Legislative Analysis

Phone: (517) 373-8080
http://www.house.mi.gov/hfa

Analysis available at
http://www.legislature.mi.gov

HOSPITAL QUALITY ASSURANCE ASSESSMENT PROGRAM (QAAP) RETENTION AMOUNT

Senate Bill 957 (H-1) House Committee Substitute
Sponsor: Sen. Jim Marleau
House Committee: Appropriations
Senate Committee: Appropriations
Complete to 6-6-16

SUMMARY:

Senate Bill 957 would amend the Public Health Code to revise the state retention formula for the hospital quality assurance assessment program (QAAP). The bill specifies that the current state retention formula of 13.2% of federal Medicaid funds generated by the hospital QAAP does not apply to hospital QAAP collected for the Healthy Michigan Plan. Instead, the bill creates a hospital QAAP retention amount for the Healthy Michigan Plan of $105.0 million beginning in FY 2016-17.

The bill also requires the Department of Health and Human Services, the State Budget Office, and the Michigan Health and Hospital Association to identify an appropriate retention amount by May 31, 2019 for FY 2019-20 and thereafter.

MCL 333.20161

FISCAL IMPACT:

Senate Bill 957 would replace the one-time FY 2015-16 hospital QAAP retainer of $92.9 million with an ongoing Healthy Michigan Plan hospital QAAP retainer amount of $105.0 million beginning in FY 2016-17, for a net GF/GP savings of $12.1 million.

The FY 2016-17 DHHS budget assumes passage of this bill.

As background, the hospital QAAP utilizes an assessment on hospitals to increase hospital reimbursement rates through drawing down additional federal Medicaid matching funds while creating GF/GP savings through a state retainer. Because of the high federal match rate for the Healthy Michigan Plan (95% for 2017), the current state retainer formula in statute is not mathematically workable for that portion of the hospital QAAP. This bill would instead establish a specific dollar amount for the Healthy Michigan Plan portion of the state retainer amount.

Fiscal Analyst: Kevin Koorstra
Kyle I. Jen

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.