



**AREA AGENCIES ON AGING ASSOCIATION OF MICHIGAN**  
**ASSOCIATE MEMBER NEWS**  
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*After a week of complicated budget machinations . . .* the bottom line is this – the FY 2010 state budget has not been approved several days into the new fiscal year. State programs are still alive thanks to a continuation budget that lasts until midnight of October 31. However, the continuation budget does not maintain FY 2009 spending levels, but cuts programs to match the lower FY 2010 agreement.

This is where the Department of Community Health (DCH) budget stands at week's end. A final version of the DCH budget bill – House Bill 4436 – was agreed to by the joint House-Senate Conference Committee after lengthy negotiations, with only one dissenting vote – that of Senator Deb Cherry - who called the cuts it contained too onerous. Then conference committee report was approved by the House of Representatives, despite many emotional protests, with a bare 56 to 52 vote. The report also passed the Senate, 20 to 17. But because the Senate has not given the budget “immediate effect,” it is still sitting on the Senate floor waiting for that approval. (Without immediate effect, the budget cannot be implemented until 90 days after the Legislature adjourns for the calendar year.) When and if the Senate gives the budget immediate effect, it will be sent to Governor Granholm, who can exercise her veto power on the entire bill, or on individual line-items.

While the final version of HB 4436 has not yet been released, this is what is known. The increase in MI Choice survived, with \$17 million more added for total funding of \$176 million next year. Programs funded by the Office of Services to the Aging weren't as fortunate, with a 14% cut overall in state funding for a loss of \$5.3 million.

Here is a breakout of the OSA cuts:

- Care management cut \$1.1 million, affecting 465 seniors
- In-home services cut \$1 million, jeopardizing 1,000 older Michigianians
- Access services cut \$130,000, eliminating 8,000 units of service
- Congregate meals cut \$180,000, wiping out 33,000 meals served to 733 seniors
- Home-delivered meals cut \$1.7 million, cutting 400,000 meals served to 2,600 seniors
- Respite care cut \$530,000, a reduction of 38,000 hours for 215 caregivers
- Retired Senior Volunteer Program cut \$110,000, affecting 500 volunteers who deliver 110, 000 hours of service
- Foster Grandparents cut \$380,000, eliminating 140 foster grandparents who are helping 700 special needs children
- Senior Companions cut \$280,000, eliminating 100 senior companions who are helping 500 frail older adults
- Senior Olympics funding of \$100,000 was eliminated
- a boilerplate item was added (Section 1419) allocating \$120,000 of nutrition funding to the Department of Agriculture for a surplus program

Other items in the DCH conference report that will impact older adults include:

- 8% cuts to some Medicaid providers, with nursing homes and hospitals seeing a 4% cut

- Elimination of some Medicaid optional services including dental, podiatry, hearing aids, eyeglasses and chiropractors
- Slashing over half of the Healthy Michigan Fund, wiping out grants for Alzheimer's information centers and other targeted projects
- Putting mental health medications on the preferred drug list for Medicaid requiring prior authorization (however, a law must be repealed before this can take effect)
- A new boilerplate Section 1783 directing DCH to develop capitation rates so dual eligibles (those on both Medicare and Medicaid) can be enrolled into Medicaid HMOs that also have Medicare Advantage plans
- Estimated savings of \$30 million (up from the Governor's proposed \$8 million) from the implementation of an estate recovery policy for Medicaid recipients receiving nursing home or MI Choice benefits

What's next? The Legislature will reconvene next week to continue working on the 2010 budget. Discussions will include new revenues. House Speaker Andy Dillon said the House will try to restore some of the cuts, and started a supplemental appropriations bill to restore Medicaid optional services, a portion of the cuts to Medicaid providers, and revenue sharing cuts. But to be meaningful the bill needs a funding source; new revenue sources have yet to be decided. One idea on the table is freezing the Earned Income Tax Credit, which benefits many direct care workers with low incomes.

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