



3-16-22 Norm Hess



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## MALPH Statement on FY23 MDHHS Budget

Submitted to:

House Appropriations Subcommittee on Health and Human Services

March 16, 2022

On behalf of Michigan's 45 local health departments, the Michigan Association for Local Public Health (MALPH) respectfully requests the committee's consideration to increase the FY23 MDHHS budget in two specific ways:

1. Increase the Children's Special Health Care Services funding for outreach and advocacy services from \$5.5 million to \$8.0 million – **an increase of \$2.5 million.**
2. Increase the Essential Local Public Health Services funding from \$51.4 million to \$63.0 million– **an increase of \$11.6 million** – in FY23, with consideration for an additional increase of \$12 million in FY24 to fully close the gap in the state's cost share amount for mandated public health services.

### Children's Special Health Care Services (CSHCS)

CSHCS is a program of the Michigan Department of Health and Human Services for chronically ill children and some adults with special health care needs. Children under the age of 21 years (regardless of income), who meet citizenship requirements, are residents of Michigan, have at least one qualifying serious chronic condition and need medical treatment are eligible for the program. Adults with hemophilia, cystic fibrosis and sickle cell disease are also eligible. In 2012, the program had an enrollment of 35,431. By 2020, the number of enrollees had increased to 50,965 – an increase of over 43%. Local health department caseloads range in size from more than 100 to over 5,000.

Local health departments serve as the conduit for families to access and receive many vital CSHCS services. Nurses and other program staff conduct outreach activities, assist with program enrollment or renewal, and develop plans of care. In addition, they connect clients to community-based services, help families navigate health systems, and arrange supportive services like transportation.

CSHCS categorical funding for local public health department staffing, as well as the reimbursement of care coordination and case management services have been nearly flat for 13 years. In 2018, the program saw a small increase of 3.3% to its base funding, however, this increase was insufficient to address the cost of inflation, which grew by 30% during the same time period.

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Increased medical complexity of clients and increased complexity with navigating the health care system have led to increased demands on local public health department staff who assist clients with system navigation and care coordination. To address the growing demand for CSHCS services and the costs associated with providing them, local public health departments have increased their local contributions to the program by 70.7%. Currently, more than one out of every four dollars used to support the local CSHCS program comes from local funds.

The expansion of CSHCS eligibility to adults with Sickle Cell Disease is expected to add an additional 2,000 enrollees or more to CSHCS, without any additional funding for local public health departments. Efforts from local public health departments to seek, find, and enroll eligible clients, including hard to reach populations as well as traditionally underserved populations (i.e., communities of color), have been inhibited by the lack of funding to support local public health department outreach and enrollment efforts.

Without additional funding to hire more staff, many local health department CSHCS programs do not have the capacity to outreach to these families and assure that children with special health care needs have equitable access to needed services. This can contribute to delays in enrollment and obtaining necessary care, which leads to exacerbation of illness, decreased quality of life and poorer health outcomes.

Given the current trajectory of program costs and insufficient state funding, some local health departments may be unable to continue to offer local CSHCS services, as the cost of providing the service may be prohibitive. This would be a significant loss for clients and their families, while also shifting the responsibilities to the state.

### **Essential Local Public Health Services**

Essential Local Public Health Services (ELPHS) is a core set of legislatively mandated basic public health services that all local health departments in Michigan must provide. Most local health departments offer additional services to protect and promote public health in their jurisdictions, but these core mandated services are the minimum requirement for all health departments in the state. According to our public health code, the state is required to fund 50% of these basic services and the governing entity of the local health department is required to fund 50%.

In 2019, the Michigan Public Health Advisory Council issued a report on the ELPHS funding formula, which stated the following:

*The Michigan Public Health Code (P.A. 368 of 1978, as amended) required local governing entities to provide the following essential services: Infectious Disease Control, Sexually Transmitted Disease Control and Prevention, Immunizations, Hearing Screening and Vision Services, Public Water Supply/Private Groundwater, Onsite Wastewater Treatment and Food Protection. The Michigan Public Health Code, Section 333.2475 states “the department shall reimburse local governing entities for the reasonable and allowable costs of delivery of those*

*services in accordance with the following schedule: First year-20%, Second year-30%, Third year-40%, and Fourth year and thereafter, 50%." ...The workgroup concluded that state 50-50 cost share for the mandated Essential Public Health Services is not being met. The state currently is funding local health departments at approximately 25-30% of cost share.*

In 1998, the state appropriation for local cost-shared services was \$36.4 million. In 2018, *twenty years later*, the state appropriation was \$39.8 million. Even without factoring in inflation, the state is now needing to play catch up in order to keep these vital services intact.

In February 2022, the House Fiscal Agency issued an updated analysis to reflect some recent increases to ELPHS funding. In FY 21, the state appropriation for ELPHS funding had increased to \$51.4 million. This most recent analysis shows that the state is now contributing 44.94% of the mandated 50% cost share for these services, so progress is being made. However, there remains an undue burden on local health departments and governing bodies to cover the remaining expenditures. To correct this would require an additional annual commitment from the state of \$23.6 million to match local funds at pre-pandemic levels. It should be noted that this amount does not reflect the actual cost of providing these essential services; it only brings the state share into alignment with the 50/50 requirement at current funding levels.

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