Michigan’s Medicaid Expansion Experiences:
A Presentation to the Civic Federation and the Federal Reserve Bank of Chicago

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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

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
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:

<table>
<thead>
<tr>
<th>Covered Services</th>
<th>Co-Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physician Office Visits (including Free-Standing Urgent Care Centers)</td>
<td>$2</td>
</tr>
<tr>
<td>Outpatient Hospital Clinic Visit</td>
<td>$1</td>
</tr>
<tr>
<td>Emergency Room Visit for Non-Emergency Services:</td>
<td>$3</td>
</tr>
<tr>
<td>- Co-payment ONLY applies to non-emergency services</td>
<td></td>
</tr>
<tr>
<td>- There is no co-payment for true emergency services</td>
<td></td>
</tr>
<tr>
<td>Inpatient Hospital Stay (with the exception of emergent admissions)</td>
<td>$50</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>$1 generic $3 brand</td>
</tr>
<tr>
<td>Chiropractic Visits</td>
<td>$1</td>
</tr>
<tr>
<td>Dental Visits</td>
<td>$3</td>
</tr>
<tr>
<td>Hearing Aids</td>
<td>$3 per aid</td>
</tr>
<tr>
<td>Podiatric Visits</td>
<td>$2</td>
</tr>
<tr>
<td>Vision Visits</td>
<td>$2</td>
</tr>
</tbody>
</table>
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

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

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

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

Enrollees in Healthy Michigan Plan by Age

- 19-24: 19.5%
- 25-34: 27.4%
- 35-44: 18.8%
- 45-54: 19.7%
- 55-64: 14.5%

Eligibility by Federal Poverty Level

- At or Below 100% of Federal Poverty Level: 600,000
- Above 100% of Federal Poverty Level: 100,000

Source:
Michigan DHHS Healthy Michigan Plan Progress Report
Data as of 12:01am 3/21/16
Initial HMP Impact: Coverage Status

<table>
<thead>
<tr>
<th>INSURANCE COVERAGE STATUS: STATE OF MICHIGAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNINSURED RATE</td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>12.5%</td>
</tr>
<tr>
<td>2015</td>
</tr>
<tr>
<td>8.5%</td>
</tr>
</tbody>
</table>

Initial HMP Impact: Michigan Hospitals

MICHIGAN INPATIENT HOSPITAL DISCHARGES: 2013-1Q 2015

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