

# COVID 19 Budget Update

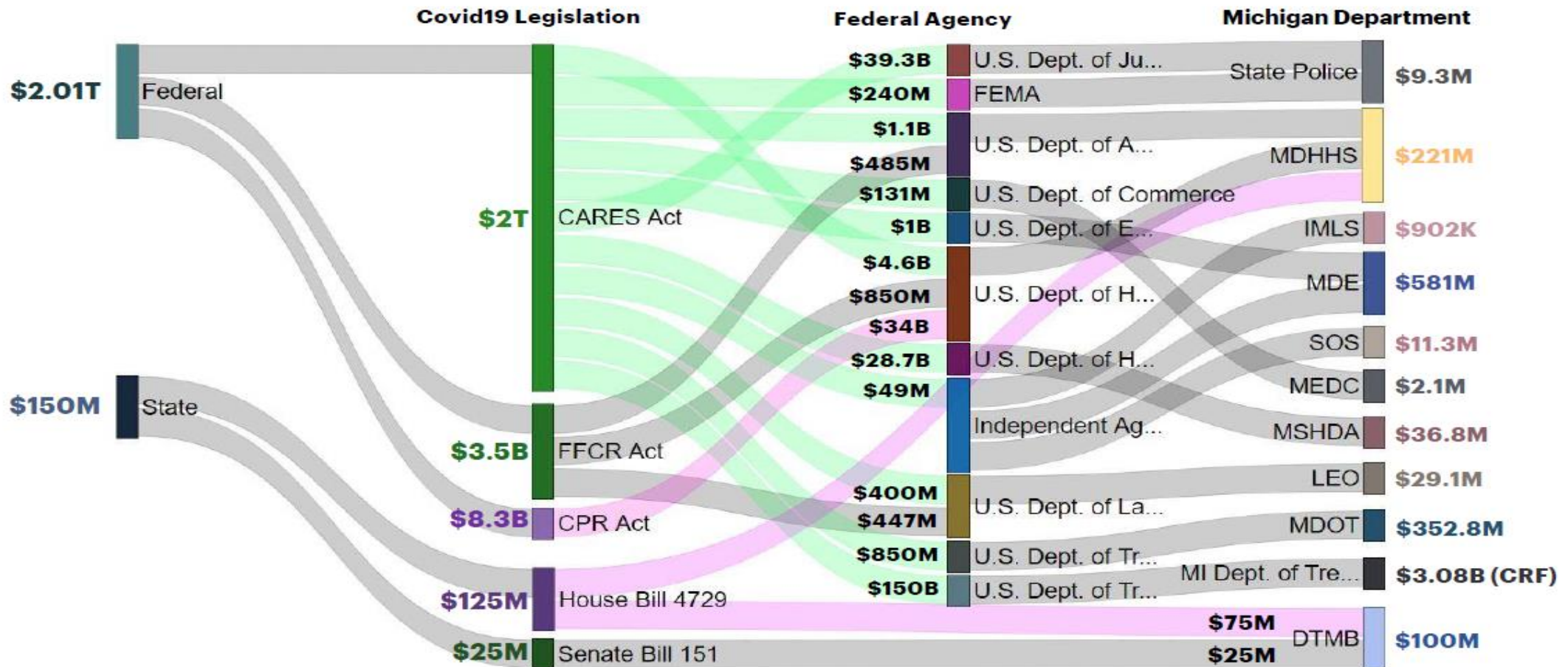
May 13, 2020

State Budget Director Chris Kolb



# COVID 19 Funds

## Available Covid19 Stimulus Funding from Source to Appropriated Michigan Department



Total \$ Allocated to MI: Approx. \$4.4B

# General Fund COVID 19 Appropriations

- SB 151 and HB 4729:
  - \$50 million for health care capacity
  - \$50 million for flexible immediate response needs
    - Will be fully expended on 25% State Match of FEMA eligible expenditures
  - \$50 million additional upon transfer by the Appropriations committees

# State Assistance to Health Care Providers



New Funding Initiatives		Gross	Fed-Other	Fed-CRF	GF/GP
<b>Cash Payments</b>					
Clinic Cash Payment	Payments totaling \$5 million targeted to clinics that did not receive direct funding from the federal CARES Act. Clinic allocations based on number of visits with 'hot spot' factor adjustment.	5.0	0.0	0.0	5.0
CMH Cash Payment	Payments totaling \$5 million targeted to Community Mental Health (CMH) agencies. Allocation formula accounts for population, COVID prevalence, disability prevalence, and other health metrics.	5.0	0.0	0.0	5.0
Hospital Cash Payment	Payments totaling \$25 million distributed to Tier 1 hospitals in Wayne, Oakland, Macomb counties and Hurley Medical Center (\$17M), rural hospitals (\$4M) and all other hospitals (\$4M). Payments within each pool allocated by bed count.	25.0	0.0	25.0	0.0
<b>Rate Increases</b>					
Direct Care Wage Increase	DHHS Implemented a 3-month \$2/hour wage increase for direct care workers within Medicaid behavioral health and long-term care programs (Medicaid Mental Health, MI Choice, ICO, and Adult Home Help) and workers providing services in substance use disorder services and applied behavioral analysis (ABA) services for autism.	76.6	53.8	0.0	22.8
<b>Incentive Payments</b>					
Nursing Home COVID Hub Payments	Payments totaling \$5 million to nursing homes designated as regional COVID patient hubs. DHHS had initially identified 827 beds at 24 facilities to dedicate to COVID patients. Payments were intended to be \$5,000-\$6,000/bed but will ultimately depend on final number of approved beds.	5.0	0.0	0.0	5.0
<b>Subtotal: New Funding Initiatives</b>		<b>116.6</b>	<b>53.8</b>	<b>25.0</b>	<b>37.8</b>

# State Assistance to Health Care Providers



Budget Neutral Initiatives		Gross	Fed-Other	QAAP	GF/GP
<b>Delayed Tax and Settlement Collections</b>					
Clinic Delayed Recoupments	Delayed collection of Medicaid-related settlements from FY16-FY19 where a clinic owes the state.	43.8	28.2	0.0	15.6
Nursing Home Provider Tax Deferral (April)	Deferment of an estimated \$27 million in nursing home provider taxes for the month of April. These taxes draw down federal Medicaid funds.	27.0	0.0	0.0	27.0
Nursing Home Provider Tax Deferral (May)	Deferment of an estimated \$27 million in nursing home provider taxes for the month of May. These taxes draw down federal Medicaid funds.	27.0	0.0	0.0	27.0
Hospital DSH Delayed Recovery	Deferment of \$48 million in Disproportionate Share Hospital (DSH) recoveries related to the FY17 Step 2 reallocation process. Step 2 is normally a zero-sum redistribution of DSH payments. DHHS is continuing with the payment side of the redistribution but delaying collections.	48.0	31.3	16.7	0.0
<b>Advanced Payments and Settlements</b>					
Clinic Expedited Settlements	Accelerated payments of Medicaid-related settlements from FY16-FY19 where the state owes a clinic.	73.0	47.1	0.0	26.0
Hospital Expedited FFS Rural Access Payments	Advanced payment of the fee-for-service Rural Access Pool (RAP) targeted only to rural, critical access, and low-volume non-rural facilities. Note: \$4.9 million was scheduled to be paid before intervention.	10.8	7.6	0.0	3.2
Hospital Expedited GF Rural Access Payments	Advanced payment of the GF-only Rural Access Pool (RAP) targeted only to rural, critical access, and low-volume non-rural facilities.	10.5	0.0	0.0	10.5
Hospital Expedited HRA	Advanced payment of the 2nd quarter Hospital Rate Adjustor (HRA) targeted only to rural, critical access, and low-volume non-rural facilities. Payments made to health plans to then pass to hospitals.	14.1	9.9	4.2	0.0
Nursing Home Gross Adjustment	Gross adjustment of \$15 million to artificially increase Medicaid payments to nursing homes. A future offsetting adjustment or cost settlement payment will eventually recoup these costs.	15.0	10.5	0.0	4.5
<b>Subtotal: Budget Neutral Initiatives</b>		<b>269.2</b>	<b>134.6</b>	<b>20.9</b>	<b>113.7</b>

# Federal COVID 19 Funds - Health

Health Care Relief Program - \$175 billion nationwide direct payments to health providers.

- Current Allocations:
  - Medicare-based reimbursements - \$50 billion
  - COVID-19 High Impact Areas - \$12 billion
  - Rural and Critical Access Providers - \$10 billion
  - Medicaid-based reimbursements – TBD
  - Allocation for the treatment of Uninsured – TBD

# Federal COVID 19 Funds - FEMA

## FEMA Disaster Relief Funds:

- Covers many direct state/local COVID 19 emergency expenditures
  - Supplies - \$238.1 million (State share \$59.5 million)
    - Personal protection equipment including masks, gloves, gowns, face shields, eyewear.
    - Ventilators
    - Testing Supplies
  - Alternative Care Sites: TCF Center and Suburban Showplace – \$96.5 million (\$24.1 million)
  - MDOC Quarantine - \$8 million (\$2 million)
  - Food Banks Support - \$14.5 million (\$3.6 million)
- Requires 25% state/local match unless waived.

# Federal COVID 19 Funds - CRF

## Coronavirus Relief Fund (CRF): Michigan Share = \$3.9 billion

- \$800 million to local units with populations > 500,000:
  - Detroit and Kent, Macomb, Oakland, and Wayne Counties
- \$3.1 billion remaining to the state for expenditures that meet all of the following:
  - Necessary expenditures incurred because of the COVID-19 public health emergency;
  - Costs not accounted for in the most recently approved state budget
  - Costs incurred between March 1, 2020 and December 30, 2020.
- States have requested additional flexibility – specifically revenue backfill as an allowable use.



# Federal COVID 19 Funds - CRF

## State CRF Expenditures to date:

- Hospital Payments - \$25 million
- State Employee COVID Premium Pay - \$17 million per pay period
  - \$68 million estimated for 4 pay period, through the end of the state of emergency
  - \$750 per pay period
  - For first responder and health care workers continuing to work on site or with public and exempt from new federal leave benefits
  - Approximately 14,500 employees eligible in MDOC, MSP, DNR, DMVA, and DHHS
- Evaluating other eligible expenditures

# Elementary and Secondary School Emergency Relief Fund

Fund Name	Michigan's Allocation	Recipients	Distribution to Recipients
<p><b>Elementary and Secondary School Emergency Relief Fund</b></p>	<p><b>\$389.8 million</b></p>	<p>Local educational agencies (including charter schools that are local educational agencies)</p>	<ul style="list-style-type: none"> <li>• 90% of funding to districts based on the district's share of statewide Title I (Part A) allocations</li> <li>• 10% may be used for addressing issues related to COVID-19</li> </ul>

## Allowable Uses

Broad discretion including:

- Any activity authorized by the ESEA, Support and Assistance Act, IDEA, Adult Education and Family Literacy Act, Perkins, or parts of McKinney-Vento.
- Assistance to **school resources** for necessary resources to address needs in schools.
- Activates addressing the **needs of students** in many categories include: at-risk, ELL, children with disabilities, and minorities.
- Purchasing educational **technology**.
- Other **virus response activities** including training, sanitation, meals, mental health, etc.

# Higher Education Emergency Relief Fund

Fund Name	Michigan's Allocation	Recipients	Distribution to Recipients
<p><b>Higher Education Emergency Relief Fund</b></p>	<p><b>\$347.4 million</b></p>	<p>Public and private institutions of higher learning.</p>	<p><u>Grants distributed as follows:</u></p> <ul style="list-style-type: none"> <li>• 90% to Institutions of Higher Education with 75% of this amount being based on Pell grant recipient rate and 25% based on non-Pell grant recipient rate.</li> <li>• 7.5% based on proportionate share of other federal programs.</li> <li>• 2.5% based on Title VII (Part B) of the Higher Education Act</li> </ul>

## Allowable Uses

- Funds may be used to cover any costs associated with significant **changes to the delivery of instruction** due to the coronavirus.
- 50% of funds must be used to provide **emergency financial aid grants to students** for expenses related to the disruption of campus operations due to coronavirus (food, housing, course materials, technology, health care, childcare, and other cost of attendance items)

# Governor's Emergency Education Relief Fund



Fund Name	Michigan's Allocation	Recipients	Distribution to Recipients
<b>Governor's Education Emergency Relief Fund</b>	<b>\$89.4 million</b>	Local educational agencies (LEAs)  Institutions of higher education  Other education-related entities	<u>Grants distributed as follows:</u> <ul style="list-style-type: none"> <li>• To LEAs determined by the <i>state educational agency</i> to be most impacted</li> <li>• To institutions of higher education the <i>Governor</i> determines to be most impacted</li> <li>• To other entities the <i>Governor</i> determines to be essential for carrying out emergency educational services.</li> </ul>

## Allowable Uses

- Activities that are necessary to **continue to provide educational services** to students and to support the **on-going functionality** of the local educational agencies.
- The provision of **childcare** and **early childhood** education, **social and emotional support**, and the protection of education-related **jobs**.
- Purposes allowed under the Elementary and Secondary School Emergency Relief Fund described previously

# Child Care Relief Fund

Fund Name	Michigan's Allocation	Recipients	Distribution to Recipients
<b>Child Care Relief Fund</b>	<b>\$100.9 million (also assumes \$30 million carry forward from existing Child Care Development Fund)</b>	<ul style="list-style-type: none"> <li>• Licensed child care centers</li> <li>• Licensed child care family/group homes</li> <li>• Licensed exempt providers</li> <li>• Disaster relief child care centers</li> <li>• Tribal child care centers</li> </ul>	<p><u>Grants distributed as follows:</u></p> <ul style="list-style-type: none"> <li>• Monthly payments made for April, May, and June.</li> <li>• Grant amount is made up of a flat rate based on provider type, bonus payment if provider is open and caring for children of essential workers, star quality rating, and a per-staff stipend.</li> </ul>

## Allowable Uses

- Funds are very flexible and can be used to support a range of expenses, including, but not limited to: payroll, mortgages and rent, utilities, insurance, and supplies.

# Federal COVID 19 Funds - Other

## Other Major Federal funding:

- Transit –
  - Urban grants (Direct payments) – \$280 million
  - NonUrban grants - \$73 million
- Airport Support - \$257 million
- Child Nutrition Programs - \$214 million
- Coronavirus Testing (initial estimate) - \$166 million
- Community Services Block Grants - \$36 million
- Community Development Block Grants - \$20 million State, \$53 million local
- Older Americans nutrition and services - \$33 million
- Emergency Solutions for homelessness - \$17 million State, \$20 million local
- Public Housing and rental assistance - \$25 million

# COVID Funding Reporting

- COVID Federal Authorization – Weekly Reports
- Monthly detailed COVID expenditure reports
- Biweekly meetings with Appropriations Chairs
- COVID 19 Office of Accountability (Executive Directive 2020-5). Charged with:
  - Providing oversight of all spending to address the crisis;
  - Reviewing the emergency procurement process and recommending to the governor, the state budget director, the director of the Department of Technology, Management, and Budget, and the director of the Michigan State Police any appropriate reforms to strengthen accountability; and
  - Reviewing and monitoring the allocation of funds received by this state to ensure that uses of the funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner.

# Questions

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