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Michigan Long-Term Care Supports and Services Advisory Commission  
Meeting of November 24, 2008  
Lansing, MI

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*No written testimony*

# Michigan's Long Term Care Connections

- Access to Services
- Informed Choice
- Consumer Control

Office of Long Term Care Supports & Services  
Michigan Department of Community Health



## Compliance with Public Act 634

### Legal separation

- Review of law, contracts, articles of incorporation & other relevant documents by DCH Legal Affairs
- All four sites determined to be free from legal & financial conflicts of interest with providers of Medicaid services

## Governing Boards

- ...membership represents the cultural diversity of the community/ geographic area it represents.
- providers of direct service to consumers may not be members, nor may individual members have a moneyed interest in the LTCC.
- has significant (at a minimum 1/3) primary & secondary consumer representation & may not include greater than one-third representation by any one stakeholder entity or type of entity (e.g. DHS, CIL, AAA).
- is solely responsible for the operation & effectiveness of the LTCC

## Governing Boards

Site	Total Members	Consumer Members	# Meetings FY 2008
Detroit	16	3 primary 5 secondary	10
Southwest	10	2 primary 4 secondary	7
Upper Peninsula	8	2 primary 2 secondary	6
West	8	2 primary 4 secondary	7

## Consumer Advisory Boards

- The LTCC includes a Consumer Advisory Board (CAB) within the organization.
- The CAB chairperson is a primary or secondary consumer.
- At least 50% of CAB is primary &/or secondary consumers.
  - primary consumer is someone who currently receives long-term care services.
  - secondary consumer is someone who currently or within the previous three (3) years acts (acted) as a caregiver to a person using long term care services.

## Consumer Advisory Boards

- Providers may not represent more than one-quarter (25%) of the CAB.
- The role is to provide direct input to the Governing Board about pertinent regional issues, capacity, agency performance, quality management, the consumer experience, & unmet consumer needs.
- The LTCC, working in consultation with the CAB, develops & implements written LTCC operating policies and procedures.
- Some CAB volunteers participate in conducting I&A surveys

## Consumer Advisory Boards

Site	Total Members	Consumer Members	# Meetings FY 2008
Detroit	28	8 primary 6 secondary	9
Southwest	13	4 primary 4 secondary	6
Upper Peninsula	12	7 primary 3 secondary	5
West	10	4 primary 1 secondary	9

## Compliance with Public Act 634

### Independent Evaluations

- Cost benefit analysis conducted by Health Management Associates
- Process evaluation conducted by Michigan Public Health Institute
- On schedule for Dec. 2008 preliminary, April 2009 final report

## SPE Expenditures & Contracts

	FY '08 Expenditures	FY'09 Contracts
➤ DWCLTCC =	\$4,664,378	\$4,988,856
➤ SWLTCC =	\$2,277,654	\$3,175,000
➤ WMLTCC =	\$2,100,000	\$2,825,000
➤ UPCAP =	<u>\$1,813,546</u>	<u>\$2,744,600</u>
➤ Subtotal =	\$10,975,545	\$13,733,456
➤ Independent Evals =	\$138,385	\$466,414
➤ Service Point =	\$359,736	0
➤ Subtotal =	<u>\$498,121</u>	<u>\$466,414</u>
➤ <b>Grand Total =</b>	<b>\$11,473,666</b>	<b>\$14,199,414</b>

## ***SPE Activities: FY '08***

<b>Activity</b>	<b>10/1/2007-9/30/2008</b>
Information & Assistance	34,633
Options Counseling Cases Opened	6,945
Assist transitions from NF residence to community	Opened NFTs = 644 Transitioned = 170 Continuing NFTs = 474
Level of Care Determinations	11,170
Resource Data Base	7,751

## Information & Assistance Survey Results FY'08 (N=801-928)

- Received Information I wanted 88%
- Understood information received 94%
- Person treated me with respect 99%
- The information I received gave me choices 82%
- I used the information I received to make decisions 87%
- Received accurate information 90%

## Option Counselor Survey results: FY' 2008 (N=134)

- My Options Counselor listens carefully to what I want 99%
- My Options Counselor helped me understand my care options 96%
- My Options Counselor presents me with a range of choices 92%
- My Options Counselor helped me develop a plan for my care. 87%
- The Options Counselor helped me take steps to carry out my plan. 91%

## Hospital Requirements

- LTCC contact is made within 24 hours for consumers who receive notice that hospital discharge will occur within 72 hours
- Total # of people transferred from hospital to LTC settings through LTCCs & the average length of time for placement in the LTC setting
  - # of consumers who were in a hospital
  - # of consumers who transferred from a hospital to a LTC living arrangement
  - Amount of time placement took from a hospital to a LTC living arrangement
  - Preliminary LTC Plan is developed

## Hospital Cases N = 123 October 2007- September 2008

- Hospital cases with Option Counseling services = 72 (59%)
- Hospital cases with LOC= 118 (96%)
  
- Timeliness: Date of Contact to Preliminary Support Plan
  - Same Day = 32 (26%)
  - Within 1 Day = 31 (25%)
  - 2-3 Days = 16 (13%)
  - 4-10 Days = 5 (4%)
  - > 10 days = 0 (0%)
  - Missing/No data = 39 (32%)

## Was consumer LOC Eligible?

- Yes = 116 (94%)
- No = 1 (.8%)
- With LOCD but no information on whether the consumer was determined LOC eligible= 1 (.8%)
- No LOCD = 5 (4%)

## LTC Program after Hospitalization N = 123

- HCBS = 2 (1.6%)
- Home Help = 1 (.8%)
- Nursing Facility = 62 (50%)
- None/Informal Supports = 34 (28%)
- No information= 24 (20%)

## Urgent & Emergent Requirements

- **Perform an initial evaluation & develop a preliminary LTC support plan within 24 hours after contact is made for consumers who are in urgent or emergent situations**
- **Urgent & emergent situations are defined as requests that identify a LTC need or service situation that requires immediate attention**

## Total Emergent Cases N = 216

Contact to preliminary support plan

- Same Day = 61 (16%)
- Within One Day = 137 (36%)
- 2-3 Days = 64 (17%)
- 4-10 Days 49 (13%)
- > 10 Days = 23 (6%)
- Missing/No data = 44 (12%)

# Compliance with Public Act 634

## SPE administrative rules:

The office promulgates administrative rules no later than 270 days following submission of independent evaluation to legislature

- Initial SPE definitions & standards drafted, mid 2007
- Review & update definitions & standards, fall 2008
- Flow chart consumer through LTCC service system, fall 2008 to
  - Confirm actual LTCC field practice
  - Identify strengths, weaknesses & barriers in system
  - Identify common site practices & site differences
  - Compare actual practice to draft definitions & standards

# Compliance with Public Act 634

## **SPE Field Staff hired Nov, 2008**

- Attend Governing Board & Consumer Advisory Meetings
- Observe, evaluate & verify LTCC work to requirements
- Develop review criteria used to monitor & evaluate performance
- Conduct on site financial accountability reviews of SPE expenditures
- Compile comprehensive administrative rules following review of the independent evaluations, continued funding decision by legislature

## Quality Management

- Quality in Human Services is defined as meeting and/or exceeding consumer expectations
- Quality in Michigan's LTC System is an individual experience
- Success is defined as meeting the needs of those we serve

## Contact Information

Pamela McNab, Manager

- (517) 241-4031
- [mcnabp@michigan.gov](mailto:mcnabp@michigan.gov)

Erin Atchue, SPE Field Representative

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Scott Fitton, SPE Field Representative

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OLTCSS Evaluation & Quality Improvement Section

# Tax Revenue and a Graduated Income Tax

Michigan Long-Term Care  
Supports & Services Advisory  
Commission

Scott Darragh, Economist  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury  
November 24, 2008

## Disclaimer

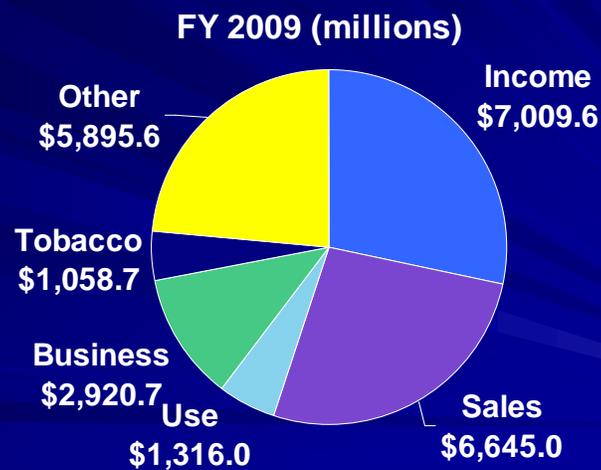
- Any opinions expressed today should be viewed as strictly my own, and may not represent the views of the State Treasurer or the Michigan Department of Treasury.

## How long should this take?

“In terms of timetables, as quickly as possible – whatever that means.”

- George W. Bush, March 16, 2005; on the President’s time frame for shoring up Social Security.

## Michigan’s Tax System



Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury

## School Aid Fund Revenues Grow While GF-GP Revenues Fall



FY 2008 and FY 2009 figures are the May 2008 Consensus estimates.

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury, 6/2/08

## It's a New World Out There

- In 1972, 45.7% of consumption was on services
- In 1986, 11.3% of AGI went to the top 1%
- In 1972, 1.3% of AGI on taxable returns was made up of retirement income (federal)
- In 2007, 59.7% of consumption was on services
- In 2006, 22.1% of AGI went to the top 1%, and 11.2% went to the top 0.1%
- In 2006, 5.8% of AGI on taxable returns was made up of retirement income (federal)
- Michigan AGI for 2006 was \$272.45 billion, so retirement income may represent a \$700 million tax exemption

Sources: U.S. Bureau of Economic Analysis and IRS Statistics of Income.

## Revenue System Does Not Grow with the Economy

- Michigan's two principal sources of tax revenue fail to keep up with changes in the economy.
- The sales tax excludes most services from the tax base.
- The income tax excludes most retirement income and the flat rate limits revenue growth when income gains are concentrated, relative to other states.

## Michigan's Income Tax

- Michigan currently levies a flat-rate income tax at 4.35% on taxable income.
- Most retirement benefits are excluded.
- The rate of 4.35% is the fourth lowest top rate among the 41 states with a broad income tax.
- For FY 2006, Michigan had one of the lowest income tax burdens in the nation as percent of personal income (37<sup>th</sup>) or per person (35<sup>th</sup>).
- Rate reductions scheduled to begin in 2011 make additional changes likely.

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury

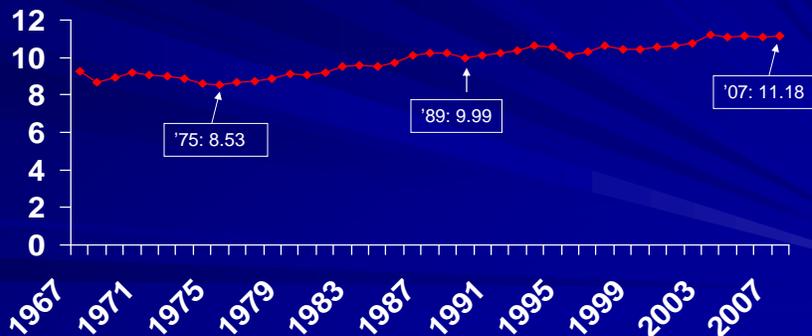
## Graduated Tax Rates

- Article IX, Section 7 of the Michigan Constitution prohibits a graduated-rate structure.
- Graduated tax rates make the tax more progressive and responsive to income growth.
- Three previous attempts to allow graduated tax rates have failed.
  - 1968 – Yes 23.3%
  - 1972 – Yes 31.3%
  - 1976 – Yes 27.8%

Source: House Fiscal Agency

## Income Distribution is Less Even

### Ratio of Income - 90th/10th Percentiles



Source: U.S. Census Bureau

## How Do Graduated Rates Work?

- The tax rate on additional income increases as income increases.
- Compared to a flat-rate structure that raises the same amount of revenue, the tax is concentrated among those with higher incomes.
- Consider a sample structure.
  - Three rates: 2%, 5%, and 8%
  - Income brackets: \$0-\$10,000, \$10,000-\$25,000, and >\$25,000

## How Graduated Rates Work (cont.)

- Taxpayer 1 with taxable income of \$20,000.
  - Tax =  $\$10,000 \times 0.02 + (\$20,000 - \$10,000) \times 0.05 = \$200 + \$500 = \$700$
  - Average tax rate = 3.5%
- Taxpayer 2 with taxable income of \$250,000
  - Tax =  $\$10,000 \times 0.02 + (\$25,000 - \$10,000) \times 0.05 + (\$250,000 - \$25,000) \times 0.08 = \$200 + \$750 + \$18,000 = \$18,950$
  - Average tax rate = 7.58%

## Revenue Neutral Option

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>■ Single taxable income<ul style="list-style-type: none"><li>– \$1-\$13,000 – 2.9%</li><li>– \$13,001-\$26,000 – 3.9%</li><li>– \$26,001-\$39,000 – 4.9%</li><li>– &gt;\$39,000 – 5.9%</li></ul></li><li>■ Breakeven with current tax = \$50,322 in taxable income</li></ul> | <ul style="list-style-type: none"><li>■ Married taxable income<ul style="list-style-type: none"><li>– \$1-\$26,000 – 2.9%</li><li>– \$26,001-\$52,000 – 3.9%</li><li>– \$52,001-\$78,000 – 4.9%</li><li>– &gt;\$78,000 – 5.9%</li></ul></li><li>■ Breakeven with current tax = \$100,644 in taxable income</li></ul> |
|--|--|

## Tax Distribution for Proposal

- The income tax burden would rise for 12% of singles, 19% of married couples, and 21% of filers who are married but filing a separate return.
- Of the remainder, almost all receive a tax cut with a small number facing no change.
- Overall, 85% of filers with positive taxable income would receive a tax cut while 15% would face a tax increase.

## Would this Proposal Help Michigan's Fiscal Problems?

- Raise equivalent revenues to the current tax.
- Revenues would grow more rapidly, assuming income growth continues to be concentrated in higher income groups.
- Reduce the overall tax burden in Michigan by concentrating the income tax on taxpayers who are:
  - More likely to itemized their federal deductions; and
  - In higher federal income tax brackets (deductions become more valuable).

## What if the Goal is to Raise Revenue?

- As an example, consider the rate structure in Kansas.
- For singles, 3.5% on taxable income up to \$15,000; 6.25% on taxable income between \$15,000 and \$30,000; and 6.45% on taxable income over \$30,000.
- Brackets are twice as wide for married couples.
- Income tax collections per person in Kansas are approximately \$170 more than in Michigan, after adjusting for the 2007 temporary rate increase.
- Kansas ranks 20<sup>th</sup> nationally in income tax per person.
- An increase of \$170 per person would represent approximately \$1.7 billion, approximately the same as an increase in the current tax rate to 5.35%.

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury

# What if I Misspoke?

I will have good company.

“If the terriers and barriffs are torn down, this economy will grow.”

George W. Bush, Rochester, NY; January 7, 2000.

Any questions?

## September Commission Budget Advocacy Flip Chart Notes

Possible additional sources of funding:

- Keep QAAP entirely - all FMAP
- HCBS patient pay
- Re-examine sr. tax breaks
- Casino tax
- Revise PASSAR
- \$ people/prisons
- Pretax (IRA)
- Examine tax expenditures
- Flat tax vs. progressive tax

\* Retain EO charge elements = framing advocacy

- MET style program @ LTC
- Statewide trust for LTC
- Recalculate federal MAP based VEBA
- VT model increase private rooms – savings back to HCBS
- Private pay buy-in
- Estate preservation
- Keep estate recovery \$
- Entertainment tax
- State LTC insurance

Explore less passive advocacy tactics

Legislator targeting

- newly elected
- education

Administration targeting

- OMB/Overbey

TO: LTCSS Advisory Commission

FROM: Andy Farmer, Chair and Hollis Turnham, Chair of Workforce Development Workgroup

RE: Michigan Department of Community Health's Task Force on Nursing Education [MDCH - TFNE] and interface with the Medicaid LTC Task Force recommendations and this Commission

DATED: November 18, 2008

At the suggestion of MDCH Director Janet Olszewski, we met earlier this month with the Chief Nurse Executive Jeannette Klemczak to discuss the Department's Task Force on Nursing Education (TFNE) and the work of this Commission to fulfill the workforce development recommendations from the Medicaid Long-term Care Task Force. It was an engaging conversation with the Chief Nurse inviting the LTCSS Commission's participation in several ways.

As the attached draft Purpose and Charge indicate, the TFNE will have a Stakeholder Council with input and reflection responsibilities to TFNE, its consideration of issues, and its recommendations. We agreed that the Stakeholder Council seemed to be developing as a fruitful way to insure that the perspectives of long-term care community can be shared and incorporated within the TFNE proceedings.

The Chief Nurse also suggested that we present the relevant Task Force recommendations and other related LTC workforce, education and training, and credentialing information at a TFNE meeting in the winter.

The TFNE also has solicited input on "nursing education issues" and information about solutions. While the instructions on the attached input form say that this process has ended, the Chief Nurse's office indicates that issues and information can still be submitted in the manner indicated.

Nurses currently working in home care, hospice, and nursing homes are members of the TFNE along with representatives of LPN professional associations.

With support and input from the Commission, we intend to assist the Chief Nurse is facilitating long-term care stakeholder participation in the TFNE's Stakeholder Council and to response to any other request for information about nurse education issues and solutions.

## Michigan Department of Community Health Task Force on Nursing Education [MDCH - TFNE]

### Purpose and Charge

#### Rationale

The health and safety of Michigan residents require that nursing standards, nursing education, and appropriate scope of nursing practice be strengthened. *The Nursing Agenda for Michigan* includes action steps to address the nursing shortage and strengthen the nursing profession through changes in nursing education and credentials, enhanced standards of practice, and appropriate regulation. Michigan must maintain high quality health care, educating high quality nurses and increasing the nursing workforce. [See *The Nursing Agenda for Michigan*, 2006.] Two collaborative groups will be convened to address issues related to the education of licensed nurses: the MDCH Task Force on Nursing Education (MDCH-TFNE); and the MDCH-TFNE Stakeholder Council.

#### MDCH Task Force on Nursing Education

- **Convene** a Task Force on Nursing Education (TFNE) composed of representatives of nursing education programs at all levels, professional nursing practice organizations, plus representatives from the Michigan State Board of Nursing and others.
- **Charge** the TFNE to make recommendations to the Director of MDCH regarding needed changes in statutes, rules, and policies in order to enhance the education of licensed nurses and expand the capacity of the nursing education system in Michigan, thereby protecting the health and safety of Michigan residents.
- **Activities:** TFNE shall engage in appropriate information gathering; refer to national standards and best practices for nursing education and education capacity-building; take into account the input of the TFNE Stakeholder Council, conduct deliberations; and promulgate recommendations to address the issues.
  1. Review and recommend innovations and improvements to nursing education programs and education system capacity, with emphasis on high-quality patient-centered care, evidence-based care, preventive care and national models; include issues referred to the TFNE by the 2007 Michigan Task Force on Nursing Regulation. Identify additional nursing education issues as appropriate.
  2. Identify changes needed in nursing education, the Public Health Code and related rules and regulations, plus nursing standards and nursing credentials, to implement the recommendations made. Recommend these changes to appropriate entities in State Government; nursing education, and higher education; and – with the assistance of the MDCH-TFNE Stakeholder Council -- support the realization and implementation of the recommended changes.
  3. Recommend the implementation of mechanisms to ensure continuing five-year review of the recommendations made and the corresponding changes in nursing education, the Public Health Code and related rules and regulations; and – with the assistance of the MDCH-TFNE Stakeholder Council -- support the realization and implementation of such mechanisms.
  4. Recommend mechanisms for informing nurse employers, nurses, other health professionals and the public on changes in nursing education, credentials, regulations, and standards.

**Michigan Department of Community Health  
Task Force on Nursing Education [MDCH-TFNE]  
MDCH-TFNE Stakeholder Council**

**Purpose and Charge**

**Rationale**

The health and safety of Michigan residents require that nursing standards, nursing education, and appropriate scope of nursing practice be strengthened. *The Nursing Agenda for Michigan* includes action steps to address the nursing shortage and strengthen the nursing profession through changes in nursing education and credentials, enhanced standards of practice, and appropriate regulation. Michigan must maintain high quality health care, educating high quality nurses and increasing the nursing workforce. [See *The Nursing Agenda for Michigan*, 2006.] Two collaborative groups will be convened to address issues related to the education of licensed nurses: the MDCH Task Force on Nursing Education (MDCH-TFNE); and the MDCH-TFNE Stakeholder Council.

- **Convene** an MDCH-TFNE Stakeholder Council composed of representatives of nurse employers (healthcare providers), healthcare purchasers, healthcare payers, and healthcare consumers.
- **Charge** the MDCH-TFNE Stakeholder Council to provide input from the constituencies represented concerning nursing education issues taken up by the TFNE, and counsel concerning the implementation of TFNE recommendations.

MDCH-Task Force on Nursing Education  
**Nursing Education Issue**

**COVER SHEET**

Submitted by: \_\_\_\_\_  
NAME

Representing: \_\_\_\_\_  
ORGANIZATION OR AGENCY

Role in Organization: \_\_\_\_\_

**Contact Information:**

Address: \_\_\_\_\_

\_\_\_\_\_

Phone: \_(\_\_\_\_)\_\_\_\_\_ Email: \_\_\_\_\_

Date Submitted: \_\_\_\_\_

**WRITE YOUR NURSING EDUCATION ISSUE SUMMARY ON THE NEXT PAGE.**

**Submit this (2-page) Summary form & references between 9-1-08 & 11-10-08 for consideration by TFNE. Please email your summary form to the Office of the Chief Nurse Executive, [klemczakj@michigan.gov](mailto:klemczakj@michigan.gov) and TFNE Staff at the Michigan Public Health Institute, [ebeane@cachlink.org](mailto:ebeane@cachlink.org) and [tcollins@mphi.org](mailto:tcollins@mphi.org).**

**MDCH-Task Force on Nursing Education  
Nursing Education Issue Summary**

**Nursing Education Issue (May be a broad policy issue or a focused change in statute or rules.)**

**Section of Public Health Code (PHC), Rules, MDCH policy or other policy that relates to this Issue**

For Michigan State Board of Nursing Administrative Rules:

[http://www.state.mi.us/orr/emi/admincode.asp?AdminCode=Single&Admin\\_Num=33810101&Dpt=CH&RngHigh=](http://www.state.mi.us/orr/emi/admincode.asp?AdminCode=Single&Admin_Num=33810101&Dpt=CH&RngHigh=)

For Michigan Public Health Code sections relevant to Nursing:

[http://www.legislature.mi.gov/\(S\(3b5jgcb5ubto5by1rfqgw145\)\)/mileg.aspx?page=getObject&objectName=mcl-368-1978-15-172](http://www.legislature.mi.gov/(S(3b5jgcb5ubto5by1rfqgw145))/mileg.aspx?page=getObject&objectName=mcl-368-1978-15-172)

(Check upper left side of screen for PHC sections that may be printed out.)

**Proposed change (addition, revision, or deletion) to the PHC, Rules, MDCH policy or other policy**

**Rationale for this change**

**Please attach any references or useful web addresses. Please include examples from other states, national standards from organizations, research papers, or best practices from national or state sources.**

**Submit this (2-page) Summary form & references between 9-1-08 & 11-10-08 for consideration by TFNE. Please email your summary form to the Office of the Chief Nurse Executive, [klemczakj@michigan.gov](mailto:klemczakj@michigan.gov) and TFNE Staff at the Michigan Public Health Institute, [ebeane@cachlink.org](mailto:ebeane@cachlink.org) and [tcollins@mphi.org](mailto:tcollins@mphi.org).**