

Article 6

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 INITIAL APPROPS.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions .....	15,499.0	15,581.5	82.5	0.5
<b>GROSS .....</b>	<b>33,000,318,300</b>	<b>31,651,808,000</b>	<b>(1,348,510,300)</b>	<b>(4.1)</b>
Less:				
Interdepartmental Grants Received .....	13,829,900	14,593,500	763,600	5.5
<b>ADJUSTED GROSS .....</b>	<b>32,986,488,400</b>	<b>31,637,214,500</b>	<b>(1,349,273,900)</b>	<b>(4.1)</b>
Less:				
Federal Funds .....	25,017,324,800	22,907,479,800	(2,109,845,000)	(8.4)
Local and Private .....	349,441,900	335,227,600	(14,214,300)	(4.1)
<b>TOTAL STATE SPENDING .....</b>	<b>7,619,721,700</b>	<b>8,394,507,100</b>	<b>774,785,400</b>	<b>10.2</b>
Less:				
Other State Restricted Funds .....	2,958,436,400	2,986,632,100	28,195,700	1.0
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>4,661,285,300</b>	<b>5,407,875,000</b>	<b>746,589,700</b>	<b>16.0</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>1,562,528,200</b>	<b>1,775,502,800</b>	<b>212,974,600</b>	<b>13.6</b>

\*As of September 30, 2021

	Gross	GF/GP
<b>FY 2020-21 Year-to-Date Appropriation .....</b>	<b>\$33,000,318,300</b>	<b>\$4,661,285,300</b>

**Changes from FY 2020-21 Year-to-Date:**

Items Included by the Senate and House

- |  |             |             |
|--|-------------|-------------|
| 1. <b>Medicaid Match Rate Adjustments.</b> The base Medicaid match rate will increase from 64.08% to 65.48%. In addition the budget assumed the expiration of the 6.2% COVID-19 related match rate enhancement.            | 0           | 443,834,800 |
| 2. <b>Medicaid Actuarial Soundness Adjustments.</b> Budget included increases for managed care entities that provide Medicaid services to reflect the Federal requirement that capitation rates paid be actuarially sound. | 299,600,000 | 78,794,100  |

Conference Agreement on Items of Difference

- |  |               |              |
|--|---------------|--------------|
| 3. <b>Other Fund Source Adjustments.</b> Budget included removal of one-time Federal Coronavirus Relief Fund revenue and increases in Restricted funds used to support Medicaid. | 0             | (35,152,100) |
| 4. <b>Food Assistance Program (FAP) Base and Caseload.</b> The budget reflected an assumed reduction in FAP caseload and benefits.   | (181,074,100) | 0            |
| 5. <b>Medicaid Special Financing and Provider Tax Adjustments.</b> Budget include expansion of special payments to hospitals that are funded with provider tax revenue.          | 143,686,900   | (43,202,800) |

<p>6. <b>Full-year Funding for Direct Care Worker Wage Increase.</b> Budget reflected full year costs of a wage supplement for direct care workers on an ongoing basis. The wage increase would be \$2.35 per hour (as opposed to the final FY 2020-21 amount of \$2.25 per hour) for the vast majority of those covered with some others receiving a \$2.00 per hour increase.</p>	<p>414,511,900</p>	<p>146,131,100</p>
<p>7. <b>Child Welfare Services Base and Caseload.</b> Budget included consensus adjustments to reflect projected child welfare caseload costs, in particular the Child Care Fund.</p>	<p>(8,770,500)</p>	<p>(7,301,500)</p>
<p>8. <b>Public Assistance Base and Caseload.</b> Budget included consensus adjustments to reflect projected public assistance caseloads and costs, with the largest adjustment being in the Family Independence Program.</p>	<p>(5,850,400)</p>	<p>(2,025,900)</p>
<p>9. <b>Medicaid Base and Caseload.</b> Budget included consensus adjustments to reflect projected costs for the Medicaid program and to remove one-time savings tied to the health plan risk corridor.</p>	<p>123,474,800</p>	<p>183,674,400</p>
<p>10. <b>Program Increases.</b> Budget included a number of program increases, including \$91.0 million Gross and \$30.0 million GF/GP for costs related to the KB v. Lyon settlement, \$49.0 million Gross in Federal pharmacy grants, \$29.1 million Gross and \$24.2 million GF/GP to implement the Raise the Age legislation, \$26.5 million Gross and \$5.0 million GF/GP for a community behavioral health demonstration project, \$20.3 million Gross and \$15.4 million GF/GP for qualified residential treatment programs, \$19.1 million Gross and \$4.4 million GF/GP to add 1,000 slots to the MiChoice program, \$7.4 million Gross and \$6.3 million GF/GP to expand home visiting services, \$6.7 million Gross and GF/GP to cover services to adults with sickle cell disease, \$21.3 million Gross and \$9.9 million GF/GP to increase foster care private agency rates, \$6.9 million Gross and \$4.8 million GF/GP to increase adoption support payments, and \$54.3 million Gross and \$12.9 million GF/GP to increase Medicaid emergency medical services rates to Medicare levels.</p>	<p>453,224,900</p>	<p>167,519,600</p>
<p>11. <b>Program Reductions and Savings.</b> Budget includes assumed savings from greater efficiencies including \$12.4 million Gross and \$8.9 million GF/GP from home help payment changes as well as savings on the Claimsure program and the phase-out of funding from Illinois to use Michigan's Medicaid computer system.</p>	<p>(45,575,700)</p>	<p>(19,247,300)</p>
<p>12. <b>Removing of FY 2020-21 COVID Related Supplementals and Contingency Fund Transfers.</b> Budget adjusted out one-time Federal money and contingency fund transfers.</p>	<p>(2,306,412,700)</p>	<p>(55,000,000)</p>
<p>13. <b>Removal of FY 2020-21 One-Time Appropriations.</b></p>	<p>(406,228,800)</p>	<p>(187,872,600)</p>
<p>14. <b>FY 2021-22 One-Time Appropriations.</b> Among the programs funded were nursing home support payments (\$37.5 million Gross, \$0 GF/GP), lead poisoning prevention (\$10.0 million Gross and GF/GP), one-time health disparity initiatives (\$8.4 million Gross, \$5.1 million GF/GP), \$20.9 million Gross and \$9.2 million GF/GP for redetermination of Medicaid eligibility once the Federal COVID-19 emergency ends, multicultural services (\$4.4 million Gross, \$0 GF/GP), a jail diversion fund (\$5.0 million Gross and GF/GP), and first responder mental health (\$2.5 million Gross and GF/GP).</p>	<p>181,343,900</p>	<p>82,258,300</p>
<p>15. <b>Other Changes.</b> Other changes resulted in minor adjustments.</p>	<p>257,100</p>	<p>(1,066,900)</p>
<p>16. <b>Economic Adjustments.</b> Includes \$(10,697,600) Gross and \$(4,753,500) GF/GP for total economic adjustments, of which an estimated \$(43,970,300) Gross and \$(20,212,400) GF/GP is for legacy retirement costs (pension and retiree health).</p>	<p>(10,697,600)</p>	<p>(4,753,500)</p>

Total Changes .....	(\$1,348,510,300)	\$746,589,700
<b>FY 2021-22 Initial Appropriation .....</b>	<b>\$31,651,808,000</b>	<b>\$5,407,875,000</b>

**Boilerplate Changes from FY 2020-21 Year-to-Date:**

Items Included by the Senate and House

- Legacy Costs.** Senate and House modified language to specify legacy costs for FY 2021-22 to include \$182.8 million for pension-related costs and \$143.5 million for retiree health care costs. (Sec. 214)
- Child Advocacy Centers (CACs).** Senate and House revised language to maintain increased payments to CACs made in previous fiscal year. (Sec. 459)
- Adoption Placement Rate Increase.** Senate and House revised language to maintain increased payments to made for adoption placements made by private child placing agencies in previous fiscal year. (Sec. 509)
- Pharmacy Dispensing Fee and Copayments.** Senate and House modified language to set professional dispensing fees to specific amounts or the submitted dispensing fee, whichever is less, and clarified language relating to prescriptions indicated as preferred and prescriptions not indicated as preferred. (Sec. 1620)
- Medicaid Prescription Cost Report.** Senate and House included new language on historic and projected costs per Medicaid prescription in the Fee-for-Service Program and the Managed Care Program. (Sec. 1627)
- Managed Care Risk Corridor.** Senate and House included new language stating that the capitation rates for FY 2021-22 not include a 2-way risk corridor. (Sec. 1881)

Conference Agreement on Items of Difference

- Deletions.** Conference eliminated the following sections from current year boilerplate: 235, 281, 309, 660, 710, 972, 1009, 1144, 1238, 1319, 1501, 1506, 1509, 1876, 1878, 1880, 1906, 1914, 1917, 1922, and 1924.
- Renumbering.** Conference renumbered current year sections as follows: Sec. 251 as Sec. 244, Sec. 253 as Sec. 1910, Sec. 256 as Sec. 1321, Sec. 295 as Sec. 1014, Sec. 307 as Sec. 1152, Sec. 316 as Sec. 301, Sec. 905 as Sec. 1063, Sec. 1226 as Sec. 1342, Sec. 1920 as Sec. 913 and renumbered the one-time section so that it starts at 1950.
- Contingency Fund Authorization.** Senate removed current language that appropriated contingency funds in the following amounts: \$20.0M in federal funds, \$20.0M in state restricted funds, \$5.0M in local funds, and \$2.0M in private funds. Conference maintained language at current funding levels and made a technical change. (Sec. 210)
- Contracting with Michigan Public Health Institute (MPHI).** Senate modified language to reduce the time the Department is allowed to contract with MPHI without using the bid process from 3 years to 6 months. Conference modified language to reduce contract period to 1 year and require reports on a semiannual basis. (Sec. 219)
- Medicaid Reimbursement Parity.** Senate included new language to require the same reimbursement for services provided through telemedicine as through face-to-face contact in the Medicaid program. Conference added clarifying language specify this applies only to the non-facility component. (Sec. 239)
- Vaccine Passports.** Senate and House included new language prohibiting the use of funds from being used to develop, create, implement, or enforce vaccine passports or any similar document. Conference modified language to also prohibit vaccination as a condition of access to services or facilities, develop or utilize and existing database to make an individual's vaccine status publicly available, prohibit proof of vaccination as a condition of employment, prohibit any negative employment consequences because of vaccine status, specifies that vaccine information may be transmitted if the individual consents, and specifies exemptions that must be allowed when establishing a vaccine policy due to federal mandate. (Sec. 237)
- Under 18 Mask Mandate Prohibition.** Senate included new language prohibiting the use of funds to create or enforce a mandate requiring an individual under the age of 18 to wear a face mask. Conference modified language to remove reference to funds appropriated in part 1. (Sec. 250) *Governor declared this section unenforceable.*
- Title IV-E Policy.** Senate included modified language that requires a certain Title IV-E appeals policy be maintained in order for any Title IV-E funds to be appropriated. Conference concurred with Senate. (Sec. 517) *Governor declared this section unenforceable.*

15. **Adoption Caseload Definition.** Senate changed language to appropriate funding to the settlement monitor that requires an interpretation in calculating adoption caseloads. Conference modified language to remove reference to funds appropriated in part 1. (Sec. 527)
16. **Foster Care Prevention Services.** Senate included language to ensure existing prevention service programs are maintained at FY 2020-21 levels as the FFPSA is implemented. Conference concurred with Senate with minor modifications. (Sec. 529)
17. **Compliance with Social Welfare Act.** Senate included new language to require the department that it has implement section 115o of the social welfare act, 1939 PA 280, MCL 400.115o. Conference concurred with Senate. (Sec. 537)
18. **Therapeutic Intervention Treatment.** Senate added language that requires the department to train any department employee responsible for the investigation of complaints and licensing determinations in therapeutic crisis intervention. Conference included modified language that included elements of Senate language. (Sec. 541/Sec. 545)
19. **Child Welfare Remote Training Allowance.** Senate revised section that allows private nonprofit child placing agencies to complete preservice training at private agency facilities internally. Conference concurred with the rationale of Senate section but removes reference to funds appropriated in part 1. (Sec. 558)
20. **Indigent Burial Report.** Senate incorporated a report detailing various aspects of the existing indigent burial program. Conference concurred with Senate. (Sec. 613)
21. **Drug Felony Exemption.** Senate eliminated section detailing process for excluding persons from food assistance after receiving two or more drug felonies. Conference retained current law language. (Sec. 619)
22. **Heat and Eat Program.** Senate removed section requiring the Department to provide a \$20.01 payment in utility assistance to food assistance program households. Conference retained current law language. (Sec. 688)
23. **Diaper Assistance Program.** Senate initiated new language to distribute \$250,000 for diaper assistance to entities across the state. Conference concurred with Senate language with slight fund source change. (Sec. 689)
24. **Raise the Age Fund.** Senate included section detailing the process for counties and tribal entities to receive allocations from the Fund as new requirements for age of criminal liability go into effect. Conference concurred with most of Senate changes but makes modifications to allow for basic grants and tribal entity allocations. (Sec. 715)
25. **Uniform Credentialing.** Senate included new language requiring CMHSPs and PIHPs to work to implement the provisions of 2020 PA 282 as part of their contract. Conference concurred with Senate. (Sec. 908)
26. **Block Grant Distribution.** Senate included new language that requires the Department to distribute Federal substance use disorder block grant and mental health block grant funds, pursuant to Federal laws, to local entities providing services and one private entity with a statewide contract to provide appropriate services. Conference modified language to require this distribution be done to the extent possible. (Sec. 915 and 1015)
27. **Opioid Consulting Company Contracting Prohibition.** Senate included new language prohibiting the Department from contracting with a private company that has reached a settlement with this State regarding the company's role in the State's opioid crisis. Conference concurred with Senate. (Sec. 1508) *Governor declared this section unenforceable.*
28. **Independent Pharmacist Dispensing Fee Increase.** Senate modified language to remove outdated references to "Average Wholesale Price" when calculating reimbursements to independent pharmacies with seven or fewer retail outlets. Conference maintained current year language except for removing references to February 1, 2021. (Sec. 1625)
29. **Prior Authorization for Certain Drugs.** Senate modified language to prohibit certain Medicaid prescriptions from being subject to prior authorization procedures. Conference updated language to prohibit Medicaid prescriptions being subjected to prior authorization procedures if that drug is carved out and is not subject to prior authorization procedures as of January 2021 for prescriptions for treatment of a psychiatric disorder. For prescriptions for the treatment of HIV, AIDS, epilepsy or seizure disorder, or organ replacement therapy updated the date from 2020 to 2021. (Sec. 1875)
30. **IT Agile Software Mandate.** Senate revised section requiring the Department to use "agile" principles and frameworks as the Department policy for IT and give updates to the subcommittees on request. Conference concurred with portions of Senate language but modified the structure and removed references to some of the appropriations. (Sec. 1910)

Date Completed: 10-13-2021

Fiscal Analyst: Steve Angelotti, Ellyn Ackerman, and John Maxwell

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.