



## MEMORANDUM

TO: Members of the House Appropriations Subcommittee on Health and Human Services

FROM: Monique Stanton, President and CEO

DATE: April 3, 2023

SUBJECT: FY 2024 Department of Health and Human Services Budget Recommendations

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I am pleased to share the priorities of the Michigan League for Public Policy for the 2024 Health and Human Services budget. For those of you who aren't familiar with the League, we are a nonpartisan research and advocacy organization that promotes economic opportunity for all and analyzes the impact of public policy on the lives of Michiganders who have been systemically left out of prosperity. We take a comprehensive approach to addressing poverty. The League is also the state's Kids Count organization working as a part of a national effort to measure the well-being of children at the state and local levels and to shape efforts that improve the lives of Michigan children and young adults. We do all of our work through a racial equity lens.

We are entering the 2023-24 budget under a complex landscape. The federal public health emergency is ending but lives are still disrupted daily by COVID and other emerging health threats. Unemployment remains low, but many people—especially women—who left the workforce during the pandemic have yet to return. State revenues have recovered, but families are still struggling to make ends meet and cover rising costs due in part to inflation. Students have returned to school but have mental health concerns and need support to address opportunity gaps. Our state budget provides us the opportunity to improve access to the services that Michigan people—kids, workers, and families—need and rely on.

### Health

**Support cost-effective policies that allow more children and pregnant people access to healthcare coverage.** Federal law requires those who are lawfully residing (including lawful permanent residents also known as “green card” holders) to wait five years before accessing Medicaid or the Children's Health Insurance Program (CHIP). However, states have the Immigrant Children's Health Improvement Act (ICHIA) option to waive this waiting period for eligible children (up to 21 years old) and pregnant people, allowing them to access healthcare sooner. The FY 24 budget should join 25 other states and take up the ICHIA option by appropriating state matching funds to eliminate the five-year waiting period for both children and pregnant people. There are 3,000 to 4,000 children and thousands of adults who are otherwise eligible for these programs save for their immigration status. Pregnant and postpartum individuals served by the more limited Maternity Outpatient Medical Services (MOMS) program would instead be provided comprehensive coverage during their pregnancy

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and through 12 months postpartum; Michigan's approved April 2022 extension of Medicaid postpartum coverage from 60 days to a full year would be available to all eligible lawfully residing immigrants. We support the governor's expansion of the Healthy Moms, Healthy Babies initiative to achieve the goal of more robust coverage for these groups. (Please also see the attached letter, signed by 30 organizations, in support of this initiative.)

However, without further action, Michigan's policy of extended Medicaid postpartum coverage will not apply to undocumented individuals. Pairing a new CHIP Health Services Initiative (HSI) and its associated funding with the state's existing MOMS program (or the "unborn child option") would allow Michigan to provide 12 months of Medicaid postpartum coverage to undocumented MOMS enrollees at minimal additional cost to the state, particularly if the five-year waiting period is removed and MOMS enrollment is reduced. Michigan has HSI funding available in its CHIP allotment, which may be enough to cover the cost without additional state dollars. We urge the subcommittee and interested legislators to work with the Michigan Department of Health and Human Services to learn the funding amount available for a new HSI to accurately assess total state costs to establish more inclusive Medicaid postpartum coverage.

**We also ask the subcommittee to consider adopting multi-year continuous eligibility for kids enrolled in Medicaid from birth to age 6.** This would reduce the number of children who lose coverage at renewal due to temporary fluctuations in family income, confusion over requirements, or paperwork lost in the mail. This past fall, Oregon received federal approval to provide multi-year continuous coverage for kids, and at least three additional states—Washington, New Mexico, and California—are in the early stages of exploring and planning for multi-year continuous coverage for the youngest in their states. Michigan should join these states.

**Improve access to affordable, quality healthcare in Michigan.** The League supports the executive budget proposal to increase Medicaid reimbursement rates for specific Medicaid services such as labs, anesthesia, durable medical equipment, and services for traumatic brain injury. The League also supports allowing young adults up to age 26 to benefit from the Children's Special Health Care Services (CSHCS) program. The executive budget recommends \$4 million to expand CSHCS eligibility from 21 years old to 26 years old.

**Continue support for reproductive health.** The League supports the executive proposal to build on the success of the Healthy Moms, Healthy Babies initiative, including the \$6.2 million to restore Plan First—a program that would increase access to affordable family planning services for individuals with lower incomes—and \$10 million for Centering Pregnancy (group-based prenatal care).

**Provide additional support for community public health programming, in particular Essential Local Public Health Services.** Michigan's local public health departments protect communities from much more than infectious diseases like COVID-19 alone, as they are mandated to provide seven essential services including preventative care and environmental safety, among others. Yet, over nearly two decades, Michigan has disinvested from local public health, which remains 11% below 2003 levels, when adjusted for inflation, despite increases in 2019 and 2020. The FY 24 budget is an opportunity to increase local public health funding and meet the statutory 50-50 state-local cost-sharing requirement for essential services, bolstering the work of health departments to connect more families to affordable health insurance, prevent foodborne illness and analyze local health data through epidemiology and disease surveillance. We support the

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governor's recommendation to increase funding for essential local public health services to meet the statutory 50-50 cost share requirement.

**Provide adequate, dedicated funding for lead poisoning investigations and response by local health departments (LHDs).** Following a federal funding slash in budget year 2012, many LHDs in Michigan have had to scale back or discontinue elevated blood lead (EBL) investigations. When a child has been poisoned by lead, an investigation is crucial to identifying the source and preventing future poisonings in the same home. Lead exposure is a serious problem throughout the state but response varies based on the resources individual LHDs can cobble together. A dedicated state-level revenue stream for local EBL investigations and other critical lead response activity would address the patchwork and ensure that all children affected by lead receive the attention they deserve. Implementation of a comprehensive program for lead elimination and response in every LHD in the state would cost an estimated \$86 million to \$100 million annually. While we support the governor's recommendations in other departmental budgets to help local communities remove lead service lines, lead-based paint in older homes remains the primary source of lead exposure and we still need to adequately equip our local public health departments to handle and respond to these investigations.

**Fund critical investments in water quality and safety.** The League supports the governor's recommendation to strengthen MDHHS' ability to address threats to water quality, including:

- \$100 million to last through the 2028 budget year for public health, data sharing infrastructure, lead-removing water filter distribution and lead-containing faucet and plumbing replacement in communities affected by lead-contaminated water.
- \$22.5 million to improve MDHHS' ability to monitor and respond to environmental public health threats, investigate drinking water contamination, and more effectively assess and manage health supports for residents affected by contaminated water.

## **Human Services**

**Support meaningful improvements to Michigan's basic cash assistance program (Family Independence Program, or FIP) to help families and children living in deep poverty.** Stringent policies, such as Michigan's strict 48-month lifetime limit and very low eligibility policies, continue to keep caseloads low, and children represent about 80% of recipients of income assistance in Michigan. Additionally, the cash benefit has not been raised since 2008 and is so low as to not bring families out of poverty or cover basic needs. The FY 2024 budget provides us the opportunity to make the first meaningful improvements to Michigan's cash assistance program in over a decade:

- Support the governor's recommendation to provide families receiving cash assistance a supplemental payment of \$50 per child aged 5 and younger per month. This recognizes the increased costs families with young children face and helps them better afford necessities such as diapers, groceries or clothing.
- Furthermore, the League recommends improving the effectiveness of FIP as a poverty-fighting program by raising the payment standard. After years of neglect of the payment standard and of harmful policies enacted by the Legislature, far too few Michigan families (fewer than 12,000 families per month in FY 2022, a sharp drop from nearly 80,000 per month in 2011) can access cash assistance, and those who meet the stringent qualifications receive benefits that are far lower than necessary to meet basic needs. (See more at:

<https://mlpp.org/revitalize-the-family-independence-program-to-help-more-michigan-families-reach-financial-stability/>)

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**Establish a comprehensive retrofit program to help make homes for families with low incomes safer, healthier and more energy efficient.** For struggling families, an affordable rent or mortgage payment often means living in an older home with outdated heating and cooling systems, sparse insulation, leaky windows or other structural issues that lead to energy waste. High energy bills can push housing costs into the unaffordable realm and diminish health. These homes may also contain other health and safety hazards like lead-based paint and asbestos. Additionally, families living in these homes often do not have equitable access to cleaner, healthier renewable energy options.

The League supports the allocation of \$652 million for a whole home retrofit program, with an additional \$10 million for development and administration. The program would assist homeowners and renters with low incomes, as well as landlords that serve families with low incomes, with critical home repairs and improvements, including the following:

- \$150 million for deep energy retrofits and other measures to reduce home energy use by 30%.
- \$200 million for electrification of heating, cooling and cooking systems and appliances.
- \$202 million for health and safety improvements, including mitigation and remediation of issues such as mold, lead paint, asbestos, and leaking roofs and plumbing.
- \$100 million for renewable energy systems.

In addition to improving housing stability, affordability, and health, this investment would help the state achieve its long-term goals laid out in the MI Healthy Climate Plan and promote the growth of Michigan's workforce.

**Ensure water affordability for households with low incomes.** Access to affordable, safe water is essential to health, hygiene and family economic stability. The League supports the governor's recommendation to allocate \$40 million in federal ARPA funds to support community water systems in providing income-based assistance to residential customers at risk of losing service. In addition to helping families avoid shutoff and save money on water bills, these funds would help ensure stability and quality of the entire system by providing revenue to water suppliers to maintain and improve critical infrastructure.