

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Summary of FY 2015-16 Enacted Appropriations
Article X, 2015 Public Act 84 (Senate Bill 133)

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| | FY 2014-15 YTD as of 3/12/15 | FY 2015-16 Revised Executive | FY 2015-16 House | FY 2015-16 Senate | FY 2015-16 Enacted | Difference: Enacted From FY 2014-15 YTD | |
|-------------------|---------------------------------|------------------------------------|-------------------------|-------------------------|-------------------------|--|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$30,971,800 | \$13,551,600 | \$33,938,400 | \$33,938,400 | \$13,551,600 | (\$17,420,200) | (56.2) |
| Federal | 16,996,016,000 | 18,008,147,100 | 17,997,191,900 | 18,027,148,800 | 18,419,268,900 | 1,423,252,900 | 8.4 |
| Local | 269,058,100 | 131,403,000 | 131,403,000 | 126,384,100 | 123,339,800 | (145,718,300) | (54.2) |
| Private | 147,326,500 | 154,055,600 | 154,055,600 | 154,055,600 | 156,409,100 | 9,082,600 | 6.2 |
| Restricted | 2,253,318,700 | 2,406,246,200 | 2,247,899,600 | 2,290,718,800 | 2,214,269,600 | (39,049,100) | (1.7) |
| GF/GP | 4,069,862,300 | 3,955,647,100 | 4,089,553,700 | 4,102,190,200 | 4,142,798,100 | 72,935,800 | 1.8 |
| Gross | \$23,766,553,400 | \$24,669,050,600 | \$24,654,042,200 | \$24,734,435,900 | \$25,069,637,100 | \$1,303,083,700 | 5.5 |
| FTEs | 15,867.6 | 15,502.0 | 15,724.0 | 15,670.0 | 15,443.0 | (424.6) | (2.7) |

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and 2015 Public Act 6 (House Bill 4112)). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) Executive figures reflect revisions to implement Executive Order 2015-4. Individual articles for the Departments of Human Services and Community Health in the House- and Senate-passed budgets were merged into a single article of Senate Bill 133 for the enacted DHHS budget in a manner largely consistent with those executive revisions.

Overview

The Department of Health and Human Services (DHHS) was created through the merger of the Department of Community Health (DCH) and the Department of Human Services (DHS) under Executive Order (EO) 2015-4. The Human Services portion of the DHHS budget includes a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs and protecting children and assisting families by administering foster care, adoption, and family preservation programs, and by enforcing child support laws. The Health Services portion of the DHHS budget provides funding for a wide range of behavioral health (mental health and substance use disorder), public health, aging, crime victim, and medical services programs, including Medicaid and the Healthy Michigan Plan.

| Major Budget Changes From FY 2014-15 YTD Appropriations | FY 2014-15 YTD (as of 3/12/15) | Enacted Change From YTD |
|--|---|------------------------------------|
| BUDGETWIDE ADJUSTMENTS | | |
| 1. DHHS Merger Budget Changes | | |
| | FTE | NA |
| Includes numerous appropriation line item adjustments to merge from two department budgets (SB 118 and SB 124 Conference Reports) into one, including elimination of interdepartmental grants from DHS to DCH, consolidation of Departmentwide line items and other like functions, and reorganization of certain funding, programs, and agencies throughout the budget, including adult and aging services. | Gross | NA (\$7,546,600) |
| | IDG | NA (7,546,600) |
| | Federal | NA 0 |
| | Local | NA 0 |
| | Private | NA 0 |
| | Restricted | NA 0 |
| | GF/GP | NA \$0 |

HEALTH AND HUMAN SERVICES

Major Budget Changes From FY 2014-15 YTD Appropriations

**FY 2014-15 YTD
(as of 3/12/15)** **Enacted Change
From YTD**

2. Public Assistance Caseload Adjustments

Decreases funding for public assistance programs by \$156.4 million Gross (reduction of \$13.2 million GF/GP) as follows:

- Food Assistance Program (FAP) is reduced by \$128.3 million Gross (\$0 GF/GP); the monthly caseload estimate is adjusted from 854,700 cases at \$248.36 per month to 809,100 cases at \$243.90 per month; funding also increased by \$50.1 million Gross (\$0 GF/GP) for estimated costs due to Barry, et al, v. Lyons court ruling.
- Family Independence Program (FIP) is reduced \$27.1 million Gross (\$12.0 million GF/GP) from 32,300 cases at \$363.00 per month to 28,730 cases at \$362.75 per month.
- State Disability Assistance (SDA) program is reduced \$1.6 million Gross (GF/GP reduced \$1.9 million) from 6,450 cases at \$212.00 per month to 5,566 cases at \$209.88 per month.
- State Supplementation program is increased \$660,400 GF/GP from 279,100 cases at \$18.75 per month to 276,585 cases at \$19.04 per month.

| | | |
|--------------|-----------|------------------------|
| Gross | NA | (\$156,355,500) |
| Federal | NA | (140,025,500) |
| Restricted | NA | (3,080,900) |
| GF/GP | NA | (\$13,249,100) |

3. Child Welfare Caseload Adjustments

Increases funding for child welfare programs \$2.7 million Gross (\$1.3 million GF/GP) as follows:

- Foster care payments are increased by \$416,900 Gross (\$5.5 million GF/GP) from 6,500 cases at \$27,085 per year to 6,175 cases at \$27,877 per year.
- Adoption subsidies are reduced \$10.5 million Gross (\$3.9 million GF/GP) from 26,725 cases at \$730.25 per month to 25,064 cases at \$745.00 per month.
- Guardianship assistance payments are increased \$1.4 million Gross (\$766,900 GF/GP) for an estimate of 900 cases at \$825.94 per month.
- Child Care Fund is reduced \$5.1 million Gross (\$2.5 million GF/GP).

| | | |
|--------------|-----------|-----------------------|
| Gross | NA | (\$13,766,300) |
| Federal | NA | (11,232,000) |
| Local | NA | (2,767,300) |
| Private | NA | 391,200 |
| GF/GP | NA | (\$158,200) |

4. Budgetary Savings: Staffing Reductions

Distributes the reductions from the \$7.5 million GF/GP staffing reductions line item in FY 2014-15 DHS budget to various human services line items within the Department budget; the FY 2014-15 \$7.5 million GF/GP savings was achieved by (1) eliminating 332.0 FTEs and an associated \$6.3 million Gross funding (\$4.5 million GF/GP). Savings are annualized through reductions in multiple line items in budget, (2) increasing Temporary Assistance for Needy Families (TANF) funding by \$3.0 million to save \$3.0 million GF/GP.

| | | |
|--------------|----------------------|----------------------|
| FTE | 0.0 | (332.0) |
| Gross | (\$7,500,000) | (\$6,296,800) |
| Federal | 0 | (6,291,700) |
| Local | 0 | (5,100) |
| GF/GP | (\$7,500,000) | \$0 |

5. Adjustments to Current Human Services Baseline

Adjusts funding by decreasing federal funding by \$8.7 million and increasing GF/GP spending by \$8.7 million to align line item appropriations with projected spending and available revenues; also adjusts FTE allocations to align with supportable positions (81.7); discontinues \$7.0 million one-time fund source shift from GF/GP to TANF federal funding authorized by the supplemental appropriations Act 6 of 2015 (HB 4112).

| | | |
|--------------|-----------|--------------|
| FTE | NA | (81.7) |
| Gross | NA | \$0 |
| Federal | NA | (15,650,400) |
| Private | NA | (90,000) |
| GF/GP | NA | \$15,740,400 |

HEALTH AND HUMAN SERVICES

Major Budget Changes From FY 2014-15 YTD Appropriations

FY 2014-15 YTD **Enacted Change**
(as of 3/12/15) **From YTD**

6. Base Medicaid, MICHild, and Federal Medicare Pharmaceutical Program Cost Adjustments

Provides a net 1% increase of \$190.2 million Gross (\$70.3 million GF/GP) for caseload, utilization, and inflation adjustments for Medical Services, Behavioral Health Services, Children's Special Health Care Services, Federal Medicare Pharmaceutical Program, and Family Support Subsidy based on estimates agreed to at the May Consensus Revenue Estimating Conference. Amount also includes the Federal Medical Assistance Percentage (FMAP) adjustment from 65.54% to 65.60% and the Enhanced FMAP adjustment from 75.88% to 98.92%, offsetting \$23.7 million GF/GP. FY 2014-15 supplemental adjustments agreed to at the May Consensus Revenue Estimating Conference are also included in the bill (see final 2 pages of DHHS section).

| | | |
|--------------|-------------------------|----------------------|
| Gross | \$12,915,340,200 | \$190,188,200 |
| IDG | 2,999,900 | (11,000) |
| Federal | 8,448,405,800 | 145,159,600 |
| Local | 45,465,200 | 0 |
| Private | 2,100,000 | 0 |
| Restricted | 1,900,374,300 | (1,536,100) |
| GF/GP | \$2,515,995,000 | \$46,575,700 |

7. Healthy Michigan Plan (HMP) Cost Adjustments

Provides a net increase of 18% in FY 2014-15 HMP costs of \$485.9 million and a net increase of 15% in FY 2015-16 HMP costs of \$474.6 million, reflecting increased federal funding for caseload, utilization, and inflation adjustments in Medical Services and Behavioral Health Services for Healthy Michigan Plan/Medicaid expansion based on estimates agreed to at the May Consensus Revenue Estimating Conference. HMP costs are funded with 100% federal revenue through the end of calendar year 2016. FY 2014-15 supplemental adjustments agreed to at the May Consensus Revenue Estimating Conference are also included in the bill (see final 2 pages of DHHS section).

| | | |
|--------------|------------------------|----------------------|
| Gross | \$2,651,022,800 | \$960,427,100 |
| Federal | 2,651,022,800 | 960,427,100 |
| GF/GP | \$0 | \$0 |

8. Healthy Michigan Plan (HMP) MACI Payments

Provides \$318.2 million in federal funding for Medicaid Access to Care Initiative (MACI) payments to hospitals under Healthy Michigan Plan; these payments had not previously been appropriated. FY 2014-15 supplemental adjustments for HMP MACI payments area also included in the FY 2015-16 budget bill (see final 2 pages of DHHS section). FY 2015-16 funding is the same amount that will be appropriated for FY 2014-15 HMP MACI payments.

| | | |
|--------------|------------|----------------------|
| Gross | \$0 | \$318,200,000 |
| Federal | 0 | 318,200,000 |
| GF/GP | \$0 | \$0 |

9. Actuarially Sound Capitation Payment Rates Adjustments

Provides \$170.0 million Gross (\$38.0 million GF/GP) to increase capitation payment rates for Medicaid Health Plans 2.0% and Prepaid Inpatient Health Plans (PIHPs) 1.5% to comply with federal requirement that rates for managed care entities are actuarially sound. Line items increased include Medicaid mental health services, Medicaid substance use disorder services, Healthy Michigan Plan – behavioral health, health plan services, and Healthy Michigan Plan.

| | | |
|--------------|------------------------|----------------------|
| Gross | \$9,820,800,900 | \$170,040,500 |
| IDG | 2,999,900 | 0 |
| Federal | 7,402,104,700 | 132,035,300 |
| Local | 38,846,400 | 0 |
| Restricted | 1,235,226,000 | 0 |
| GF/GP | \$1,141,623,900 | \$38,005,200 |

DEPARTMENTWIDE ADMINISTRATION

10. Departments of Human Services and Community Health Merger Savings

Eliminates 6.0 unclassified FTE positions and \$379,000 in GF/GP funding due to the merger between the two departments. Constitutionally, each individual state department is only permitted to have 6.0 unclassified FTE positions.

| | | |
|--------------|--------------------|--------------------|
| FTE | 12.0 | (6.0) |
| Gross | \$1,449,300 | (\$379,000) |
| Federal | 287,400 | 0 |
| GF/GP | \$1,161,900 | (\$379,000) |

11. Office Closures and Consolidations

Reduces funding by \$2.4 million Gross (\$1.0 million GF/GP) through the closure and consolidation of targeted local offices and the use of the community partner network facilities for certain county offices.

| | | |
|--------------|-----------|----------------------|
| Gross | NA | (\$2,439,000) |
| Federal | NA | (1,439,000) |
| GF/GP | NA | (\$1,000,000) |

HEALTH AND HUMAN SERVICES

| <u>Major Budget Changes From FY 2014-15 YTD Appropriations</u> | <u>FY 2014-15 YTD (as of 3/12/15)</u> | <u>Enacted Change From YTD</u> |
|--|--|---|
| 12. Administrative Hearing System Costs | | |
| Increases funding for administrative hearing costs related to Department programs by \$1.0 million gross (\$519,700 GF/GP); \$139,400 for new charges for related rent and information technology costs, and \$900,000 transferred from Department of Licensing and Regulatory Affairs (LARA) for Healthy Michigan Plan related hearings costs. LARA administers the hearings system for all departments through interdepartmental grants. | Gross \$1,424,600 | \$1,039,400 |
| | Federal 704,000 | 519,700 |
| | GF/GP \$720,600 | \$519,700 |
| 13. Child Care Licensing (CCL) | | |
| Provides \$5.7 million Gross and 39.0 FTEs to increase the number of CCL consultants and management staff to align the state's consultant-to-caseload ratio with the national average (1 consultant: 98 programs). Current caseload ratio is estimated to be 1:150; program funded through a federally funded IDG from Michigan Department of Education. Program transferred to the Department of Licensing and Regulatory Affairs (LARA). (See item #14 below.) | FTE NA | 39.0 |
| | Gross NA | \$5,661,500 |
| | IDG NA | 5,661,500 |
| | GF/GP NA | \$0 |
| 14. Transfer Adult Foster Care (AFC), Children's Day Care Licensure to LARA | | |
| Transfers 219.0 FTEs and \$29.0 million Gross (\$16.1 million GF/GP) for the Office of Child and Adult Licensing and the Adult Foster Care Licensing Advisory Council to LARA based on the Executive Order 2015-4. (Includes CCL licensing – see item #13 above.) | FTE 180.0 | (219.0) |
| | Gross \$23,293,800 | (\$28,955,300) |
| | IDG 7,178,700 | (12,840,200) |
| | GF/GP \$16,115,100 | (\$16,115,100) |
| 15. Economic Adjustments | | |
| Includes a net reduction of \$3.1 million Gross (\$959,100 GF/GP) for the following economics adjustments: salary and wage 2.0% base increase, insurance rate increase, reductions in actuarially determined retirement rates, and increases for worker's compensation, building occupancy, and rent. There are no economic adjustments recommended for food, gas, fuel, or utility costs for state hospitals and centers. | Gross NA | (\$3,057,600) |
| | IDG NA | (38,500) |
| | Federal NA | (1,868,900) |
| | Local NA | (80,600) |
| | Private NA | (30,400) |
| | Restricted NA | (80,100) |
| | GF/GP NA | (\$959,100) |
| COMMUNITY SERVICES AND OUTREACH | | |
| 16. School Success Partnership Program | | |
| Increases funding for the School Success Partnership program by \$150,000 GF/GP; changes program funding from GF/GP to TANF. | Gross \$300,000 | \$150,000 |
| | Federal 0 | 450,000 |
| | GF/GP \$300,000 | (\$300,000) |
| CHILDREN'S SERVICES AGENCY – CHILD WELFARE | | |
| 17. Foster Care Rates | | |
| Retains current-year funding for the FY 2014-15 increase for private residential rate foster care payments and the \$3 per day administrative rate increase for foster care services provided by child placing agencies. | Gross NA | \$0 |
| | Federal NA | 0 |
| | GF/GP NA | \$0 |
| 18. Child Care Fund Administrative Rates – County Hold Harmless Provision | | |
| Retains current-year funding for the county hold harmless provision requiring Department to pay 100% of the foster care administrative rate to private agencies for all new cases referred to service providers beginning October 1, 2013. | Gross \$5,000,000 | \$0 |
| | GF/GP \$5,000,000 | \$0 |
| 19. Adoption Subsidies Re-Determination of Care Program | | |
| Eliminates \$1.0 million GF/GP funding for the Adoption Re-Determination of Care Program which would have allowed eligible adoptive parents to request a redetermination of payments for certain children with special needs after an agreement has been finalized. | Gross \$1,000,000 | (\$1,000,000) |
| | Federal 0 | 0 |
| | GF/GP \$1,000,000 | (\$1,000,000) |

HEALTH AND HUMAN SERVICES

Major Budget Changes From FY 2014-15 YTD Appropriations

FY 2014-15 YTD **Enacted Change**
(as of 3/12/15) **From YTD**

| | | | |
|---|--------------|------------------|----------------------|
| 20. Parent-to-Parent Program | Gross | \$700,000 | (\$350,000) |
| Reduces funding for the Parent-to-Parent program by \$350,000 GF/GP by eliminating the FY 2014-15 one-time funding of \$200,000 and reducing program funding by an additional \$150,000 GF/GP. | GF/GP | \$700,000 | (\$350,000) |
| 21. TANF Offset of GF/GP | Gross | NA | \$0 |
| Appropriates an additional \$10.0 million TANF funding to offset a \$10.0 million GF/GP reduction in the Adoption Subsidies line item. | TANF | NA | 10,000,000 |
| | GF/GP | NA | (\$10,000,000) |
| 22. Other Program Reductions | Gross | NA | (\$2,865,000) |
| Reduces funding by \$2.9 million Gross (\$1.3 million GF/GP) from changing to electronic notifications for MiBridges and Child Support billing coupons by offering clients option of electronic correspondence. | Federal | NA | (1,550,100) |
| | GF/GP | NA | (\$1,314,900) |

CHILDREN'S SERVICES AGENCY – JUVENILE JUSTICE

| | | | |
|---|--------------|----------------------|-----------------------|
| 23. Closure of W.J. Maxey Training School | FTE | 69.0 | (69.0) |
| Includes the elimination of 69.0 unclassified FTE positions and \$7.5 million Gross (\$2.5 million GF/GP) reduction due to the proposed closure of the W.J. Maxey Training School; retains \$1.0 million for closing costs and \$1.8 million to transfer 40 youths to other comparable residential facilities for one year. | Gross | \$10,324,500 | (\$7,543,300) |
| | Federal | 166,100 | 26,500 |
| | Local | 5,744,000 | (5,045,800) |
| | GF/GP | \$4,414,400 | (\$2,524,000) |
| 24. Eliminate IDG Funding for Swift and Sure Program | FTE | 526.0 | 0.0 |
| Eliminates \$3.0 million IDG funding and \$11.1 million federal funding to reflect the elimination of funding from the Corrections budget for the Swift and Sure Punishment program within the Michigan Rehabilitation Services Program for re-entry services for former prisoners. | Gross | \$149,289,700 | (\$14,084,500) |
| | IDG | 3,000,000 | (3,000,000) |
| | Federal | 123,368,000 | (11,084,500) |
| | Local | 6,539,100 | 0 |
| | Private | 1,846,000 | 0 |
| | Restricted | 1,592,300 | 0 |
| | GF/GP | \$12,944,300 | \$0 |

PUBLIC ASSISTANCE

| | | | |
|---|--------------|----------------------|----------------------|
| 25. Family Independence Program (FIP) | Gross | \$141,534,600 | (\$1,742,900) |
| Reduces funding by a total of \$1.7 million Gross (\$1.7 million GF/GP) through the following three changes: (1) the elimination of the Extended Family Independence Program (EFIP), which provided \$10 per month benefit for six months as clients exited FIP program (\$116,400 GF/GP savings); (2) elimination of the Short Term Family Support Program, a short-term diversion program for families that could become eligible for ongoing FIP benefits (\$726,200 GF/GP savings); (3) new requirement of pre-assistance cooperation with child support before clients can receive public assistance benefits (\$900,300 Gross/\$889,200 GF/GP savings). | Federal | 43,479,700 | (11,100) |
| | Restricted | 45,876,900 | 0 |
| | GF/GP | \$52,178,000 | (\$1,731,800) |

| | | | |
|---|--------------|------------|------------------|
| 26. Drug Testing Program for FIP Recipients | Gross | \$0 | \$300,000 |
| Appropriates \$300,000 TANF funding for a pilot program to implement a suspicion-based drug testing pilot program for FIP recipients in 3 counties (PA 394 of 2014 and PA 395 of 2014). | Federal | 0 | 300,000 |

FIELD OPERATIONS AND SUPPORT SERVICES

| | | | |
|--|--------------|---------------------|---------------------|
| 27. Donated Funds Positions | FTE | 338.0 | 200.0 |
| Provides \$20.6 million Gross (\$0 GF/GP) to expand Donated Funds positions by 200.0 FTEs. These caseworkers would be located based on the requests of adult placement and independent living settings, federally qualified health clinics, hospitals with high uncompensated costs, and employer-based sites; the entities would expend their own funds to draw down federal funding to cover the personnel costs of caseworkers. | Gross | \$39,690,800 | \$20,551,200 |
| | IDG | 236,400 | 0 |
| | Federal | 20,551,800 | 10,275,600 |
| | Local | 7,644,300 | 4,110,200 |
| | Private | 11,258,300 | 6,165,400 |
| | GF/GP | \$0 | \$0 |

HEALTH AND HUMAN SERVICES

| <u>Major Budget Changes From FY 2014-15 YTD Appropriations</u> | <u>FY 2014-15 YTD (as of 3/12/15)</u> | <u>Enacted Change From YTD</u> |
|--|--|---|
| 28. Healthy Michigan Plan (HMP) Call Center | | |
| Restores \$7.6 million (\$736,900 GF/GP) funding for the Healthy Michigan Plan Call Center to replace the funding reduced in E.O. 2015-5; includes additional \$1.4 million federal funding for a fund source shift to replace GF/GP funding. HMP line item is also transferred from the Field Operations and Support Services unit to the Medical Services Administration unit. | Gross \$11,976,300 | \$7,560,000 |
| | Federal 8,510,700 | 6,823,100 |
| | GF/GP \$3,465,600 | \$736,900 |
| 29. Program Reductions | | |
| Reduces \$1.6 million GF/GP funding from the following programs: Emergency Services Local Office Allocations (\$1.2 million) and Juvenile Justice Administration and Maintenance (\$400,000). | Gross NA | (\$1,551,000) |
| | Federal NA | 0 |
| | GF/GP NA | (\$1,551,000) |
| DISABILITY DETERMINATION SERVICES | | |
| 30. Disability Determination Program Positions | | |
| Authorizes 16.0 additional FTE positions for Disability Determination Program to reflect supportable FTE positions authorized by the federal Social Security Administration; current federal funding authorization in line item is sufficient to support new positions. | FTE 545.9 | 16.0 |
| | Gross \$107,284,100 | \$0 |
| | IDG 173,300 | 0 |
| | Federal 105,097,400 | 0 |
| | GF/GP \$2,013,400 | \$0 |
| BEHAVIORAL HEALTH SERVICES | | |
| 31. Mental Health and Wellness Commission | | |
| Provides \$1.25 million Gross (\$469,000 GF/GP) and 1.0 FTE for a 12-bed psychiatric residential treatment facility and a children's behavioral action team with an emphasis on children residing at Hawthorn Center to be implemented during the last quarter of the fiscal year; provides \$1.5 million GF/GP designated as one-time basis only to coordinate child trauma response and to partially offset reductions from Executive Order 2015-5; and removes \$6.1 million Gross (2.1 million GF/GP) designated as one-time basis funding appropriated in FY 2014-15. | FTE 0.0 | 1.0 |
| | Gross \$33,625,000 | (\$3,312,500) |
| | Federal 22,205,000 | (3,181,500) |
| | GF/GP \$11,420,000 | (\$131,000) |
| 32. Mental Health Jail Diversion and Transition | | |
| Restores an Executive Order 2015-5 reduction of \$300,000 GF/GP and transfers in \$1.0 million GF/GP from Department of Corrections for jail diversion and transition programming. | FTE 1.0 | 0.0 |
| | Gross \$3,050,000 | \$1,300,000 |
| | GF/GP \$3,050,000 | \$1,300,000 |
| 33. Community Mental Health (CMH) Non-Medicaid Services | | |
| Replaces \$20.0 million in one-time Roads and Risks Reserve funds with an equal amount of GF/GP to maintain annual CMH Non-Medicaid funding at \$117.1 million. The \$20.0 million in one-time Roads and Risks Reserve funds was included in the current-year supplemental, 2015 PA 6 (HB 4112). | Gross \$117,050,400 | \$0 |
| | Restricted 20,000,000 | (20,000,000) |
| | GF/GP \$97,050,400 | \$20,000,000 |
| 34. Community Mental Health (CMH) Purchase of State Services | | |
| Eliminates the transfer of GF/GP to local Community Mental Health Services Programs (CMHSP) for the purchase of state services, reducing the corresponding \$139.5 million in local revenue appropriated for state psychiatric hospitals. The GF/GP currently appropriated for CMHSP purchase of state services is instead directly appropriated to support the state psychiatric hospitals. | Gross \$278,931,200 | (\$139,465,600) |
| | Local 139,465,600 | (139,465,600) |
| | GF/GP \$139,465,600 | \$0 |
| 35. One-Time Drug Policy Initiatives | | |
| Provides \$1.5 million GF/GP on a one-time basis to support a new initiative targeted to reduce prescription drug abuse and to support those seeking recovery. Sec. 1907 prohibits expenditure for these initiatives until a statewide plan is issued and submitted to the appropriation subcommittees. | Gross \$0 | \$1,500,000 |
| | GF/GP \$0 | \$1,500,000 |

HEALTH AND HUMAN SERVICES

Major Budget Changes From FY 2014-15 YTD Appropriations

FY 2014-15 YTD **Enacted Change**
(as of 3/12/15) **From YTD**

36. Children's Waiver Home Care Program

Reduces children's waiver home care program funding by \$1.5 million Gross (\$531,400 GF/GP) to reflect anticipated program expenditure levels based on historic expenditure trends. Also revises fund sourcing for the program by offsetting \$1.4 million in federal funds that are not available with GF/GP.

| | | |
|--------------|---------------------|----------------------|
| Gross | \$21,544,900 | (\$1,544,900) |
| Federal | 15,488,700 | (2,368,700) |
| GF/GP | \$6,056,200 | \$823,800 |

STATE PSYCHIATRIC HOSPITALS AND FORENSIC MENTAL HEALTH SERVICES

37. State Psychiatric Hospitals – Pharmacy Costs

Provides \$425,700 Gross (\$336,800 GF/GP) for an estimated 3.75% inflationary increase for pharmacy costs at the state's 4 psychiatric hospitals and the Forensic Center.

| | | |
|--------------|-----------|------------------|
| Gross | NA | \$425,700 |
| Federal | NA | 28,700 |
| Local | NA | 29,500 |
| Restricted | NA | 30,700 |
| GF/GP | NA | \$336,800 |

PUBLIC HEALTH ADMINISTRATION

38. Essential Local Public Health Services

Reinstates \$1.5 million GF/GP for essential local public health services, which was a reduction in the current fiscal year under Executive Order 2015-5.

| | | |
|--------------|---------------------|--------------------|
| Gross | \$39,386,100 | \$1,500,000 |
| Local | 5,150,000 | 0 |
| GF/GP | \$34,236,100 | \$1,500,000 |

39. Health and Wellness Initiatives

Reinstates \$1.5 million GF/GP for health and wellness initiatives including cancer prevention funding, which was a reduction in the current fiscal year under Executive Order 2015-5.

| | | |
|--------------|--------------------|--------------------|
| Gross | \$7,450,000 | \$1,500,000 |
| Restricted | 5,210,700 | 0 |
| GF/GP | \$2,239,300 | \$1,500,000 |

HEALTH POLICY

40. Federal Grant for Blueprint for Health Innovation

Recognizes a total of \$25.0 million in federal grant funds to test and implement Michigan's Blueprint for Health Innovation supporting major innovations in health care service delivery and payment systems, a \$5.0 million increase from the current year. The grant totals \$70.0 million over 4 years. (Current-year authorization included in supplemental appropriations Act 6 of 2015 (HB 4112)). Adds new related boilerplate Sec. 1144, including outcomes, performance measures, and standards for aggregated claims data systems created with funds from the grant.

| | | |
|--------------|---------------------|--------------------|
| Gross | \$20,000,000 | \$5,000,000 |
| Federal | 20,000,000 | 5,000,000 |
| GF/GP | \$0 | \$0 |

EPIDEMIOLOGY AND INFECTIOUS DISEASE

41. Newborn Screening

Increases funding for newborn screening and treatment program, and related laboratory and vital records services by \$2.1 million from additional state restricted newborn screening fee revenue. The additional revenues are from fee increases for inflation and for new tests as recommended by the Quality Assurance Advisory Committee, pursuant to the Public Health Code. Year-To-Date (YTD) amount shown includes funding for all newborn screening services.

| | | |
|--------------|---------------------|--------------------|
| Gross | \$14,070,500 | \$2,060,900 |
| Restricted | 14,070,500 | 2,060,900 |
| GF/GP | \$0 | \$0 |

42. Immunization Vaccine Education

Increases funding for immunization programs by \$2.5 million Gross (\$500,000 GF/GP) and adds new related boilerplate Sec. 1182, to provide and promote education about the value of vaccines for infants and toddlers. The funding is to be expended only upon commitment of matching funds from private sector sources, at a match rate of \$1.00 state for \$4.00 private.

| | | |
|--------------|---------------------|--------------------|
| Gross | \$15,022,300 | \$2,500,000 |
| Federal | 12,112,400 | 0 |
| Private | 0 | 2,000,000 |
| Restricted | 850,000 | 0 |
| GF/GP | \$2,059,900 | \$500,000 |

HEALTH AND HUMAN SERVICES

| <u>Major Budget Changes From FY 2014-15 YTD Appropriations</u> | <u>FY 2014-15 YTD (as of 3/12/15)</u> | <u>Enacted Change From YTD</u> |
|---|--|---|
| CHRONIC DISEASE, INJURY PREVENTION, AND HEALTH PROMOTION | | |
| 43. Public Health Federal Grants | | |
| Recognizes federal grant adjustments for public health and family, maternal, and child health programs totaling \$5.9 million, including: a new chronic disease prevention grant of \$3.5 million, five other new grants totaling \$2.9 million, removal of one completed grant of \$850,000, and an increase of \$286,000 to one ongoing grant. Other new grants address immunization, lead poisoning prevention, environmental public health tracking, and school readiness for children with high health needs. | FTE | NA 4.0 |
| | Gross | NA \$5,868,200 |
| | Federal | NA 5,868,200 |
| | GF/GP | NA \$0 |
| 44. Trauma Hospital Traumatic Brain Injury Treatment Support | | |
| Eliminates \$1.0 million GF/GP supporting evidence-based traumatic brain injury intensive care treatment management system, training, and interactive software at Level I trauma hospitals, first funded in FY 2011-12. In the current fiscal year, this program was reduced by \$350,000 GF/GP under Executive Order 2015-5. | Gross | \$1,000,000 (\$1,000,000) |
| | GF/GP | \$1,000,000 (\$1,000,000) |
| FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES | | |
| 45. Real Alternatives Pilot Program | | |
| Reduces program funding from \$800,000 to \$50,000 GF/GP for alternative pregnancy and parenting support program which promotes childbirth and alternatives to abortion, first funded in FY 2013-14. | Gross | \$800,000 (\$750,000) |
| | GF/GP | \$800,000 (\$750,000) |
| 46. Rural Maternal, Infant & Early Childhood Home Visit Program | | |
| Reduces funding from \$2.25 million GF/GP to \$1.7 million for a home visit program of prenatal, infant, and early childhood support services in rural areas in the northern Lower Peninsula and the Upper Peninsula, first funded in FY 2014-15. Adds new related boilerplate Sec. 1312 directing the Department to spend available work project funds for this program. (In the current fiscal year, a work project is established by Sec. 3005 of supplemental appropriations Act 84 of 2015 (SB 133) for an anticipated \$550,000 lapse that would be available for expenditure during FY 2015-16. See final page of DHHS section.) | Gross | \$2,250,000 (\$550,000) |
| | GF/GP | \$2,250,000 (\$550,000) |
| 47. Roll Up Public Health Dental Program Line Items | | |
| Rolls up the Dental Program for Persons with Developmental Disabilities line item with funding of \$151,000 GF/GP into the Dental Programs line item. | Gross | \$1,798,600 \$0 |
| | Federal | 1,247,600 0 |
| | Private | 250,000 0 |
| | GF/GP | \$301,000 \$0 |
| 48. Pay for Success Maternal and Child Health Pilot Program | | |
| Reinstates \$1.5 million GF/GP for one-time funding for pay for success contracts for maternal and child services programs which was eliminated in the current fiscal year under Executive Order 2015-5, and revises related Sec. 1906 to require that copies of contracts executed for this program be provided to the Legislature. | Gross | \$0 \$1,500,000 |
| | GF/GP | \$0 \$1,500,000 |

HEALTH AND HUMAN SERVICES

| <u>Major Budget Changes From FY 2014-15 YTD Appropriations</u> | <u>FY 2014-15 YTD (as of 3/12/15)</u> | <u>Enacted Change From YTD</u> | |
|--|--|---|-----------------------|
| 49. Autism - University and Family Assistance Programs | Gross | \$9,000,000 | (\$6,500,000) |
| (1) Eliminates one-time funding of \$1.5 million for autism family assistance services from the Autism Coverage Fund, and related Sec. 1902(2). (2) Provides one-time funding of \$2.5 million GF/GP for university autism provider education programs, a reduction from \$7.5 million Gross (\$7.0 million one-time and \$500,000 ongoing). The appropriation line item is moved from the one-time appropriation unit to the Behavioral Health Services unit. Related boilerplate is revised and moved from Sec. 1902(2) to Sec. 960. (In the current year \$3.0 million of funding for this program was shifted from GF/GP to Autism Coverage Fund under supplemental appropriations Act 6 of 2015 (HB 4112)). | Restricted | 8,500,000 | (8,500,000) |
| | GF/GP | \$500,000 | \$2,000,000 |
| AGING AND ADULT SERVICES AGENCY | | | |
| <i>Renamed from OFFICE OF SERVICES TO THE AGING</i> | | | |
| 50. Ombudsman Fund Shift, Nursing Home Improvement | Gross | \$357,500 | \$200,000 |
| Includes a net \$0 gross (\$357,500 GF/GP) shift from civil monetary penalty fund revenues to GF/GP to fund state and local long-term care ombudsman programs, to comply with revised federal guidelines that disallow use of penalty fund revenue for this purpose, and retains \$200,000 of the civil monetary penalty fund revenue as a budget increase for a new voluntary nursing home culture and quality improvement project emphasizing person-centered services. | Private | 357,500 | (157,500) |
| | GF/GP | \$0 | \$357,500 |
| 51. Roll Up Senior Volunteer Program Appropriation Lines | Gross | \$4,465,300 | \$0 |
| Rolls up three appropriation line items into one Senior Volunteer Service Programs line item, including foster grandparent volunteer program funding of \$2.23 million, retired and senior volunteer program funding of \$627,300, and senior companion volunteer program funding of \$1.6 million. The 3 line items had been unrolled from a single line item in FY 2006-07. | GF/GP | \$4,465,300 | \$0 |
| MEDICAL SERVICES ADMINISTRATION | | | |
| 52. Medicaid Inspector General and Third-Party Liability Efforts | FTE | NA | 10.0 |
| Provides \$2.4 million Gross (\$1.2 million GF/GP) and 10.0 FTEs for the Medicaid Inspector General and additional third-party liability efforts, and assumes these increased administrative activities will result in savings of \$37.2 million Gross (\$12.8 million GF/GP) in Medical Services costs; net assumed savings of \$34.8 million Gross (\$11.6 million GF/GP). Also includes reporting language in Sec. 1505 on the actual savings in expenditures from these efforts. | Gross | NA | (\$34,809,300) |
| | Federal | NA | (23,209,300) |
| | GF/GP | NA | (\$11,600,000) |
| 53. Commercial Insurance Third-Party Liability Efforts | Gross | NA | (\$2,907,000) |
| Assumes additional savings of \$2.9 million Gross (\$1.0 million GF/GP) from commercial insurance third-party liability efforts. Savings would require enabling legislation. | Federal | NA | (1,907,000) |
| | GF/GP | NA | (\$1,000,000) |
| MEDICAL SERVICES | | | |
| 54. Health Insurance Claims Assessment (HICA) | Gross | \$237,178,400 | \$0 |
| Provides \$27.0 million GF/GP to offset a net reduction of available HICA revenue. Assumes HICA collections at 0.75% to increase from \$239.2 million to \$250.0 million but assumes a statutory cap payback of \$37.9 million. The statutory cap is \$450 million and includes HICA collections and the net GF/GP portion of Medicaid managed care use tax collections. (Treasury receives \$2.0 million of HICA revenues for administrative purposes.) | Restricted | 237,178,400 | (27,100,000) |
| | GF/GP | \$0 | \$27,100,000 |

HEALTH AND HUMAN SERVICES

| <u>Major Budget Changes From FY 2014-15 YTD Appropriations</u> | | <u>FY 2014-15 YTD</u> <u>(as of 3/12/15)</u> | <u>Enacted Change</u> <u>From YTD</u> |
|---|--|---|--|
| 55. Replacement of Medicaid Restricted Revenue With GF/GP | | Gross | \$90,037,300 |
| Includes an increase of \$90.0 million GF/GP to replace the following: one-time Roads and Risks Reserve funds (\$62.9 million), a decline in Medicaid Benefits Trust Fund revenue (\$19.5 million), one-time Certified Public Expenditures (\$5.9 million federal), and a decline in Healthy Michigan Fund revenue (\$1.7 million) that are currently used to support Medicaid medical services. | | Federal | 5,900,000 |
| | | Restricted | 84,137,300 |
| | | GF/GP | \$0 |
| | | | (\$90,037,300) |
| 56. Graduate Medical Education (GME) | | Gross | \$148,378,700 |
| Restores a \$14.5 million Gross (\$5.0 million GF/GP) Executive Order 2015-5 reduction to GME. | | Federal | 97,278,700 |
| | | Restricted | 0 |
| | | GF/GP | \$51,100,000 |
| | | | \$5,009,600 |
| | | | \$5,000,000 |
| 57. Special Rural Hospital Payments | | Gross | \$29,019,200 |
| Restores a \$5.8 million Gross (\$2.0 million GF/GP) Executive Order 2015-5 reduction to Special Rural Hospital Payments. | | Federal | 19,019,200 |
| | | Restricted | 0 |
| | | GF/GP | \$10,000,000 |
| | | | 3,803,800 |
| | | | 0 |
| | | | \$2,000,000 |
| 58. Hospital QAAP Increase | | Gross | NA |
| Increases hospital quality assurance assessment program (QAAP) \$92.9 million to offset a like amount of increased state GF/GP retainer savings. House Bill 4447 (2015 Public Act 104) amends the public health code to permit this increase in state retainer savings. In order to keep hospitals held harmless on the whole the Healthy Michigan Plan Hospital Rate Adjustment is increased by \$92.9 million. The Healthy Michigan Plan Hospital Rate Adjustment (HRA) is 100% federally funded through the end of calendar year 2016. | | Federal | NA |
| | | Restricted | NA |
| | | GF/GP | NA |
| | | | 92,856,100 |
| | | | 92,856,100 |
| | | | (\$92,856,100) |
| 59. Hospital Capital Cost Reimbursements | | Gross | NA |
| Assumes savings of \$34.8 million Gross (\$12.0 million GF/GP) from incorporating managed care hospital capital cost expenditure data into the hospital capital cost reimbursement formula. | | Federal | NA |
| | | GF/GP | NA |
| | | | (\$34,806,800) |
| | | | (22,833,300) |
| | | | (\$11,973,500) |
| 60. Primary Care Rate Annualization | | Gross | \$72,547,900 |
| Annualizes the partial continuation of the primary care rate increase that was provided through the Affordable Care Act with 100% federal funds through calendar year 2014. After calendar year 2014, states had the option to continue the higher rates at regular FMAP. | | Federal | 47,547,900 |
| | | GF/GP | \$25,000,000 |
| | | | 15,863,800 |
| | | | \$8,318,800 |
| 61. Hospice Room and Board | | Gross | \$0 |
| Provides \$2.5 million GF/GP on a one-time basis for non-Medicaid room and board costs for hospice residences with licensed-only nursing facility beds. Federal Medicaid will only provide matching funds for room and board costs at facilities that are both licensed and certified. | | Federal | 0 |
| | | GF/GP | \$0 |
| | | | \$2,500,000 |
| 62. Healthy Kids Dental Services | | Gross | NA |
| Provides \$37.0 million Gross (\$12.7 million GF/GP) to expand Healthy Kids Dental for an estimated 290,000 additional children ages 0-12 in Kent, Oakland, and Wayne Counties. Healthy Kids Dental is already a covered service for the 80 other counties. | | Federal | NA |
| | | GF/GP | NA |
| | | | 24,299,800 |
| | | | \$12,742,400 |
| 63. Ambulance QAAP | | Gross | \$11,000,000 |
| Increases ambulance provider rates \$8.6 million Gross through a new ambulance quality assurance assessment program (QAAP). State retainer results in a GF/GP savings of \$1.0 million. House Bill 4447 (2015 Public Act 104) amends the public health code to authorize this new QAAP. | | Federal | 7,157,800 |
| | | Restricted | 0 |
| | | GF/GP | \$3,842,200 |
| | | | 5,668,500 |
| | | | 3,972,500 |
| | | | (\$1,000,000) |

HEALTH AND HUMAN SERVICES

| <u>Major Budget Changes From FY 2014-15 YTD Appropriations</u> | | <u>FY 2014-15 YTD (as of 3/12/15)</u> | <u>Enacted Change From YTD</u> |
|--|--------------|--|---|
| 64. Adult Home Help Administrative Reimbursement Policy Savings | Gross | \$302,440,800 | (\$2,300,000) |
| Assumes savings of \$2.3 million Gross (\$791,200 GF/GP) to Adult Home Help Services line item to reflect the Department's proposed administrative Home Help agency provider reimbursement policy change (#1512). | Federal | 198,669,500 | (1,508,800) |
| | GF/GP | \$103,771,300 | (\$791,200) |
| 65. Program of All-Inclusive Care for the Elderly (PACE) Expansion | Gross | NA | \$0 |
| Provides \$9.1 million Gross (\$3.1 million GF/GP) to expand PACE into Jackson County and Traverse City. Assumes expansion of PACE will offset an equal amount of funding within the long-term care services line item. The PACE line item is also transferred from Medical Services to the Aging and Adult Services Agency Unit. | Federal | NA | 0 |
| | GF/GP | NA | \$0 |
| 66. Medicaid Managed Care Laboratory Reimbursement Annualization | Gross | (\$4,352,900) | (\$27,437,100) |
| Annualizes laboratory reimbursement savings effective August 1, 2015 under Executive Order 2015-5. Savings are from a policy change that reduces laboratory service payments benchmark from Medicare payment rates to Medicaid fee-for-service rates. Also includes reporting language in Sec. 1770 on the actual reduction in expenditures from this policy change. | Federal | (2,852,900) | (18,001,300) |
| | GF/GP | (\$1,500,000) | (\$9,435,800) |
| 67. Medicaid Managed Care Pharmacy Coverage | Gross | NA | (\$54,585,800) |
| Assumes savings of \$54.6 million Gross (\$18.8 million GF/GP) from anticipated common pharmacy formulary savings within the new Medicaid managed care contracts effective January 1, 2016. Includes Sec. 1806 that lists various requirements of the common formulary. | Federal | NA | (35,808,300) |
| | GF/GP | NA | (\$18,777,500) |
| 68. Medicaid Managed Care Integration Savings | Gross | \$4,886,273,000 | (\$15,375,000) |
| Assumes savings of \$15.4 million Gross (\$5.3 million GF/GP) from Medicaid managed care coordination and other contractual changes effective January 1, 2016. | Federal | 3,259,591,300 | (10,086,000) |
| | Local | 13,617,500 | 0 |
| | Restricted | 1,217,104,000 | 0 |
| | GF/GP | \$395,960,200 | (\$5,289,000) |
| 69. Medicaid Managed Care Use Tax Actuarial Soundness | Gross | NA | \$16,818,900 |
| Includes \$16.8 million Gross (\$5.8 million GF/GP) to reflect federally required actuarially sound payments for costs to Medicaid managed care organizations of the 6% use tax currently applied to such organizations. | Federal | NA | 11,033,200 |
| | GF/GP | NA | \$5,785,700 |
| 70. Medicaid Autism Services Through Age 21 | Gross | \$25,171,800 | \$7,350,100 |
| Provides \$7.4 million Gross (\$2.5 million GF/GP) to expand Medicaid autism benefit through age 21. Current benefit is offered to individuals from ages 18 months to 5 years. Also transfers line item from Medical Services to Behavioral Health Services. | Federal | 16,497,500 | 4,821,700 |
| | GF/GP | \$8,674,300 | \$2,528,400 |
| ONE-TIME BASIS ONLY APPROPRIATIONS | | | |
| 71. Specialized Employment and Training Services Pilot | Gross | NA | \$800,000 |
| Includes \$800,000 Gross (\$400,000 GF/GP) one-time funding for an expanded pilot for specialized employment and training services in partnership with Michigan Works! Agencies to provide training for clients with significant employment barriers. | Federal | NA | 400,000 |
| | GF/GP | NA | \$400,000 |

HEALTH AND HUMAN SERVICES

| <u>Major Budget Changes From FY 2014-15 YTD Appropriations</u> | FY 2014-15 YTD (as of 3/12/15) | Enacted Change From YTD |
|--|---|------------------------------------|
| 72. Eliminate FY 2014-15 Appropriations – Human Services | | |
| Discontinues one-time appropriations that were included in the FY 2014-15 Department of Human Services budget of \$5.0 million GF/GP for Child Support Enforcement Operations, Legal Support Contracts, Michigan Rehabilitation Services, Flint Catholic Charities, Performance Based Funding Implementation, Private Child Welfare IT Services, Fostering Futures Endowment, Juvenile Justice In-Home Community Care Grants, Food Banks, and Michigan Reading Corps. | Gross | \$4,950,000 |
| | GF/GP | (\$4,950,000) |
| 73. Other One-Time Appropriations Changes – Health Services | | |
| Removes the following one-time funding items that were included in the FY 2014-15 Department of Community Health budget: \$2.0 million GF/GP for child and adolescent health services pilot in schools, \$3.0 million Gross (\$300,000 GF/GP) for Healthy Kids Dental computer project, \$1.3 million for statewide trauma system (in current fiscal year Act 6 of 2015 (HB 4112) shifted funding from GF/GP to state restricted Crime Victim's Rights Fund), and \$100,000 GF/GP for Senior Olympics. Reduces funding for University of Detroit Dental program from \$4.1 million to \$1.0 million GF/GP and transfers the funding into the Medical Services appropriation unit. Retains \$250,000 GF/GP for the bone marrow transplant registry and transfers the funding into the Health Policy appropriation unit; related boilerplate is moved from Sec. 1905 to Sec. 1146. | Gross | \$10,742,300 |
| | Federal | (2,700,000) |
| | Restricted | (1,300,000) |
| | GF/GP | (\$5,492,300) |

Major Boilerplate Changes From FY 2014-15

Note: Numerous sections not shown here are renumbered from DHS and DCH SB 124 and SB 118 Conference Reports.

GENERAL SECTIONS

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

Revises to require the Department, in addition to metrics required under the Management and Budget Act, to identify program-specific metrics for new programs or enhancements in excess of \$1.0 million, rather than performance measurement benchmarks for new programs or program expansions of \$500,000 or greater; and removes Legislative intent language for FY 2015-16 budget.

Sec. 229. Job Readiness Work Group – REVISED

Requires Department to conduct a work group with Treasury and the Legislature to align spending on Michigan Works! job readiness programs with the declining Family Independence Program caseload; requires report by December 1 on work group findings.

Sec. 231. (former Sec. 218) Local County Travel Costs – NEW

Requires Department to allocate up to \$100,000 to reimburse counties for out-of-pocket travel costs of local county department board members and county department directors to attend one Michigan County Social Services Association meeting each year.

Sec. 233. (former Sec. 290) DHHS Merger Status Report – NEW

Requires report at the end of each quarter concerning the merger of the Department of Community Health and the Department of Human Services into the Department of Health and Human Services, including the impact on client service delivery or access to services, any cost increases or reductions from rent or building occupancy changes, facilities in use including any office closures, consolidations, or new office locations, status of FTE positions including positions eliminated or added, and any other efficiencies, costs, or savings associated with the merger.

Sec. 280. Personnel-Related Costs Report – NEW

Requires report by the fifth business day of each month detailing the specific individual amounts for salaries and wages, payroll taxes, and fringe benefits and a plan for addressing any projected shortfalls.

Major Boilerplate Changes From FY 2014-15

Sec. 282. Performance Metrics for Contracts – DELETED

Requires establishment of an automated annual metric collection and reporting system for contracts via the state's e-procurement system, and establishes a deadline for generation of report under the system for state-funded contracts of \$1.0 million or more.

Sec. 295. Late Boilerplate Reporting Penalty – DELETED

Reduces appropriations by \$150,000 if DHS fails to provide boilerplate reports and other required data within 30 days after due date.

DEPARTMENTWIDE ADMINISTRATION

Sec. 315. Licensing Adult Assisted Living Services Work Group – REVISED

Requires Department to conduct a work group in conjunction with organizations representing disabled and elderly adults, representatives of assisted living facilities, and the Legislature that explores licensing standards, practices, and performance measures for facilities providing assisted living services; requires report.

Sec. 316. Terminal Leave Payouts – NEW

Prohibits Department from spending amounts in excess of the annual terminal leave payouts gross appropriation unless it identifies and requests a legislative transfer from another budgetary line item from the Legislature.

CHILD WELFARE SERVICES

Sec. 506. Medicaid Coverage for Foster Children Report – DELETED

Requires Department to report the number of foster children that experience a break in Medicaid coverage and the number that did not receive Medicaid coverage.

Sec. 559. Parent-to-Parent – REVISED

Allocates \$350,000 to the Parent-to-Parent Program for adoptive parents; requires report.

Sec. 563. Performance Evaluation Report – DELETED

Requires report on the number of employees who had a satisfactory and unsatisfactory performance evaluation.

Sec. 587. In-Home Community Programs Expansion – REVISED

Provides \$400,000 to expand and create new in-home and community-based programs for juvenile justice services in rural counties by January 15; requires report.

Sec. 593. Private Residential Service Providers Staff Ratios – NEW

Allows residential service providers for abuse and neglect cases to implement a staff ratio of 1 staff to 5 children during waking hours.

PUBLIC ASSISTANCE

Sec. 612. Refugee Medical Benefits Asset Test – DELETED

Requires Department to implement an asset test for applicants and recipients of Refugee Assistance Program medical benefits.

Sec. 613. Indigent Burial – REVISED

Provides reimbursements for the final disposition of indigent persons; establishes maximum allowable reimbursements; requires that the adult burial with services allowance for reimbursement shall be \$720, the adult burial without services allowance shall be \$485, and the infant burial allowance shall be \$165. Also includes legislative intent language that a total increase of \$20 per case be allocated for increases to funeral directors for funeral goods and services.

Sec. 614. State Disability Assistance (SDA) Recipient Report – NEW

Requires report on the number and percentage of SDA recipients who were determined to be eligible for federal Supplemental Security Income benefits in previous fiscal year.

Sec. 620. Medicaid Eligibility Determination Standards of Promptness – REVISED

Requires Department to determine Medicaid eligibility in 90 days when disability is an eligibility factor and 45 days for other Medicaid applicants, including patients in nursing homes; requires semiannual reports on Medicaid standards of promptness.

Sec. 654. Food Assistance Program (FAP) – NEW

Requires FAP recipients be notified that their benefits can be spent with bridge cards at many farmers' markets and that the Double Up Food Bucks program can provide them with an additional \$20 to buy produce at participating markets.

HEALTH AND HUMAN SERVICES

Major Boilerplate Changes From FY 2014-15

Sec. 673. MiBridges Fraud Workgroup – NEW

Requires Department to conduct a workgroup with the Departments of State and State Police to investigate minimizing fraud in the MiBridges benefits programs; requires report.

JUVENILE JUSTICE SERVICES

Sec. 709. W.J. Maxey Training School Closure – NEW

Requires Department to close the W.J. Maxey Training School by October 15, 2015 and that staff be given priority for new staff positions for which they are qualified. Youth currently at the school shall be transferred to another juvenile residential facility and not an adult prison or county jail; requires report.

FIELD OPERATIONS AND SUPPORT SERVICES

Sec. 801. (former Sec. 401) Centers for Independent Living (CILs) – REVISED

Requires that all funds appropriated within the Independent Living line item be used to support CILs in underserved areas and to build capacity; allows funds to be used to leverage federal vocational rehabilitation innovation and expansion funds up to \$5.5 million; requires report.

Sec. 805. (former Sec. 405) Order of Selection – REVISED

States legislative intent that Michigan Rehabilitation Services not implement an order of selection for vocational and rehabilitative services; requires that if program is at risk of entering into an order of selection, the Legislature shall be notified within two weeks.

Sec. 850. (former Sec. 750) Donated Funds Positions – REVISED

Requires Department to maintain out-stationed eligibility specialists in community-based organizations, community mental health agencies, nursing homes, and hospitals unless the out-stationed location requests the program be discontinued. Requires that Department enter into a contract with any agency that places a request for a Donated Funds position and is eligible under federal law; Department must provide agency with applicable federal law or rule if denied; requires performance metrics.

BEHAVIORAL HEALTH SERVICES

Sec. 998. State General Fund Distribution to CMHSPs – NEW

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

Sec. 1009. Workgroup on Staff Recruitment and Retention – NEW

Requires the Department to establish a workgroup to analyze the workforce challenges of recruitment and retention of staff who provide Medicaid-funded services and supports and to develop a plan to enhance recruitment and retention efforts; identifies who must be included in the workgroup; requires a report on the recommendations of the workgroup to make note when participants of the workgroup did not concur with those recommendations.

Sec. 1010. Medicaid Mental Health Services Lapse Redistribution – PARTIALLY VETOED

If allowed by the federal government, requires the redistribution of federal fund lapses in the Medicaid mental health services line to the PIHPs based on the current fiscal year funding formula; states legislative intent that any lapses from the Medicaid mental health services line be redistributed to CMHSPs based on the current fiscal year funding formula, and requires a report on PIHP lapses from the previous fiscal year and projected PIHP lapses in the current fiscal year. *Governor vetoed subsection requiring redistribution of federal fund lapses if allowed by the federal government.*

PUBLIC HEALTH ADMINISTRATION

Sec. 1101. (former Sec. 651) Michigan Health Endowment Fund – REVISED

Revises to require the Department to work with the Michigan Health Endowment Fund Corporation to explore ways to fund and evaluate current and future policies and programs of the Department, rather than explore ways to expand health and wellness programs.

Sec. 1103. Health and Wellness Initiatives Criteria – NEW

Requires the Department to establish criteria for Health and Wellness Initiatives line item project allocations, including evidence-based and supported by research, include interventions that demonstrate outcomes that lower cost and improve quality, and be designed for statewide impact. Preference is given to programs that use the funding to match additional resources.

HEALTH POLICY

Sec. 1145. Payments to Indian or Tribal Facilities for Medicaid Services – NEW

Directs the Department to take steps necessary to assure that Indian Health Service, Tribal or Urban Indian Health Program facilities receive the maximum amount allowable under federal law for Medicaid services.

Major Boilerplate Changes From FY 2014-15

FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

Sec. 1300. (former Sec. 1103) Report of Sexual and Maternal Health Demographics and Expenditures – REVISED

Revises to update state application form references for the annual report of estimated public funds expended for family planning, sexually transmitted infection prevention and treatment, pregnancies, and births, and client demographics as voluntarily provided to the Department, as reported by marital status.

Sec. 1303. Contract and Subcontract Restrictions for Family Planning Local Agreements State Funds – NEW

Prohibits the Department from contracting with an organization which provides elective abortions, abortion counseling, or abortion referrals, for services funded with state restricted or GF/GP funds appropriated for family planning local agreements. Also prohibits an organization under contract with the Department from subcontracting with an organization that provides elective abortions, abortion counseling, or abortion referrals, for services that are to be funded with state restricted or GF/GP funds appropriated for family planning local agreements.

Sec. 1310. (former Sec. 1139) Housing Rehabilitation and Hazard Abatement Program Task Force – REVISED

Revises to require the Department to continue to work with the joint task force on housing rehabilitation, energy, weatherization, and hazard abatement policies. The joint task force may make recommendations to the Department; the recommendations must consider best practices and cost effectiveness. Removes language establishing the joint task force, removes reporting requirement, and deletes reference to Department of Human Services (due to merger).

WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM

Sec. 1340. (former Sec. 1151) Report on Access/Savings Regarding WIC Purchasing Requirements – REVISED

Revises to require the Department to encourage participants in the Women, Infants, and Children Special Supplemental Food and Nutrition program (WIC) program to choose the lowest price product available, that all products must satisfy the federal program nutritional requirements, and that the biannual food authorization guidelines will be updated to reflect such. Removes language requiring a report on complaints received regarding access to and savings gained related to generic peanut butter purchasing requirement modifications to the WIC program by the Department.

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Sec. 1361. (former Sec. 1205) Expansion of Telemedicine Capacity – REVISED

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

CRIME VICTIM SERVICES COMMISSION

Sec. 1380. (former Sec. 1302) Allocation of Funds for Forensic Nurse Examiner Programs – REVISED

Revises to require the Department to continue to support forensic nurse examiner programs to facilitate training for improved evidence collection for prosecution of sexual assault. Removes allocation of up to \$200,000 of justice assistance grants line item funds for expansion of the program.

MEDICAL SERVICES

Sec. 1620. Pharmacy Dispensing Fee and Prescription Drug Copayments – REVISED

Establishes the pharmacy dispensing fee at \$2.75 for recipients not in nursing homes and \$3.00 for nursing home residents, or the pharmacy's usual and customary charge, whichever is less. Specifies prescription copayments for Medicaid recipients of \$1.00 for generic drugs and \$3.00 for brand-name drugs except as prohibited by federal or state law or regulation. Adds prescription copayments for Healthy Michigan Plan enrollees with an income above 100% of the federal poverty level of \$4.00 for generic drugs and \$8.00 for brand-name drugs except as prohibited by federal or state law or regulation.

Sec. 1631. Medical Services Copayments – REVISED

Requires copayments on dental, podiatric, and vision services unless prohibited by law or regulation. Specifies copayments of \$2 for a physician office visit, \$3 for a hospital emergency room visit, \$50 for the first day of an inpatient hospital stay, and \$1 for an out-patient hospital visit. Revises to require recipients to pay "not less than" the copayments listed in this section, and adds copayments for Healthy Michigan Plan enrollees with an income above 100% of the federal poverty level copayments of \$4 for a physician office visit, \$8 for a hospital emergency room visit, \$100 for the first day of an inpatient hospital stay, and \$4 for an out-patient hospital visit or any other medical provider visit except as prohibited by federal or state law or regulation.

Sec. 1730. Maternal Infant Health Literacy Assessment – NEW

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

HEALTH AND HUMAN SERVICES

Major Boilerplate Changes From FY 2014-15

Sec. 1764. Actuarial Soundness Certification of Medicaid Health Plan Rates – REVISED

Requires the Department to annually certify that rates paid to Medicaid health plans and specialty prepaid inpatient health plans are actuarially sound and to notify the legislature upon rate certification and approval. Adds requirement that actuarial soundness take into account any Medicaid policy bulletins affecting Medicaid health plans and PIHPs.

Sec. 1800. Outpatient DSH Payments – REVISED

Requires the Department to explore establishment of a Medicaid value pool within the \$85.0 million outpatient disproportionate share hospital (DSH) pool that rewards and incentivizes hospitals providing low-cost and high-quality services, to establish a workgroup to assist in the development of metrics used to determine value, and requires a report. Deletes the workgroup and requires each pool within the \$85.0 million outpatient DSH pool to be distributed based on quality of care, cost, and traditional DSH factors.

Sec. 1805. Graduate Medical Education (GME) Data Reporting – NEW

Requires hospitals that receive GME funding to provide data to a national nonprofit organization on a public website and requires the Department to withhold the hospital's fourth quarter payment if the hospital fails to submit the required data.

Sec. 1806. Pharmaceutical Common Formulary Savings – NEW

Requires that contracts for Medicaid health plans include cooperation and participation in development of a common formulary to be used by all contracting Medicaid health plans; permits the Department to establish performance standards; requires ongoing implementation to include consideration of the Department's preferred drug list; permits Medicaid health plans to use evidence-based management techniques to achieve low net cost objective; and requires the Department and the Medicaid health plans to continue emphasis on use of e-prescribing and electronic medical records.

Sec. 1809. Medicaid Health Plan Performance Standards – NEW

Requires the Department to establish separate contract performance standards for the 0.75% and 0.25% capitation withholds with the 0.75% capitation withhold to include 1-year continuous enrollment and Healthcare Effectiveness Data and Information Set (HEDIS) audited data and the 0.25% capitation withhold to include encouraging high-value services and discouraging low-value services.

Sec. 1812. Graduate Medical Education (GME) Cost and Retention Reporting – NEW

Requires hospitals that receive GME funding to submit direct and indirect costs of the GME program; requires GME hospitals to report the marginal cost to add 1 residency program slot, number of additional slots that would result in need to increase administrative costs, and postresidency retention rates for GME; requires the Department to withhold the hospital's fourth-quarter payment if the hospital fails to submit the required data; requires the Department to convene a workgroup based on the reports provided in this section; and requires the Department to seek a federal waiver if needed to fulfill the requirements of this section.

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

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

Sec. 1861. Nonemergency Medical Transportation Pilot Program – REVISED

Requires the Department to review the efficiency and effectiveness of the current nonemergency transportation system and report the results to the Legislature, directs the Department to create a pilot in at least two counties, with priority given to Berrien and Muskegon counties, to provide nonemergency transportation services encouraging use of nonprofit entities. Strikes current law and requires the Department to encourage cooperation between Medicaid managed care plans, other health providers, and nonprofit entities to facilitate a pilot nonemergency transportation system.

Sec. 1870. MIDocs Consortium – REVISED

Directs the Department to establish the MIDocs consortium, consisting of Michigan-based medical schools. The purpose of MIDocs is to develop freestanding residency training programs in primary care and other ambulatory care-based specialties. Directs the Department to require an annual report from the consortium detailing per resident costs for medical training and clinical quality measures. Allocates \$500,000 to prepare the report, legally create the consortium, prepare to obtain ACGME accreditation, and develop new residency programs. Replaces \$500,000 with "the work project allocation from the fiscal year ending September 30, 2015".

HEALTH AND HUMAN SERVICES

FY 2014-15 Supplemental Appropriations

**FY 2014-15 YTD
(as of 3/12/15)** **FY 2014-15
Supplemental
Change**

DEPARTMENT OF COMMUNITY HEALTH

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

Includes FY 2014-15 supplemental adjustments of \$65.4 million Gross (\$14.7 million GF/GP) for caseload, utilization, and inflation adjustments for Medical Services, Behavioral Health Services, Children's Special Health Care Services, and Federal Medicare Pharmaceutical Program based on estimates agreed to at the May Consensus Revenue Estimating Conference. Also includes a fund sourcing adjustment based on increased restricted funding for the base Medicaid Access to Care Initiative (MACI) that offsets \$3.3 million GF/GP.

| | | |
|--------------|-------------------------|---------------------|
| Gross | \$12,915,340,200 | \$65,397,000 |
| IDG | 2,999,900 | 0 |
| Federal | 8,448,405,800 | 40,915,000 |
| Local | 45,465,200 | 0 |
| Private | 2,100,000 | 0 |
| Restricted | 1,900,374,300 | 13,010,100 |
| GF/GP | \$2,515,995,000 | \$11,471,900 |

2. Healthy Michigan Plan (HMP) Cost Adjustments

Includes FY 2014-15 supplemental adjustments of \$485.9 million, reflecting increased federal funding for caseload, utilization, and inflation adjustments in Medical Services and Behavioral Health Services for Healthy Michigan Plan/Medicaid expansion based on estimate agreed to at the May Consensus Revenue Estimating Conference. HMP costs are funded with 100% federal revenue through the end of calendar year 2016.

| | | |
|--------------|------------------------|----------------------|
| Gross | \$2,651,022,800 | \$485,865,600 |
| Federal | 2,651,022,800 | 485,865,600 |
| GF/GP | \$0 | \$0 |

3. FY 2013-14 Healthy Michigan Plan (HMP) MACI Payments

Includes \$148.7 million in federal funding for FY 2013-14 Medicaid Access to Care Initiative (MACI) payments to hospitals under Healthy Michigan Plan; these payments had not previously been appropriated. Funds will be appropriated in FY 2014-15 to make payments associated with FY 2013-14 services.

| | | |
|--------------|------------|----------------------|
| Gross | \$0 | \$148,700,000 |
| Federal | 0 | 148,700,000 |
| GF/GP | \$0 | \$0 |

4. FY 2014-15 Healthy Michigan Plan (HMP) MACI Payments

Includes \$318.2 million in federal funding for FY 2014-15 Medicaid Access to Care Initiative (MACI) payments to hospitals under Healthy Michigan Plan; these payments had not previously been appropriated.

| | | |
|--------------|------------|----------------------|
| Gross | \$0 | \$318,200,000 |
| Federal | 0 | 318,200,000 |
| GF/GP | \$0 | \$0 |

5. Psychiatric Residency Program

Provides \$1.5 million GF/GP to support a new psychiatry residency program. Also includes Sec. 3003 that requires these funds to be considered work project appropriations.

| | | |
|--------------|------------|--------------------|
| Gross | \$0 | \$1,500,000 |
| GF/GP | \$0 | \$1,500,000 |

DEPARTMENT OF HUMAN SERVICES

6. Child Welfare Caseload Adjustments

Reduces funding for child welfare programs by \$8.7 million Gross (GF/GP increased by \$3.1 million) as follows:

- Child Care Fund is reduced \$4.4 million Gross (GF/GP reduced \$2.2 million).
- Adoption Subsidies program is reduced \$10.1 million Gross (GF/GP reduced \$3.7 million) from 26,725 cases at \$730.25 per month to 25,105 cases at \$745.00 per month.
- Guardianship program is increased \$881,800 Gross (\$447,700 GF/GP) from 800 cases at \$780.00 per month to 850 cases at \$825.94 per month.

Foster Care program is increased \$4.9 million Gross (\$8.6 million GF/GP) from 6,500 cases at an annual cost of \$27,085.00 to 6,446 cases at an annual cost of \$27,645.00.

| | | |
|--------------|-----------|----------------------|
| Gross | NA | (\$8,738,400) |
| Federal | NA | (10,023,700) |
| Local | NA | (2,288,800) |
| Private | NA | 485,300 |
| GF/GP | NA | \$3,088,800 |

HEALTH AND HUMAN SERVICES

| <u>FY 2014-15 Supplemental Appropriations</u> | <u>FY 2014-15 YTD (as of 3/12/15)</u> | <u>FY 2014-15 Supplemental Change</u> |
|---|--|--|
| 7. Public Assistance Caseload Adjustments | Gross | NA (\$10,316,800) |
| Reduces funding for public assistance programs by \$14.0 million Gross (reduction of \$4.3 million GF/GP) as follows: | Federal | NA (5,002,200) |
| <ul style="list-style-type: none"> • Family Independence Program (FIP) is reduced \$12.9 million Gross (reduction of \$3.6 million GF/GP) from 31,800 cases at \$361.13 per month to 28,730 cases at \$362.75 per month. • State Disability Assistance (SDA) program is reduced \$1.1 million Gross (reduction of \$756,000 GF/GP) from 6,100 cases at \$214.00 per month to 5,755 cases at \$210.39 per month. • State Supplementation program is increased \$66,000 GF/GP from 276,600 cases at \$19.10 per month to 273,696 cases at \$19.06 per month. | Restricted GF/GP | NA (3,676,200) NA (\$1,638,400) |
| Increases public assistance caseload costs by \$3.6 million Gross (\$2.7 million GF/GP) for increased costs due to the recent <u>Barry, et al, v. Lyons</u> court ruling. | | |

FY 2014-15 Supplemental Boilerplate Changes

DEPARTMENT OF COMMUNITY HEALTH

Sec. 3003. Psychiatric Residency Program Work Project Authorization – NEW

Requires any unexpended, unencumbered, or unallotted funds appropriated in the FY 2014-15 supplemental to support a new psychiatry residency program to be considered a work project appropriation; specifies an estimated cost of \$1.5 million; and specifies a tentative completion date of September 30, 2016.

Sec. 3004. MIDocs Consortium Work Project Authorization – NEW

Requires any unexpended, unencumbered, or unallotted funds appropriated in Sec. 1870 of Article IV of 2014 PA 252 to support the MIDocs consortium to be considered a work project appropriation; specifies an estimated cost of \$500,000; and specifies a tentative completion date of September 30, 2016.

Sec. 3005. Prenatal and Early Childhood Home Visiting Work Project Authorization – NEW

Requires any unexpended, unencumbered, or unallotted funds appropriated in Article IV of 2014 PA 252 for prenatal care outreach and services delivery support to support evidence-based prenatal and early childhood home visiting programs in rural areas to be considered a work project appropriation; specifies an estimated cost of \$550,000; and specifies a tentative completion date of September 30, 2016.