high quality services.

**Conference:** Includes the House provision, but specifies that funding is contingent upon an increase in the federal Medicaid match rate.

**Major Boilerplate Changes from FY 2001-02:**

***Sec. 1702. Long-Term Care Pilot Project (New)***

**House:** Provides for a pilot project that coordinates Medicaid home and community based services with section 8 rental assistance subsidies for person who otherwise would receive care through the Medicaid program.

**Conference:** Includes the House provision and makes technical changes.

***Sec, 1705. School Based Services (New)***

**House:** Authorizes the department to retain up to 20% of the federal Medicaid matching funds for school based services and allocate the remaining funds to local school districts.

**Conference:** Not included.

***Sec. 1706. Pharmaceutical Program Public Information Campaign (New)***

**House:** Requires the department to implement a public information campaign on the pharmaceutical best practice initiative.

**Conference:** Concurs with the House.

***Sec. 1707. Children's Special Health Care Services (New)***

**House:** Exempts drugs prescribed to Children's Special Health Care Services participants from pharmaceutical prior authorization requirements.

**Conference:** Not included.

***Sec. 1709. Indigent Health Care (New)***

**House:** Reimburses Wayne County for the reduction in its distribution for indigent health care directly resulting from changes to the airport parking tax act.

**Conference:** Concurs with the House.

***Sec. 1710. MIChoice Home and Community Based Services (New)***

**House:** Requires the department to report proposed changes in the MIChoice home and community based services waiver program screening process to the House and Senate Appropriations Subcommittees on Community Health at least 30 days prior to implementation.

**Conference:** Concurs with the House.

***Sec. 1712. Appropriations for Long-Term Care, HMOs, Hospitals, and Medicaid Managed Care Services (New)***

**Conference:** Clarifies that appropriations for Long-Term Care, HMOs, Hospitals, and Medicaid Managed Care Services are specified in this act, notwithstanding the provisions in the recent changes in statute related to provider assessments.

***Sec. 1713. School Based Services (New)***

**Conference:** Specifies that reimbursement for school based services shall only be made to school districts that are not in default on contracts with vendors providing billing services for Medicaid school based services.

***Sec. 1714. Hospital Services Appropriation (New)***

**Conference:** Reduces the Hospital services appropriation by \$149.2 million if HB 5103, the hospital provider assessment bill is not enacted.

***Sec. 1715. Medicaid Benefits Trust Fund (New)***

**Conference:** Directs any additional funds resulting from an increase in the federal Medicaid match rate that are not appropriated in sections 446 and 1701 to be deposited in the Medicaid Benefits Trust Fund.