

# SENATE BILL No. 272

March 1, 2001, Introduced by Senators GOUGEON, JOHNSON, HAMMERSTROM  
and STILLE and referred to the Committee on Appropriations.

A bill to amend 2000 PA 296, entitled

"An act to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2001; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; to provide for disposition of fees and other income received by the various state agencies; and to repeal acts and parts of acts,"

by adding section 418.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1        SEC. 418. (1) FROM THE FUNDS APPROPRIATED IN SECTION 104  
2 FOR MEDICAID MENTAL HEALTH SERVICES, THE DEPARTMENT SHALL ESTAB-  
3 LISH A RISK ADJUSTOR POOL IN THE AMOUNT OF \$20,000,000.00. THE  
4 PURPOSE OF THESE FUNDS SHALL BE TO OFFSET THE FINANCIAL RISK  
5 IMPOSED ON COMMUNITY MENTAL HEALTH BOARDS AS A RESULT OF THE  
6 JANUARY 1, 2001 CHANGE IN REIMBURSEMENT POLICY RELATED TO THE  
7 MEDICAID COVERAGE GROUP REFERRED TO AS SPEND DOWN ELIGIBILITY.

1       (2) FUNDS FROM THIS POOL SHALL BE DISTRIBUTED TO THE  
2 AFFECTED COMMUNITY MENTAL HEALTH BOARDS BY AN ADJUSTMENT TO THE  
3 EXISTING RISK BASED INTENSITY FACTOR CURRENTLY USED IN THE CALCU-  
4 LATION OF CAPITATION RATES PAYABLE UNDER THE MICHIGAN MANAGED  
5 SPECIALTY WAIVER. PAYMENT OF THESE FUNDS SHALL BE RETROACTIVE TO  
6 JANUARY 1, 2001 AND SHALL BE BASED ON THE FORMULA DESCRIBED IN  
7 SUBSECTION (3).

8       (3) FOR EACH COMMUNITY MENTAL HEALTH BOARD THAT RECEIVED  
9 CAPITATION PAYMENTS FOR POTENTIAL MEDICAID SPEND DOWN ELIGIBLES  
10 DURING THE FIRST QUARTER OF FY 2000-01, THE DEPARTMENT SHALL CAL-  
11 CULATE THE RATIO OF THESE PAYMENTS TO THE TOTAL OF PAYMENTS TO  
12 ALL BOARDS FOR POTENTIAL SPEND DOWN ELIGIBLES DURING THE FIRST  
13 QUARTER OF FY 2000-01. THE EXISTING INTENSITY FACTOR FOR EACH  
14 COMMUNITY MENTAL HEALTH BOARD THAT RECEIVED CAPITATION PAYMENTS  
15 FOR POTENTIAL SPEND DOWN ELIGIBLES SHALL BE APPLIED TO THE  
16 \$20,000,000.00 RISK ADJUSTOR POOL IN SUCH A MANNER AS TO ENSURE  
17 THAT THE ENTIRE AMOUNT OF THE POOL IS EXPENDED BY SEPTEMBER 30,  
18 2001.

19       (4) THE DEPARTMENT SHALL PROVIDE TECHNICAL ASSISTANCE TO THE  
20 BOARDS FOR THE PURPOSE OF DEVELOPING RISK MANAGEMENT PROCEDURES  
21 TO ADJUST FOR THE TRANSIENT NATURE OF ELIGIBILITY INHERENT IN THE  
22 MEDICAID SPEND DOWN POPULATION. THE DEPARTMENT SHALL PROVIDE A  
23 REPORT ON THEIR EFFORTS TO MEET THE REQUIREMENTS OF THIS SECTION  
24 TO THE SENATE AND HOUSE OF REPRESENTATIVES APPROPRIATIONS SUBCOM-  
25 MITTEES AND THEIR RESPECTIVE FISCAL AGENCIES NO LATER THAN JUNE  
26 1, 2001.