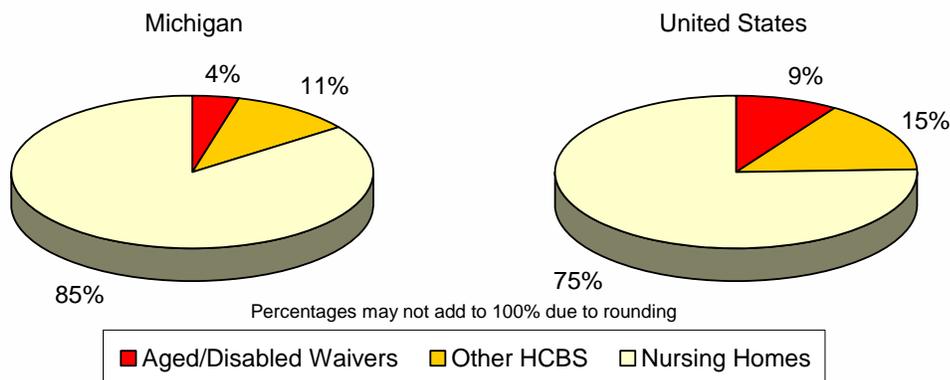


State Long-Term Care Reform in  
**MICHIGAN**

**Medicaid Long-Term Care Spending for Older People and Adults with Physical Disabilities in Michigan and the U.S., 2006**



Compared to the U.S. average, Michigan allocates a greater percentage (85 percent) of its Medicaid long-term care (LTC) spending for older people and adults with physical disabilities to nursing homes, even though most people prefer to remain in their own homes and communities. In FY 2006, Michigan spent 4 percent on waiver services and 11 percent on personal care services (PCS).

Type of Service	Medicaid Participants <sup>1</sup>			Expenditures (millions)		
	1999	2004	Change	2001	2006	Change
HCBS	49,722	64,130	+14,408	\$234*	\$253	+\$20
Nursing Homes	44,180	50,431	+6,251	\$1,744	\$1,448	-\$296

Although Michigan still has an unbalanced LTC system for older people and adults with physical disabilities, an increase in Medicaid home and community-based services (HCBS) participants and a decrease in Medicaid nursing home expenditures indicate that the state has been making progress in recent years. More Medicaid participants received HCBS than received nursing home services in 2004. Although the number of participants receiving HCBS and nursing home services both increased from 1999 to 2004, the increase in the number receiving HCBS was much greater. From FY 2001 to FY 2006, spending on HCBS

<sup>1</sup> This analysis separates Medicaid participation and spending data for older people and adults with physical disabilities from the population with mental retardation/development disabilities (MR/DD) and other LTC populations. Participants and expenditures for HCBS include all 1915(c) waivers for older people and adults with physical disabilities, and the personal care services option, if the state offers it. All participants and expenditures for nursing homes are included, regardless of the participants' type of disability or reason for admission. Excluded are participants and expenditures for intermediate care facilities for mental retardation (ICF/MR), HCBS waivers for other populations such as MR/DD, home health, and individuals receiving LTC services through managed care programs. Participant numbers include all persons receiving services during the year, not the average number on a given day; the number of nursing home participants is greater than the number of nursing home beds in each state. The average number of Medicaid nursing home residents on any given day for each state appears in the *Tables* tab at the end of the full report *A Balancing Act: State Long-Term Care Reform (#2008-10)*.  
\* Reported expenditures for HCBS in FY 2001 include HCBS waiver spending for FY 2002 instead of FY 2001 because of data availability.

increased, while spending for nursing homes decreased dramatically (the majority of the decline was from 2004 to 2006).

## Major Initiative

In 2004, by Executive Order, Michigan Governor Jennifer Granholm created a Long-Term Care Task Force (2004-1) whose 2005 recommendations have been the basis for continuing initiatives in Michigan to expand access to LTC services in the community and to develop person-centered services.

### *“Single Point of Entry”*

*Michigan selected four sites to serve as single-point-of-entry demonstration pilots. A total of \$35 million was allocated to the four sites to run the pilot for 27 months.*

Gov. Granholm issued another Executive Order in 2005 (2005-14) creating the Office of Long-Term Care Supports and Services in the Michigan Department of Community Health and a Long-Term Care Supports and Services Advisory Commission. The new office advocated in 2007 for improved funding of LTC in state appropriations and guardianship reform, and established six work groups to continue developing Task Force recommendations. The Executive Order also included initiation of a request-for-proposals process to establish single-point-of-entry (SPE) demonstrations that would enable consumers to obtain information about LTC services and support at a single location. In June 2006, Gov. Granholm announced the selection of four sites throughout the state to serve as the SPE demonstrations.

The Michigan legislature also passed legislation in December 2006 (Public Act 634) authorizing the SPEs, but that legislation included a sunset provision prohibiting continuation or expansion of SPEs without legislative approval and funding. The legislature also acted in 2006 on a task force recommendation to establish LTC insurance partnerships, but implementation has been delayed as Michigan develops estate recovery legislation acceptable to the federal government.

The state also approved a budget measure in 2006 that increased the wages of 42,000 home care workers in the Home Help program from \$6.07 to \$7.00 an hour.

## Other Developments

**Systems Transformation Grant.** In 2006, the state received a \$2.4 million Systems Transformation grant that state officials said would contribute to building “an integrated and highly responsive long-term care system, characterized by easy access, consumer choice and control, high quality services and outcomes, and flexible funding.”

**Money Follows the Person.** In 2007, Michigan was awarded a \$67.8 million Money Follows the Person Demonstration grant to move 2,500 people from nursing homes to the community over five years. The state also planned to use the funds to help develop housing coordination services for the people making the transition and to develop, with the MI Choice waiver, the option of receiving services in licensed residential housing.