



Michigan League FOR Human Services

August 8, 2011

Dear Members, Michigan House of Representatives:

I am writing on behalf of the Michigan League for Human Services in support of SB 348, the 1 percent health care claims tax, which will provide the revenue needed to fund expenditures in the Department of Community Health appropriations, signed by the Governor on June 21, 2011. These revenues are essential to maintaining the Medicaid program, to provide essential health care services primarily to children, the elderly and those with disabilities.

Approval of the final spending levels in the Department of Community Health budget was predicated on passage of this legislation to provide the revenue to support the expenditures. It is time to complete the budget process, and pass this legislation to provide these assumed revenues.

The current Medicaid Health Maintenance Organization use tax is expected to be phased out by the federal government. The claims tax will provide stable revenue for the Medicaid program, generating at least \$400 million, which when matched with the federal funds, will provide \$1.2 billion of health care services to Michigan's low-income families, seniors and those with disabilities. Passage of the claims tax is critical to sustaining the Medicaid program so that it can provide needed health care services to its recipients and pay health care providers, generating economic activity in the state. Maintaining the Medicaid program is also important to the business community that would likely see steep premium increases if \$1.2 billion in health-related expenditures were removed from the health care system.

The Michigan Legislature has provided \$1.6 billion in tax cuts to business, funded by increased taxes on low-income residents and seniors. Some of those same individuals receive their health care through Medicaid. If the claims tax is not passed and implemented, as much as \$1.2 billion in Medicaid health care services could be at risk through provider reductions or service eliminations. It would be unfair for some of the same low-income families or seniors who will experience tax increases to also lose providers or services under Medicaid.

I urge you to preserve the Medicaid program as was done in the expenditure portion of the budget by providing the necessary revenue to support the expenditures, and to approve SB348. It is also important to remember that the claims tax will provide the matching funds to bring in about \$800 million federal dollars.

Thank you in advance for your support of the Medicaid program.

Warmest Regards,

A handwritten signature in black ink that reads "Gilda Z. Jacobs".

Gilda Z. Jacobs
President and CEO