

Talking Points for Kids: Medicaid Works!

Association for Children's Mental Health, May 2005

Michigan's Public System of Children's Mental Health and Human Services Safety Net Services Get Mixed Results Due to Erosion in State and Federal Funding

Michigan's Medicaid Program: Medicaid Works!

- Medicaid has been a tremendous value for the State of Michigan and its taxpayers
- Michigan's Medicaid cost growth (1.5% last year) was slower than growth rates in private insurance
- Michigan's Medicaid growth was slower than national Medicaid growth
- Every dollar spent by the state creates \$2.31 in health care
- Spending on health care creates jobs in every community. A dollar spent on health care creates \$2.60 worth of business activity.
- Every dollar the state spends on Medicaid creates almost \$6 in business activity
- Reductions in state spending on Medicaid creates job loss (\$150m cut in state general funds means a loss of 4,600 jobs)
- Medicaid keeps families together

Myth: Medicaid program is taking more of the state budget.

Fact: In FY97 \$2,489b in state GF/GP supported DCH programs, in FY05 there is \$2,558b. This is a total of ONLY 2.7% growth over 8 years, despite eligibility rising from 1.1m persons to 1.4m.

Fact: Michigan's Medicaid program has pursued strategies to make it be an efficient and effective program

Fact: Medicaid is designed to grow during times of economic turn-down

Fact: Medicaid Special financing strategies allowed the state to decrease state funding for Medicaid and helped build up the Budget Stabilization fund in the late 1990s.

Medicaid protects Michigan's most vulnerable citizens

- Provides health care safety net to 1.4m residents of Michigan (over 14%, or 1 in 7 persons)
- Financial Eligibility based on Federal poverty (\$9000 for single adult, less than \$20,000 for family of 4) and up to 150% of poverty for children
- As of December 2004 there were 795,000 children enrolled of which 38,000 qualified due to disability
- Over 350,000 adults with disabilities or persons who are aged enrolled in Medicaid each month

Eliminating Medicaid Eligibility to Medically Needy Young Adults has an undue hit on Foster Care Children

- Foster care children lose their foster care homes at age 18, to make them also lose their Medicaid coverage is an unfair burden
- Ages 18 to 25 are vulnerable years for persons with mental illness – first onset of major mental illnesses occur in these years. Medicaid coverage is essential.

Essential services are NOT optional – They keep our children and families Healthy and Involved in their communities

- So-called “optional” services are essential and keep families together
- So-called “optional” services are family-centered and promote systems of care for children and their families
- So-called “optional” services are essential and aimed at recovery and community participation
- So-called “optional” services include:
 - Home-based services
 - Psychiatric Inpatient services for persons under age 21
 - Wrap-around
 - Case management
 - Respite
 - Family Support and Training
 - Peer support and family advocacy
 - Crisis residential
 - Crisis stabilization

Michigan’s Specialty Services For Persons with Serious Mental Illness, Serious Emotional Disorders, Substance Abuse, and Developmental Disabilities

Financing

- Michigan’s Specialty Services program provided through the local Community Mental Health Services Programs did not benefit during the state’s economic boom of the 1990s.
- The cost of the Medicaid Specialty Services (MH, DD, SA) program grew at one-third the rate of Medicaid Primary Care since FY99 (3.5% vs 9.1%, which includes increased eligibles as well as cost/rate increases)
- Medicaid Specialty services program had no increased state funding for rate increases FY99 through FY04; rate increase in FY02 was funded by CMHSP use of local funds; in FY04 the 1.6% increase was funded by redirect of CMH GF
- The Non-Medicaid mental health services have had no base economic increase since FY99 and have been cut every year.
- The accumulative impact of No COLA (3% per year) and actual base reductions on CMH Community capacity (Medicaid and Non-Medicaid) is over \$2 billion since FY99.

Services and Supports for Children with Severe Emotional Disturbances and Their Families

- Five to 9% of children (128,000 to 230,000 children in Michigan) have serious emotional disturbances that result in severe functional impairment.
- 38,000 children with emotional disorders were served by the CMH system in 2003, of which 26,000 had serious emotional disturbances (ie 11-20% of estimate of children with SED)
- The percentage of children served by CMH that had Medicaid rose from 57% (in FY99) to 68% in FY02. At the same time, funding for CMH Medicaid had no rate increase and the funding for non-Medicaid was cut.
- Due to reduced community capacity to meet needs and particularly the erosion of the CMH Non-Medicaid funding, total expenditures by CMH on SED have been trending down since FY99. In FY99 it was \$160m and in FY03 was reported at \$122.6m
- In December 2003, the schools identified 20,000 children as Emotionally Impaired.
- Only 44% of children identified as Emotionally Impaired by the schools completed their schooling

Mental Health Commission (2004): Key Recommendations

- The Mental Health Commission cited declining state (GF) funding levels as the public mental system's most critical financing issue. The General Fund base for CMH has been severely eroded for over 20 years.
- State should identify, fund and assure adequate core services

Michigan lacks a comprehensive system of care for children's mental health services

- Improve screening and early intervention
- Involve Families in planning and service delivery within system of care
- Fill in the gaps in services
- Increase capacity and availability of services and supports

Interagency approaches to prevention, early intervention, and treatment for children should be strengthened

- Early childhood coordination through a comprehensive system of care
- In-service training for teachers
- Integrated policy and plan for children through collaborative interagency process

No-one enters the juvenile justice system because of inadequate mental health care