

December 1, 2016

Good morning Chairman MacGregor, and members of the committee. Thank you for the opportunity to provide testimony in support of the bills before the committee today, SB 1148 and 1149.

My name is Brian Philson and I am the President & CEO of Highfields, Inc., a human services nonprofit agency serving 12 counties in mid-Michigan. As CEO for the past 10 years, I have served at Highfields providing ultimate oversight to our community based and juvenile justice programs. I also serve as the Board President for the Michigan Federation for Children and Families, representing private nonprofit child welfare agencies throughout the state of Michigan. The Michigan Federation has worked with leadership at the MDHHS, Michigan Association of Counties, Michigan Association of Family Court Administrators and the Michigan Legislature for more than a year to develop strategies and process to create a leaner, more efficient payment system as outlined in these bills.

As President of a large provider of juvenile justice programs that contracts with the Michigan Department of Health and Human Services, it makes sense that the state would pay 100% of the cost to provide services, and work out further payment with the county, as outlined in SB 1149. Expectations for service provision are outlined through contract with MDHHS, and the State of Michigan licenses, regulates, and audits our programs.

Currently, when an agency that contracts with the state has provided services and then has questions or concerns related to payment, that agency needs to navigate the complex payment system in which the state pays first in some cases, the county pays first in others, and things like County Child Care Fund and IV-E eligibility, jurisdiction of the case, and varying payment processes in all 83 counties come into the equation as well. It can take a lot of agency time and resources to resolve payment concerns when having to navigate through the different processes of the state and counties; this resolution process at times has extended over a period of several years or more.

Designating the state as the first payer will create greater consistency for agencies that contract with the state in the areas of management of reimbursement, and for the timeframes in which agencies providing service can anticipate payment. With the state serving as the first payer to its contractors, agencies with questions or concerns related to reimbursement will always know where to communicate and follow-up on the issue.

The changes outlined in SB 1148-49 demonstrate an effort to move an outdated and complex payment system forward, making it easier for contractors to maneuver. Thank you for your leadership and forward thinking on this matter.