



TO: Members of the House Appropriations Subcommittee on Health and Human Services and the Department of Health and Human Services
FROM: Gilda Z. Jacobs, President & CEO
SUBJECT: 2021 Budget Recommendations
DATE: March 9, 2020

I am pleased to share the priorities of the Michigan League for Public Policy for the 2021 Health and Human Services budget. The League and its local partners around the state believe that meaningful investments in programs that improve the health and wellbeing of all Michigan residents is critical to achieving economic growth and opportunity in our state.

Fact sheets are attached with additional information related to the League's priorities, which are highlighted below.

- **Protect state and federal funding for healthcare coverage for all Michiganders.** Medicaid covers 50% of Michiganders with a disability, 40% of Michigan children and 60% of Michigan residents living in a nursing home. And, since 2014, more than 1 million adults in Michigan have received healthcare coverage through the Healthy Michigan Plan. The League supports continued state funding for Medicaid, Healthy Michigan and the Children's Health Insurance Program as well as the governor's recommendation to expand the MIDocs medical residency program and enhanced payment rates for Medicaid outpatient hospital care. These investments are likely to improve access to important health services in rural and underserved communities.
- **Support maternal and infant health.** Maternal and infant health outcomes are good measures of a state's priorities. The governor's budget proposal prioritizes investments to improve such outcomes, including funding to provide 12 weeks of paid parental leave for state employees and increased funding for home visiting and family planning services. We urge you to support the governor's recommendation to invest \$37.5 million to establish Healthy Moms, Healthy Babies.
- **Protect Michiganders from environmental health threats.** State spending on public health has not kept pace with growing health concerns, leaving Michigan ill-prepared to address current threats and future crises. The League supports an increase in public health funding to rebuild local health departments' capacity to investigate child lead poisoning cases and ensure they can respond effectively to water contamination by per- and polyfluoroalkyl substances (PFAS), which have contaminated public water drinking supplies serving more than 1.5 million Michigan residents. We support the governor's recommendation to provide \$10 million to establish a Lead Poisoning Prevention Fund.
- **Reinstate the Family Independence Program (FIP) hardship exemption.** In 2011, Michigan eliminated the federal hardship exemption that allows states to continue to extend cash assistance benefits beyond the 60-month limit to 20% of its caseload. Previously, the exemption was targeted to residents living in a county where unemployment was 10% or more or there were few job opportunities. Currently, there are still many Michigan counties with an

unemployment rate of 6% or more and where job opportunities are hard to come by. Coupled with Michigan's strict lifetime limit, FIP's reach is restricted, and we recommend reinstating the hardship exemption to provide income assistance to more families with dependent children.

- **Eliminate the drug felony ban on food or cash assistance for individuals with more than one felony conviction.** Drug felonies comprised 28% of all felony convictions in Michigan in 2017, meaning that upon release, thousands of Michiganders with multiple convictions are prevented from receiving supplementary income that not only supports their children and families but also has been demonstrated to reduce recidivism. We urge the state to align its policies with that of 26 states that have entirely eliminated the drug felony ban for food assistance and 18 states that have done so for cash assistance.

We hope the attached information is helpful as you deliberate a budget that touches thousands of Michigan families and children. We look forward to working with you as the budget process proceeds.

2021 BUDGET PRIORITY: PROTECT STATE AND FEDERAL FUNDING FOR HEALTHCARE COVERAGE FOR ALL MICHIGANDERS

LEAGUE RECOMMENDATION:

Protect state and federal funding for Medicaid, Medicaid Expansion and the Children’s Health Insurance Program. Invest in the services needed to help Michiganders enrolled in Michigan’s Medicaid Expansion program—the Healthy Michigan Plan—comply with the newly mandated work requirement.

BACKGROUND:

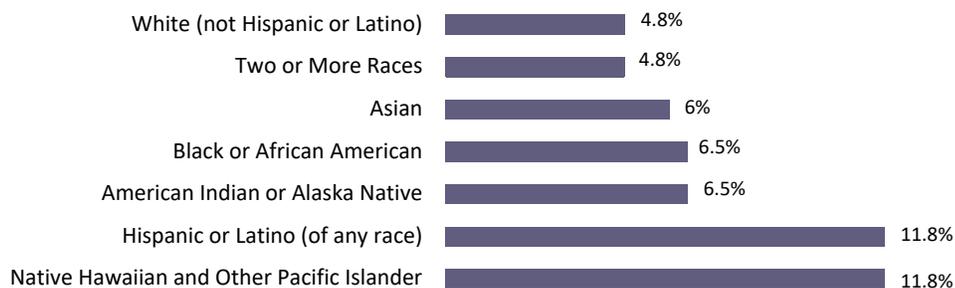
Continuation of Medicaid, Healthy Michigan and the Children’s Health Insurance Program (CHIP) are critical to the League’s goal of ensuring that all of our state’s residents are insured and have access to healthcare. Medicaid covers 50% of Michiganders with a disability, 40% of Michigan children and 60% of Michigan residents living in a nursing home. Additionally, Michigan was among the states that elected to expand Medicaid under the Affordable Care Act (ACA) and since 2014, more than 1 million adults have received health coverage through the Healthy Michigan Plan.

Michigan’s rate and number of uninsured children has increased since 2016. Rates of children without health coverage decreased after the passage of the ACA and the reauthorization of CHIP at the federal level, and, historically, Michigan has been highly effective in providing children in the state with health coverage. However, in recent years, this trend has slowed. Between December 2018 and June 2019, enrollment in Healthy Kids (Medicaid) and MICHild (CHIP) dropped by 11,800 children.

Federal attempts to sabotage the Affordable Care Act threaten health coverage in Michigan. Proliferation of short-term “junk” plans, cuts to subsidies for individual marketplace consumers, and threats to Medicaid such as block grant proposals, seek to undermine the ACA. Most notably is the *Texas v. United States* lawsuit, which is the most recent attempt to repeal the Affordable Care Act. If the ACA is ultimately invalidated, more than 700,000 Michiganders could lose their health insurance coverage and the 4.1 million people in Michigan with a pre-existing condition could lose the protections afforded to them under the healthcare law.

Work requirements don’t work. In the fall of 2018, the Snyder administration submitted a waiver to the federal government asking to impose work requirements on Healthy Michigan enrollees, despite overwhelming evidence that work requirements do not improve health outcomes or increase workforce participation. The League continues to oppose work requirements, but because these harmful requirements are now in effect, state resources will be needed to prevent significant coverage losses.

Percent Uninsured by Race and Ethnicity, 2018



Source: 2017 American Community Survey

WHY DOES IT MATTER?

Access to health insurance has improved outcomes for children and adults. While access to insurance is not the only influence on health outcomes, it does improve economic security for families, increase the likelihood of regular well-child and primary care visits, expand access to important health screenings and improve access to needed prescription drugs.

Individuals who are insured are more likely to receive necessary (and more cost effective) preventive and primary care. The Healthy Michigan Plan extended health insurance coverage to many previously uninsured Michiganders. The program currently covers more than 640,000 adults. Nearly 90% of Healthy Michigan Plan enrollees saw a primary care doctor after enrolling, and the percentage who reported that their regular source of care was an emergency room dropped from 25% before enrollment to 7% after enrollment. Despite this progress, communities of color remain at greater risk of being uninsured.

The Healthy Michigan Plan helped grow Michigan's economy. The Healthy Michigan Plan is estimated to have created an additional 30,000 jobs every year since 2017 and significantly reduced uncompensated care across the state. Healthy Michigan work requirements may jeopardize these successes, so it is imperative that adequate funding be devoted to addressing barriers enrollees trying to comply with the new work mandate may face when seeking employment, such as limited access to job training, transportation and affordable child care.



2021 BUDGET PRIORITY: SUPPORT MATERNAL AND INFANT HEALTH

LEAGUE RECOMMENDATION:

Support programs that help all moms and babies thrive, including increased funding for home visiting, the creation of a centralized intake system for Michigan’s home visiting programs, and restored funding for state family planning and pregnancy prevention services to previous levels.

BACKGROUND:

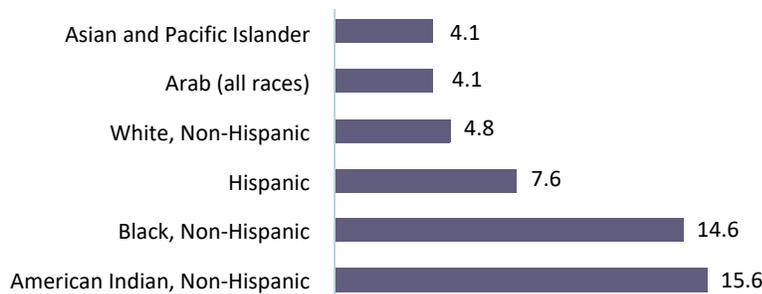
Maternal and infant health outcomes are good measures of a state’s priorities. Home visiting is a highly successful strategy to improve the health and overall well-being of pregnant and parenting families, and family planning programs support the health of all women—mothers or not—across their life course.

Michigan invests state, federal and private dollars to support eight evidence-based, voluntary home visiting services. Of the total investment about 44% are state resources, 55% are federal and 1% are private. In the 2018 budget year, Michigan’s home visiting programs served approximately 30,000 families, though the need is much higher.

There are eight home visiting models in Michigan, each of which has distinct strengths and areas of focus to support the different challenges families may face. A centralized intake system, defined as a one-stop entry point for screening families’ needs and referring families to the program that best fits, would foster greater program effectiveness as well as improved recruitment, enrollment and retention.

Over the past several years, Michigan has significantly reduced funding for sexual health education, pregnancy prevention and family planning services even though an estimated 52% of pregnancies in Michigan are unintended and sexually transmitted infections are on the rise.

Michigan Infant Death Rates (Per 1,000 Live Births) by Race and Ethnicity, 2017



Source: 2018 Michigan Resident Infant Death File, 2018 Michigan Fetal Death Registry Division for Vital Records & Health Statistics, Michigan Department of Health & Human Services.

WHY DOES IT MATTER?

Home visiting programs work. Decades of evaluation and research show that participating in home visiting increases prenatal care utilization and reduces preterm birth and tobacco use. Parents are encouraged to read and talk with their babies, which results in improved language and cognitive development in children served by a home visiting program. Plus, home visiting supports greater financial security for families because participating parents are more apt to be employed or enrolled in school.

Providing adequate access to sexual health education, pregnancy prevention and family planning services can improve the health and well-being of adults and babies. Recognizing and adopting healthy behaviors before conception is an important step in preparing to have the healthiest pregnancy possible. However, if a pregnancy is unintended or mistimed an expectant person may still have unhealthy behaviors or delay receiving necessary health care, which can affect the health of the baby. Family planning services should be seen as a means of optimizing health status before a planned pregnancy.

Compared to other states, Michigan experiences high rates of infant mortality, preterm births and low birthweight births. Services are needed to support pregnant and parenting people, regardless of whether a pregnancy was initially unintended.

2021 BUDGET PRIORITY: PROTECT MICHIGANDERS FROM ENVIRONMENTAL HEALTH THREATS

LEAGUE RECOMMENDATION:

Invest more in public health infrastructure, including funding to rebuild local health departments' capacity to investigate child lead poisoning cases, and ensure they can respond effectively to water contamination by per- and polyfluoroalkyl substances (PFAS).

BACKGROUND:

State spending on public health has not kept pace with growing health concerns, leaving Michigan ill-prepared to address current threats and future crises. In recent years, Michigan has maintained one of the nation's lowest per-capita spending levels on public health, and as a result the state ranks poorly with regard to a number of serious but preventable health conditions. Exposure to environmental hazards in the air, water and homes is a factor in Michiganders' poor health, leading to avoidable healthcare costs, premature death, lost opportunity and a lower quality of life for adults and children alike. We must give our local health departments (LHDs) the resources to prevent toxic exposures and respond effectively.

Michigan must provide adequate funding for lead poisoning investigations. In budget year 2012, funding to states for lead poisoning prevention from the Centers for Disease Control and Prevention was cut by more than 90%, forcing many LHDs in Michigan to scale back elevated blood lead (EBL) investigations or discontinue them altogether. When a child has been poisoned by lead, an EBL investigation is crucial to identifying the source and preventing future poisonings in the same home. Currently, even though lead exposure is a serious problem throughout the state, response varies based on the resources individual LHDs are able to cobble together. A dedicated state-level revenue stream for local EBL investigations would address the patchwork and ensure that all children affected by lead receive the attention they deserve no matter where they live.

Michigan Must Invest in Healthy Homes and Neighborhoods



- Michigan is the **13th** worst state for the generation of industrial toxins and health risks due to pollution
- PFAS have contaminated public water drinking supplies serving more than **1.5 million** state residents



- More than **1,500** Michigan children ages 1-2 were confirmed to have elevated blood lead levels in 2017
- Michigan children born in 2012 will lose a collective **\$171 million** in lifetime earnings due to lead exposure

Sources: U.S. News & World Report; Michigan Department of Environment, Great Lakes and Energy; MLPP; Ecology Center

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Families in communities affected by exposure to PFAS and other harmful substances need drinking water filters.

Drinking water is the most common way that individuals come into contact with PFAS. Cleanup of contaminated water supplies and development of a PFAS standard for drinking water are long-term strategies to address the problem; the state can act now to help protect households from exposure by providing point-of-use filters in communities where PFAS have been discovered.

WHY DOES IT MATTER?

Environmental toxins carry a huge cost in terms of disease and lives lost: Lead exposure can have an irreversible impact on the brain, liver, kidneys and bones and contributes to anemia and high blood pressure. Similarly, PFAS are believed to be connected to significant health conditions such as kidney disease, thyroid problems, decreased fertility and autoimmune disorders. Both lead and PFAS are linked to heart disease and cancer, which are the state's leading causes of death. Nationally, lead exposure is related to more than 400,000 adult deaths every year.

Children lose out on opportunity due to poor health: Because childhood is a crucial time for development of the brain and the rest of the body, exposure to toxins like lead is especially harmful during this period. The resulting physical health problems, cognitive impairments and academic challenges can affect children for the rest of their lives. Childhood lead poisoning is linked to a higher frequency of attention deficit hyperactivity disorder and increased juvenile crime. Among Michigan children who were born in 2012, the collective loss in lifetime earnings due to lead exposure is expected to be \$171 million.

Our economy suffers because of lost worker productivity: Worker absenteeism costs U.S. employers an estimated \$1,685 in lost productivity per employee every year. With illness and injury among adults and children alike leading to many missed work days and reductions in worker output, it is imperative that the state invests sufficient resources in preventing exposure to harmful substances, identifying those who are harmed by exposure, and helping affected people recover or manage their conditions to minimize the impact on school and work.

Racial and geographic health disparities drive wealth inequity: Social and environmental factors affecting health, such as exposure to pollutants, vary drastically based on ZIP code, race and ethnicity. As a result, rural and urban residents experience worse health outcomes than their suburban counterparts, and even within the same community disease prevalence, mortality rates and life expectancy can be inconsistent from neighborhood to neighborhood. African Americans, Native Americans and Latinxs suffer from worse health overall than Whites and Asians. Through its impacts on education and employment opportunities, poor health is a key driver of systemic poverty and, consequently, avoidable government expenditures on healthcare and other services to meet people's basic needs. A robust public health sector is crucial to protecting all Michiganders from environmental threats to their health and well-being, regardless of race, place or income.

2021 BUDGET PRIORITY: REDUCE RECIDIVISM AND SUPPORT CHILDREN AND FAMILIES LIVING IN POVERTY BY UPDATING PUBLIC ASSISTANCE POLICIES

LEAGUE RECOMMENDATION:

Improve access to opportunity for families by: (1) supporting returning citizens and their families by eliminating the drug felony ban for people with more than one drug felony conviction occurring in separate incidents, allowing them to receive cash assistance through the Family Independence Program (FIP) and federally-funded food assistance—two public programs that reduce recidivism; and (2) make use of the federal hardship exemption to FIP lifetime limits as a tool for reducing deep poverty for children living in communities with few job opportunities.

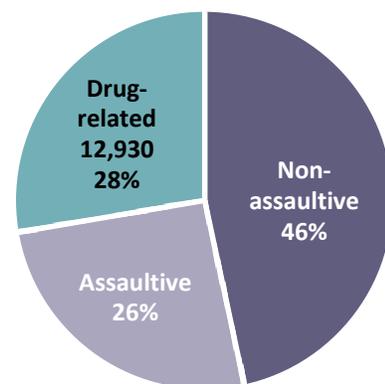
BACKGROUND:

Temporary cash assistance through the Family Independence Program (FIP) and food assistance through the Supplemental Nutrition Assistance Program (SNAP) can help give Michigan residents the financial stability they need to get food, affordable housing, transportation and provides work supports and training. However, through restrictive policies and spending, Michigan has limited assistance to families and individuals—including those who have been incarcerated—facing unemployment or with very low incomes. Banning individuals with more than one drug felony conviction from receiving FIP and SNAP assistance and the elimination of the hardship exemption to lifetime limits on receiving FIP assistance prevent thousands of Michiganders from receiving supplementary income that supports their children and families.

In 1996, federal “welfare reform” changes barred states from allowing individuals with drug felony convictions from receiving food or cash assistance. **In the decades since, many states have requested waivers to fully or partially remove this restriction; Michigan has a partial waiver in place that allows people with only one drug felony since 1996 to receive assistance, while keeping those with more than one drug felony ineligible.** Drug felonies are not uncommon: in 2017, drug felonies comprised 28% of all felony convictions in Michigan; for thousands of individuals, a second drug felony conviction means they will be barred from receiving assistance to support themselves or their families upon release. Despite research demonstrating that allowing access to food and cash assistance creates a pathway to successful reentry and reduces recidivism, Michigan’s restriction continues to limit otherwise-eligible residents from receiving assistance that can provide greater economic stability, affordable food for children and employment and training opportunities.

State-specific cash assistance programs like FIP are funded through federal Temporary Aid to Needy Families (TANF) block grants. **In 2011, Michigan saw profound changes to its TANF program, driven by the need to cut public benefit spending to fund large tax cuts to businesses.** Michigan instituted a strict 48-month lifetime limit—a full year less than the federal 60-month limit—and eliminated the federal hardship exemption that allows states to continue to extend

Felony Convictions in Michigan, 2017

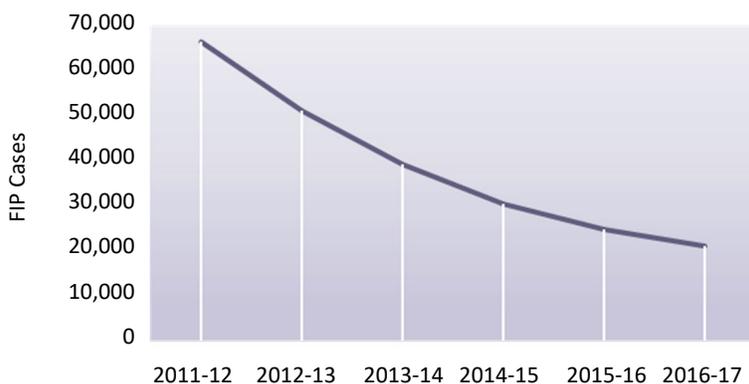


Source: Michigan Department of Corrections, 2017 Statistical Report

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benefits beyond the 60-month limit to 20% of its caseload. Previously, Michigan’s hardship exemption had been available to residents living in a county where unemployment was 10% or more or there were few job opportunities. The result of these changes was a steep decline in the number of FIP caseloads in the years that followed: from the 2011-2012 period to 2016-2017, FIP caseloads fell by 68% (over 45,000 cases), the largest percent decrease of any state.

Michigan Family Independence Program Caseload (2-year Period)



Source: U.S. Department of Health and Human Services, 2018

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WHY DOES IT MATTER?

Michigan’s partial ban on public assistance for individuals with more than one drug felony does not support successful reentry for people returning to their communities and their families. Across the country, research has demonstrated that access to public benefits like SNAP and TANF significantly reduces the likelihood of someone returning to prison by improving economic security and job prospects after incarceration. In addition, this partial ban limits the reach of these public programs to Michigan children, since FIP is only available to families with dependent children and SNAP has a well-documented history of improving the health and economic well-being of children who receive it.

Without a hardship exemption for FIP lifetime limits and a lack of state spending on core services, FIP does not target Michiganders who would benefit most from the program. Currently, there are many Michigan counties with an unemployment rate of 6% or more where job opportunities are hard to come by. Coupled with a 48-month lifetime limit, FIP’s reach is restricted, and the state should make use of its ability to exempt up to 20% of its cases from this lifetime limit to provide cash assistance and employment supports to more Michigan residents.

Still, Michigan TANF spending on FIP’s “core services”—which includes basic assistance, work activities, work supports and supportive services and child care—is disproportionately low. In 2017, Michigan spent 19% of its block grant on core activities, which was far below the national average of 52% and ranked Michigan 46th in spending in this area out of all 50 states and D.C. TANF funding can be directed toward non-core services, such as program management or expanding pre-K or child welfare. Michigan instead devotes 30% of its TANF money toward “other” services, meaning the state can spend this money on unrelated areas when it should be dedicated to supporting families in deep poverty.