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BILL ANALYSIS

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Senate Bill 838 (as reported without amendment)
Sponsor: Senator Bob Emerson
Committee: Appropriations

(as enrolled)

CONTENT

States have the option of providing Medicaid coverage to 19- and 20-year-olds who have incomes that meet the Federal cash welfare or Supplemental Security Income assets and income standards. Individuals aged 21 and older are categorically eligible for Medicaid only if they are disabled or if they are parents of minor children and meet the cash welfare assets and income standards.

States also have the option of covering a group generally known as Medicaid caretaker relatives. These are individuals, often grandparents, aunts, or uncles, who care for children who are not their own and whose income is low enough to meet the cash welfare assets and income standards.

Michigan has opted to cover both eligibility categories in the State's Medicaid program, and explicitly refers to these two groups' eligibility in the Social Welfare Act. It is estimated that about 9,000 individuals are eligible in the 19- to 20-year-old group and that about 40,000 individuals are eligible as caretaker relatives.

As a general rule, Federal law has required states to provide full benefits to any optional group a state chooses to cover in its Medicaid program. In recent years, waivers have been granted to states that have proposed providing more limited benefits to optional Medicaid eligibility groups.

The FY 2005-06 Department of Community Health (DCH) appropriation includes provisions directing that the State seek a waiver to change the benefit structure for 19- to 20-year-olds and caretaker relatives. Enrollment for 19- to 20-year-olds would be frozen, so no new people could enter the program (which would have the effect of phasing out coverage over the next two years). Benefits would be limited for both groups, with limits on payments for inpatient hospital days, limits on prescriptions, and limits on services.

Senate Bill 838 would change the Social Welfare Act to allow for flexibility in Medicaid coverage for 19- and 20-years-old individuals as well as caretaker relatives. This would enable the State to seek and implement a waiver of Federal regulations to limit benefits for these groups.

The bill would replace the references to categorical eligibility for these two groups with a statement that eligibility would be subject to Title XIX of the Social Security Act, subject to limitations imposed by the Department Director. This would allow implementation of limited benefits if a Federal waiver were granted pursuant to Title XIX.

MCL 400.106 & 400.107

FISCAL IMPACT

The FY 2005-06 DCH budget assumes net savings of \$11.0 million Gross and \$4.8 million GF/GP from implementation of an enrollment freeze and limited benefits for 19- and 20-year-olds who are Medicaid eligible. The amount assumed in the budget appears to be a realistic estimate of the potential savings.

Date Completed: 2-13-06

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.