

FY 2026-27 HEALTH AND HUMAN SERVICES BUDGET

S.B. 878 (S-1): SENATE-PASSED

(as passed by the Senate)

Article 6

Committee: Appropriations



FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2025-26 YEAR-TO-DATE*	FY 2026-27 SENATE-PASSED	CHANGES FROM FY 2025-26 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	15,108.5	15,742.2	633.7	4.2
GROSS	30,025,568,200	40,546,087,300	10,520,519,100	35.0
Less:				
Interdepartmental Grants Received	15,448,000	15,318,800	(129,200)	(0.8)
ADJUSTED GROSS	30,010,120,200	40,530,768,500	10,520,648,300	35.1
Less:				
Federal Funds	20,776,106,700	28,292,218,500	7,516,111,800	36.2
Local and Private.....	362,088,500	404,939,100	42,850,600	11.8
TOTAL STATE SPENDING	8,871,925,000	11,833,610,900	2,961,685,900	33.4
Less:				
Other State Restricted Funds.....	1,739,677,500	4,494,369,700	2,754,692,200	158.3
GENERAL FUND/GENERAL PURPOSE	7,132,247,500	7,339,241,200	206,993,700	2.9
PAYMENTS TO LOCALS	2,096,123,300	2,397,961,800	301,838,500	14.4

*As of February 11, 2026.

- Major Boilerplate Changes from FY 2025-26 Year-to-Date:**
- 1. Deletions.** The Senate removed sections 225, 237, 303, 450, 922, 1061, 1608, 1634, 1775, 1803, 1833, 1834, 1910, 1932, 1933, 1934, 1936, 1937, 1938, 1950, 1954, 1958, 1960, 1962, 1964, 1966, 1967, 1968, 1970, 1971, 1973, 1974, 1976, 1977, 1978, 1980, 1982, 1984, 1995, 1999, 2005, and 2006.
 - 2. Renumbering.** The Senate renumbered Sec. 660 to Sec. 1936 (Michigan Agricultural Surplus System), Sec. 802 to Sec. 1942 (Travel Cost Reimbursement to Counties), Sec. 914 to Sec. 1928 (Michigan Clinical Consultation and Care Report), Sec. 929, to Sec. 1940 (Flint Drinking Water Emergency – MC3), Sec. 1159 to 1241 (Racial Disparity Task Force- Community Health Programs), and Sec. 1830 to Sec. 1348 (Centering Pregnancy).
 - 3. New Sections.** The Senate added Sec. 208 (Receive and Expend Language Report), Sec. 229 (State Fiscal Recovery Fund Expenditures), Sec. 249 (State Fiscal Recovery Fund Reallocations), Sec. 291 (Direct Care Worker Wage Contracts), Sec. 302 (Property Management Efficiencies), Sec. 1621 (Generic and Biosimilar Pharmaceuticals), Sec. 1622 (Most-Favored-Nation Pricing), Sec. 1792 (Pharmacy Encounter Data), Sec. 1793 (CMS Guidance for Health Plans), Sec. 1809 (Freestanding Birth Centers and Licensed Midwives Medicaid Funding), Sec. 1931 (Nursing Facility Staffing Initiative), Sec. 1932 (Home Help Caregiver Council), Sec. 1934 (Uterine Fibroid Study).

FY 2025-26 Year-to-Date Appropriation	\$30,025,568,200	\$7,132,247,500		
	CHANGE FROM FY 2025-26 Y-T-D		FY 2026-27 RECOMMENDED APPROPRIATION	
	Gross	GF/GP	Gross	GF/GP
Baseline Adjustments			NA	NA
1. Medicaid and Title XXI Match Rate Adjustment. The base Medicaid match rate will increase from 65.30% to 65.70% and the CHIP match rate will increase from 75.71% to 75.99%.	0	(80,254,500)	NA	NA
2. Medicaid Actuarial Soundness Adjustments. The Senate included increases for managed care entities that provide Medicaid services to reflect the Federal requirement that capitation rates be actuarially sound.	658,058,000	182,146,800	NA	NA
3. Base and Caseload. The Senate included funding for projected caseload costs in the Medicaid, Public Assistance, and Child Welfare Programs. This includes projections from the programmatic changes in H.R.1.	395,994,400	302,373,000	NA	NA
4. Medicaid Special Financing and Provider Tax Adjustments. The Senate included adjustments to special payments to hospitals that are funded with provider tax revenue.	200,386,100	(1,986,400)	NA	NA
5. Medicaid Fund Source Adjustments. The Senate reflected available revenues from various restricted fund sources, mainly comprised of the Medicaid Benefits Trust Fund (\$0 Gross and \$18.2 million GF/GP) and the Merit Award Trust Fund (\$0 Gross and a reduction of \$13.0 million GF/GP).	0	6,400,000	NA	NA
6. Reverse FY 26 Medicaid Provider Tax – Boilerplate Appropriations. The Senate increased Gross expenditures by \$9.3 billion and \$0 GF/GP by removing receive and expend language related to restricted revenues in the behavioral health and physical health Medicaid programs. This language was included in the FY 26 budget and allowed DHHS to automatically spend the restricted revenues upon receipt. This would provide a specific authorization level for expected revenues which would require the Department to seek a supplemental to spend any authorization above the level specified in the budget	9,331,426,200	0	NA	NA
7. Other CSB Items. The Senate included funding for other CSB items mainly comprised of support for CMS requirements for private duty nursing (\$9.9 million Gross and \$3.4 million GF/GP), correction of financing of Medicaid costs in the State Psychiatric Hospitals (\$0 Gross and \$10.8 million GF/GP), and a decrease in Hospital Rate Adjustor authorization due to changes in the CMS preprint cap (a reduction of \$64.1 million Gross and \$0 GF/GP). The Senate uses Restricted funds to offset \$94.3 million in decreased Federal funds due to changes in the SNAP administrative match.	(54,316,400)	15,005,700	NA	NA

FY 2026-27 HEALTH AND HUMAN SERVICES BUDGET
S.B. 878 (S-1): SENATE-PASSED

	CHANGE FROM FY 2025-26 Y-T-D		FY 2026-27 RECOMMENDED APPROPRIATION	
	Gross	GF/GP	Gross	GF/GP
8. Economic Adjustments. Includes \$44,826,700 Gross and \$29,397,300 GF/GP for total economic adjustments.	44,826,700	29,397,300	NA	NA
<u>New Programs/Program Increases</u>				
9. Direct Care Worker Wage Adjustments. The Senate included funding to backfill previous wage increases paid for with Federal funds (\$258.4 million Gross and \$87.3 million GF/GP), reflect increased costs from the 2027 minimum wage increase (\$69.5 million Gross and \$23.5 million GF/GP), and account for costs from the Earned Sick Time Act (\$24.0 million Gross and \$8.1 million GF/GP).	351,849,500	118,904,300	NA	NA
10. H.R.1 Implementation Costs. The Senate included funding and authorization for 485.0 FTEs to implement requirements of H.R.1 (\$51.6 million Gross and \$0 GF/GP), and for beneficiary support services (\$7.4 million Gross and \$0 GF/GP). The Senate utilized Restricted funds for the State share of costs.	59,017,000	0	NA	NA
11. New State Psychiatric Hospital. The Senate included funding to support the Southeast Michigan State Psychiatric Hospital that is expected to open in October 2026.	35,566,400	32,500,000	35,533,400	32,500,000
12. Other Program Increases. The Senate included other funding increases comprised of supplemental payments for ground emergency medical transportation (\$31.5 million Gross and \$0 GF/GP), and to provide Medicaid reimbursement for freestanding birth clinics and licensed midwives (\$1.6 million Gross and \$565,200 GF/GP).	33,147,800	565,200	NA	NA
<u>Eliminations/Reductions</u>				
13. Medicaid Savings. The Senate reduced funding due to changes to the pharmaceutical program (\$294.2 million Gross and \$75.0 million GF/GP), and savings from managed care efficiencies (\$21.5 million Gross and \$5.0 million GF/GP). Caseloads were also reduced by \$100.0 million Gross and GF/GP with those funds being placed into a contingency fund.	(415,741,600)	(180,000,000)	NA	NA
14. Shift to One-Time. The Senate shifted funding to one-time, comprised mainly of the MASS Program (\$12.0 million Gross and GF/GP), property management (\$8.7 million Gross and \$5.5 million GF/GP), and local office staff travel (\$8.3 million Gross and \$2.8 million GF/GP). See Item 18 for the inclusion in one-time.	(42,434,000)	(26,201,900)	NA	NA

	CHANGE FROM FY 2025-26 Y-T-D		FY 2026-27 RECOMMENDED APPROPRIATION	
	Gross	GF/GP	Gross	GF/GP
15. Other Reductions. The Senate reduced funding from various lines, comprised mainly of IT services and projects (\$58.5 million Gross and \$16.5 million GF/GP), elimination of MiSACWIS (\$22.5 million Gross and \$8.0 million GF/GP), property management (\$16.4 million Gross and \$10.0 million GF/GP), and historic lapse savings (\$13.2 million Gross and GF/GP).	(119,711,000)	(80,507,700)	NA	NA
<u>One-Time Appropriations</u>				
16. Removal of FY 2025-26 One-Time Projects.	(202,056,900)	(100,000,000)	0	0
17. Continuation of FY 2025-26 One-Time Projects. The Senate maintained current-year funding for opioid recovery efforts.	75,500,000	0	75,500,000	0
18. New FY 2026-27 One-Time Projects. The Senate included funding comprised mainly for repayment of Federal State Psychiatric Disproportionate Share Hospital disallowed payments (\$54.7 million Gross and \$18.9 million GF/GP), competitive community health grants (\$14.0 million Gross and GF/GP), a shift of the MASS program to one-time (\$12.0 million Gross and GF/GP), and health and human services grants (\$12.0 million Gross and GF/GP).	169,006,900	104,953,100	169,006,900	104,953,100
<u>Other</u>				
19. Fund Shifts. The Senate included fund shifts comprised of an increase in Merit Award Trust Fund (\$0 Gross and a reduction of \$91.0 million GF/GP), an increase in OBRA Penalties (\$0 Gross and a reduction of \$18.9 million GF/GP), and the use of Comprehensive Transportation Fund revenues (\$0 Gross and a reduction of \$6.4 million GF/GP).	0	(116,301,200)	NA	NA
Total Changes	\$10,520,519,100	\$206,993,700		
FY 2026-27 SENATE-PASSED	\$40,546,087,300	\$7,339,241,200		

Date Completed: 4-29-26

Fiscal Analyst: Elynn Ackerman, John Maxwell, and Jaymie Tibbits

FY 2026-27 Gross and GF/GP Changes to FY 2025-26

Item #	Budget Area/Line Items	Gov Changes to FY 2025-26			Senate Changes to FY 2025-26		
		FTE	GROSS	GF/GP	FTE	GROSS	GF/GP
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
<u>Non-CSB Ongoing Changes</u>							
1	Direct care worker wage: 2025 & 2026 \$17.15/hr individual wage	0.0	258,427,200	87,333,100	0.0	258,427,200	87,333,100
2	H.R. 1 implementation - staffing costs	589.0	75,316,400	50,894,600	485.0	51,584,800	0
3	Staffing and funding increase for new state psychiatric hospital	323.0	70,758,500	64,658,300	162.0	35,566,400	32,500,000
4	Direct care worker wage: 2027 \$18.40/hr individual wage	0.0	69,467,200	23,475,800	0.0	69,467,200	23,475,800
5	Ground emergency medical transportation gov't. entity - supplemental pmt.	6.0	31,500,000	0	6.0	31,500,000	0
6	Direct care worker wage: Michigan Earned Sick Time Act costs	0.0	23,955,100	8,095,400	0.0	23,955,100	8,095,400
7	H.R. 1 implementation - beneficiary support	0.0	11,744,200	6,149,100	0.0	7,432,200	0
8	Electronic cigarette tax increase: smoking prevention/cessation	7.0	8,875,000	0	0.0	0	0
9	Electronic cigarette tax increase: children's coordinated health care services	0.0	7,500,000	0	0.0	0	0
10	Electronic cigarette tax increase: cancer prevention/cessation	0.0	5,000,000	0	0.0	0	0
11	H.R. 1 implementation - admin costs	0.0	4,912,000	3,325,500	0.0	0	0
12	Community health worker enhancements	0.0	3,100,000	1,063,300	0.0	0	0
13	Kidney foundation of Michigan	0.0	1,000,000	1,000,000	0.0	0	0
14	Autism navigator	0.0	1,000,000	1,000,000	0.0	0	0
15	Transition savings from MI Health Link to MI Coordinated Health Program	0.0	20,887,100	(2,769,400)	0.0	20,887,100	(2,769,400)
16	Unidentified Medicaid efficiencies	0.0	(150,000,000)	(150,000,000)	0.0	0	0
17	Fund Shift: Vape Tax	0.0	0	(780,425,000)	0.0	0	0
18	Fund Shift: GF/GP for Merit Award Trust Fund (21st Century Jobs Fund)	0.0	0	0	0.0	0	(75,000,000)
19	Fund Shift: GF/GP for Merit Award Trust Fund (fund balances)	0.0	0	0	0.0	0	(16,000,000)
20	Medicaid pharmaceutical savings (generic/biosimilar and 'Most Favored Nation')	0.0	0	0	0.0	(294,248,400)	(75,000,000)
21	Medicaid managed care savings (contract and audits reforms)	0.0	0	0	0.0	(21,493,200)	(5,000,000)
22	Fund shift: Medicaid transportation costs; comprehensive transportation fund for GF/G	0.0	0	0	0.0	0	(6,400,000)
23	Fund shift: Medicaid long-term care costs; OBRA penalties fund for GF/GP	0.0	0	0	0.0	0	(18,901,200)
24	Medicaid freestanding birth center and licensed midwives	0.0	0	0	0.0	1,647,800	565,200
Subtotal - Non-CSB Ongoing		925.0	443,442,700	(686,199,300)	653.0	184,726,200	(47,101,100)
<u>CSB Ongoing Changes</u>							
1	Economic adjustments	0.0	44,826,700	29,397,300	0.0	44,826,700	29,397,300
2	Unclassified salaries	0.0	44,200	35,900	0.0	0	0
3	Medicaid provider tax restoration	0.0	9,331,426,200	0	0.0	9,331,426,200	0
4	Traditional Medicaid - adjustments	0.0	687,021,900	285,613,600	0.0	687,021,900	285,613,600
5	Traditional Medicaid actuarial soundness	0.0	478,769,100	164,217,900	0.0	478,769,100	164,217,900
6	Healthy Michigan Plan actuarial soundness	0.0	179,288,900	17,928,900	0.0	179,288,900	17,928,900
7	Traditional Medicaid special financing	0.0	140,354,700	(3,946,100)	0.0	140,354,700	(3,946,100)
8	Medicaid caseload reduction	0.0	0	0	0.0	(100,000,000)	(100,000,000)
9	H.R. 1 - community engagement - Traditional Medicaid - provider tax adj.	0.0	(114,356,100)	(46,308,500)	0.0	(114,356,100)	(46,308,500)
10	Healthy Michigan Plan - adjustments	0.0	19,269,600	1,927,000	0.0	19,269,600	1,927,000
11	H.R. 1 - community engagement - Healthy Michigan - provider tax adj.	0.0	(190,316,000)	0	0.0	(190,316,000)	0
12	State psychiatric hospital adjustments	0.0	519,600	11,285,400	0.0	519,600	11,285,400
13	Federal Medical Assistance Percentage (FMAP) adjustments	0.0	0	(71,701,600)	0.0	0	(71,701,600)
14	Medicaid restricted fund shifts	0.0	0	6,400,000	0.0	0	6,400,000
15	H.R. 1 - community engagement - Healthy Michigan	0.0	(41,737,500)	(23,672,400)	0.0	(41,737,500)	(23,672,400)
16	Medicaid provider tax - HRA adjustments	0.0	(62,100,000)	1,959,700	0.0	(62,100,000)	1,959,700

FY 2026-27 Gross and GF/GP Changes to FY 2025-26

Item #	Budget Area/Line Items	Gov Changes to FY 2025-26			Senate Changes to FY 2025-26		
		FTE	GROSS	GF/GP	FTE	GROSS	GF/GP
17	Healthy Michigan Plan special financing - physical health	0.0	58,071,700	0	0.0	58,071,700	0
18	Child welfare adjustments	0.0	40,263,600	70,314,000	0.0	40,263,600	58,431,300
19	Children's special health care services adjustments	0.0	31,235,200	10,713,700	0.0	31,235,200	10,713,700
20	Food assistance adjustments	0.0	18,120,900	0	0.0	18,120,900	0
21	Public assistance adjustments	0.0	17,322,100	15,668,300	0.0	17,322,100	15,668,300
22	Federal authorization: adjustments	0.0	12,657,200	0	0.0	12,657,200	0
23	H.R. 1 - community engagement - printed materials costs	0.0	10,051,500	3,657,700	0.0	0	0
24	CMS private duty nursing rule no limitation for children under 21	0.0	9,931,700	3,406,600	0.0	9,931,700	3,406,600
25	Nursing home pre-admission screening and evaluation services	0.0	3,600,000	900,000	0.0	3,600,000	900,000
26	State restricted authorization: adjustments	0.0	3,528,500	0	0.0	3,528,500	0
27	Annualization of structured family caregiving	0.0	2,881,800	1,000,000	0.0	2,881,800	1,000,000
28	H.R. 1 - contractual income verification services	0.0	2,066,000	1,462,200	0.0	2,066,000	1,462,200
29	Psychiatric hospital pharmacy costs	0.0	1,492,600	1,492,600	0.0	1,492,600	1,492,600
30	Homeless programs and weatherization assistance adjustment	0.0	1,118,700	69,100	0.0	1,118,700	69,100
31	Family support subsidy adjustments	0.0	882,700	0	0.0	882,700	0
32	Private authorization: adjustments	0.0	12,000	0	0.0	12,000	0
33	Federal Medical Assistance Percentage (FMAP) child welfare adjustments	0.0	0	(802,800)	0.0	0	(802,800)
34	Federal Medical Assistance Percentage (FMAP) state psych hospitals adjustments	0.0	0	(258,300)	0.0	0	(258,300)
35	Federal Medical Assistance Percentage (FMAP) CHIP	0.0	0	(1,580,800)	0.0	0	(1,580,800)
36	Federal Medical Assistance Percentage (FMAP) rebase total cost level	0.0	0	(1,104,500)	0.0	0	(1,104,500)
37	Federal Medical Assistance Percentage (FMAP) public assistance	0.0	0	94,100	0.0	0	94,100
38	Certified community behavioral health centers base savings	0.0	0	7,868,200	0.0	0	7,868,200
39	Technical: various net-zero changes to DHHS operations	0.0	0	0	0.0	0	0
40	Transfers: various net-zero FTE and funding adjustments	0.0	0	0	0.0	0	0
41	H.R. 1 - community engagement - food assistance	0.0	(71,712,000)	0	0.0	(71,712,000)	0
42	Federal authorization: TANF reductions	0.0	(24,873,100)	0	0.0	(24,873,100)	0
43	Annualization of GLP-1 savings	0.0	(1,666,700)	(1,666,700)	0.0	(1,666,700)	(1,666,700)
44	School success partnership elimination	0.0	(1,525,000)	0	0.0	(1,525,000)	0
45	Food assistance program benefits administrative share 75% to 50%	0.0	0	94,250,600	0.0	0	0
46	Federal Title IV-E prevention match rate	0.0	0	(3,378,700)	0.0	0	(3,378,700)
47	Federal Medicaid dental program Federal increase	0.0	0	(83,000)	0.0	0	(83,000)
48	Remove Altarum health information tool	0.0	0	0	0.0	(600,000)	(600,000)
49	Savings to property management line-item	0.0	0	0	0.0	(16,437,200)	(10,000,000)
50	Reduction to information technology services and projects line-item	0.0	0	0	0.0	(58,475,800)	(16,534,800)
51	Elimination of MiSACWIS line-item	0.0	0	0	0.0	(22,486,300)	(8,004,700)
52	Removal of GF/GP funds within outreach and marketing	0.0	0	0	0.0	(6,191,900)	(6,191,900)
53	Elimination of GF/GP cost of 22.3 vacant FTE positions	0.0	0	0	(22.3)	(3,185,900)	(3,185,900)
54	Various base GF/GP lapse savings for existing line-items	0.0	0	0	0.0	(13,221,000)	(13,221,000)
55	Reduce foster care respite program base funding	0.0	0	0	0.0	(6,000,000)	(6,000,000)
56	Base reduction: legal support contracts line-item (assumption work project utilization)	0.0	0	0	0.0	(3,577,000)	(3,577,000)
57	Base reduction: hospital services and therapy line-item (assumption work project utiliz	0.0	0	0	0.0	(5,423,000)	(5,423,000)
58	Reduction to private provider for intensive psychiatric treatment in light of new state ps	0.0	0	0	0.0	(5,000,000)	(5,000,000)
59	Fund shift: Increased utilization of TANF, GF/GP reduction	0.0	0	0	0.0	0	(12,250,600)
60	Shift partial property management amounts ongoing line-item to one-time	0.0	0	0	0.0	(8,718,700)	(5,500,000)
61	Shift local office staff - travel ongoing line-item to one-time	0.0	0	0	0.0	(8,327,400)	(2,752,000)

FY 2026-27 Gross and GF/GP Changes to FY 2025-26

Item #	Budget Area/Line Items	Gov Changes to FY 2025-26			Senate Changes to FY 2025-26		
		FTE	GROSS	GF/GP	FTE	GROSS	GF/GP
62	Shift emergency services local office allocations ongoing line-item to one-time	0.0	0	0	0.0	(7,553,900)	(2,904,900)
63	Shift Michigan clinical consultation and care ongoing line-item to one-time	0.0	0	0	0.0	(5,789,000)	(3,000,000)
64	Shift Michigan agricultural surplus system ongoing line-item to one-time	0.0	0	0	0.0	(12,045,000)	(12,045,000)
Subtotal - CSB Ongoing		0	10,586,470,700	575,159,400	(22.3)	10,293,342,900	249,141,700
One-Time Changes							
1	Remove FY26 one-time and supplemental appropriations	0.0	(202,056,900)	(100,000,000)	0.0	(202,056,900)	(100,000,000)
2	One-Time: Opioid response activities	0.0	62,750,000	0	0.0	75,500,000	0
3	One-Time: State psych disproportionate share hospital disallowance penalty	0.0	54,722,900	54,722,900	0.0	54,722,900	18,901,200
4	One-Time: Community health worker enhancements	0.0	1,000,000	500,000	0.0	0	0
5	One-Time: Gun violence prevention task force	0.0	2,500,000	2,500,000	0.0	0	0
6	One-Time: Home help caregiver council	3.0	2,000,000	1,000,000	3.0	4,000,000	2,000,000
7	One-Time: funding for state psychiatric hospital system	0.0	7,214,800	7,214,800	0.0	3,600,000	3,600,000
8	One-Time: Nursing home facility staffing improvements	0.0	10,000,000	0	0.0	10,000,000	0
9	One-Time: Uterine fibroid study	0.0	0	0	0.0	250,000	250,000
10	One-Time: Permanent supportive housing	0.0	0	0	0.0	5,000,000	5,000,000
11	One-Time: Weatherization assistance	0.0	0	0	0.0	10,000,000	10,000,000
13	One-Time: Competitive community health infrastructure grants	0.0	0	0	0.0	14,000,000	14,000,000
14	One-Time: Water affordability	0.0	0	0	0.0	10,000,000	10,000,000
15	One-Time: Health and human services grants	0.0	0	0	0.0	12,000,000	12,000,000
16	One-Time: Housing and community development grants	0.0	0	0	0.0	3,000,000	3,000,000
20	One-Time: Shift partial amounts property management ongoing line-item to one-time	0.0	0	0	0.0	8,718,700	5,500,000
21	One-Time: Shift local office staff - travel ongoing line-item to one-time	0.0	0	0	0.0	8,327,400	2,752,000
22	One-Time: Shift Michigan clinical consultation and care ongoing line-item to one-time	0.0	0	0	0.0	5,789,000	3,000,000
23	One-Time: Shift emergency services local office allocations ongoing line-item to one-time	0.0	0	0	0.0	7,553,900	2,904,900
24	One-Time: Shift Michigan agricultural surplus system ongoing line-item to one-time	0.0	0	0	0.0	12,045,000	12,045,000
Subtotal - One-Time		3.0	(61,869,200)	(34,062,300)	3.0	42,450,000	4,953,100
TOTAL HEALTH AND HUMAN SERVICES		928.0	10,968,044,200	(145,102,200)	633.7	10,520,519,100	206,993,700