

Legislative Analysis



USE OF GENERAL FUND REVENUE FOR SUBSTANCE USE DISORDER TREATMENT

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House Bill 5085 (H-1) as reported from committee
Sponsor: Rep. Steve Marino
Committee: Health Policy
Complete to 4-18-18

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

SUMMARY:

House Bill 5085 would amend the Michigan Liquor Control Code to direct an amount equal to 4% of the total net revenue as reported by the Liquor Control Commission in the annual financial report from the General Fund to Michigan's local community health agencies beginning with Fiscal Year 2017-2018. The bill would require the funds to be used for the administration and delivery of substance use disorder prevention and treatment programs. At least 25% of these funds must be used for the administration and delivery of substance use disorder prevention and treatment programs not exclusively related to alcohol.

The bill would require the Michigan Department of Health and Human Services (DHHS) to explore federal funding, including grants, awards, and any federal matching funds for substance use disorder prevention and treatment programs. If these funds are available, they must be distributed to the DHHS-designated community health entities described in the bill. Any federal funds would be in addition to the 4% earmark.

MCL 436.1221

FISCAL IMPACT:

House Bill 5085 would earmark 4% of the total net revenue received by the Liquor Control Commission for community mental health entities for substance use disorder programming, beginning in Fiscal Year 2017-18 and continuing each year thereafter. The third column in the following table provides the amount that would have been earmarked had such a distribution occurred in previous fiscal years. While this bill would have no net state fiscal impact, the amount provided to community mental health entities would decrease the amount of state general fund available for other state general fund supported activities.

	Reported Net Revenue	4% of Net Revenue
FY 2015-16	\$432,600,000	\$17,304,000
FY 2014-15	\$403,500,000	\$16,140,000
FY 2013-14	\$379,600,000	\$15,184,000
FY 2012-13	\$363,100,000	\$14,524,000

The state relies on local units of government, specifically the ten regional Prepaid Inpatient Health Plans (PIHPs), to administer and provide substance use disorder programming, and so the PIHPs would receive additional state funding each year equal to 4% of total net

revenue received by the Liquor Control Commission. To the degree that these additional general funds provided to the PIHPs can generate additional federal revenues, the local PIHPs would also receive these additional federal revenues. The primary federal funds available for substance use disorder services are Medicaid matching funds and the Substance Abuse and Treatment Block Grant.

DISCUSSION:

Proponents supported the bill as an attempt to bridge the funding gaps for substance use disorder (SUD) prevention and treatment. They argued that SUDs result in social and emotional issues including: job loss, poverty, homelessness, child abuse and neglect, suicide, property crimes, incarceration, and severe health issues. Further, they argued that the bill would offer a sustainable, predictable, and dedicated funding stream for SUDs in Michigan.

POSITIONS:

Representatives of the following organizations testified in support of the bill:

- Substance Abuse Prevention and Treatment Directors of Michigan (1-24-18)
- Community Mental Health Association of Michigan (1-24-18)
- Michigan Alcohol Policy Promoting Health and Safety Organization (1-24-18)

The Michigan Association of Counties supports the bill. (1-31-18)

The State Budget Office opposes the bill. (1-31-18)

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■ 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.