



MEMORANDUM

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

FROM: Monique Stanton, President and CEO; Michigan League for Public Policy

DATE: April 3, 2024

SUBJECT: FY 2025 Department of Health and Human Services Budget Recommendations

I am pleased to share the priorities of the Michigan League for Public Policy for the 2025 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.

Michiganders succeed when they are given the resources that allow them to go to school, work and participate in their community. Inadequate access to quality healthcare worsens not only health outcomes but also educational and economic security outcomes. Children have a difficult time learning if they are hungry or if they worry about whether their family can afford their next meal. Stable, safe, affordable housing is necessary to find and retain a job. Being able to access their basic needs helps Michiganders achieve better educational outcomes, live healthier lives and access economic prosperity. The FY 2024-25 budget gives Michigan the opportunity to invest in what Michiganders need to not only survive but thrive.

Health

Remove barriers and improve Michiganders' and families' access to quality healthcare.

Michigan's Medicaid programs provide vital healthcare coverage to millions of Michiganders statewide. Michigan has regularly taken advantage of federal policies and state investments to allow us to ease and expand access to low-cost healthcare for Michigan's children, workers and families. The League supports the following recommendations to improve access to healthcare and reduce barriers for families:

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- \$30.5 million to provide limited Medicaid coverage to incarcerated individuals 90 days prior to release by seeking a federal Section 1115 waiver to partially waive the “inmate exclusion.” Michigan would join a number of states seeking similar waivers to help reduce reliance on emergency medical services and support the transition of care for formerly incarcerated individuals;
- \$1.8 million to eliminate the \$10 per month MIChild (Children’s Health Insurance Program, or CHIP) premium for all families with children enrolled in the program. During the Fiscal Year 2022-23 budget cycle, MIChild regularly provided low-cost, high-quality healthcare for nearly 50,000 children on average per month;
- \$7 million to increase provider participation in the Vaccines for Children program, which provides vaccines at no cost to children who might not otherwise be vaccinated because of inability to pay. In 2023, only 69.8% of toddlers, ages 19-35 months, had been fully vaccinated, far under the 80-90% goal for herd immunity;
- \$10 million for an “in-lieu-of-services” incentive pool for Medicaid health plans that improve food security for their enrollees with specific dietary needs; and
- \$13.7 million to end birth cost recovery, the practice of the state collecting money from unmarried fathers to pay for a portion of Medicaid-paid birth expenses. Michigan is one of three states still operating a birth cost recovery program. This will help strengthen connections between fathers and their newborn children.

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. As of January 2024, three states—Washington, Oregon and New Mexico—have implemented policies to provide multi-year continuous coverage for kids. Nine additional states, including California, Hawaii, Colorado, Minnesota, Illinois, Ohio, New York, Pennsylvania, and North Carolina, are in the process of exploring and planning for multi-year continuous coverage for the youngest in their states. Michigan should join these states, particularly as the Medicaid “unwinding” timeline comes to a close in May 2024. As we move forward, Michigan should invest in strategies like this to ensure eligible kids stay covered.

Support investments that give a strong start to a family’s life. Ensuring a strong start for a child often begins before the child is born. Investing in maternal and child health programs, including those that help a family decide if and when to have children, improve health outcomes and reduce racial health disparities deepened by racial bias and environmental factors. The League supports the following maternal and child health investments in the executive budget recommendation:

- \$14.2 million in one-time funds for family planning services to be allocated to local health departments and agencies to help people in planning and spacing birth, preventing unintended pregnancies and seeking preventative health screenings;
- \$5 million in one-time funds for the Michigan Perinatal Quality Collaborative for regional strategies to improve maternal and infant health outcomes;
- \$2.5 million in one-time funds to expand CenteringPregnancy sites. CenteringPregnancy sites are group-based prenatal care locations where pregnant people can engage in dialogue with peers and healthcare providers;
- \$4.9 million to increase Medicaid reimbursement for doula care and for training and continuing education support for doulas; and

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- \$3.3 million to increase reimbursement rates for Maternal Infant Health Program services providers.

Support cost-effective policies that allow more pregnant people access to healthcare coverage. Michigan should build on the investments made in the current year to expand healthcare coverage to immigrant children and pregnant people. 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 coverage “from conception to end of pregnancy,” previously known as the “unborn child option”) would allow Michigan to provide 12 months of Medicaid postpartum coverage to undocumented MOMS enrollees. Based on the funds Michigan currently has available for administrative spending, including HSIs, the state can likely meet the cost of coverage. 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.

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.

Basic Needs

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 2025 budget provides us the opportunity to make the first meaningful improvements to Michigan’s cash assistance program in over a decade:

- Support the executive budget recommendation to increase the base monthly payment to families receiving cash assistance and to extend the lifetime limit from 48 months to 60 months; and
- Support the governor’s recommendation to provide families receiving cash assistance a supplemental monthly payment of \$150, up from the current level of \$50, per child aged

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5 and younger. This recognizes the increased costs families with young children face and helps them better afford necessities such as diapers, groceries or clothing.

Ensure school-age children have access to healthy foods year round. Beginning in 2011, Michigan has participated in a federal pilot program to provide food assistance via electronic benefit transfer (EBT) during the summer, when children lose access to school meals and child hunger spikes. Recent federal legislation makes the program permanent and opens it to all states beginning in the summer of 2024. The League supports the governor's recommendation to dedicate federal funds for summer food assistance benefits of \$120 per eligible child (an additional \$500,000 in state funds would be appropriated to the Michigan Department of Education to administer the program and meet Michigan's federal match requirement).

Support for affordable, safe housing access. Access to safe, affordable housing is a crucial factor in an individual's health status, academic success and economic stability. Unfortunately, high housing costs—especially utility costs—and the lack of available, affordable housing has resulted in many Michiganders having to make tough decisions between housing, healthcare access, food access and other basic needs. While unaffordable housing costs disproportionately affect renters and households in urban communities, it is neither a new issue nor one that only affects certain demographic or geographic populations. The League supports the following investments in safe, affordable housing:

- \$20 million for home- and community-based supportive housing services. Supportive housing, which combines affordable housing with other services for people facing the most complex housing challenges, are critical to homelessness prevention. Current funding sources, however, are enough to meet only one-third of Michigan's supportive housing needs. The proposed investment would help fill the gap while the state works to leverage more Medicaid funding for these essential services;
- A 30% increase for the Michigan Energy Assistance Program (MEAP), bringing total funding to \$15 million. This would be the first increase since 2012. A monthly surcharge on customer utility bills is MEAP's primary revenue source; it generates enough to assist only a small fraction of families struggling to pay their energy bills;
- \$5 million in state support to draw down \$41.8 million in matching federal funds over five years for weatherization assistance, which provides energy efficiency improvements that permanently lower utility bills for struggling families. This investment will also help the state address housing quality and energy needs that cannot be met with less flexible federal dollars;
- A total of \$7.3 million for families experiencing or at risk of homelessness, including \$2 million to expand family shelters, which currently don't have the capacity to serve all families in need; \$750,000 to cover short-term hotel stays so communities can begin to address the backlog while they build up permanent shelter capacity; and \$4.5 million to support families involved in the child welfare system, including eviction diversion, first month's rent and deposit, and utility arrears; and
- A \$30 million increase for the State Emergency Relief (SER) program, which provides one-time emergency assistance for relocation, homeownership, utilities, deposits and home repairs.

We thank you for your consideration as you craft a Fiscal Year 2024-25 budget that centers the needs of Michigan residents.

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