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Michigan’s Investment in Medicaid is Critical to Residents with Mental Retardation, Cerebral Palsy, and Related Disabilities

Medicaid is a federal/state program that provides health, community-based and institutional long-term services and supports, for children and families, the elderly, and people with disabilities. In 2000, more than 1.36 million Michigan residents received services through Medicaid, including 282,072 people with disabilities

As the national economy has weakened and as Michigan struggles to balance its budget and provide critical

and life-saving services for its residents, The Arc of the United States and United Cerebral Palsy—national organizations that provide a voice for persons with mental retardation and cerebral palsy—have compiled information to help the public understand the essential role of Medicaid in providing critical services and supports to Michiganders with mental retardation, cerebral palsy and related disabilities. As the state cuts its budget and prioritizes programs, care must be taken not to hurt our most vulnerable residents by cutting eligibility for Medicaid or eliminating critical Medicaid services.

Michigan Medicaid Enrollment (Of people with mental retardation and related developmental disabilities)	
Residents in Intermediate Care Facilities for persons with Mental Retardation (ICF/MRs):	269
Home and Community Based Services (HCBS) recipients:	8,024
Nursing Facility residents:	902

Source: Lakin KC, Braddock D, Smith G. Indicators of Change in Service for Persons with Intellectual Disabilities: Decade Ending June 30, 2000. Mental Retardation 40; 1: 90-96.

MEDICAID PROVIDES ESSENTIAL SERVICES AND SUPPORTS

Health care, and long term services and supports, including community-based services provided by Medicaid, are among the most important ways that Michigan demonstrates that it values all of its residents. Medicaid services help to keep people healthy and enable individuals to lead personally enriching lives by contributing to the communities around them. In addition to physician, hospital and clinic services, Medicaid provides a vital—and sometimes the only—funding source for critical services. These include:

EPSDT Services for Children

A provision of the Medicaid program, called Early and Periodic Screening, Diagnosis, and Treatment (EPSDT), ensures that children in Medicaid receive regular health screenings, and when problems are diagnosed, treatment services are provided. These services prevent and minimize disability by intervening early. For children with mental retardation, cerebral palsy, and related developmental disabilities, this critical Medicaid benefit can make a huge difference in people’s lives. This early investment in children can save money by enabling children to maximize their development and educational attainment—minimizing the need to receive life-long services.

<p>In 1999, roughly 176,800 children (birth – 20) in Michigan received at least one EPSDT screening.</p> <p>Source: Centers for Medicare and Medicaid Services (CMS) Annual EPSDT Participation Report: Michigan FY 1999.</p>
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Long-Term Services

Unlike private health insurance coverage, the benefits provided by Medicaid address the major issues and challenges facing people with mental retardation, cerebral palsy, and related disabilities. In particular, Medicaid

Michigan Expenditures (For people with disabilities and people who are blind)	
ICF/MR Services:	\$32,271,149
Home Health:	\$11,351,033
Nursing Facilities:	\$148,709,549

Source: CMS, FY 2000 MSIS Data Tables

provides coverage for long-term services that are rarely provided by most private health insurance programs. These services include residential living in people's own homes so that families can stay together and also in facilities. Long-term care services also include a range of rehabilitative and habilitative services that help persons to maximize their independence. These services include: speech, language and hearing services, occupational therapy, and physical therapy. Medicaid also provides for home health services and personal care services that help individuals to perform activities of daily living, such as dressing and feeding themselves.

SIGNIFICANT FEDERAL FINANCIAL RESOURCES GO TO MICHIGAN

The federal Medicaid program reimburses the state Medicaid program for a share of the services provided under the state's Medicaid plan. The federal share ranges from a low of 50 % to a high of 83%. This percentage is known as the Federal Medical Assistance Percentage (FMAP). In Michigan, in 2003, the federal share of costs is 55.42%. In other words, for every state dollar spent by Medicaid, the state brings in \$1.24 in federal funds.

Medicaid spending is good for the state's economy, through the jobs generated and other economic benefits. Families USA, a national consumer group, conducted an economic analysis that projects the impact of state Medicaid cuts, such as lost business activity for the state and lost jobs for persons working in the health sector. Lost jobs lead to lost tax revenues.

In 2001, Michigan spent \$3.46 billion of state dollars and \$4.43 billion federal dollars on Medicaid. This resulted in \$8.95 billion in new business activity in the state leading to the creation of more than 98,000 new jobs. Every \$10 million cut in Michigan's state share of Medicaid spending could lead to a loss of \$25.1 million in state business activity, resulting in 260 jobs lost in the state.

Source: Families USA, *Medicaid: Good Medicine for State Economies*; January 16, 2003.

THERE ARE ALTERNATIVES TO HARMFUL MEDICAID CUTS

As Michigan's economy struggles, more people become eligible for Medicaid. Cutting state support for Medicaid would only make the problem worse, leading to more job losses. The President has offered a "Medicaid Modernization" proposal that is wrong for Michigan. Instead of providing short-term relief to states with a plan to solve Medicaid's long-term financing challenges, the Administration offers limited short-term support only if states agree to cap future funding. This can only lead to loss of eligibility for some people in Medicaid or cuts in critical services. The President's proposal would allow Michigan to cap optional services, including the Medicaid Waiver. The best result for Michigan is to sustain its commitment to Medicaid. Bipartisan proposals in Congress would provide a temporary increase in the FMAP, making it easier for Michigan and other states to avoid cutting Medicaid.

In March 2003, the U.S. Senate passed a non-binding "Sense of the Senate" amendment to the Senate Budget Resolution that calls for \$15 billion to be provided to states over the next 18 months through a temporary increase in the Federal Medicaid matching rate (FMAP). If this is enacted, Michigan would receive \$461.8 million in additional Medicaid funding.

Source: Preliminary estimates by the Center on Budget and Policy Priorities