

Summary

The FY 2024 Executive Budget Recommendation invests \$129.7 million (\$38.2 million general fund) to advance equitable access to Medicaid services by increasing reimbursement rates for various Medicaid services, expanding eligibility for Children’s Special Health Care Services, and providing additional support to Medicaid enrollees experiencing homelessness through recuperative care services.

Recommendation

Reimbursement rates for Medicaid services are an important determinant to how broadly these services are available to Medicaid enrollees. If rates are too low, providers are less likely to accept Medicaid-covered patients. Some may choose to stop seeing Medicaid beneficiaries altogether. This poses significant strain on Medicaid enrollees and, more broadly, low-income communities seeking access to care. Recognizing the relationship between reimbursement rates and access to Medicaid services, the executive recommendation allocates \$120.7 million (\$32.8 million general fund) to improve reimbursement rates for the services described in Table 1. This is the latest in a series of investments to increase reimbursement rates across Medicaid, including primary care, dental, and neonatal services. This demonstrates a continued commitment to achieving equitable access to health care services for all Michigan residents.

Table 1: Programs receiving a rate increase (amounts in millions)

	Gross	GF/GP
Professional Services (physician services including podiatry, chiropractic, vision, hearing)	\$73.8	\$19.7
Laboratory Services (hospitals, clinics, outpatient facilities)	\$12.7	\$3.4
Anesthesia Services	\$2.9	\$0.7
Durable Medical Equipment	\$18.9	\$5.6
Home Health Agency	\$1.7	\$0.4
CSHCS Care Coordination / Targeted Case Management	\$0.2	\$0.07
Traumatic Brain Injury (daily residential rate and therapeutic rate increases)	\$9.5	\$2.5
Metabolic infant Formula - adjust to cost-based reimbursement	\$1.0	\$0.4

In addition to increasing access to care, this investment expands coverage for young adults enrolled in the Children’s Special Health Care Services (CSHCS) program. CSHCS provides coverage to children and young adults up to 21 years of age with chronic conditions like sickle cell and cystic fibrosis. Each year, nearly 1,000 CSHCS enrollees lose medical coverage upon reaching the age of 21, exposing their families to unreimbursed medical costs. This recommendation will raise the cutoff age to 26 years, bringing CSHCS eligibility in line with coverage offered to young adults on their parents’ insurance policies, Michigan’s special education services, and the Foster Care Transitional Medicaid Program. The Executive Recommendation invests \$4.0 million (\$3.3 million general fund) to continue coverage these young adults and their families depend on.

The final investment of this multi-pronged commitment to equitable access to care and treatment adds a recuperative care benefit for Medicaid enrollees experiencing homelessness. Roughly 75% of unhoused Medicaid enrollees require access to medical services, some of which may involve hospital stays. After

discharge, coordinating follow-up care can be extremely challenging, making effective treatment and healthy outcomes difficult to achieve. The recuperative care benefit – funded with an investment of \$5.0 million gross, \$2.2 million general fund - will provide these enrollees with a safe setting in which to properly recover and continue receiving care. Providing short-term transitional services will create an opportunity to connect patients with additional supports through Community Mental Health Services, permanent housing assistance, and other services. This benefit will allow some of Michigan’s most vulnerable residents to access care and receive the help they need to improve their quality of life.

	Gross	GF/GP
Medicaid Rate Increase	\$120,700,000	\$32,829,600
Children’s Special Health Care Expansion	\$4,000,000	\$3,253,900
Medicaid Recuperative Care Benefit	\$4,960,000	\$2,157,800
Total	\$129,660,000	\$38,241,300