

# FINDINGS AND RECOMMENDATIONS FROM THE STUDY ON THE FEASIBILITY, IMPACT, AND COST OF SUPPORTING A MEDICAID RATE ENHANCEMENT

(FY2010 Appropriation Bill - Public Act 131 of 2009)

**April 1, 2010**

**Section 1687:** The department shall study the feasibility, impact, and cost of supporting a Medicaid rate enhancement to be used exclusively to fund affordable, accessible, and adequate health insurance for direct care workers in nursing homes, adult foster care homes, homes for the aged, and home and community-based services programs. The department shall report its findings and recommendations to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies by April 1, 2010.

*Michigan Department  
of Community Health*



**Jennifer M. Granholm, Governor**  
**Janet Olszewski, Director**

**MICHIGAN DEPARTMENT OF COMMUNITY HEALTH  
FY 2010 BOILERPLATE REPORTING REQUIREMENT  
SECTION 1687**

The Michigan Department of Community Health, Medical Services Administration has met with PHI (formerly known as the Paraprofessional Institute) two times to discuss the Section 1687 boilerplate requirement and possibilities for funding a study of affordable, accessible and adequate health insurance for direct care workers in the long-term care industry. Options and goals associated with conducting the study were considered, and the goals are listed below:

- Determine the health care needs of the direct-care workforce in Michigan, including their ability and willingness to pay for employer-sponsored health insurance coverage.
- Determine how providers across the long-term Care system that received significant revenue for providing Medicaid-funded long-term care services currently use and allocate this reimbursement to fund labor costs including individual and family health insurance coverage. The following provider groups and reimbursement methodologies would be examined:
  - Personal care and home care service providers under the MI Choice program
  - Licensed nursing facilities
  - Adult foster care homes and homes for the aged
- A review of how other states have approached this option for covering the uninsured or underinsured.
- Develop reimbursement models and determine costs for developing a rate enhancement program for each sector of long-term care that offers an adequate, affordable health care coverage plan.<sup>1</sup>

It is anticipated that a study encompassing all of the above would require expertise from an entity familiar with Medicaid reimbursement, long-term care, and workforce development. PHI gathered information from other states to estimate the cost of performing the multiple surveys that will be needed to complete this study. Primarily because of the costs associated with these surveys, the estimated outlay for the entire study to comply with Section 1687 is approximately \$100,000.<sup>2</sup> The department is seeking approval for partial assistance through the State Profile Grant and will pursue additional channels for funding the study.

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<sup>1</sup> *Medicaid Rate Enhancement Feasibility Study Rationale and Description*. PHI Michigan. November 2009.

<sup>2</sup> Ibid