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BILL ANALYSIS



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Senate Bill 1011 (as enacted)
Sponsor: Senator Bruce Caswell
Senate Committee: Judiciary
House Committee: Appropriations

PUBLIC ACT 452 of 2014

Date Completed: 1-23-15

CONTENT

The bill amended the Social Welfare Act to require the Department of Community Health (DCH) to suspend, rather than terminate, a person's medical assistance eligibility if he or she is in a DCH inpatient program or a correctional facility.

The Act requires the DCH to establish a program for medical assistance for the medically indigent under Title XIX of the Social Security Act (Medicaid). One of the criteria for being a medically indigent individual is that the person is not an inmate of a public institution except as a patient in a medical institution. Under the bill, however, the State Medicaid Plan must require the DCH to suspend rather than terminate the medical assistance of a person when either of the following applies:

- The person becomes an inmate residing in a public institution but otherwise remains eligible for medical assistance.
- An inmate was not eligible for medical assistance when he or she entered a public institution but subsequently is determined to be eligible for medical assistance while in the public institution.

The bill defines "public institution" as an inpatient program operated by the DCH for treatment of individuals with serious emotional disturbance or serious mental illness, or a local, State, or youth correctional facility. "Serious emotional disturbance" and "serious mental illness" mean those terms as defined in the Mental Health Code (MCL 330.1100d).

The bill requires the DCH to redetermine the medical assistance eligibility of an individual described above. Upon notification that the individual is no longer an inmate residing in a public institution, the DCH must reinstate his or her medical assistance if he or she is otherwise eligible.

The bill specifies that it does not extend medical assistance eligibility to an otherwise ineligible individual or extend medical assistance to a person if matching Federal funds are not available to pay for the assistance.

The bill applies to the DCH, a State agency to which the DCH has delegated the function of determining Medicaid eligibility, and a private or nonprofit entity with which the DCH has contracted to perform that function.

The bill took effect on January 2, 2015.

MCL 400.106 & 400.106b

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill will likely have no fiscal impact on State or local government, as it largely codifies previous practices. If it is assumed that both prisons and jails previously suspended, rather than terminated, Medicaid eligibility for mentally ill and emotionally disturbed inmates, there exists essentially no gap between the time a person leaves the public institution and the time coverage is resumed.

However, if jails previously terminated, rather than suspended, Medicaid eligibility, then there was a gap between when a person left jail and requalified for coverage. In this case, the bill will have a negative impact on State government due to increased costs stemming from the immediate resumption of medical assistance benefits.

Short jail terms do make it more difficult to complete the process for suspending Medicaid for mentally ill and emotionally disturbed prisoners, or to complete an initial Medicaid application before the end of the jail term. This may create a gap between the time a person leaves a public institution and successfully completes the application process. The costs incurred due to this situation will exist regardless of the bill's passage.

Fiscal Analyst: Ellyn Ackerman