

SUNSET EXTENSION FOR COUNTY MAINTENANCE OF EFFORT REIMBURSEMENT

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House Bill 4726 as reported from committee

Sponsor: Rep. Matthew Bierlein

Committee: Insurance

Complete to 11-5-25

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4726 would amend the Social Welfare Act to extend the sunset (expiration date) of the current reimbursement system for county maintenance of effort (MOE) contributions made by county-owned medical care facilities that provide Medicaid-funded long-term care.

Current law requires counties that operate medical care facilities to make MOE payments to the state. The state uses these payments to secure federal Medicaid funding, which is then reimbursed to the counties under a set formula. This reimbursement system is scheduled to expire on December 31, 2025.

The bill would extend this payment and reimbursement system through December 31, 2030, or until a new system is put in place, whichever comes first.

MCL 400.109

BRIEF DISCUSSION:

According to sponsor testimony, the county maintenance of effort (MOE) reimbursement system has provided a consistent funding mechanism for county-owned medical care facilities since the 1980s, and extending the sunset to December 31, 2030, would maintain financial stability and allow counties to continue planning for long-term care operations. Supporters noted that county-owned nursing home facilities serve a higher share of Medicaid residents than other nursing homes and that the existing reimbursement model supports continued access to care while balancing county and state funding responsibilities. Committee discussion also indicated that the MOE reimbursement framework has been extended multiple times over several decades and that it has generally been regarded as a workable and predictable approach to financing county-operated long-term care facilities.

FISCAL IMPACT:

This bill would have no fiscal impact on the Department of Health and Human Services (DHHS), as the FY 2024-25 budget assumes that the sunset would not expire and is appropriated county maintenance of effort revenues totaling \$6.6 million. If the sunset were to expire, the state could receive approximately \$800,000 in additional local revenues. However, that combined total would be generated in additional maintenance of effort payments from counties that own facilities.

POSITIONS:

Representatives of the Michigan County Medical Care Facilities Council testified in support of the bill. (9-10-25)

The following entities indicated support for the bill:

- Department of Health and Human Services (10-29-25)
- Michigan Association of Counties (10-29-25)
- Health Care Association of Michigan (10-29-25)
- Leading Age Michigan (9-10-25)

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Fiscal Analyst: Kent Dell

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