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LeadingAge Michigan is the only statewide trade association that represents the entire array of not for profit long term services and supports in Michigan. As such, we oppose the proposed reductions to the Long Term Care Supports and Services line that will negatively impact the many consumers we serve.

The Fiscal 2021 budget will reduce rates to Michigan nursing homes by more than \$80 million in gross funding. Although the savings for Michigan is \$30 million, the loss of an additional \$50 million in federal funds will exacerbate our workforce challenges and, ultimately, the consumers we serve. Additionally, Michigan's nursing home rate is the basis for the Medicaid PACE payments in Michigan; cutting rates in nursing homes will automatically impact PACE rates, which in some areas – especially Wayne County – are already underfunded and impact provider ability to serve.

This budget plan for huge savings in advance of development of a new reimbursement methodology by October 1, 2020 is premature and arbitrary. Dismantling a reimbursement system without adequate time and testing to measure both intended and unintended consequences is likely to lead to disastrous results. The amount of proposed savings that could be generated by October 1, 2020 is completely unfeasible. Any changes to the methodology should be developed and tested in several different types of facilities, and implemented over a several year time frame.

Sadly, we continue to lack a comprehensive system to serve Michigan's seniors and well-meaning policy makers continue to tinker with the program structure and reimbursement methodology in an attempt to improve them. As a result, Michigan is cluttered with an array of competing, conflicting and, at times, overlapping programs. MI Health Link, originally designed to address many of these issues, has also fallen far short of meeting consumer needs effectively.

LeadingAge Michigan would like to call attention to numerous studies that identify a need to address the overall system of long term services and supports in Michigan. The MI Health Link Evaluation Report (2018) completed by the Center for Health and Research Transformation delineates many of our system frailties and access variation across the state. Budget cuts arbitrarily applied to nursing homes in this environment unfortunately will also impact access to other programs since these reimbursement methodologies are linked.

In short –

- The continued focus on LTSS program cuts causes concern about Michigan’s commitment to serve our seniors
- The lack of a comprehensive plan for senior care issues outside of the failed MI Health Link program perpetuates gaps in service
- A thorough review of the impact and potential unintended consequences of a new methodology should be taken before determining any savings from the program

Most importantly, this proposal ignores the financial and regulatory pressures that nursing facilities and other LTSS programs experience – where many communities currently cannot afford to provide a competitive wage to direct care workers and other staff. Considering these issues and adding the current level of pandemic insecurity, this is definitely not the time to introduce nursing home or other LTSS program cuts!

Respectfully,



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