



HEALTH POLICY BULLETIN

FOCUS: SOCIAL SERVICES BUDGET

Tuesday afternoon, Governor Blanchard vetoed nearly half of the \$2.2 billion (general fund/general purpose) Michigan Department of Social Services (DSS) budget, including all of the \$709 million GF/GP Medicaid budget. Blanchard vetoed major portions of the budget because it was \$200 million out of balance, explaining that he will not allow the state to return to the "voodoo bookkeeping" of the past to balance the budget. Gone is the 2 percent inflation increase for providers. The governor did not veto the grants for families (AFDC) line or his new Job Start program, which requires all employable adults on General Assistance (GA) to pursue education, job training, or employment if they wish to receive GA benefits.

While the governor appears confident that the legislature can rework the vetoed portions of the DSS budget so that it is balanced, Rep. David Hollister (D-Lansing), chair of the House Appropriations Subcommittee on Social Services, is not so optimistic. "The governor is asking for major cuts, and I don't sense any consensus in the legislature on them. Apparently, the governor wants to restore all of the Medicaid cost-containment proposals. From the informal discussions I've had with other legislators, I don't see more than a handful of votes in either house for any one of those proposals." Sen. Robert Geake (R-Northville), chair of the Senate Appropriations Subcommittee on Social Services, echoed Hollister's sentiments: "I would be very surprised if the legislature restores any of the cost-containment measures," he said.

The new target tentatively agreed to by Geake and Hollister, \$100 million higher than the governor's original recommendation and \$70 million higher than the bill the legislature handed to the governor, will not solve the problem, according to Rep. Hollister. "The original budget that the governor sent to us was underfunded—he put little or nothing toward DSS employee pay increases, the inflation increase for providers, federal mandates including the additional state costs for the Medicare Catastrophic Illness Act, and other programs. We added \$30 million to his budget, but that was only enough to take care of a small portion of these mandated programs. We need \$180-200 million more for a solid budget." Hollister has introduced a new zero-dollar DSS budget bill to get the process moving so that the conference committee can meet later next week.

How will the Medicaid budget finally fall out? Sen. Geake says that "it is too early to say, but every line in the budget will be scrutinized." Rep. Hollister suspects that the House-initiated provisions to improve access to health care for Medicaid recipients—by increasing payments to certain physicians, dentists, and home health care providers—will not survive, nor will the pay increase to retain nursing home staff, who are notoriously underpaid, or the 2 percent inflation increase for providers. Presumably, then, the additional \$100 million will be used to maintain current programs and to fund new mandated programs that were inadequately funded before.

FOCUS: NEW OSAS CHIEF

Joan Walker, the new head of the state's Office of Substance Abuse Services (OSAS), got into the field in a roundabout fashion: Her work with children's and family issues taught her that many children needing services came from substance-abusing families.

Besides her strong commitment to children and family issues, Walker likes "jobs that one can get fired up about." She also is excited about the opportunity to work with Donald Reisig, drug agency director for the state: "He is interested in prevention and treatment and brings so many perspectives to the problems," she said.

Walker is taking over an agency that has suffered greatly in recent years from the cutback in state employees (the agency lost almost half of its employees) and from what some would describe as administrative drift and lack of direction. She sees the agency as having "suffered a lot by keeping a low profile. We have done a poor job communicating with the legislature and the field of substance abuse. I'd like to see the agency become more visible and take a more active stance on public policy." Walker is considering giving the legislative liaison position in the department more visibility or hiring



a communications specialist. "We need to make sure our good initiatives, like the Student Assistance Program, receive appropriate attention—prevention and treatment need to become newsworthy items in themselves," she noted.

Among the public policy issues the OSAS will tackle are third-party payment issues—the absence of mandated benefits in self-insurance plans and the limitations being placed upon substance abuse providers by third-party payers. Asked about increasing the taxes on beverage alcohol, she responded that "other things are more pressing, and it doesn't make sense to take on that issue at this time."

Walker's most pressing concerns include maintaining existing good alcohol treatment programs for adults while developing a similar network for adolescents and youths. The task is complicated by the expanding demand for substance abuse services as more state agencies and departments become aware of substance abuse problems and how they affect them; for example, many persons in the custody of the Michigan Department of Corrections need substance abuse services, many children who come to the attention of Protective Services in the Michigan Department of Social Services (MDSS) come from substance-abusing families, and many clients of the Michigan Department of Mental Health need such services. She is concerned that if the OSAS cannot meet the demands, "we'll see parallel systems with different policies being created along with the problems that implies."

No new state funding is likely for substance abuse treatment—the proposed FY 1989-90 budget for the OSAS is essentially a continuation budget. On the contrary, one of the problems in the budget is the replacement of state general fund/general purpose dollars with earmarked federal dollars. "You know that federal money earmarked for cocaine abuse is not going to do anything for the Upper Peninsula, where the primary problem continues to be alcoholism," she observed.

How does she propose to make do with a tight budget? "By being more creative," responds Walker. "Our coordinating agencies have been very creative in working with other agencies." One of the programs she cited is a joint effort among the OSAS, the Office of Child and Youth Services in the MDSS, and the Michigan Department of Public Health (MDPH) to treat substance-abusing mothers identified by Protective Services. The program provides residential treatment for preschool children and their mothers, contains a day treatment option, and provides follow-up care while the MDPH addresses the public health components. In addition, in a cooperative effort with the MDPH to fight AIDS, the OSAS is working on a needle-exchange program and has applied for a \$2 million federal grant.

Walker has a strong clinical background. She has an MSW from Case Western Reserve University and spent several years as a clinician before switching to administrative and public policy work. Prior to coming to the OSAS, Walker spent nine years with the Michigan Federation of Private Child and Family Agencies.

OF INTEREST

The Certificate of Need Commission held its first meeting on June 5. Lisa Hadden (D) and Paul Kehoe (R) were elected chairperson and vice-chairperson, respectively. Diana C. Jones (D) was elected second vice-chairperson; her responsibility is to serve as the commission's liaison to the new State Health Planning Council. William Himmelsbach (R) and William Hoffman (D) declined to be nominated for any commission offices; the two men had undergone the most intense questioning in the Senate confirmation process.

The commission set dates for its work this summer: July 7 is the cutoff date for written public comment on the proposed CON review standards drafted by the commission staff, August 1 and 2 will be spent going over the draft standards and written public comments, and September 26 is the date scheduled for action on the standards. The three days of meetings are to be held in Lansing, but the locations have not yet been announced.

The House and Senate health committees will be working on legislation over the summer.

- The House Committee on Public Health will convene a work group to study HB 4736, the Uniform Health Care Information Act. Also on the committee's agenda are a rewrite of HB 4429, the emergency medical services sunset bill, and the medical waste bills (HBs 4135-4141, HB 4410, and SBs 69-73).
- The Senate Committee on Health Policy will hold public hearings on rural health care and will probably begin work on SBs 469-471, the genetic marker profiling legislation.

— Frances L. Faverman, Editor
Peter Pratt, Health Policy Consultant