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MICHIGAN HOUSE OF REPRESENTATIVES

LAURA COX
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December 13, 2017

Mr. Alton Pscholka
Office of the State Budget
Department of Management and Budget
6th Floor Romney Building
Lansing, MI 48090

Dear Director Pscholka:

For your information, the attached transfer package has been approved by a majority of the members of both the House and Senate Appropriations Committees.

The transfer approved is from the Office of the State Budget letter dated December 1, 2017, Legislative Transfer Request 2018-2. The transfer is for the Department of Health and Human Services.

If you need further information, please do not hesitate to contact us.

Sincerely,

Laura Cox, Chair
House Appropriations Committee

Dave Hildenbrand, Chair
Senate Appropriations Committee



FY 2017-18 LEGISLATIVE TRANSFER PACKAGE

Department/Budget Area	FY 2017-18 Year-to-Date Gross Appropriation	Contingency Transfer Amount	Standard Transfer Amount	Total Transfer Amount	Page Number	Transfer Percent of Y-T-D Gross
Health & Human Services	\$25,500,591,800	\$0	\$56,989,000	\$56,989,000	1	0.2%
Total	\$56,575,549,700	\$0	\$56,989,000	\$56,989,000		0.1%

FY 2017-18 LEGISLATIVE TRANSFER PACKAGE FUND SOURCES

Department/Budget Area	Inter- Departmental Grants	Federal	Local	State Restricted	GF/GP	Total Transfer Amount
Health & Human Services	\$0	\$43,389,000	\$0	\$0	\$13,600,000	\$56,989,000
Total	\$0	\$43,389,000	\$0	\$0	\$13,600,000	\$56,989,000

December 13, 2017

State Budget Office Request 2018-2, December 1, 2017

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2018-2

BUDGET AREA: HEALTH AND HUMAN SERVICES

FISCAL YEAR: 2017-18

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION 12/6/17	HOUSE ACTION 12/13/17
TOTAL TRANSFER REQUEST: \$56,989,000				
FROM: MEDICAL SERVICES				
Pharmaceutical services	423,004,600	(56,989,000)	(56,989,000)	(56,989,000)
Total other federal revenues	275,481,400	(43,389,000)	(43,389,000)	(43,389,000)
State general fund/general purpose	147,523,200	(13,600,000)	(13,600,000)	(13,600,000)
TO: MEDICAL SERVICES				
Health plan services	5,036,901,800	35,029,200	35,029,200	35,029,200
Total other federal revenues	3,367,488,500	22,691,900	22,691,900	22,691,900
State general fund/general purpose	204,855,100	12,337,300	12,337,300	12,337,300
Healthy Michigan plan	3,862,759,700	21,959,800	21,959,800	21,959,800
Total other federal revenues	3,638,166,500	20,697,100	20,697,100	20,697,100
State general fund/general purpose	172,986,900	1,262,700	1,262,700	1,262,700

This transfer would fund a 1.0% increase in capitation rates paid to Medicaid health plans for physical health services provided through the traditional Medicaid program and expansion Medicaid (known as the Healthy Michigan Plan). The original FY 2017-18 adjustment proposed by the Administration would have resulted in a 0.1% Gross increase in funding to ensure that managed care capitation rates meet Federal actuarial soundness requirements. The additional funding would allow for a 1.1% Gross increase in rates over the FY 2016-17 rates. This enhanced funding would still be within the actuarial soundness rate range estimate developed by the Department's outside actuaries.

The funding would be transferred from the Pharmaceutical Services line. That line lapsed \$72.0 million Gross in FY 2016-17, largely due to reduced prices for specialty pharmacy services, and is likely to lapse a similar amount in FY 2017-18, so there appears to be sufficient excess funding in the line to effect this transfer.