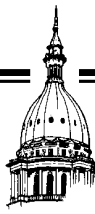




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ANALYSIS

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Senate Bill 950 (S-1 as reported)
 Committee: Appropriations

Throughout this document Senate means Appropriations Committee.

FY 2011-12 Year-to-Date Gross Appropriation.....	\$14,642,587,300
Changes from FY 2011-12 Year-to-Date:	
1. Increase in Base FMAP Rate. The base Medicaid FMAP will increase from 66.14% in FY 2011-12 to 66.39% in FY 2012-13, leading to a savings of \$25.7 million GF/GP.	0
2. Medicaid Base Funding. Senate concurred with Governor's base adjustments for Medicaid and related programs, increasing GF/GP costs by \$44.9 million.	110,435,300
3. Actuarial Soundness Adjustments. Senate concurred with Governor's included actuarial soundness adjustments for Pre-paid Inpatient Health Plans (PIHPs) and Medicaid Health Maintenance Organizations (HMOs), at a cost of \$25.3 million GF/GP.	75,148,000
4. Physician Adjustor and School-based Services Payments. Senate included an increase in these payments to Medicaid providers affiliated with public clinics and increased demand for school-based services payments, savings of \$26.8 million GF/GP.	94,006,200
5. Expiration of the HMO/PIHP Use Tax. As the HMO/PIHP Use Tax expires on April 1, 2012, the funding necessary to reimburse HMOs and PIHPs for their Use Tax costs was removed from the FY 2012-13 budget, with a GF/GP savings of \$167.3 million.	(201,057,300)
6. Savings Initiatives. Senate concurred with most of Governor's Medicaid savings initiatives, with GF/GP savings of \$13.2 million. The Senate rejected the assumed savings from adding behavioral health drugs to the preferred drug list, increasing GF/GP costs by \$6.3 million.	(21,432,500)
7. Program Enhancements. Senate included placeholder funding for numerous programs, including Healthy Michigan Fund programs, Healthy Kids Dental, home- and community-based waiver program, Medicaid ambulance and obstetric payment rates, and restoration of Medicaid chiropractic and vision services. The Senate reflected the Governor's non-GF changes to DSH programs and additional funding for computerization efforts. Finally, the Senate included placeholder funding to cover autism services for Medicaid and MICHild children.	63,476,500
8. Medicaid Primary Care Rates. The Senate reflected the Federal requirement that states reimburse Medicaid providers for primary care services at Medicare rates in 2013 and 2014. The cost of this requirement will be paid by the Federal government.	281,800,000
9. One-time Funding Adjustments. The Senate removed \$52.9 million Gross and \$22.1 million GF/GP in one-time FY 2011-12 funding and included \$47.3 million Gross and \$9.6 million GF/GP in new one-time items, including \$40.0 million Gross and \$4.0 million GF/GP for information technology. The Senate included placeholder funding for several one-time initiatives, including graduate medical education, special populations, lab equipment, and rural and sole community hospitals.	(7,512,800)
10. Economic Adjustments. Includes \$32,190,800 for OPEB and negative \$14,394,800 for other economic adjustments.	(5,676,800)
11. Other Changes. Other changes, including adjustments to available Federal funds and \$4,285,300 for lump sum economics, led to a slight increase in spending.	3,739,100
12. Comparison to Governor's Recommendation. The Senate is \$59,967,100 Gross under and \$22,252,400 GF/GP below the Governor.	
Total Changes	\$392,925,700
FY 2012-13 Senate Appropriations Committee Gross Appropriation.....	\$15,035,513,000

Changes from FY 2011-12 Year to Date:

1. **Boilerplate Restorations.** The Governor's budget retained 50 sections of boilerplate and deleted 92 sections. The Senate restored 85 of those 92 sections.
2. **Standard Language.** The Senate retained long-standing buy American, deprived and depressed, small business impact, report retention, and out of state travel language that had been deleted by the Governor (Sec. 209, 210, 215, 265, and 266).
3. **Community Mental Health (CMH) Oversight and Data Reporting Language.** The Senate retained long-standing language on CMH contracts and CMH data that had been deleted by the Governor (Sec. 401, 402, and 404).
4. **CMH Non-Medicaid Funding Formula.** The Senate included new language directing that the funding formula continue to be implemented, with a cap on funding increases or decreases of 2% for any individual CMHs (Sec. 462).
5. **Michigan Essential Health Provider Program.** The Senate included new language permitting the Department to reduce the Local and Private share of loan repayments for obstetricians and gynecologists working in underserved areas from 50% to 25% (Sec. 709).
6. **Autism Services.** The Senate revised the Governor's language sections allowing the Children's Special Health Care Services (CSHCS), Medicaid, and MIChild programs to cover autism spectrum disorder services, subject to the availability of funds. Each section was tie-barred to the passage of Senate Bills 414 and 415 (Sec. 1202, Sec. 1670, Sec. 1858).
7. **Pharmacy Dispensing Fee.** The Senate retained language setting the Medicaid pharmacy dispensing fee (Sec. 1620).
8. **New Disproportionate Share Hospital (DSH) Pool.** The Senate included new language similar to that in House Bill 4289, the FY 2011-12 supplemental, outlining a new DSH pool for larger hospitals that meet certain criteria (Sec. 1700).
9. **Revised Methodology for Graduate Medical Education (GME) Payments.** The Senate included new language directing the Department to devise a new GME payment methodology that would focus on primary care and recruitment of candidates who commit to stay in Michigan. Implementation date of April 1, 2013 (Sec. 1846).

Date Completed: 4-18-12

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