

**CITIZENS RESEARCH COUNCIL OF MICHIGAN
JULY 1992**

**WAYNE COUNTY PROPOSAL FOR A ONE-HALF MILL INCREASE
TO FUND HEALTH AND MENTAL HEALTH PROGRAMS**

The Wayne County Commission placed on the August 4, 1992 ballot a proposal to increase the county property tax by one-half mill (\$.50 per \$1,000 SEV) for the purpose of funding health and mental health programs. The increase would raise about \$13 million annually. It is proposed that \$10 million of this would be used for indigent health care, and \$3 million would be used as part of the county's required 10% of mental health costs (the state pays 90% of mental health costs).

Indigent Hospitalization In Michigan, county governments are responsible for programs that provide inpatient hospital care for indigent residents. 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 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 population would be served by the new Urban Hospital Care Plus program as were served by the old County Care program (about 44,000 individuals).