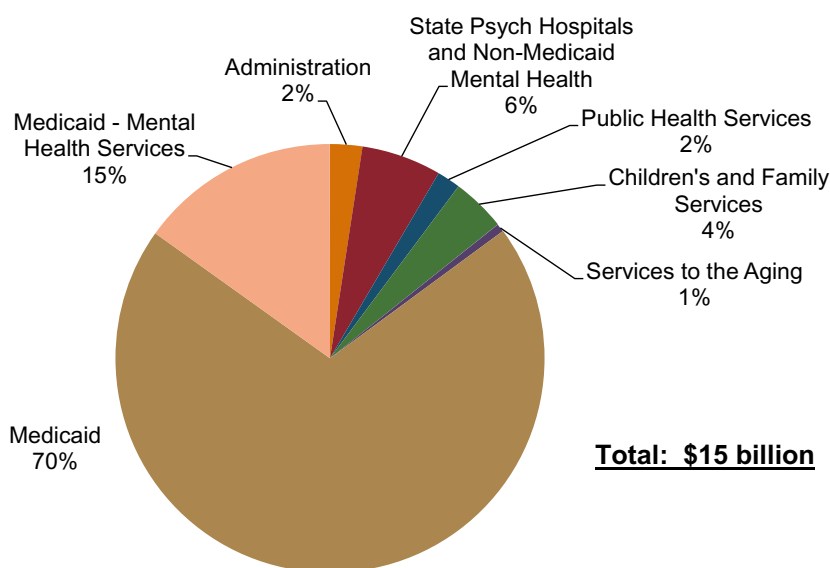


Department of Community Health

The Department of Community Health (DCH) is responsible for health policy and management of the state's publicly funded health care systems. These programs include Medicaid health coverage for those with limited incomes; mental health services for people who have a mental illness or developmental disability; services for individuals who need substance abuse treatment; and services provided through local public health programs. The department also provides services to promote the independence and preserve the dignity of Michigan's elderly through the Office of Services to the Aging. *The Governor's proposed budget for fiscal year 2013 recommends total funding of \$15 billion, of which \$2.8 billion is general fund. In fiscal year 2013 the Governor also recommends one-time funding of \$49.7 million, of which \$12 million general fund. The recommendation for fiscal year 2014 is \$15.5 billion, of which \$3 billion is general fund.*

Medicaid makes up 85% of the DCH budget



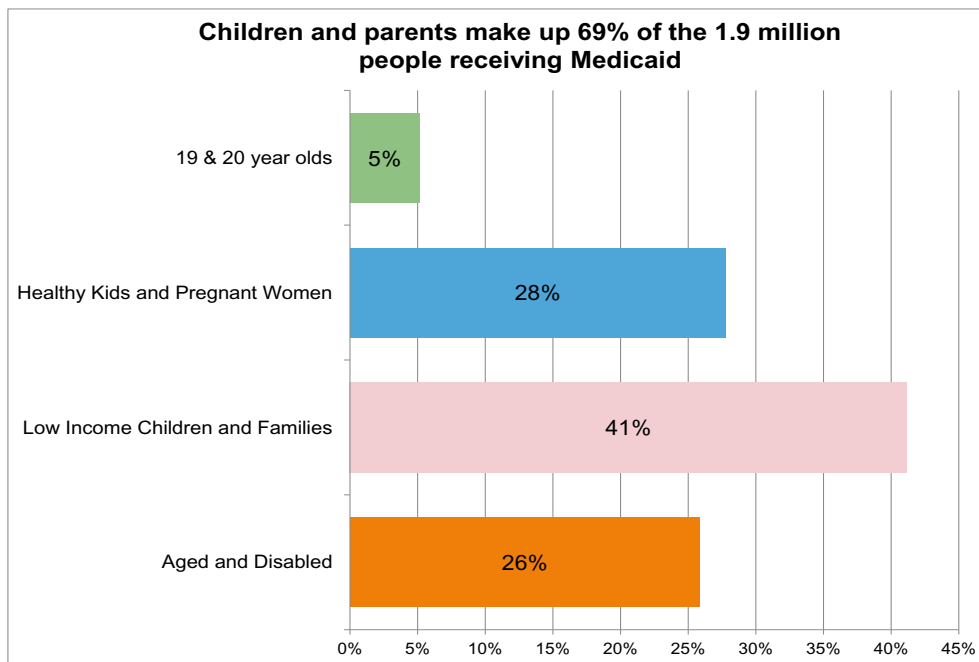
Highlights of Governor's Budget Recommendation

- To improve dental care and oral health outcomes for children, \$25 million (\$8.4 million general fund) is invested to expand the Healthy Kids Dental Program, currently available in 65 mostly rural counties. This expansion covers 25 percent of children in the remaining counties. Full statewide phase-in will be completed over the next several years. Current low Medicaid dental reimbursement rates discourage provider participation. Healthy Kids Dental increases provider reimbursement rates, encourages provider participation and ensures that children receive good dental care. (*DCH metric 1a*)
- Early diagnosis and treatment of autism provides the best outcomes for autistic children and their families. Therefore, the Governor recommends adding \$34.1 million (\$10.1 million general fund) to expand Medicaid and MICHild coverage to include the treatment of Autism Spectrum Disorders for children under age 6. The treatment for autism, Applied Behavior Analysis, is considered most effective for early diagnosis and treatment. (*DCH metric 2a*)

- A new investment of \$6 million general fund (\$5 million in one-time funds and \$1 million in ongoing funds) is made in Health and Wellness Initiatives that were included in the Governor’s September 2011 Special Health Message. These funds support programs that promote healthy behaviors and wellness, reduce infant mortality and reduce obesity. Achieving positive health outcomes improves lives and saves money for all Michigan residents. (*Health and Wellness Dashboard*)
- Michigan continues its long-standing support for serving the elderly and disabled in community settings. While nursing homes provide a valuable and necessary service for those with high care needs, home care can provide alternatives that meet client needs in a less costly community setting. (*DCH metrics 4a and 4b*)
 - To reduce the waiting list for the MIChoice Home and Community Based Waiver Program, \$11 million (\$3.7 million general fund) is added to the department’s budget. This increased support allows the elderly to receive needed services while remaining in their own homes or communities.
 - Transitions from nursing homes to the MIChoice Home and Community Based Waiver are supported with \$3.1 million (\$1 million general fund). These transitions allow the elderly to return home with the provision of community care.
 - Funded with \$1.6 million (\$500,000 general fund) in nursing home savings, the Program of All-Inclusive Care for the Elderly (PACE) is expanded to Berrien County. PACE is a capitated program that provides acute care and long-term care in a community setting. Existing program sites are Calhoun, Kent, Muskegon and Wayne counties.

Medical Services

- Michigan’s health care safety net is protected in the Governor’s Executive Recommendation. Medicaid eligibility is maintained and provider reimbursement rates are increased for primary care providers. The DCH budget recommends \$8.5 billion (\$1 billion general fund) for medical services and \$2.3 billion (\$424.1 million general fund) for the long term care portion of the Medicaid program. This represents a 4.3 percent increase over fiscal year 2012 due to caseload increases, utilization and inflation, special provider payments and funding for actuarial soundness. Medicaid provides health care services for one out of every five Michigan residents.
- Federal law requires states to increase Medicaid primary care provider rates to 100 percent of Medicare rates. An appropriation of \$282 million in federal funds supports this provider rate increase for primary care/family physicians and pediatricians. These rate increases will improve access to primary care and health outcomes for Medicaid recipients. (*DCH metric 5a*)



Mental Health Services

- Mental health services are funded at over \$3 billion consisting of \$2.9 billion (\$1.2 billion general fund) to provide community mental health services, and \$278.7 million (\$64 million general fund) to fund state-operated psychiatric hospitals and centers.

Other Budget Initiatives

- Department initiatives to reduce Medicaid fraud, increase program efficiencies and improve Medicaid service delivery achieve \$13.2 million in general fund savings. (*DCH metrics 6a and 6b*)

**Governor's Recommendation
Department of Community Health
(\$ in Thousands)**

FY12 Current Law*^		FY13 Recommendation^		FY14 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$2,953,127.4	\$14,589,624.5	\$2,835,843.2	\$15,045,744.8	\$2,994,360.7	\$15,461,169.2
	% Change from Previous Year	-4.0%	3.1%	5.6%	2.8%

Programs

Medical Services	\$1,306,663.7	\$10,532,763.5	\$1,432,512.6	\$10,862,841.7
Behavioral Health Services	\$1,178,481.4	\$2,897,954.1	\$1,198,958.7	\$2,958,880.3
Children's and Family Services	\$133,560.8	\$613,904.2	\$139,056.2	\$627,324.1
State Psychiatric Hospitals and Forensic Mental Health Services	\$63,956.5	\$278,689.5	\$63,956.5	\$278,689.5
Public Health Services	\$51,332.0	\$265,572.7	\$51,332.0	\$265,572.7
Medical Services Administration	\$24,353.1	\$215,319.3	\$24,353.1	\$215,319.3
Central Administration	\$48,918.9	\$149,388.8	\$55,614.8	\$160,388.9
Office of Services to the Aging	\$28,576.8	\$92,152.7	\$28,576.8	\$92,152.7

* Assumes passage of OPEB supplemental

^ Figures do not include one-time funding

Total Recommendation	\$2,835,843.2	\$15,045,744.8	\$2,994,360.7	\$15,461,169.2
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One-Time Appropriations

CHAMPS ICD-10 Diagnostic Coding Project	\$4,000.0	\$40,000.0		
Health and Wellness Initiatives	\$5,000.0	\$5,000.0		
State Laboratory Equipment and Supplies	\$200.0	\$200.0		
Elder Abuse Training and Prevention Initiatives	\$250.0	\$250.0		
State Employee Lump Sum Payments	\$2,571.5	\$4,285.3		

Total One-Time Appropriations	\$12,021.5	\$49,735.3	\$0.0	\$0.0
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