

**Michigan Caring Majority Policy Advocacy: Increase Slots
& Funding for the MI Choice Waiver Program** *Written by the
Area Agencies on Aging Association of Michigan and Michigan
Caring Majority*

I. What is the MI Choice Waiver Program? The MI Choice waiver program has used a person-centered approach to care which enables more than 15,000 individuals each year who would otherwise be placed in an institution, to live in the community they call home surrounded by the support of families, friends, and community resources.

To be a participant in the MI Choice Medicaid Waiver program, you must meet both eligibility for community Medicaid and meet a nursing facility level of care as assessed by a dual discipline team made up of a Social Worker and Registered Nurse. Meeting a nursing facility level of care means that an individual's functional needs are so significant that they require the same levels of activities of daily living support as individuals residing in nursing homes.

- The MI Choice Medicaid Waiver is a publicly supported managed care program that is capitated with waiver agents assuming full risk.
- The MI Choice program is cost effective and produces savings of more than 58% over alternative publicly funded long-term care options. These savings can be reinvested in the system to serve more consumers in need.
- MI Choice Medicaid Waiver participants consistently report high satisfaction rates with the program through a third-party evaluator.
- Independent auditors report high clinical and administrative quality assurance reviews of the program year over year.

II. State of Play: A Decrease in Funding to MI Choice for FY 2020 and 2021

As of January 3, 2019, there were 3,013 older adults, adults with disabilities, and the family caregivers that help to support them waiting for access to the MI Choice Waiver program. Governor Whitmer's budget proposes \$343,613,000 for FY 2020 and 2021. This represents a reduction of \$8.3 million dollars, about 2.3% from FY 19 funding levels (\$351,913,900) and more than \$4.1 million less than the appropriation for FY 18. While nationally states spend on average 57% of their Medicaid long-term services and supports funding on home and community-based services programs, Michigan spends only 40% and Governor Whitmer's proposal puts Michigan even further behind of the national average. The reason so many other states choose to rebalance their Medicaid LTSS spending from institutions to home and

community-based services programs is because it saves the state Medicaid dollars while providing a high-quality level of care.

III. Context

We believe that this proposed cut is based upon the perception that the MI Choice waiver program is underspending the dollars appropriated and therefore should be reduced. This simply does not tell the full the story, and I wanted to add some detail for your consideration.

- From FY 17 to FY 18 the MI Choice Waiver program saw an increase of \$25.3 million dollars.
- Over the course of FY 18 waiver agents were able to ramp up serving levels significantly to account for this additional appropriation, and in fact, they were able to spend 97.58% of the total FY 18 appropriation leaving only 2.42% underspent. A pretty remarkable margin considering the total budget was nearly \$352 million dollars.

There are also outside factors that impact the ability of waiver agents to spend 100% of the allocation. For example:

- The MI Choice Waiver program does not hold equal status with Medicaid funded nursing homes. Medicaid nursing home care is an entitlement whereas the less costly home and community-based service option is subject to the annual appropriations process. This means that funding varies year after year and that waiver agents must ramp up or scale back staffing levels based upon their agency's allocation of funding and slots available in the program for participants.
- There are often mid-year adjustments that change the total funding and slot allocation to waiver agents. These adjustments make it difficult for waiver agents to plan for delivery of services and expend all dollars. For example, in January of 2019 the first amendment to the programs funding and allocations was made by MDHHS. This occurred more than 25% of the way into the fiscal year. In this amendment:
 - All waiver agents gained more slots for participants ranging from a 7 slot increase on the lowest end to a 169 slot increase on the highest end.
 - The increased number of slots did not equate to an increase in funding to waiver agents in all cases. Only 6 waiver agents who were awarded new slots saw an increase in their funding, while the remaining 14 waiver agents saw their funding reduced. For example, 1 waiver agent received an increase of 169 slots, and saw their funding go down by \$1,634,395.

- As a result of varying allocations year after year and the unpredictable amendment process, waiver agents must be reactive instead of planful when it comes to budgets, service projections, and staffing ratios to support enrollments and active cases.

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- Another factor impacting spending in the program is linked to the MDHHS Universal Caseload (UCL) initiative. By the start of FY 2019 the project had expanded to 50 of Michigan's 83 counties. Challenges in the pilot and rollout have led to back logs averaging 32% in Universal Caseload Counties as compared to only 4% in non-UCL counties. This backlog means that clients face long delays in getting services which they are entitled to. For the Mi-Choice waiver program which relies on MDHHS to efficiently and accurately process and approve individuals for Medicaid in order for them to access the waiver program, delays and mistakes in processing applications impacted the ability of the program to enroll and serve those in need.
- A final factor that impacts the spending levels is one I am undoubtedly sure that you are familiar with – that is the Direct Care Workforce crisis in Michigan. While this crisis impacts all of Michigan, certain areas are impacted disproportionately, for example rural areas or areas that lack reliable public transportation. This makes finding workers in these areas more difficult and can lead to delays in the start of services which also impacts spending levels.

IV. Policy Advocacy

The Michigan Caring Majority Coalition (which includes the Alzheimer's Association of Michigan, Area Agencies on Aging Association of Michigan, Michigan Protection and Advocacy Service, Inc.) asked for and won a 5% *increase* in funding for the MI Choice Waiver Program from the FY 19 level of funding in the final FY 20 budget signed into law by Governor Whitmer. Representative Mary Whiteford and Senator Peter MacGregor were legislative leaders in getting this passed through the conference committee. It had bipartisan support and will impact many of our most vulnerable older adults and people with disabilities who are seeking the option to receive care in their own home.