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House and Senate Reject Governor's Revenue Options, Choosing Instead to Adopt Significant Human Services Program Reductions for FY2006

Choosing to reject the revenue component of the Governor's Executive Budget proposal to address an estimated FY2006 budget deficit of \$773 million through a combination of program cuts (50%) and revenue enhancements (50%), the House and Senate adopted alternative plans with a common theme, significant additional cuts in Human Services programs.

On the House side, proposals to reduce the Governor's proposed FY2006 funding for the Department of Human Services by \$78.2 million general fund include:

- the institution of a 48 month life-time limit on FIP cash assistance and a \$50 reduction in the maximum grant payable to those remaining on assistance (\$30 million),
- cuts in Day Care reimbursement rates (\$22.3 million),
- cuts in Juvenile Justice facilities and field staff funding (\$7.6 million),
- a reduction in funding for the Food Stamp error rate reduction initiative (\$7.5 million),
- caseload and policy related savings in Foster Care (\$5.5 million),
- a variety of administrative reductions including the elimination of Regional Zone Offices and a 66 percent reduction in department training programs (\$4.8 million),
- a decision to not fully fund negotiated staff Salary and Wage adjustments for FY2005 and FY2006.

House decisions on the Department of Community Health budget that would reduce overall state funding, compared to the FY2006 Executive Budget, by \$78 million general fund include reductions totaling nearly \$130 million to offset increases totaling about \$52 million. Major reductions and their general fund impacts include:

- the elimination of Medicaid coverage for optional adults who are caretaker relatives (\$39.8 million),
- elimination of Medicaid coverage for optional 19 and 20 year olds (\$9.6 million),
- a reduction in the Detroit-Wayne County Community Mental Health funding (\$20 million),
- a reduction in Healthy Michigan Fund programs and support (\$13.6 million),
- a reduction in hospital and physician payments (\$6.4 million),
- enrollment freezes in the Adult Benefits Waiver program (\$5.8 million),
- a reduction in the Home and Community Based Services Waiver (\$3.3 million),
- savings in the MIChild program from mandatory enrollment in Health Maintenance Organizations and an increase in family premiums to \$10 per month (\$2.4 million),
- implementation of \$5 monthly premiums for some adults, and physician copays of \$3 per visit (\$8.1 million),
- assumed audit and eligibility error rate reduction savings (\$12.9 million),
- a 50 percent reduction in the already under-funded employee economics (\$6.3 million).

The increases recommended by the House to restore Executive Budget recommended reductions or provide increases, and their general fund impacts include:

- restoration of the general savings assumed from the physician provider tax that was rejected (\$40 million),
- restoration of funding for Children's Special Health Care Services recipients over 21 with hemophilia and cystic fibrosis (\$4.6 million),
- restoration of the proposed reduction in graduate medical education (\$3.0 million),
- payment increases for obstetrical services and ambulance services (\$3.7 million).

On the Senate side, program cuts for the Department of Human Services represent a \$30.3 million reduction to the FY2006 Executive Budget general fund recommendation, and include:

- caseload and policy related savings in Foster Care (\$8 million),
- a 20 percent reduction in Juvenile Justice Officers and related staffing and facilities savings (\$5.65 million),
- Day Care caseload and rate reductions (\$5 million),
- funding for 1,000 fewer State Disability Assistance cases (\$2.95 million),
- elimination of half of the department's zone offices (\$1.56 million), and
- administrative savings associated with proposed cuts in staff training, travel and contractual services (\$3.82 million).

Senate decisions for the Department of Community Health budget would reduce overall state funding reflected in the FY2006 Executive Budget by \$54.3 million and include \$106 million in reductions to offset nearly \$52 million in increases. Major reductions and their general fund impacts include:

- freezing Medicaid enrollment for optional adults who are caretaker relatives (\$5.0 million),
- a reduction in the Detroit-Wayne County Community Mental Health funding (\$20 million),

- a reduction in Healthy Michigan Fund programs and support (\$8.1 million),
- a reduction in physician payments (\$4.2 million),
- freezing enrollment in the Adult Benefits Waiver program (\$8.0 million),
- a reduction in the Home and Community Based Services Waiver (\$4.2 million),
- savings in the MIChild program from mandatory enrollment in Health Maintenance Organizations (\$1.6 million),
- implementation of \$5 monthly premiums for about 1 million Medicaid recipients, and implement copays and deductibles on new services (\$44.7 million),
- fund graduate medical education through Health Maintenance Organizations by increasing the provider tax base to save general fund (\$5.5 million), and
- assumed audit and eligibility error rate reduction savings (\$4.8 million).

The major increases recommended by the Senate to restore Executive Budget recommended reductions or provide increases, and their general fund impacts include:

- Restoration of the general savings assumed from the physician provider tax that was rejected (\$40 million),
- restoration of funding for Children's Special Health Care Services recipients over 21 with hemophilia and cystic fibrosis (\$4.6 million),
- partial restoration of the proposed reductions for vision and hearing screening (\$2.6 million),
- restoration of assumed savings for the 4 prescription limit for optional adults (\$1.1 million),
- restoration of funding for Medicaid dental services for adults with copays (\$2.5 million).

Given the very significant and controversial differences between the Executive Budget recommendation and the adopted House and Senate budget proposals, it appears likely that final approval of the FY2006 budget will not occur prior to the summer legislative recess, and perhaps not until the approach of the new fiscal year on September 30th.

FY2006 Department of Human Services Budget Development

(Amounts in Millions)

		Executive		House		Senate	
	FY 2005 Enacted	Changes to FY2005	Recommendation	Changes to FY2005	Recommendation	Changes to FY2005	Recommendation
All Funds	\$4,291.5	\$137.4	\$4,429.0	-\$41.6	\$4,249.9	\$83.0	\$4,374.5
General Fund (GF/GP)	\$1,109.7	-\$3.1	\$1,106.6	-\$81.3	\$1,028.4	-\$33.4	\$1,076.3
% Change - All Funds		3.20%		-3.75%		1.93%	
% Change - GF/GP		-0.28%		-7.33%		-3.01%	

KEY ISSUES / POINTS OF DIFFERENCE	Executive Budget Changes to FY2005 Budget Base		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
1. FIP Cash Assistance:						
Recognize 1,500 Case Increase	\$7.60	-	-	-	-	-
Establish 48-Month Lifetime Limit	-	-	(\$56.00)	(\$22.30)	-	-
Reduce Maximum Grant by \$50	-	-	(\$30.50)	(\$12.10)	-	-
Increase Income Disregard	-	-	\$11.00	\$4.40	-	-
Add \$2.50 to Clothing Allowance	-	-	\$3.10	-	\$3.10	-
2. Child Day Care:						
Caseload and Base Adjustments	(\$6.30)	-	-	-	(\$5.00)	(\$5.00)
Institute 30 Day Waiting Period	(\$21.00)	(\$10.00)	-	-	-	-
Eliminate Relative Rate Subsidy	-	-	(\$37.90)	(\$12.30)	-	-
3. Foster Care:						
Caseload and Base Adjustments	\$1.40	\$3.50	(\$10.60)	(\$4.70)	(\$17.50)	(\$8.00)
Family to Family Pilot Savings	(\$12.80)	(\$5.00)	-	-	-	-
Specialized F.C. Rate Increase	-	-	\$1.25	\$0.59	\$1.25	\$0.59
4. Food Stamp Error Rate Initiative	-	-	(\$7.50)	(\$7.50)	-	-
5. Adoption Subsidies & Services:						
Caseload, Staffing and Base Adj.	\$10.60	\$4.30	(\$4.88)	(\$2.12)	(\$4.88)	(\$2.12)
Post-Adoption Services	(\$0.42)	(\$0.18)	-	-	\$0.42	\$0.18
6. Juvenile Justice:						
Facilities and Staffing Reductions	(\$7.90)	(\$3.80)	(\$7.54)	(\$3.77)	(\$10.75)	(\$5.65)
7. State Disability Asst. Caseload	\$2.50	\$2.50	-	-	(\$2.95)	(\$2.95)

KEY ISSUES / POINTS OF DIFFERENCE	Executive Budget Changes to FY2005 Budget Base		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
8. <u>Employment & Training Funding</u>	-	-	\$6.50	\$0	\$0.10	\$0
9. <u>State Emergency Relief:</u>						
4% Indigent Burial Rate Reduction	(\$0.25)	(\$0.25)	-	-	-	-
Reduce Allocations for Opt. Serv.	-	-	-	-	(\$1.09)	(\$0.57)
10. <u>Eliminate/Reduce Zone Offices</u>	-	-	(\$6.07)	(\$3.33)	(\$2.81)	(\$1.56)
11. <u>Training & Professional Dev.</u>	-	-	(\$5.71)	(\$1.90)	(\$3.48)	(\$1.16)
12. <u>Economic Adjustments:</u>						
Restore FY05 S&W Concessions	\$25.00	\$8.80	(\$12.50)	(\$4.40)	-	-
Fund All FY06 Increases but S&W	\$31.40	\$10.90	(\$16.45)	(\$5.70)	-	-
13. <u>Administrative Reductions:</u>						
Contractual Services, Travel, etc.	-	-	(\$3.27)	(\$2.52)	(\$8.34)	(\$2.66)
14. <u>Other Initiatives & Programs:</u>						
Marriage Initiative	(\$0.25)	-	\$0.50	-	\$0.50	-
Fatherhood Initiative	-	-	-	(\$0.20)	-	\$0.45
Boys & Girls Clubs	(\$0.25)	-	-	-	\$0.25	-
Individual Development Accounts	(\$0.10)	-	-	-	\$0.10	-
Wage Employment Verification	-	-	(\$0.20)	(\$0.20)	-	-
Black Child & Family Institute	-	-	(\$0.10)	(\$0.10)	-	-
Family Preservation-Zero to Three	-	-	\$0.50	\$0.50	-	-
Volunteer Services	-	-	(\$0.25)	(\$0.25)	(\$0.25)	(\$0.12)

House of Representatives Family Independence Program (FIP) Cash Assistance Proposals

The House of Representatives proposed several FIP policy changes that would significantly affect program eligibility and benefits. The most significant of these changes is a proposal to place a 48-month lifetime limit on cash assistance eligibility effective January 1, 2006. Federal program rules limit federally funded cash assistance for a household to 60 months, but permit payments beyond this time limit to be counted in meeting the mandated state Maintenance of Effort (MOE) spending requirement. Michigan is one of only

two states that does not have a specific time limit on cash assistance. The House Fiscal Agency estimates that a 48-month limit would result in the closing of approximately 15,000 cases headed primarily by single women and containing approximately 35,000 children. Because the State of Michigan currently uses grants to these households to meet its MOE requirement, however, such a policy change does not directly save the state money. While Fiscal Agency staff acknowledge this point, they indicate that other "existing" general fund spending can be counted for purposes of meeting MOE, thereby permitting the savings resulting from the proposed time limit to be

used in resolving the state's fiscal shortfall. Because rules regarding the uses of federal Temporary Assistance to Needy Families (TANF) and state Maintenance of Effort funds are very specific and restrictive, however, this issue should be carefully considered before implementing such a significant policy change on the assumption that it will result in net savings.

The second component of the House FIP policy proposal is a recommendation to reduce the maximum grant (\$459 in Wayne County for a household of three with no countable income) by \$50 per month. This policy change is assumed to affect both family and child-only cases and reduce average grants by approximately 10 percent. For some perspective on this proposal it should be noted that since FY1993, the last time the FIP grant was adjusted to address inflationary cost increases, the costs of housing in Michigan have nearly doubled. The League estimates that the consequence of the proposed decrease in FIP benefits would be to reduce the purchasing power of the grant by approximately 50 percent relative to its value in FY1993.

The third component of the House FIP recommendation is a proposal to increase the earned income disregard from the current \$200 plus 20 percent of the balance of income to \$200 plus 50 percent of the balance of income for FIP households already

receiving benefits. Eligibility for new applicants would be based on the old criteria, resulting in greater program complexity for caseworkers and policy managers. The House Fiscal Agency estimates that this policy change would result in approximately 5,500 fewer case closures and an average monthly caseload of 69,000 in FY2006.

Assuming that both the proposed \$50 maximum grant reduction and the income disregard policy changes are adopted, the League estimates that total income for a FIP case in which the grantee works approximately 17 hours per week at the minimum wage would be roughly equivalent to current total income, while those working more or less than 17 hours would see their total income rise or fall respectively. For child only cases and those cases exempted from work requirements, however, the House proposal appears to result in a direct loss in cash assistance of \$50 per month.

The fourth component of the House FIP recommendation would redirect \$16.4 million of the estimated \$45 million in federal TANF savings associated with the above policy changes to Employment and Training efforts within the Department of Human Services (\$6.4 million) and the Department of Labor and Economic Growth (\$10 million) to assist FIP clients in their preparation and search for employment.

FY2006 Department of Community Health Budget Development

(Amounts in Millions)

		Executive		House		Senate	
	FY 2005 Enacted	Changes to FY2005	Recommendation	Changes to FY2005	Recommendation	Changes to FY2005	Recommendation
All Funds	\$10,173.2	\$67.7	\$10,240.9	-\$294.1	\$9,879.1	-\$161.6	\$10,011.6
General Fund (GF/GP)	\$2,557.9	\$362.7	\$2,920.6	\$284.7	\$2,842.6	\$308.4	\$2,866.3
% Change - All Funds		0.67%		-2.89%		-1.59%	
% Change - GF/GP		14.18%		11.13%		12.06%	

ISSUES	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
EXECUTIVE BUDGET INCREASES						
1. FY2006 Caseload/Utilization/Inflation Increases						
<u>Medicaid:</u>	\$334.6	\$145.3	\$0.0	\$0.0	\$0.0	\$0.0
The adjustment assumes an average growth of 3.7% in utilization and inflation over FY05, building from actual FY04 expenditures as a base. The projected number of monthly average eligibles is 1,501,000, or a 5% increase above FY05.						
<u>Mental Health/Substance Abuse:</u>	\$34.6	\$15.0	\$0.0	\$0.0	\$0.0	\$0.0
<u>Children's Special Health Care Services:</u>	\$19.8	\$10.4	\$0.0	\$0.0	\$0.0	\$0.0
Expenditures have been increasing by an average of 13.4% over the past two years. This increase recognizes continued double-digit growth. This adjustment is a 10% increase over FY05.						
<u>MiChild:</u>	\$3.5	\$1.1	\$0.0	\$0.0	\$0.0	\$0.0
MiChild caseload has been growing at a rate of 7.9% per year. This increase assumes that trend will continue in FY06.						
2. Implement Provider Assessment to Increase Physician Reimbursement Rates and Save General Fund:	\$124.4	(\$40.0)	(\$124.4)	\$40.0	(\$124.4)	\$40.0
The proposal will implement a 1% assessment (tax) on physicians to generate both a \$40 million state benefit and an 18% Medicaid rate increase for physicians. <i>The House and Senate rejected this proposal.</i>						
3. Third Share Plan Increases:	\$10.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Third-share plan increases would help low-income working families pay for their health care coverage. The employee would pay one-third of his/her insurance premium; the employer would pay one-third of the premium; and the state would pay the final third of the premium. The FY2006 recommendation includes disproportionate share funds to finance the state's third of the premium costs.						

ISSUES	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
4. Implement New Disproportionate Share Hospital Payments:						
University of Detroit Dental Clinics	\$4.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Wayne State University Psychiatric Residency Services	\$5.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Health Professional Job Training Program	\$10.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
EXECUTIVE BUDGET REDUCTIONS						
5. Implement Medicaid Family Planning Waiver	(\$6.6)	(\$7.8)	\$0.0	\$0.0	\$0.0	\$0.0
This waiver will expand family planning services to women up to 185% of poverty. Savings will be generated by a reduction in the number of unintended Medicaid-paid births. The waiver is also intended to reduce infant mortality rates.						
6. Children's Special Health Care Services: Eliminate Coverage for Adults Over Age 21 with Other Health Insurance Coverage	(\$4.6)	(\$4.6)	\$4.6	\$4.6	\$4.6	\$4.6
This reduction would eliminate CSHCS coverage for adults with hemophilia and cystic fibrosis, who are over the age of 21, and who have other health insurance coverage. <i>The House and Senate rejected this proposal.</i>						
7. Children's Special Health Care Services: Increase Parent Pay Agreements	\$0.0	(\$1.8)	\$0.0	\$0.0	\$0.0	\$0.0
This reduction would increase monthly pay agreements for CSHCS families with incomes over 250% of the poverty level.						
8. Reduce Provider Payment Rates by 4 percent	(\$139.2)	(\$60.6)	\$0.0	\$0.0	\$0.0	\$0.0
This reduction includes the following providers: hospitals, nursing homes, health plans, ambulance, labs, medical supplies, durable equipment, and home health.						
9. Reduce Graduate Medical Education by 4 percent	(\$6.8)	(\$3.0)	\$6.8	\$3.0	\$0.0	\$0.0
This reduction impacts teaching hospitals. <i>The House recommended restoration of the funding; the Senate recommended a change in structure for paying graduate medical education (see below).</i>						
10. Eliminate the Elder Prescription Insurance Coverage (EPIC) Program and Fund Medicare Part D State Maintenance of Effort	(\$227.9)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
The EPIC program is recommended for elimination due to implementation of the Medicare Part D benefit on January 1, 2006. The funding, \$13.5 million tobacco tax funding, is retained and replaces general fund in the pharmacy line. Funding, based on FY2004 expenditure levels of \$175 million, is also retained to pay the "claw back" provision of the Part D, the federally mandated state maintenance of effort obligation. The federal share of pharmacy spending for dual eligibles is eliminated.						

ISSUES	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<p>11. Implement Estate Recovery Program for Long-Term Care Costs</p> <p>This program would reimburse the state for a portion of long term care costs from the estates of deceased Medicaid nursing home recipients. While this program and its corresponding savings have been included in numerous budgets over the years, legislation has never been passed to implement the program.</p>	(\$10.0)	(\$4.3)	\$0.0	\$0.0	\$0.0	\$0.0
<p>12. Restrict Annuities and Trusts for Medicaid Long-Term Care Eligibility</p> <p>Savings, based on revised policies, would be achieved by reducing the number of recipients or the length of time recipients qualify for Medicaid-funded long term care services.</p>	(\$18.4)	(\$8.0)	\$0.0	\$0.0	\$0.0	\$0.0
<p>13. Proposed Federal Waivers to Modify Medicaid Policies:</p> <p>Freeze enrollment for non-mandatory under age 21 eligibles:</p> <p>This group is an optional population. The proposal caps enrollees as of October 1, 2005. <i>See below for House recommendation.</i></p>	(\$5.0)	(\$2.2)	\$0.0	\$0.0	\$0.0	\$0.0
<p>Eliminate three month retroactive eligibility prior to date of application:</p> <p>Federal regulations require Medicaid to provide retroactive eligibility three months prior to date of application for Medicaid beneficiaries who have medical expenses and who would have met eligibility criteria during those three months.</p>	(\$28.3)	(\$12.3)	\$0.0	\$0.0	\$0.0	\$0.0
<p>Limit benefits for non-mandatory adults:</p> <p>Benefit reductions apply to optional enrollees under age 21 and caretaker-relatives and include: a 20-day annual inpatient hospitalization limit; a 4-script per month limit on prescription drug coverage; a \$10 co-pay on all emergency room visits; and the elimination of hearing, vision, speech pathology, and occupational and physical therapy services. <i>The Senate rejected the 4 script per month limit.</i></p>	(\$6.4)	(\$2.8)	\$0.0	\$0.0	\$2.5	\$1.1
<p>14. Eliminate Chiropractic Benefit</p> <p><i>The House and Senate rejected this proposal.</i></p>	(\$1.4)	(\$0.6)	\$1.4	\$0.6	\$1.2	\$0.5
<p>15. Reduce Multicultural Services by the FY05 Increase</p> <p>Multicultural services are reduced by the amount of the Fiscal Year 2005 budget increase. <i>The House recommended a further reduction.</i></p>	(\$1.3)	(\$1.3)	(\$0.1)	(\$0.1)	\$0.0	\$0.0
<p>16. Implement Mental Health Provider Assessment</p> <p>A 6% provider tax will be assessed on specialty prepaid health plans beginning August 1, 2005. \$35.0 million of the \$89 million collected in state restricted tax revenue will be used to offset general fund in the Community Mental Health/Substance Abuse Services Programs appropriation unit. The remaining \$54 million will be used to provide a rate increase and draw down \$70 million of federal revenue.</p>	\$123.8	(\$35.0)	\$0.0	\$0.0	\$0.0	\$0.0

ISSUES	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<p>17. Reduce State Support for Primary Care, Rural Health Care, and Michigan Essential Health Care Provider Programs</p> <p>All of the GF (\$.1M) in the Rural Health Care line is eliminated; (\$.5M) of the GF in the Primary Care Services line is reduced, the remaining GF of \$.39M in that line is retained since it is used for federal matching purposes; all the GF (\$.5M) in the Essential Health Care provider line is eliminated - local and private funding authorization is increased to offset this reduction. <i>The Senate restored funding for Rural Health Centers and the GF in the Essential Health Care Provider line.</i></p>	(\$0.6)	(\$1.2)	\$0.0	\$0.0	\$0.1	\$0.7
<p>18. Eliminate State Support for Local Public Health Department Vision and Hearing Screening</p> <p>This is a reduction in the Local Public Health Operations line - the GF is used for hearing and vision screening for preschool aged children. Children with Medicaid and MICHild coverage would not be affected. <i>The Senate restored half of the funding.</i></p>	(\$5.2)	(\$5.2)	\$0.0	\$0.0	\$2.6	\$2.6
<p>19. Reduce Healthy Michigan Fund Prevention Programs</p> <p>A reduction of \$1.2 million in HMF includes: (\$.1M) for the Alzheimer's Information Network; (\$.3M) for Smoking Prevention programs - quit kits; (\$.2M) due to the elimination of the IDG in the Treasury appropriation for Tobacco Tax Collection and Enforcement; (\$.3M) for Migrant Health Care; (\$.2M) for Newborn Screening - early hearing screening; and (\$.5M) for children's arthritis in the Chronic Disease Prevention line. <i>The House and Senate recommended further cuts in Healthy Michigan Fund programming. The House also transferred responsibility for some programs to HMO's.</i></p>	(\$1.2)	\$0.0	(\$7.7)	(\$13.6)	(\$8.1)	(\$8.1)
<p>20. Eliminate State Support for Senior Citizen Centers Staffing and Equipment</p> <p>The reduction will affect about 118 centers. <i>The Senate restored \$100,000 of the Executive recommended reduction.</i></p>	(\$1.1)	(\$1.1)	\$0.0	\$0.0	\$0.1	\$0.1
<p>21. Reduce Senior Volunteer Services</p> <p>Program reductions in the Retired Senior Volunteer, Senior Companion and/or Foster Grandparent programs. <i>The House restored half of the Executive recommended reduction, \$50,000.</i></p>	(\$0.1)	(\$0.1)	\$0.1	\$0.1	\$0.0	\$0.0
<p>22. Reduce Community Services</p> <p>Program reductions in care management assessments (by nurses and social workers); chore, homemaking, outreach and other services. <i>The House restored \$144,500 of the Executive recommended reduction.</i></p>	(\$0.3)	(\$0.3)	\$0.1	\$0.1	\$0.0	\$0.0
<p>23. Administrative Savings</p> <p><i>The House also recommended elimination of funding for the following positions: Surgeon General, Chief Nurse Executive, Director of Office of Drug Control Policy.</i></p>	(\$2.6)	(\$2.0)	(\$0.5)	(\$0.3)	\$0.0	\$0.0

ISSUES	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
24. Information Technology Reductions <i>The Senate recommended an additional 2% reduction in Information Technology funding.</i>	(\$0.8)	(\$0.8)	\$0.0	\$0.0	(\$0.2)	(\$0.2)
25. FY2006 Economics <i>The House recommended a 50 percent reduction in the Executive recommended economics (which did not fully fund economics).</i>	\$30.3	\$12.6	(\$15.2)	(\$6.3)	\$0.0	\$0.0
LEGISLATIVE INITIATIVES						
26. Detroit-Wayne CMH Reduction <i>The House and Senate concurred in reducing the Detroit-Wayne Community Mental non-Medicaid funding by \$20 million if Detroit-Wayne CMH does not become a mental health authority by 7/1/05.</i>	\$0.0	\$0.0	(\$20.0)	(\$20.0)	(\$20.0)	(\$20.0)
27. 1% Reduction in Hospital DRG's <i>The House proposed a 1% reduction in inpatient rates. This is in addition to the 4% reduction proposed by the Governor and concurred in by the House.</i>	\$0.0	\$0.0	(\$5.1)	(\$2.2)	\$0.0	\$0.0
28. 4% Reduction in Physician Rates <i>The House and Senate both rejected the Physician Provider Tax, and recommended continuation of the 4% rate reduction implemented in FY2005.</i>	\$0.0	\$0.0	(\$9.6)	(\$4.2)	(\$9.6)	(\$4.2)
29. 20% Increase in Obstetrical Rates <i>The House recommended a 20% increase in the Medicaid rates paid for obstetrical services.</i>	\$0.0	\$0.0	\$6.9	\$3.0	\$0.0	\$0.0
30. Increase Ambulance Mileage Rates <i>The House recommended an increase in the Medicaid rates paid for mileage reimbursement to \$4.25 per mile.</i>	\$0.0	\$0.0	\$1.5	\$0.7	\$0.0	\$0.0
31. Eliminate Coverage for 19 and 20 Year Olds <i>The House recommended elimination of Medicaid coverage for optional adults aged 19 and 20.</i>	see above for limits	see above for limits	(\$22.0)	(\$9.6)	\$0.0	\$0.0
32. Eliminate or Freeze Coverage for Caretaker Relatives <i>The House recommended elimination of coverage for optional parents/caretaker relatives; the Senate recommended freezing enrollment for this optional group.</i>	see above for limits	see above for limits	(\$91.6)	(\$39.8)	(\$11.5)	(\$5.0)
33. Transfer Responsibility for MICHild from Blue Cross/Blue Shield to Medicaid-contracted HMO's <i>The House recommended that MICHild participants be required to enroll in Medicaid-contracted HMO's and assumed savings of \$6.6 million gross, \$2.0 million GF. The Senate also recommended the transfer of MICHild responsibility from Blue Cross/Blue Shield to Medicaid-contracted HMO's. The Senate further assumed that program costs would be subject to the HMO provider tax and so would result in a gross expenditure increase but would generate state savings.</i>	\$0.0	\$0.0	(\$6.6)	(\$2.0)	\$2.9	(\$1.6)

ISSUES	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
34. Increase MIChild Premiums from \$5 To \$10 Per Month Per Family <i>The House recommended that family premiums for the MIChild program be doubled from \$5 per month per family to \$10 per month per family, generating state savings.</i>	\$0.0	\$0.0	(\$1.3)	(\$0.4)	\$0.0	\$0.0
35. Freeze Enrollment in Adult Benefits Waiver <i>Both the House and Senate recommended freezing enrollment in the Adult Benefits Waiver program, with different amounts of savings projected.</i>	\$0.0	\$0.0	(\$19.0)	(\$5.8)	(\$26.3)	(\$8.0)
36. Reduce Medicaid Eligibility Error Rate <i>The House and Senate both included savings associated with reducing Medicaid eligibility errors, however, neither the House nor the Senate recommended increased funding for staff to enable the Department of Human Services attain even the Senate level of savings.</i>	\$0.0	\$0.0	(\$21.1)	(\$9.1)	(\$2.3)	(\$1.0)
37. Reduce Funding for Home and Community Based Services Program <i>Both the House and the Senate recommended reductions in the Home and Community Based Services Program (MIChoice). The House policy limits the administrative rate to \$4 per person per day; the Senate limit is \$6.30 per day.</i>	\$0.0	\$0.0	(\$7.5)	(\$3.3)	(\$9.7)	(\$4.2)
38. Establish Medicaid Premiums <i>Both the House and Senate recommended the imposition of premiums on Medicaid recipients. The House imposes a \$5 monthly premium on "non-exempt" adults (not exempted under federal law). The Senate recommended a federal waiver be pursued to allow premiums, averaging \$5 per month, to be assessed on all Medicaid recipients except pregnant women, disabled individuals, and nursing home residents. The Senate also proposed implementation of a voluntary personal responsibility agreement which could lower the amount of premiums for adults.</i>	\$0.0	\$0.0	(\$17.4)	(\$7.6)	\$0.0	(\$27.7)
39. Add/Increase Copayments and Deductibles <i>The House recommended the imposition of a \$3 copay for physicians services for adults not exempted by federal law. The Senate recommended a federal waiver be pursued to allow more expansive copays and deductibles to be implemented than are permitted under federal law. The Senate recommendation includes: a \$25 copay for nonemergency use of hospital emergency rooms, \$3 copay for physician services, an unspecified copay on the first day of hospital care, an unspecified copay on durable medical equipment, a deductible on nonemergency medical transportation services. The unspecified copay amounts are intended to generate specific levels of savings.</i>	\$0.0	\$0.0	(\$1.2)	(\$0.5)	(\$39.0)	(\$17.0)

ISSUES	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<p>40. Medical Services Audit Savings</p> <p><i>The House and Senate recommended reductions in the Medical Services Administration associated with over-payments identified in an Auditor General Performance Audit. The House and Senate added boilerplate that provides spending authorization should the funds be recovered.</i></p>	\$0.0	\$0.0	(\$7.6)	(\$3.8)	(\$7.6)	(\$3.8)
<p>41. Early Childhood Secondary Prevention (0-3 Program)</p> <p><i>The House recommended elimination of the funding for the cooperative program (among the Departments of Community Health, Human Services and Education) administered by the Department of Human Services for community projects to improve child development for families at risk with children ages 0 – 3.</i></p>	\$0.0	\$0.0	(\$0.5)	(\$0.5)	\$0.0	\$0.0
<p>42. Restore Adult Dental</p> <p><i>The Senate recommended restoration of Medicaid coverage for adult dental services. The included funding assumes the transfer of the \$1.2 million added last fiscal year to Local Public Health departments to encourage expanded dental services, as well as copays to generate \$500,000 in reduced general fund cost.</i></p>	\$0.0	\$0.0	\$0.0	\$0.0	\$5.8	\$2.5
<p>43. Pay Graduate Medical Education through HMO's to Qualify Expense for HMO Provider Tax and Save General Fund</p> <p><i>The Senate recommended the transfer of graduate medical education payments to the Health Maintenance Organizations. These payments would then be subject to the HMO provider tax which would generate a gross payment increase, but a general fund savings.</i></p>	\$0.0	\$0.0	\$0.0	\$0.0	\$9.8	(\$5.5)