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Governor Granholm Goes to Iowa

Last month, Governor Jennifer Granholm traveled to Des Moines, Iowa, along with 30 other state governors, to the annual National Governors Association (NGA).

Of particular note is the Governor's interest and participation in a Medicaid reform policy that primarily gives states more flexibility in working with drug costs.



The Medicaid reform will utilize multi-state purchasing pools for prescription drugs, give higher rebates from drug manufacturers, place restrictions on transferring assets to qualify for Medicaid, give flexibility to provide different coverages to various groups, a new information technology pilot program for 10 to 15 states, reimbursement for catastrophic coverage for retirees in private health care plans and a health care tax credit for individuals and incentives for long-term care insurance.

Critics of the Medicaid plan, including the Washington, D.C.-based Center on Budget

and Policy Priorities, contend that co-pays and higher premiums, which both the state House and Senate have approved in their respective 2005-2006 budgets, will be the end of health care for many families.

Granholm spokesperson Liz Boyd responded to these concerns, saying that the proposals are meant to "steer behavior and personal responsibility in everyone's own health care decisions. Co-pays drive people to understand that if they see a primary physician, it will result in less cost than if they go to the emergency room."

Going beyond Medicaid, Governor Granholm will also chair the Human Resources Committee and lead a discussion focusing on the affordability and accessibility of health care.

"Reducing the number of people insured while improving access to quality health insurance in America is a priority for

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everyone. Governors have developed Medicaid reform solutions this year, which is one critical piece of the puzzle, but it is time to look at the overall health care picture,” said Ms. Granholm.

Besides Medicaid, the NGA conference also focused on education. Granholm joined 35 of her peers by signing an education compact to standardize graduation rates. A featured presentation included redesigning high schools from an international perspective.

Governor Creates Food Policy Council

Created by Governor Granholm’s Executive Order and underwritten by the W.K. Kellogg foundation, the Michigan Food Policy Council (MFPC) has been set up to bring together many people from different perspectives of the food industry and interest “to investigate every stage of the food process from seed to table”.



The uniqueness of the Michigan Food Policy Council is the perspective it comes from- it looks at the food system as an economic development strategy. From this perspective the MFPC will try to expand food-related businesses and jobs, create urban and rural partnerships, improve access to fresh and healthy foods, promote the purchase of Michigan foods and enhance agricultural viability.

Nonprofits Shape Up

Laws soon to be coming down from Washington are going to change the way some nonprofits are doing business. The Panel on the Nonprofit Sector released its report, (which is available at www.nonprofitpanel.org) that highlights “loopholes” in the way some nonprofits are

doing things locally. “Any time there’s a nonprofit that’s taking advantage or misusing funds, it damages the entire sector,” said Sam Singh, president and CEO of the Lansing-based Michigan Nonprofit Association.

Along with the national legal revisions, there are potential new state laws to consider, too. The state Legislature is contemplating amending the Nonprofit Corporation Act of 1982, by requiring a minimum of three people on a nonprofit’s board, instead of the single person currently required.

But not all nonprofits are concerned by the changes. Agostinho Fernandes Jr., the president of Gleaners Community Food Bank of Southeastern Michigan, says it more a matter of “light housekeeping” than anything else.

The recommendations, from the Panel on the Nonprofit Sector are as follows:

The US Congress should:

- Create a federally funded program to help states fund or increase education and oversight programs for nonprofits.
- Ensure that nonprofits with at least \$1 million in annual revenue attach audited financial statements to their Form 990s.
- Increase funding to the Internal Revenue Service (IRS) for more effective oversight.
- Strengthen laws which govern appraisals of donated property.
- Change the laws to allow electronic filing of the Form 990s.
- Reinforce tax laws to define and regulate donor-advised funds.
- Require nonprofits to show that compensation to employees is reasonable if the IRS challenges it.

The IRS should:

- Ensure that nonprofits disclose more clearly compensation paid to CEOs and highest-paid employees
- Improve upon 990 and 990-PF tax forms filed by nonprofits so accuracy, completeness and timely information is provided.

The Nonprofits should:

- Give additional detailed information to the public on the methods they employ to evaluate the effectiveness of their program.

The Nonprofit Boards of Directors should:

- Create and enforce a conflict of interest policy consistent with state law and organizational needs.
- Not compensate board members or approve loans to them from the nonprofit they govern.
- Ensure that at least one-third of board members have no financial ties to the organization.
- Review governing documents and procedures a minimum of every 5 years.
- Vote on any changes in compensation for the CEO and review the full-staff compensation program periodically.
- Create and enforce policies on travel rules and which expenses are eligible for reimbursement.

For more information, check out the July 4, 2005 issue of *Crain's Detroit Business*.

Groups Try For Lower Insurance

Governor Granholm and the Office of Financial and Insurance Services Commissioner Linda A. Watters are taking action to try to secure lower insurance rates for groups with good driving histories in urban areas.

“Ensuring that citizens have access to affordable insurance no matter where they live is a critical step in making sure they can afford to live in our cities. We are asking insurance companies to look first at driving records- not street addresses- when they offer customer’s rates,” said the Governor.



Insurance companies could contract with individuals who are affiliated with community groups and faith-based organizations. This benefits the consumers, giving them lower rates by being a member of the group. Insurance carriers like it because it identifies a group of people that are a lower risk than the normal population.

Day Care Gets A Head Start

As reported in *The Detroit News*, Head Start is opening up full-time childcare services in four Metro Detroit locations. This is an opportunity not only for the federally-funded Head Start program to reach more children sooner, but also for parents like Lori Szymoniak, an Allen Park resident, who needs full-time day care for her children so she can attend college and simultaneously work.



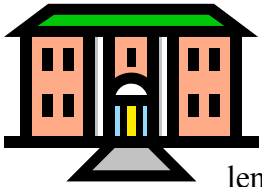
“Parents who were in need of full-time day care and were in the centers were skipping Head Start, and because of that they were missing out on all of (the Head Start services),” said Pat Sargent, project director for Early Childhood Partnership Initiative, the group responsible for bringing Head Start to the centers.

Five agencies came together to apply for the \$240,000 grant from the Skillman

Foundation, which enables the full-day program to take place.

Islamic Mortgages Now Insurance Friendly

Muslims and mortgages have struggled to exist for a long time in the U.S. But recently, banks have begun catering to Muslim customers, coming up with Muslim Mortgages.



The conflict is with the devout Muslim's dedication to the Koran, which forbids the use of interest. Traditional mortgages

lend the initial amount of capital plus interest.

Now, with the Islamic Mortgages, banks and lending institutions will loan Muslims money, without interest. If that sounds too good to be true, it is. Instead of interest, lenders will charge transaction fees into a monthly lease payments.

Muslims are now able to get mortgages, which is helpful for Michigan residents- Michigan has the largest population of Muslims, currently numbering about 400,000 in the country.

One loophole that did not clear up immediately is home owners insurance. Due to the leasing of the home to the lender, some consumers were having trouble getting home owners' insurance. When they were able to, it was a high cost, low valued plan.

The Office of Financial and Insurance Services looked into it and Commissioner Linda A. Watters informed the insurance agencies that the Muslim Mortgages are perfectly acceptable mortgages and they should start or continue to sell home owners insurance to qualified applicants.