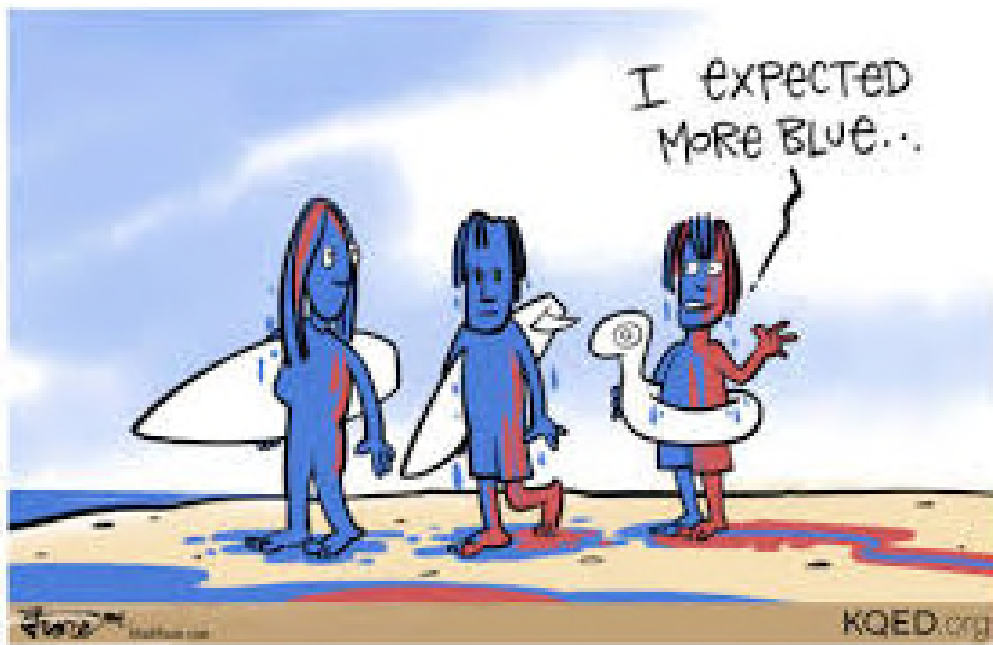




**Looking Back, Looking
Forward and How to Make
Sense of it All**

Looking Back on the 2018 Election - Blue Wave?



Was the 2018 Election a Blue Wave?

- ▶ History was on the Democrats side in 2018
 - ▶ Traditionally president's party generally loses ground in midterm elections. In midterms since 1902, the president's party has averaged losses of about 32 seats in the House and more than 2 seats in the Senate
 - ▶ 1998, President Bill Clinton was +5 (approval rating of 66%)
 - ▶ 2002, George W Bush was +6 (approval rating of 63%)
- ▶ So far... the Democrats picked up 33 seats in the House (could pick up as many as 40)
 - ▶ Needed 23 to flip control from Republicans to Democrats
 - ▶ Most seats picked up by Democrats in the House since Watergate (1974)
- ▶ Flipped 7 Governors seats from Republican to Democrat, including MI, WI, KS
- ▶ Republicans retain majority in US Senate (R will have 52-53 seats)
 - ▶ Republicans picked up ND, IN, MO, FL?? / Democrats picked up AZ, NV

What Happened in Michigan?



2018 Election - What Happened in Michigan

- ▶ Democrats flipped ALL state constitutional officers (first time since 1938 one party flipped all statewide offices in a single election)
 - ▶ Governor - Gretchen Whitmer (D)
 - ▶ Lt. Governor - Gartin Gilchrist (D)
 - ▶ Secretary of State - Jocelyn Benson (D)
 - ▶ Attorney General - Dana Nessel (D)
- ▶ Democrats picked up 5 seats in each legislative chamber
 - ▶ Republicans retained their majority in the State House of Representatives by a margin of 58 - 52 (currently the margin is 67 - 43).
 - ▶ Republicans retained their majority in the State Senate by a margin of 22 - 16 (currently the margin is 27 - 11).
- ▶ All three ballot proposals were approved by voters.
- ▶ U.S. Senator Debbie Stabenow won re-election.
- ▶ Democrats picked up 2 Congressional seats
 - ▶ Democrats Elissa Slotkin (D-8th) and Haley Stevens (D-11th) won their congressional races flipping two seats previously held by Republicans.
- ▶ Democrats have won majorities on all statewide elected education boards, including the State Board of Education.

Michigan Election - Fun Facts...

- ▶ First time in 16 years the Governor in Michigan will have legislative experience.
 - ▶ Rick Snyder (R) - private sector (2010 - 2018)
 - ▶ Jennifer Granholm (D) - Attorney General (2002 - 2010)
- ▶ Of the 80 incoming Republican legislators (58 House + 22 Senate), **ONLY 5** have worked with a Democrat Governor...
 - ▶ 0 House members
 - ▶ 5 Senators - Ruth Johnson, Jim Stamas, Wayne Schmidt, Kevin Daley, and Ken Horn
- ▶ Michigan Senate returns 8 of 38 Senators (30 new / 79%)
- ▶ Michigan House of Representatives returns 64 of 110 members (46 new / 42%)

2019 Michigan Legislative Leaders

On Thursday, November 8 the 2019-2020 incoming legislators held their caucus leadership elections. Below is a list of the incoming leadership teams.

▶ 2019-2020 Caucus Leadership Teams Selected

Senate Republicans

- ▶ Majority Leader: Senator Mike Shirkey
- ▶ Majority Floor Leader: Senator Peter MacGregor
- ▶ Appropriations Chairman: Senator Jim Stamas (appointed not elected)

House Republicans

- ▶ Speaker of the House: Rep. Lee Chatfield (R-Levering)
- ▶ Majority Floor Leader: Rep. Triston Cole (R-Mancelona)
- ▶ Speaker Pro-Tempore: Rep. Jason Wentworth (R-Farwell)

2019 Michigan Legislative Leaders, cont.

Senate Democrats

- ▶ Senate Minority Leader: Jim Ananich
- ▶ Senate Minority Floor Leader: Stephanie Chang
- ▶ Minority Vice Chair, Appropriations Committee: Curtis Hertel

House Democrats

- ▶ House Minority Leader: Christine Greig
 - ▶ House Minority Floor Leader: Yousef Rabhi
- ▶ Committee assignments will not be announced until late January/early February.

Looking Forward to Lame Duck Session



Lame Duck Session

- ▶ What is Lame Duck session? Whenever one Legislature meets after its successor is elected, but before the successor's term begins.
 - ▶ 2018 Lame Duck session will run from November 27 - December 20 (4 weeks / 12 session days)
- ▶ Not a lot of time left to get bills passed




- ▶ 4000-5000 bills introduced in a 2-year legislative session.



Lame Duck Session

Why lame duck is so dangerous

- ▶ Legislators last shot - any that doesn't pass **MUST** start all over again, even if it passed one chamber...
- ▶ Horse trading (of priorities) - I'll give you this for that...
- ▶ Legislative process in fast forward 
 - ▶ Condensed timeframe so things move quickly, in many cases little if any public participation of legislation (committee / public meetings)
 - ▶ Bills do not have to go through the committee process, can get referred right to House or Senate floor.
 - ▶ Three most important numbers 56, 20 , & 1 (votes needed to pass a bill)
 - ▶ Article IV, section 26 on Michigan Constitution states: No bill shall be passed or become a law at any regular session of the legislature until it has been printed or reproduced and in the possession of each house for at least five days.
- ▶ A bill's intent can be completely changed in lame duck as long as it still amends the same section of law...





Nothing good ever happens after
midnight.

— *Bo Schembechler* —

AZ QUOTES

Recent Lame Duck Changes

- ▶ Recent Lame Duck votes
 - ▶ 2012 - Right to Work
 - ▶ 2012 - New Emergency Manager Bill
 - ▶ 2014 - Road Funding (\$1.2 billion funding package)

- ▶ 2016 - attempted to eliminate School & Public Sector employee pension and benefits



Lame Duck Session

- ▶ Possible lame duck issues
 - ▶ FY19 supplemental budget
 - ▶ Republicans looking for ways to tie Governor's hand with spending State Budget Surplus fund
 - ▶ Minimum Wage & Sick Time changes (from legislation passed in September)
 - ▶ Auto No-Fault reform
 - ▶ School Safety Grants - \$30 million in FY19 budget
 - ▶ Implementation bills for proposals 1-3?



Lame Duck Session

- ▶ What we are going to FIGHT FOR:
- ▶ Direct Care Wage - Minimum Wage Funding
 - ▶ .50 cent wage increase for direct care workers is in the FY19 budget recommendation (.50 cent increase cost \$64 million gross).
 - ▶ The Michigan Legislature passed the minimum wage increase on September 5, 2018 (to preempt the proposed ballot initiative). As a result, the state's minimum wage will increase to \$10.00 per hour on March 1, 2019 and increase to \$12/hour by 2022.
- ▶ Legislative leaders have indicated a desire to come back after the election and amend this, but what does that mean?
- ▶ We are asking the legislature when they come back to recognize there is a Medicaid cost to that wage increase.
 - ▶ .75 cent increase = \$33 million GF increase/\$100 million gross increase.
 - ▶ Coalition goal is \$2 above minimum wage as a base salary for all direct care workers.



Lame Duck Session - Direct Care Staff Wages

POSITION STATEMENT: Increased Wages for Direct Care Workers

- ▶ Direct care workers provide crucial personal care services and/or community living supports to people with disabilities in both licensed and non-licensed residential settings. These services and supports enable people With disabilities to work, attend school and fully engage with their communities.
- ▶ Direct care workers receive wages which are clearly inadequate. Based upon recent survey data, their average starting wage state-wide is \$10.46 per hour. By comparison, retail companies and fast-food restaurants generally offer a starting wage of \$11 - \$14 per hour.
- ▶ As a result of low-pay, often coupled with a lack of benefits, a staffing crisis exists, which prevents people with disabilities from living the lives they envision.
- ▶ This is both an economic and a moral issue.
 - ▶ 2016 DHHS budget included the section 1009 report which recommended the following:
 - ▶ "The Michigan Legislature and Governor need to make additional investments into all the named Medicaid Covered supports and services to assure that: Direct support staff earn a starting wage of at least \$2.00 per hour above the state's minimum wage. These investments and the starting wage rate should increase as the state's minimum wage increases."
- ▶ Legislators have been supportive, but we will see once it is compared to other priorities

Long Term Challenges Direct Care Issue

- ▶ 1. Very costly to increase wages (for state and employers)
- ▶ 2. average starting wage state-wide is \$10.46 per hour. By comparison, retail companies and fast-food restaurants generally offer a starting wage of \$11 - \$14 per hour.
 - ▶ Increase wages only first step
- ▶ 3. No career path for direct care workers - need to look into certification process (Certified Nurses Assistants)
 - ▶ View direct care as a profession



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Lame Duck Session

- ▶ What we are going to FIGHT AGAINST:
- ▶ Rumors are swirling that MAHP will attempt to make changes to the Mental Health code or Social Welfare Act that could be damaging to our members and the people they serve during the lame duck session.
 - ▶ Removing the connection between CMHs to counties
 - ▶ Limiting/reducing the recipient rights process
 - ▶ Removing potential future barriers that could prohibit a total carve-in.
 - ▶ Language like 298 section 2(e).



Next Steps / Follow up

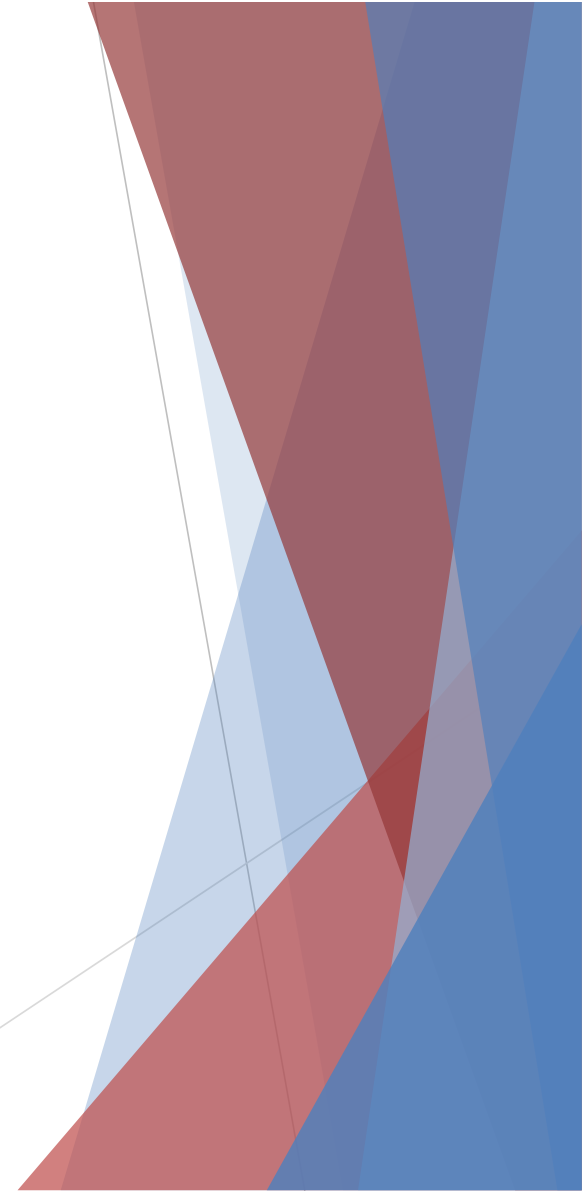
- ▶ Lame duck session - WHAT CAN I DO TO HELP?
 - ▶ Educate those running for office and those who win in November.
 - ▶ Invite them to learn more about your programs and issues.
 - ▶ Remember to be a resource.
 - ▶ ***Look out for ACTION ALERTS & be prepared to ADVOCATE!***



Local Efforts strengthen our work in
Lansing



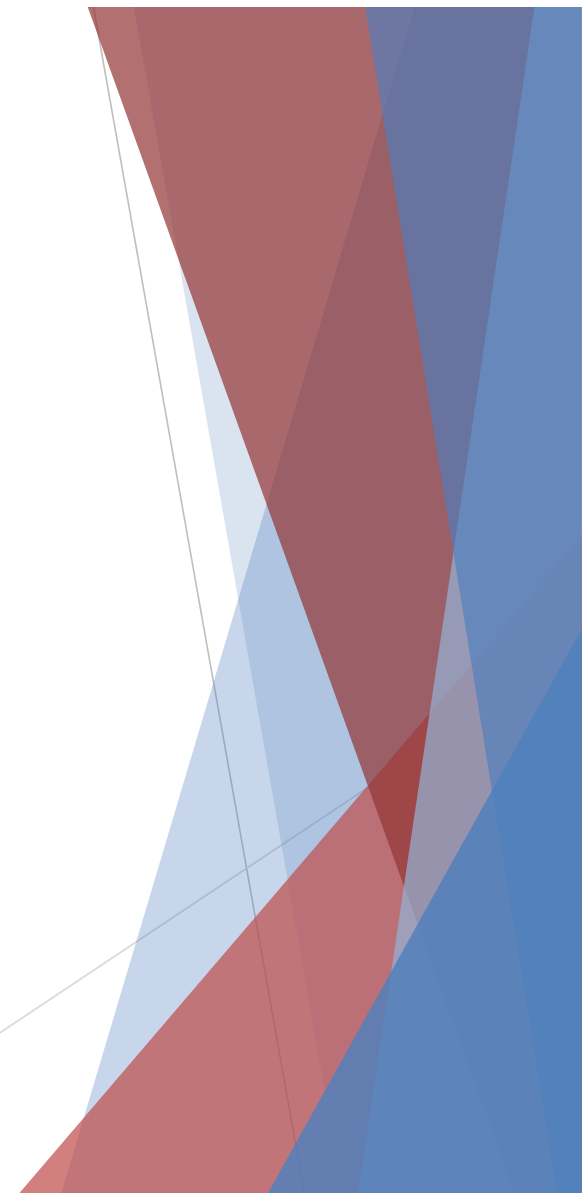
Biggest Challenge Moving Forward - Legislative Learning Curve



Key Pillars for public mental health system



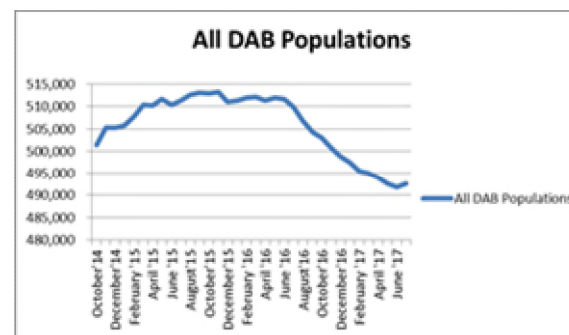
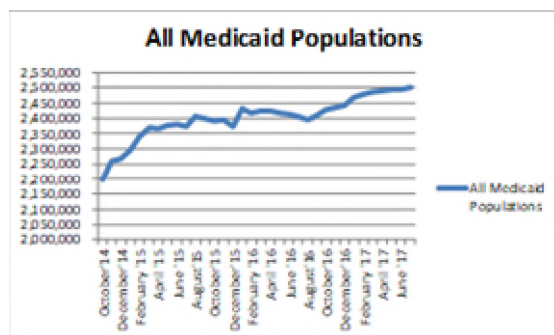
Another BIG Challenge - Budget Issues/Medicaid Underfunding



Budget Issues/Medicaid Underfunding

Budget impact due to Medicaid enrollment shift - Shift of DAB Population

- ▶ Since FY16 our members have seen a significant shift in Medicaid enrollment involving individuals identified as Disabled, Aged, and Blind (DAB) moving to Healthy Michigan Plan (HMP) & Temporary Assistance for Needy Families (TANF) programs. Our members conducted a study that showed nearly 42,000 individuals in FY16 & FY17 categorized as a DAB and are now categorized as HMP or TANF, which has resulted in nearly \$100 million in lost revenue to our PIHP system.
- ▶ The base rate amount for a DAB enrollee payment is \$266.90, which includes state plan (\$135.84) & 1915 (b)(3) (\$131.06) (x age & gender x geographic region). The base rate for a Healthy Michigan enrollee is \$29, while each TANF enrollees is \$15.28.



Budget Issues/Medicaid Underfunding

Legislative Outcome of Enrollment (DAB) Shift

- ▶ We received \$60 million FY18 Legislative Transfer for Q4 to help close the FY16, FY17, & FY18 gaps.
- ▶ Section 1696 NEW Language - Traditional Medicaid to HMP Migration Restriction - It is the intent of the legislature that, beginning in the fiscal year beginning October 1, 2019, if an applicant for Medicaid coverage through the Healthy Michigan Plan received medical coverage in the previous fiscal year through traditional Medicaid, and is still eligible for coverage through traditional Medicaid, the applicant is not eligible to receive coverage through the Healthy Michigan Plan.

Budget Shortfalls not just a DAB issue - other Medicaid factors

- ▶ This spring at a Medicaid Ratesetting meeting, Milliman distributed their analysis of the FY 17 Financial Status Reports (FSRs) for the PIHPs. This analysis was done, at the request of the Medicaid Ratesetting Group, to determine the extent of the revenue problem that was being identified by the PIHPs and this association. As expected, it reflects a **systemic funding problem with statewide deficit of over \$133 million**. It is this deficit, the resulting erosion in risk reserves and the fact that the causes of this deficit are continuing into the current fiscal year, FY 2018, that is causing fiscal and client services difficulties across the state.

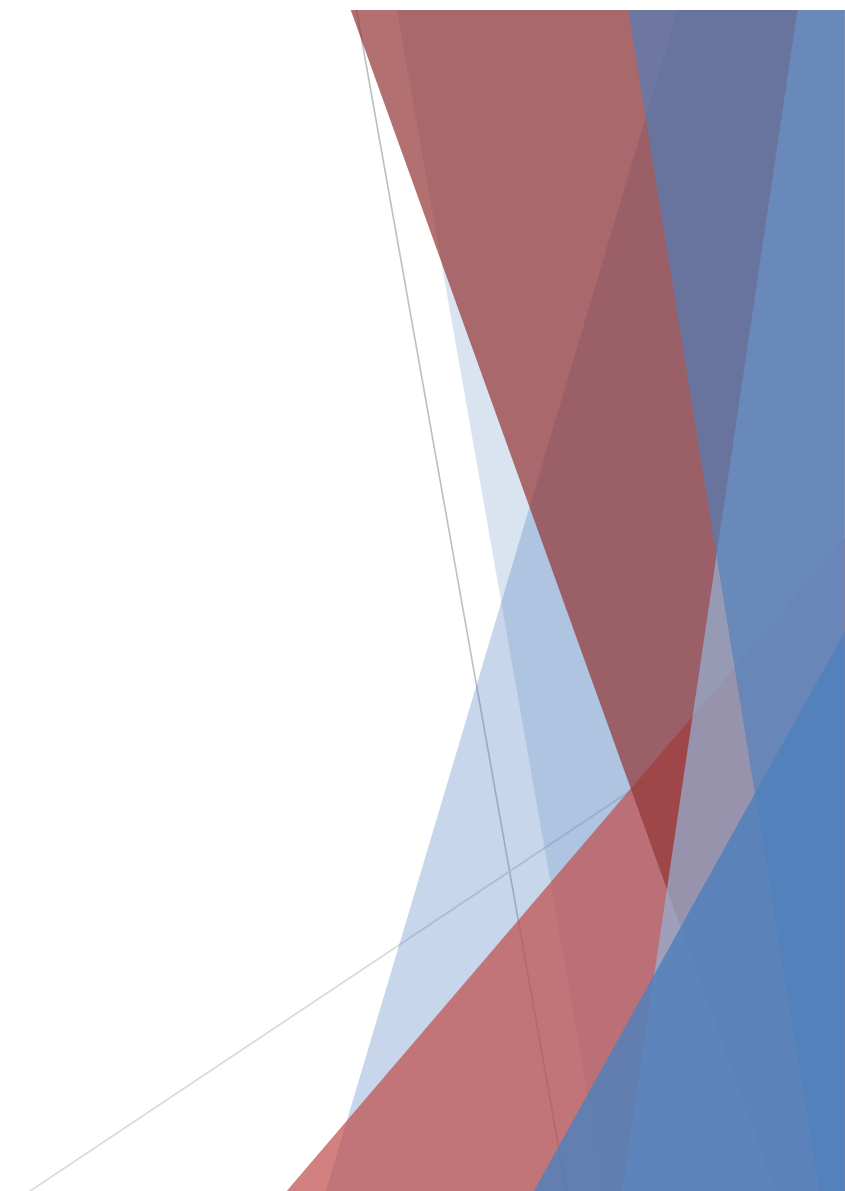
Medicaid Funding Issues Moving Forward

- ▶ **Community expectations and State requirements continue to grow.**
 - ▶ Increased requirements for independent living settings (HCBS)
 - ▶ more jail diversion and reentry requirements
 - ▶ housing and crisis stabilization programs
- ▶ **Insufficient Medicaid funding.**
 - ▶ Medicaid enrollment shifts (DAB issue)
 - ▶ 2-year look back for rates(does not allow for real time adjustments)
 - ▶ staffing costs continue to rise (minimum wage increases)
 - ▶ insufficient rates for both Healthy Michigan and autism have lead to an erosion of the Medicaid benefit in some areas.
- ▶ **Failure to fund federally required contributions to PIHP/CMH risk reserves.**
 - ▶ ISF Contribution - Late in the budget process we recommended to include, in the FY 19 Medicaid rates paid to PIHPs, revenue to support reasonable contributions, by the PIHPs, to their ISFs, as is done with any at-risk health plan.
 - ▶ Recent Medicaid rate certification letter indicates (for the first time in a certification letter) that a portion of the administrative costs provided to the PIHPs is intended for a risk margin, the amount (0.75% for DAB, the largest component of the PIHP's revenue), this level of risk margin is far too low given the 7.5% risk corridor. If the ISF were never used, it would take a PIHP ten years to fund the 7.5% needed to share risk with the state.



1+1=3

Making Sense of it All?

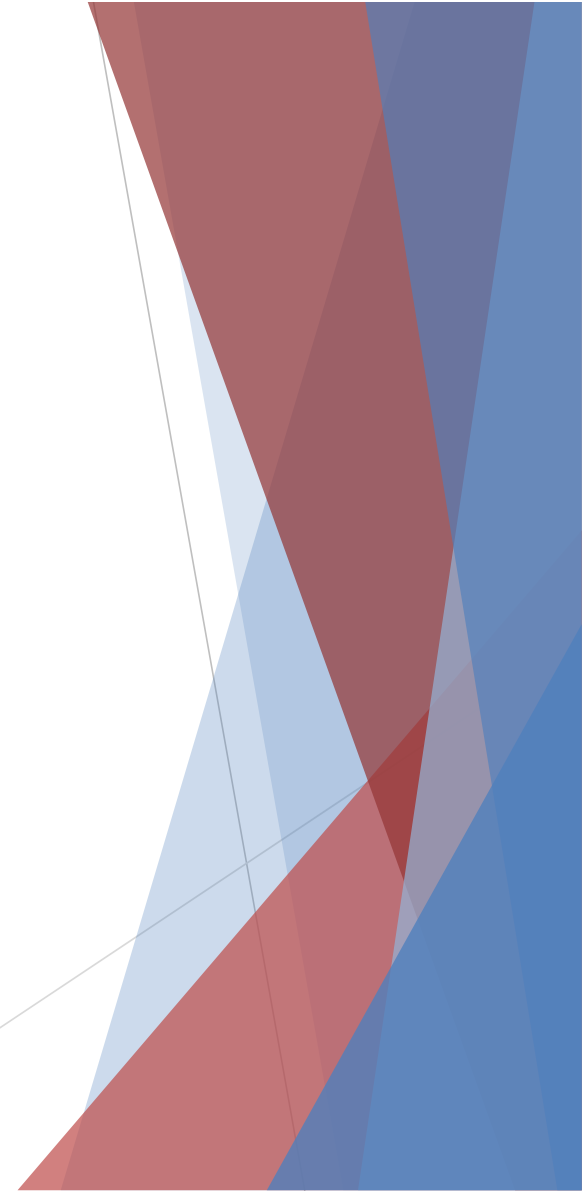


What does the Future Hold?

- ▶ We would expect to see more of a deliberative (slower) process in Lansing.
 - ▶ Budget process should slow down
 - ▶ Completed in June? Governor Snyder and Republican legislature completed all 8 budgets in June.
 - ▶ Return to Granholm vs Republican budget process? State budget process not completed until deadline
- ▶ Section 298 - what will Governor Whitmer do?
 - ▶ Regardless of 298 direction expect change
 - ▶ Too much \$\$ at stake and involved
 - ▶ National movement/trends in health care
 - ▶ In 2020 the Medicaid Health Plan managed care contract can be revised
 - ▶ Signed in 2015 - 5-year contract w/ three 1-year extensions available.

What does the Future Hold?

- ▶ Governor - Elect Whitmer's To-Do-List (in the next 60-100 days)
 - ▶ Hire executive office staff
 - ▶ Appoint cabinet members (Department Directors)
 - ▶ Write an Inaugural Address
 - ▶ Write a state of the state speech
 - ▶ Write/develop FY20 state budget



Useful Information to stay informed

- ▶ **Michigan Votes** - plain language descriptions of every bill, amendment, and vote that takes place in the Michigan legislature.
 - ▶ www.michiganvotes.org
- ▶ **Michigan Legislature** - copies of the bills, find the status, summaries, etc.
 - ▶ www.legislature.mi.gov
- ▶ **Michigan House of Representatives & Michigan Senate** - find legislative contact information, committee and session calendars, and you can watch committees and session live.
 - ▶ www.house.michigan.gov
 - ▶ www.senate.michigan.gov

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