



Senate Fiscal Agency
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Senate Bill 763 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is Senate Bill 837](#)

FY 2013-14 Year-to-Date Gross Appropriation \$15,385,437,900

Changes from FY 2013-14 Year-to-Date:

<p>1. Medicaid Match Rate Change. The Medicaid match rate will decrease from 66.14% to 65.54%, leading to a cost increase of \$79.3 million GF/GP.</p> <p>2. Medicaid Primary Care Services Rate Increase. The Medicaid primary care rate increase, which increased payment rates to Medicare levels, was funded with 100% Federal funds in calendar years 2013 and 2014. The Governor removed the Federal funding but retained half of the increase effective January 1, 2015, at a cost of \$26.0 million GF/GP.</p> <p>3. Medicaid Managed Care Actuarial Soundness. The Governor provided a 2.5% increase for Medicaid physical health and a 1.5% increase for Medicaid mental health to meet Federal guidelines that capitation rates be actuarially sound, costing \$42.0 million GF/GP.</p> <p>4. Medicaid Base and Caseload Adjustments. The budget reflected cost increases across all Medicaid programs, with a cost of \$43.3 million GF/GP.</p> <p>5. Program Increases and New Programs. The Governor proposed a number of new programs and program expansions, including \$15.6 million in funding to implement the recommendations of the Mental Health and Wellness Commission, increases in rural prenatal care services, funding for child and adolescent health, elimination of waiting lists for senior meals, in-home services, and the Home and Community Based Waiver, and expansion of the Healthy Kids Dental program to Kalamazoo and Macomb Counties. Total cost of \$40.5 million GF/GP.</p> <p>6. Program Reductions. The Governor included several program reductions, including phasing out the one-time Mental Health Innovations Fund, removing one-time Graduate Medical Education funding, and eliminating the Rural and Sole Community Hospital funding pool. Total savings from these reductions would be \$18.5 million GF/GP.</p> <p>7. Technical Adjustments. The Governor's budget included a number of technical adjustments, including the phasing out of county indigent care agreements due to Medicaid expansion, adjustments to the Specialty Network Access Fee program, adjustments to special financing to reflect available funds, termination of a one-time Medicaid computer coding project, and changes to available Federal grants.</p> <p>8. Medicaid Expansion. The Governor's budget reflects full-year Gross costs and GF/GP savings from implementation of the Healthy Michigan Program, commonly referred to as Medicaid expansion. The increased services, estimated to cover 320,000 people in FY 2014-15, would be 100% Federally funded for the first three years. The State has a number of programs serving this population using GF/GP dollars, especially Community Mental Health (CMH) non-Medicaid services, so the Governor's budget projects GF/GP savings on these programs of \$232.1 million.</p> <p>9. Economic Adjustments. Includes a negative \$2,427,900 Gross and a negative \$991,200 GF/GP for OPEB and \$11,217,400 Gross and \$4,235,400 GF/GP for other economic adjustments.</p> <p>10. Other Changes. Other changes resulted in a small decrease in funding.</p>	<p>0</p> <p>(270,466,900)</p> <p>121,901,200</p> <p>140,707,400</p> <p>67,968,200</p> <p>(44,943,700)</p> <p>(190,185,500)</p> <p>2,158,427,800</p> <p>8,789,500</p> <p>(3,068,100)</p> <hr/> <p>\$1,989,129,900</p> <hr/> <p>FY 2014-15 Governor's Recommendation \$17,374,567,800</p>
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The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2013-14 Year-to-Date:

1. **Communication with Department Staff.** Governor removed language prohibiting punishment of any employee for communicating with a legislator or legislative staffer. (Sec. 267)
2. **Legacy Costs.** Governor included new language specifying the legacy costs at \$49,676,000 for pension-related costs and \$39,448,600 for retiree health care costs for the year. (Sec. 297)
3. **CMH Contractual Requirements.** Governor altered language on CMH contracts, removing references to a specific array of services that CMHs were required to offer and instead stated that services be provided in accordance with State and Federal laws. (Sec. 401)
4. **Authorization of Funding to CMHSPs.** Governor altered language to remove references to CMHSPs or PIHPs and instead included references to Non-Medicaid Mental Health Services. (Sec. 402)
5. **Contracts for Mental Health Services for Special Populations.** Governor modified language on multicultural service providers to require the competitive bidding out of grants. Also includes language specifying the metrics used to evaluate eligibility of contractors. (Sec. 403)
6. **Data Reporting by CMHs.** Governor deleted language requiring CMHs to report data to the Department and the Legislature on their expenditures and services. (Sec. 404)
7. **Mental Health Diversion Council Recommendations.** Governor included new language appropriating \$3,350,000 from the Behavioral Health Administration line to address recommendations by the Council. (Sec. 495)
8. **Privatization of State Facility Food and Custodial Services.** Governor deleted language permitting the Department to bid out food and custodial services at State hospitals if certain conditions were met. (Sec. 608)
9. **Rural Emergency Medical Services Personnel.** Governor removed language requiring contracting with grantees of funds to ensure sufficient EMS services in rural areas. (Sec. 704)
10. **Incentives for Medical Students.** Governor removed language evaluating ways to incentivize medical students to serve their primary care residency in this State as well as exploring a loan repayment program to direct primary care students to underserved populations in rural areas. (Sec. 715 and 716)
11. **Health Innovation Grants.** Governor deleted language directing \$250,000 in funding to provide for a chronic fatigue syndrome study. (Sec. 717)
12. **Report on Planned Allocations for Maternal and Child Programs.** Governor deleted language requiring a report on expenditures for local maternal and child health services, prenatal care outreach, pregnancy prevention, and family planning. (Sec. 1104)
13. **MiChild Program.** Governor altered language to extend the MiChild program to children who reside in families with income at or below 212% of the FPL. Also changed the income requirement for the State-based private health care program to 160-212% of the FPL. (Sec. 1670)

Date Completed: 2-14-14

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