



Winter 2021 Public Policy Update

Changes at MDHHS

- * On Friday, January 22 Robert Gordon announced via Twitter “Today, I am resigning from the Whitmer Administration. It’s been an honor to serve alongside wonderful colleagues. I look forward to the next chapter.”
- * Governor Gretchen Whitmer quickly appointed Elizabeth Hertel as Director of the Michigan Department of Health and Human Services (MDHHS).
 - * Elizabeth Hertel previously served as the Senior Chief Deputy Director for Administration for MDHHS, where she oversees External Relations and Communications, Finance and Administration, Legislative Services, Legal Affairs, Policy & Planning, Strategic Integration, Organizational Services, Workforce Engagement and Community and Faith Engagement.
- * Impact moving forward – goals / priorities at MDHHS

State of the State Address

On Wednesday, January 27 Governor Gretchen Whitmer delivered her third State of the State address from the Michigan State Capitol. And while it was held in the Capitol, it looked decidedly different in pandemic times with only a few staff present as opposed to all members of the legislature.

Key Highlights

- * The Governor aimed to strike a bipartisan tone, and she reiterated her desire to work with the Legislature in passing the Michigan COVID Recovery Plan that focuses on vaccine distribution, supporting small businesses, getting Michigan's students back on track, and extending unemployment benefits from 20 to 26 weeks.
- * Governor Whitmer discussed MI Classroom Heroes – a program to reward teachers and support staff – which will reward up to \$500 in grants in February to offset expenses and reward educators who have worked throughout the pandemic.
- * The Governor touched on the temporary extension of the \$2/hour wage increase for direct care workers and stated, “Now it’s time to make the pay raise permanent.”

“In addition to MI Classroom Heroes, we owe a special thank you to frontline health care workers. Including direct care workers who provide nursing and health care for seniors and Michiganders with disabilities. We gave these heroes a \$2 an hour raise. I worked with the legislature to extend it for a few months, and then a few more months. Now it’s time to make that pay raise permanent.”

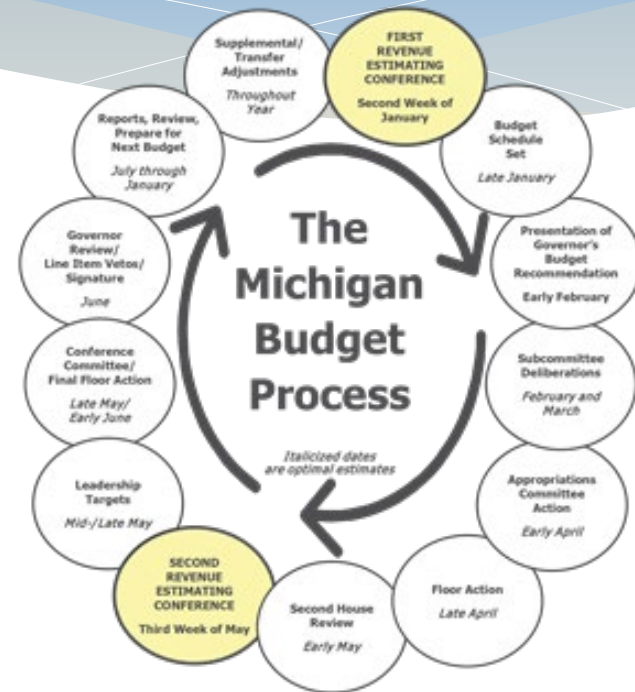
“Because it’s not enough to just say “thank you” – we need to show support.”

- * She highlighted her intent to address prescription drug prices by building on the recently-released report from the bipartisan Prescription Drug Task Force that includes reform proposals that she wants to see “get on the legislature’s to-do list.”
- * Finally, Governor Whitmer asked that the legislature continue to work with her on a plan to fix roads across the state. She specifically is looking to provide local communities with more options to address crumbling infrastructure, which will not include an increase at the pump.

Budget Items



Figure 1



Budget Items

CONSENSUS REVENUE ESTIMATING CONFERENCE

Friday, January 15 – Consensus Revenue Estimating Conference (CREC) was held.

- * **FY21 projections showed General Fund and School Aid Fund revenue is \$1.23 billion more than projected in August during the last CREC.**
 - * Specifically, General Fund revenue is \$700.8 million higher than previously projected, while School Aid Fund revenue is up \$528.3 million.
- * Compared to FY 2019-20, which preceded the COVID-19 pandemic, incoming revenue in FY 2020-21 reflects a 2 percent decrease.
- * **FY22 projections show overall revenue will be \$874.8 million higher than previously projected.**
 - * The General Fund for FY 2021-22 is now \$504.6 million higher than previously projected and the School Aid Fund is \$370.2 million more.

The CREC traditionally symbolizes the beginning of a new appropriations cycle. **Governor Gretchen Whitmer will submit her FY22 budget recommendations to the Legislature on February 11.**

COVID Supplemental

- * Governor recently proposed a \$5.6 billion COVID FY21 supplemental budget. (\$575 million would be state funds - \$275 million GF/\$300 million school aid)
 - * \$2 billion schools
 - * \$225 million business support
 - * \$90 million vaccine distribution
 - * \$575 million testing & contact tracing

Bill must be negotiated with the legislature. House republicans released their proposal which was about \$2 billion less than the Governor's plan.

- * Tied school funding to in-person learning.

Legislative Supplementals

House Supplemental Actions

Last week the House passed 4 bills:

- * [House Bill 4019](#) (H-3) makes appropriation adjustments for the Michigan Department of Health and Human Services (MDHHS) and the Department of Labor and Economic Opportunity (LEO) - \$868 million;
- * [House Bill 4047](#) (H-2) makes an appropriation adjustment to LEO and the Treasury budget for FY 2020-21, including \$565.5 million in general fund revenue to assist businesses hardest hit by the pandemic;
- * [House Bill 4048](#) (H-1) includes a \$1.8 billion increase in federal funds from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act for schools, including incentives for schools districts that offer in-person instruction (Note: tie-barred to HB 4049);
- * [House Bill 4049](#) (H-1) would amend the Public Health Code to curtail the DHHS Director's ability to issue emergency public health orders that would suspend in-person education or prohibit sporting events during a pandemic. Instead, local health officials would take responsibility for closing schools or prohibiting sporting events should COVID-19 cases increase and meet specific thresholds deemed unsafe for the community to continue in-person education or sports (Note: tie-barred to HB 4048).

Legislative Supplementals

Notes from the House bills:

- * No money for DCW increase
- * The funding in HB 4019 constitutes 25 percent of the federal COVID dollars allocated to the state for the same purposes.
- * \$13.1 million for the Substance Abuse Prevention and Treatment Block Grant
- * \$12.0 million for the Mental Health Block Grant
- * \$22.6 million for COVID-19 vaccine administration and distribution
- * \$510.7 million to support a 15% increase in SNAP (Supplemental Nutrition Assistance Program) Benefits through June 30, 2021
- * \$1.3 million to support the extension of waivers of the federal match requirement for congregate and home-delivered meals for seniors
- * And no more than \$20.0 million for COVID-19 tracing and testing within the Michigan Department of Corrections.

Legislative Supplementals

This week, the Michigan Senate introduced Senate Bill 114, which provides \$1.3 billion Gross (\$560 million General Fund/General Purpose) in FY21 supplemental appropriations funding for the state's COVID-19 response and recovery.

The measure seeks to provide supports for the state's public health response as well as businesses and schools. Included in the measure are several noteworthy items:

- * \$227 million Gross (\$60 million GF/GP) to extends the direct care worker wage increase from \$2 per hour to \$2.25 per hour until June 30, 2021, applicable to the same eligibility groups currently receiving the wage increase .
- * \$110 million for vaccine distribution
 - * Directs 1/3 of the funding in the Federal COVID Immunization and Coronavirus Vaccine Grant Reserve Fund line item (\$36.7 million) be allocated to manage the administration of COVID-19 vaccinations. Sets forth how the remaining funding can be expended
- * \$184 million for COVID-19 testing
 - * Directs \$75 million in funding for grants to schools for COVID-19 testing
- * \$8 million in funding for mental health block grant
- * \$17.4 million for substance use disorder block grant
- * \$150 million deposit into the Unemployment Compensation Fund, consistent with the House-passed measure
- * Creation of a property tax relief fund and relief program for food service establishments

FY22 Executive Budget

Specific Mental Health/Substance Abuse Services Line items

	<u>FY'20 (Final)</u>	<u>FY'21 (Final)</u>	<u>FY'22 (Exec Rec)</u>
-CMH Non-Medicaid services	\$125,578,200	\$125,578,200	\$125,578,200
-Medicaid Mental Health Services	\$2,487,345,800	\$2,653,305,500	\$3,011,525,500
-Medicaid Substance Abuse services	\$68,281,100	\$87,663,200	\$80,988,900
-State disability assistance program	\$0	\$2,018,800	\$2,018,800
-Community substance abuse (Prevention, education, and treatment programs)	\$108,754,700	\$108,333,400	\$78,005,200
-Health Homes Program	\$3,369,000	\$26,769,700	\$33,005,400
-Autism services	\$230,679,600	\$271,721,000	\$356,875,800
-Healthy MI Plan (Behavioral health)	\$371,843,300	\$589,941,900	\$540,551,700
-CCBHC	\$0	\$0	\$25,597,300

FY22 Executive Budget

Other Highlights of the FY22 Executive Budget:

Direct Care Worker Wage Increase

The Executive Recommendation provides \$110 million (\$43.1 million general fund) in fiscal year 2021 and \$360 million (\$121.4 million general fund) in fiscal year 2022 to permanently continue the \$2 per hour wage increase for direct care workers who provide critical care to our most vulnerable neighbors through Medicaid-funded behavioral health supports, community- and facility-based long-term care services, and home-based services provided through area agencies on aging. Maintaining the wage increase will help to stabilize the workforce and ensure continued access to services.

CCBHC Implementation

The FY22 Executive Budget includes \$26.5 million gross, \$5.0 million general fund (6.0 FTEs) to support a two-year implementation of the Centers for Medicare and Medicaid (CMS) Certified Community Behavioral Health Clinic (CCBHC) Demonstration program. Proposed funding will be used to:

- * **Establish 14 CCBHC sites**, through 11 Community Mental Health Programs and 3 non-profit behavioral health entities, to provide comprehensive access to behavioral health services to vulnerable individuals.
- * Create a new Behavioral Health Policy and Operations Office to oversee the implementation of the CCBHC demonstration, Medicaid Health Homes, and other behavioral health integration initiatives. The new office will comprise 6 new FTE positions and 9 reassigned FTE positions responsible for policy, operations, technical assistance, and quality monitoring support.

FY22 Executive Budget

KB vs. Lyon lawsuit

The FY22 Executive Budget includes \$90 million gross (\$30 million general fund) to recognize new costs related to the implementation of policy changes associated with the KB v. Lyon lawsuit settlement. These caseload costs will come from program changes aimed at increasing consistency in access to behavioral health services for Medicaid enrollees and those served through the child welfare system.

Other items

- * \$1 million for Autism Service Navigation (general fund) is maintained in the Executive Budget on an ongoing basis. Support for this program has been included in recent budgets on a one-time basis.
- * \$3.5 million for cross enrollment expansion to improve technology and communication tools to better identify and enroll individuals needing support and services.
- * \$8.4 million to reduce health disparities and expand the use of community-based navigators to enhance access to health coverage, and improve screening, data sharing and interoperability of existing data systems through the Michigan Health Information Network.
- * \$15 million one-time for state psychiatric hospital special maintenance for capital improvements at all five of Michigan's psychiatric hospitals.

Key Budget Items for CMHA Members

Direct Care Wage Increase

- * Support continuation of \$2/hour increase for remainder of FY21 and support Governor's call to permanently address the issue.

Local Match draw down – Section 928

- * FY21 supplemental budget – Advocate for \$5 million GF to offset local/county resources for Medicaid match purposes. FY21 budget boilerplate section 928 called for a 5-year phase out of the use of local/county dollars for Medicaid match purposes, however the \$5 million GF appropriation was not included in the final budget and the phase out remained paused at FY20 levels. FY21 should have been year 2 of the 5-year phase out plan.
- * FY22 budget – Advocate for continued 5-year phase out and inclusion of the FY20 & FY21 boilerplate language and \$5 million of GF to offset local/county resources (FY22 should be year 3 of 5-year phase out).

Key Budget Items for CMHA Members

Certified Community Behavioral Health Clinics (CCBHC)

On August 5, 2020 the Centers for Medicare & Medicaid Services (CMS) and the Substance Abuse & Mental Health Services Administration (SAMHSA) announced that the states of Kentucky and Michigan have been selected as additional participants in the Certified Community Behavioral Health Clinic (CCBHC) Demonstration. As part of the state implementation and roll out of the demonstration program, Michigan will be required to put up a small amount of state match dollars to draw down federal support for the program.

- * FY22 budget – Advocate for at least \$5 million GF which will allow the state to implement the greatest number of CCBHC sites across the state.

Substance Use Disorder Items

In November of 2020 PIHPs were informed that the substance use disorder block grant program will be taking a \$15 million reduction in FY21 (permanent reduction moving forward) due to an over-allocation of funds (lapse funds) by the state in past years. In addition, PIHPs were recently informed that federal opioid response grant dollars would also be reduced in FY21. These reductions have caused an immediate and drastic hole in the SUD budget for the current and upcoming fiscal years. In December 2020 – Congress passed the last COVID stimulus package of \$900 billion, included in that package was an additional \$1.7 billion for Substance Abuse Prevention and Treatment Block Grant and \$1.5 billion for State Opioid Response Grants.

- * FY21 supplemental budget (HB 4019 adds \$13.1 million more in SUD block grant) – Advocate for the state to use the recently approved federal dollars to help fill current budget year gaps created by the recent reductions in the SUD block grant and federal SOR grants, which will help smooth the reductions to programs over a few years versus dramatic cuts all in one fiscal year.
- * FY22 budget – Advocate for the state to continue to use recently approved federal dollars to help smooth the recent reductions in the SUD block and federal SOR grant programs.

Contact Information

Community Mental Health Association of Michigan

Alan Bolter

Associate Director

abolter@cmham.org

(517) 374-6848

Robert Sheehan

Executive Director

rsheehan@cmham.org

(517) 374-6848