

**Summary: Executive Budget Recommendation
for Fiscal Year 2025-26
DEPARTMENT of HEALTH and HUMAN SERVICES**



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	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$14,707,900	\$15,448,000	\$740,100	5.0
Federal	26,644,177,600	27,369,656,600	725,479,000	2.7
Local	170,492,500	190,421,900	19,929,400	11.7
Private	177,599,600	180,133,600	2,534,000	1.4
Restricted	3,922,022,500	4,030,240,400	108,217,900	2.8
GF/GP	6,717,231,000	7,365,958,300	648,727,300	9.7
Gross	\$37,646,231,100	\$39,151,858,800	\$1,505,627,700	4.0
FTEs	15,941.5	16,364.5	423.0	2.7

Note: 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, and funding for behavioral health (mental health and substance use disorder), public health, aging, crime victim, and medical services programs, including Medicaid and the Healthy Michigan Plan.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
MEDICAID – GENERAL		
1. Traditional Medicaid Cost Adjustments	Gross \$20,522,491,800	\$753,222,800
Includes an increase of \$753.2 million Gross (\$259.4 million GF/GP) to recognize caseload, utilization, inflation, and special financing adjustments, and traditional FMAP cost-sharing adjustments from FMAP increasing from 65.13% to 65.30% for medical and behavioral health services in the traditional Medicaid program. Compared to FY 2023-24 expenditures, and including actuarial soundness adjustments in item #3, State Budget Office forecasts an average annual increase of 3.7%.	Federal 13,312,825,800	527,473,400
	Local 44,686,000	(2,422,900)
	Private 7,165,100	2,673,000
	Restricted 3,110,411,800	(33,950,500)
	GF/GP \$4,047,403,100	\$259,449,800
2. Healthy Michigan Plan Cost Adjustments	Gross \$6,648,194,800	\$110,841,600
Includes an increase of \$110.8 million Gross (\$17.7 million GF/GP) to recognize caseload, utilization, inflation, and special financing adjustments for medical and behavioral health services in the Healthy Michigan Plan (HMP). Compared to FY 2023-24 expenditures, and including actuarial soundness adjustments in item #3, State Budget Office forecasts an average annual increase of 4.3%.	Federal 5,976,755,900	90,413,000
	Local 1,771,700	0
	Private 1,122,800	0
	Restricted 577,498,600	2,761,100
	GF/GP \$91,045,800	\$17,667,500
3. Actuarial Soundness	Gross NA	\$664,555,100
Includes \$664.6 million Gross (\$185.3 million GF/GP) to support actuarial soundness adjustments for prepaid inpatient health plans (PIHPs), Medicaid Health plans, Program of All-inclusive Care for the Elderly (PACE), home- and community-based services, Integrated Care Organizations (MI Health Link), and Healthy Kids Dental.	Federal NA	479,254,200
	GF/GP NA	\$185,300,900

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>
DEPARTMENT ADMINISTRATION		
4. Coordination of Children's Healthcare	FTE 74.0	0.0
Transfers \$24.7 million Gross (\$10.8 million GF/GP) and 74.0 FTE positions from throughout DHHS, and includes \$7.5 million restricted revenue from the Healthy Michigan Fund for tobacco and smoking prevention and cessation. Consolidates programs and services such as early child mental health, MiKidsNow, Transitions of Care programming, and youth smoking prevention under a single programmatic line item. YTD amounts reflect appropriations associated with programs transferred from other line items.	Gross \$24,688,300	\$7,500,000
	TANF 450,200	0
	Federal 13,271,100	0
	Private 200,000	0
	Restricted 0	7,500,000
	GF/GP \$10,767,000	\$0
5. Information Technology Systems and Services Cost Increase	Gross \$532,841,400	\$9,016,000
Includes \$9.0 million Gross (\$4.2 million GF/GP) for cost adjustments related to increased prices for system hardware, software, program licensing fees, and vendor/service provider contractual costs.	IDT/IDG 609,700	0
	TANF 24,471,400	0
	Federal 356,556,000	4,775,900
	Local 6,700	0
	Private 5,250,000	0
	Restricted 2,010,400	0
	GF/GP \$143,937,200	\$4,240,100

COMMUNITY SERVICES AND OUTREACH

6. TANF/GF Swap	Gross	NA	\$0
Includes \$6.2 million GF/GP to replace TANF within the diaper assistance program, foster care suitcases, and newborn car seats initiatives. The use of GF/GP in these programs would allow for greater flexibility in spending by the department and expanded access to services.	TANF	NA	(6,202,200)
	GF/GP	NA	\$6,202,200

7. Assistance Programs – TANF Increase	FTE		1.0
Includes a total of \$6.2 million federal TANF reallocated from the diaper assistance program, foster care suitcases, and newborn car seats initiatives to supplement various programs. Investments include:	Gross	NA	\$6,202,800
	TANF	NA	6,202,800
	GF/GP	NA	\$0
<ul style="list-style-type: none"> \$5.0 million and a 1.0 new FTEs for child support enforcement programming to support responsible fatherhood. \$1.2 million to increase the FIP – Child Supplemental Payment for eligible families. 			

CHILDREN'S SERVICES AGENCY – CHILD WELFARE

8. Child Welfare Caseload Adjustments	Gross	\$861,186,300	\$56,551,900
Increases funding for child welfare programs by \$56.6 million Gross (\$64.4 million GF/GP) as follows:	TANF	72,665,900	(4,523,500)
	Federal	211,630,600	(8,252,900)
	Local	40,687,800	5,041,200
	Private	1,503,300	(276,400)
	Restricted	3,615,800	156,500
	GF/GP	\$531,082,900	\$64,407,000
<ul style="list-style-type: none"> Adoption Subsidies is reduced \$7.4 million Gross (\$1.2 million GF/GP). Child care fund is increased \$48.4 million Gross (\$45.1 million GF/GP). Foster Care Payments is increased \$15.5 million Gross (20.7 million GF/GP). Guardianship Assistance Program is increased by \$56,400. Amount includes \$347,200 GF/GP reduction from changes in the FY 2025-26 FMAP to 65.30%. 			

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)		Executive Change from YTD
9. Kinship Support Services	FTE	NA	157.0
Includes \$24.4 million Gross (\$22.6 million GF/GP) and authorizes an additional 157.0 FTEs to fund programming that supports foster children and the relatives that care for them. Funds would be used to support the Kinship Advisory Council, Kinship Support Program in partnership with Michigan State University, kinship activities for family bonding, and family finding specialists. Amount includes \$471,000 Gross (\$428,600 GF/GP) for IT costs.	Gross	NA	\$24,397,000
	Federal	NA	1,757,000
	GF/GP	NA	\$22,640,000
10. Foster Home Array and Permanency Planning	FTE	NA	22.0
Includes \$13.3 million Gross (\$11.2 million GF/GP) and authorizes an additional 22.0 FTEs to support foster parent recruitment efforts, community reintegration for youth exiting foster care, expanding enhanced treatment foster care services, and increase the Family Incentive Grant to address continued safety issues.	Gross	NA	\$13,333,400
	Federal	NA	2,091,400
	GF/GP	NA	\$11,242,000
11. Adoption Support Investment	Gross	NA	\$17,496,000
Includes \$17.5 million Gross (\$12.7 million GF/GP) to support efforts to improve access to behavioral health supports for adopted children. Amount includes \$5.1 million Gross (\$1.2 million GF/GP) to account for increases in medical subsidies expenditures.	Federal	NA	4,832,300
	GF/GP	NA	\$12,663,700
12. Foster Youth Benefits	Gross	NA	\$0
Includes an increase of \$3.5 million GF/GP to offset the loss of federal funds from federal benefits such as Supplemental Security Income (SSI). Currently, federal benefits are used to fund the child's care while they are in foster care. Funds will now be set aside for the youth to use as they transition out of foster care.	Restricted	3,615,800	(3,500,000)
	GF/GP	(\$3,615,800)	\$3,500,000
13. Independent Living Plus Rate Increase	Gross	NA	\$2,032,600
Includes \$2.0 million Gross (\$1.9 million GF/GP) to fund a 20% increase to the Independent Living Plus per diem rates for both Staff-Supported Housing from \$210.25 to \$252.30 and the Host Home rate from \$99.21 to \$119.05.	Federal	NA	133,700
	GF/GP	NA	\$1,898,900
14. Indian Child Welfare Act Foster Care Rate Increase	Gross	NA	\$325,700
Includes \$325,700 Gross (\$261,000 GF/GP) to fund a \$10.02 increase to the add-on rate paid to child placing agencies. Currently, child placing agencies receive an add-on rate of \$2.50 for Indian foster youth in addition to the general administrative per diem of \$60.20. The add-on rate is required for the state to remain in compliance with the Indian Child Welfare Act of 1978.	Federal	NA	64,700
	GF/GP	NA	\$261,000
15. Juvenile Justice Operations	FTE	NA	62.0
Includes \$12.8 million Gross (\$6.2 million GF/GP) and authorizes an additional 62.0 FTEs for the following juvenile justice investments:	Gross	NA	\$12,755,100
• Bay Pines Operations: \$4.1 million Gross (\$2.0 million GF/GP) and an additional 4.0 FTEs.	Federal	NA	90,500
• Juvenile Justice Programmatic Improvements: \$6.5 million GF/GP and an additional 5.0 FTEs.	Local	NA	6,456,300
• New Michigan Youth Treatment Center: \$16.1 million Gross (\$7.6 million GF/GP) and an additional 111.0 FTEs.	GF/GP	NA	\$6,208,300
• Shawono Closure: \$7.6 million Gross (\$3.6 million GF/GP) savings and reduction of 58.0 FTEs.			
• Foster Care savings: \$6.4 million GF/GP savings.			

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
PUBLIC ASSISTANCE / LOCAL OFFICE OPERATIONS		
16. Michigan Energy Assistance Program	Gross \$50,000,000	\$75,000,000
Includes a total of \$75.0 million Gross (\$25.0 million GF/GP) for energy assistance services for low-income residents. Amount includes:	Restricted 50,000,000	50,000,000
<ul style="list-style-type: none"> \$50.0 million from the Low-income energy assistance fund (LIEAF) and its associated new revenue from PA 168 and 169 of 2024. \$25.0 million GF/GP on a one-time basis. 	GF/GP \$0	\$25,000,000
17. Water Affordability	Gross \$10,000,000	(\$3,000,000)
Continues a total of \$7.0 million GF/GP (\$1.0 million ongoing; \$6.0 million one-time) to support water affordability efforts, including paying water arrearages, shut off notices, and subsidizing other water affordability programs. Program received \$10.0 million GF/GP in FY 2024-25 on a one-time basis.	GF/GP \$10,000,000	(\$3,000,000)
18. Public Assistance Caseload Adjustments	Gross \$4,182,176,700	(\$519,793,400)
Includes a net reduction of \$519.8 million Gross (\$1.7 million GF/GP) for current year and FY 2025-26 caseload adjustments for the Family Independence Program (FIP), Food Assistance Program (FAP), State Disability Assistance (SDA), and State Supplementation (SSI). The Gross reduction is primarily from a decrease in federal FAP authorization in the current year. Caseload changes include:	TANF 90,370,200	0
<ul style="list-style-type: none"> FAP – reduction of \$518.6 million Federal. SDA – reduction of \$1.1 million Gross (\$1.5 million GF/GP). SSI – reduction of \$62,800 GF/GP. 	Federal 4,013,660,000	(518,591,700)
	Restricted 14,785,700	457,500
	GF/GP \$63,360,800	(\$1,659,200)
19. Family Impact Teams	FTE NA	(12.0)
Includes a net increase of \$390,000 Gross (\$0 GF/GP) for statewide expansion of Family Impact Teams. Funds will be used to embed public assistance local office staff in child welfare services to support families in applying for public assistance and accessing other resources. Amount includes a reduction of \$26.6 million Gross (\$11.3 million GF/GP) and a net reduction of 12.0 FTEs from the elimination of the Pathways to Potential program.	Gross NA	\$390,000
	IDG/IDT NA	0
	TANF NA	0
	Federal NA	390,000
	GF/GP NA	\$0
BEHAVIORAL HEALTH		
20. Certified Community Behavioral Health Clinics (CCBHCs)	Gross \$525,913,900	\$39,372,800
Adds \$39.3 million Gross (\$6.3 million GF/GP) for utilization and cost adjustments for the CCBHC demonstration program. Also includes a net \$0 transfer of \$350.8 million Gross (\$75.7 million GF/GP) of base CCBHC payments currently within the Medicaid Mental Health and Healthy Michigan Plan – Behavioral Health lines into the supplemental payments CCBHC line.	Federal 441,942,600	33,086,200
	GF/GP \$83,971,300	\$6,286,600
21. Michigan Opioid Healing and Recovery Fund	Gross \$48,202,300	\$21,796,500
Includes a net increase of \$21.8 million in Michigan Opioid Healing and Recovery Funds to increase opioid use disorder services, including prevention, treatment, harm reduction, and data collection for a total of \$70.0 million. Of that amount, \$55.0 million would be allocated on an ongoing basis and \$15.0 million would be allocated on a one-time basis.	Restricted 48,202,300	21,796,500
	GF/GP \$0	\$0
22. Medicaid Pre-Release Services Demonstration Start-Up Costs	Gross NA	\$40,000,000
Includes \$40.0 million Gross (\$20.0 million GF/GP) for start-up costs for correctional and other facilities, staffing, outreach, and IT costs of a new Medicaid demonstration program to provide 90 days of Medicaid covered pre-release services, including: case management, medication assisted treatment, pharmaceutical services, practitioner services, and diagnostics. Services that would begin in the following fiscal year.	Federal NA	20,000,000
	GF/GP NA	\$20,000,000

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
23. New State Psychiatric Hospital Operations	FTE 786.2	147.0
Includes \$15.2 million GF/GP and authorizes 147.0 FTEs for the state to transition patients into the new State Psychiatric Hospital in Northville. The patients are currently residing at the Walter Reuther Psychiatric Hospital in Westland, and the year-to-date amount reflects the authorization for Walter Reuther. The new State Psychiatric Hospital has a 264-bed capacity, of which 72 would be for children and adolescents. The census for Walter Reuther and Hawthorn has averaged 215 individuals, of which 50 have been children and adolescents.	Gross \$123,069,900	\$15,154,900
	Federal 29,765,600	0
	Local 6,263,900	0
	Restricted 5,282,600	0
	GF/GP \$81,757,800	\$15,154,900
24. Other State Psychiatric Hospital Adjustments	Gross NA	\$4,727,600
Includes a total of \$4.7 million Gross (\$618,400 GF/GP) for pharmaceutical cost increases, funding to open a new kitchen at the Forensic Center, and updated revenue estimates from first and third party reimbursements.	Federal NA	109,200
	Local NA	0
	Restricted NA	4,000,000
	GF/GP NA	\$618,400
25. First Responder Mental Health Service (One-Time)	Gross \$2,500,000	\$0
Continues \$2.5 million GF/GP on a one-time basis for first responder mental health services to support first responders suffering from post-traumatic stress and other mental health conditions. Program received \$2.5 million GF/GP in FY 2024-25, also on a one-time basis.	GF/GP \$2,500,000	\$0
PUBLIC HEALTH		
26. Crime Victim's Rights Sustaining Grants Increase	Gross \$30,000,000	\$20,000,000
Includes \$20.0 million GF/GP to offset a projected shortfall in the state restricted Crime Victim's Rights fund and federal Victims of Crime Act (VOCA) funding.	GF/GP \$30,000,000	\$20,000,000
27. Tobacco Prevention and Smoking Cessation Increase	FTE 33.0	7.0
Includes \$22.9 million Gross (\$1.5 million GF/GP) and an additional 7.0 FTEs to support smoking prevention programs such as cancer screenings, free nicotine quit kits, and cessation counseling services as well as anti-smoking campaigns. Programming would be largely funded by revenues from a new tax on vaping and other nicotine products.	Gross \$23,076,100	\$15,371,300
	Federal 14,630,600	0
	Private 700,000	0
	Restricted 1,661,900	13,875,000
	GF/GP \$6,083,600	\$1,496,300
28. Essential Local Public Health Services for Youth	Gross \$117,662,000	\$11,057,300
Includes \$11.1 million in local funding authorization to align vision and hearing screening service levels with School Aid Act Appropriations for schools and Child and Adolescent Health Centers.	Local 46,392,700	11,057,300
	GF/GP \$71,269,300	\$0
29. Statewide Paramedic Competency Exam	FTE NA	6.0
Includes \$3.1 million GF/GP and an additional 6.0 FTEs to implement a statewide paramedic competency exam as required by PA 48 of 2024.	Gross NA	\$3,100,000
	GF/GP NA	\$3,100,000
HEALTH SERVICES		
30. Medicaid Protected Income – Spend Down Threshold	Gross NA	\$96,389,000
Includes \$96.4 million Gross (\$33.1 million GF/GP) to detach the Medicaid protected income level from the Family Independence Program standard, pursuant to MCL 400.106, and align it with federal poverty standards issued by the U.S. Department of Health and Human Services. For CY 2025, the spend down threshold would increase from approximately 28% to 100% of FPL (\$363 per month to \$1,304 per month) for an individual. DHHS assumes a spend down population of 78,252. Sec. 1605 includes related boilerplate.	Federal NA	63,289,000
	GF/GP NA	\$33,100,000

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
31. Nonclinical Long-Term Care Staff Wage Increase	Gross \$2,434,890,200	\$14,000,000
Includes \$14.0 million Gross (\$6.2 million GF/GP) to provide a \$0.85 per hour wage increase for nonclinical staff employed in skilled nursing facilities. Amends boilerplate Sec. 1645 include nursing unit clerks and non-certified aides as eligible classifications.	Federal 1,544,691,300	7,801,400
	Local 6,618,800	0
	Private 6,100,000	0
	Restricted 400,613,500	0
	GF/GP \$476,866,600	\$6,198,600
32. Home Help Caregiver Council	Gross NA	\$7,000,000
Includes \$7.0 million Gross (\$3.5 million GF/GP) to establish the Home Help Caregiver Council, in accordance with 2024 PA 144. Funding to provide for administrative costs, pre-service orientation, communications, advisory group support, and voluntary training over a 5-year period with the intent to work project the appropriations.	Federal NA	3,500,000
	GF/GP NA	\$3,500,000
33. Prior Authorization Processing	FTE 458.0	30.0
Includes \$3.6 million Gross (\$1.8 million GF/GP) to support 30.0 additional FTE positions. Staffing increase is requested in preparation for the January 2026 implementation of CMS regulations requiring the processing of all prior authorization requests within 7 calendar days.	Gross \$128,854,100	\$3,633,400
	Federal 85,538,600	1,816,700
	Local 37,700	0
	Private 1,001,300	0
	Restricted 336,300	0
	GF/GP \$41,940,200	\$1,816,700
34. Medicaid Eligibility Phone Renewal Services	Gross NA	\$2,837,000
Includes \$2.8 million Gross (\$1.4 million GF/GP) to provide Medicaid eligibility phone renewal services. These renewal services were previously funded with one-time Medicaid redetermination funding and remain federally mandated.	Federal NA	1,418,500
	GF/GP NA	\$1,418,500
35. PACE Slot Increase	Gross \$270,385,800	\$2,899,400
Includes \$2.9 million Gross (\$1.0 million GF/GP) to provide 54 additional slots at existing PACE sites in Newaygo (2), Saginaw (32), and Traverse City (20). Revises boilerplate Sec. 1854 to incorporate additional slots.	Federal 176,099,000	1,893,300
	GF/GP \$94,286,800	\$1,006,100
36. Medicaid Orthodontic Benefit Expansion – CSHCS	Gross \$4,301,700	(\$1,040,800)
Retains \$1.5 million GF/GP appropriated in FY 2024-25 for a Medicaid orthodontic benefit pilot program and expands the service statewide through Children’s Special Health Care Services. Removes pilot program boilerplate Sec. 1632.	Federal 2,801,700	(1,040,800)
	GF/GP \$1,500,000	\$0
37. Federal State Psychiatric DSH Clawback (One-Time)	Gross NA	\$78,664,100
Includes \$78.7 million GF/GP in the one-time unit for the third of a 4-year repayment plan back to the federal government for state psychiatric disproportionate share hospital payments that the state inappropriately claimed prior to 2007. The total GF/GP cost is \$236.6 million.	GF/GP NA	\$78,664,100
38. Continuous Childhood Eligibility Evaluation (One-Time)	Gross NA	\$400,000
Includes \$400,000 Gross (\$200,000 GF/GP) for a one-time feasibility study to assess the implementation of continuous eligibility for Medicaid recipients aged 0-5.	Federal NA	200,000
	GF/GP NA	\$200,000

Major Boilerplate Changes from FY 2024-25

Sec. 464. Diaper Assistance Grants – REVISED

Allocates \$6.4 million to purchase diapering supplies in bulk and allocate those supplies to diaper assistance programs, maternity homes, local county offices, and other nonprofit agencies that distribute diapers free of charge; states requirements of eligibility; states requirements of distribution; requires report; designates unexpended funds as work project appropriation. Revises by requiring the funds to be allocated as grants, striking report, and striking requirement that unexpended funds be designated as work project appropriation.

Sec. 465. 2-1-1 Statewide Calling System – REVISED

Allocates \$2.9 million to Michigan 2-1-1 to coordinate and support a statewide 2-1-1 call system; funding shall not exceed 50% of total operating expenses; requires 2-1-1 to refer to DHHS any calls reporting fraud, waste, or abuse of state-administered public assistance. Revises by striking requirement that funding shall not exceed 50% of total operating expenses.

Sec. 466. Runaway and Homeless Youth Grants – DELETED

Allocates \$5.3 million to support program expansion; establishes methodology for allocating funding based on geographic coverage, population demographics, scope of services provided, and need; requires that provider agencies must provide continued infrastructure improvements and support for expanded staff, supervision, and training, and expansion of direct services for client stabilization; requires annual report.

CHILDREN'S SERVICES AGENCY – CHILD WELFARE

Sec. 503. Child Welfare Performance-Based Funding – DELETED

Directs DHHS to review actuarially sound case rates for child welfare services by DHHS and private providers.

Sec. 504. West Michigan Partnership for Children Consortium – DELETED

Allows DHHS to continue a master agreement with the West Michigan Partnership for Children Consortium and requires the Consortium to maintain a revised agreement that supports the transition to a global capitated payment model and maintain a risk reserve of at least \$1.5 million; requires report.

Sec. 546. Foster Care Agency Administrative Rates – REVISED

Establishes foster care administrative rate of \$60.20 for private child placing agencies under contract with DHHS; requires payments for independent living plus services at the statewide per diem; requires providers to submit quarterly expenditure reports, if required by federal guidelines. Revises by allowing for per diem to be less than \$60.20, establishes criteria for agencies not receiving incentive payment, increases independent living plus rate, increases independent living plus age limit from 19 to 26 years old, and strikes reporting requirements for providers.

Sec. 564. Parent-Child and Parent-Caseworker Visitations – REVISED

Requires DHHS to maintain policy for parent-child visitations; requires local offices to meet an 85% success rate, after accounting for factors outside of the caseworker's control; requires caseworkers to achieve a success rate of 85% for parent-caseworker visitations, after accounting for factors outside of the caseworker's control; requires report. Revises by requiring private child placing agencies to ensure an 85% success rate for parent-child and parent-caseworker visits.

PUBLIC ASSISTANCE

Sec. 678. Annual FIP Young Child Supplement – REVISED

Provides for annual supplemental payments to FIP cases that include young children; allocates additional funds by 2 age categories, 0 through 5 and 6 through 13; establishes distribution methodology; and requires an annual report. Revises by establishing monthly payments, strikes age categories.

BEHAVIORAL HEALTH SERVICES

Sec. 902. Contracts Between DHHS and CMHSPs/PIHPs – DELETED

Requires final authorizations to CMHSPs or PIHPs be made upon the execution of contracts between DHHS and CMHSPs or PIHPs; requires DHHS to report if there are new contracts or amendments to contracts with CMHSPs or PIHPs that would affect rates or expenditures. (Document from the State Budget Office dated September 3 noted this section is unenforceable.)

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. (Document from the State Budget Office dated September 3 noted this section is unenforceable.)

Sec. 917. Michigan Opioid Healing and Recovery Fund and Report – REVISED

Allocates \$19.2 million from the Michigan Opioid Healing and Recovery Fund, MCL 12.253, to supplement other opioid-related programs and services; allocates \$4.0 million for peer recovery services; and requires a semiannual report. Revises by updating allocation to \$55.0 million and removes \$4.0 million allocation for peer recovery services.

Major Boilerplate Changes from FY 2024-25

Sec. 920. Rate-Setting Process for PIHPs – DELETED

Requires the Medicaid rate-setting process for PIHPs include any state and federal wage and compensation increases.

Sec. 924. Autism Services Fee Schedule – DELETED

Requires DHHS to maintain a fee schedule for autism services by not allowing expenditures used for actuarially sound rate certification to exceed the identified fee schedule, also sets behavioral technician fee schedule at not less than \$66.00 per hour. (Document from the State Budget Office dated September 3 noted this section is unenforceable.)

Sec. 1002. CCBHC Organization Criteria – DELETED

Establishes criteria organizations need to meet to be part of the CCBHC expansion including be a CMHSP or other eligible organization as outlined in federal law and be able to achieve CCBHC certification by September 1, 2024, and requires administrative funds be used for outreach to encourage CCBHC expansion into new counties.

Sec. 1003. Policies and Procedures for PIHPs or CMHSPs – DELETED

Requires DHHS to notify the Community Mental Health Association of Michigan when developing policies and procedures that will impact PIHPs or CMHSPs.

Sec. 1051. Third-Party Payments and Revenue Recapture Project – DELETED

Requires DHHS to continue a revenue recapture project to generate additional third party revenue from cases that are closed or inactive.

PUBLIC HEALTH

Sec. 1158. Crime Victims' Rights Sustaining Grants – REVISED

Allocates \$29.9 million to supplement the loss of federal victims of crime act and state crime victim rights funding; directs DHHS to distribute funds consistent with the regular allocation formula used for crime victim justice assistance grants and crime victim rights service grants. Revises by increasing allocated amount to \$49.9 million.

Sec. 1231. PFAS Contamination and Other Public Health Threats – Local Health Department Response – REVISED

Allocates up to \$4.75 million for grants to local public health departments to support response to PFAS contamination or other public health threats such as infectious and vector-borne disease threats, vapor intrusion, drinking water contamination, and lead exposure. Requires report by March 1 on previous year and current year expenditures. Revises by striking reporting requirement.

Sec. 1301. Pregnancy Planning, Prenatal, and Maternal and Child Health Programs Report – DELETED

Requires DHHS to report by April 1 on funding allocations, breakdown of expenditures by urban and rural, and previous fiscal year service and expenditure data by population groups for the local maternal and child health, prenatal care, family planning, and pregnancy prevention programs. DHHS shall ensure that needs of rural communities are considered in distribution of funds for these programs. Defines "rural" as having a population of 30,000 or less.

HEALTH SERVICES

Sec. 1601. Remedial Services Costs and Medicaid Eligibility – DELETED

Requires remedial service costs to be used in determining medically needy eligibility for those in adult foster care and homes for the aged.

Sec. 1644. Medicaid Fee-For-Service Direct Care Worker Wage Increase – DELETED

Requires DHHS to increase the established Medicaid fee-for-service wages by \$0.20 per-hour for direct care workers, and defines the term "direct care worker". Revises "maintain wages" to "increase by" \$0.85 for FY 2023-24, then to \$0.20 for FY 2024-25.

Sec. 1786. Vaccine Reimbursements – REVISED

Requires DHHS to maintain the Medicaid reimbursement rate for injectable and oral vaccines at \$23.03. Revises to include nasally administered vaccines as eligible for the reimbursement rate.

Sec. 1805. Long-Term Care Bed Dual Certification – DELETED

Requires DHHS to seek a state plan amendment to allow long-term care facilities to seek dual Medicare/Medicaid eligibility for beds currently certified for Medicare recipients, and details eligibility criteria. Document from the State Budget Office dated September 3, 2024 noted this section is unenforceable for FY 2024-25.

Sec. 1879. Medicaid Pharmaceutical Report – REVISED

Requires DHHS to report no later than May 15 on total Medicaid pharmaceutical benefit expenses and rebates received, and pharmaceutical carve out expenses for the previous fiscal year. Revises to require health plans to cover physician-ordered drugs not included in the common formulary and apply the standard Medicaid co-payment.

Supplemental Recommendations for FY 2024-25 Appropriations

**FY 2024-25
Recommendation**

1. Traditional Medicaid Cost Adjustments		Gross	\$693,477,900
Includes a net increase of \$693.5 million Gross (\$223.6 million GF/GP) to support caseload, utilization, inflation, and special financing adjustments for the Traditional Medicaid program.		Federal	468,418,200
		Local	(2,442,200)
		Private	2,688,900
		Restricted	1,246,200
		GF/GP	\$223,566,800
2. Healthy Michigan Plan Cost Adjustments		Gross	\$2,310,900
Includes a net increase of \$2.3 million Gross (\$7.9 million GF/GP) to support caseload, utilization, inflation and special financing adjustments for the Healthy Michigan Plan program.		Federal	21,943,500
		Restricted	(27,489,500)
		GF/GP	\$7,856,900
3. Child Welfare Caseload Adjustments		Gross	\$37,017,400
Increases funding for child welfare programs by \$37.0 million Gross (\$45.3 million GF/GP) as follows:		TANF	(1,852,900)
<ul style="list-style-type: none"> • Adoption Subsidies is decreased by \$2.8 million Gross (\$475,400 GF/GP). • Child Care Fund is increased \$31.8 million Gross (\$30.4 million GF/GP). • Foster Care Payments is increased by \$8.0 million Gross (\$15.3 million GF/GP). • Guardianship Assistance Program is increased by \$55,200. 		Federal	(9,274,900)
		Local	3,012,900
		Private	(291,500)
		Restricted	108,800
		GF/GP	\$45,315,000
4. Juvenile Justice Operations		FTE	41.0
Includes \$5.3 million Gross (\$7.3 million GF/GP) for the following juvenile justice investments:		Gross	\$5,315,800
<ul style="list-style-type: none"> • New Michigan Youth Treatment Center: \$12.3 million GF/GP and an additional 70.0 FTEs. • Shawono Closure: \$3.8 million Gross (\$1.8 million GF/GP) savings and reduction of 29.0 FTEs. • Foster Care savings: \$3.2 million GF/GP savings for FY 2024-25. 		Federal	(90,200)
		Local	(1,900,900)
		GF/GP	\$7,306,900
5. Public Assistance Caseload Adjustments		Gross	(\$626,417,300)
Includes a net reduction of \$626.4 million Gross (\$1.3 million GF/GP) for caseload and cost adjustments for the Family Independence Program, Food Assistance Program, State Disability Assistance, and State Supplementation. Caseload changes include:		Federal	(625,818,000)
<ul style="list-style-type: none"> • FAP – reduction of \$625.8 million Gross (\$192,800 GF/GP). • SDA – reduction of \$568,900 Gross (\$1.0 million GF/GP). • SSI – reduction of \$30,400 GF/GP. 		Restricted	655,100
		GF/GP	(\$1,254,400)
6. Certified Community Behavioral Health Clinics (CCBHC)		Gross	\$28,288,700
Adds \$28.3 million Gross (\$4.5 million GF/GP) for utilization and cost adjustments for the CCBHC demonstration program.		Federal	23,771,900
		GF/GP	\$4,516,800
7. Medicaid Eligibility Phone Renewal Services		Gross	\$2,837,000
Includes \$2.8 million Gross (\$1.4 million GF/GP) to provide Medicaid eligibility phone renewal services. These renewal services were previously funded with one-time Medicaid redetermination funding and the services are now federally mandated.		Federal	1,418,500
		GF/GP	\$1,418,500
8. Restricted Fund Adjustments		Gross	\$0
Includes net-zero adjustments that add \$3.9 million GF/GP to offset state restricted revenues. Adjustments include:		Restricted	(3,936,700)
<ul style="list-style-type: none"> • Medicaid Benefits Trust Fund: decrease of \$6.5 million. • Insurance Provider Assessments: increase of \$3.7 million. • Healthy Michigan Fund: decrease of \$1.2 million. 		GF/GP	\$3,936,700
9. Federal State Psychiatric DSH Clawback		Gross	\$81,619,100
Includes \$81.6 million GF/GP for the second of a 4-year repayment plan back to the federal government for state psychiatric disproportionate share hospital payments that the state inappropriately claimed prior to 2007. The total GF/GP cost is \$236.6 million.		GF/GP	\$81,619,100

Supplemental Recommendations for FY 2024-25 Appropriations

**FY 2024-25
Recommendation**

10. Federal COVID-related Funding

Includes a total of \$73.7 million in federal funding for the following public health programs:

- Epidemiology and Laboratory Capacity for Infection Diseases (ELC): \$61.0 million.
- Strengthening Public Health Infrastructure, Workforce, and Data Systems: \$10.0 million.
- Emerging Infections Programs: \$2.7 million.

Gross	\$73,651,400
Federal	73,651,400
GF/GP	\$0