

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



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**APPROPRIATION SUMMARY**

<b>Budget Area</b>	<b>FY 2013-14 Year-to-Date Appropriations</b>	<b>FY 2013-14 Supplemental Change</b>	<b>% Change</b>
Community Health	<b>Gross \$16,589,093,400</b>	<b>\$260,356,700</b>	<b>1.6</b>
	GF/GP 2,843,410,200	173,572,700	6.1
Human Services	<b>Gross 6,048,745,700</b>	<b>(250,000)</b>	<b>(0.0)</b>
	GF/GP 1,009,950,000	(250,000)	(0.0)
<b>TOTAL (All budget areas)</b>	<b>Gross \$51,193,545,800</b>	<b>\$260,106,700</b>	<b>0.5</b>
	GF/GP 9,439,114,900	173,322,700	1.8

**Overview**

Senate Bill 616 (S-1) would increase the FY 2013-14 state budget by \$260.1 million Gross (\$173.3 million GF/GP). The overall increase in GF/GP appropriations is due to the reinstatement of the Use Tax on services provided by Medicaid managed care organizations in conjunction with reducing the health insurance claims assessment (HICA) rate from 1.00% to 0.75% and offsetting an ongoing shortfall in HICA collections (see item 1 below). HICA collections are classified as restricted revenue, whereas Use Tax collections are GF/GP revenue.

**FY 2013-14 Supplemental Appropriation Items**

**Senate  
Appropriation  
Change**

**COMMUNITY HEALTH**

**1. HICA/Use Tax Adjustments**

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

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

**HUMAN SERVICES**

**2. Youth in Transition Pilot Program**

Repeals the funding and corresponding boilerplate language providing \$250,000 GF/GP for a three-year pilot program with a Detroit-based nonprofit agency to serve 25 youth who are aging out of the foster care system. (Legislatively initiated)

<b>Gross</b>	<b>(\$250,000)</b>
GF/GP	(\$250,000)

## **FY 2013-14 Supplemental Boilerplate Items**

### **REPEALERS**

#### ***Enacting Section 1. RRR Appropriation (Community Health)***

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

#### ***Enacting Section 2. Youth in Transition Pilot Program (Human Services)***

Repeals section 401 of 2014 PA 34, which provided for \$250,000 GF/GP for a three-year pilot program with a Detroit-based nonprofit agency to serve 25 youth who are aging out of the foster care system. *(Legislatively initiated)*