

FY 2018 State Budget Talking Points

Background

Thanks to last year's budget negotiations between the MHA and administration officials, there is no proposed cut by the Snyder administration to the hospital community's top budgetary priorities. The fiscal year (FY) 2018 executive budget proposal supports state funding for graduate medical education (GME) (\$163 million), small and rural hospitals (\$36 million) and obstetrical (OB) care (\$11 million) at rural hospitals. Together, these three pools represent more than \$200 million in payments to hospitals. **The MHA supports the FY 2018 executive budget as proposed.** It keeps intact Medicaid funding for three critical programs with demonstrated success that provide access to care for millions of residents, many of whom are uninsured and/or live in rural areas where there is no other source of care. **However, the House of Representatives is proposing a \$4.5 million cut to hospital funding.** The MHA opposes this proposal.

Budget Details and Messaging

- In 2018, Michigan and other states must provide 6 percent of the cost of their Medicaid expansion programs. The governor's budget recommendation proposes \$200 million of state general fund (GF) support for the Healthy Michigan Plan.
 - The general fund cost continues to be more than offset by state savings, including those derived from federal Medicaid dollars that are now available for such initiatives as mental health services and corrections healthcare that were financed with state general funds prior to the existence of the Healthy Michigan Plan.
- The state House of Representatives is proposing a 10 percent cut to a \$45 million disproportionate share hospital (DSH) pool that would result in loss (state funds and federal match funds) of \$4.5 million dollars. **Cutting hospital funding that draws down federal dollars is a penny-wise and pound-foolish tactic to funding tax cuts.**
- In a time when nearly a million residents are newly insured, the MHA is pleased to see the state supporting GME. GME funding supports *direct patient care* – it is *not* medical school tuition money.
 - This funding ensures access to care for our most vulnerable citizens and supports advanced training for physicians in outpatient clinics for family practice, pediatrics and OB in addition to hospital inpatient/emergency care.
 - There remains an effort to tie GME funds to hospital participation in quality and safety data reporting. The MHA believes these reporting requirements are fully met via all Michigan hospitals' *voluntary* participation in submitting data to the MHA's public transparency website, www.verifymicare.org.
- The rural and OB stabilization funds are critical to maintaining services in Michigan's most remote areas. Without these funds, small hospitals could not afford to maintain costly services like delivering babies, which is a service line critical to keeping families and businesses in small communities.

- Northern Lower Michigan has already reached a critical junction when it comes to OB care. Without the OB stabilization funds, additional hospital OB units could close.

Other proposals in the executive budget for health programs include:

- Investments in Michigan's behavioral health services through a number of initiatives, including:
 - An investment of \$14.2 million in general funds to increase payments to prepaid inpatient health plans responsible for managed care within the mental health system. This funding will also support an estimated a 50-cents-per-hour pay increase for direct care providers to help reduce turnover and improve the quality and stability of services and supports.
 - Multiple investments are recommended to improve and expand care at state psychiatric hospitals, including a call for the construction of a new state psychiatric hospital to replace the current Caro Center.
- Continuation of programs to assist those impacted by the Flint water crisis, including:
 - The promotion and distribution of healthy foods and fresh produce
 - Physical and behavioral health services provided through three school-based child and adolescent health programs
 - Establishment of primary care medical homes for Flint children through the Children's Health Access Program

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