

## MEMORANDUM



**DATE:** April 26, 2016  
**TO:** Members of the House Appropriations Committee  
**FROM:** Mary Ann Cleary, Director  
**RE:** Legislative Transfer Package 2016-5: Flint Medicaid Waiver

Attached are legislative transfers proposed by the State Budget Office in a letter dated April 22, 2016. Pursuant to section 393 of the Management and Budget Act, a legislative transfer must be approved by a majority of both the House and Senate Appropriations Committees, with identical funding sources and dollar amounts, in order to become effective. This transfer package is scheduled to be considered by the House Appropriations Committee on Wednesday, April 27, 2016.

In sum, this package would transfer \$20.9 million in Gross funding (\$4.5 million GF/GP) from the Integrated Care Organizations line item in the Health Human Services budget to various other line items in that budget in order to authorize expenditures related to the recently approved federal waiver that expands Medicaid eligibility to include children up to the age of 21 and pregnant women with incomes up to and including 400 percent of the federal poverty level (FPL) who were served by the Flint water system from April 2014 through a state-specified date when the water system is certified to be safe.<sup>1</sup> Under Michigan's regular Medicaid program, children are generally eligible for benefits up to 212% of FPL (under the MiChild program) and pregnant women are eligible up to 195% of FPL.

Based on State Budget Office estimates, major categories of expenditures for FY 2015-16 under the spending authority created by these transfers are as follows:

- \$5.6 million Gross (\$249,200 GF/GP) for providing Medicaid coverage to an estimated 7,000 newly eligible beneficiaries. The large majority of the beneficiaries are assumed to be eligible for the federal State Children's Health Insurance Program (SCHIP) match rate of 98.92% rather than the standard Medicaid match rate of 65.60%, reducing state GF/GP costs.
- \$7.5 million Gross (\$2.1 million GF/GP) for providing targeted case management services (as authorized under the waiver) for both currently eligible and newly eligible beneficiaries: an estimated 35,000 total. These services would include performance of comprehensive assessments and adaption of care plans, including assessment of home environments; providing education and information regarding the potential impacts of lead exposure, early warning signs, lead hazards, and available community resources; ensuring access to resources and assistance in breaking down any barriers that may exist; and conducting appropriate monitoring and follow-up activities.
- \$7.0 million Gross (\$1.75 million GF/GP) for information technology-related costs: updating the CHAMPS, MiBridges, and other systems to implement the waiver.
- \$700,800 Gross (\$350,400 GF/GP) for 12 additional caseworker positions to support the Genesee County local DHHS office and related costs.

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<sup>1</sup> The waiver approval document is available at this link: <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mi/mi-health-impacts-potential-lead-exposure-ca.pdf>.

With the exception of the information technology costs, these expenditures are based on half-year estimates, with full-year costs anticipated for FY 2016-17 and subsequent years. FY 2016-17 information technology costs are estimated to be \$2.6 million (\$656,800 GF/GP). Total full-year costs are estimated to be \$30.1 million Gross (\$6.0 million GF/GP).

Excess spending authorization is available in the Integrated Care Organizations line item for these transfers due to a smaller shift in expenditures from the Long Term Care Services line item than had been originally estimated.

If you have any questions about the proposed transfers, please contact the HFA Health and Human Services team at 373-8080.

Attachment

# LEGISLATIVE TRANSFER PACKAGE

 Mary Ann Cleary, Director Viola Bay Wild, Transfer Coordinator Compiled by Tumai Burris, Budget Assistant	<b>Summary Sheet</b>  SBO LETTER: 2016-5 April 22, 2016		
Department	Analyst	Page	Total Transfer
Health and Human Services	Sue Frey Kevin Koorstra Viola Bay Wild	1-5	\$20,862,600
<b>Total</b>			<b>\$20,862,600</b>



**FY 2015-16 Legislative Transfers: Requests 2016-5**

<b>Budget</b>	<b>Year-to-Date Total Approps</b>	<b>Standard Transfers (Within Existing Budget)</b>						<b>TOTAL</b>	<b>% of Budget Shifted</b>
		<b>IDG</b>	<b>Federal</b>	<b>Local</b>	<b>Private</b>	<b>Restricted</b>	<b>GF/GP</b>		
Health and Human Services	25,137,449,000		16,392,000		0		4,470,600	20,862,600	0.08%
<b>TOTAL*</b>	<b>\$54,623,101,700</b>	<b>\$0</b>	<b>\$16,392,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,470,600</b>	<b>\$20,862,600</b>	<b>0.04%</b>

\*Includes budget areas not affected by transfers



## LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES**  
 FISCAL YEAR: **2015-16**  
 TRANSFER AMOUNT: **\$3,500,000**

S.B.O. LETTER: **4/22/16**  
 S.B.O. REQUEST: **2016-5**  
 ANALYST: **Sue Frey**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 4/23/16	BALANCE AVAILABLE AS OF 4/23/16	GOV'S REC. 4/22/16	HOUSE ACTION	SENATE ACTION
<b>FROM: SEC. 125. MEDICAL SERVICES</b>						
Integrated care organizations	396,577,600	132,331,462	264,246,138	(3,500,000)		
Funding sources:						
Total other federal revenues	259,549,000	86,607,258*	172,941,742*	(2,625,000)		
State general fund/general purpose	137,028,600	45,724,204*	91,304,396*	(875,000)		
<b>TO: SEC. 102. DEPARTMENTWIDE ADMINISTRATION</b>						
Information technology projects and services	151,139,700	70,680,801	80,458,899	3,500,000		
Funding sources:						
Total other federal revenues	61,444,600	28,734,697*	32,709,903*	2,625,000		
State general fund/general purpose	53,334,800	24,942,132*	28,392,668*	875,000		

This transfer increases the federal and GF/GP funds authorization for the Information Technology Projects and Services line item, enabling the Department to expend \$875,000 of GF/GP funding and \$2,625,000 of federal revenues in excess of the current authorizations. Increased funding is available from a new federal Medicaid waiver targeted to populations in the City of Flint related to the drinking water and lead exposure emergency, and state matching funds are required. The funds will be used to support information technology costs to implement the new Medicaid waiver including updating MiBridges and other information systems. The Executive indicates that this transfer is needed by May 2, 2016.

Sufficient GF/GP funding and federal funds authorization is available from the Integrated Care Organizations line item for this transfer as the line item funding and authorization exceeds anticipated expenditures.

\*Year-to-date (YTD) expenditures, encumbrances, and balances by revenue source are estimates.

## LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES**  
 FISCAL YEAR: **2015-16**  
 TRANSFER AMOUNT: **\$3,500,000**

S.B.O. LETTER: **4/22/16**  
 S.B.O. REQUEST: **2016-5**  
 ANALYST: **Sue Frey**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 4/23/16	BALANCE AVAILABLE AS OF 4/23/16	GOV'S REC. 4/22/16	HOUSE ACTION	SENATE ACTION
<b>FROM: SEC. 125. MEDICAL SERVICES</b>						
Integrated care organizations	396,577,600	132,331,462	264,246,138	(3,500,000)		
Funding sources:						
Total other federal revenues	259,549,000	86,607,258*	172,941,742*	(2,625,000)		
State general fund/general purpose	137,028,600	45,724,204*	91,304,396*	(875,000)		
<b>TO: SEC. 102. DEPARTMENTWIDE ADMINISTRATION</b>						
Michigan Medicaid information system	95,023,400	37,508,086	57,515,314	3,500,000		
Funding sources:						
Total other federal revenues	67,443,300	26,850,464	40,592,836	2,625,000		
State general fund/general purpose	7,580,100	5,776,327	1,803,773	875,000		

This transfer increases the federal and GF/GP funds authorization for the Michigan Medicaid Information System (MMIS) line item, enabling the Department to expend \$875,000 of GF/GP funding and \$2,625,000 of federal revenues in excess of the current authorizations. Increased funding is available from a new federal Medicaid waiver targeted to populations in the City of Flint related to the drinking water and lead exposure emergency, and state matching funds are required. The funds will be used to support MMIS provider payment system – also known as CHAMPS - information technology costs to implement the new Medicaid waiver. The Executive indicates that this transfer is needed by May 2, 2016.

Sufficient GF/GP funding and federal funds authorization is available from the Integrated Care Organizations line item for this transfer as the line item funding and authorization exceeds anticipated expenditures.

\*Year-to-date (YTD) expenditures, encumbrances, and balances by revenue source are estimates.

## LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES**  
 FISCAL YEAR: **2015-16**  
 TRANSFER AMOUNT: **\$700,800**

S.B.O. LETTER: **4/22/16**  
 S.B.O. REQUEST: **2016-5**  
 ANALYST: **Sue Frey and Viola Bay Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 4/23/16	BALANCE AVAILABLE AS OF 4/23/16	GOV'S REC. 4/22/16	HOUSE ACTION	SENATE ACTION
<b>FROM: SEC. 125. MEDICAL SERVICES</b>						
Integrated care organizations	396,577,600	132,331,462	264,246,138	(700,800)		
Funding sources:						
Total other federal revenues	259,549,000	86,607,258*	172,941,742*	(350,400)		
State general fund/general purpose	137,028,600	45,724,204*	91,304,396*	(350,400)		
<b>TO: SEC. 102. DEPARTMENTWIDE ADMINISTRATION</b>						
Information technology projects and services	151,139,700	70,680,801	80,458,899	18,000		
Funding sources:						
Total other federal revenues	61,444,600	28,734,697*	32,709,903*	9,000		
State general fund/general purpose	53,334,800	24,942,132*	28,392,668*	9,000		
Rent and state office facilities	61,045,300	33,833,960	27,211,340	55,800		
Funding sources:						
Total other federal revenues	13,673,600	7,462,507*	6,211,093*	27,900		
State general fund/general purpose	27,282,300	14,212,892*	13,069,408*	27,900		
Travel	9,178,200	4,060,347	5,117,853	7,000		
Funding sources:						
Total other federal revenues	1,583,800	700,658*	883,142*	3,500		
State general fund/general purpose	2,809,200	1,242,763*	1,566,437*	3,500		
<b>SEC. 108. FIELD OPERATIONS AND SUPPORT SERVICES</b>						
Public assistance field staff	463,145,300	256,409,720	206,735,580	608,000		
Funding sources:						
Total other federal revenues	164,996,900	91,346,731*	73,650,169*	304,000		
State general fund/general purpose	183,583,500	101,636,773*	81,946,727*	304,000		

\*Year-to-date (YTD) expenditures, encumbrances, and balances by revenue source are estimates.

## LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES**  
 FISCAL YEAR: **2015-16**  
 TRANSFER AMOUNT: **\$700,800 (Continued)**

S.B.O. LETTER: **4/22/16**  
 S.B.O. REQUEST: **2016-5**  
 ANALYST: **Sue Frey and Viola Bay Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 4/23/16	BALANCE AVAILABLE AS OF 4/23/16	GOV'S REC. 4/22/16	HOUSE ACTION	SENATE ACTION
<b>TO: SEC. 108. FIELD OPERATIONS AND SUPPORT SERVICES</b>						
Contractual services, supplies, and materials	17,212,900	8,994,579	8,218,321	12,000		
Funding sources:						
Total other federal revenues	5,064,400	2,646,396*	2,418,004*	6,000		
State general fund/general purpose	6,788,900	3,547,531*	3,241,369*	6,000		

This request transfers \$700,800 Gross (\$350,400 GF/GP) from the Integrated Care Organizations line to 5 line items for 12 additional caseworker positions to support the Genesee County local DHHS office and related costs associated with a federal CMS approved Medicaid waiver specific to populations in the City of Flint. The Executive indicates that this transfer is needed by May 2, 2016.

Sufficient GF/GP funding and federal funds authorization is available from the Integrated Care Organizations line item for this transfer as the line item funding and authorization exceeds anticipated expenditures.

\*Year-to-date (YTD) expenditures, encumbrances, and balances by revenue source are estimates.

## LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES**  
 FISCAL YEAR: **2015-16**  
 TRANSFER AMOUNT: **\$13,161,800**

S.B.O. LETTER: **4/22/16**  
 S.B.O. REQUEST: **2016-5**  
 ANALYST: **Kevin Koorstra**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 4/23/16	BALANCE AVAILABLE AS OF 4/23/16	GOV'S REC. 4/22/16	HOUSE ACTION	SENATE ACTION
<b>FROM: SEC. 125. MEDICAL SERVICES</b>						
Integrated care organizations	396,577,600	132,331,462	264,246,138	(13,161,800)		
Funding sources:						
Total other federal revenues	259,549,000	86,607,258*	172,941,742*	(10,791,600)		
State general fund/general purpose	137,028,600	45,724,204*	91,304,396*	(2,370,200)		
<b>TO: SEC. 125. MEDICAL SERVICES</b>						
Health plan services	4,942,970,200	2,919,135,831	2,023,834,369	5,648,300		
Funding sources:						
Total other federal revenues	3,295,120,900	1,945,976,831*	1,349,144,069*	5,399,100		
State general fund/general purpose	464,760,800	274,470,581*	190,290,219*	249,200		
<b>SEC. 125. MEDICAL SERVICES</b>						
Physician services	305,779,000	149,832,554	155,946,446	7,513,500		
Funding sources:						
Total other federal revenues	200,523,300	98,256,970*	102,266,330*	5,392,400		
State general fund/general purpose	105,255,700	51,575,583*	53,680,117*	2,121,100		

This requested transfer provides \$13.2 million Gross (\$2.4 million GF/GP) to support the new costs associated with the approved federal Centers for Medicare and Medicaid Services Medicaid waiver, which expands income eligibility for children and pregnant women served by the Flint water system from April 2014 through a state- specified date up to 400% of federal poverty and provides those persons with targeted case management services. The Executive indicates that this transfer is needed by May 2, 2016.

Sufficient GF/GP funding and federal funds authorization is available from the Integrated Care Organizations line item for this transfer as the line item funding and authorization exceeds anticipated expenditures.

\*Year-to-date (YTD) expenditures, encumbrances, and balances by revenue source are estimates.