



To: Members of the Senate Appropriations Subcommittee for the Department of Community Health
From: Jack Kresnak, President & CEO, Michigan's Children
RE: FY 2012 DCH Budget
Date: March 7, 2011

On behalf of Michigan's Children, I am pleased to share with you our priorities as you consider the Fiscal Year 2012 budget for the Department of Community Health. Michigan's Children is a statewide child advocacy organization that provides a voice for vulnerable children. Michigan's Children is independent; it does not receive any government funding or represent professionals who receive government contracts.

Michigan's Children's main priorities regarding children's health are to improve access to care for pregnant women and children and to expand evidence-based health programs that promote positive health outcomes for at-risk pregnant women, infants and children. Therefore, we are glad to see Governor Snyder's proposed FY12 budget maintain current Medicaid reimbursement rates and current funding levels for school-based health clinics.

Currently, nearly 1 million (40%) Michigan children are covered by Medicaid and half of all births in Michigan are covered by Medicaid. Clearly, Medicaid is a vital support system that children and families rely upon. Unfortunately, in 2008, Michigan's Medicaid physician reimbursement rates averaged 63% of the rate paid under Medicare, ranking the state 44th in the country. Since that time, most physician rates have been cut by another 8%. As a result, Michigan has acute shortages of specialty doctors needed to ensure healthy births and healthy children, including obstetricians, gynecologists and pediatricians. In fact, more than one third (35%) of families with children insured by Medicaid or Healthy Kids have had trouble finding a health care provider. Thus, it is essential that Medicaid reimbursement rates, at a minimum, are maintained and we urge this committee to adopt the Governor's recommendation.

Michigan's Children is also pleased that the Governor has maintained funding for school-based health centers and hopes the Legislature will follow. School-based health centers are comprehensive primary care clinics providing medical and mental health screening and treatment for young people on or near school grounds. With over 100,000 Michigan children served at school-based health centers each year in 24 counties, these services keep kids in school and ready to learn. School-based health centers:

- are nationally recognized as one of the best ways to provide effective, efficient, and appropriate health care services to adolescents;
- are proven to overcome barriers to care for underserved youth, and reduce costs, such as hospitalizations and ER visits and reduce parental work leave time;

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- strengthen school performance by keeping kids in the classroom and allowing teachers to teach; and
- effectively address community and public health issues by providing health education and services that address teen pregnancy, infant mortality, HIV, violence, substance abuse, etc.

Unfortunately, Governor Snyder's budget includes cuts to critical programs that would negatively impact the health and well-being of Michigan children and families. Like all of you on this committee, we are concerned about our State's economy. We understand that economic growth depends on the workers of tomorrow – healthy children who are ready to learn and can succeed in the classroom and ultimately the workplace. And we know that children with access to health care are less likely to miss school and more likely to succeed. Our priority to turn around the economy must be reflected by investments that promote healthy children.

Local health departments are a critical link in the health care chain as they provide basic services to women, children, and families. Nevertheless, the Governor recommends a 5% cut in state funds (\$1.7 million) for local health department operations. These departments are required to provide eight basic services—all of which affect children—and are being asked to do so with even less dollars and revenue sharing cuts. Local public health departments provide essential health services that save on long-term health care costs such as immunizations, hearing screenings, and vision screenings.

- Studies have shown that every dollar invested in childhood immunization programs provides a \$22 savings in direct and indirect costs.
- Untreated hearing loss costs about \$250,000 in a lifetime, 75% of which is due to lost work productivity.
- Vision screening is effective in early detection of eye problems that can largely be prevented with early treatment. Every dollar spent on vision screening savings \$162.

The Governor's budget also includes a 10% reduction in the Healthy Michigan Fund, which will impact smoking prevention programs and pregnancy prevention programs. Smoking prevention programs are critical for Snyder's dashboard measurement on infant mortality since pregnant women exposed to cigarette smoke or who smoke while pregnant have poorer health outcomes for their newborn babies including low birth weight and preterm birth – both which are associated with infant mortality. And as you know, smoking prevention programs help to reduce incidences of childhood asthma. As for pregnancy prevention, it is a critical part of family planning that provides long-term taxpayer savings associated with unplanned pregnancies – such as Medicaid paid births.

The Governor also reduces funding for community mental health services for low-income families not eligible for Medicaid, though the need for these services is great. Between 10-14% of all children birth through age 5 experience social, emotional and behavioral problems, yet most do not receive mental health services—even when their mental health conditions have been identified. Exposure to high levels of stress— such as poverty, parental depression, substance abuse, and family violence – can create long-term social and emotional problems that thwart children's development, and ultimately result in lower educational achievement, and greater involvement in the criminal justice, child welfare and other public systems. Access to community mental health services can reduce these long-term societal costs, but only when mental health services are available. With less than 1% of Michigan's early childhood budget supporting social and emotional health, we urge you to, at a minimum, maintain community mental health services for long-term cost savings.

Finally, the Governor recommends a 40% cut in funding for graduate medical education. This cut will affect access to pediatric services in Michigan, which are already difficult to access. As previously mentioned, over one third of families with children insured by Medicaid or Healthy Kids have had trouble finding a health care provider. Reduced funds for graduate medical education will make it more difficult for hospitals to train medical providers, negatively impacting Michigan children.

We must be prepared to make investments needed in our children as the foundation of our future economy. Healthy kids equal a healthy Michigan. To compete for the jobs of tomorrow, Michigan must invest in children today.

Thank you for this opportunity. I am available to address questions throughout the budget process. Please feel free to contact me at 517/485-3500 or by email at jack@michiganschildren.org.