
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 6268 (as passed by the House)
Sponsor: Representative Charles LaSata
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

The bill would amend the Social Welfare Act to extend for four years, until December 31, 2007, provisions under which a county's maintenance of effort (MOE) rate for Medicaid-funded nursing home services is limited to the MOE rate in effect on September 30, 1984.

MCL 400.109

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

Counties that have Medicaid County Medical Care Facilities (county long-term care facilities) are required to pay maintenance of effort for each patient day of care. This payment was established in the early 1980s when the Medicaid program agreed to provide reimbursement for services in these facilities. In addition, the 1980s' legislation included language that would result in increased MOE payments based on a formula that compares various levels of changes in costs at a given facility, with changes in costs across all facilities.

Historically, the Legislature has placed a moratorium on changes to the MOE. This bill would continue that moratorium until December 31, 2007. As the annual Department of Community Health budget was not adjusted for any change in the MOE, this bill would result in no cost to that budget. It should be noted that if the MOE update were allowed to go into effect, the "savings" that could accrue to the State would not exceed \$1.2 million. This is because the statute limits any MOE increase to \$1 per patient day. It also should be noted that any increase in the MOE might jeopardize continued county support for such facilities, which could have a negative impact on future State Medicaid expenditures.

Date Completed: 12-11-02

Fiscal Analyst: John Walker