

for Child and Family Advocates

Investments in Early Childhood in Michigan: A Summary of Health & Mental Health Programs and Funding Trends June 2011

While the rate of uninsured children in Michigan has traditionally been lower than the national average, the number of uninsured children in Michigan is rising. Between 2003/2005 and 2006/2008, the percentage of uninsured Michigan children ages 0 to 5 rose from 4.2 percent to 4.8 percent, with an estimated 36,000 young children uninsured.¹ Many of Michigan's uninsured children are believed to be eligible for Medicaid or MICHild, but are not enrolled.

During the decline of Michigan's economy, and in the face of a decade of budget deficits, Michigan lawmakers have struggled to protect Medicaid eligibility and services for children. However, with the state's continuing revenue crisis, children's access to basic health care services can no longer be assured, as cuts in reimbursement to Medicaid providers have limited access to care. In addition, cuts in vital local public health services and maternal and child health services have further limited access to care for many pregnant women and children.

Mental health services for children, which have never been adequate to meet the need, have become even more difficult to access because of cuts in funding for community mental health services, particularly for children not eligible for Medicaid. In addition, too few parents of young children have access to mental health services. Young children exposed to the stresses of maternal depression, substance abuse, domestic violence and other risk factors face twice the risk of developing problems with aggression, anxiety and hyperactivity.²

Of all the federal and state funding appropriated for young children ages birth to 5, more than half is for maternal and child health, mostly through the state's Medicaid program.³ By contrast, less than 1 percent of funding for young children is for programs to improve children's social and emotional health, and additional cuts in those programs were adopted in the fiscal year 2011 budget recently approved by the Michigan Legislature.

What we know about the physical, social and emotional health of young children in Michigan:

- Less than 61 percent of toddlers (ages 19 to 35 months) have been fully immunized.
- Approximately one third of children ages 1 through 2 has been tested for lead poisoning, and less than 1 percent of those children (833) tested positive.
- More than 10,500 babies (8.5%) are born low weight each year, and low birth weight rates are increasing.
- Nearly 8 of every 1,000 babies born die in the first year of life, and African-American babies are three times more likely not to reach their first birthday.
- Nearly 36,000 births annually (29.6%) are to Michigan women who have had less than adequate prenatal care.

¹ *Cover Michigan: The State of Health Care Coverage in Michigan*, Center for Healthcare Research & Transformation (2010).

² *Unclaimed Children Revisited*, National Center for Children in Poverty.

³ *Building a Sustainable Future: Analysis of the Fiscal Resources Supporting Children from Birth through Age 8 in Michigan*, the Finance Project and the W.K. Kellogg Foundation.

- Between 10 and 14 percent of all young 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.

Selected programs and funding trends:

Medicaid:

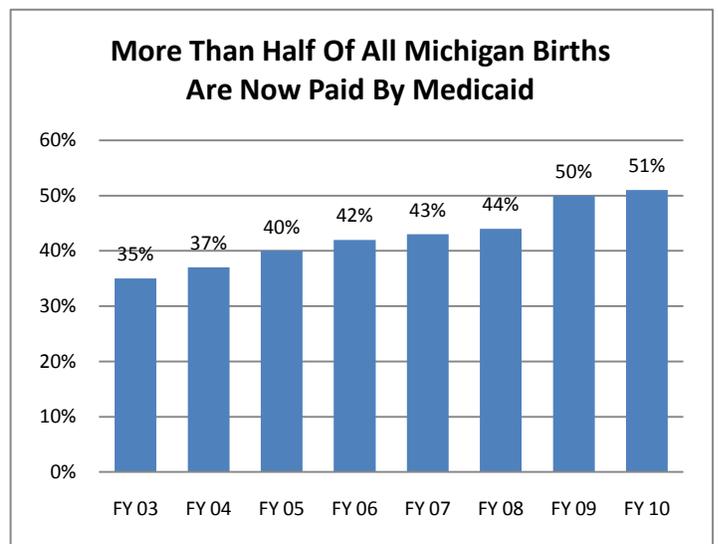
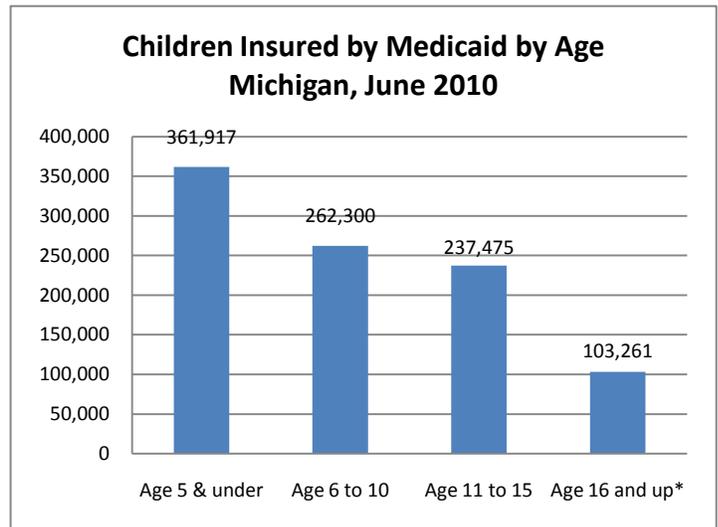
Background: In fiscal year 2009, approximately 1 million children, or 45 percent of all children in the state, were enrolled at some time in the state’s Medicaid or MIChild programs. More than half (57%) of all Medicaid enrollees in the state are children,⁴ and Medicaid caseloads for children in Michigan are growing faster than the national average.

The share of Michigan children covered by Medicaid grew from 23 percent in 2001 to 39 percent in 2010.⁵ Young children and children of color are even more likely to rely on publicly-funded health insurance.⁶

Further, the percentage of women relying on Medicaid coverage during pregnancy and delivery is growing, with the percent of total Michigan births covered by Medicaid rising from 35 percent in 2003 to 51 percent in 2010⁷

Funding trends: Medicaid costs have increased along with caseloads, and the Department of Community Health (DCH) budget is now the largest state budget, with a total appropriation of over \$14 billion in the current fiscal year. Two of every three dollars spent in the DCH budget are from federal sources—primarily federal Medicaid funds.

While a rising number of families with children have turned to Medicaid for their health care coverage, services for children account for a relatively small percentage of total Medicaid spending. For



⁴ Overview of the Michigan Department of Community Health, presentation by Olga Dazzo, Director, MDCH to the House Appropriations Subcommittee on Community Health (February 8, 2011).

⁵ Ibid.

⁶ Cover Michigan: The State of Health Care Coverage in Michigan, Center for Healthcare Research & Transformation (2010).

⁷ Overview of the Michigan Department of Community Health, presentation by Olga Dazzo, Director, MDCH to the House Appropriations Subcommittee on Community Health (February 8, 2011).

What Works:

Investing in Pediatric Medical Homes

Kent County's Children's Healthcare Access Program (CHAP) was launched in 2008 in response to research showing that uninsured children and those insured by Medicaid have poorer health outcomes and significantly higher hospitalization rates for preventable conditions, resulting in higher taxpayer costs.

Kent CHAP is a partnership with First Steps Kent, Priority Health, Helen DeVos Children's Hospital, local medical clinics and pediatric practices, and human services agencies.

CHAP is strengthening health care quality and access by: (1) providing assistance to primary care providers; (2) creating more openings in private practices for children with Medicaid, in part through financial incentives; (3) working with partners to offer more evening hours and same-day appointments; and (4) providing home-based education and coordination of support services for families.

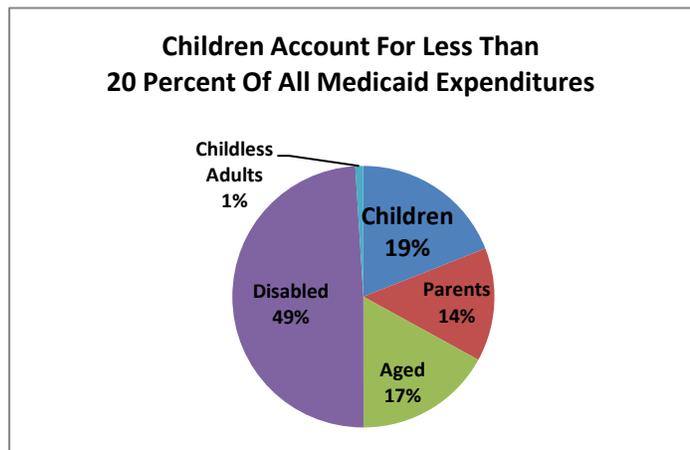
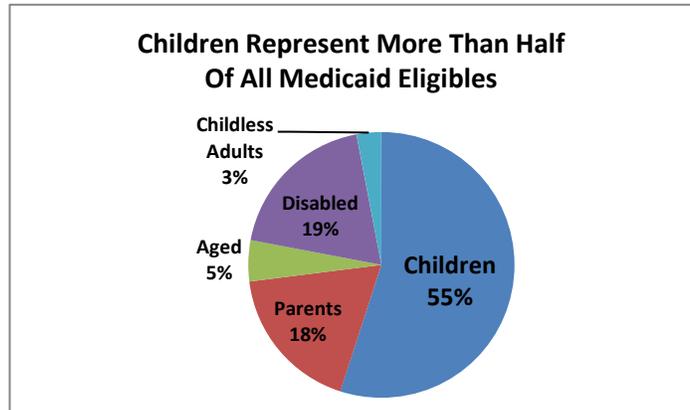
Kent CHAP has served 15,000 children with promising results:

- Emergency department visits decreased by 11% and hospital admissions fell by 9%.
- Initial cost estimates suggest 75 percent of CHAP spending will be offset by reduced spending on hospitalizations, with the program potentially "paying for itself" because of CHAP case management and better preventive treatment.

The successes of the Kent CHAP model will soon be expanding to other communities, including a new initiative in Wayne County.

example, in 2009, 55 percent of those enrolled in Medicaid were children, but they accounted for only 19 percent of all Medicaid payments.⁸

Of particular concern have been increasing problems reported by Medicaid recipients in finding health care for themselves and their children. More than one-third (35%) of those covered by Medicaid or Healthy Kids said that they had difficulty finding providers who would accept their coverage, revealing that coverage alone does not guarantee access to care.⁹



A leading barrier to access has been the failure to provide adequate payments to Medicaid providers. There have been no across the board Medicaid rates increases since 2001 in Michigan.¹⁰ Rate reductions during that period included a decrease in hospital payments of \$13.7 million in fiscal year 2002, a 4 percent rate reduction in 2005, and a total

⁸ Michigan Department of Community Health, presentation to the House Appropriations Subcommittee on Community Health by Stephen Fitton, Director, Medical Services Administration (March 1, 2011).

⁹ Cover Michigan Survey 2010, Center for Healthcare Research & Transformation.

¹⁰ Michigan Department of Community Health, presentation to the House Appropriations Subcommittee on Community Health by Stephen Fitton, Director, Medical Services Administration (March 1, 2011).

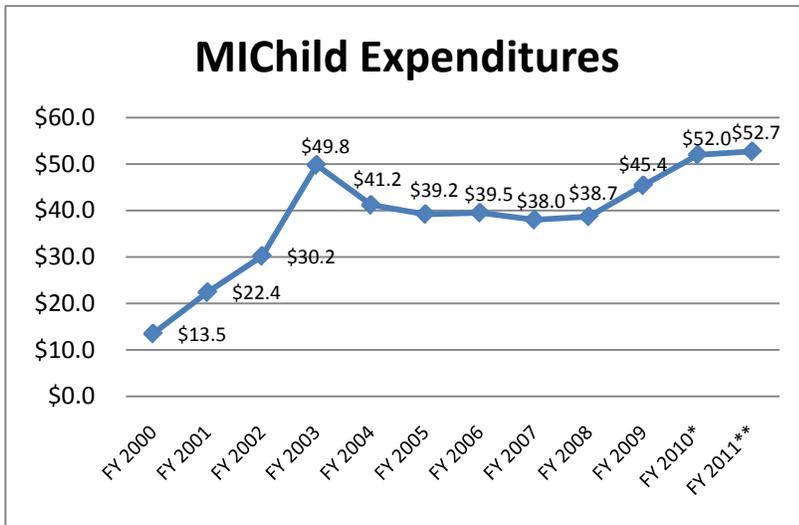
reduction of 8 percent in fiscal year 2010, including an estimated \$57 million in funds for services to young children ages 0 to 5.¹¹ As a consequence of lagging reimbursement rates, the number of physicians willing to participate in the Medicaid program has dropped.

The fiscal year 2012 budget:

- **The final budget retains current Medicaid eligibility and provider rates, but increases funding for Medicaid health plans by 1.68 percent at a total cost of \$50.1 million (\$17 million in state funds). Retained is language related to presumptive eligibility for Medicaid for pregnant women and language specifying Medicaid co-pays. Budget language directing the DCH to continue to provide increased reimbursement rates for well child and primary care for children, and language regarding timely access to EPSDT and Maternal Infant Health program services was deleted.**
- **The final budget includes a cut in graduate medical education funding of \$31.8 million total (\$10.8 million in state funds). One-time funding of \$17.1 million total and \$5.8 million state is also appropriated, bringing the total cut to 8.7 percent over current year funding. Budget language is added requiring the DCH to establish a workgroup on graduate medical education that identifies physician specialties with potential shortages as well as areas of the state that are most vulnerable, and that makes policy recommendations.**

MiChild:

Background: MiChild is a health insurance program for children in low-income working families in Michigan, and is authorized under the Children’s Health Insurance Program (CHIP). Michigan launched its MiChild program in 1998, and since that time, nearly 210,000 children have been insured through the program. In addition, approximately 875,000 children applying for MiChild were transferred to the Medicaid Healthy Kids program.¹²



In September of 2010, 29,306 children were enrolled in MiChild. MiChild caseloads increased consistently until 2004, when approximately 35,000 children were enrolled. Since that time, caseloads have hovered around 30,000. However, because the majority of children who apply for MiChild are eligible for Medicaid, the MiChild program has helped bring more children into the public system. The reauthorization of the federal Children’s Health Insurance Program (CHIPRA) included new funding for outreach for MiChild, and three projects were funded in Michigan.

¹¹ Summary of Budget Actions Affecting Early Childhood Programs, Early Childhood Investment Corporation (2010).

¹² MiChild August 2010 Executive Summary, Maximus.

Funding trends: It is estimated that approximately 38 percent of all MICHild expenditures are for children from birth to age 5—approximately \$18.9 million in fiscal year 2010.¹³ Total funding for the MICHild program grew from \$13.5 million in fiscal year 2000 to an expected \$52.7 million in the current fiscal year. After a number of years of declining or flat funding, expenditures have grown in recent years, largely because of increased reimbursements for MICHild dental services, required by the reauthorization of the federal Children’s Health Insurance program (CHIPRA).

With the reauthorization of CHIPRA, states were provided an opportunity to draw down significant new federal funds to cover children through increases in the income eligibility guidelines (currently at 200 percent of poverty in Michigan), as well as by covering pregnant women and legal immigrant children. Michigan turned away approximately \$100 million in potential new federal funding because no eligibility changes were adopted.

The fiscal year 2012 budget:

- **The final budget has no significant changes in MICHild funding or eligibility, with total funding falling slightly from \$52.7 million in the current fiscal year to \$51.8 million in fiscal year 2012.**

Maternal and Child Health and Local Public Health Services:

Background: Over the last several years, cuts have been made in local public health services, as well as maternal and child health services such as family planning, infant mortality and lead poisoning prevention. Reductions in public health programs have both human and fiscal repercussions. For example:

- The average cost per discharge for a premature or low birth weight infant in Michigan is \$102,103, approximately 14 times higher than for a healthy infant.¹⁴
- This year, local public health departments are expected to distribute 1.5 million doses of vaccine.¹⁵ Every dollar invested in childhood immunization programs provides a savings of \$22; in 2009 the savings to the State were at least \$88 million.¹⁶
- Local public health departments will screen over 500,000 children for hearing defects this year, and 3 percent of those children will be referred to physicians for follow-up.¹⁷ Every dollar spent on hearing screenings in children, along with appropriate treatment, saves an estimate \$112 in future work productivity.¹⁸
- Nearly 683,000 children will have their vision screened by local health departments this year, with 10 percent referred for follow-up.¹⁹ Vision screenings can detect many preventable eye problems, and every dollar spent on vision screening saves \$162.²⁰

Funding trends: Examples of public health cuts affecting pregnant women and young children include the following:

¹³ *Building a Sustainable Future: Analysis of the Fiscal Resources Supporting Children from Birth through Age 8 in Michigan*, the Finance Project and the W.K. Kellogg Foundation.

¹⁴ *Prematurity*, Issue Brief by the Center for Healthcare Research & Transformation (November 2010).

¹⁵ Michigan Department of Community Health, presentation by Jean Chabut, Deputy Director, Public Health Administration, to the House Appropriations Subcommittee on Community Health (March 8, 2011).

¹⁶ *Analysis of the Value of Local Public Health Operations Funding*, Public Sector Consultants Inc. (April 2010).

¹⁷ Michigan Department of Community Health, presentation by Jean Chabut, Deputy Director, Public Health Administration, to the House Appropriations Subcommittee on Community Health (March 8, 2011).

¹⁸ *Analysis of the Value of Local Public Health Operations Funding*, Public Sector Consultants Inc. (April 2010).

¹⁹ *Ibid.*

²⁰ *Analysis of the Value of Local Public Health Operations Funding*, Public Sector Consultants Inc. (April 2010).

- *Investments in local public health departments:* Michigan's 45 local public health departments play a critical role in protecting the health of parents and children, including responsibility for immunizations and hearing and vision screenings for preschool and school-aged children. Since 1984, there has been a codified cost-sharing formula to fund local public health services, but for the last 15 years, the state has not provided its statutorily required level of funding. In 2003, a total of \$40.8 million was appropriated for local public health departments; in the current fiscal year, a total of \$39.1 million is appropriated. If local public health funding had been increased to reflect inflation, funding in fiscal year 2010 would have been at \$47.6 million; if the state had met its statutory obligation, local health departments would have received \$66.8 million.²¹
- *Family planning:* In fiscal year 2010, nearly \$4.2 million was cut in services for health screening, pregnancy detection, community education, and follow-up primary care referrals. As a result, over 32,000 low-income people were no longer able to access services, with the cost of unplanned pregnancies expected to increase Michigan's already unacceptable infant mortality rates, as well as the cost of prenatal and perinatal care.²²
- *Infant mortality prevention:* Reflecting the unacceptable reality that African American infants in Michigan are almost three times more likely to die before their first birthday than white infants, since fiscal year 2005, approximately \$1 million in Healthy Michigan Fund dollars have been used to help the ten communities in Michigan with the highest African American infant death rates (Berrien, Genesee, Kalamazoo, Kent, Macomb, Oakland, Saginaw and Washtenaw counties, as well as Detroit and out-Wayne County). Funding for infant mortality prevention was reduced from \$1 million to \$900,000 in fiscal year 2006 and eliminated in fiscal year 2010.
- *Childhood lead poisoning prevention:* In fiscal year 2010, a cut of \$1 million in Healthy Michigan funds used for lead poisoning prevention resulted in cuts of 30-45 percent in grants to local public health agencies in the communities with the highest rates of childhood lead poisoning (Benton Harbor, Detroit, Dearborn/Hamtramck/Highland Park, Pontiac, Flint, Saginaw, Lansing, Kalamazoo, Grand Rapids and Muskegon). The cut represented a 45 percent reduction in state level efforts to prevent and eliminate lead poisoning, including reduced outreach and training for parents, elimination of state capacity to conduct environmental home investigations and lab analyses in areas of the state that don't have local capacity, and the elimination of state funding for lead abatement, the Lead Safe Housing Registry, and the Lead Abatement Ombudsman.²³

The fiscal year 2012 budget:

- **The final budget eliminates \$10.9 million in funding for specified public health and prevention programs funded by the Healthy Michigan Fund, replacing it with a single line item of \$5 million. An additional \$3 million in one-time funding is provided for Healthy Michigan Fund programs, with \$900,000 earmarked for cancer prevention and control. Budget language requiring the DCH to report annually on the number of children with elevated blood lead levels is eliminated.**
- **The final budget includes the Governor's recommended funding levels for family planning and local agreements (continued at \$9.1 million), local maternal and child health services (continued at \$7.02 million), prenatal care outreach and service delivery support (cut from \$50,100 to \$42,500), childhood lead program (increased slightly to \$1.6 million) and lead abatement (increased from \$2.44 to \$2.65 million), and Women, Infants and Children Nutrition program or WIC (increased from \$253.8 to \$254.2 million). Funding for the stillbirth awareness initiative is eliminated, and no additional funding is provided for programs to prevent infant mortality disparities. The budget does include \$3.8 million in**

²¹ Ibid.

²² *Fiscal Year 2009-2010 State Budget Reductions and Impacts*, Maternal and Child Health, Division of Family and Community Health, Michigan Department of Community Health (December 16, 2009).

²³ *Fiscal Year 2009-2010 State Budget Reductions and Impacts*, Maternal and Child Health, Division of Family and Community Health, Michigan Department of Community Health (December 16, 2009).

What Works: The Child Care Enhancement Program (CCEP)

The CCEP was in operation from 1999-2010 to serve young children (through 36 months of age) with mental health and behavioral challenges in state subsidized child care settings. The purpose of the program was to promote the social and emotional health and development of infants and toddlers (a predictor of school success), and prevent expulsion and long-term mental health problems for children later in life.

In Michigan:

- An estimated 10 percent of young children suffer from emotional and behavioral problems that impair their ability to learn, and the incidence among poor children is two to three times higher.
- An estimated 7,000 children are expelled from child care centers and preschools every year—much higher than the number of K-12 expulsions.

Research shows that the CCEP:

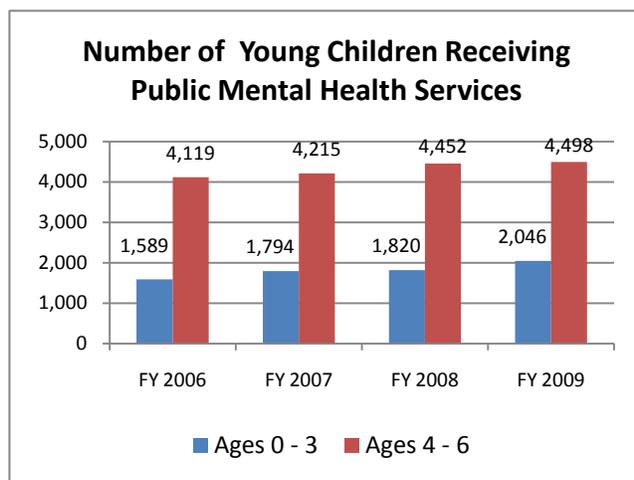
- improved young children's behaviors. Of the 2,591 children referred to CCEP from 2004-2009, only 3 percent were ultimately expelled. Most (83%) remained in the same child care setting, transitioned to special education services, went to a new child care center successfully with the support of family, or graduated successfully to kindergarten.
- reduced work and school disruptions for parents of young children.

total funding (\$1.5 million in state funds) for the Nurse Family Partnership program. Budget language requiring the DHS to use at least 50 percent of the funds allocated for voluntary in-home visiting services for evidence-based models or models that conform to a promising approach that are in the process of being evaluated was adopted. A report on evidence-based home visiting services is required, along with a plan to establish an integrated benefit for Medicaid evidence-based home visitation services to be provided by Medicaid health plans (by September of 2011).

- The final budget includes the Governor's recommended cut of \$1.7 million or 5 percent in local public health department operations. Hearing and vision screening programs for school-aged children are not affected.

Mental Health Services for Parents and Children:

Background: Research shows that between 10 and 14 percent of all young 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.²⁴ In addition, it is well documented that maternal depression and other mental health conditions can have severe consequences for both mothers and their children,



affecting children's cognition and behaviors even in infancy. Further, studies have shown that the rate of

²⁴ *Unclaimed Children Revisited*, National Center for Children in Poverty.

maternal depression among low-income women (40%) is double that of their higher-income peers.²⁵

National data show that most mental health services for young children ages 0 to 5 are funded by Medicaid. In Michigan, 2,046 children under the age of 4 received public mental health services in 2009, representing less than 1 percent of children in that age group, and well below estimated need. Another 4,498 children ages 4 to 6 received public mental health services²⁶

Funding trends:

- *Cuts in community mental health services:* Between fiscal year 2001 and January of 2010, funding for Medicaid mental health services increased by 69 percent while non-Medicaid mental health spending decreased by 13%.²⁷ In fiscal year 2009, an Executive Order eliminated funding for respite care services for families with children with serious emotional disturbances (\$1 million), and cut funding for non-Medicaid community mental health services by \$10 million. In fiscal year 2010, the Michigan Legislature made an additional cut of \$40 million in funding for services for persons not eligible for Medicaid, and the fiscal year 2011 budget is reduced by \$5.4 million (a \$3.8 million cut in administrative funding and \$1.6 million in services). While it is estimated that less than 1 percent of those funds were directed to children ages 0 to 5, mental health services for parents of young children were affected.
- *Elimination of the Child Care Enhancement Program (CCEP):* In fiscal year 2010, the CCEP was cut by over 40 percent from prior year funding of \$1.8 million. As a result, the program was restructured, and no longer served children ages 3 to 5. In the budget for the current fiscal year (fiscal year 2011), funding for the CCEP (\$1 million) was eliminated. The CCEP was created in 1999 to serve high-risk infants and toddlers who are experiencing mental health and behavioral challenges in Department of Human Services (DHS) subsidized child care settings. Through the CCEP, early childhood mental health consultants coached and trained adults to promote the social and emotional health and development of infants and toddlers in their care, and prevented expulsion and long-term mental health problems.

An estimated 7,000 children are expelled from child care centers and preschool programs in Michigan every year. By comparison, less than 2,000 Michigan K-12 students were expelled in 2008-2009. Nearly 46,000 children benefited from CCEP services between 2004 and 2009, as services provided to promote the health of children at-risk of expulsion contributed to improvements in the educational environment for all children. Preliminary results of a four-year evaluation of the CCEP show positive outcomes including improvements in young children's behaviors and fewer disruptions in their parents' work and school schedules.²⁸

The fiscal year 2012 budget:

- **The final budget includes the Governor's recommended cut of 3 percent (\$8.5 million) in funding for community mental health services for low-income families not eligible for Medicaid. The Legislature approved a rate increase of 1.17 percent for Medicaid PIHP's providing mental health and substance abuse services for a total cost of \$24.9 million (\$8.4 million in state funds). Also included in the final budget is the House language related to the development of a medical home model for Medicaid mental health clients.**

²⁵ *Kids Count in Michigan 2008 Data Book: A Focus on Young Children*, Michigan League for Human Services (2208).

²⁶ Michigan Department of Community Health.

²⁷ *Community Health Background Briefing*, House Fiscal Agency (January 2010).

²⁸ Information provided by the Michigan Department of Community Health.