

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17
DEPARTMENT OF HEALTH AND HUMAN SERVICES**



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| | FY 2015-16 | FY 2016-17 Executive | Difference: FY 2016-17 Vs. FY 2015-16 | |
|-------------------|-------------------------------|-------------------------|--|--------------|
| | Year-to-Date as of 2/10/16 | | Amount | % |
| IDG/IDT | \$13,551,600 | \$13,513,700 | (\$37,900) | (0.3) |
| Federal | 18,422,113,900 | 17,734,683,600 | (687,430,300) | (3.7) |
| Local | 123,339,800 | 123,892,300 | 552,500 | 0.4 |
| Private | 156,409,100 | 156,279,300 | (129,800) | (0.1) |
| Restricted | 2,217,821,600 | 2,328,831,500 | 111,009,900 | 5.0 |
| GF/GP | 4,153,708,200 | 4,350,767,300 | 197,059,100 | 4.7 |
| Gross | \$25,086,944,200 | \$24,707,967,700 | (\$378,976,500) | (1.5) |
| FTEs | 15,443.0 | 15,560.5 | 117.5 | 0.8 |

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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) was created through the merger of the Department of Community Health (DCH) and the Department of Human Services (DHS) under Executive Order (EO) 2015-4. The Human Services portion of the DHHS budget includes a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs and protecting children and assisting families by administering foster care, adoption, and family preservation programs, and by enforcing child support laws. The Health Services portion of the DHHS budget provides funding for a wide range of behavioral health (mental health and substance use disorder), public health, aging, crime victim, and medical services programs, including Medicaid and the Healthy Michigan Plan.

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|---|---|--|
| Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations | FY 2015-16 YTD (as of 2/10/16) | Executive Change from YTD |
|---|---|--|

MEDICAID AND BEHAVIORAL HEALTH - GENERAL

1. Traditional Medicaid Cost Adjustments

Provides increase of \$338.7 million Gross (\$170.2 million GF/GP) for traditional Medicaid, MIChild, and Federal Medicare Pharmaceutical Program caseload, utilization, inflation, and financing adjustments. Total includes \$47.5 million GF/GP to offset decline in Federal Medical Assistance Percentage (FMAP) from 65.60% to 65.15% due to relative growth in state's personal income and includes \$29.8 million GF/GP reduction based on available federal Title XXI matching funds. Total caseload for traditional Medicaid program is projected at 1.65 million individuals.

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|--------------|-------------------------|----------------------|
| Gross | \$13,077,804,300 | \$338,672,800 |
| Federal | 8,539,476,700 | 158,701,800 |
| Local | 46,712,100 | 441,400 |
| Private | 2,100,000 | 0 |
| Restricted | 1,887,376,600 | 9,374,900 |
| GF/GP | \$2,602,138,900 | \$170,154,700 |

2. Healthy Michigan Plan Cost Adjustments

Includes reduction of \$513.3 million Gross (increase of \$108.6 million GF/GP) for Healthy Michigan Plan caseload, utilization, inflation, and financing adjustments. Gross reduction is due to both caseload levelling off at roughly 600,000 individuals and adjustments to managed care capitated rates. Beginning January 1, 2017, the federal match rate reduces from 100% to 95%, requiring \$108.6 million GF/GP increase. Executive Recommendation utilizes \$95.0 million of Hospital QAAP Retainer savings described below to offset bulk of match costs.

| | | |
|--------------|------------------------|------------------------|
| Gross | \$4,120,201,500 | (\$513,250,200) |
| Federal | 4,120,201,500 | (621,828,200) |
| GF/GP | \$0 | \$108,578,000 |

3. Actuarial Soundness Adjustments

Includes a net reduction of \$18.9 million Gross (\$4.6 million GF/GP) to provide \$54.8 million Gross (\$19.1 million GF/GP) for a 1.5% Medicaid health plans actuarial soundness adjustment, \$34.2 million Gross (\$11.9 million GF/GP) for a 1.5% Prepaid Inpatient Health Plans actuarial soundness adjustment, \$29.2 million Gross (\$1.1 million GF/GP) for a 2.0% Healthy Michigan Plan actuarial soundness adjustment, and a reduction of \$137.2 million Gross (\$36.7 million GF/GP) based on a one-year moratorium on the ACA health insurer fee beginning January 1, 2017.

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|--------------|-------------------------|-----------------------|
| Gross | \$11,516,242,900 | (\$18,911,600) |
| Federal | 9,031,879,700 | (14,328,200) |
| Local | 39,846,400 | 0 |
| Restricted | 1,189,849,500 | 0 |
| GF/GP | \$1,254,667,300 | (\$4,583,400) |

**FY 2015-16 YTD
(as of 2/10/16)** **Executive
Change
from YTD**

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

| | | | |
|--|--------------|-----------|------------------------|
| 4. Medicaid Managed Care Use Tax and Health Insurance Claims Assessment Adjustments | Gross | NA | (\$612,903,600) |
| | Federal | NA | (472,458,800) |
| | Restricted | NA | 58,187,300 |
| | GF/GP | NA | (\$198,632,100) |

Reduces \$612.9 million Gross (\$198.6 million GF/GP) to reflect (1) discontinuation of Use Tax on Medicaid Managed Care Organizations (MCOs) and associated actuarial soundness payments of \$612.9 million Gross (\$140.4 million GF/GP) to MCOs on January 1, 2017 and (2) offset of \$58.2 million in GF/GP funds with restricted Health Insurance Claims Assessment (HICA) revenue from associated automatic increase in HICA from 0.75% to 1.0% on January 1, 2017.

DEPARTMENTWIDE ADMINISTRATION

| | | | |
|-----------------------|--------------|-----------|------------|
| 5. DHHS Merger | Gross | NA | \$0 |
| | GF/GP | NA | \$0 |

Includes numerous appropriation line item adjustments related to the 2015 merger creating DHHS, including consolidation of line items and appropriation units reflecting reorganization of programs and agencies. No net impact on department appropriations.

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|--|--------------|----------------------|---------------------|
| 6. Information Technology – Child Welfare Information System (MiSACWIS) | FTE | 0.0 | 50.0 |
| | Gross | \$151,516,300 | \$22,309,000 |
| | IDG | 1,067,000 | 0 |
| | TANF | 12,087,200 | 5,769,300 |
| | Federal | 82,664,900 | 8,792,800 |
| | Restricted | 1,985,800 | 0 |
| | GF/GP | \$53,711,400 | \$7,746,900 |

Includes an increase of 50 FTEs and \$22.3 million Gross (\$7.7 million GF/GP), including \$10.8 million ongoing and \$11.5 million one-time funds, to continue implementation of improvements to the Michigan Statewide Automated Child Welfare Information System, to comply with new federal regulations and the Modified Settlement Agreement with Children's Rights, Inc., for improved monitoring of child protective services, and foster care and adoption cases. Year-to-date amount shown is for the Information Technology Projects and Services line item.

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|--|--------------|----------------------|--------------------|
| 7. Information Technology –Software Support and IT Service Model Change | Gross | \$201,717,400 | \$7,198,300 |
| | IDG | 1,067,000 | 0 |
| | TANF | 12,087,200 | 0 |
| | Federal | 105,285,900 | 4,656,000 |
| | Private | 20,000,000 | 0 |
| | Restricted | 1,985,800 | 0 |
| | GF/GP | \$61,291,500 | \$2,542,300 |

Increases funding by \$7.2 million Gross (\$2.5 million GF/GP) for costs to support information technology and Medicaid Management Information systems including encryption and security software, Medicaid fraud detection software, and transition to the new DTMB financial model for the provision of information technology services across all departments. Year-to-date amount shown includes the Information Technology Projects and Services line item and the Michigan Medicaid Information Services line item.

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|--------------------------------|--------------|-----------|---------------------|
| 8. Economic Adjustments | Gross | NA | \$42,842,000 |
| | IDG | NA | 231,000 |
| | TANF | NA | 64,500 |
| | Federal | NA | 23,600,000 |
| | Local | NA | 738,400 |
| | Private | NA | 252,100 |
| | Restricted | NA | 867,400 |
| | GF/GP | NA | \$17,088,600 |

Reflects increased costs of \$42.8 million Gross (\$17.1 million GF/GP) for the following economics adjustments for employees and other: negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially determined retirement rate increases, and increases for worker's compensation, building occupancy, and food for state hospitals, centers, and juvenile justice facilities. Economics adjustments are also included for administrative hearings system and information technology charges.

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|--|--------------|--------------------|----------------------|
| 9. Discontinue 2010 Early Out Payouts | Gross | \$6,363,600 | (\$6,363,600) |
| | IDG | 200 | (200) |
| | TANF | 995,400 | (995,400) |
| | Federal | 2,773,900 | (2,773,900) |
| | Restricted | 53,700 | (53,700) |
| | GF/GP | \$2,540,400 | (\$2,540,400) |

Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years; total reduction taken is \$6.4 million Gross (\$2.5 million GF/GP).

HUMAN SERVICES

| | | | |
|--|--------------|------------------------|-----------------------|
| 10. Food Assistance Program (FAP) Caseload Adjustment | Gross | \$2,419,025,900 | (\$70,908,500) |
| | Federal | 2,419,025,900 | (70,908,500) |
| | GF/GP | \$0 | \$0 |

Increases FAP caseload costs by \$13.8 million Gross (\$0 GF/GP) for FY 2016-17, in addition to a proposed supplemental caseload cost reduction for FY 2015-16 of \$84.7 million Gross (\$0 GF/GP), for a total reduction of \$70.9 million Gross (\$0 GF/GP) compared to the original enacted FY 2015-16 budget. Funding supports 795,400 cases at an average cost of \$246.01 per month; FAP caseload in December 2015 was 786,725.

| Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations | FY 2015-16 YTD (as of 2/10/16) | Executive Change from YTD |
|--|---|--|
| 11. Additional Public Assistance Caseload Adjustments | Gross \$190,205,100 | (\$5,389,200) |
| Decreases funding for other public assistance programs by \$5.4 million Gross (\$2.5 million GF/GP) as follows: | TANF 42,731,900 | (1,470,300) |
| <ul style="list-style-type: none"> Family Independence Program (FIP) is reduced \$3.9 million Gross (\$953,600 GF/GP) adjusting the monthly caseload estimate from 25,473 cases at \$362.93 per month to 25,800 cases at \$365.61 per month. State Disability Assistance (SDA) is reduced by \$1.7 million GF/GP adjusting the monthly caseload estimate from 5,566 cases at \$209.88 per month to 4,900 cases at \$210.10 per month. State Supplementation is increased by \$163,300 GF/GP adjusting the monthly caseload estimate from 276,585 cases at \$19.04 per month to 277,300 cases at the same monthly rate. | Restricted 48,029,600 | (1,464,200) |
| | GF/GP \$99,443,600 | (\$2,454,700) |
| 12. Child Welfare Caseload Adjustments | Gross \$621,109,300 | \$3,389,200 |
| Increases funding for child welfare programs by \$3.4 million Gross (\$1.8 million GF/GP) as follows: | TANF 163,523,100 | (3,578,800) |
| <ul style="list-style-type: none"> Foster care payments are increased by \$1.0 million Gross (reduction of \$8.7 million GF/GP) from 6,175 cases at \$27,877 per year to 5,950 cases at \$29,400 per year. Adoption subsidies are reduced \$6.0 million Gross (increase of \$723,300 GF/GP) from 25,064 cases at \$745.00 per month to 24,740 cases at \$734.64 per month. The Child Care Fund is increased \$6.3 million GF/GP. Guardianship assistance payments are increased by \$2.7 million Gross (\$3.5 million GF/GP) from 900 cases at \$825.94 per month to 1,280 cases at \$779.07 per month. Family Support Subsidies are reduced by \$682,200 Gross (\$0 GF/GP) from 6,616 cases at \$222.11 per month to 6,369 cases at the same monthly rate. | Federal 191,130,500 | 5,525,100 |
| | Private 2,805,900 | (381,900) |
| | Local 14,194,000 | 0 |
| | GF/GP \$249,455,800 | \$1,824,800 |
| 13. Family Preservation Programs | FTE 23.0 | 1.0 |
| Includes 1.0 FTE position and an additional \$10.0 million federal Temporary Assistance for Needy Families (TANF) grant funds as one-time funding to expand the Parent Partner Program and the Family Reunification Program to additional counties. | Gross \$38,857,500 | \$10,000,000 |
| | TANF 38,274,300 | 10,000,000 |
| | Federal 583,200 | 0 |
| 14. Family Independence Program (FIP) Clothing Allowance Increase | Gross \$2,880,000 | \$6,100,000 |
| Includes additional \$6.1 million federal TANF funding to expand the clothing allowance for FIP recipients to all school-age children receiving benefits instead of the current policy in which only children in "child-only" eligibility groups (adult caretakers not eligible for benefits) receive the clothing allowance. Program is currently appropriated \$2.9 million TANF funding. In addition, the annual benefit would be increased from \$140 per child to \$200. Adjusts boilerplate language to reflect changes (Sec. 669). | TANF 2,880,000 | 6,100,000 |
| 15. Foster Care Residential and Administrative Rates – Eliminate County Hold-Harmless Provision | Gross NA | (\$6,100,000) |
| Reduces funding by \$6.1 million Gross (\$5.2 million GF/GP) by rescinding the county hold-harmless provision that requires DHHS to pay 100% of the foster care administrative rates to private agencies for all new cases beginning October 1, 2013; also requires counties to pay 50% of the entire private residential rate and private agency administrative rate. | Federal NA | (900,000) |
| | GF/GP NA | (\$5,200,000) |
| 16. Multicultural Integration Funding | Gross \$11,858,300 | \$1,445,500 |
| Increases funding by \$1.5 million GF/GP to various multicultural organizations that provide social services programs to specific populations. Organizations receiving additional funding include: Arab Community Center for Economic and Social Services (ACCESS), Arab Chaldean Council (ACC), the Jewish Federation, and the Chaldean Community Foundation (CCF). | TANF 421,000 | 0 |
| | Federal 694,500 | 0 |
| | GF/GP \$10,742,800 | \$1,455,500 |
| 17. County Prosecuting Attorney Contracts | Gross \$2,561,700 | \$500,000 |
| Provides additional \$500,000 federal funding to recognize the increase in contracts with county Prosecuting Attorneys for legal services concerning child welfare cases. | Federal 2,561,700 | 500,000 |

FY 2015-16 YTD
(as of 2/10/16)

Executive
Change
from YTD

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

18. Child Care Fund – Federal TANF and GF/GP Fund Source Shift **Gross** **NA** **\$0**
 Includes fund source shift of TANF and GF/GP funding in the Child Care Fund line item by replacing \$43.0 million TANF funding with \$43.0 million GF/GP. The GF/GP funding is available by replacing GF/GP in two line items with TANF in the following amounts: the Child Welfare Field Staff line item (\$28.8 million) and the Family Independence Program line item (\$15.0 million). Federal policy mandates that in-home care expenditures for youth in juvenile justice programs may no longer be funded with TANF or TANF MOE funding. The funding shift is net neutral to DHHS. **TANF** **NA** **0**
GF/GP **NA** **\$0**

19. In-Home Community Care Grants for Rural Counties **Gross** **\$400,000** **(\$400,000)**
 Eliminates the \$400,000 GF/GP funding for In-Home Community Care Grants which provides new grants for the expansion of in-home community-based programs for juvenile justice services in rural counties; eliminates boilerplate language concerning program funding (Sec. 587). **GF/GP** **\$400,000** **(\$400,000)**

20. Adoption Family Support Network Parent-to-Parent Program **Gross** **\$350,000** **(\$350,000)**
 Eliminates the \$350,000 GF/GP funding for the Parent-to-Parent program which provides parent mentoring to adoptive parents and children; eliminates boilerplate language concerning program funding (Sec. 559). **GF/GP** **\$350,000** **(\$350,000)**

21. Capped Federal Revenues Fund Source **Gross** **NA** **\$0**
 Rolls the "Capped Federal Revenues" fund source into the general "Total Federal Revenues" fund source. **Federal** **NA** **0**

BEHAVIORAL HEALTH

22. Autism Navigator **Gross** **\$0** **\$1,125,000**
 Includes \$1.1 million GF/GP in one-time funding for an assessment of the statewide rollout of the Medicaid Autism benefit and assistance to families of autistic children in finding services. Previously funded with \$1.5 million in one-time restricted funding for FY 2014-15. **GF/GP** **\$0** **\$1,125,000**

23. New Unit at Center for Forensic Psychiatry **FTE** **556.3** **51.0**
 Adds \$7.6 million GF/GP to fund additional unit to serve 30 patients. Center provides psychiatric treatment to criminal defendants ruled incompetent to stand trial and/or acquitted by reason of insanity. Adds new boilerplate Sec. 1059 that identifies outcomes and performance measures: average wait times for persons ruled incompetent to stand trial and number of persons waiting to receive services. **Gross** **\$72,538,000** **\$7,607,000**
Federal **11,900** **0**
Local **5,085,700** **0**
Restricted **877,600** **0**
GF/GP **\$66,562,800** **\$7,607,000**

PUBLIC HEALTH

24. Flint Declaration of Emergency **Gross** **\$17,307,000** **(\$2,158,900)**
 Provides \$15.1 million Gross (\$9.1 million GF/GP) in funding for evaluation and assistance to residents exposed to lead in the City of Flint, as one-time funding. This is a net reduction at this point in time from the current Year-to-Date which includes two supplemental appropriations for Flint. FY 2016-17 funds are anticipated to be for partial year only. Services supported include food inspection of restaurants and public venues, nutritional services through existing programs, health services at child and adolescent health centers and schools, community mental health evaluation and care for children with elevated blood levels, and lead investigations and abatement planning for homes. Additional funding may be available for transfer from a \$50.0 million Flint Emergency Reserve Fund in the DTMB budget, as well as a \$6.1 million set aside in the DHHS budget, both proposed in a FY 2015-16 supplemental. **TANF** **0** **3,520,000**
Federal **2,845,000** **(795,000)**
Restricted **3,552,000** **(3,078,100)**
GF/GP **\$10,910,000** **(\$1,815,800)**

25. Public Health - Immunization, Stroke Registry, Violence Prevention **Gross** **\$20,991,600** **\$1,198,100**
 Recognizes \$1.2 million of increased public health federal funds including a new adult immunization program grant of \$517,400, stroke registry grant increase of \$390,000, and use of violence prevention grant carryforward funding of \$290,700 for suicide prevention and violent death reporting. **Federal** **15,582,300** **1,198,100**
Private **2,000,000** **0**
Restricted **850,000** **0**
GF/GP **\$2,559,300** **\$0**

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

CRIME VICTIM SERVICES

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|--|--------------|---------------------|---------------------|
| 26. Crime Victim Assistance Services | Gross | \$33,999,800 | \$44,279,300 |
| Adds \$44.3 million to reflect increased federal grant award for crime victim justice assistance services including training and technical assistance for service providers, and direct services to crime victims. The funds are available due to the federal Victims of Crime Act (VOCA) Fund annual cap being increased by law, accessing a substantial balance in the Fund for all state formula grants. Year-to-date amount shown is all funding for Crime Victim Services Commission. | Federal | 18,697,500 | 44,279,300 |
| | Restricted | 15,302,300 | 0 |
| | GF/GP | \$0 | \$0 |

AGING AND ADULT SERVICES AGENCY

| | | | |
|---|--------------|---------------------|---------------------|
| 27. Implement Planned PACE Program Expansion | Gross | \$65,938,500 | \$26,585,900 |
| Increases the Program of All-Inclusive Care for the Elderly (PACE) line item by \$26.6 million Gross (\$9.3 million GF/GP) to fund additional slots at current PACE sites, and new slots to implement PACE expansion into Jackson County and Traverse City for qualified Medicaid recipients. Savings from the PACE expansion are assumed in the same amount from the Long Term Care Services line item for a net \$0 DHHS budget adjustment. Also transfers the PACE line item back to the Medical Services unit; PACE was transferred to Aging and Adult Services Agency in FY 2015-16 budget as part of the Department merger. | Federal | 43,254,000 | 17,320,700 |
| | GF/GP | \$22,684,500 | \$9,265,200 |

MEDICAL SERVICES

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|--|--------------|-----------|---------------------|
| 28. Integrated Service Delivery Application and Enrollment | Gross | NA | \$49,230,000 |
| Adds \$49.2 million Gross (\$1.2 million GF/GP) for information technology costs to update and streamline the electronic application and enrollment process for services through DHHS. Ongoing funding is \$12.3 million Gross (\$1.2 million GF/GP) and one-time funding is \$36.9 million federal (including \$3.7 million in TANF funds). | Federal | NA | 44,307,000 |
| | TANF | NA | 3,692,200 |
| | GF/GP | NA | \$1,230,800 |

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|--|--------------|---------------------|-----------------------|
| 29. Hospital QAAP Retainer | Gross | \$92,856,100 | (\$92,856,100) |
| Replaces one-time increase in GF/GP retainer savings from hospital Quality Assurance Assessment Program of \$92.9 million with ongoing retainer amount of \$105.0 million, for a net GF/GP savings of \$12.1 million. Also removes the \$92.9 million Healthy Michigan Plan Hospital Rate Adjustment increase provided to keep hospitals held harmless on the whole. These adjustments require statute change. | Federal | 92,856,100 | (92,856,100) |
| | Restricted | 92,856,100 | 12,143,900 |
| | GF/GP | (\$92,856,100) | (\$12,143,900) |

| | | | |
|---|--------------|----------------------|------------|
| 30. Special Hospital Payments | Gross | \$208,799,300 | \$0 |
| Maintains payments at FY 2015-16 levels: \$162.9 million Gross (\$56.0 million GF/GP) for Graduate Medical Education, \$34.9 million Gross (\$12.0 million GF/GP) for Special Rural Hospitals, and \$11.0 million Gross (\$3.8 million GF/GP) for OB/GYN Hospital Lump Sum. | Federal | 136,972,300 | 0 |
| | GF/GP | \$71,827,000 | \$0 |

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|---|--------------|----------------------|----------------------|
| 31. Specialty Drugs – Hepatitis C and Cystic Fibrosis | Gross | \$199,449,700 | \$194,631,600 |
| Adds \$194.6 million Gross (\$69.7 million GF/GP) to annualize costs for specialty drugs added to the Medicaid formulary in 2016 to treat Hepatitis C and Cystic Fibrosis. Total FY 2016-17 costs, including half-year costs added through FY 2015-16 legislative transfer, are \$394.1 million Gross (\$135.2 million GF/GP). Of total, \$327.8 million Gross (\$91.5 million GF/GP) is for estimated Hepatitis C treatment costs and \$66.3 million Gross (\$43.7 million GF/GP) is for estimated Cystic Fibrosis treatment costs; majority of Cystic Fibrosis treatment will be through Children Special Health Care Services. | Federal | 133,934,900 | 124,967,600 |
| | GF/GP | \$65,514,800 | \$69,664,000 |

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|--|--------------|-----------|---------------------|
| 32. Specialty Drugs – Reserve Fund | Gross | NA | \$86,083,200 |
| Creates one-time reserve fund of \$86.1 million Gross (\$30.0 million GF/GP) for potential costs associated with release of other new specialty drugs in FY 2016-17. | Federal | NA | 56,083,200 |
| | GF/GP | NA | \$30,000,000 |

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|--|--------------|----------------------|---------------------|
| 33. Healthy Kids Dental | Gross | \$219,139,400 | \$25,601,000 |
| Adds \$25.6 million Gross (\$8.9 million GF/GP) to complete expansion of program, covering children ages 13 to 20 in Kent, Oakland, and Wayne Counties. Revises boilerplate Sec. 1894 to reflect expansion to children of all ages in those counties. Year-to-date amount shown is for full Dental Services line item. | Federal | 143,150,200 | 16,679,100 |
| | GF/GP | \$75,989,200 | \$8,921,900 |

| Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations | | FY 2015-16 YTD (as of 2/10/16) | Executive Change from YTD |
|---|--------------|---|--|
| 34. Ambulance Quality Assurance Assessment Program (QAAP) | Gross | \$8,641,000 | \$48,115,500 |
| Expands QAAP-funded ambulance provider rate increase to managed care and Healthy Michigan Plan payments to ambulance providers. Executive also notes that the ambulance QAAP roll out has been delayed until April 1, 2016. | Federal | 5,668,500 | 40,766,900 |
| | Restricted | 3,972,500 | 5,833,600 |
| | GF/GP | (\$1,000,000) | \$1,515,000 |
| 35. Merit Award Trust Fund Adjustment | Gross | NA | \$0 |
| Offsets \$23.7 million in Merit Award Trust Fund revenue appropriated in the long term care services line item with GF/GP in order to redirect Merit Award Trust Fund revenue to pay costs related to Detroit Public Schools restructuring. | Restricted | NA | (23,661,900) |
| | GF/GP | NA | \$23,661,900 |

Major Boilerplate Changes From FY 2015-16

Executive Boilerplate Deletions

The Executive Budget Recommendation deletes a significant amount of boilerplate language included in the FY 2015-16 budget. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections proposed to be deleted.

GENERAL SECTIONS

Sec. 204. Performance Metrics for New Programs or Program Increases – DELETED

Requires DHHS, in addition to metrics required under the Management and Budget Act, to identify program-specific metrics for new programs or enhancements in excess of \$1.0 million.

Sec. 218. Basic Health Services – DELETED

Lists eight health services to be included in annual list of proposed basic health services that are to be available and accessible throughout the state, as required by Part 23 of the Public Health Code, 1978 PA 368.

Sec. 222. Notification and Report of Policy Changes – DELETED

Requires notification of policy changes 30 days before implementation; requires policy manual to be available on the DHHS website; and requires a report by April 1, 2016 on policy changes made to implement new public acts.

Sec. 231. Travel Reimbursement to Local County Board Members and Directors – DELETED

Allocates up to \$100,000 to reimburse counties for out-of-pocket travel costs of local county department board members and directors to attend one meeting each year of the Michigan County Social Services Association.

Sec. 252. Appropriations for Healthy Michigan Plan – DELETED

Specifies that appropriations for the Healthy Michigan Plan (HMP) are contingent upon 2013 PA 107 not being amended, repealed, or otherwise altered to eliminate the HMP.

Sec. 288. Services and Administrative Limitations for New Contracts – DELETED

Requires that after the first year of a contract, no less than 90% of a new department contract supported solely from state restricted or GF/GP funds and designated for a specific entity for the purpose of providing services to individuals be expended for those services.

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.

Sec. 298. Behavioral Health Integration – NEW

New language would require funding for Medicaid behavioral health services currently provided to Prepaid Inpatient Health Plans to be transferred to Medicaid health plans by the end of FY 2016-17. Provides for process for stakeholders to develop an integration plan and ensure continuity of care. Requires health plans to contract with existing CMHSPs for provision of specialty services and supports. Requires report describing the integration plan.

CHILDREN'S SERVICES – CHILD WELFARE

Sec. 501. Foster Care Time Limit Goals – REVISED

Establishes a goal that not more than 27% of foster children at any given time will have been in foster care for 24 months or more; Executive eliminates annual report.

Sec. 503. Child Welfare Performance-Based Funding – REVISED

Requires DHHS to continue to develop actuarially sound case rates for out-of-home child welfare services by DHHS and private providers. Executive deletes language that requires report on full cost analysis and that prohibits DHHS from phasing in the implementation of a performance-based funding model into additional counties unless the county and associated entities agree to implementation.

Major Boilerplate Changes From FY 2015-16

Sec. 504. Child Welfare Performance-Based One-Time Funding – REVISED

Requires DHHS to allocate \$500,000 of part 1 appropriations to help support the first-year start-up costs to operate a consortium in Kent County for a performance-based child welfare pilot program. Executive deletes language that requires DHHS to allocate funding for first-year start-up costs.

Sec. 511. Physical and Mental Health Assessment Report – DELETED

Requires DHHS to track the number and percentage of foster children who received physical and mental health assessments.

Sec. 513. Child Placements in Out-of-State Facilities – REVISED

Restricts placement of children in out-of-state facilities unless specified criteria are met. Executive deletes language that prohibits DHHS to fund child placement in an out-of-state facility without specified approval and language requiring annual report on per diem costs of each residential service provider in this state.

Sec. 514. Child Protective Services Report – DELETED

Requires report on Child Protective Services; lists specific information and statistics to be included in the report.

Sec. 515. Kent County Privatization Implementation – DELETED

Requires report that provides an update on the privatization of child welfare services in Kent County.

Sec. 519. Treatment Foster Care – DELETED

Requires DHHS to permit private agencies with existing contracts to provide treatment foster care services.

Sec. 523. Family Preservation Program Report and TANF Eligibility Reporting – REVISED

Requires report on family preservation program data; requires agencies receiving Youth in Transition or Domestic Violence Prevention funding to report program data to DHHS to meet TANF eligibility. Executive revises language concerning content of required report.

Sec. 525. On-Site Evaluations – DELETED

Requires DHHS to use the same on-site evaluation process and noncompliance penalties for private-operated and state-operated residential facilities.

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.

Sec. 533. Child Welfare Payment Promptness – DELETED

Directs DHHS to make payments to child placing agencies within 30 days after receiving documentation for out-of-home care and in-home care services.

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.

Sec. 540. Psychotropic Medication For Youth in Out-of-Home Placements – DELETED

Requires DHHS to determine within 7 days whether to change prescribed psychotropic medication for state wards if the placement administration determines that the medication should be changed, to seek parental consent within 7 business days for a temporary court ward, or to petition the court on the eighth business day if parental consent is not provided.

Sec. 546. Foster Care Agency Administrative Rates – REVISED

Establishes foster care administrative rate of \$37 for private child placing agencies under contract with DHHS; establishes general independent living administrative rate of \$28; requires payments for independent living plus services at the statewide per diem; increases administrative rate for foster care services by \$3, provided that the county match rate is eliminated for this increase; requires DHHS to provide an increase to each private provider of residential services, provided that the county match rate is eliminated for this increase. Executive eliminates language requiring \$3.00 administrative rate increase to private foster care providers and language requiring an increase to private residential service providers; also strikes language that eliminates the county match requirements for these rate increases.

Sec. 558. Child Welfare Training Institute Report – REVISED

Requires DHHS to maximize use of training programs or courses provided through the Child Welfare Training Institute and requires courses be made available to employees of private service providers. Executive deletes language that requires report on the training programs and courses provided.

Sec. 562. Time and Travel Reimbursements for Foster Parents – DELETED

Requires time and travel reimbursements for foster parents who transport foster children to parent-child visitation.

Sec. 564. Parent-Child and Parent-Caseworker Visitations – DELETED

Requires DHHS to develop policy for parent-child visitations, requires local offices to meet a 50% success rate, after accounting for factors outside of the caseworker's control; requires caseworkers to achieve a success rate of 65% for parent-caseworker visitations, after accounting for factors outside of the caseworker's control.

Major Boilerplate Changes From FY 2015-16

Sec. 567. Medical Passports – DELETED

Requires foster care caseworkers to complete medical passports and requires medical passport to be transferred within 2 weeks from date of placement or return home.

Sec. 568. Adoption Subsidy Negotiations – DELETED

Requires DHHS to pay a minimum adoption subsidy rate that is not less than 95% of the family foster care rate, including the determination of care rate; states that state statute amended subsequent to this act shall control.

Sec. 585. Private Agency Staff Training – DELETED

Requires DHHS to make available at least 1 pre-service training class each month for caseworkers of private agencies.

Sec. 589. Payment of Foster Care Administrative Rate – DELETED

Requires DHHS to pay 100% of the administrative rate for all new cases referred to foster care services providers beginning October 1, 2013.

Sec. 593. Residential Service Providers Staff Ratio – DELETED

Allows residential service providers for abuse and neglect cases to implement staff ratios of 1 staff to 5 children during waking hours.

PUBLIC ASSISTANCE

Sec. 602. Multiple Disability Applications – DELETED

Requires DHHS to conduct a full evaluation of an individual's assistance needs if the individual has applied for disability more than 1 time within a 1-year period.

Sec. 614. SDA Recipients Eligible for SSI Benefits – DELETED

Requires report on number of SDA recipients determined eligible for federal SSI benefits in previous year.

Sec. 617. Law Enforcement Information Network (LEIN) Report – DELETED

Requires report on the number and percentage of persons no longer eligible for public assistance because of their status in LEIN.

Sec. 625. Legal Services Association of Michigan – DELETED

Permits DHHS to contract with Legal Services Association of Michigan to provide assistance to individuals who have applied or wish to apply for federal disability benefits.

Sec. 672. Electronic Benefit Transfer Card Abuse Report – DELETED

Requires DHHS to report on efforts to reduce inappropriate use of Bridge Cards by program recipients and retailers.

Sec. 673. MiBridges Fraud Workgroup – DELETED

Requires DHHS to conduct a work group with the Departments of State and State Police to investigate minimizing fraud in the MiBridges benefits programs.

CHILDREN'S SERVICES – JUVENILE JUSTICE

Sec. 701. Residential Facility Contracts – DELETED

Unless required from changes to federal or state law or at the request of a provider, prohibits signed contracts with private residential facilities to be altered without written consent from a representative of the private residential facility.

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 by October 1 of each year; approval must be obtained prior to December 15; Executive eliminates required report on number of plans not submitted by the deadline and number of plans not approved.

Sec. 719. Legislative Notification of Juvenile Justice Changes – DELETED

Requires DHHS to notify the Legislature at least 30 days before closing or making any change in the status of a state juvenile justice facility, including licensed bed capacity and operating bed capacity.

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.

FIELD OPERATIONS AND SUPPORT SERVICES

Sec. 805. Order of Selection – DELETED

States legislative intent that MRS not implement an order of selection for vocational and rehabilitative services.

BEHAVIORAL HEALTH SERVICES

Sec. 912. Non-Medicaid Substance Use Disorder Services – DELETED

Requires DHHS to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services.

Major Boilerplate Changes From FY 2015-16

Sec. 924. Timely Claims Process for PIHPs – DELETED

Requires that PIHPs contracting with DHHS to provide services to the Medicaid population adhere to the timely claims processing and payments procedure to claims submitted by health professionals and facilities as described in the Social Welfare Act.

Sec. 960. University Autism Programs – REVISED

Requires DHHS to allocate funds appropriated for university autism programs through a grant process. Executive adds outcomes and performance measurers: increase in behavioral analysts certified from a program, autism diagnosis services provided, and employment rate of employment program participants.

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

Requires DHHS to consider 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.

Sec. 997. Distribution of Substance Use Disorder Block Grant Funds – DELETED

Requires population data from the most recent federal census be used in determining the distribution of substance use disorder block grant funds.

Sec. 998. Distribution of General Funds to CMHSPs – DELETED

Requires that, if DHHS decides to use census data for distribution of state general funds to CMHSPs, it use the most recent federal decennial census data available.

Sec. 1010(2). Redistribution of Lapsed Funds – DELETED

States intent that any lapsed funds from appropriation for Medicaid Mental Health Services be redistributed to individual CMHSPs and requires report on lapse amounts.

Sec. 1010. Kevin's Law – NEW

Allocates \$2.0 million to address implementation of court ordered assisted outpatient treatment under PA 297 of 2004 (Kevin's Law).

PUBLIC HEALTH ADMINISTRATION

Sec. 1102. School Children's Healthy Exercise Program – DELETED

Allocates \$1.0 million for the school children's healthy exercise program for children kindergarten through grade 8, which shall incorporate evidence-based best practices.

Sec. 1103. Health and Wellness Initiatives Criteria – DELETED

Requires DHHS to establish criteria for Health and Wellness Initiatives project allocations, which shall include that programs funded be evidence-based, supported by research, include interventions that lower cost and improve quality, and have statewide impact.

HEALTH POLICY

Sec. 1140. Free Health Clinic Funding – DELETED

Allocates \$250,000 to free health clinics from the funds appropriated for primary care services. Requires DHHS to distribute funds equally to each free health clinic.

Sec. 1145. Payments to Indian or Tribal Facilities for Medical Services – DELETED

Directs DHHS to take steps necessary to assure that Indian Health Service, Tribal or Urban Indian Health Program facilities receive the maximum amount allowable under federal law for Medicaid services.

FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

Sec. 1300. Report of Sexual and Maternal Health Demographics and Expenditures by Marital Status – DELETED

Requires report of an estimate of public funds administered by DHHS for family planning, sexually transmitted infection prevention and treatment, pregnancies, and births.

Sec. 1307. Alternative Pregnancy and Parenting Support Services Program – DELETED

Allocates \$50,000 for the alternative pregnancy and parenting support services program to provide enhanced counseling and support for women during pregnancy through 12 months after birth, which promotes childbirth, alternatives to abortion, and grief counseling.

CRIME VICTIM SERVICES COMMISSION

Sec. 1380. Allocation of Funds for Forensic Nurse Examiner Programs – DELETED

Requires DHHS to use justice assistance grants line item appropriations to continue to support forensic nurse examiner programs to facilitate training for improved evidence collection for the prosecution of sexual assault.

MEDICAL SERVICES ADMINISTRATION

Sec. 1502. Transparency Database Website – DELETED

Requires DHHS to spend available work project revenue and any associated federal match to create a transparency database website and states the funding is contingent on enabling legislation.

Major Boilerplate Changes From FY 2015-16

Sec. 1506. Integrated Service Delivery – NEW

Provides for new information technology tools and enhancement of existing systems to improve the eligibility and enrollment process for citizens accessing department administered programs. Identifies outcomes and performance measures: successful consolidation of data warehouses, amount of time caseworkers devote to data entry, reduction in wait times, and reduction in caseworker workload.

MEDICAL SERVICES

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

Establishes the pharmacy dispensing fees and requires prescription co-payments for certain Medicaid and Healthy Michigan Plan (HMP) recipients. Executive revises to state that administration of co-payments shall be consistent with the terms and conditions established by the Centers for Medicare and Medicaid Services linked to the HMP waiver.

Sec. 1631. Medical Services Co-payments – REVISED

Requires co-payments on dental, podiatric, and vision services requires co-payments for office visits for certain Medicaid and HMP recipients. Executive revises to state that administration of co-payments shall be consistent with the terms and conditions established by the Centers for Medicare and Medicaid Services linked to the HMP waiver.

Sec. 1670. MICHild Program Eligibility – REVISED

Establishes eligibility standards and other provisions for the MICHild Program. Executive revises to remove various specific program operation-related requirements.

Sec. 1757. Medicaid Applicants, Legal Residence, and Fugitive Felon Status – DELETED

Requires that Medicaid applicants prove that they are residing legally in the United States and are residents of Michigan.

Sec. 1805. Graduate Medical Education (GME) Quality Data – DELETED

Requires hospitals receiving GME payments to submit quality data to a specified national nonprofit organization utilizing consensus-based nationally endorsed standards.

Sec. 1809. Health Plan Performance Standards – DELETED

Requires DHHS to establish separate contract performance standards for Medicaid health plans that adhere to the requirements of the Social Welfare Act associated with the 0.25% and 0.75% capitation withhold amounts.

Sec. 1820. Recognition of Medicaid Health Plan Accreditation – DELETED

Requires DHHS to give consideration to Medicaid health plan accreditation when establishing compliance with state program review criteria or audit requirements.

Sec. 1850. Eligibility Redetermination by Medicaid Health Plans – DELETED

Permit DHHS to allow health plans to assist in redetermination of Medicaid recipient's eligibility.

Sec. 1861. Nonemergency Medical Transportation Pilot – DELETED

Requires DHHS to encourage cooperation between Medicaid health plans, other health providers, and nonprofit entities to help facilitate a pilot nonemergency transportation system.

Sec. 1870. MIDocs Consortium – DELETED

Requires DHHS to establish the MIDocs consortium, consisting of Michigan-based medical schools, with purpose of developing freestanding residency training programs in primary care and other ambulatory care-based specialties.

| <u>Flint-Related Supplemental Recommendations for FY 2015-16 Appropriations</u> | | <u>FY 2015-16 Recommendation</u> |
|--|---|--|
| 1. Services for Flint Children and Families Exposed to Lead | – Provides \$2.2 million GF/GP to address needs related to the City of Flint water and lead exposure crisis, including \$430,000 for mobile food bank and additional food bank resources for nutrition services to mitigate lead exposure, \$260,000 for evidence-based home visiting programs for pregnant women, infants, and young children to promote better parenting skills and ability to identify developmental delays in children, and \$1.5 million for intensive cognitive behavioral therapy services and outreach for children through community mental health agencies (CMHs) including case management services. | Gross GF/GP \$2,190,000 \$2,190,000 |
| 2. Child-Related Emergency Needs | Provides boilerplate appropriation of \$6.1 million federal Temporary Assistance for Needy Families (TANF) funding for child-related Flint emergency needs; unexpended funds may be established as work project appropriations for expenditure by September 30, 2018. | Gross TANF \$6,100,000 GF/GP 6,100,000 \$0 |

Other Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

1. Medicaid Cost Adjustments

Includes net total increase of \$68.3 million Gross (\$21.2 million GF/GP) for various Medicaid-related adjustments: increases Autism Services for updated caseload and cost projections (\$4.7 million GF/GP), increases state's Medicare pharmaceutical clawback payment projection (\$18.4 million GF/GP), increases Medicare Part B premium payment cost projections (\$12.5 million GF/GP), and increases use of SCHIP match rate to offset GF/GP (\$14.3 million GF/GP savings).

Gross **\$68,345,500**
Federal 47,123,400
GF/GP \$21,222,100

2. Community Behavioral Clinics

Includes \$980,000 federal for a new grant to support planning costs associated with the creation of community behavioral health clinics.

Gross **\$980,000**
Federal 980,000
GF/GP \$0

3. Crime Victim Assistance Services

Adds \$5.0 million to reflect increased federal grant award for crime victim justice assistance services, including crisis counseling, training and technical assistance, personal and legal advocacy, therapy, shelter, and referral. The funds are available due to the federal Victims of Crime Act (VOCA) Fund annual cap being increased by law, accessing a substantial balance in the Fund for all state formula grants. See also FY 2016-17 proposed increase.

Gross **\$5,000,000**
Federal 5,000,000
GF/GP \$0

4. Food Assistance Program (FAP) Caseload Adjustments

Reduces FAP by \$84.7 million Gross (\$0 GF/GP) adjusting the monthly caseload estimate from 842,537 cases at \$239.26 per month to 801,800 cases at \$242.61 per month.

Gross **(\$84,728,400)**
Federal (84,728,400)
GF/GP \$0

5. Other Public Assistance Caseload Adjustments

Reduces other public assistance programs by \$4.4 million Gross (\$2.1 million GF/GP) for caseload adjustments as follows:

- Family Independence Program (FIP) is reduced \$3.0 million Gross (\$738,400 GF/GP) adjusting the monthly caseload estimate from 25,473 cases at \$362.93 per month to 25,000 cases at \$365.61 per month.
- State Disability Assistance (SDA) is reduced by \$1.4 million GF/GP adjusting the monthly caseload estimate from 5,566 cases at \$209.88 per month to 5,000 cases at \$210.10 per month.
- State Supplementation is increased by \$3,400 GF/GP adjusting the monthly caseload estimate from 276,585 cases at \$19.04 per month to 276,600 cases at the same monthly rate.

Gross **(\$4,419,500)**
TANF (1,138,500)
Restricted (1,133,700)
GF/GP (\$2,147,300)

6. Child Welfare Caseload Adjustments

Increases child welfare programs by \$2.7 million Gross (\$713,100 GF/GP) for caseload adjustments as follows:

- Foster care payments are increased by \$2.5 million Gross (reduction of \$7.8 million GF/GP) from 6,175 cases at \$27,877 per year to 6,000 cases at \$29,400 per year.
- Adoption subsidies are reduced \$6.0 million Gross (increase of \$723,300 GF/GP) from 25,064 cases at \$745.00 per month to 24,740 cases at \$734.64 per month.
- The Child Care Fund is increased \$6.3 million GF/GP.
- Guardianship assistance payments are increased by \$486,700 Gross (\$1.5 million GF/GP) from 900 cases at \$825.94 per month to 1,040 cases at \$778.05 per month.
- Family Support Subsidies are reduced by \$602,200 Gross (\$0 GF/GP) from 6,616 cases at \$222.11 per month to 6,390 cases at the same monthly rate.

Gross **\$2,682,800**
TANF (3,498,800)
Federal 5,850,400
Private (381,900)
GF/GP \$713,100

7. Sexual Assault Evidence Kit Funding

Includes \$25,000 GF/GP funding to implement PA 318 of 2014, the Sexual Assault Evidence Kit Tracking and Reporting Act.

Gross **\$25,000**
GF/GP \$25,000