

COUNTY MEDICAL CARE FACILITIES – MAINTENANCE OF EFFORT



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FISCAL ANALYSIS

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HOUSE BILL 6268 AS INTRODUCED

Sponsor: Rep. Charles T. LaSata
House Committee: Appropriations

COMMITTEE ANALYSIS - 11/22/02

Analyst(s): Bill Fairgrieve

SUMMARY

House bill 6268 would amend the Social Welfare Act to permanently extend the current freeze on county medical care facility maintenance of effort (MOE) rates. The revenue from the MOE payments offsets a portion of Medicaid costs for long term care services provided by county-operated medical care facilities. The formula used to calculate each county's MOE rate was revised in 1984, but the amount owed was frozen at the old rate for counties whose financial obligations would increase under the new rates. Initially, the rate freeze was set to expire after 5 years, but it has been continued through passage of legislation on several occasions since then. The most recent 3 year extension of the MOE rate freeze enacted in 2000 will expire December 31, 2003.

The FY 2002-03 DCH budget includes \$8,445,100 in revenue from the current county maintenance of effort payments. If the current rate freeze were to expire at the end of 2003, many of the counties with medical care facilities would begin paying up to \$1.00 per patient day more until the new MOE level specified in the revised formula is reached. This would result in increased revenues to the State of Michigan and increased costs to the affected counties.