

Budget Basics

Detailed information and recommendations regarding State of Michigan budgets.

for Child and Family Advocates



June 29, 2012

Fiscal Year 2013 Department of Community Health Budget

The last week of May, the Conference Committees approved all of their budget bills for fiscal year (FY) 2013, and on June 26, 2012, Governor Snyder signed the budget bills into law. The 2013 fiscal year begins October 1, 2012 and ends September 30, 2013. As anticipated, the final budgets were in the form of two omnibus bills – one for Education (PA 201) including School Aid, Community Colleges, and Higher Education; and another (PA 200) for all of the department budgets. The Governor vetoed several items in PA 200, including \$1 million for before and after school programming and a \$3 million increase for 0-3 prevention programs.

The Department of Community Health (DCH) budget is included in omnibus bill HB 5365 and appropriates over \$15 billion for the 2013 fiscal year, a \$391 million increase from the 2012 fiscal year. More than 64 percent of the budget (\$9.7 billion) is provided through federal funds, \$2.8 billion is from state general funds (GF). The final DCH budget includes funding for autism spectrum disorder services, expansion of the Healthy Kids Dental Program, the Governor's Wellness 4X4 Initiative, before- and after-school physical health pilot program, expansion of Medicaid reimbursements to OB/GYN providers, and new funding for home visitation programs.

Coming into Conference Committee, the House had rejected the Governor's Wellness 4X4 Initiative, had included the physical health pilot program, and had directed some federal dollars towards home visitation. The Senate had created \$100 placeholders for all of the Governor's new proposals including autism spectrum disorder services for Medicaid and MICHild, the Healthy Kids Dental expansion, and the Wellness 4X4 Initiative.

Michigan's FY13 budget conversations follow more than a decade of disinvestment in programs for children and families throughout the public sector, mitigated temporarily by an influx of federal economic stimulus dollars. It is during the state budget process that decisions are made about the expenditure of state revenues, and there are many competing interests that the Governor, legislators and other policymakers must consider when dividing up tax dollars.

The Fiscal Year 2013 Budget

Medicaid eligibility and provider reimbursement rates.

- *Governor:* The Governor's budget does not change Medicaid eligibility. The Governor's budget includes \$282 million in federal funds to comply with the requirement in the federal Affordable Care Act of 2010 to increase Medicaid primary care physician reimbursements rates to 100 percent of Medicare levels. Not included in the rate increase are nurse practitioners, physician assistants and OB/GYNs. The increase is scheduled to take place between January of 2013 and December of 2014. Currently, Michigan Medicaid reimbursement rates are at 55 percent of Medicare payment levels. Between 1999 and 2005, physician reimbursement rates for Medicaid remained flat. In 2005, rates were cut by 4 percent in the face of rising health care costs. In 2010, payments to Medicaid providers were cut by up to 8 percent. As a consequence of lagging reimbursements rates, the number of physicians participating in the Medicaid program has dropped and access has been limited in many areas of the state.
- *House:* Concur with the Governor to increase Medicaid primary care physician reimbursements rates. The House does not change Medicaid eligibility but does add boilerplate language directing the DCH to work with the Department of Human Services (DHS) to conduct a pilot project in three counties to demonstrate whether privatizing Medicaid eligibility determination is cost effective.
- *Senate:* Concur with the Governor to increase Medicaid primary care physician reimbursement rates and

makes no changes to Medicaid eligibility. The Senate creates a \$100 placeholder for an increase in Medicaid OB/GYN payment rates.

- **Final Budget: Concurs with the Governor on Medicaid reimbursement and adds an increase of \$11.9 million (\$4.0 million general funds) to provide an increase in the reimbursement rates for OB/GYN doctors. The increase equates to approximately 20% and is split between the Physician Services and Health Plan Services appropriation lines.**

Graduate Medical Education (GME).

- *Governor:* The Governor recommends the continued reduction of \$31.8 million made to the GME program in FY2012. The Governor does not include the FY2012 one-time funding for GME at \$17.1 million.
- *House:* Concurs with the Governor on continued reduction but does include one-time funding of \$18.0 million.
- *Senate:* Creates a \$100 placeholder for GME funding and adds boilerplate language requiring the DCH to revise its GME reimbursement criteria to focus on primary care and recruitment of candidates who commit to stay in Michigan.
- **Final Budget: Restores funding to approximately the post-supplemental FY12 level for a total of \$162.1 million. Of the \$8.6 million increase, \$4.3 million Gross and \$1.5 million GF will be reflected as one-time funding.**

The MICHild program.

- *Governor:* The Governor provides an additional \$29 million to the MICHild program in anticipation of increased caseload as well as his recommended mandate to fund autism spectrum disorder treatment for an estimated 2,000 Medicaid and MICHild eligible children under the age of six.
- *House:* Concurs with Governor.
- *Senate:* The Senate provides a smaller increase of \$15.7 million to MICHild.
- **Final Budget: Funding is increased by \$14.5 million for a total of \$66.3 million.**

Mental health services for adults and children who are not Medicaid-eligible.

- *Governor:* Funding for non-Medicaid mental health services maintains funding at \$274 million. Funding for non-Medicaid community mental health services has been cut by nearly \$64 million since 2009.
- *House and Senate:* Concurs with the Governor.
- **Final Budget: Concurs with the Governor - funding is maintained at \$274 million.**

The Children's Waiver Home Care Program.

- *Governor:* The Governor recommends a \$500,000 increase for the Children's Waiver Home Care Program to recognize "benefit plan management" administrative functions. The Children's Waiver Program allows Michigan to provide services to approximately 465 children up to age 18 with developmental disabilities who are at risk of being placed into intermediate care facilities, permitting them to stay in their homes.
- *House and Senate:* Concurs with the Governor.
- **Final Budget: Concurs with the Governor - funding is increased to \$19.4 million.**

Waiver for children with serious emotional disturbances.

- *Governor:* The Governor's budget includes an increase of \$4.5 million (from \$8.2 million to \$12.7 million) for the waiver program for children with serious emotional disturbances enabling the Department to serve an estimated 1,243 eligible children. The waiver, which provides services for children up to age 20, is administered by Community Mental Health Services Programs in partnerships with other community agencies. Most recent information from DCH indicates that 14 CMHSPs representing 22 counties have been approved to provide home and community-based mental health services to 369 children. If a state plan amendment is approved by CMS, an additional 11 CMHSPs representing 14

counties would provide services to an additional 279 children in FY2012 and an additional 595 in FY2013.

- *House:* Concurs with the Governor.
- *Senate:* Maintains funding at the FY2012 level of \$8.2 million.
- ***Final Budget:* Concurs with the Governor - funding is increased to \$12.7 million.**

Community mental health services for special populations (multicultural services).

- *Governor:* The Governor eliminates the FY2012 one-time allocation of \$3 million general funds for mental health services for special populations.
- *House:* On a one-time basis, the House restored funding for Hispanic/Latino Commission within the Department of Civil Rights (\$250,000), ACCESS (\$700,000), Arab Chaldean (\$700,000), Chaldean Chamber Foundation (\$650,000), and Michigan Jewish Federation (\$700,000).
- *Senate:* The Senate creates a \$100 one-time placeholder for this funding.
- ***Final Budget:* Concurs with the House. Includes \$6.0 million ongoing funding and \$3.0 million one-time funding for ACCESS (\$1.3 million ongoing, \$700,000 one-time), Arab Chaldean Council (\$1.3 million ongoing, \$700,000 one-time), Chaldean Chamber Foundation (\$468,853 ongoing, \$650,000 one-time), Asian Pacific American Commission (\$104,101 ongoing), Hispanic Commission (868,804 ongoing, \$250,000 one-time), Jewish Federation (\$1.3 million ongoing, \$700,000 one-time), Native American (\$483,032 ongoing), and Vietnam Veterans (\$93,109 ongoing), for a total of \$9.0 million.**

Healthy Michigan Fund/Health and Wellness Initiative.

- *Governor:* The Governor recommends changing the Healthy Michigan Funds line item to the Health and Wellness Initiative and recommends \$6 million in GF (\$5 million in one-time funding, \$1 million on-going) to fund this initiative in addition to \$5.1 million in HMF dollars. The Governor provides \$2.25 million GF (\$1.0 million on-going and \$1.25 million one-time allocation) for a new community-based collaborative public health program to address obesity and promote healthy lifestyle focusing on four healthy behaviors and four key health measures (Wellness 4x4 Initiative). He also includes other one-time funding to expand infant mortality programming and to implement the state Infant Mortality Reduction Plan (\$750,000 one-time, \$196,600 on-going), health disparities (\$250,000 in addition to \$250,000 on-going through HMF), pregnancy prevention (\$900,000), diabetes (\$600,000) and school health (\$350,000) and cancer prevention and control (\$900,000). Other on-going HMF programs that are included in the Health and Wellness Initiative are Michigan Care Improvement Registry (\$2.1 million), cardiovascular disease (\$670,000), and smoking prevention (\$1.8 million).
- *House:* The House concurs with the Governor to create a Health and Wellness Initiative line item but rejects the Governor's recommended \$2.25 million in new funding for his Wellness 4x4 Initiative and all other one-time funding. The House does provide \$1 million GF for a new initiative to address childhood obesity with a before- and after-school physical health pilot program that incorporates evidence-based best practices. Other on-going HMF programs are maintained (MCIR, cardiovascular disease, and smoking prevention).
- *Senate:* The Senate creates a \$100 placeholder for all one-time funds as well as the Governor's Wellness 4x4 Initiative. Other on-going HMF programs are maintained.
- ***Final Budget:* The final budget adopts the Governor's recommendation to change the Healthy Michigan Fund line item to the Health and Wellness Initiative and includes one-time funding for: health disparities (slight reduction in one-time funding to \$240,000 in addition to \$250,000 on-going), pregnancy prevention (slight reduction to \$860,000), diabetes and kidney program (\$50,000 increase for a total of \$650,000) and school health – the Michigan Model - (slight reduction to \$330,000), cancer prevention and control (slight reduction to \$860,000), and the Nurse Family Partnership (new allocation of \$50,000). New funding includes \$2.25 million (\$1.0 million on-going and \$1.25 million one-time allocation) for the Governor's Wellness 4x4 Initiative; \$750,000 one-time funding for infant mortality; and \$1.0 million on-going for the new House-proposed children's physical health pilot program. On-going HMF programs – MCIR,**

cardiovascular disease, and smoking prevention – are retained.

Maternal and child health programs.

- *Governor:* Continuation funding was provided for a range of maternal and child health programs, including family planning local agreements (\$9.1 million), local maternal and child health (\$7.0 million), pregnancy prevention program (\$602,100), prenatal care outreach and service delivery support (\$3.8 million), newborn screening follow-up and treatment services (\$5.6 million), childhood lead program (down from \$1.6 million to \$1.3 million to reflect changes in federal funds), lead abatement/enforcement (increased from \$2.65 million to \$2.93 million to reflect new federal and private funds), the sudden infant death syndrome program (\$321,300), and WIC local agreements and food costs (\$253.8 million). Maternal and child health is funded at \$20.8 million (up from \$20.3 million in FY2012). The Governor omits language included in FY2012 directing the department to use at least 50% 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.
- *House:* The House concurs with the Governor by providing continuation funding for family planning local agreements, local maternal and child health, pregnancy prevention program, newborn screening follow-up and treatment services, childhood lead program, lead abatement/enforcement, the sudden infant death syndrome program, WIC local agreements and food costs, and maternal and child health medical services. The House provides an increase in prenatal care outreach and service delivery support by \$7.9 million which includes \$2 million in federal TANF funding for a new 2-year alternative home visit support program to provide enhanced counseling and support for women during pregnancy through 12 months after birth; \$1 million in federal TANF funding for two years to enhance support and education for the Nurse Family Partnership (NFP) program including strategic planning and awareness for Detroit-based NFP; recognition of \$4.3 million federal Maternal, Infant and Early Childhood Home Visiting Program funding made available through the Affordable Care Act; as well as private Kellogg funding directed towards infant mortality and prenatal wellness programs. The House omits language included in FY2012 directing the department to use at least 50% 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.
- *Senate:* The Senate concurs with the Governor by providing continuation funding for family planning local agreements, local maternal and child health, pregnancy prevention program, newborn screening follow-up and treatment services, childhood lead program, the sudden infant death syndrome program, WIC local agreements and food costs. Maternal and child health is flat funded at \$20.3 million. The Senate creates a \$100 placeholder for lead abatement/enforcement. The Senate retains language directing the department to use at least 50% 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.
- ***Final Budget:* The final budget adopted the Governor’s recommendation to provide continuation funding for family planning local agreements, local maternal and child health services, pregnancy prevention program, newborn screening follow-up and treatment services, the sudden infant death syndrome program, and WIC local agreements and food costs. Maternal and child health is flat funded at \$20.3 million. The final budget includes \$2 million in state restricted funding for abatement of lead in homes where children reside who have tested positive for high blood lead. The budget includes recognition of \$4.3 million of the federal MIECHV funding. The private Kellogg funding directed towards infant mortality and prenatal wellness programs is rolled into the Family, Maternal and Children’s Health Services Administration line item. FY2012 language is omitted, directing the department to use at least 50% 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.**
- ***Vetoed:* The Governor vetoed the Conference Committee increases to prenatal care outreach and service delivery of \$2 million for two-year alterative home visit pregnancy and parenting support program and the \$1 million to enhance support and education for the NFP program with strategic planning and awareness for a Detroit-based NFP program.**

Local health department operations and services.

- *Governor:* The Governor maintains funding for local health department operations at \$37.4 million. Funding for local public health operations fell from \$40.8 million in 2003 to \$37.4 million in 2012.
- *House and Senate:* Concur with the Governor.
- ***Final Budget:* Concur with the Governor - maintains funding at \$37.4 million.**

Services for children with special health care needs.

- *Governor:* The Governor proposes a \$6.2 million reduction for the Children's Special Health Care Services program (CSHCS) due to changes to inflation, caseload and utilization.
- *House:* Concur with the Governor.
- *Senate:* Concur with the Governor on funding changes. The Senate adds boilerplate language allowing coverage for autism spectrum disorder services subject to the availability of funds and the enactment of Senate Bills 414 and 415.
- ***Final Budget:* Concur with the governor – decreases funding to \$301 million; language to cover autism spectrum disorder services is not included.**

Healthy Kids dental program.

- *Governor:* A total of \$25 million (\$8.4 million in state general funds) to expand the Healthy Kids Dental program. The Healthy Kids Dental program is currently available in 65 of Michigan's 83 counties, and serves 350,000 children. The Governor proposes to expand the program by 25 percent in fiscal years 2013 and 2014, expanding services to 180,000 additional children each year. The expansion would include, but is not limited to, parts of several large urban counties including Kent, Oakland, Macomb, and Wayne. The goal is to provide statewide coverage for all Medicaid-eligible children by 2016. The program provides increased provider reimbursement rates, which encourages provider participation and ensures that children have better access to dental care.
- *House:* Provides less funding than the Governor for the expansion of the Healthy Kids Dental program at 7.9 million gross (\$2.7 million general funds).
- *Senate:* The Senate creates a \$100 placeholder for this expansion.
- ***Final Budget:* Includes \$16.6 million gross (\$5.6 million GF) to expand the coverage area of the Healthy Kids Dental program into 10 counties (91,000 children under 21) in fiscal year 2013: Bay, Berrien, Calhoun, Cass, Grand Traverse, Jackson, Mecosta, Montcalm, Osceola and Wexford.**

Autism treatment.

- *Governor:* The Governor recommends a \$34.1 million (\$10.1 million in state general funds) increase in funding to expand Medicaid and MICHild coverage to include treatment of autism spectrum disorders for children up to age 18.
- *House:* Concur with the Governor but changes the language to cover children ages 2-5.
- *Senate:* The Senate creates a \$100 placeholder for these line items (Medicaid expansion, MICHild expansion, as well as CSCHCS expansion). Boilerplate language is added making service expansion subject to the availability of funds and tie-bars funding to enactment of Senate Bills 414 and 415.
- ***Final Budget:* Includes \$20.9 million Gross (\$6.7 million GF/GP) to fund autism spectrum disorder treatment for Medicaid and MICHild eligible children. New autism services are funded at \$17.6 million Gross and the MICHild \$3.3 Gross.**

School-Based Services.

- *Governor:* Increases the School-Based Services line by \$40.2 million federal funding representing Michigan school district's 60% portion of the federal Medicaid funds earned by the school district match.
- *House and Senate:* Concur with the Governor.
- ***Final Budget:* Concur with the Governor - increases funding by \$40.2 million for a total of \$131.5 million.**