

# MDHHS: FY23 Budget Executive Recommendation

February 15, 2022

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# AGENDA

- **Our scope**
- **At-a-glance impact**
- **COVID-19 response snapshot and update**
- **Investing in the future**

# Our scope

MDHHS is located in all 83 Michigan counties and provides a variety of services to the residents of Michigan via 13 offices and departments.

The department provides services and administers programs to improve the health, safety, and prosperity of the residents of the state of Michigan.

It is our vision to deliver health and opportunity to all Michiganders, reducing intergenerational poverty and promoting health equity.

Health and Aging Services Administration, including Adult and Aging Services Agency

Public Health Administration

State Hospital Administration

Economic Stability Administration, including Bureau of Community Services

Policy, Planning & Operational Support Administration

Strategic Integration Administration

Behavioral Health and Developmental Disabilities

Children's Services Agency

The Office of Race Equity, Diversity, and Inclusion

Office of Recipient Rights

Office of Inspector General

# Impact in Numbers



2021



1,887 children adopted and 2,575 children safely reunified with parents.



180,000 test kits were distributed to keep families safe and kids in in-person learning through the MI Backpack Program.



More than 6 million residents better protected from severe COVID-19 because of vaccine distribution.



1.1 million children could visit a dentist.



3.2 million residents could put food on the table, afford child care and keep the heat on at home.



3 million people with health care coverage, including 1.2 million children.



41,239 calls, texts and chats to connect people to behavioral health resources.

# COVID-19 Response Snapshot

In 2021, in coordination with local, state and federal partners, MDHHS took actions including:

Facilitated the deployment of staffing and resources, including ventilators, PPE and health care teams.

Conducted testing at neighborhood testing sites, community events, welcome centers and airports, plus through mobile clinics.

Distributed >6.5 million rapid test kits to schools, long-term care facilities, MDOC and local health departments.

Delivered OTC tests through libraries, community action agencies and 330 schools (MI Backpack).

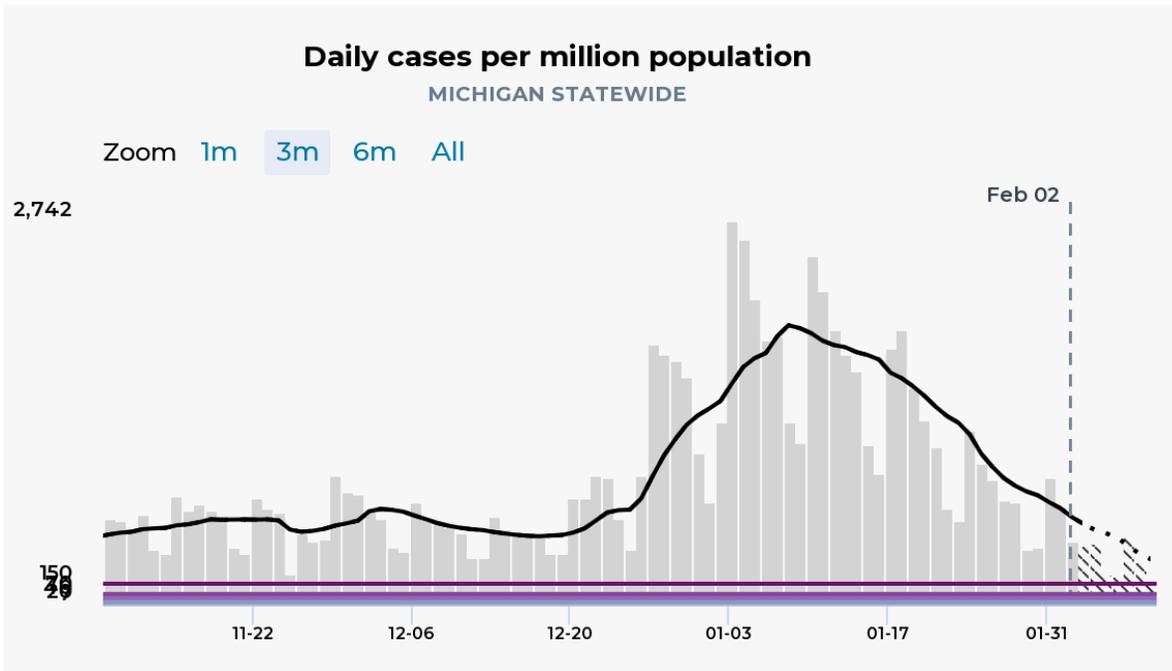
Processed >20 million test results for Michigan residents in 2021 and led the country in sequencing volume.

Coordinated and guided allocation of antivirals and federally-supplied therapeutics.

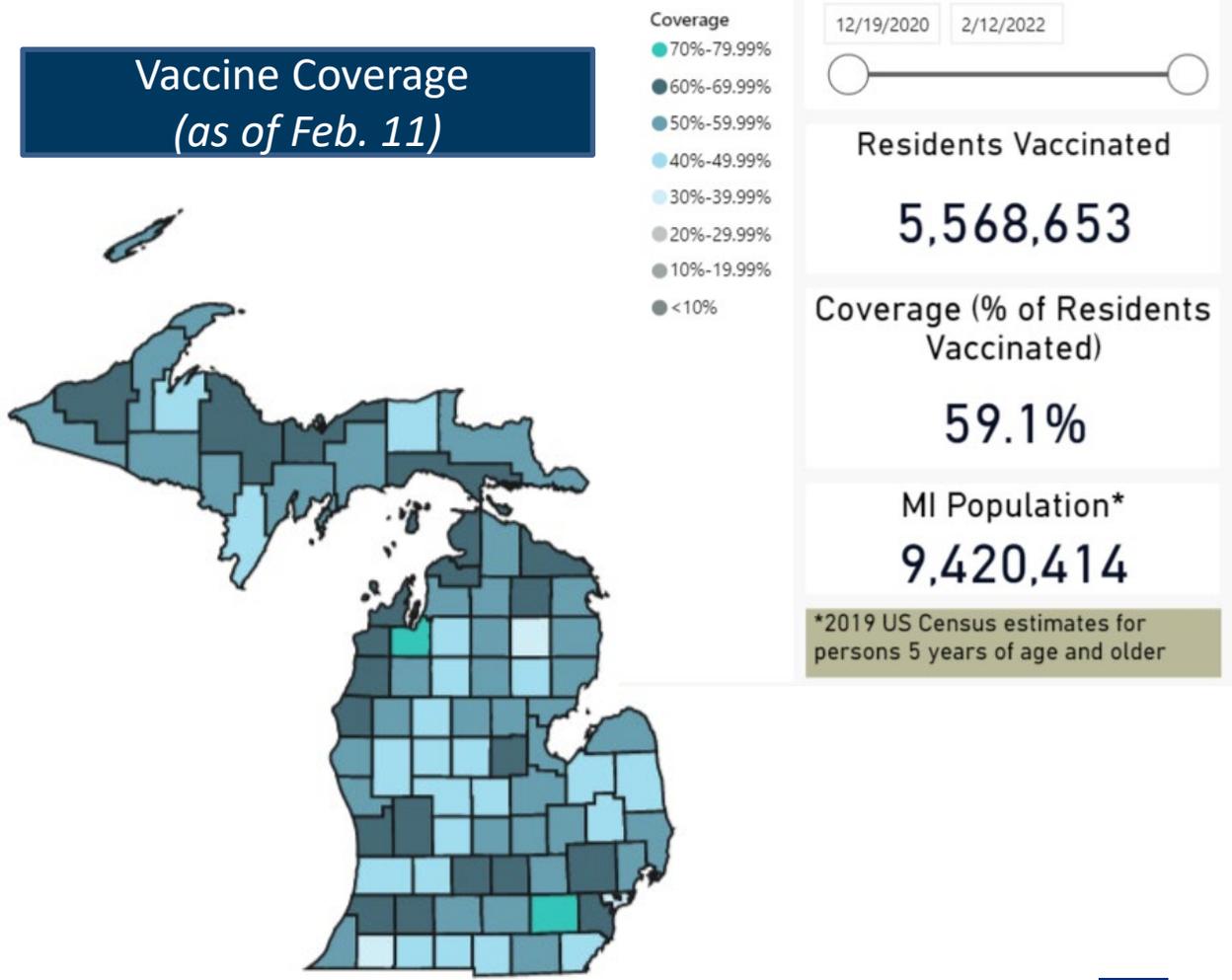
Administered >11.2 million primary series doses and >2.8 million additional or boosters to date.

# COVID-19 Cases and Vaccinations in Michigan

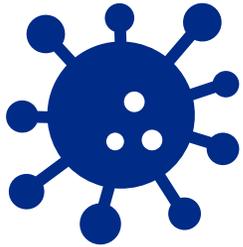
## Statewide Case Rate (as of Feb. 11)



## Vaccine Coverage (as of Feb. 11)



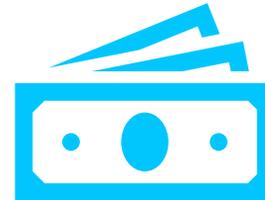
# Fiscal Year 2023 MDHHS Budget Invests In



Critical COVID-19  
Response Efforts



Protecting the Most  
Vulnerable



Cost-Effective Prevention  
Programs

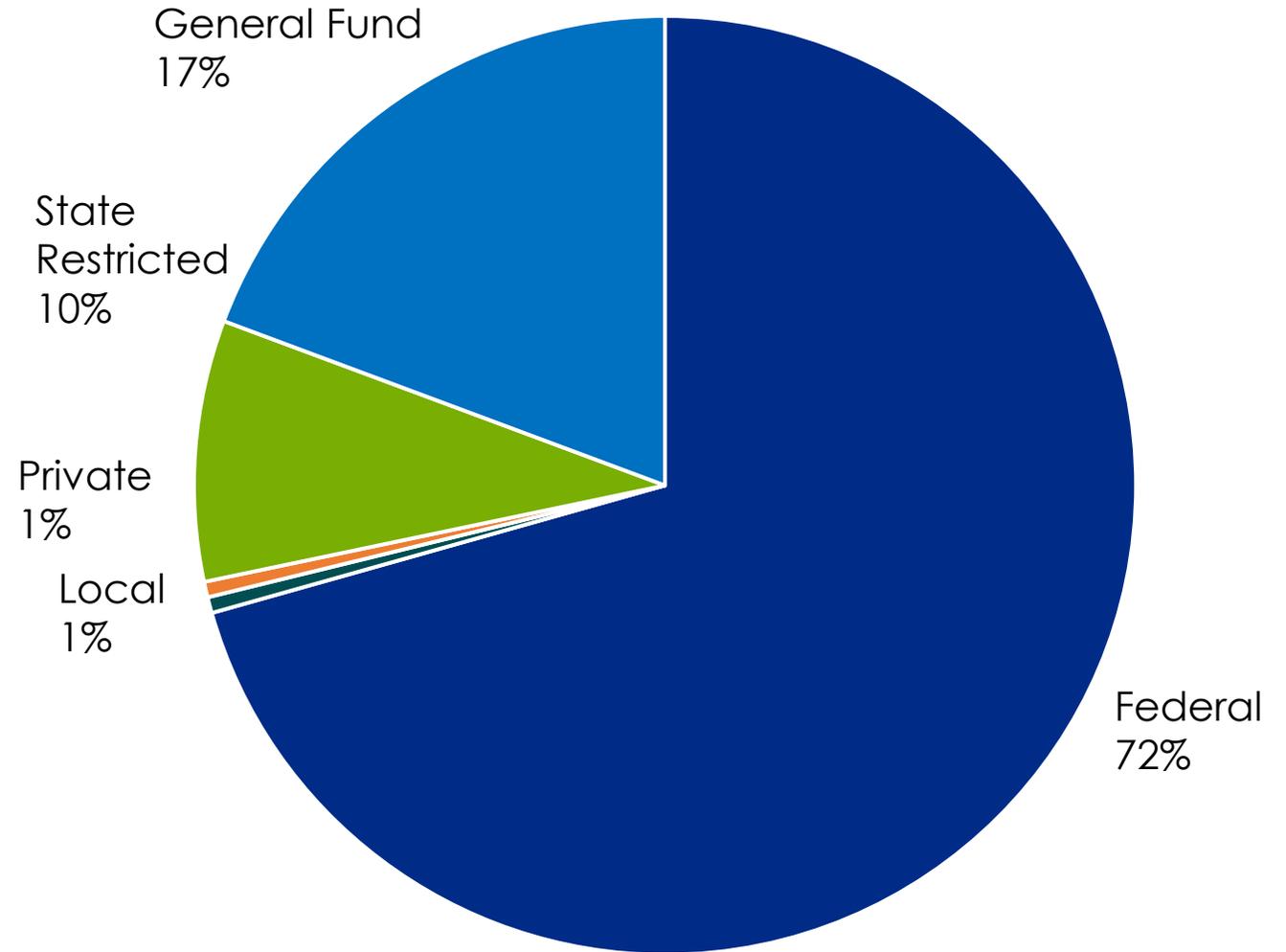


Expanding Behavioral  
Health Access

# FY 2023 Budget

The Governor's recommendation for the FY 2023 DHHS Budget includes a total funding of **\$33.4 billion gross, \$6.4 billion general fund.**

## Total by Fund



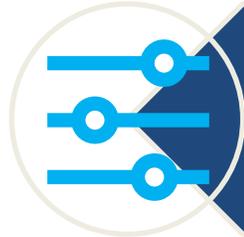
# FY 2023

## General Fund Baseline Cost Increases



### Current Services Baseline Adjustments

\$931.8 million, \$395.9 million GF



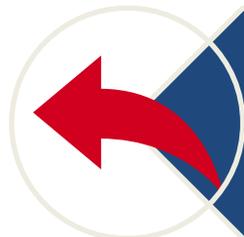
### Actuarial Soundness Rate Adjustments

\$340.8M gross, \$88.4M GF for physical and behavioral health



### Anticipated Caseload Needs

\$518.4 million gross, \$218.1 million GF/GP for child welfare, public assistance, Medicaid and behavioral health



**Total GF/GP costs** include the reversal of enhanced FMAP savings that are assumed for the quarters 1-3 of FY 2022

# Overview FY 2023 Investments

	<i>Gross (M)</i>	<i>GF/GP (M)</i>
<i>Total ongoing investment requests</i>	<b>\$472.2</b>	<b>\$192.9</b>
<i>Total one-time investment requests</i>	<b>\$543.2</b>	<b>\$523.1</b>

# Medicaid Dental Program Redesign

## Context

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- **Oral health** is an important component of general health.
- Adults and children who lack access to dental care are **more susceptible to infection and disease**.
- Poor oral health **impacts socialization, education, job retention, self-esteem**, and communication.
- Access to dental care for Michigan Medicaid enrollees was restricted by **stagnant fee-for-service rates** paid to providers.

## Response

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- **\$243.3 million** to consolidate child and adult Medicaid and Healthy Michigan Plan dental benefit into a single managed care contract with Dental Health Plans.
- **\$4.3 million** to increase the dental procedure reimbursement rate for outpatient hospitals and ambulatory surgical centers across the state.

## Expected impact

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- Increasing access to dental care will **improve the lives of thousands of adults and children**.

# Health Equity Across the Lifespan

## Context

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- **Health disparities** are persistent and increasing for both agricultural workers and Black and Hispanic people.
- Michigan's 2019 **infant mortality rate** of 6.3 per 1,000 live births is higher than the national average of 5.6 per 1,000 live births.
- There is a **disproportionate impact of recovering birth expenses** from Michigan's most vulnerable families.
- **Agricultural workers** face barriers to self-sufficiency due to undiagnosed and/or untreated medical conditions.

## Response

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- End the state's **Medicaid birth expenses recovery program**.
- Increase access to **doula care** for high-risk families.
- Support additional community health workers to help **migrants access health care services** at the four Federally Qualified Health Centers.

## Expected impact

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Reduce health disparities by improving health equity in vulnerable and marginalized populations from birth to adulthood.

# Fee, Wage, and Payment Adjustments

## Vaccine Administration Fee Increase

**\$14.1 million gross**, \$4.5 million GF/GP for a Vaccine Administration Fee Increase

Michigan's **vaccine administration fees** have not changed since 1994.

- **Current rate:** \$7 for injectable vaccines & \$3 for oral vaccines.
- **Proposed rate:** \$16.13 for injectable vaccines & \$12.25 for oral vaccines.

The proposed rates are comparable with Medicare, and other state Medicaid programs.

## Nursing Home Non-Clinical Staff Adjustment

**\$60 million gross**, \$21.2 million GF/GP for a **Nursing Home Non-Clinical Staff Adjustment**.

Provides for the annual cost of a \$2.35 hourly wage increase.

## Hospice Room and Board Payments

**\$1.7 million gross** and GF/GP to increase **Hospice Room and Board payments** to facilities not certified by Medicare.

# Behavioral Health Capacity and Access

## Context

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- **Excessive demand** and **persistent waitlists** for inpatient psychiatric services at state operated hospitals and centers.
- **Lack of community-based psychiatric beds** or facilities to immediately respond to patients transitioning out of state psychiatric hospitals.
- Long **admission delays** resulting in patients waiting in emergency rooms pending placement in a state facility.
- Michigan ranks **third in the nation** with the highest **shortages** of mental health professionals

## Response

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- Expand **behavioral health inpatient community-based** treatment programs.
- Extend **behavioral health and opioid health homes** to additional counties.
- Fund staff and operational costs for two new units at the **Hawthorn Center**.
- Fund staff and operational costs for a new **Center for Forensic Psychiatry** satellite facility.

## Expected impact

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- **Increased access** to and **quality** of behavioral health services.
- **Improved patient outcomes.**

# Occupational Health Clinics

## Context

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- The State of Michigan hospitals do not have an organizational health department (**occupational health clinic**).
- The COVID-19 pandemic exacerbated compliance issues with **occupational health and infection control requirements**, e.g., data entry, reporting, inventory, and surveillance, as well as flu vaccine and tuberculosis test administration.

## Response

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- Establish an occupational health clinic in the **five state psychiatric hospitals**.

## Expected impact

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- An occupational health clinic in each hospital will **operationalize** well tested workplace safety, infection control, and medical and behavioral training and **improve health metrics** for all through quality control.

# Centralized Administrative Support for State Psychiatric Hospital Activities

## Context

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- DHHS manages statutorily supported programs that **facilitate placement** of patients into **community settings** when community mental health cannot readily find placement.
- Additional FTEs are needed to **manage, monitor, and oversee** Careflow, MDHHS Community Transition Program (MCTP), and psychiatric residential treatment facilities (PRTF), as well as to assist with the **oversight** operations of the facilities.

## Response

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Expand staffing infrastructure and supervision within the department.

## Expected impact

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- Admissions, discharges, and placement efforts will increase.
- Better utilization of limited state hospital beds and resources.

# Foster Parent, Guardianship, and Adoption Subsidy Rate Increase

## Context

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- Michigan's foster care system relies on the **volunteerism** of individual families to provide out-of-home care.
- Outcomes for children in foster care are **negatively impacted** by the lack of foster homes.
- A rate increase **has not occurred in 10 years**.

## Response

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- Increase the rate provided to foster, relative, guardian, and adoptive families by **18%**.

## Expected impact

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- Improved placement stability.
- Increase community placements.
- Improved safety, well-being and permanency outcomes.
- Provide financial stability for foster and adoptive parents.

# Foster Parent, Guardianship, and Adoption Subsidy Rate Increase

Age	Current Daily Rate	Proposed Daily Rate
0-12	\$17.24	\$20.34
13-18	\$20.59	\$24.30
Independent Living	\$21.27	\$25.10

\*Note: Base rates are standard for foster care, guardianship and adoption programs.

# Child Caring Institution Rate Increase

## Context

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- Child caring institutions communicated deficiencies in the rates with the implementation of the federally required **Qualified Residential Treatment Program**.
- In **collaboration** with our private agency **partners**, this budget recognizes that a rate increase is necessary to meet the needs of children.

## Response

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- \$10.5M gross (\$8.9M GF) to **increase the contracted rates** for child caring institutions.

## Expected impact

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- **Improve service delivery** to meet the needs of youth that require mental health and stabilization.
- **Increase capacity** to meet the needs of youth that require this level of care.

# Child Welfare Day Treatment Pilot

## Context

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- Day treatment program will provide **mental health services** for children struggling in **home or school settings** to **remain in the community**.
- Increase the **community-based service array** for children in foster care to avoid residential placement.

## Response

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- \$2.4M to implement a pilot to provide **day treatment programming** for youth.

## Expected impact

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- Reduce the number of children receiving treatment in congregate care facilities.
- Maintain community placements for children in foster care.

# Young Child Financial Support Supplement

## Context

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- The COVID-19 pandemic led to a rise in extreme poverty and exacerbated **economic inequality** for many children and families.
- Families receiving cash assistance, known in Michigan as the **Family Independence Program (FIP)** continue to be disproportionately impacted by the pandemic due to rising costs of basic necessities like food and diapers.

## Response

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- Provide a **\$100 TANF funded monthly supplement** to families receiving cash assistance for each child aged five and younger.

## Expected impact

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- Low-income families will be better equipped to afford the significant costs associated with raising younger children.

# Child Support Pass Through

## Context

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- Currently Michigan passes through **up to \$100 for one child and \$200 for two or more children** of collected child support to the child's caregiver when that caregiver is receiving Family Independence Program (FIP) benefits.

## Response

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- Pass through **100% of child support** paid to a **child's caregiver** when that caregiver is receiving FIP benefits.

## Expected impact

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- Approximately 2,300 families would receive an average **increase of \$40/month** of child support.
- More of the child support collected from non-custodial parents **will reach children in need.**
- Encourages parents to pay child support.

# One-Time Behavioral and Public Health Investments

Investment	Gross	GF
New <b>State Operated Psychiatric Complex</b>	\$325 million	\$325 million
Michigan Essential Health Provider Program - <b>Mental Health Professional Expansion</b>	\$25 million	\$25 million
<b>Jail Diversion Fund</b>	\$15 million	\$15 million
<b>Gun Violence Prevention</b>	\$10 million	\$10 million
<b>Multicultural Integration Organizations</b>	\$8.6 million	\$8.6 million
<b>First Responder Mental Health</b> Funding	\$2.5 million	\$2.5 million
<b>Total</b>	<b>\$386.1 million</b>	<b>GF/GP</b>

# One-Time Children’s Services and Economic Stability Investments

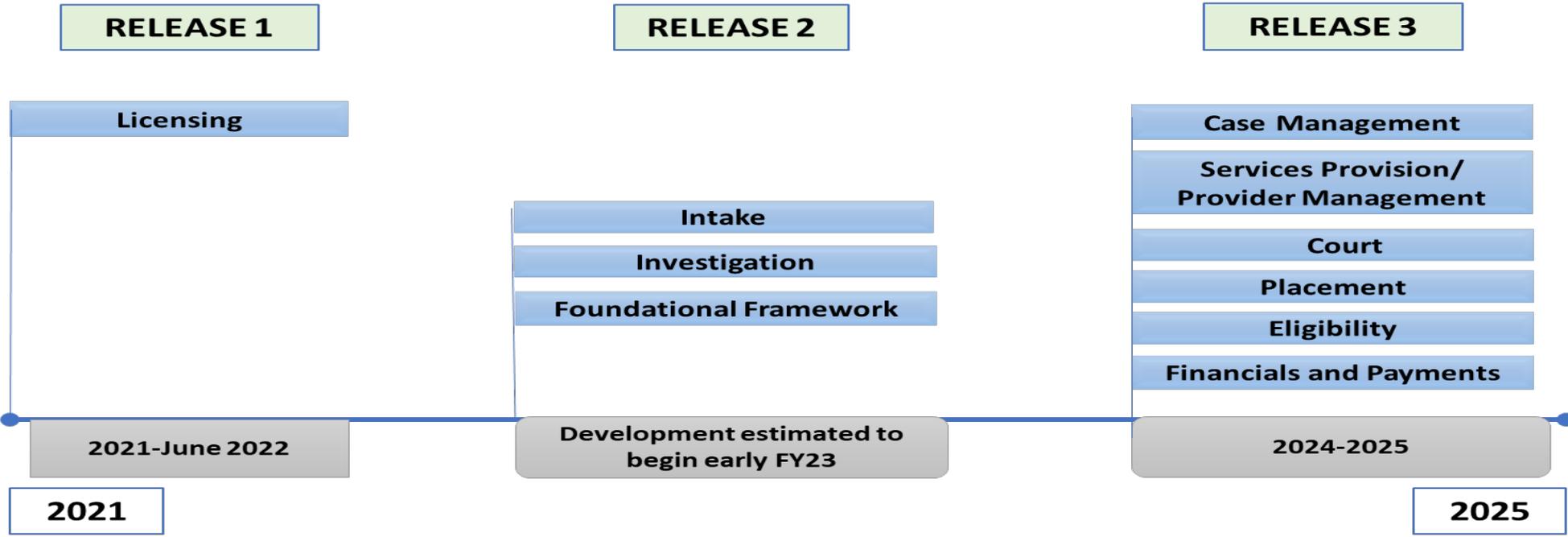
Investment	Gross	GF
Child Caring Institution <b>Pandemic Relief Payments</b>	\$15 million	\$15 million
Minor <b>Home Repair</b> and <b>Plumbing Assistance</b> Program	\$40 million	\$40 million
<b>Food Security Council</b> Investments	\$50 million	\$50 million
<b>Cross-Enrollment Expansion</b>	\$2.5 million	\$1.3 million
<b>Total</b>	<b>\$107.5 million</b>	<b>\$106.3 million</b>

# One-Time Information Technology Investments

Investment	Gross	GF
Continued Development of a <b>Comprehensive Child Welfare Information System</b>	\$27.8 million	\$13.9 million
<b>Michigan Medicaid Information System (MMIS)</b> Maintenance and Operations	\$1.75 million	\$1.75 million
<b>Vital Records Modernization*</b>	\$3.5 million	\$3.5 million
<b>Total</b>	<b>\$33.05 million</b>	<b>\$19.15 million</b>

\*Funded through DTMB IT Investment Fund

# Child Welfare IT Modernization Timeframes



# One-Time Investments in Initiatives to Address Racial Disparities

Description	Gross	GF
New incentive pool to contracted <b>Medicaid Health Plans</b> to address racial disparities in medical services.	\$10 million	\$5 million
Support for expansion of the number of <b>Centering Pregnancy</b> sites in the state.	\$4.2 million	\$4.2 million
New funding for <b>Michigan Area Health Education Centers</b> .	\$4 million	\$4 million
Workforce development funds to enhance and diversify <b>Michigan's healthcare workforce</b> .	\$1.3 million	\$1.3 million
Education and outreach campaign on <b>uterine fibroid disparities</b> .	\$500,000	\$500,000
<b>Total</b>	<b>\$20 million</b>	<b>\$15 million</b>

# QUESTIONS & DISCUSSION