



HEALTH POLICY BULLETIN

FOCUS: MICHIGAN
HEALTH INITIATIVE
VS. WAYNE COUNTY
DEFICIT

Senator William Sederburg, chair of the Senate Committee on Health Policy, has introduced and reported out of committee legislation to create a Michigan Health Initiative (MHI) for health promotion and disease prevention programs. The MHI, which would be administered through the Michigan Department of Public Health's Center for Health Promotion (CHP), would be funded by increasing the

21-cent-per-pack cigarette tax to 27 cents and taxing all other tobacco products and tobacco vendors and transporters.

The estimated revenue is \$86.4 million (\$72 million from the cigarette tax and \$14.4 million from the other tobacco taxes), to be divided as follows: \$48 million for the AIDS Treatment Trust Fund, \$32.4 million for other AIDS-related activities, \$6 million for work-site risk reduction, and CHP promotion and prevention programs related to smoking, hypertension, nutrition, weight, fitness, substance abuse, and seat belt use.

Hard on the heels of this proposal are two packages of bills introduced in the House and the Senate that also would raise the cigarette tax but would dedicate most of the revenues to helping Wayne County handle its deficit, which ranges from \$130 million to \$187 million according to whose estimate is being used. The Wayne County proposals would take the \$66 million in new cigarette tax money (the amount of projected revenue varies because different estimates are used) and use \$44 million to create a criminal justice fund, give \$11 million to local health departments for promotion and prevention programs, and dedicate \$11 million to the MHI for a statewide AIDS prevention program. The criminal justice fund would help Wayne County most. Counties would receive appropriations from the fund based on the number of arrests in the county in the previous year; Wayne County has the most arrests and would receive the lion's share of the fund. While these proposals would help reduce the county's deficit, they obviously would not help pay for AIDS treatment, which can be expected to be a significant cost in Wayne County as the number of cases increases.

The Wayne County proposals may be taken up in the House Committee on Taxation before the Christmas recess, but in the Senate, the calendar in the Finance Committee is closed until after the first of the year.

Representative Lynn Jondahl, Chairman of the House Committee on Taxation, said that competition for the proposed revenues is heating up. He pointed out that although "there is a certain logic to increasing the tax and using some of the proceeds for health costs, there will still be a major political battle over how the increased monies would be distributed. Some of it has been spoken for for education." (Sponsors of legislation to help senior citizens pay for prescriptions would also like to tap the cigarette tax increase to the tune of \$20 million.)

FOCUS:
CARE MANAGEMENT
FOR THE ELDERLY

"Quicker but sicker" discharges, changing attitudes toward institutionalization, and the geographic dispersion of families have combined to create a new health care occupation--care manager--and new business opportunities for hospitals, home health agencies, and entrepreneurs. The care manager is usually a social worker whose job it is to coordinate health, personal, and homemaker services for the frail elderly who want to remain in their homes. Only 5 percent of persons over age

65 reside in institutional care settings. Most Michigan care managers are affiliated with eleven demonstration projects run by the Office of Services to the Aging (OSA), but some are in private practice in southeastern Michigan.

According to John Peterson, Director of the OSA Division of Program Development, Advocacy, and Planning, the frail elderly comprise about 5 to 10 percent of Michigan's over-65 population. In fiscal year 1986-87, his division had 2,443 referrals, of which 1,621 persons were eligible for care management services. The state program is characterized by great flexibility; eligibility is determined by the complexity of the problems presented. About one-third of the clients have Alzheimer's disease or disabilities caused by strokes or other conditions.

The state demonstration projects--which are supported by a combination of federal and state monies, client contributions, and in-kind services by volunteers--operate in both urban and rural areas. To date one project has been evaluated; an evaluation of all eleven is due in April 1988. The St. Joseph project results show that care management clients during the 24 months measured had 20 percent fewer inpatient hospital admissions, 9 percent fewer outpatient doctor visits (excluding regular checkups), 44 percent fewer emergency room visits, 9 percent fewer nursing home placements, and 5 percent fewer foster care placements than did the control group. Certainly the early indications are that the program is helping its clients, but Mr. Peterson offered one caveat: he fears "that home care suffers from the wishes and hopes that by some magic, care in the home will be cheaper than in institutions."

OF INTEREST Western Michigan state representatives Kenneth Sikkema and Donald Van Singel are upset about the decision by Blue Cross and Blue Shield of Michigan to cancel the individual Medicare Plus Risk plans offered through three HMOs serving residents of their districts. Representative Sikkema noted the cancellation barely met the sixty-day notice requirement; he expects a subcommittee of Representative Mary Brown's House Insurance Committee to begin investigating the cancellation early this month.

The nation's largest HMO, Kaiser Permanente, is running scared at the prospect of an influx of members having AIDS. The Kaiser service area includes parts of the nation with the greatest prevalence of AIDS: San Francisco; Los Angeles; Washington, D.C.; Dallas; and Westchester County, New York. The HMO estimates that it already has 5 percent of the nation's AIDS patients and fears the cost of caring for them could force it to raise rates to uncompetitive levels just to stay solvent. One option is to require all insurers to help foot the bill through an insurance pool or some other arrangement.

In the legislature in the next 30 days, look for

- the Medicaid budget stalemate to continue. Medicaid payments will likely stop again next week. The budget crisis will probably worsen before the legislature reaches agreement;
- the House Committee on Public Health to hold the certificate of need reform bills until January;
- the Public Health Subcommittee on Nursing Homes to report out the Bullard antidiscrimination and Power preadmission screening bills. Significant changes are likely to occur in both;
- the Senate to act on HB 4452, the vehicle for restructuring Wayne County's Resident County Hospitalization Program, and HB 4435, the physical therapists' scope of practice bill.

--Frances L. Faverman
Editor