



Michigan League FOR Human Services

## Testimony Before the Legislative Commission on Government Efficiency

August 12, 2009

The Michigan League for Human Services is a statewide nonpartisan, nonprofit policy and advocacy group for low-income citizens and children. We have more than 1,500 members from business, labor, human service professions and faith-based organizations as well as concerned citizens from across the state.

As you look for efficiencies in state government, we would encourage you to carefully consider the long range impacts of your recommendations, understanding that cuts and reductions do not necessarily result in efficiencies or long term savings to the state.

In the current economic and budget environments, proposals have been made that may reduce state spending in the short run, but the long range impacts will likely, in many instances, result in higher state spending, not an efficient use of scarce state resources. The current Senate proposals for FY2010 for human services will result in some state services being provided in the most expensive setting possible. A few examples follow; some are from the Senate-passed budgets, others are from the Commission's potential recommendations.

- The Senate-proposed reductions in the Family Independence Program (FIP) grant, currently inadequate to provide basic human needs for a family, will likely result in increased referrals for neglect as families will be placed in even more impossible situations to adequately provide for their children. The state will then take those children and place them in foster care at an increased **daily** cost of \$8 - \$12. This is not efficient. It would be efficient to provide a sufficient grant so that families have the opportunity to provide basic needs for their children. The current FIP grant level of \$492/month for a family of three provides less than \$5.50 per person per day. For a child in foster care, the state pays \$14.24 - \$17.59 per day, depending on the age of the child, about a three fold increase.
- The Senate-proposed elimination of early childhood programs for low-income children, proven to increase school success and reduce the likelihood of poor school outcomes, including dropping out, makes little sense if the state is committed to increasing the educational level of its residents.

- Elimination/reduction of funding for mental health services for non-Medicaid eligible persons is not efficient or cost effective when Corrections evaluations find many of its inmates are in the system due to untreated mental health needs. It is not more efficient to provide these services in the Corrections system, not to mention the resulting negative and costly impacts on the families and communities.
- Increasing Medicaid copays for persons who, by eligibility requirements, have few or no resources is not efficient. While it may reduce some costs in the short run, such a policy will likely increase costs in the long run as missed medications and untreated conditions escalate.
- Elimination of Healthy Michigan Fund programs again may achieve short term savings, but the long range impact will likely include continued poor health status for Michigianians with rankings for chronic treatable diseases and obesity continuing to worsen and costs for treatment continuing to rise.
- We are also concerned about recommendations related to "efficiencies within state departments." With caseloads in the Department of Human Services and the Unemployment insurance system reaching breakpoint levels and no relief in sight, recommendations related to "unleashing the workforce on their ideas and commitment to reducing cost" seem hollow when the requirements of these jobs are currently impossible to fulfill.

These are just a few examples of proposals that we do not believe will provide efficiencies in state services and will result in long term increased costs and potential harm to the states residents. We have attached a number of supporting documents to demonstrate the efficiencies of the above programs, and the potential impacts of reductions or eliminations.

We do believe some of the recommendations will provide efficiencies in the provision of state services and will result in those services being provided in a cost effective manner and setting. Among those recommendations are:

- Expand Federally Qualified Health Centers in underserved areas, providing a cost effective option for low-income residents for basic health services (a cost effective option rather than the hospital ER).
- Expand Medicaid Home and Community Based waiver programming to provide cost effective alternatives to nursing home placements.
- Pursue federal law change to allow additional pharmaceutical rebates for drugs purchased through HMOs.
- Encourage providers to use e-prescribing, electronic medical records, and other information technologies to streamline administration of health care programs.

Thank you for the opportunity to comment on these potential recommendations.