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Governor Releases State Budget and Executive Order: Medicaid and many services of children and families are affected.

On Thursday, February 10, 2005, Governor Granholm released the fiscal year 2005-2006 state budget. Michigan is facing an estimated \$773 million deficit in the state's general fund in fiscal year 2006. The Governor also issued an Executive Order to cut the budget to address the current-year budget shortfall of \$375 million.

The Governor has stated she will not propose any tax increases, but has proposed a number of strategies in addition to cuts to address the budget deficit. These strategies include issuing bonds for job growth and development in technology sectors, closing tax loopholes and eliminating outdated tax expenditures, shifting money from Rainy Day and Medicaid Trust Funds, and imposing a provider tax on health care providers which will be used for Medicaid.

Budget Provisions Affecting Maternal and Child Health

The Good News: The Governor maintains current levels of funding for the Medicaid and MI Child programs for pregnant women and children. The Governor also maintains the current level of funding for *school-based health centers* (\$3.7 million) to allow for Michigan to draw down federal Medicaid match funds. The result will be an additional \$5 million in funding for clinics, doubling the number of clinics to 65.

The Bad News:

1) *Cuts in vision and hearing screening.* The Governor's budget eliminates state support to local public health departments for vision and hearing screening for a savings of \$5.2 million in state funds.

2) *A freeze on Medicaid enrollments for young adults.* The Governor recommends that enrollments in Medicaid be frozen for 19 and 20 year old young adults, saving \$5 million total, and \$2.2 million in state funds. A more limited benefit package will be available to young adults currently in the program and for low-income adults who are caring for related children (saving \$2.8 million in state funds).

3) *Elimination of the current 3-month retroactive Medicaid eligibility period,* for a savings of \$28.3 million total, and \$12.3 million in state funds, and a reduction in Medicaid provider payments.

4) *Reductions in eligibility for Children's Special Health Care Services.* The Governor recommends that coverage for persons with special health care needs be eliminated after the age of 21 if other health insurance is available. The Governor would also increase parents' financial contributions under the program

If you would like to review the Governor's budget document, you may do so at the following website by scrolling down and clicking on the executive budget: <http://www.michigan.gov/budget> .

What can you do?

The proposed budget will now be considered by the appropriations subcommittees in both the Michigan House of Representatives and the Michigan Senate.

1) **Send a letter or email to the Governor** with your feedback on the budget items that you care about and encourage her to work with the legislature to consider additional revenue options to prevent further erosion of the prevention infrastructure particularly in Medicaid. To contact the Governor go to <http://www.michigan.gov/gov/0,1607,7-168-21995---,00.html>

2) **Attend meetings of the Legislative appropriations subcommittees, testify and write letters** to members of the subcommittees with your feedback on the budget. For information on the process, committees, and members please see www.michiganlegislature.org

Key points:

A) *Emphasize with the legislature that they work with the Governor to consider revenue options to prevent further erosion of the prevention infrastructure.*

B) *Prevention programs have cost-effective outcomes that will benefit citizens and save taxpayers money in the long run.*

3) **Attend the release of the MCCF Children's Agenda on Tuesday, March 1st, 10 am - 2pm. Briefing at 10 am, luncheon with legislators at noon, followed by office visits. Federation for Children and Families offices, 309 N. Washington Square, Lansing, 48933.**

Executive Order

The Executive Order cuts to the Dept. of Community Health Budget for this current fiscal year is below.

Appropriation Number	Item	Reduction Amount
01130	Mental health/substance abuse program administration	409,600
01161	Protection and advocacy services support	31,000
01191	Departmental administration and management	315,100
02991	CMHSP, purchase of state services contracts	2,330,000
11230	Executive administration	20,000
12263	Local public health operations	677,000
14230	Family, maternal, and children's health services administration	75,000
14330	Children's special health care services administration	80,000
15155	Epidemiology administration	75,000
16230	Laboratory services	134,000
16753	Sexually transmitted disease control management and field support	75,000
16778	Immunization local agreements	500,000
18330	Health systems administration	150,000
22100	Drug control policy	40,000
34010	Medical services administration	250,000
46502	Office of services to aging administration	49,800
80000	Information technology services and projects	730,000
		5,941,500

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