



March 21, 2014

Honorable Randy Richardville  
Senate Majority Leader  
P.O. Box 30036  
Lansing, MI 48909

Honorable Jase Bolger  
Speaker of the House  
P.O. Box 30014  
Lansing, MI 48909

Honorable Gretchen Whitmer  
Senate Minority Leader  
P.O. Box 30036  
Lansing, MI 48909

Honorable Tim Greimel  
House Minority Leader  
P.O. Box 30014  
Lansing, MI 48909

Dear Senator Richardville, Senator Whitmer, Representative Bolger, and Representative Greimel:

I am writing on behalf of the Michigan League for Public Policy to express our concern about the recommended funding in the FY2015 Executive Budget for the Department of Community Health. We are very concerned that the recommended funding may not be sufficient to accomplish the goals and responsibilities included in the Healthy Michigan Plan legislation. It is incumbent on lawmakers to ensure sufficient funding is appropriated to allow the successful implementation and operation of this unique program. We are also concerned that inadequate funding is included for the ongoing Medicaid program as well as the public mental health system.

Michigan policymakers have an unprecedented opportunity, through implementation of the Healthy Michigan Plan, to improve the health, health outcomes, and lives of Michigan's least paid workers and their families. As many as 500,000 residents could obtain healthcare coverage through the Healthy Michigan Plan. The federal government is providing full federal support to enable these momentous changes to begin. It is up to Michigan lawmakers to appropriate the necessary federal funding to make the promise a reality for these low-income residents.

Following are the League's specific issues and concerns.

**Issue:** We are concerned about the Department of Community Health's ability to implement and provide the promised comprehensive mental health services to those newly eligible under the Healthy Michigan Plan, as well as maintain current services for those not Healthy Michigan Plan or Medicaid eligible. Michigan Association of Community Mental Health Boards has testified that inadequate funding is included in the FY2015 Executive Budget Recommendation to provide the additional promised services for those currently served by the CMH system who will transition to the Healthy Michigan Program as well as services for the newly eligible not currently served by the CMH system. The Association has described the situation as a "crisis."

PROMOTING ECONOMIC SECURITY THROUGH RESEARCH AND ADVOCACY

1223 TURNER STREET • SUITE G1 • LANSING, MICHIGAN 48906

P: 517.487.5436 • F: 517.371.4546 • WWW.MLPP.ORG

A UNITED WAY AGENCY

This recommended underfunding raises many concerns including:

- Projected savings in the state budget will certainly not be realized in real terms if needed services are not adequately funded in the mental health/Healthy Michigan Plan areas of the budget. Reducing funding, through projected but unrealized savings, will not eliminate need, and if services are not available, the need and services may simply be shifted to the Corrections system.
- These needed services can be funded with 100% federal dollars for FY 15 and FY16.
- There are numerous expectations placed on both enrollees and providers in the Healthy Michigan Plan legislation. The opportunity to succeed will be greatly impeded if needed services are not available or are not available when enrollees need them. For example, waiting lists for substance abuse services are known to be highly ineffective. When someone is ready for treatment, it needs to be available.
- About one-third of Michigan's uninsured population reported suffering from depression and/or anxiety (*Access to Mental Health Coverage in Michigan* Dec. 2013, Center for Healthcare Research and Transformation). Untreated mental illness does not go away, it escalates.
- Inadequate funding of mental health services will inhibit effective implementation of the Mental Health and Wellness Commission recommendations.

**Issue:** We are concerned about the Department of Community Health's ability to implement and provide required physical health services to those newly eligible under the Healthy Michigan Plan as well as to continue the high level of health plan services provided to Medicaid beneficiaries. Michigan Association of Health Plans has testified inadequate funding is included in the FY2015 Executive Budget recommendation to fund the Healthy Michigan Plan services as well as the health plan services in the Medicaid program. With nearly all newly eligible individuals required to enroll in a managed care plan, inadequate funding presents a major problem for meeting the requirements of the law. The Association has testified the underfunding presents "significant challenges" to the Medicaid and Healthy Michigan Plan programs.

This recommended underfunding raises many concerns including:

- Projected savings in the state budget will not be realized if needed services are not adequately funded and/or needed services are not provided, or not provided on a timely basis.
- Reductions in uncompensated care may not be achievable without adequate health plan funding.
- Healthy Michigan Plan services can be funded with 100% federal dollars for FY 15 and FY16. The regular Medicaid match is still nearly 66%, meaning the state only has to spend \$1 to provide \$3 of health care services in the Medicaid program.
- There are numerous expectations placed on both enrollees and providers in the Healthy Michigan Plan legislation, including new administrative requirements as well as service delivery requirements. The opportunity to succeed will be greatly impeded if beneficiaries cannot access needed services, or they are not available on a timely basis.

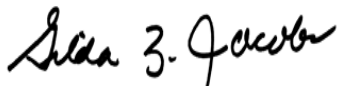
**Issue:** We are concerned about the practice of arbitrarily changing the categorization of funding in the budget and reclassifying it with little or no programmatic basis. In some years, ongoing programs have had their funding reclassified as one-time (e.g. Graduate Medical Education) then reclassified in a subsequent year as ongoing or eliminated on the basis that the funding was "one-time." This practice

makes it very difficult to plan for, administer or provide a quality state service. While it is certainly reasonable that one-time funding could be provided for a one-time need or a pilot in which a future decision is made on whether to continue, but it creates confusion for programs when this arbitrary budget practice is employed.

- The FY 15 Executive Budget recommendation eliminated “one-time” funding for graduate medical education (previously an “ongoing-funded” program) on the basis it was “one-time” funding. There was no programmatic basis for changing the funding designation to “one-time” funding.
- The University of Detroit Mercy Dental Clinic has been funded as an ongoing program. In the FY2015 Executive Budget recommendation, the funding is reduced due to a change in the state plan, but it is then reclassified as one-time funding, placing the program in jeopardy in FY2016.
- Special funding provided to rural hospitals, classified as a sole community hospital (or meet other specific criteria) to help them remain open for their communities, received \$29.5 million in appropriations as “one-time” funding in FY2012. In FY2013, that funding was increased to \$35.5 and reclassified to “ongoing.” The ongoing designation was continued in FY2014 as was the amount. The FY2015 Executive Budget eliminates funding for this program with no programmatic explanation.

We urge you to carefully consider these issues as recommendations for the Department of Community Health are developed, and take full advantage of the tremendous opportunity before you to improve the lives of Michigianians. Feel free to contact me should you have any questions or if you would like additional information.

Warmest Personal Regards,



Gilda Z. Jacobs  
President and CEO

cc: Members, Senate Appropriations Committee  
Members, House Appropriations Committee  
Members, Senate Health Policy  
Members, House Health Policy  
Bill Rustem, Director of Strategy, Office of the Governor  
Dennis Muchmore, Chief of Staff, Office of the Governor  
James Haveman, Director, Department of Community Health  
Steve Fitton, Michigan Medicaid Director