



# Michigan's Medicaid Expansion Experiences:

A Presentation to the Civic Federation and  
the Federal Reserve Bank of Chicago

Christopher Harkins  
Director, Office of Health and Human Services  
Michigan State Budget Office

April 4, 2016



# Michigan's Economic Turnaround

- More than 440,000 new private sector jobs added since December 2010
- Michigan recorded fourth largest drop in jobless rate of any state over past year
- From December 2010 to now, Michigan's unemployment rate has fallen from 11.2 percent to 4.9 percent, below 5.0 percent for the first time since 2001
- Personal income continues to rise





# Dropping Unemployment

## Michigan Unemployment Rate Gap w/ US Rate Essentially Closed Since May 2015

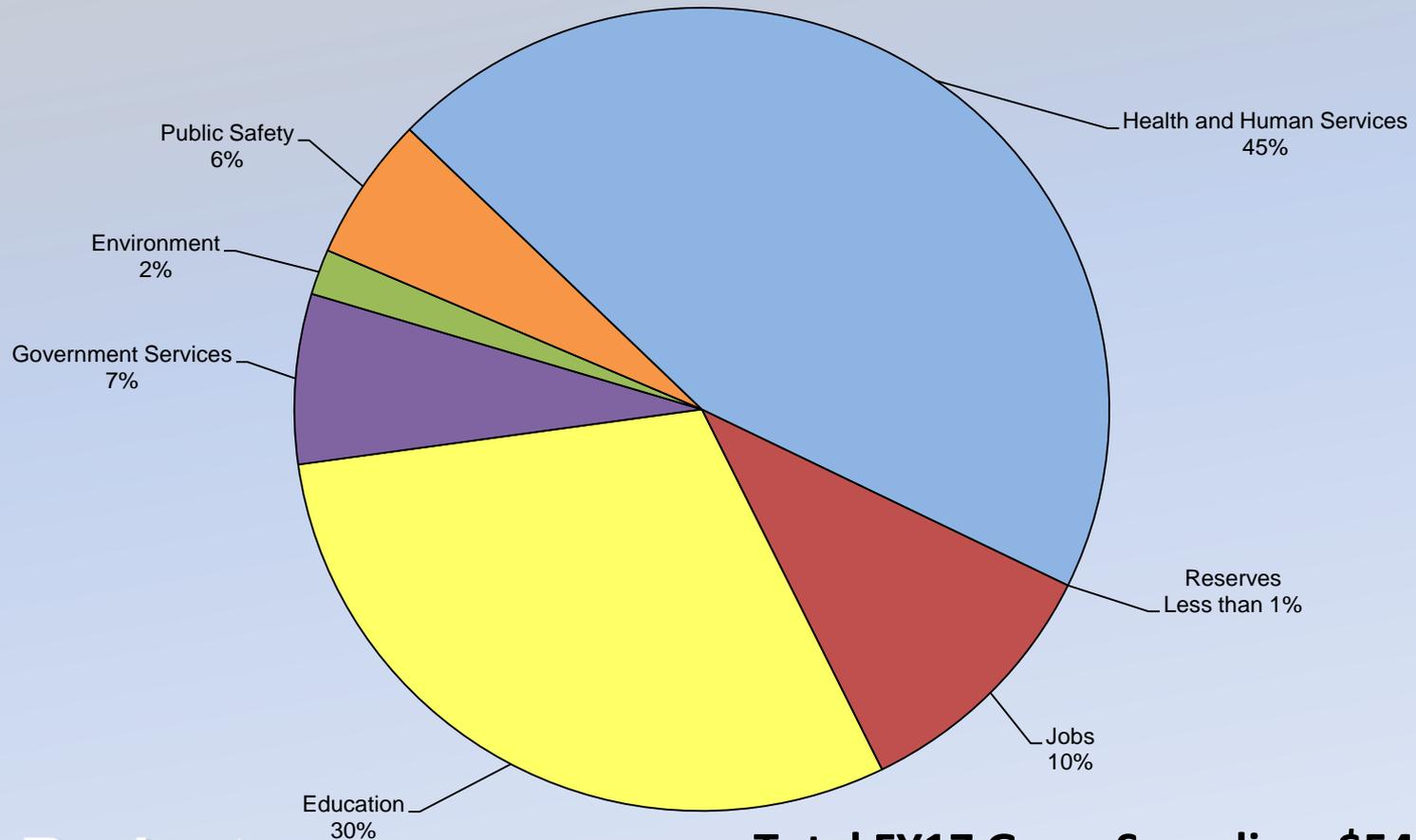


Source: MI Bureau of Labor Market Information and U.S. Bureau of Labor Statistics. (3/9/2016)



# Governor Snyder's FY17 Budget Plan: Bird's-eye View

**75% of Total Spending is Dedicated to Education and Health and Human Services**



**Total FY17 Gross Spending: \$54.9B**



# 2017 Strategic Investments

- Education
  - K-12 schools
  - Restoring higher education funding
  - Upgrade of capital assets
- Public safety
- Health and human services
- Transportation
- Economic growth
- State infrastructure



# Healthy Michigan Plan: Proposal

- Governor Snyder proposed the Michigan Medicaid expansion in February 2013 as part of the FY14 budget
- Recommendation was intended to:
  - Improve access to healthcare for uninsured or underinsured low-income Michigan citizens;
  - Improve the quality of healthcare services delivered;
  - Reduce uncompensated care;
  - Encourage individuals to seek preventive care and encourage the adoption of healthy behaviors;
  - Help uninsured or underinsured individuals manage their health care issues;
  - Encourage quality, continuity, and appropriate medical care
  - Use system savings to offset state share costs in future years



# Healthy Michigan Plan: Negotiation

- Initial response from the Legislature was not supportive
- Gov. Snyder and his cabinet continued to push for expansion
- Legislative leadership engaged specific members to investigate the proposal and negotiate with the governor's office
- Primary focus of the legislature was to ensure the population would ultimately have some “skin in the game”



# Healthy Michigan Plan: Enabling Legislation

- Enacted as Public Act 107 of 2013 in September of 2013
  - Effective April 1, 2014
  - Required two rounds of waivers from CMS
    - First waiver required by Dec. 31, 2013
    - Second waiver required by Dec. 31, 2015
- Eligibility:
  - Are age 19-64
  - Income at or below 133 percent of the FPL under the Modified Adjusted Gross Income methodology
  - Do not qualify for or are enrolled in Medicare
  - Do not qualify for or are enrolled in other Medicaid programs
  - Are not pregnant at the time of application
  - Are Michigan residents
  - Individuals who are engaged in healthy behaviors and abide by cost-sharing requirements



# Healthy Michigan Plan: 1st Waiver

- Filed as a Section 1115 waiver on Nov. 8, 2013
- CMS Approved Dec. 30, 2013
  - Effective through Dec. 31, 2018
- Healthy Michigan waiver stipulations related to:
  - Cost sharing
  - Premiums
  - Healthy Behaviors



# Healthy Michigan Plan: 1st Waiver

- Special Terms and Conditions:
  - Cost sharing and healthy behaviors:
    - Beneficiaries between 100 percent to 133 percent of FPL
      - Responsible for copayment based on prior 6 months of health services
      - Additional premium shall not exceed 2 percent of income
      - Total cost sharing cannot exceed 5 percent of total household income
      - Reductions for healthy behavior incentive can be applied to copayment liability
    - Beneficiaries at or below 100 percent of FPL
      - Responsible for copayment based on prior 6 months of health services
      - No premiums will be paid
      - Reductions for healthy behavior incentive can be applied to copayment liability



# Healthy Michigan Plan: 1st Waiver

- Copay Examples:

Covered Services	Co-Pay
Physician Office Visits (including Free-Standing Urgent Care Centers)	\$2
Outpatient Hospital Clinic Visit	\$1
Emergency Room Visit for Non-Emergency Services: <ul style="list-style-type: none"><li>• Co-payment ONLY applies to non-emergency services</li><li>• There is no co-payment for true emergency services</li></ul>	\$3
Inpatient Hospital Stay (with the exception of emergent admissions)	\$50
Pharmacy	\$1 generic \$3 brand
Chiropractic Visits	\$1
Dental Visits	\$3
Hearing Aids	\$3 per aid
Podiatric Visits	\$2
Vision Visits	\$2



# Healthy Michigan Plan: 2nd Waiver

- Filed as a Section 1115 waiver on Sept. 1, 2015
- CMS Approved Dec. 17, 2015
  - Effective through Dec. 31, 2018
- Legislative direction:
  - Legislation required the state to submit a waiver by Sept. 1, 2015 for individuals between 100-133 percent FPL who have been covered for 48 cumulative months to choose one option for continued coverage:
    - That they be considered eligible for federal subsidies to purchase private insurance through the Marketplace
    - That those choosing to remain in the HMP will see their cost-sharing requirements increase up to 7 percent of income



# Healthy Michigan Plan: 2nd Waiver

- Special Terms and Conditions:
  - No changes to beneficiaries at or below 100 percent FPL
  - All beneficiaries above 100 percent FPL who are not medically frail will have the opportunity to choose between HMP or access a Qualified Health Plan available through the Marketplace
  - Individuals in the HMP after April 1, 2018 will need to meet healthy behavior requirements
  - Individuals in the Marketplace options will pay premiums
  - Beneficiaries between 100 – 133 percent of FPL enrolled in HMP after 4/1/18 may be subject to an alternative cost sharing model
  - Beneficiaries enrolled in the Marketplace after 4/1/18 shall not have cost sharing in excess of the approved state plan



# Healthy Michigan Plan: Success

- Upon implementation, state estimates assumed initial coverage to 322,000 low-income Michigan residents
- By the end of the first calendar year, more than 488,000 Michigan residents signed up
- Current enrollment has stabilized around 600,000 enrollees



# Current Enrollment in HMP

- Health Michigan Plan currently has 619,300 enrollees:
  - 47% of these adult enrollees are under the age of 35
  - 80% of these adult enrollees have income below 100% of the Federal Poverty Level
  - 108,102 of these enrollees live in HRSA designated rural counties
  - Enrollment equivalent to 45% of adults with income below 138%\*

*\*U.S. Census Bureau: Small Area Health Insurance Estimates. Michigan adults 18-64 with income below 138% FPL, 2013*



# Current Enrollment in HMP

Total Healthy Michigan Plan Beneficiaries			
	Number of Females	Number of Males	Number Eligible
Age 19-24	63,839	57,008	120,847
Age 25-34	86,444	83,450	169,894
Age 35-44	56,955	59,492	116,447
Age 45-54	61,808	60,227	122,035
Age 55-64	48,287	41,800	90,087
<b>Total</b>	<b>317,333</b>	<b>301,977</b>	<b>619,310</b>
Percentage	51.24%	48.76%	

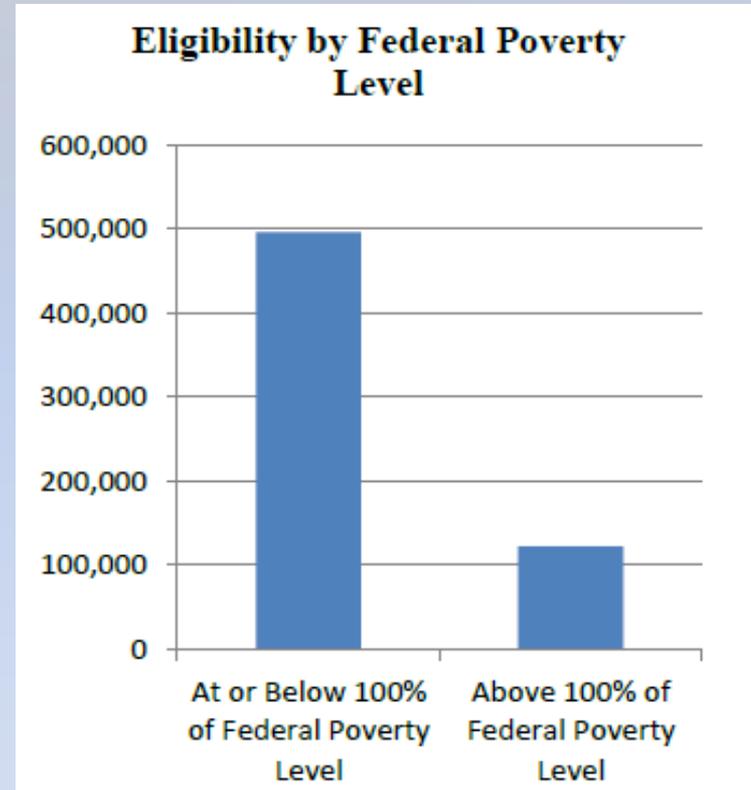
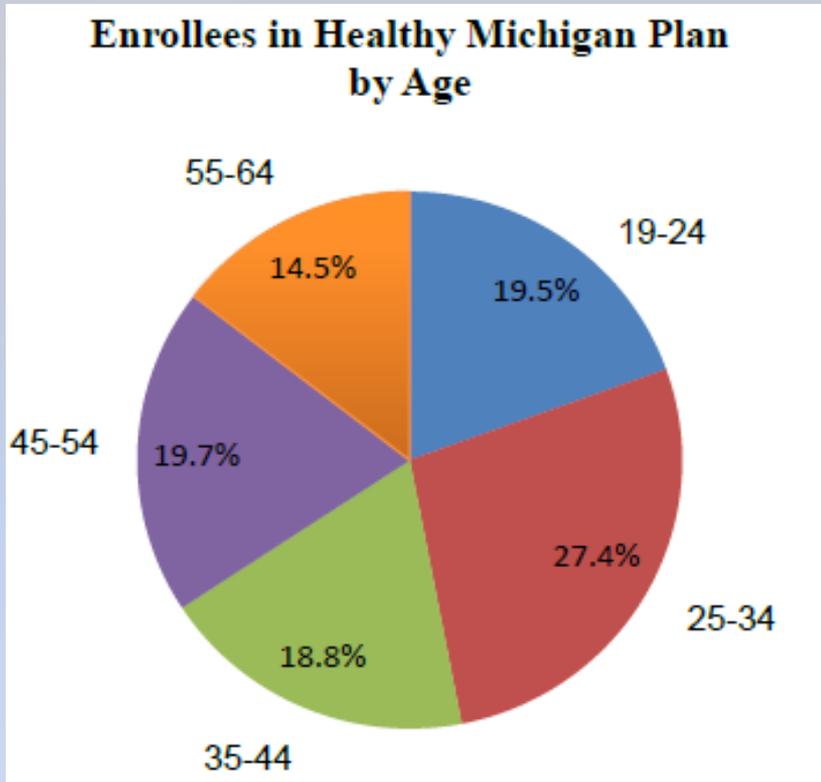
March Healthy Michigan Enrollment by Health Plan		
Health Plan	Beneficiaries Enrolled	Percent of Enrollment
Aetna	10,678	2.2%
Blue Cross	51,839	10.8%
Harbor Health	3,453	0.7%
McLaren	56,414	11.8%
Meridian	142,090	29.6%
Midwest	601	0.1%
Molina	92,273	19.2%
Priority	30,298	6.3%
Total Health	15,574	3.2%
United	62,023	12.9%
Upper Peninsula	14,382	3.0%
<b>Totals</b>	<b>479,625</b>	<b>100.0%</b>

Source:

Michigan DHHS Healthy Michigan Plan Progress Report  
Data as of 12:01am 3/21/16



# Current Enrollment in HMP



Source:  
Michigan DHHS Healthy Michigan Plan Progress Report  
Data as of 12:01am 3/21/16



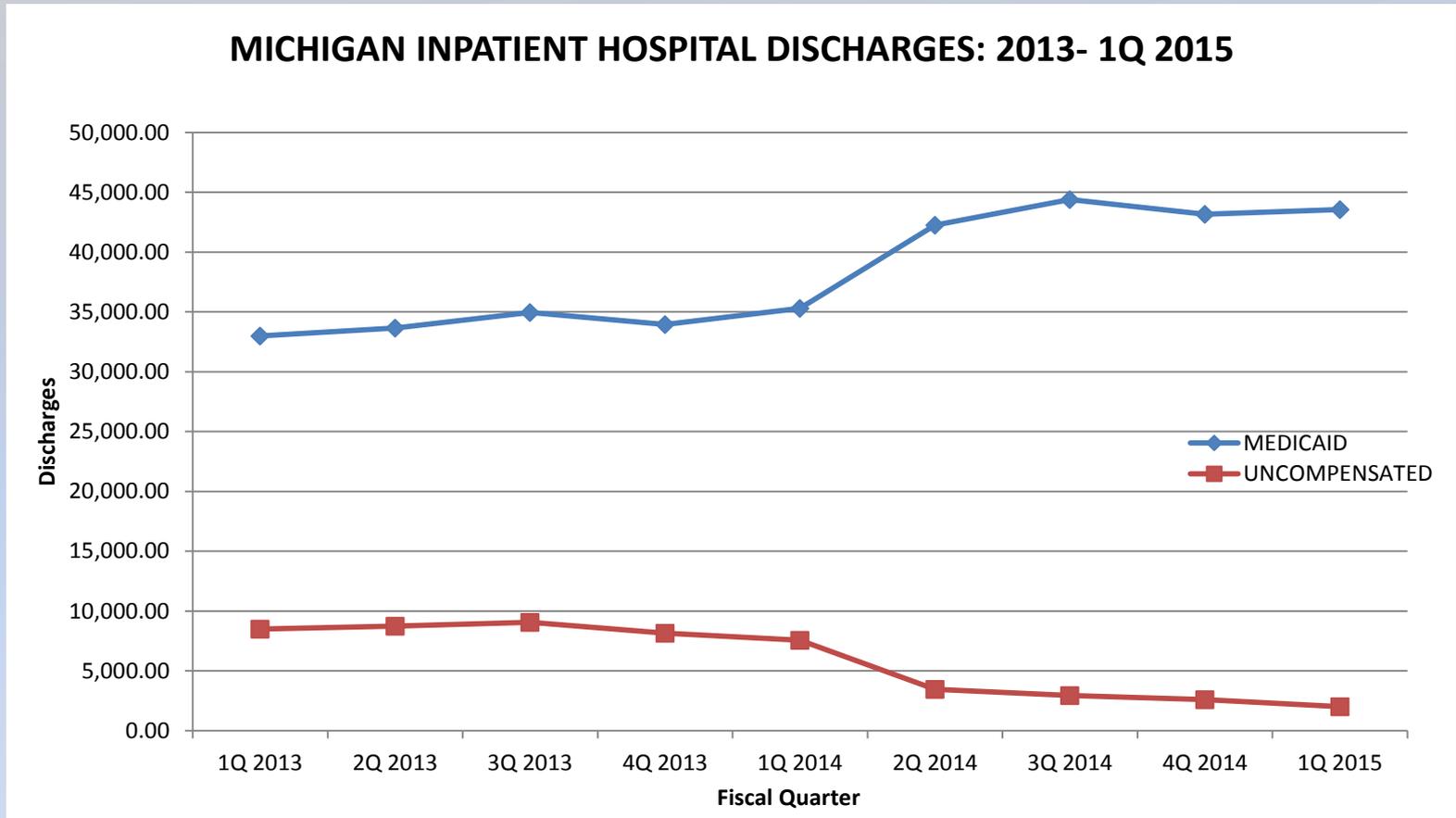
# Initial HMP Impact: Coverage Status

INSURANCE COVERAGE STATUS: STATE OF MICHIGAN		
	2013	2015
UNINSURED RATE	12.5%	8.5%

- Gallup Healthways Well-Being Index: <http://www.gallup.com/poll/184514/uninsured-rates-continue-drop-states.aspx>



# Initial HMP Impact: Michigan Hospitals



• AHRQ Fast Stats-Effect of Medicaid Expansion on Hospital Use: <https://www.hcup-us.ahrq.gov/faststats/StatePayerServlet?state1=MI>



# Healthy Michigan Plan: Impact to State Budget

- FY17 is first year for state share of program support
  - FY17 Executive proposal includes \$108M GF/GP
    - \$8.6 million for behavioral health
    - \$99.9 million for the rest
  - Gross program spending is recommended at \$3.4 billion
- Legislation requires the plan costs to be outweighed by savings to the state
  - Savings illustrated as program support reduced and supplemented with HMP coverage
  - Other state agencies (i.e. Dept. of Corrections) savings allowed as calculation



# Medicaid in Michigan: Other Challenges

- Flint Water Crisis
  - Governor Snyder has requested expanded Medicaid coverage in the City of Flint with three major points:
    - Expanded population
    - Case Management
    - Assistance with lead abatement activities
  - Strong partnership/coordination with CMS
  - Waiver approved March 3, 2016
    - Expand coverage to all children under 21 and to pregnant women with income up to and including 400 percent of the FPL
    - Access to Targeted Case Management services