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Prepared by Citizens Research Council of Michigan

### WAYNE COUNTY PROPOSAL #3 - REQUEST FOR ONE-HALF MILL FOR HEALTH SERVICES

The Wayne County Commission has placed a request to levy an additional one-half mill property tax on November 3, 1992 the ballot. That increase would generate about \$13 million annually. It is proposed that \$10 million of this be used for indigent health care, and \$3 million as part of the county's required 10% of mental health costs (the state pays 90% of mental health costs).

Shall the County of Wayne be authorized to levy an additional tax of one-half mill (50 cents per thousand dollars of State Equalized Valuation) on the taxable property within the County of Wayne for ten years, from 1992 to 2001, for the exclusive purpose of supporting health services and mental health services to fulfill the charter mandate in Section 3.117 to assure an adequate level of physical and mental health services for the residents of the county?

**Indigent Hospitalization** In Michigan, county governments are responsible for programs that provide Inpatient hospital care for indigent residents who are not eligible for Medicaid or other programs. This responsibility is particularly burdensome in Wayne County. In 1987, Wayne County and the State of Michigan cooperated to develop County Care, a capitated health insurance plan primarily for residents receiving general assistance. This system combined the state's responsibility for outpatient care and the county's responsibility for inpatient care, and limited the county's financial contribution to \$15.5 million a year. The state contribution budgeted by the county for Wayne County's County Care program was \$42.7 million in 1992.

In response to the collapse of the County Care program resulting from state budget cuts, state and county executive branch efforts have been directed to development of a substitute plan to insure the continued provision of medical care to indigent Wayne County residents. The plan developed requires the county to transfer to the state \$15.5 million, the same amount as the county's share under the county care program, and the state to provide \$7.0 million, substantially less than the \$42.7 million of state funds in the fiscal 1992 patient care management system budget. Both the \$15.5 million and the \$7.0 million are to be used as match for about \$28.5 million in federal Medicaid funds (Medicaid matches about 55%). While there has been an "indication of approval" for this match by the federal government, no formal approval has been received. The total amount available from county, state, and federal sources next year would be about \$51 million (the total this year would be about \$37 million: \$15.5 million from the county, \$7.0 million plus some additional funds from the state; and about \$12.5 million from Medicaid), which would be paid as an indigent care adjustor for outpatient care to hospitals that meet certain requirements for volume and percentage of uncompensated care. These requirements are met only by seven Michigan hospitals, all of which are in Wayne County. Local governments cannot be recipients of Medicaid funding.

An “independent” entity incorporated as Urban Hospital Care Plus has been established as a vehicle to provide health insurance for indigent county residents. The seven hospitals that receive outpatient indigent adjustor payments will use the amount received from Medicaid to reduce the costs of uncompensated care by contracting with providers through the new Urban Hospital Care Plus program for a capitated program to insure eligible indigents. Essentially the same type of patients are being served by the new Urban Hospital Care Plus program as were served by the old County Care program (about 44,000 individuals).

**One-Half Mill Increase** There is no essential relationship between the county commission's proposal for a one-half mill increase in the county property tax rate and the new indigent health care proposal developed by the executive branch of the county. It is unknown how the additional \$10 million will be included in the county budget for indigent care.

**Mental Health** The County Commission proposes to use \$3 million of the new revenues for mental health, in the hope of obtaining \$27 million additional state matching funds. This would provide an increase in the funding for contracts between the Wayne County Community Mental Health Board and providers of mental health programs by \$30 million.

State spending, however, is based on available state appropriations. The state is not obligated to spend \$27 million more just because the county makes \$3 million more available. In fact, numerous counties have more money available than is matched by the state, resulting in some local community mental health programs that are 100% funded by the counties. State resources are currently stretched to their limit, and it is unlikely that additional state funds will be available for matching. The most optimistic hope of the state Department of Mental Health for next year is continuation funding. There is no guarantee, and in fact it is improbable that the state will appropriate additional funds or transfer existing funds to match all of the proposed new county money for community mental health.