

CALL TO ACTION

~a monthly public policy newsletter from the Mental Health Association in Michigan (MHAM)~

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Potential Loss of Extra Federal Medicaid Match Poses Grave Threat to Michigan

As you may know, Congress recently adopted an extension of unemployment benefits for persons out-of-work. That was a welcome step to many human service advocates. But the unemployment extension was initially envisioned by Congressional leadership as being coupled with several other actions, including an extension of enhanced federal match funding for Medicaid. That has not happened, as Congress has balked at continuation of more favorable federal Medicaid rates (and various other previously planned initiatives), resulting in the unemployment extension going through as stand-alone legislation. The refusal (to date) of Congress to make the Medicaid appropriation can have grave consequences for the states, including Michigan.

Should Congress not approve the extension that had previously been anticipated, Michigan will lose up to \$560 million it had been counting on for Fiscal Year-11 (beginning October 1), and the Senate Fiscal Agency has said the state's resulting budget shortfall would then, of course, be over a half-billion dollars. This on top of Michigan's myriad other budget difficulties.

On July 22 and 23, media reports (Detroit News and GONGWER legislative news service) suggested that, if Congress does eventually act, it will not be for the full amount originally anticipated, and the best Michigan could hope for is likely \$300 million, which would still leave over \$200 million to be made up. It was reported at the same time that Governor Granholm has some ideas, which had not been made public through July 28, on possible revenue enhancements that could cover at least part of the losses. Meanwhile, Senate Majority Leader Bishop (directly or through his office) indicated in GONGWER stories July 21, 23 and 28 that whatever is lost will simply have to be made up with cuts.

What cuts might be implemented? On July 16, GONGWER reported that Michigan's Medicaid director, Steve Fitton, had said they would not fall on Medicaid, but upon General Fund-supported programs. Quoting from the story, "[Mr. Fitton] said the state will have to look elsewhere for cuts because federal law prohibits cutting Medicaid caseloads to save the money. The other possible places to look for savings in Medicaid – elimination of so-called optional services and reducing reimbursement rates – are untenable, he said. Several optional services have already been eliminated and Michigan's rate of reimbursement to providers who take Medicaid patients is among the lowest in the country, Mr. Fitton said."

In the Detroit News July 23, Governor Granholm was not characterized as being quite as protective of Medicaid services. The newspaper stated, "Such a loss [between \$260-560 million] threatens mental health care, prescriptions and other Medicaid services that Michigan now provides but that are 'optional' under the federal Medicaid program, Granholm said."

Of course, the question of reductions to be made will not solely be left to the executive branch, regardless of the degree of protection it may hope or plan to give Medicaid. The House and Senate will have to adopt state budget bills, and it remains to be seen what these chambers would do.

Even if all of Medicaid was left completely harmless – and reductions all come from the state's General Fund – it is important to remember that General Fund dollars in the Community Health budget support non-Medicaid mental health services, and this line has already been cut significantly the past few years. While the line is grossly inadequate to meet existing need and demand, it entered FY-10 with almost \$300 million annualized, and this amount will look attractive to some as a means of helping to make up new shortfalls. (In fact, the Senate Republican majority earlier this year – well before there was a potential problem with Congress

and the Medicaid match rate – proposed an FY-11 cut of approximately \$55 million to the line, which would bring its reductions of recent years to the level of almost a 33% cut.) The mental health community must do everything it can to prevent this – or Medicaid mental health cuts – from happening.

Medicaid is a joint federal-state program under which a formula is applied to determine each party's share. The federal portion goes by the acronym of FMAP (Federal Medicaid Assistance Percentages). For several years, Michigan's share had been around 43%. As the economy worsened in Michigan, its share decreased. In early 2009, as part of the national stimulus, Congress adopted enhanced federal matching rates for states, to run through December 2010. That has resulted in over \$1 billion extra income for Michigan. It had been assumed by many that Congress would extend some manner of enhanced rates through June of 2011. This is now in jeopardy, and the consequences can be disastrous for Michigan.

Please let your U.S. Representative and Michigan's U.S. Senators (Carl Levin and Debbie Stabenow) know how you feel. We will keep you posted on this critical matter.

AFSCME Golf Outing to Benefit MHAM August 20

If you're a golfer, please sign up for the 16th annual Michigan AFSCME Council 25 Golf Outing to benefit MHAM. The event will be held August 20 at Swartz Creek Golf Course, Flint, with registration beginning at 8:00 a.m. and tee-off at 9:00. Lunch is included for all participants after the round.

The participation fee is \$100 per golfer, one of the lowest charity golf registrations you'll find anywhere. You can sign up yourself, a twosome or a foursome by calling, faxing or e-mailing MHAM Assistant Director Bill Tennant. Bill's e-mail address is wtmham@aol.com; phone and fax numbers may be found below.

All proceeds from this event benefit the work of MHAM. Over the past 15 years, the members of Michigan AFSCME Council 25 have raised \$500,000 for our Association. We are grateful to them and hope you'll want to join us August 20 for a fun day and in support of MHAM's advocacy efforts.

Call to Action is published monthly by MHAM. The primary mode of distributing the newsletter is electronic mail, but we will postal-mail copies to persons lacking Internet access. If you've come across this issue through a friend or colleague and wish to subscribe (there is no charge), kindly let us know. If at any point you wish to unsubscribe, simply contact our office.

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