Michigan Association of
COMMUNITY MENTAL HEALTH
Boards

Testimony before the House Appropriations Subcommittee on Department of Community Health — March 2, 2009 (public comment on Medicaid)

Representative McDowell and members of the Subcommittee:

My name is Amy Zaagman. I am associate director of the Michigan Association of Community Mental Health (CMH) Boards. Thank you for the opportunity to speak with you this morning.

While the Michigan Association of Community Mental Health Boards and our members have much to say about the proposed Department of Community Health budget, I want to limit my comments this morning to our Medicaid issues. We will be sharing our perspective on the presentation you will hear on Wednesday from Mike Head regarding the Mental Health and Substance Abuse Administration at the hearing this Friday as well as those conveniently scheduled around the state.

We are generally grateful for the proposed Medicaid rate increases and caseload adjustments proposed by the administration on both the mental health and substance abuse sides. We will hope that the actuarially sound increases proposed can be maintained throughout the appropriations process.

We do, however, share the concern that I believe was expressed by subcommittee members last week that Michigan's Medicaid income eligibility level for adults remains pitifully low…you truly have to be very poor to access Medicaid in the State of Michigan. And while we are appreciative of the state's ongoing commitment to the Medicaid program, we are disappointed that more of the increased federal dollars cannot be dedicated toward those in need of services. As I mentioned, you will hear more on this later in the week as we share what the proposed general fund cuts in mental health and substance use disorder services will mean to your constituents. Fundamentally, I think we are concerned that health care dollars should stay in the DCH budget.

My major purpose today is to expand upon an item which did not receive much attention in last week's presentation from Steve Fitton at MSA. In the proposed budget, savings are assumed from two different changes in pharmaceutical policy. The first is $44 million in anticipated savings from a hoped-for federal statute change allowing health plans to receive federal pharmaceutical rebates for prescription drugs provided to managed care Medicaid enrollees. This same assumption was made in previous budgets and the change in federal law never transpired leaving a sizable hole in the DCH budget.

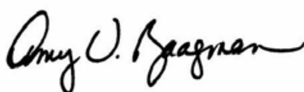
The second proposal causes MACMHB and a number of our advocacy partners -- including the Mental Health Association in Michigan, the Michigan Chapter of the National Alliance for the Mentally Ill, the Association for Children's Mental Health, Michigan Protection and Advocacy, Michigan Association for Children with Emotional Disorders, the Epilepsy Foundation of Michigan, the Michigan Chapter of the National Association of Social Workers, the HIV/AIDS Alliance of Michigan and the Arc Michigan -- great concern. Almost $7 million in general fund savings is assumed for placing "behavioral health drugs" on the state's preferred drug list.

What was not made clear to you last week is that this change would also require statutory changes – two budget implementation bills would be required to un-do protections passed in 2004 (PA's 248 and 250 of 2004 attached). At that time, many of the groups I mentioned fought hard to assure that mental health medications which are not controlled substances and which lack generics cannot be subjected to prior authorization in the Medicaid program. Protections were also extended to medications for epilepsy, cancer, HIV-AIDS and organ replacement.

Because of the nature of these illnesses, the Legislature decided Medicaid recipients should not be required to "fail-first" on drugs on the list before they could receive other medications, and that they should not be required to wait for "prior authorization" before beginning treatment. Not only do we see such policies as dangerous, but they can be extremely costly if hospitalization or other complications are a result.

We are hopeful to meet with DCH in the coming weeks to better understand exactly what they have proposed. But, given the overwhelming support at the time the protections were passed in 2004, as well as data collected from other states that continues to question the efficacy of prior authorization policies in these drug classes (both clinically and from an overall cost perspective) we felt it necessary to share with you our opposition at this time to this budget "assumption."

Respectfully submitted,



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