

FY 2018-19: DEPARTMENT OF HEALTH AND HUMAN SERVICES

Summary: As Reported by the House Subcommittee House Bill 5565 (H-1) Draft 1



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	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
IDG/IDT	\$13,640,900	\$13,813,700	\$13,813,700			172,800	1.3
Federal	18,406,770,700	17,955,593,700	17,881,537,800			(525,232,900)	(2.9)
Local	116,545,300	123,112,900	123,112,900			6,567,600	5.6
Private	149,875,700	148,409,900	148,409,900			(1,465,800)	(1.0)
Restricted	2,441,939,800	2,456,898,500	2,461,848,200			19,908,400	0.8
GF/GP	4,380,531,400	4,542,525,600	4,508,901,900			128,370,500	2.9
Gross	\$25,509,303,800	\$25,240,354,300	\$25,137,624,400			(371,679,400)	(1.5)
FTEs	15,626.5	15,618.7	15,618.7			(7.8)	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Health and Human Services (DHHS) includes programs and services to assist Michigan's most vulnerable families, including public assistance programs, protecting children and assisting families by administering foster care, adoption, and family preservation programs, and by enforcing child support laws, funding for behavioral health (mental health and substance use disorder), population health, aging, crime victim, and medical services programs, including Medicaid and the Healthy Michigan Plan.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Major Budget Changes From FY 2017-18 YTD Appropriations		
MEDICAID AND BEHAVIORAL HEALTH – GENERAL		
1. Traditional Medicaid Cost Adjustments		
<u>Executive</u> provides increase of \$89.6 million Gross (\$72.3 million GF/GP) for traditional Medicaid program caseload, utilization, inflation, and financing adjustments. Total includes \$37.1 million GF/GP to offset decline in federal match rate from 64.78% to 64.45% due to relative growth in state's personal income. Compared to FY 2016-17 expenditures, State Budget Office forecasts an average annual increase of 3.9%. <u>House</u> revises average annual increase down to 3.5%, which provides a reduction of \$8.8 million Gross (increase of \$37.3 million GF/GP).	Gross \$13,352,197,800	(\$8,806,300)
	Federal 8,659,726,100	(53,357,700)
	Local 47,247,100	491,700
	Private 2,100,000	0
	Restricted 2,100,350,400	6,711,500
	GF/GP \$2,542,774,200	\$37,348,200
2. Healthy Michigan Plan Cost Adjustments		
<u>Executive</u> provides reduction of \$132.1 million Gross (increase of \$24.1 million GF/GP) for Healthy Michigan Plan caseload, utilization, inflation, and financing adjustments. Total includes \$33.0 million GF/GP to offset decline in federal match rate from 94.25% to 93.25%. Compared to FY 2016-17 expenditures, State Budget Office forecasts an average annual increase of 6%. <u>House</u> concurs with the Executive.	Gross \$4,173,374,700	(\$132,081,300)
	Federal 3,930,920,900	(165,099,900)
	Local 651,100	328,600
	Restricted 50,955,200	8,634,400
	GF/GP \$190,847,500	\$24,055,600
3. Actuarial Soundness Adjustments		
<u>Executive</u> includes \$140.1 million Gross (\$39.0 million GF/GP) to support an estimated 2% actuarial soundness adjustment for prepaid inpatient health plans (PIHPs) and an estimated 1.5% actuarial soundness adjustment for Medicaid health plans and Healthy Kids Dental. <u>House</u> concurs with the Executive.	Gross NA	\$140,080,000
	Federal NA	101,086,800
	GF/GP NA	\$38,993,200

Major Budget Changes From FY 2017-18 YTD Appropriations	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
DEPARTMENTAL ADMINISTRATION		
4. Economic Adjustments		
<u>Executive</u> reflects increased costs of \$32.8 million Gross (\$16.7 million GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges for state-owned buildings, and other economic adjustments. <u>House</u> concurs with the Executive.	Gross	NA
	IDG	NA
	TANF	NA
	Federal	NA
	Local	NA
	Private	NA
	Restricted	NA
	GF/GP	NA
	\$32,774,900	
5. Property Management		
<u>Executive</u> includes increase of \$859,300 Gross (\$455,100 GF/GP), about 2%, for non-state-owned building lease costs for the Department; current year charges paid for state-owned buildings is \$19.8 million and \$44.5 million for non-state-owned buildings. \$767,300 of increased costs for state-owned buildings is included in "Economics Adjustments" item above. <u>House</u> concurs with the Executive.	Gross	\$64,339,500
	IDG	593,500
	TANF	10,314,200
	Federal	24,648,600
	Private	36,400
	Restricted	166,500
	GF/GP	\$28,580,300
		\$859,300
		0
		183,400
		220,800
		0
		0
		\$455,100
6. Merger Savings		
<u>House</u> assumes savings resulting from the 2015 merger creating the Department with a reduction to the departmental administration and management line item of \$2.0 million GF/GP.	Gross	\$109,342,700
	IDG	676,200
	TANF	9,018,200
	Federal	54,821,900
	Restricted	674,900
	GF/GP	\$44,151,500
		(\$2,000,000)
		0
		0
		0
		0
		(\$2,000,000)
HUMAN SERVICES		
7. Food Assistance Program Caseload Adjustments		
<u>Executive</u> reduces the federally funded Food Assistance Program (FAP) by \$415.1 million Gross (\$0 GF/GP) for caseload adjustments. Reduction based on caseload estimates decreasing from 854,072 cases at \$229.11 per month to 683,950 at \$235.52 per month. <u>House</u> concurs with the Executive.	Gross	\$2,348,117,400
	Federal	2,342,117,400
	Restricted	6,000,000
	GF/GP	\$0
		(\$415,110,400)
		(415,110,400)
		0
		\$0
8. Other Public Assistance Caseload Adjustments		
<u>Executive</u> reduces funding for other public assistance programs by \$3.0 million Gross (\$6.9 million GF/GP) as follows:	Gross	\$152,200,000
• Family Independence Program (FIP) is reduced \$2.2 million Gross (\$6.1 million GF/GP) adjusting the monthly caseload estimate from 18,200 cases at \$349.50 per month to 17,938 cases at \$344.38 per month.	TANF	54,040,700
• State Disability Assistance (SDA) is reduced by \$620,200 GF/GP adjusting the monthly caseload estimate from 3,600 cases at \$216.67 per month to 3,363 cases at \$216.57 per month.	Restricted	15,411,700
• State Supplementation is reduced by \$135,900 GF/GP adjusting the monthly caseload estimate from 268,268 cases at \$18.79 per month to 266,672 cases at \$18.86 per month.	GF/GP	\$82,747,600
<u>House</u> concurs with the Executive.		(\$2,957,000)
		3,799,100
		102,900
		(\$6,859,000)

Major Budget Changes From FY 2017-18 YTD Appropriations	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change	
9. Child Welfare Caseload Adjustments	Gross	\$622,467,300	\$40,341,900
<u>Executive</u> increases funding for child welfare programs by \$40.3 million Gross (\$30.2 million GF/GP) as follows:	Federal	196,452,100	6,742,500
• Foster care payments are increased by \$36.5 million Gross (\$21.0 million GF/GP) from 5,800 cases at \$31,643 per year to 6,620 cases at \$33,244 per year.	TANF	103,537,500	121,900
• Adoption subsidies are reduced by \$5.7 million Gross (\$2.0 million GF/GP) from 23,406 cases at \$732.00 per month to 22,791 cases at \$731.00 per month.	Local	14,244,900	4,483,500
• The Child Care Fund is increased by \$10.0 million GF/GP.	Private	2,929,800	(1,159,100)
• Guardianship assistance payments are increased by \$1.2 million Gross (\$1.1 million GF/GP) from 1,200 cases at \$778.00 per month to 1,342 cases at \$768.61 per month.	GF/GP	\$305,303,000	\$30,153,100
• Family Support Subsidies are reduced by \$1.7 million Gross (\$0 GF/GP) from 6,360 cases at \$222.11 per month to 5,716 cases at the same monthly rate.			
<u>House</u> concurs with the Executive.			
10. Foster Care Administrative Rate – Elimination of County Hold-Harmless Provision	Gross	NA	(\$8,000,000)
<u>Executive</u> reduces state funding by \$8.0 million GF/GP to recognize the savings to the state of rescinding the county hold-harmless provisions that require DHHS to pay 100% of the foster care administrative rates to private agencies for all new cases beginning October 1, 2013 and 100% of the recent rate increases. Requires counties to pay 50% of all administrative rates for private foster care placing agencies paid for out of the Child Care Fund beginning in FY 2018-19. <u>House</u> concurs with the Executive.	GF/GP	NA	(\$8,000,000)
11. Foster Care Relative Caregiver Licensure Payments	Gross	\$3,500,000	(\$1,500,000)
<u>Executive</u> eliminates \$1.0 million GF/GP for increased payments to child placing agencies for the completed licensure of relative caregivers. Payments were increased in the FY 2017-18 budget. <u>House</u> concurs with the Executive to eliminate the recent increase to payments and includes an additional \$500,000 GF/GP reduction based on historic spending.	GF/GP	\$3,500,000	(\$1,500,000)
12. Family Independence Program (FIP) Inflationary Adjustment	Gross	\$82,350,800	\$100
<u>Executive</u> includes additional \$1.0 million federal TANF funding to provide a 1.2% inflationary adjustment in benefits. The funding would increase benefits by approximately \$2.00 per person per month. <u>House</u> includes a \$100 GF/GP placeholder for the increase and uses the \$1.0 million TANF funding recommended by the Executive to offset GF/GP.	TANF	54,040,700	1,017,600
	Restricted	11,259,000	0
	GF/GP	\$17,051,100	(\$1,017,500)
13. Heat and Eat Program Continuance	Gross	NA	(\$2,500,000)
<u>Executive</u> eliminates the \$2.5 million GF/GP portion of the Heat and Eat program. The number of eligible cases not already receiving the enhanced FAP benefits is less than estimated and federal funding is available to fund the program without GF/GP support. Program provides energy assistance payments of \$20.01 to certain FAP cases making them potentially eligible for additional FAP benefits. <u>House</u> concurs with the Executive.	Federal	NA	0
	GF/GP	NA	(\$2,500,000)
14. Donated Funds Positions Reduction	FTE	288.0	(50.0)
<u>Executive</u> eliminates 50.0 FTE authorizations from the Donated Funds Positions line item to better align FTE authorizations with the amount of currently-filled positions and the funding available to support those FTEs. Reduces funding by \$5.7 million Gross (\$0 GF/GP). <u>House</u> concurs with the Executive.	Gross	\$32,702,700	(\$5,675,900)
	IDG	266,200	0
	TANF	1,661,300	0
	Federal	15,391,200	(3,540,000)
	Private	9,600,500	(379,000)
	Local	5,783,500	(1,756,900)
	GF/GP	\$0	\$0
15. Multicultural Integration Funding Increase – One-Time Funding	Gross	\$15,303,800	\$1,381,100
<u>Executive</u> includes \$1.4 million GF/GP one-time funding for various multicultural organizations that provide social services programs to specific populations. YTD amount is current ongoing amount. <u>House</u> concurs with the Executive.	TANF	421,000	0
	Federal	694,500	0
	GF/GP	\$14,188,300	\$1,381,100

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
16. Crime Victim Advocates Funding Increase	Gross	NA	\$2,000,000
<u>House</u> includes \$2.0 million GF/GP to increase grant funding in the Crime Victim Rights Services Grants line item to fund, train, and support additional crime victim advocates in the criminal justice system.	GF/GP	NA	\$2,000,000
17. Runaway and Homeless Youth Services Contracts	Gross	NA	\$750,000
<u>House</u> includes \$750,000 GF/GP to increase funding to contracted providers that provide services and housing to runaway and homeless youth.	GF/GP	NA	\$750,000
18. Children's Trust Fund (CTF)	Gross	\$3,327,700	\$1,000,000
<u>Executive</u> includes \$800,000 restricted funding to enable the CTF Board to spend cash reserve balance for grants over the next 3 years. <u>House</u> concurs with the Executive and includes an additional \$200,000 GF/GP to increase funding for grants with the intent that half of the \$1.0 million increase be used to award grants for programs that help address substance use disorders. New related boilerplate in Sec. 508(3).	Federal	1,053,300	0
	Restricted	2,091,900	800,000
	GF/GP	\$182,500	\$200,000
19. Adult Protective Services Court Appointed Guardians and Conservators	Gross	\$350,000	\$210,000
<u>House</u> includes additional \$210,000 GF/GP to support an increase in the rate paid to adult protective services guardianship providers. The increase would raise the current monthly rate from \$60 to \$83. Combined with a similar revisions in Medicaid and Behavioral Health, the total recommended increase is \$1.3 million Gross (\$2.2 million GF/GP).	Federal	224,000	0
	GF/GP	\$126,000	\$210,000
20. Housing First Placeholder	Gross	\$0	\$100
<u>House</u> includes \$100 GF/GP placeholder for the Housing First program to provide housing rental assistance and support services for individuals with housing needs, combined with mental illness or substance use dependency.	GF/GP	\$0	\$100
21. TANF Offset of GF/GP Funding	Gross	NA	\$0
<u>House</u> appropriates \$3.0 million TANF to the Family Independence Program line item to offset \$3.0 million GF/GP.	TANF	NA	3,000,000
	GF/GP	NA	(\$3,000,000)
22. Human Services Program Eliminations	Gross	\$780,100	(\$780,000)
<u>Executive</u> eliminates funding for several programs as follows: \$250,000 GF/GP for Adoptive Family Support Network, \$280,000 GF/GP for Muskegon Covenant Academy, \$250,000 GF/GP for Supplemental Security Income (SSI) Advocacy Legal Services, and \$100 GF/GP placeholder for MI Cornerstore Initiative. <u>House</u> concurs with the Executive, but leaves a \$100 GF/GP placeholder for the Adoptive Family Support Network.	GF/GP	\$780,100	(\$780,000)
23. Federal Revenues Fund Source Identification	Gross	NA	\$0
<u>Executive</u> rolls up the "Capped Federal Revenues" fund source, the "Temporary Aid to Needy Families (TANF)" fund source, and the "Total Other Federal Revenues" fund source into one general "Other Federal Revenues" fund source throughout the bill. <u>House</u> retains current-year federal funding format.	TANF	NA	0
	Federal	NA	0
	GF/GP	NA	\$0
BEHAVIORAL HEALTH			
24. Non-Medicaid Mental Health Services	Gross	\$120,050,400	\$5,527,800
<u>House</u> includes \$5.5 million GF/GP for non-Medicaid mental health services to ensure the revised FY 2018-19 funding distribution formula that utilizes population and poverty data also includes a hold harmless provision so that no local Community Mental Health Services Program's (CMHSP) allocation is reduced.	GF/GP	\$120,050,400	\$5,527,800
25. CMHSP Court Appointed Guardians and Conservators	Gross	\$0	\$2,490,000
<u>House</u> adds \$2.5 million GF/GP to reimburse counties for 50% of the cost to provide up to \$83 per month to court-appointed guardians and conservators to individuals who receive CMHSP services. Combined with Medicaid and Field Operations, the total increase is \$1.3 million Gross (\$2.2 million GF/GP).	GF/GP	\$0	\$2,490,000

		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Major Budget Changes From FY 2017-18 YTD Appropriations			
26. State Psychiatrist Salary Increase	Gross	NA	\$1,394,800
<u>Executive</u> provides \$1.4 million Gross (\$1.3 million GF/GP) to support a civil service salary increase for psychiatrists at the state psychiatric hospitals. Increase supports a minimum increase, by pay level, of at least 11%. The vacancy rate of state psychiatrist positions is approximately 50%. <u>House</u> concurs with the Executive.	Federal	NA	136,200
	GF/GP	NA	\$1,258,600
27. St. Mary's Substance Use Disorder Pilot Project	Gross	\$0	\$500,000
<u>House</u> provides \$500,000 GF/GP to St. Mary's in Livonia for a 10-bed substance use disorder detoxification pilot project that utilizes specialized trauma therapists, peer support specialists, and medication assisted treatments.	GF/GP	\$0	\$500,000
28. Medicaid Autism Services	Gross	\$105,097,300	(\$39,968,300)
<u>House</u> reduces \$40.0 million Gross (\$13.9 million GF/GP) in Medicaid autism services by capping Medicaid autism reimbursement rates at 75% of the federal Department of Defense's TRICARE reimbursement rates.	Federal	69,687,600	(26,081,600)
	GF/GP	\$35,409,700	(\$13,886,700)
29. Mental Health and Wellness Commission Recommendations	Gross	\$18,895,000	(\$9,500,000)
<u>Executive</u> reduces \$7.5 million Gross (\$5.3 million GF/GP) for Mental Health and Wellness Commission Recommendations. Program would have \$11.4 million Gross (\$3.8 million GF/GP) in available ongoing funding for the psychiatric transitional unit and children's behavioral action team and other programming, in addition to available work project authorization. Reduction includes \$500,000 GF/GP transferred to Department of Education. <u>House</u> reduces \$9.5 million Gross (\$6.3 million GF/GP).	Federal	9,861,100	(3,241,500)
	GF/GP	\$9,033,900	(\$6,258,500)
30. Sec. 298. Behavioral Health Integration Implementation	FTEs	3.0	0.0
<u>House</u> reduces funding added in FY 2016-17 and FY 2017-18 for implementation costs of behavioral health integration pilot projects and demonstration model. Funding was added to support a project facilitator, project evaluations, actuarial rate setting, contractual services, and staffing.	Gross	\$3,088,200	(\$1,544,100)
	Federal	2,088,200	1,044,100
	GF/GP	\$1,000,000	(\$500,000)
31. Behavioral Health Program Eliminations	Gross	\$1,005,000	(\$1,005,000)
<u>Executive</u> eliminates behavioral health program funding for genomic opioid research in Kalamazoo (\$700,000 GF/GP) and pediatric and adult opioid abuse pilot project through Kids Kicking Cancer (\$305,000 GF/GP). <u>House</u> concurs with the Executive.	GF/GP	\$1,005,000	(\$1,005,000)
32. Autism Navigator – One-Time Funding	Gross	\$565,000	\$460,000
<u>Executive</u> increases one-time autism navigator funding \$460,000 GF/GP to assess statewide rollout of the Medicaid autism benefit and to help families with autistic children find services. <u>House</u> concurs with the Executive.	GF/GP	\$565,000	\$460,000
POPULATION HEALTH			
33. Flint Drinking Water and Lead Exposure Emergency	Gross	\$21,541,700	(\$19,861,600)
<u>Executive</u> reduces funding for assistance to residents exposed to lead in the City of Flint by \$16.9 million Gross (increase of \$2.9 million GF/GP) from year-to-date. One-time funding of \$4.6 million Gross (\$4.6 million GF/GP) is provided for food and nutrition services, health services at child and adolescent health centers and schools, lead abatement and investigation, lead poisoning prevention, and additional supports and services. YTD amount includes \$7.5 million transfer of November 2017. <u>House</u> concurs with the Executive on the reductions, but does not concur with \$2.9 million GF/GP increase, anticipating that available work project funding from prior fiscal years can be used as needed (\$22.8 million balance as of October 1, 2017).	TANF	3,500,000	(3,500,000)
	Restricted	16,361,700	(16,361,600)
	GF/GP	\$1,680,000	\$0

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
34. PFAS Contamination Response – Annualize, Expand Local Grants	FTEs	8.0	17.0
<u>Executive</u> increases funding by \$4.4 million GF/GP and 17.0 FTEs from YTD to address environmental contamination from perfluoroalkyl and polyfluoroalkyl substances (PFAS), first funded in FY 2017-18 supplemental Act 201, and to expand local grants to include other emerging issues:	Gross	\$8,394,000	\$4,381,300
	GF/GP	\$8,394,000	\$4,381,300
<ul style="list-style-type: none"> Laboratory capacity and services – increase by \$1.4 million and 11.0 FTEs (total \$5,525,300 and 11.0 FTEs) Environmental health toxicology and response – increase by \$750,000 and 4.0 FTEs (total \$2,500,000 and 12.0 FTEs) Local health department response grants – increase by \$2.0 million and expand to support local health response to other emerging public health issues and threats (infectious and vector-borne disease outbreaks, vapor intrusion, lead exposure, drinking water contamination, etc.) as needed; and provide additional \$250,000 and 2.0 FTEs for state staff (total \$4,750,000 and 2.0 FTEs) 			
<u>House</u> concurs with the Executive.			
35. Population Health Program Reductions and Eliminations	Gross	\$4,950,000	(\$3,300,000)
<u>Executive</u> eliminates GF/GP funding for bone marrow registry (\$250,000), outstate dental clinics (\$1.6 million), and one-time funding for prenatal diagnosis clearinghouse website, primary care hospital grant, and primary care and dental health services (\$1.3 million); and reduces GF/GP funding for diabetes programming by \$200,000. <u>House</u> concurs with the Executive.	TANF	650,000	0
	GF/GP	\$4,300,000	(\$3,300,000)
<u>Executive</u> eliminates early primary care pilot program (\$1.0 million), and reduces funding for alternative pregnancy and parenting program by \$550,000 Gross (increase of \$50,000 GF/GP). <u>House</u> does not concur with the Executive and retains current year funding for both programs.			
36. Primary Care Clinics	Gross	\$5,268,700	\$0
<u>Executive</u> provides \$1.5 million GF/GP to continue support for primary care clinics and free health clinics at current year levels which are currently supported by federal bonus funding that is no longer available and will be fully expended as of FY 2017-18 year end. YTD amount shown is for Primary Care Services line item. <u>House</u> concurs with the Executive and also removes the federal authorization that is no longer available.	Federal	2,597,100	(1,504,500)
	Private	10,000	0
	GF/GP	\$2,661,600	\$1,504,500
37. Population Health – Healthy Michigan Fund Adjustment	Gross	\$4,178,500	\$0
For recent population health initiatives, <u>Executive</u> replaces \$4.2 million of Healthy Michigan Fund (HMF) with GF/GP; expanded programs for childhood lead, drinking water and toxicology were funded with HMF in FY 2017-18 only, using available HMF balance. Combined with a similar fund adjustment in Medicaid, the total HMF to GF/GP fund adjustment proposed is \$0 Gross (\$14.2 million GF/GP). <u>House</u> concurs with the Executive.	Restricted	4,178,500	(4,178,500)
	GF/GP	\$0	\$4,178,500
38. Laboratory Opioid Testing	Gross	\$22,312,100	\$1,000,000
<u>House</u> provides \$1.0 million GF/GP to enhance state laboratory and county medical examiner testing of opioids to enable accurate identification of prescription and non-prescription substances in cases of drug overdose or drug poisoning death. Sec. 1170 is related new boilerplate.	IDG	991,000	0
	Federal	3,840,100	0
	Restricted	10,633,400	0
	GF/GP	\$6,847,600	\$1,000,000
39. Veteran’s Health Pilot	Gross	\$0	\$100
<u>House</u> includes \$100 placeholder for a veteran’s health pilot program.	GF/GP	\$0	\$100
40. Lead Poisoning Elimination Board – One-Time Funding	Gross	\$1,250,000	(\$625,000)
<u>Executive</u> continues one-time funding of \$1.25 million GF/GP to implement November 2016 recommendations of the Child Lead Poisoning Elimination Board. <u>House</u> reduces funding by half to \$625,000 GF/GP.	GF/GP	\$1,250,000	(\$625,000)
41. Medical Resident Loan Repayment Program – One-Time Funding	Gross	\$0	\$5,000,000
<u>House</u> provides one-time funding of \$5.0 million GF/GP for a 5-year work project program to provide medical education loan repayment for physicians in primary care and other general subspecialties that commit to practicing for 2 years in a medically underserved community following completion of residency. Sec. 1917 is related new boilerplate.	GF/GP	\$0	\$5,000,000

<u>Major Budget Changes From FY 2017-18 YTD Appropriations</u>		<u>FY 2017-18 Year-to-Date (as of 2/7/18)</u>	<u>FY 2018-19 House Change</u>
AGING AND ADULT SERVICES			
42. Senior Volunteer Programs, and Dementia Care Program	Gross	\$4,465,300	\$300,100
<u>House</u> increases funding by a total of \$300,000, including \$100,000 GF/GP for each of the 3 senior volunteer programs: foster grandparents, senior companions, and retired and senior volunteers. Also includes a \$100 placeholder for an Alzheimer's disease and dementia in-home care program. Year-to-date funding shown is for senior volunteer programs.	GF/GP	\$4,465,300	\$300,100
MEDICAL SERVICES			
43. Federal Medicaid Managed Care Final Rule Compliance	FTE	NA	15.0
<u>Executive</u> includes \$1.7 million Gross (\$830,100 GF/GP) for 15.0 FTEs within Medical Services Administration for compliance and implementation of recent changes to the federal Medicaid managed care rules. <u>House</u> concurs with the Executive.	Gross	NA	\$1,660,200
	Federal	NA	830,100
	GF/GP	NA	\$830,100
44. Integrated Service Delivery	FTE	42.0	15.0
<u>Executive</u> provides \$13.8 million federal and 15.0 FTEs for Integrated Service Delivery information technology project costs. \$4.6 million GF/GP is allocated from the Information Technology Investment Fund within Department of Technology, Management, and Budget to draw down these federal funds. <u>House</u> includes Executive funding and FTEs and reduces \$1.8 million GF/GP.	Gross	\$51,397,800	\$12,026,200
	Federal	47,252,500	13,783,400
	GF/GP	\$4,145,300	(\$1,757,200)
45. Child Welfare Psychotropic Oversight	Gross	\$618,200	(\$618,200)
<u>Executive</u> moves \$618,200 Gross (\$559,100 GF/GP) for child welfare psychotropic medication oversight from the Children's Services unit to Medical Services Administration. <u>House</u> removes the funding as Medical Services Administration has performed this oversight in previous fiscal years without utilizing these funds.	Federal	59,100	(59,100)
	GF/GP	\$559,100	(\$559,100)
46. Long-Term Care Study Placeholder	Gross	\$0	\$100
<u>House</u> adds \$100 GF/GP for a feasibility study and actuarial model of public, private, and public-private hybrid options to help individuals access and afford long-term care services. Sec. 1509 is related boilerplate.	GF/GP	\$0	\$100
47. Special Hospital Payments	Gross	NA	\$112,166,300
<u>Executive</u> increases \$111.2 million Gross (reduces \$13.5 million GF/GP) in net special hospital payment adjustments based primarily on changes required to comply with recent changes to federal Medicaid managed care rules that phase out "pass through" payments. The Hospital Rate Adjustment (HRA) is increased by \$190.0 million Gross (which reduces \$21.2 million GF/GP) with distribution tied to direct claims. The Rural and Sole Community Hospital and Obstetrical Stabilization "pass through" payments could not be restructured and instead the \$14.7 million GF/GP is provided to the hospitals without federal Medicaid reimbursement; the loss of \$26.6 million in federal Medicaid reimbursement is partially offset with \$7.0 million in additional GF/GP. The Medicaid Access to Care Initiative (MACI) is also adjusted based on projected allocations. <u>House</u> provides \$8.0 million GF/GP instead of \$7.0 million GF/GP to help offset loss of federal Medicaid reimbursement and adds \$100 federal point of difference.	Federal	NA	75,892,400
	Restricted	NA	48,795,500
	GF/GP	NA	(\$12,521,600)
48. MiDocs	Gross	NA	\$28,129,400
<u>House</u> includes \$28.1 million Gross (\$5.0 million GF/GP) to increase primary care physician and other select specialty physician residency training programs in rural and urban underserved communities through MiDocs. Residents would also receive student loan repayment assistance for committing to practice in an underserved community post-residency. Sec. 1870 is related boilerplate.	Federal	NA	18,129,400
	Restricted	NA	5,000,000
	GF/GP	NA	\$5,000,000

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
49. Program of All-Inclusive Care for the Elderly (PACE) Expansion	Gross	\$106,289,100	\$41,359,600
<u>Executive</u> adds \$41.4 million Gross (\$14.7 million GF/GP) to support approximately 950 additional enrollments within existing programs for an estimated statewide enrollment of 3,600. Increase is offset with assumed long-term care savings. Funding supports an annual per member per month increase of 2.0%. <u>House</u> includes \$100 point of difference.	Federal	68,854,100	26,656,300
	GF/GP	\$37,435,000	\$14,703,300
50. Neonatology Rate Increase	Gross	NA	\$2,841,100
<u>House</u> provides \$2.8 million Gross (\$1.0 million GF/GP) to increase Medicaid neonatal rates from 64% to 75% of Medicare reimbursement rates.	Federal	NA	1,831,100
	GF/GP	NA	\$1,010,000
51. Personal Care Services Rate Increase	Gross	\$9,491,200	\$1,156,100
<u>House</u> adds \$1.2 million Gross (\$411,000 GF/GP) to provide a \$32 per month increase for personal care services for individuals residing in a licensed adult foster care or licensed home for the aged. Rate increase would align rates with historic inflation-adjusted amounts.	Federal	6,148,400	745,100
	GF/GP	\$3,342,800	\$411,000
52. Medicaid Pharmacy Savings	Gross	\$366,015,600	(\$16,877,600)
<u>Executive</u> assumes \$14.1 million Gross (\$5.0 million GF/GP) in Medicaid specialty pharmaceutical savings based on changes in how the state utilizes its preferred drug list. <u>House</u> assumes \$16.9 million Gross (\$6.0 million GF/GP) in Medicaid pharmaceutical savings	Federal	232,092,400	(10,877,600)
	GF/GP	\$133,923,200	(\$6,000,000)
53. Hospice Room and Board	Gross	\$3,318,000	\$0
<u>Executive</u> removes \$3.3 million GF/GP for hospice room and board payments that are not eligible for federal Medicaid reimbursement. <u>House</u> retains current year funding. Sec. 1856 is related boilerplate.	GF/GP	\$3,318,000	\$0
54. Healthy Michigan Plan Healthy Behavior Incentives	Gross	NA	(\$1,745,000)
<u>House</u> removes \$1.7 million Gross (\$117,800 GF/GP) to discontinue providing \$50 gift cards to Healthy Michigan Plan recipients, with incomes below 100% of federal poverty, who complete Health Risk Assessments.	Federal	NA	(1,627,200)
	GF/GP	NA	(\$117,800)
55. Adult Home Help Biometric Verification System	Gross	\$1,500,000	(\$1,499,900)
<u>House</u> removes \$1.5 million Gross (\$149,900 GF/GP) and leaves \$100 placeholder for DHHS to develop a mobile biometric verification system within the adult home help program. Funding was added in FY 2017-18.	Federal	1,350,000	(1,350,000)
	GF/GP	150,000	(\$149,900)
56. Sec. 1805 Graduate Medical Education (GME) Quality Data Withhold	Gross	NA	(\$666,100)
<u>House</u> removes \$666,100 Gross (\$236,800 GF/GP) based on 6 GME hospitals not providing required quality data. Sec. 1805 establishes a 25% withhold of a hospital's GME allocation if the quality data is not submitted.	Federal	NA	(429,300)
	GF/GP	NA	(\$236,800)
57. Medical Services Program Reductions and Eliminations	Gross	NA	(\$7,749,600)
<u>Executive</u> eliminates increased level of care determination funding (\$5.0 million Gross, \$2.5 million GF/GP), reduces Medicaid guardian and conservator rates to \$83 per month (\$1.4 million Gross, \$500,000 GF/GP), removes Healthy Michigan Plan medical literacy demonstration program (\$830,000 Gross, \$415,000 GF/GP), and removes dental registry funding (\$500,000 GF/GP). <u>House</u> concurs with the Executive.	Federal	NA	(3,834,600)
	GF/GP	NA	(\$3,915,000)
58. Federal Money Follows the Person Demonstration Grant	Gross	NA	\$0
<u>Executive</u> recognizes end of \$10.3 million federal Money Follows the Person demonstration grant used to increase use of home- and community-based services and to reduce institutionally-based services. Loss of grant funding is offset with state GF/GP and federal Medicaid matching funds. Over a 10 year period, Michigan received \$88.2 million. <u>House</u> concurs with the Executive.	Federal	NA	(2,459,600)
	GF/GP	NA	\$2,459,600

<u>Major Budget Changes From FY 2017-18 YTD Appropriations</u>	<u>FY 2017-18 Year-to-Date (as of 2/7/18)</u>	<u>FY 2018-19 House Change</u>	
59. State Restricted Revenue Adjustments	Gross	NA	\$0
<u>Executive</u> revises restricted revenues based on projected available revenue for a net decrease of \$29.8 million, which is offset with a like amount of GF/GP. Revisions include:	Restricted	NA	(29,824,400)
	GF/GP	NA	\$29,824,400
<ul style="list-style-type: none"> • Reducing Health Insurance Claims Assessment (HICA) fund balance utilization \$60.0 million. • Increasing Medicaid Benefits Trust Fund \$38.3 million. • Reducing Healthy Michigan Fund \$10.0 million (Combined with a similar fund adjustment in Population Health, the total HMF to GF/GP fund adjustment is \$14.2 million). • Increasing Merit Award Trust Fund \$2.0 million. 			
<u>House</u> concurs with the Executive.			
60. Special Medicaid Reimbursements	Gross	NA	(\$11,623,700)
<u>Executive</u> reduces special Medicaid reimbursements by \$11.6 million Gross (\$0 GF/GP) for Specialty Network Access Fee (SNAF), physician adjustor payments, dental adjustor payments, Graduate Medical Education innovations pool, and university disproportionate share hospital (DSH) payments. GF/GP is not used as state matching funds for these special Medicaid reimbursements. <u>House</u> concurs with the Executive.	Federal	NA	(15,679,900)
	Local	NA	(150,600)
	Restricted	NA	4,206,800
	GF/GP	NA	\$0
61. Medical Services Program Eliminations – One-Time Funding	Gross	\$6,724,000	(\$5,724,000)
<u>Executive</u> eliminates one-time medical services funding for direct primary care pilot program (\$5.7 million Gross, \$2.0 million GF/GP) and University of Detroit Dental (\$1.0 million GF/GP). <u>House</u> eliminates direct primary care pilot program funding and retains University of Detroit Dental funding.	Federal	3,708,000	(3,708,000)
	GF/GP	\$3,016,000	(\$2,016,000)

Major Boilerplate Changes From FY 2017-18

GENERAL SECTIONS

Sec. 228. Interest Payable to DHHS on Late Payments – NEW

Allows DHHS to charge and collect 1% per month interest for late payments to the Department. Executive adds new section. House concurs but revises to apply to quality assurance assessment payments that resulted from an overpayment by DHHS to a provider.

Sec. 291. E-Verify – DELETED

Requires DHHS to use the E-Verify system to confirm that new employees and new employees of contractors and subcontractors paid from the appropriations in Part 1 are legally present in the United States. Executive and House delete.

Sec. 293. TANF Spending Cap and Exception – NOT INCLUDED

Sets cap of \$548.8 million for DHHS expenditures of federal TANF funds, and allows for additional spending of up to 3% more to offset GF/GP if notification is made to Legislature which includes an updated estimate of year end TANF balance. Executive adds new section. House does not concur.

Sec. 296. Employee Legal Costs Related to Flint Water System – NEW

States that from the funds appropriated in Part 1, DHHS shall be responsible for legal costs of private attorneys defending DHHS employees in any legal action or investigations related to the City of Flint municipal water system. (Similar boilerplate is current law in Department of Environmental Quality budget as Sec. 237). Executive adds new section. House concurs, with minor revisions.

Sec. 298. Behavioral Health Integration Pilot Projects – REVISED

Requires DHHS to pilot the integration of behavioral health and physical health services, including: contract with a project facilitator, establish a pilot in Kent County with a willing CMHSP, establish up to 3 additional pilots with CMHSPs and Medicaid health plans, reinvest savings into behavioral health services in the pilot area, legislative intent for pilots, and contract with a university to evaluate pilots and replicability. Allocates \$3.1 million for implementation, requires a spending plan, report by DHHS, report by managing entities of pilots, and includes target dates. Executive revises language to require DHHS to continue to pursue and implement the pilot projects and other requirements outlined during FY 2017-18. House concurs with the Executive, and retains legislative intent and target dates and adds clinical data sharing to list of performance metrics.

Major Boilerplate Changes From FY 2017-18

CHILDREN SERVICES – CHILD WELFARE

Sec. 522. Fostering Futures Scholarship Program – REVISED

Allocates \$750,000 to the Fostering Futures Scholarship Program for youth transitioning from foster care who are attending college. Executive retains current law. House revises language to include scholarships for foster care youth who are attending a career technical educational institution.

Sec. 532. Licensing and Contract Compliance Review– DELETED

Requires collaboration between DHHS and representatives of private child and family agencies to revise and improve contract compliance and licensing review processes; requires report. Executive and House delete.

Sec. 537. Residential Bed Space Standards and Preferences– DELETED

Directs DHHS to collaborate with child caring institutions to develop a strategy to implement MCL 400.115o, which restricts out-of-state placements of youth and restricts placements of youth in state administered facilities over comparable private provider facilities; requires report. Executive and House delete.

Sec. 546. Foster Care Agency Administrative Rates – REVISED

Establishes foster care administrative rate of \$37 for private child placing agencies under contract with DHHS and increases the rate by \$9.20, provided that the county match rate is eliminated for this increase; requires payments for independent living plus services at the statewide per diem. Executive and House revise language to set the general foster care rate, independent living rate, and trial unification services rate all at \$46.20 and strike language requiring a \$9.20 administrative rate increase to private foster care providers and that the county match rate be eliminated.

Sec. 589. Foster Care Administrative Rate County Hold-Harmless Policy – REVISED

Requires DHHS to pay 100% of the administrative rate for all new cases referred to foster care services providers; requires monthly report on number of cases supervised by private agencies and by DHHS. Executive and House delete language requiring DHHS to pay 100% of the administrative rates. House changes to a quarterly report.

PUBLIC ASSISTANCE

Sec. 619. Family Independence Program (FIP) and Food Assistance Benefit Exemption – REVISED

Exempts individuals convicted of a drug felony after August 22, 1996 from the federal prohibition on receiving FIP and food assistance benefits; requires benefits be paid to a third-party for these cases; prohibits individuals convicted of 2 or more separate drug felonies from receiving assistance, subject to federal approval of this additional condition. Executive and House revise language to state that the exemption would be given if the act, not the conviction itself, occurred after August 22, 1996; also requires that if the grantee is the individual convicted, then FIP benefits must be paid as restricted payments - using a protective payee, if possible, or vendor payments for shelter to the extent possible. If the convicted individual is not the grantee, then assistance shall go to the grantee.

Sec. 650. Food Assistance Program Able-Bodied Adults Without Dependents (ABAWD) Waiver – REVISED

Requires DHHS to apply the food assistance eligibility requirements as prescribed in 7 CFR 273.24(a)-(d) on a statewide basis beginning May 1, 2018. (*Executive signing letter stated section is considered unenforceable.*) Executive deletes. House revises language to require that ABAWD individuals must be subject to the federal time-limited food assistance and work requirement provisions regardless of county, redetermination date, or federal waiver status beginning on October 1, 2018.

CHILDREN SERVICES – JUVENILE JUSTICE

Sec. 708. County Spending Plan Required – REVISED

Specifies that in order for counties to receive allocations from the Child Care Fund, they must submit a service spending plan for DHHS approval by October 1 of each year; requires DHHS to notify counties of any plan revisions; requires report. Executive revises language to change submission date to August 15, deletes requirement that DHHS cannot request additional plan revisions outside of those in revision notification, and includes new language requiring counties to submit plan amendments by August 30 and payable estimates by September 15. House concurs with the Executive, but revises language to require counties to submit service spending plans by August 15.

Sec. 721. Residential Facility of Last Resort – DELETED

If demand exceeds capacity at state-operated facilities, requires DHHS to post a request for proposals to contract with not less than 1 private provider to be a residential facility of last resort instead of increasing available occupancy at state-operated facilities. Executive and House delete.

BEHAVIORAL HEALTH SERVICES

Sec. 912. Salvation Army Harbor Light Program – RETAINED

Requires DHHS to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services, if program meets standard of care. Executive deletes. House retains current law.

Major Boilerplate Changes From FY 2017-18

Sec. 994. National Accreditation Review Criteria for Behavioral Health Services – DELETED

Requires DHHS to seek, if necessary, a federal waiver to allow a CMHSP, PIHP, or subcontracting provider agency that is reviewed and accredited by a national accrediting entity for behavioral health care services to be in compliance with state program review and audit requirements; requires a report that lists each CMHSP, PIHP, and subcontracting provider agency that is considered in compliance with state requirements; requires DHHS to continue to comply with state and federal law not initiate an action by negatively impacts beneficiary safety; defines "national accrediting entity." Executive and House delete.

Sec. 1008. PIHP Administrative Costs, Mental Health Care, Service Rates, and Direct Care Reimbursement – REVISED

Requires the PIHP to work to reduce administrative costs, take an active role in managing mental health care, ensure that direct care rate variances are related to the level of need or other quantifiable measures, and whenever possible promote fair and adequate direct care reimbursement. Executive and House add Community Mental Health Services Programs (CMHSPs) to also meet these requirements.

Sec. 1009. Direct Care Wage Increase – REVISED

Allocates \$45.0 million to provide a \$0.50 per hour increase for direct care workers and requires DHHS contractually mandate these funds be fully passed through to agencies for paying direct care workers' wages and includes reporting requirements; establishes provisions for receiving funds; requires a report. Executive and House replace current language with requirement for PIHPs to report range of wages paid to direct care workers and for DHHS to report information to legislature.

Sec. 1061. Caro Regional Mental Health Center – RETAINED

Requires DHHS to only use the funds appropriated for the Caro Regional Mental Health Center to support a psychiatric hospital at its current location, includes legislative intent that the Caro Regional Mental Health Center remain open and operational at its current location and that any capital outlay funding be used for planning and construction at the current location instead of a new location. Executive deletes statement of legislative intent and adds language permitting funds be transferred, either through an administrative transfer or the legislative transfer process. House retains current law.

POPULATION HEALTH

Sec. 704. Sec. 1231. PFAS Contamination and Other Response by Local Health Departments – REVISED

Allocates up to \$2.5 million to local health departments experiencing potential PFAS contamination, which may be used for staffing, planning and response, materials, and other activities enabling local health department response. (Included in supplemental appropriations Act 201 of 2017). Executive deletes. House revises to allocate up to \$4.8 million to local health departments for PFAS contamination or other emerging public health threats.

Sec. 703. Sec. 1232. Reimbursement for PFAS Environmental Contamination Response – RETAINED

Expresses intent of the Legislature that the United States Department of Defense shall reimburse the state for costs associated with PFAS and environmental contamination response at military training sites and support facilities. (Included in supplemental appropriations Act 201 of 2017). Executive deletes. House retains current law.

Sec. 704. Sec. 1233. Expenditure of Funding for PFAS Environmental Contamination Response – RETAINED

Prohibits expenditure of GF/GP and state restricted funding sources for PFAS and environmental contamination response when federal or private funding is available for the same purpose. (Included in supplemental appropriations Act 201 of 2017). Executive deletes. House retains current law.

Sec. 1341. WIC Eligibility Guidance – NEW

House requires DHHS and county offices to utilize federal income eligibility and verifications guidelines in determining eligibility of individuals for the special supplemental nutrition program for women, infants, and children (WIC).

MEDICAL SERVICES

Sec. 1620. Pharmacy Dispensing Fee and Prescription Drug Co-payments – REVISED

Establishes the pharmacy dispensing fees according to federal rules and the state's long-term financial exposure; requires prescription co-payments for Medicaid recipients not enrolled in the Healthy Michigan Plan or with an income less than 100% of the federal poverty level of \$1 for generic drugs and \$3 for brand-name drugs; requires prescription co-payments for Healthy Michigan plan enrollees with an income of at least 100% of the federal poverty level of \$4 for generic drugs and \$8 for brand-name drugs. Executive revises to require maintaining the established pharmacy dispensing fees. House lists the specific pharmacy dispensing fees as established by DHHS.

Sec. 1806. Common Formulary for Medicaid Health Plans – REVISED

Requires DHHS to monitor progress in implementing the common formulary; requires DHHS to develop policies to operate the common formulary to ensure fair and full public participation; requires a report. Executive deletes requirement to monitor progress in implementing the common formulary and revises to maintain policies to ensure fair and full public participation. House requires Medicaid health plans to monitor and report on the implementation of the common formulary, for DHHS to report on any inconsistencies across the Medicaid health plans, and revises to maintain policies to ensure fair and full public participation.

Major Boilerplate Changes From FY 2017-18

Sec. 1856. Hospice Room and Board Payments – REVISED

Requires DHHS expend funds to provide room and board payments to hospice residences that have been enrolled in Medicaid by October 1, 2014, requires a workgroup to determine how to streamline payment methodology; lists reporting requirements of the hospice residences, and states lapses go into general fund. Executive deletes. House requires the funds be disturbed through grants to hospices residences enrolled in Medicaid by October 1, 2017, for grant to be paid out monthly, lists reporting requirements, and requires the hospice residence to return to DHHS any remaining grant funding.

Sec. 1861. [Sec. 702. of PA 201]. Nonemergency Medical Transportation Pilot – REVISED

Requires DHHS to increase the number of counties in which a local public transportation entity is the primary administrator of the Medicaid nonemergency medical transportation benefit using a nonprofit as the transportation broker, lists purpose and performance outcomes. Executive deletes requirement that the local public transportation entity uses a nonprofit transportation broker. (Language revised in supplemental appropriations Act 201 of 2017). House revises to require continuation of pilot program.

Sec. 1875. Prior Authorization for Certain Drugs – RETAINED

Applies prior authorization prohibition to DHHS and its contractual agents for psychotropic medications, drugs for the treatment of epilepsy/seizure disorder, or drugs for organ transplant therapy, if those drugs were either carved out or not subject to prior authorization procedures as of May 9, 2016, defines "prior authorization". Executive deletes. House retains current law.

ONE-TIME APPROPRIATIONS

Sec. 1913. Medicaid Direct Primary Care Pilot Program – REVISED

Requires DHHS to apply for a federal waiver to implement a Medicaid direct primary care pilot program; outlines program requirements; requires quarterly reports; establishes unexpended funds as work project appropriation. Executive deletes. House revises to require DHHS to continue the program through available work project authorization, and retains quarterly reports.