

**Summary: Executive Budget Recommendation
for Fiscal Year 2019-20
DEPARTMENT OF HEALTH AND HUMAN SERVICES**



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	FY 2018-19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
	Year-to-Date as of 3/5/19		Amount	%
IDG/IDT	\$13,813,700	\$13,857,600	\$43,900	0.3
Federal	18,016,041,200	18,221,270,400	205,229,200	1.1
Local	121,612,600	155,806,100	34,193,500	28.1
Private	152,409,900	143,535,100	(8,874,800)	(5.8)
Restricted	2,758,754,600	2,864,946,300	106,191,700	3.8
GF/GP	4,439,614,400	4,779,342,000	339,727,600	7.7
Gross	\$25,502,246,400	\$26,178,757,500	\$676,511,100	2.7
FTEs	15,942.7	16,007.0	64.3	0.4

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (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) includes programs and services to assist Michigan's most vulnerable families, including public assistance programs, protecting children and assisting families by administering foster care, adoption, and family preservation programs, and by enforcing child support laws, funding for behavioral health (mental health and substance use disorder), population health, aging, crime victim, and medical services programs, including Medicaid and the Healthy Michigan Plan.

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations	FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
MEDICAID AND BEHAVIORAL HEALTH – GENERAL		
1. Traditional Medicaid Cost Adjustment	Gross \$13,697,562,500	\$224,444,500
Increases \$224.4 million Gross (\$150.6 million GF/GP) for traditional Medicaid program caseload, utilization, inflation, and financing adjustments. Amount includes \$70.5 million GF/GP to offset the decline in federal FMAP and SCHIP match rates from 64.45% to 64.06% and 98.12% to 86.34%, respectively. Compared to FY 2017-18 expenditures, State Budget Office forecasts an average annual increase of 3.8%.	Federal 8,782,364,700	67,504,000
	Local 47,462,400	1,033,000
	Private 2,100,000	0
	Restricted 2,304,205,100	5,272,100
	GF/GP \$2,561,430,300	\$150,635,400
2. Healthy Michigan Plan Cost Adjustment	Gross \$4,082,666,000	(\$75,222,900)
Reduces \$75.2 million Gross (increases \$68.1 million GF/GP) for Healthy Michigan Plan caseload, utilization, inflation, and financing adjustments, of which a reduction of \$50 million Gross (\$4.6 million GF/GP) is attributable to work requirement disenrollments. Amount includes \$75.1 million GF/GP to offset the decline in federal match rate from 93.25% to 90.75%. Compared to FY 2017-18 expenditures, State Budget Office forecasts an average annual increase of 3.8%.	Federal 3,805,273,200	(159,266,000)
	Local 873,700	361,100
	Restricted 181,916,500	15,565,900
	GF/GP \$94,602,600	\$68,116,100
3. Actuarial Soundness	Gross NA	\$211,452,000
Includes \$211.5 million Gross (\$61.9 million GF/GP) to support an estimated 2.75% actuarial soundness adjustment for prepaid inpatient health plans (PIHPs), an estimated 5.75% increase for PIHP autism services, and an estimated 2.0% actuarial soundness adjustment for Medicaid health plans and Healthy Kids Dental.	Federal NA	149,565,300
	GF/GP NA	\$61,886,700

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations	FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
DEPARTMENTAL ADMINISTRATION AND SUPPORT		
4. Property Management – Building Projects	Gross \$65,966,100	\$2,760,600
Includes \$2.8 million Gross (\$1.7 million GF/GP) to fund improvement projects at department priority sites. The department intends to make \$9.0 million in improvements to the following sites: Barry County (\$230,000), Chippewa County (\$250,000), Gogebic County (\$175,000), Kalamazoo County (\$2.2 million), Mackinac County (\$80,000), Macomb County-Warren (\$1.0 million), St. Clair MRS and County Office (\$100,000), Washtenaw County (\$1.0 million), Wayne County-Adult Svcs. (\$1.0 million), Wayne County-Grand River/Warren (\$1.5 million), and Wayne County-Grandmont (\$1.5 million). Total shortfall after fixed costs and projects would be \$2.8 million.	IDG/IDT 593,500	0
	TANF 10,620,800	0
	Federal 25,152,800	1,060,600
	Private 36,400	0
	Restricted 168,900	0
	GF/GP \$29,393,700	\$1,700,000
5. Property Management – Lease Costs	Gross \$65,966,100	\$1,388,900
Includes \$1.4 million Gross (\$855,300 GF/GP) to fund lease increases on non-state owned buildings resulting from mid-term contract increases within a lease, increased rates at renewal, or increased rates from new buildings and current market.	IDG/IDT 593,500	0
	TANF 10,620,800	0
	Federal 25,152,800	533,600
	Private 36,400	0
	Restricted 168,900	0
	GF/GP \$29,393,700	\$855,300
6. Information Technology – One-Time Funding	Gross NA	\$0
Includes a net-zero adjustment, reallocating \$47.0 million Gross (\$11.8 million GF/GP) ongoing appropriations to one-time appropriations. Pursuant to 2018 PA 618 (SB 601), these additional appropriations were included in the FY 2018-19 budget to attenuate the IT funding shortfall.	Federal NA	0
	GF/GP NA	\$0
7. Economic Adjustments	Gross NA	\$28,809,400
Reflects increased costs of \$28.8 million Gross (\$19.1 million GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG/IDT NA	43,900
	TANF NA	117,200
	Federal NA	8,715,900
	Local NA	158,600
	Private NA	125,200
	Restricted NA	513,200
	GF/GP NA	\$19,135,400
CHILD SUPPORT ENFORCEMENT		
8. Federal Child Support Collection Fee Increase	Gross NA	\$0
Includes an increase of \$956,300 GF/GP and a corresponding federal reduction to fund an increase in the annual federal child support collection fee. The fee was raised from \$25 to \$35 per case once \$550 is collected on behalf of the custodial parent. Currently, the state pays this fee instead of assessing it on custodial parents.	Federal NA	(956,300)
	GF/GP NA	\$956,300
COMMUNITY SERVICES AND OUTREACH		
9. Crime Victim Justice Assistance Grant Increase	FTE 0.0	4.0
Includes an increase of \$40.0 million federal funding and authorizes 4.0 FTE positions to recognize additional Victims of Crime Act – Victim Assistance grant funding.	Gross \$59,279,300	\$40,000,000
	Federal 59,279,300	40,000,000
	GF/GP \$0	\$0

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations	FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
CHILDREN'S SERVICES AGENCY – CHILD WELFARE		
10. Child Welfare Caseload Adjustments	Gross \$659,258,800	\$21,014,400
Increases funding for child welfare programs by \$21.0 million Gross (\$13.4 million GF/GP) as follows:	Federal 198,260,300	6,065,800
• Foster care payments are increased by \$15.6 million Gross (\$5.5 million GF/GP) from 6,400 cases at \$34,100 per year to 6,189 cases at \$37,700 per year.	TANF 94,804,700	666,100
• Adoption subsidies are reduced by \$6.3 million Gross (\$1.8 million GF/GP) from 22,920 cases at \$728.95 per month to 22,132 cases at \$731.29 per month.	Local 17,183,500	919,200
• The Child Care Fund is increased by \$12.3 million GF/GP.	Private 1,770,700	0
• Guardianship assistance payments are decreased by \$583,100 Gross (\$418,600 GF/GP) from 1,271 cases at \$709.26 per month to 1,236 cases at \$690.00 per month.	GF/GP \$347,239,600	\$13,363,300
11. Foster Care Supportive Visitation Program	FTE 13.0	1.0
Includes an increase of \$5.9 million GF/GP and authorizes 1.0 FTE position to expand the Foster Care Supportive Visitation program to all 83 counties. Program is designed to help reunify children who are in foster care due to abuse and neglect with their parents. Funding would also support local contracts for the new Parent-Child Visit Assistance program.	Gross \$38,900,900	\$5,913,700
	Federal 607,600	0
	TANF 38,043,300	0
	GF/GP \$250,000	\$5,913,700
12. Family Reunification Program	FTE 13.0	1.0
Includes an increase of \$2.4 million TANF and authorizes 1.0 FTE position to continue funding for five family reunification program contracts whose work project funding will end in FY 2018-19.	Gross \$38,900,900	\$2,371,500
	Federal 607,600	0
	TANF 38,043,300	2,371,500
	GF/GP \$250,000	\$0
13. Parent Partner Family Preservation Program	FTE 13.0	0.0
Includes an increase of \$975,000 GF/GP to fund continuation of the Parent Partner Program, which provides in-home mentoring and other support services to help families succeed in reunification with their children who were placed in foster care.	Gross \$38,900,900	\$975,000
	Federal 607,600	0
	TANF 38,043,300	0
	GF/GP \$250,000	\$975,000
14. Relative Foster Care Provider Licensing Incentive Payments	Gross \$243,507,000	\$1,764,600
Includes an increase of \$1.8 million GF/GP to support new \$1,000 one-time incentive payments for relative foster care providers who become licensed foster parents within 180 days of initial placement.	Federal 101,625,600	0
	TANF 9,166,600	0
	Local 17,183,500	0
	Private 1,770,700	0
	GF/GP \$113,760,600	\$1,764,600
15. Implementation of State Pays First	Gross NA	\$18,979,000
Increases funding by \$19.0 million Gross (reduces GF/GP by \$4.1 million) to implement 2018 PA 22, which requires the state to be the first payer of costs for children placed in child welfare under DHHS's care and requires counties be the first payer for those that are not. The increased appropriation authorizes DHHS to receive an estimated \$22.8 million in local funding to reimburse the state for services for which the state will now be the first payer.	Federal NA	285,400
	Local NA	22,811,800
	GF/GP NA	(\$4,118,200)
16. Title IV-E Foster Care Reduction	Gross \$243,507,000	(\$2,169,800)
Reduces funding by \$2.2 million Gross (\$1.1 million GF/GP) to recognize the decrease in foster care residential placements based on the requirements of the federal Family First Prevention Services Act (FFPSA) and the increase of in-home foster care. The FFPSA requires that if a foster child is placed in residential care, federal IV-E funding cannot be used after the first two weeks of placement.	Federal 101,625,600	(1,116,100)
	TANF 9,166,600	0
	Local 17,183,500	0
	Private 1,770,700	0
	GF/GP \$113,760,600	(\$1,053,700)

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
17. Child Welfare Program Eliminations	Gross	\$775,000	(\$775,000)
Eliminates \$525,000 Gross (\$75,000 GF/GP) for state grant to Northeast Michigan Community Service Agency for School Success Partnership Program; eliminates \$250,000 GF/GP funding to Adoptive Family Support Network for the Parent-to-Parent mentoring program.	TANF	450,000	(450,000)
	GF/GP	\$325,000	(\$325,000)
PUBLIC ASSISTANCE			
18. Food Assistance Program Caseload Adjustment	Gross	\$1,931,717,000	(\$170,911,300)
Recognizes a \$170.9 million reduction in federal Supplemental Nutrition Assistance Program revenues during FY 2018-19 and FY 2019-20 due to declining caseloads.	Federal	1,927,007,000	(170,911,300)
	Restricted	4,710,000	0
	GF/GP	\$0	\$0
19. Public Assistance Caseload Adjustments	Gross	\$143,367,800	(\$12,122,100)
Recognizes a \$12.1 million Gross (\$2.8 million GF/GP) reduction in expected public assistance program expenditures (excluding food assistance) during FY 2018-19 and FY 2019-20 due to declining caseloads. Amount includes savings of \$168,300 GF/GP from FMAP declining from 64.45% to 64.06%. Reductions include:	TANF	58,840,000	(9,442,000)
	Restricted	15,514,600	168,300
	GF/GP	\$69,013,200	(\$2,848,400)
<ul style="list-style-type: none"> Family Independence Program: \$9.4 million Gross (\$168,300 GF/GP) State Disability Assistance: \$1.5 million GF/GP State Supplementation: \$1.2 million GF/GP 			
20. Family Independence Program – Child Support Pass Through	Gross	\$75,216,800	\$0
Includes a net-zero exchange of \$946,000 restricted and \$946,000 TANF to implement a child support pass through up to \$200 per eligible FIP-recipient family. Child support payments are otherwise split 36/64 with the federal government to support the cost of TANF-funded programs. TANF would be used to offset the revenues the state would not receive by adopting the pass through payments.	TANF	58,840,000	946,000
	Restricted	11,361,900	(946,000)
	GF/GP	\$5,014,900	\$0
FIELD OPERATIONS AND SUPPORT SERVICES			
21. SSI Legal Services Grant Elimination	Gross	\$250,000	(\$250,000)
Eliminates \$250,000 GF/GP allocated for Supplemental Security Income (SSI) legal services with the Legal Services Association of Michigan (LSAM).	GF/GP	\$250,000	(\$250,000)
BEHAVIORAL HEALTH SERVICES			
22. Direct Care Wage Increase Annualization	Gross	\$16,000,000	\$16,000,000
Includes \$16.0 million Gross (\$5.3 million GF/GP) to annualize the \$0.25 direct care behavioral health worker hourly wage increase included in 2018 PA 618.	Federal	10,899,500	10,688,700
	GF/GP	\$5,100,500	\$5,311,300
23. Caro Staffing Increase Annualization	FTE	68.0	0.0
Includes \$3.0 million GF/GP to annualize the 68.0 FTE position authorization increase at the Caro Regional Mental Health Center added in 2018 PA 618 to address clinical and direct care staff shortages. Staff would come from a combination of direct civil service hires and contractual staff through a Michigan-based behavioral health services provider.	Gross	\$5,910,000	\$3,023,300
	GF/GP	\$5,910,000	\$3,023,300
24. Center for Forensic Psychiatry	FTE	601.1	12.0
Includes \$2.2 million GF/GP and authorizes 12.0 FTE positions to increase the number of forensic evaluations performed for persons who may be incompetent to stand trial. From August 2016 to December 2018, the forensic evaluation wait list grew from 79 to 138.	Gross	\$94,729,400	\$2,178,600
	Federal	3,000,000	0
	Local	10,115,800	0
	Restricted	3,002,100	0
	GF/GP	\$78,611,500	\$2,178,600

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
25. Federal State Response to the Opioid Crisis Grant	Gross	\$0	\$31,914,700
Includes \$31.9 million federal from the new state opioid response grant. The federal grant for FY 2018-19 is \$28.2 million and DHHS has indicated it will be requesting those funds through a federal contingency fund transfer.	Federal	0	31,914,700
	GF/GP	\$0	\$0
26. Behavioral Health Program Reductions or Eliminations	Gross	NA	(\$6,800,000)
Reflects a savings of \$6.8 million GF/GP by reducing or eliminating the following behavioral health programs:	GF/GP	NA	(\$6,800,000)
<ul style="list-style-type: none"> Eliminates Michigan CARES hotline (\$3.0 million GF/GP). Reduces Mental Health and Wellness Commission (\$1.8 million GF/GP). Eliminates court-appointed guardian reimbursement (\$1.5 million GF/GP). Eliminates Conference of Western Wayne opioid pilot (\$500,000 GF/GP). 			
27. Community Mental Health Non-Medicaid Funding	Gross	\$125,578,200	\$0
Does not include the second year hold harmless funding that is a part of the current FY 2018-19 CMHSP rebasing formula. Six CMHSPs would be reduced by a combined \$5.5 million GF/GP, as the new formula is scheduled to be phased in over a 5-year period.	GF/GP	\$125,578,200	\$0
POPULATION HEALTH			
28. Flint Drinking Water and Lead Exposure Emergency	Gross	\$4,621,100	\$3,434,500
Increases funding for assistance to residents exposed to lead in the city of Flint by \$3.4 million Gross (\$3.8 million GF/GP); funding for health care, food and nutrition, lead abatement, and other services is moved to the ongoing budget totaling \$5.2 million GF/GP, and one-time funding is reduced by \$1.8 million Gross (\$1.4 million GF/GP) for lead abatement workforce development, transportation, and senior assistance; total funding proposed is \$8.1 million. In addition, work project funding available from prior fiscal years would also be used for services.	Restricted	376,700	(376,700)
	GF/GP	\$4,244,400	\$3,811,200
29. Environmental Contamination Response	FTEs	75.1	19.0
Increases funding by \$8.3 million GF/GP and authorizes 19.0 FTE positions to expand monitoring and response to public health hazards and threats from environmental contamination, and to expand laboratory capacity for testing and analysis for dioxins, mercury, polychlorinated biphenyls (PCBs), arsenic, and lead; also funds nurse case management for children with elevated blood lead levels in Detroit, and local health department sampling for state laboratory testing. YTD shown is Epidemiology Administration line item.	Gross	\$21,179,800	\$8,314,200
	Federal	13,141,000	0
	Private	264,900	0
	Restricted	683,200	0
	GF/GP	\$7,090,700	\$8,314,200
30. PFAS Contamination Response	FTEs	46.0	4.0
Increases funding by \$5.5 million GF/GP and authorizes 4.0 FTE positions for public health response to perfluoroalkyl and polyfluoroalkyl (PFAS) drinking water contamination; funds support toxicology and chemical analysis, outreach, and local health department services including provision of alternative water sources/water filters and environmental and well sampling for state laboratory testing. Work project funding available from prior fiscal years would also be used for services.	Gross	\$18,925,300	\$5,542,800
	GF/GP	\$18,925,300	\$5,542,800

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
31. State Innovation Model Regions – One-Time Funding	Gross	\$10,000,000	\$7,000,000
Includes one-time funding of \$7.0 million GF/GP to sustain infrastructure of five community health innovation regions (CHIRs) initiated under the four-year \$70 million federal state innovation model (SIM) grant nearing completion, while SIM evaluation and recommendations are completed and the regions work to identify ongoing non-state financial support. Work project funding available from prior fiscal years would also be used.	Federal	10,000,000	0
	GF/GP	\$0	\$7,000,000
32. Population Health Program Reductions and Eliminations	Gross	\$5,000,000	(\$4,450,000)
Eliminates GF/GP funding for bone marrow registry (\$250,000), early primary care incentive program (\$500,000), pediatric traumatic brain injury treatment (\$1.0 million), laboratory opioid enhanced testing (\$1.0 million), and reduces funding for outstate dental clinics (\$1.0 million). Also eliminates funding for alternative pregnancy and parenting program (\$700,000 Gross, \$50,000 GF/GP).	TANF	650,000	(650,000)
	GF/GP	\$4,350,000	(\$3,800,000)
33. Lead Abatement Grant SCHIP Adjustment	Gross	\$27,754,200	\$0
Replaces \$2.9 million federal with a corresponding amount of GF/GP to recognize reduction of the federal share for lead abatement grant from 98.12% to 86.34%. YTD funding shown is for Healthy Homes Program line item of which \$23.5 million is federal Children’s Health Insurance Program (SCHIP) funds approved for use for lead abatement in Flint and other high-risk communities for up to five years, since FY 2016-17.	Federal	25,194,100	(2,857,400)
	Private	77,800	0
	Restricted	723,700	0
	GF/GP	\$1,758,600	\$2,857,400
34. Preventive Health Services Block Grant Reallocation	Gross	\$495,000	\$0
Reallocates \$495,000 of ongoing federal Preventive Health and Health Services block grant funding to 4 new prevention projects for asthma, safe sleep, diabetes, and emerging health needs; moves funds from Primary Care Services line item to Local Health Services line item. Previous use of the funds for primary care clinics is no longer allowed under the grant and was replaced with GF/GP funding in FY 2018-19.	Federal	495,000	0
	GF/GP	\$0	\$0
35. Health and Wellness Initiatives – Healthy Michigan Fund	Gross	\$9,047,600	\$0
Includes net \$0 adjustments which eliminate the Health and Wellness Initiatives line item and move GF/GP and Healthy Michigan Fund (HMF) project funding to related appropriation line items. Line item was created in FY 2011-12 when HMF funding for public health prevention projects was reduced and consolidated.	Restricted	5,299,100	0
	GF/GP	\$3,748,500	\$0
36. Waive Vital Records Fee for Homeless	Gross	\$10,167,700	\$226,000
Includes \$226,000 GF/GP to waive state or local vital records fee for a copy of a birth certificate to a homeless individual who has lost their copy; \$136,000 supports state cost (Vital Records), and \$90,000 reimburses homeless service agencies that pay county or out-of-state fee (Homeless Programs). YTD shown is Vital Records line item appropriation. Sec. 456 is related boilerplate. Statutory change is required.	Federal	4,553,600	0
	Restricted	5,172,100	0
	GF/GP	\$442,000	\$226,000
37. Population Health Federal and Private Funds Adjustments	Gross	NA	(\$31,769,700)
Recognizes net reduction of \$31.8 million for federal and private funding, including: 1) completion of \$269,700 federal nursing collaborative grant; 2) \$25.0 million reduction to women, infants, and children (WIC) food program federal authorization to recognize declining caseload; 3) \$7.0 million reduction to AIDS program federal and private authorization to align to actual spending; and 4) \$500,000 increase to epidemiology and laboratory capacity grant.	Private	NA	(5,000,000)
	Federal	NA	(26,769,700)
	GF/GP	NA	\$0

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations	FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
MEDICAL SERVICES		
38. Healthy Michigan Plan Work Requirement	FTE 84.0	(48.0)
Includes \$36.2 million Gross (\$23.1 million GF/GP) for administrative costs and employment and training-related services and supports related to the Healthy Michigan Plan work requirements set to begin January 1, 2020. .	Gross \$49,078,800	\$36,215,400
	Federal 37,035,500	13,107,700
	GF/GP \$12,043,300	\$23,107,700
39. Medicaid Adult Home Help Minimum Wage Increase	Gross \$328,368,100	\$28,173,100
Includes \$28.2 million Gross (\$10.1 million GF/GP) for Medicaid adult home help minimum wage cost increases. FY 2018-19 YTD funding supports a minimum wage of \$9.25 that will increase to \$9.65 on January 1, 2020. Amount includes \$16.6 million Gross (\$6.0 million GF/GP) to increase home health agency providers, which have been decoupled from minimum wage increases since November 2017.	Federal 212,068,900	18,047,600
	GF/GP \$116,299,200	\$10,125,500
40. Office of Inspector General Medicaid Managed Care Audit	FTE NA	30.0
Includes a net reduction of \$21.6 million Gross (\$4.9 million GF/GP) in state recoupment of inappropriate and fraudulent payments from Medicaid managed care organizations to providers. Amount includes an increase of \$3.4 million Gross (\$1.7 million GF/GP) and authorizes 30.0 FTE positions for the Office of Inspector General and a reduction of \$25.0 million Gross (\$6.6 million GF/GP) from Medicaid recoupments. Current Inspector General activity is limited to Medicaid fee-for-service payments.	Gross NA	(\$21,582,600)
	Federal NA	(16,721,100)
	GF/GP NA	(\$4,861,500)
41. Medicaid Managed Care Pharmaceutical Administration	Gross NA	(\$19,853,000)
Reduces the Medicaid managed care pharmaceutical administration component by \$19.9 million Gross (\$5.0 million GF/GP). Pharmaceutical administrative costs are calculated as a percentage of pharmaceutical costs, so any pharmaceutical cost increases have led to a proportionate increase in payments for Medicaid managed care pharmaceutical administration.	Federal NA	(14,853,000)
	GF/GP NA	(\$5,000,000)
42. Medicaid Managed Care Health Insurer Fee – One-Time Funding	Gross \$0	\$180,500,000
Includes \$180.5 million Gross (\$50.0 million GF/GP) on a one-time basis under the assumption that the federal Affordable Care Act (ACA) health insurer fee moratorium will expire, as is anticipated under current federal law.	Federal 0	130,480,200
	GF/GP \$0	\$50,019,800
43. Special Hospital Payments	Gross NA	\$101,481,400
Includes a net increase of \$101.5 million Gross (net reduction of \$9.1 million GF/GP) based on changes to special hospital payments. Changes include: Hospital Rate Adjustment (HRA) increase of \$67.5 million Gross (\$1.6 million GF/GP reduction), Medicaid Access to Care Initiative (MACI) reduction of \$3.7 million Gross (\$0 GF/GP), outpatient Disproportionate Share Hospital (DSH) increase of \$40.7 million Gross (\$4.5 million GF/GP reduction), and Rural Hospital Obstetrical Stabilization Pool reduction of \$3.0 million GF/GP.	Federal NA	79,861,600
	Restricted NA	30,685,200
	GF/GP NA	(\$9,065,400)
44. MiDocs	Gross \$28,129,400	(\$15,529,400)
Reduces \$15.5 million Gross (\$3.7 million GF/GP) based on anticipated spending in FY 2018-19, as unspent FY 2018-19 funding will be available as work project authorization for FY 2019-20. Also reduces federal authorization based on a 50% federal match rather than FMAP.	Federal 18,129,400	(11,829,400)
	Restricted 5,000,000	0
	GF/GP \$5,000,000	(\$3,700,000)

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
45. Psychiatric Residency Program	Gross	\$8,438,800	(\$8,438,800)
Eliminates \$8.4 million Gross (\$3.0 million GF/GP) added in 2018 PA 618 to support a new psychiatric residency training program through Beaumont Health.	Federal	5,438,800	(5,438,800)
	GF/GP	\$3,000,000	(\$3,000,000)
46. Hospice Room and Board	Gross	\$3,318,000	(\$3,318,000)
Eliminates \$3.3 million GF/GP for hospice room and board payments that are not eligible for federal Medicaid reimbursement.	GF/GP	\$3,318,000	(\$3,318,000)
47. Medicaid Long-Term Care – Capital Asset Value Limit	Gross	\$1,866,486,100	\$4,862,600
Includes \$4.9 million Gross (\$1.7 million GF/GP) for changing the capital asset value limit for Class I nursing facilities from a total average to a rolling 15-year average of new construction.	Federal	1,199,095,600	3,115,000
	Local	6,618,800	0
	Private	2,100,000	0
	Restricted	361,309,300	0
	GF/GP	\$297,362,400	\$1,747,600
48. Medicaid Long-Term Care – Variable Cost Limit	Gross	\$1,866,486,100	(\$15,303,300)
Reduces \$15.3 million Gross (\$5.5 million GF/GP) by changing the Class I and Class III variable cost limit from the 80 th percentile to the 70 th percentile.	Federal	1,199,095,600	(9,803,300)
	Local	6,618,800	0
	Private	2,100,000	0
	Restricted	361,309,300	0
	GF/GP	\$297,362,400	(\$5,500,000)
49. Medicaid Long-Term Care – Quality Assurance Assessment Program (QAAP)	Gross	\$1,866,486,100	\$59,347,000
Includes \$59.3 million Gross (reduces \$6.6 million GF/GP) in QAAP-funding supplemental nursing facility payments. Total payment would be \$620.0 million Gross.	Federal	1,199,095,600	38,017,700
	Local	6,618,800	0
	Private	2,100,000	0
	Restricted	361,309,300	27,891,600
	GF/GP	\$297,362,400	(\$6,562,300)
50. Opioid Prescribing	Gross	NA	(\$2,000,000)
Reduces \$2.0 million Gross (\$500,000 GF/GP) due to FY 2018-19 policy changes limiting certain opioid prescriptions to seven days and reducing Morphine Equivalent Daily Dose limits in accordance with federal CDC guidelines.	Federal	NA	(1,500,000)
	GF/GP	NA	(\$500,000)
51. Non-Emergency Medical Transportation Pilot	Gross	\$1,419,600	(\$1,419,600)
Eliminates \$1.4 million Gross (\$510,200 GF/GP) allocated for a non-emergency medical transportation pilot aimed at increasing public transportation utilization.	Federal	909,400	(909,400)
	GF/GP	\$510,200	(\$510,200)
52. State Restricted Revenue Adjustments	Gross	NA	\$0
Revises restricted revenues based on projected available revenue for a net increase of \$15.0 million, which is offset with a corresponding amount of GF/GP savings. Revisions include:	Federal	NA	25,000,000
• Increasing State Psychiatric DSH savings \$25.0 million.	Restricted	NA	(10,000,000)
• Reducing Medicaid Benefits Trust Fund \$10.0 million.	GF/GP	NA	(\$15,000,000)
• Reducing Merit Award Trust Fund \$2.5 million.			
• Increasing Healthy Michigan Fund \$2.5 million.			
ONE-TIME APPROPRIATIONS			
53. Remove FY 2018-19 One-Time Appropriations	Gross	\$56,024,000	(\$56,024,000)
Removes \$56.0 million Gross (\$37.8 million GF/GP) of one-time appropriations included in FY 2018-19.	Federal	14,206,300	(14,206,300)
	Private	4,000,000	(4,000,000)
	GF/GP	\$37,817,700	(\$37,817,700)

Major Boilerplate Changes From FY 2018-19

GENERAL SECTIONS

Sec. 210. Contingency Fund Appropriations – REVISED

Appropriates federal, state restricted, local, and private contingency funds of up to \$545 million total, available for expenditure when transferred to a line item through the legislative transfer process. Revises by increasing state restricted contingency funds from \$45 million to \$90 million.

Sec. 250. Information Technology Cost Estimates – REVISED

Requires DHHS to report monthly regarding expenditures on information technology services and projects by service, project and line item, including year-to-date spending and planned spending for the remainder of the fiscal year; defines "projects"; requires DHHS to coordinate with DTMB to provide a 5-year strategic plan for information technology services and projects including changes in federal and state shares. Retains with minor revisions.

Sec. 275. Year-End Federal Funds Adjustments – REVISED

Provides limited authority for the Executive to realign capped and other federal fund sources to maximize federal revenues as part of the year-end closing process, and requires a report by November 30 on the realignments made for the previous fiscal year. Revises to strike year-end closing language, allowing DHHS to realign federal fund sources at any time during the fiscal year.

Sec. 298. Behavioral Health Integration Pilot Projects – REVISED

Requires DHHS to continue to pilot the integration of behavioral health and physical health services, including: project facilitator, demonstration model project in Kent County with a willing CMHSP, up to 3 additional pilot projects with CMHSPs and Medicaid health plans, reinvest savings into behavioral health services in the pilot area, and evaluate pilots and replicability. Requires report by DHHS, and report by managing entities of pilots, and states legislative intent for projects. Revises to remove DHHS report requirement and make one technical change.

Sec. 299. Request for Proposal for Contract – DELETED

Prohibits DHHS from issuing a request for proposal (RFP) for a contract in excess of \$5 million, without first considering issuing a request for information (RFI) or a request for qualification (RFQ) relative to that contract; DTMB must be notified of evaluation process used to determine if an RFI or RFQ was not necessary prior to issuing the RFP; requires that all vendors receive detailed notices of RFP results; requires report.

CHILDREN'S SERVICES – CHILD WELFARE

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; requires report.

FIELD OPERATIONS AND SUPPORT SERVICES

Sec. 809. Pathways to Potential – REVISED

Details the purpose, goals, and reporting requirements of the Pathway to Potential program, as well as requirements for measuring outcomes and remedial course of action for schools that do not have sufficient outcomes as measured by the department. Revises to remove the requirement to reduce the number of dropouts and increase graduation rates, as well as the requirement to report on funding allocation for each participant school.

BEHAVIORAL HEALTH SERVICES

Sec. 912. Salvation Army Harbor Light Program – DELETED

Requires DHHS to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services, if program meets standard of care.

Sec. 924. Autism Services Fee Schedule – REVISED

Requires DHHS to establish a fee schedule for autism services by not allowing expenditures used for actuarially sound rate certification to exceed the identified fee schedule; reduces behavioral technician fee schedule by 10%, but not less than \$50.00 per hour. Revises to maintain the established fee schedule.

Major Boilerplate Changes From FY 2018-19

Sec. 940. Transferring and Withdrawing CMHSP Allocations – REVISED

Requires DHHS to review CMHSP expenditures to identify projected lapses and surpluses, to encourage the board of the CMHSP with a projected lapse to concur with the recommendation to reallocate the lapse to other CMHSPs, and to withdraw funds from a CMHSP if those funds were not expended in a manner approved by DHHS, including for services and programs provided to individuals residing outside of the CMHSP's geographic region; prohibits a CMHSP from receiving additional funding if the CMHSP transferred out or withdrew funds during current fiscal year; requires CMHSPs to report any proposed reallocations prior to going into effect; requires legislative notification and report. Revises by removing the requirement to withdraw unspent funds if funds were not expended in a manner approved by DHHS.

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

Requires DHHS to seek, if necessary, a federal waiver to allow 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; requires a report that lists each CMHSP, PIHP, and subcontracting provider agency that is considered in compliance with state requirements; requires DHHS to continue to comply with state and federal law not initiate an action by negatively impacts beneficiary safety; defines "national accrediting entity."

POPULATION HEALTH

Sec. 1234. Essential Local Public Health Services Funding Formula Revision – DELETED

Requires DHHS to develop and report to the legislature a revised distribution formula for the allocation of essential local public health services line item appropriations to local health departments, and states legislative intent that the new formula be implemented beginning October 1, 2019.

Sec. 1235. Prison Food Service Kitchen Inspections by Local Health Departments – DELETED

States that if funds become available from the Department of Corrections, funds shall be allocated to local health departments to evaluate and inspect food service kitchens of state prisons.

Sec. 1303. Contract Restrictions for Family Planning Local Agreements with State Funds – DELETED

Prohibits DHHS from contracting with an organization that provides elective abortions, or abortion counseling or referrals, for services funded with state restricted or GF/GP funds appropriated for family planning local agreements. Prohibits an organization under contract with DHHS from subcontracting with an organization that provides elective abortions or abortion counseling or referrals, for services that are to be funded with state restricted or GF/GP funds appropriated for family planning local agreements.

Sec. 1305. Contract Restrictions and Priorities for Family Planning and Pregnancy Prevention – DELETED

(1) Prohibits DHHS from contracting for family planning and pregnancy prevention services with an entity that engages in abortion activities under 2002 PA 360, if another entity applies to provide those services that is not already engaged in abortion activities. (2) Requires DHHS to give a higher priority to a) contracting for services in counties where there are currently no contracts for services, before b) contracting for additional services by an entity that engages in abortion activities in a county where there are already services provided by an entity that does not engage in abortion activities. (*Governor's FY 2018-19 signing letter states section is considered unenforceable.*)

MEDICAL SERVICES

Sec. 1763. Actuarial Services Request for Proposal – DELETED

Requires DHHS to issue a request for proposal for a 3-year contract for actuarial services related to rate setting for traditional Medicaid and Healthy Michigan Plan during the next contract renewal period and to notify the legislature.

Sec. 1802. and Sec. 1866. Rural Hospital Payments – REVISED

Sec. 1802 directs \$8.0 million in lump sum payments to hospitals that qualified for rural hospital access payments in FY 2013-14 at a rate proportional to each hospital's obstetrical care and newborn care volume. Sec. 1866 allocates \$18.0 million GF/GP and any associated federal match to hospitals providing services to low-income rural residents; provides that no hospital or hospital system may receive more than 10% of the total distribution; requires DHHS to provide each hospital the distribution methodology and data used to determine payment amounts. Revises by combining both sections into Sec. 1802 and reducing the \$8.0 million lump sum payment to \$5.0 million.

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

Requires hospitals receiving GME payments to submit quality data utilizing consensus-based nationally endorsed standards to be posted on a public website, lists specific quality reporting information, requires hospitals to also post quality data on the hospital's website, and requires DHHS to withhold 25% of a hospital's GME payment if data is not submitted by January 1. Revises by requiring data submission for acute care hospitals only and by removing the 25% withhold.

Major Boilerplate Changes From FY 2018-19

Sec. 1855. Unused PACE Slots – DELETED

Requires DHHS, if funds are available, to allow PACE programs to increase then number of program slots if the local PACE program provides documentation of its ability to expand capacity, and to allow PACE programs to enroll more than 10 new members per month to address unmet demand.

Supplemental Recommendations for FY 2018-19 Appropriations **FY 2018-19 Recommendation**

MEDICAID AND BEHAVIORAL HEALTH – GENERAL

1. Traditional Medicaid Cost Adjustments	Gross	(\$16,552,800)
Reduces \$16.6 million Gross (\$11.9 million GF/GP) for traditional Medicaid program caseload, utilization, and inflation adjustments.	Federal	(4,649,800)
	GF/GP	(\$11,903,000)
2. Healthy Michigan Plan Cost Adjustments	Gross	(\$37,860,700)
Reduces \$37.9 million Gross (\$2.6 million GF/GP) for Healthy Michigan Plan caseload, utilization, and inflation adjustments.	Restricted	(35,305,100)
	GF/GP	(\$2,555,600)

DEPARTMENTAL ADMINISTRATION AND SUPPORT

3. Attorney General Health, Education, and Family Services Div.	Gross	\$190,000
Includes \$190,000 Gross (\$136,000 GF/GP) to fund additional hours of legal work required to provide for increased central registry appeals and administrative hearings in the capital.	Federal	54,000
	GF/GP	\$136,000
4. Restricted Revenue – Fund Source Adjustment	Gross	\$417,400
Includes \$417,400 in restricted funding to align authorization with available revenues, resulting from re-basing from first year SIGMA cost allocations. Line items affected include, Property Management (\$324,700), Worker’s Compensation (\$40,000), and Terminal Leave Payments (\$52,700).	Restricted	417,400
	GF/GP	\$0

CHILD SUPPORT ENFORCEMENT

5. Federal Child Support Collection Fee Increase	Gross	\$0
Includes an increase of \$956,300 GF/GP and a federal reduction of a corresponding amount to fund an increase in the annual federal child support collection fee. The fee was raised from \$25 to \$35 per case once \$550 is collected on behalf of the custodial parent. Currently, the state pays this fee instead of assessing it on custodial parents.	Federal	(956,300)
	GF/GP	\$956,300

COMMUNITY SERVICES AND OUTREACH

6. Bureau of Community Services and Outreach Federal Funding Transfer	Gross	\$0
Transfers \$835,000 federal funding authorization from the Weatherization Assistance line item to the Bureau of Community Services line item. DHHS states transfer would align funding with current operational structure.	Federal	0
	GF/GP	\$0
7. Community Services and Outreach Administration Funding Adjustments	Gross	\$167,000
Transfers \$400,000 GF/GP from the Behavioral Health Program Administration line item to the Community Services and Outreach Administration line item. Adjusts financing of line item by reducing federal authorization by \$293,000 and increasing GF/GP by \$60,000. DHHS states that line item has been financed incorrectly since its creation after the merger.	Federal	(293,000)
	GF/GP	\$460,000
8. Domestic Violence Prevention and Treatment Staffing Increase	Gross	\$315,000
Includes a restricted fund increase of \$315,000 from the Crime Victim’s Rights Fund to pay for two staff: a new director over crime victim services programs and a new executive secretary.	Restricted	315,000
	GF/GP	\$0
9. STOP Violence Federal Grant	Gross	\$1,568,500
Includes an increase of \$1.6 million in federal revenue for anticipated additional federal funding from the STOP violence grant. Grant will be rebid in FY 2018-19.	Federal	1,568,500
	GF/GP	\$0

Supplemental Recommendations for FY 2018-19 Appropriations

**FY 2018-19
Recommendation**

10. Michigan Community Service Commission	FTE	0.0
Transfers authorization for 1.0 FTE position from the Michigan Community Service Commission line item to the Community Services and Outreach Administration line item.	Gross	\$0
	Federal	0
	GF/GP	\$0
CHILDREN'S SERVICES – CHILD WELFARE		
11. Child Welfare Caseload Adjustments	Gross	\$18,185,100
Includes an increase of \$18.2 million Gross (\$10.3 million GF/GP) for caseload adjustments. Of this increase, \$12.3 million is for the foster care program for which average costs per case are increasing.	Federal	6,845,700
	TANF	433,100
	Local	627,000
	GF/GP	\$10,279,300
12. Adoption Support Services Fund Shift	Gross	\$0
Includes an increase of \$100,200 GF/GP to offset decreased Title IV-B funding authorization (award letter dated 5/11/2018).	Federal	(100,200)
	GF/GP	\$100,200
13. Adoption Incentive Payment Grant	Gross	\$4,145,500
Includes an increase of \$4.1 million federal funding to reflect the award of two grants for the Adoption and Legal Guardianship Incentive Payments Program.	Federal	4,145,500
	GF/GP	\$0
14. Attorney General Contract Increase	Gross	\$340,000
Includes an increase of \$340,000 Gross (\$247,800 GF/GP) for increased attorney general costs for child abuse and neglect court cases in Wayne County.	Federal	92,200
	GF/GP	\$247,800
15. Child Welfare Institute Staffing Increase	FTE	1.0
Includes an increase of \$130,000 Gross (\$98,600 GF/GP) and authorizes 1.0 FTE position for a supervisor to oversee the six new child welfare trainers added in FY 2018-19.	Gross	\$130,000
	Federal	31,400
	GF/GP	\$98,600
16. Foster Care Program Increases	Gross	\$889,800
Includes increases of \$462,100 Gross (\$335,000 GF/GP) to fund fingerprinting checks that are required by the federal Family First Prevention Services Act (FFPSA) and \$427,700 federal for a grant award received in September 2018 for a Kinship Navigator program.	Federal	427,700
	TANF	127,100
	GF/GP	\$335,000
17. Settlement Monitor	Gross	\$148,300
Includes an increase of \$148,300 Gross (\$78,400 GF/GP) to fund an increase in the Settlement Monitor contract.	Federal	69,900
	GF/GP	\$78,400
18. Strong Families/ Safe Children	Gross	(\$2,550,100)
Includes a decrease of \$2.6 million in federal funding to recognize a reduction of federal grants for FY 2017-18.	Federal	(2,550,100)
	GF/GP	\$0
CHILDREN'S SERVICES – JUVENILE JUSTICE		
19. Shawono Center and Bay Pines Center	Gross	\$0
Replaces \$489,600 of the local county chargeback revenue appropriation with GF/GP in order to make use of the full appropriated amounts of the two facilities' budgets. The County Chargeback revenue authorization in these line items is greater than the amount that the counties might be required pay.	Local	(489,600)
	GF/GP	\$489,600
PUBLIC ASSISTANCE		
20. Food Assistance Program Caseload Adjustment	Gross	(\$113,757,300)
Recognizes a \$113.8 million reduction in federal Supplemental Nutrition Assistance Program revenues due to declining caseloads.	Federal	(113,757,300)
	GF/GP	\$0

Supplemental Recommendations for FY 2018-19 Appropriations

**FY 2018-19
Recommendation**

21. Public Assistance Caseload Adjustments	Gross	(\$4,637,200)
Recognizes a \$4.6 million Gross (\$1.8 million GF/GP) reduction in expected public assistance program expenditures (excluding food assistance) due to declining caseloads. Reductions include:	TANF	(2,815,800)
	GF/GP	(\$1,821,400)
<ul style="list-style-type: none">Family Independence Program: \$2.8 million Gross (\$0 GF/GP)State Disability Assistance: \$883,500 GF/GPState Supplementation: \$937,900 GF/GP		
22. State Supplementation Administration	Gross	\$125,000
Includes \$125,000 GF/GP to support increased administrative costs, based on a 3-year spending average, and a 2.8% administrative rate increase for federal SSI.	GF/GP	\$125,000
FIELD OPERATIONS AND SUPPORT SERVICES		
23. MI Rehabilitation Services – FTE Allocation	FTE	29.0
Includes authorization for 29.0 FTE positions to meet federal Workforce Innovation and Opportunity Act mandates to serve all persons with disabilities.	Gross	\$0
	GF/GP	\$0
BEHAVIORAL HEALTH SERVICES		
24. Federal Mental Health Block Grant	FTE	1.5
Includes \$3.1 million federal and authorizes 1.5 FTE positions for the federal mental health block grant. There is approximately \$4.5 million in federal carryforward that is available for appropriation.	Gross	\$3,100,000
	Federal	3,100,000
	GF/GP	\$0
25. Revenue Recapture	Gross	\$100
Includes \$100 in local funding for the revenue recapture program of the state psychiatric hospitals.	Local	100
	GF/GP	\$0
MEDICAL SERVICES		
26. Adult Home Help Minimum Wage Increase	Gross	\$5,702,000
Includes \$5.7 million Gross (\$2.0 million GF/GP) for Medicaid adult home help minimum wage cost increases. FY 2018-19 YTD funding supports a minimum wage of \$9.25 that increased to \$9.45 on January 1, 2019.	Federal	3,675,000
	GF/GP	\$2,027,000
27. Electronic Home Visiting Verification	Gross	\$1,500,000
Includes \$1.5 million Gross (\$150,000 GF/GP) to develop an IT system to electronically verify delivery of Medicaid home help services.	Federal	1,350,000
	GF/GP	\$150,000
28. Special Hospital Payments	Gross	\$140,022,000
Includes a net increase of \$140.0 million Gross (net reduction of \$10.7 million GF/GP) based on changes to special hospital payments.	Federal	108,980,300
	Restricted	41,729,000
	GF/GP	(\$10,687,300)
29. Medicaid Long-Term Care – Quality Assurance Assessment Program (QAAP)	Gross	\$44,000,000
Increases \$44.0 million Gross (reduces \$4.9 million GF/GP) in QAAP-funding for supplemental nursing facility payments.	Federal	28,358,000
	Restricted	20,562,900
	GF/GP	(\$4,920,900)
30. Opioid Prescribing	Gross	(\$2,000,000)
Reduces \$2.0 million Gross (\$474,900 GF/GP) from a FY 2018-19 policy change that limits certain opioid prescriptions to seven days and reduces Morphine Equivalent Daily Dose limits in accordance with federal CDC guidelines.	Federal	(1,525,100)
	GF/GP	(\$474,900)
31. Special Medicaid Reimbursements	Gross	\$118,602,800
Increases special Medicaid reimbursements by \$118.6 million Gross (reduces \$25.0 million GF/GP) for Specialty Network Access Fee, physician adjustor payments, dental adjuster payments, graduate medical education innovations pool, and state psychiatric DSH payments. GF/GP reductions are from state psychiatric DSH payments.	Federal	100,623,000
	Local	9,272,500
	Restricted	33,707,300
	GF/GP	(\$25,000,000)