



Medicaid Expansion:
Prescription for a
Healthier Michigan

Medicaid Expansion: Prescription for a Healthier Michigan

DMC Foundation Board

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Citizens Research Council

- Founded in 1916
- Statewide
- Non-partisan
- Private not-for-profit
- Promotes sound policy for state and local governments through factual research – accurate, independent, and objective
- Relies on charitable contributions from Michigan foundations, businesses, and individuals
- *www.crcmich.org*

Eric Lupher, President



- 32 years at the Citizens Research Council of Michigan
- Generalist
 - Taxation
 - Constitutional Issues
 - Intergovernmental Finance
- Local government
 - Finance
 - Organization
 - Charter Issues
 - Consolidation

Medicaid in Michigan

A Brief History

Medicaid in Michigan

Title XIX of the Social Security Act

- Created in 1965
- Provided health insurance to “categorically needy” individuals
- Shared state and federal responsibility (all states participate)
- Single largest source of health insurance in U.S.

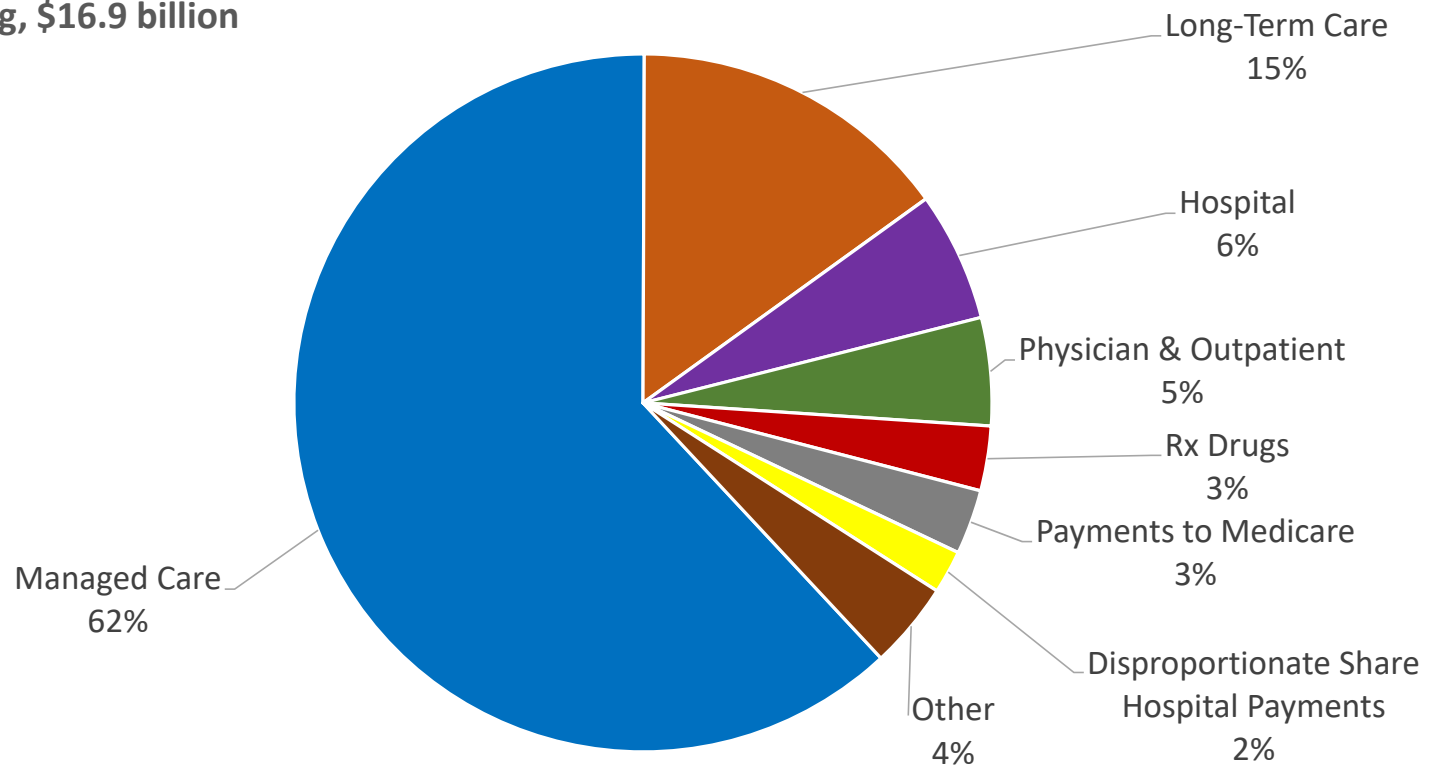
Medicaid in Michigan

Public Act 321 of 1966, Section 105

- 2.36 million beneficiaries in Michigan
- Traditionally for low-income children, elderly, & the disabled
- Largest source of long-term care
- Coverage for 46 percent of all births in Michigan
- Program cost of \$16.9 billion

Allocation of Medicaid Dollars in Michigan

Total Spending, \$16.9 billion



The Patient Protection and Affordable Care Act of 2010

A Summary

Components of the Affordable Care Act

Three Primary Reform Mechanisms in the ACA

- Market Reforms
- Establishment of New Marketplaces
- Medicaid Expansion

Components of the Affordable Care Act

Major Market Reforms in the ACA

Balancing Act:

- Guaranteed Issue
- Individual Mandate

Continued Employer Reliance:

- Shared Responsibility Provisions (Employer Mandate)

- *Dependent Coverage to age 26*
- *10 Essential Health Benefits*
- *No Lifetime/Annual Limits*
- *No Cost-Share for Prevention*
- *Premium Rating Rules*
- *Summary of Benefits Coverage*
- *Medical Loss Ratio Restrictions*

Components of the Affordable Care Act

New Marketplaces

- Individual Marketplace

321,451 enrolled in private plans through Michigan's exchange during 2017 open enrollment.

- Small Business (SHOP) Marketplace

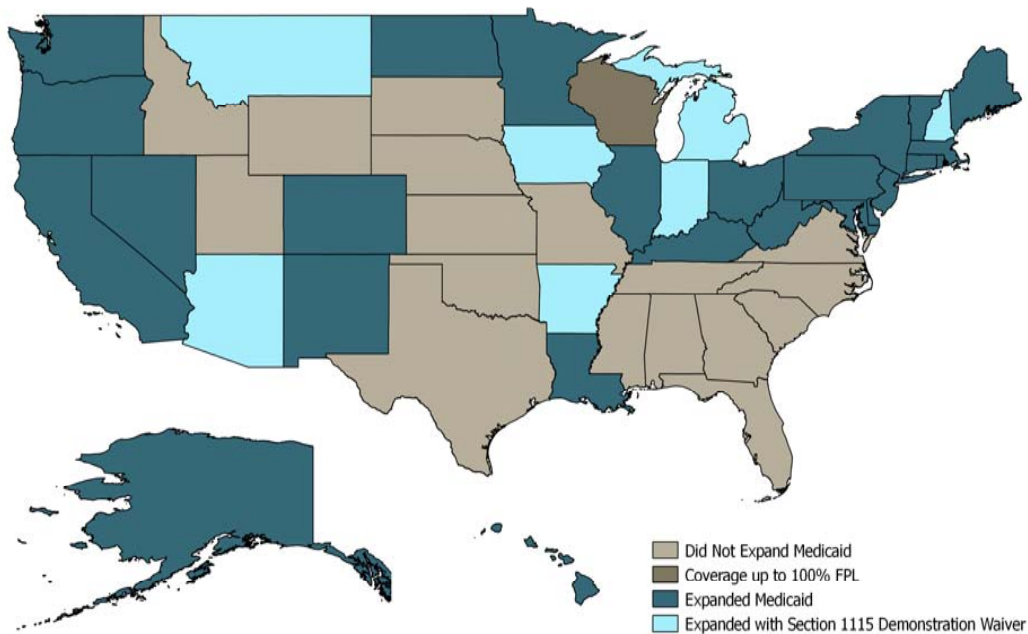
There were 294 active employers and 1,802 employees in Michigan's federally-facilitated SHOP Exchange in January of 2017.

Medicaid Expansion

- Substantial State Variability in the Medicaid Program
- Expansion Became Optional for States (*National Federation of Independent Business v. Sibelius*)

As of December 11th, there were 665,057 Healthy Michigan Plan Beneficiaries.

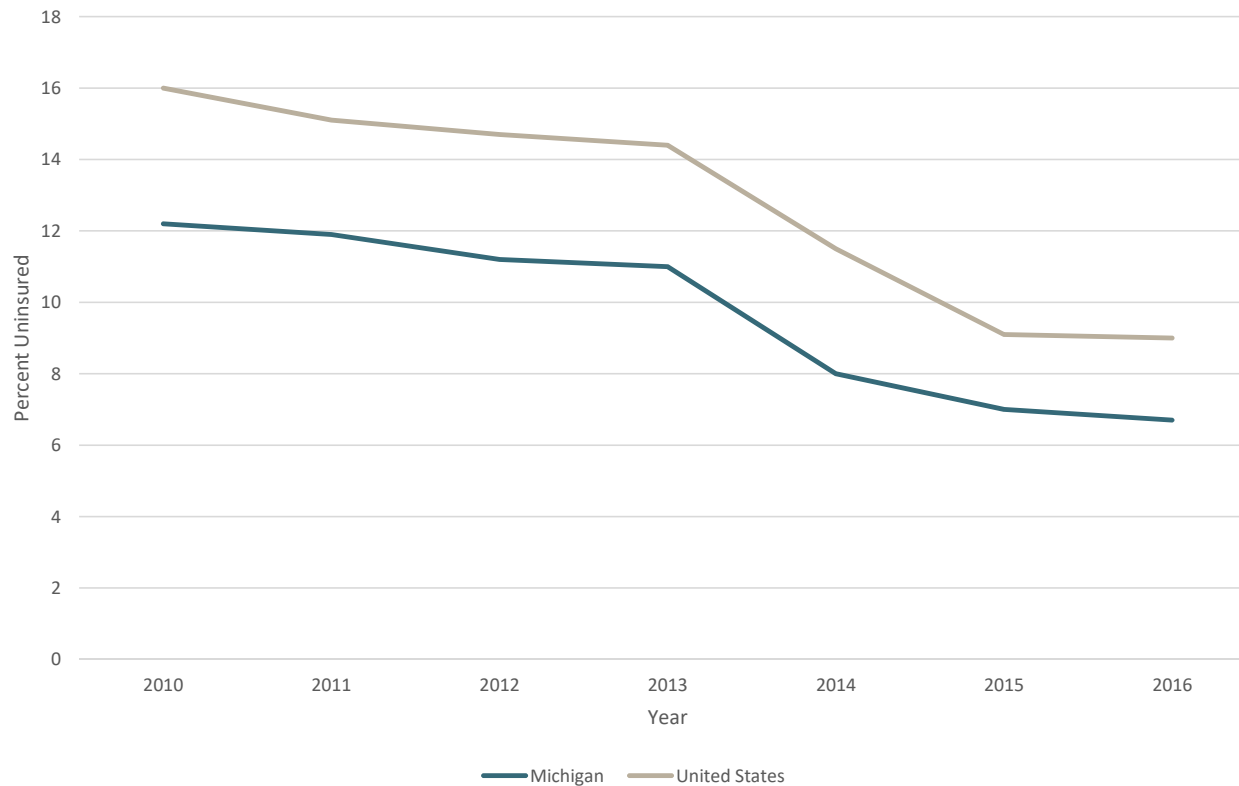
Current Status of Medicaid Expansion



- 32 States (plus the District of Columbia) have expanded Medicaid.
- 7 states (including MI) used Section 1115 Demonstration Waivers.
- 18 States have not (yet) expanded Medicaid. Virginia, Utah, and Idaho are states to watch.
- Maine became first to expand via referendum.
- Analysis shows states that expanded Medicaid have fared better on a multitude of criteria, from healthcare access and insurance status, to economic growth and health sector stability.

Change in Percent of Uninsured Persons

U.S. and Michigan, 2010-2016

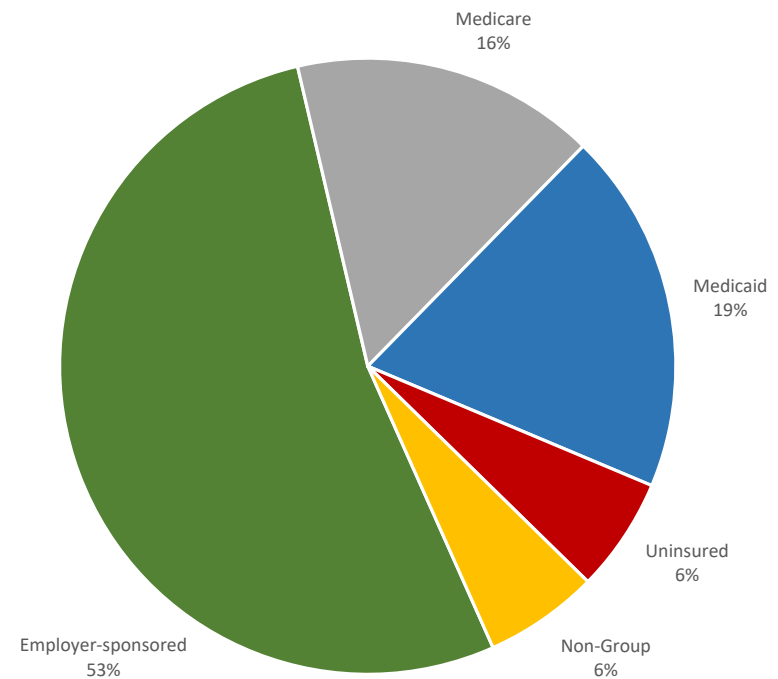


ACA Implementation

- 2010: ACA becomes law; many market reforms occur within 180 days.
- 2011: Dependent coverage to 26; no annual/lifetime limits.
- 2014: Health insurance exchanges open; Medicaid expanded (in some states); insurance must cover pre-existing conditions and individuals must purchase health insurance.
- 2015: Employer shared responsibility begins.

Sources of Insurance in Michigan, 2015

- The majority of Michiganders get insurance from their employment.
- Many Medicare beneficiaries receive additional support from Medicaid; nearly one in four Michiganders receive some level of Medicaid benefit.
- The number of people without insurance in Michigan is roughly equal to the number purchasing individual insurance plans.



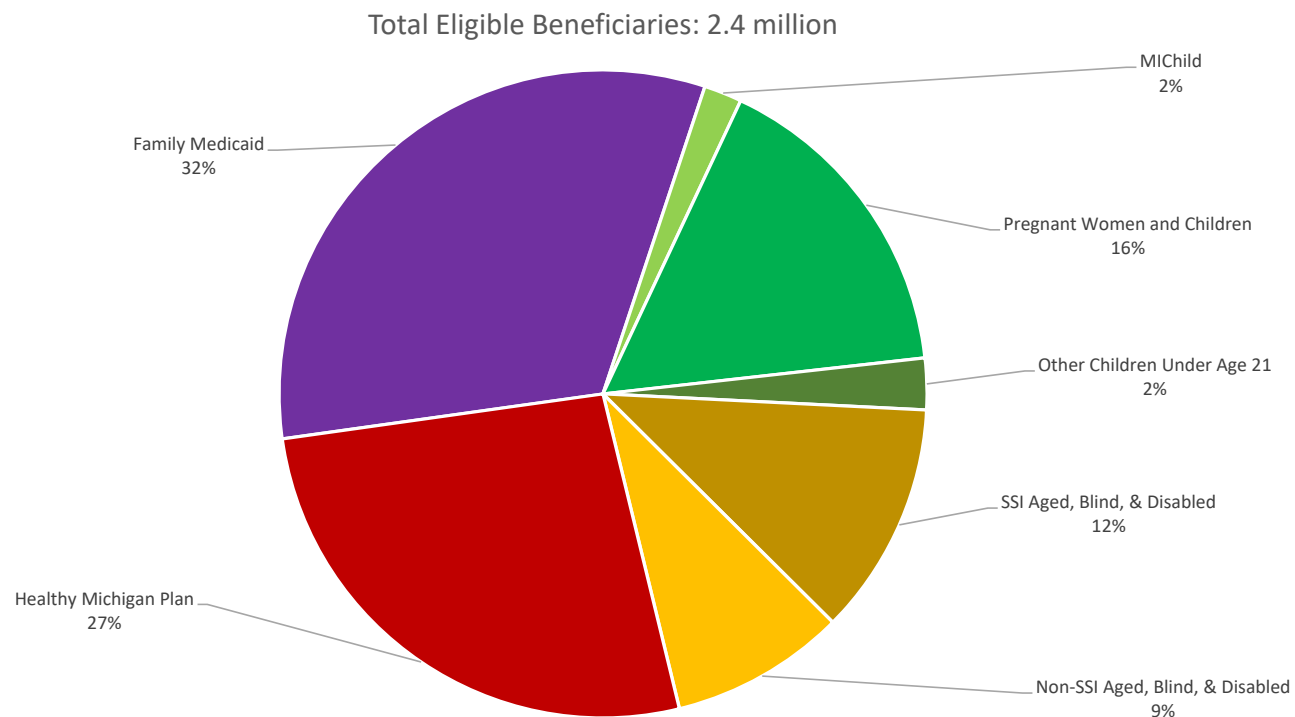
Medicaid Expansion in Michigan

Latest Findings from the Citizens Research Council of Michigan

Medicaid Expansion in Michigan: The “Healthy Michigan Plan”

- Signed by Governor Snyder, September 2013
- Program implementation began April 2014
- Expanded adult eligibility, including childless adults
- Eligibility: income at or below 138 percent of the Federal Poverty Level (\$16,643 for an individual; \$33,948 for a household of four)
- Expansion from Michigan’s previous Adult Benefits Waiver

Eligible Medicaid Beneficiaries by Enrollment Group, December 2016



The Healthy Michigan Plan: Enrollment and Access

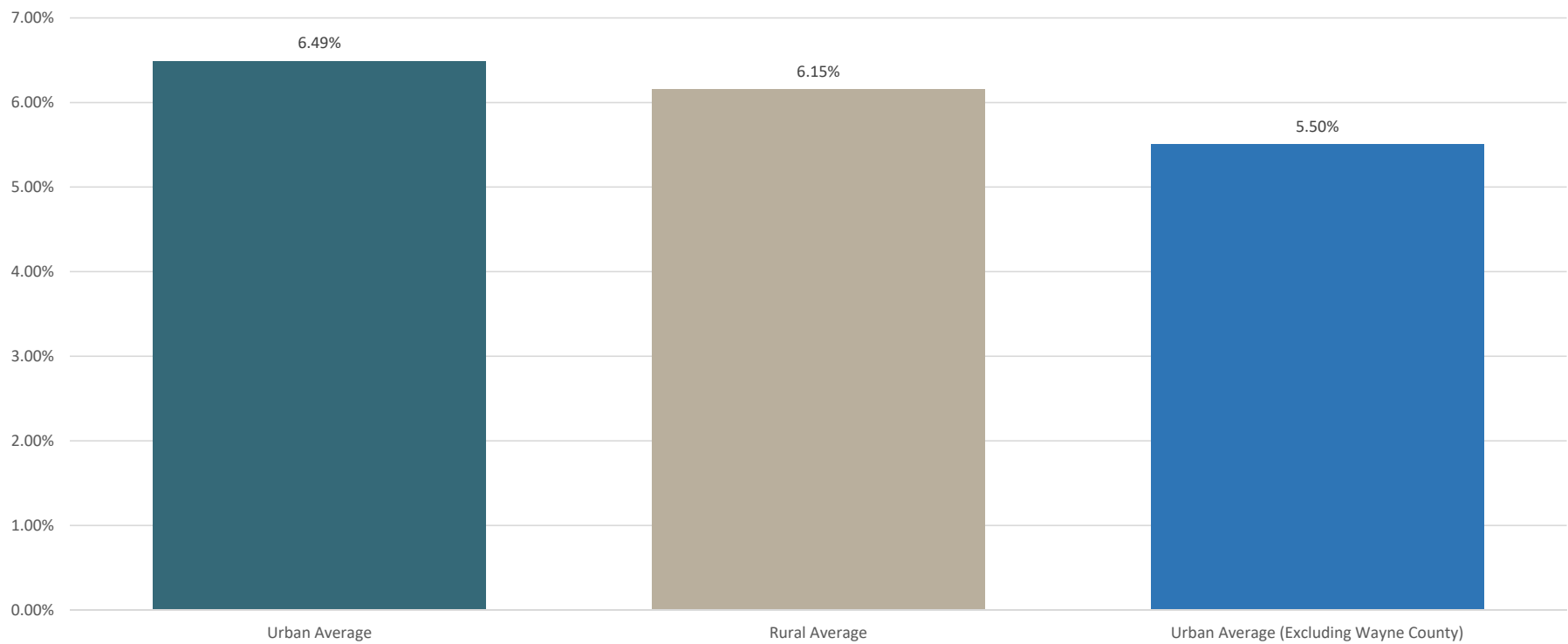
Enrollment

- 665,057 enrollees (12-11-17)
- Program surpassed first year enrollment goal of 322,000 in the first 100 days.
- Over one quarter of total Medicaid beneficiaries
- 46 percent of enrollees are 19-34 in age

Access

- Usual source of care
- Appointment availability
- Affordable
- Preventative health services
- Medication adherence
- More ambulatory care visits
- Timely medical interventions

Average Monthly Healthy Michigan Plan Enrollees in Urban and Rural Counties (percent of total population), 2016



The Healthy Michigan Plan: Finance and Economic Impact

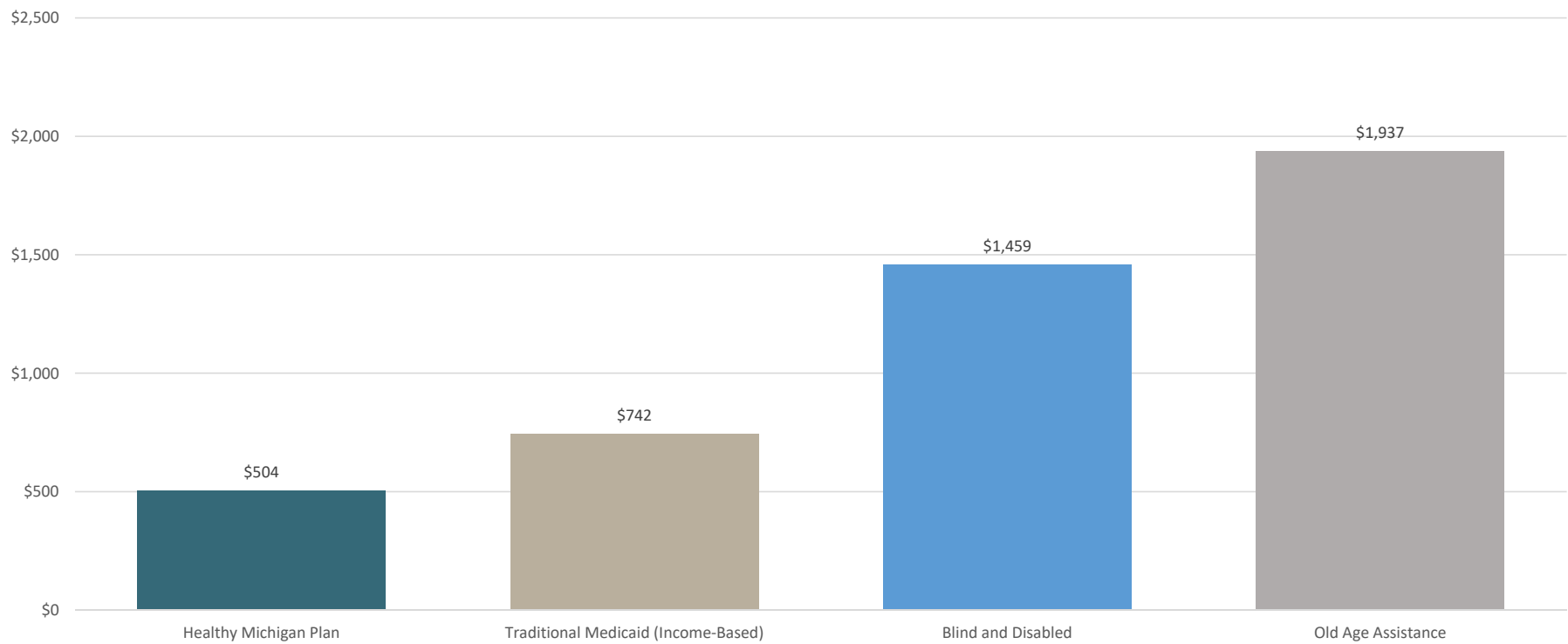
Finance

- Cost of \$3.6 billion in FY2016
- 100 percent federal funding (began descent to 90 percent in FY2017)
- Budget Savings from HMP
- Revenue from HMP
- General Fund cost of \$222 million in FY2021

Economic Impact

- Macroeconomic benefit of adding jobs and increasing personal income
- No negative workforce impact
- Substantial reduction in uncompensated care
- Consistent benefits in all states that expanded Medicaid

Average Cost per Enrollee by Medicaid Group, FY2016



The Healthy Michigan Plan: Health Outcomes

Morbidity

- Facilitates use of health screenings and prevention
- Chronic condition management
- Improved mental health
- Improved self-reported health status

Mortality

- Reduced mortality
 - All-cause mortality
 - Healthcare amenable causes
 - Overall health maintenance
- During first year of Medicaid expansion, 7,000 – 17,000 excess deaths in states that did not expand Medicaid

Healthy Michigan Plan: Unique Characteristics

Section 1115 Demonstration Waiver

- Cost-Sharing
- Health Risk Assessment
- Social Determinants of Health
- Sunset Mechanism

The Healthy Michigan Plan: Cost-Sharing

Mechanism

Two types of cost-sharing:

- Co-pays
 - All beneficiaries
 - Fixed amount based on utilization
 - No co-pay for chronic conditions
- “Premium” Contributions
 - Income above 100 percent FPL
 - Based on income and household size (\$13-\$26 per month)

Characteristics

- MI Health Account
 - Aims to facilitate beneficiary education and responsibility
 - Quarterly Statements
 - Payment by mail or online
- Cost-sharing and premiums are not to exceed 5 percent of household income
- Consistent failure to pay results in garnishment by MI Department of Treasury

The Healthy Michigan Plan: Cost-Sharing

Covered Services	Co-Pay	
	Income less than or equal to 100% FPL	Income more than 100% FPL
Physician Office Visits (including Free-Standing Urgent Care Centers)	\$ 2	\$ 4
Outpatient Hospital Clinic Visit	\$ 1	\$ 4
Emergency Room Visit for Non-Emergency Services <ul style="list-style-type: none"> • Co-payment ONLY applies to non-emergency services • There is no co-payment for true emergency services 	\$ 3	\$ 8
Inpatient Hospital Stay (with the exception of emergent admissions)	\$ 50	\$ 100
Pharmacy	\$ 1 preferred \$ 3 non-preferred	\$ 4 preferred \$ 8 non-preferred
Chiropractic Visits	\$ 1	\$ 3
Dental Visits	\$ 3	\$ 4
Hearing Aids	\$ 3 per aid	\$ 3 per aid
Podiatric Visits	\$ 2	\$ 4
Vision Visits	\$ 2	\$ 2

The Healthy Michigan Plan: Health Risk Assessment

Mechanism

- Beneficiaries are encouraged to complete a Health Risk Assessment
- Beneficiaries can choose one or more behaviors to address
- Primary Care Provider provides attestation of Health Risk Assessment and plan to address behavior(s)

Healthy Behavior Examples

- Weight loss
- Tobacco cessation
- Address substance abuse
- Stop alcohol use/abuse
- Chronic condition follow-up
- Immunization (flu vaccine)

The Healthy Michigan Plan: Health Risk Assessment

Results (as of September 2017)

- 210,258 Health Risk Assessments Completed with PCPs
- 99.1 percent of beneficiaries who completed the process chose to improve or maintain behaviors
- 60 percent selected more than one behavior

Rewards

- 50 percent reduction in monthly co-payment
- 50 percent reduction in monthly (premium) contributions
- Comparably valued gift card for those who are not required to make contributions

**Effective April 2018: Beneficiaries with incomes above 100 percent of the FPL must attest to a healthy behavior to remain in the Healthy Michigan Plan*

The Healthy Michigan Plan: Social Determinants of Health

Mechanism

Contract for Medicaid Managed Care Organizations (MCOs) includes:

- Population health management
- Inclusion of social determinants in data analytics
- Admonition of health equity and disparity reduction

Social Determinants

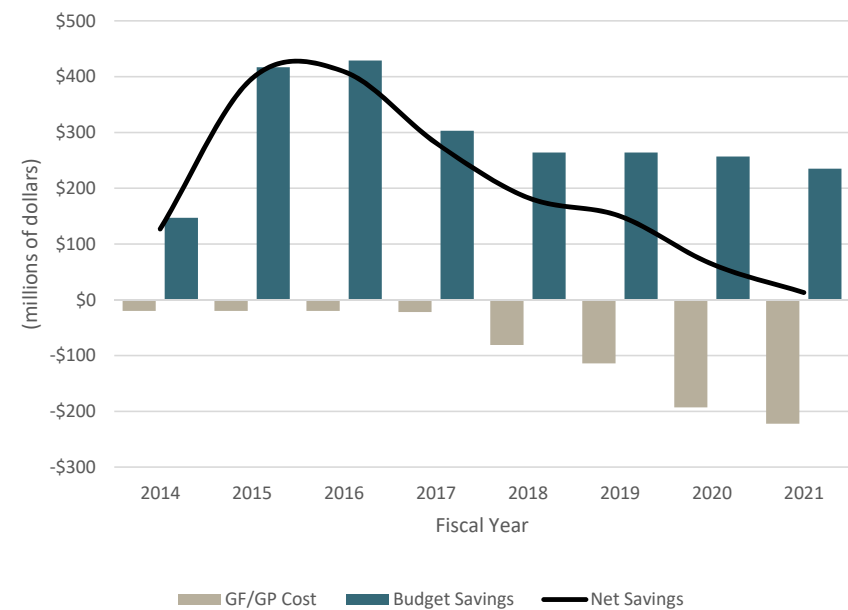
- Essential Resources (Safe Housing, Available Food)
- Economic Conditions (Poverty and the Stresses that Accompany Poverty)
- Quality of Education and Job Training
- Public Safety/Exposure to Violence/Crime
- Availability of Social Support and Community Resources (Family, Church, Public Spaces)
- Social Norms (Discrimination, Racism, Attitudes on Education, Distrust of Government)
- Access to Health Care Services
- Language/Literacy
- Culture

The Healthy Michigan Plan: Sunset Mechanism

Mechanism

- Program will be terminated if:
 - Net costs exceed net *savings*
 - Second 1115 waiver not approved (n/a)
- Savings determined by MDHHS and State Budget Office
- Savings criteria ignores numerous program benefits

Net Savings



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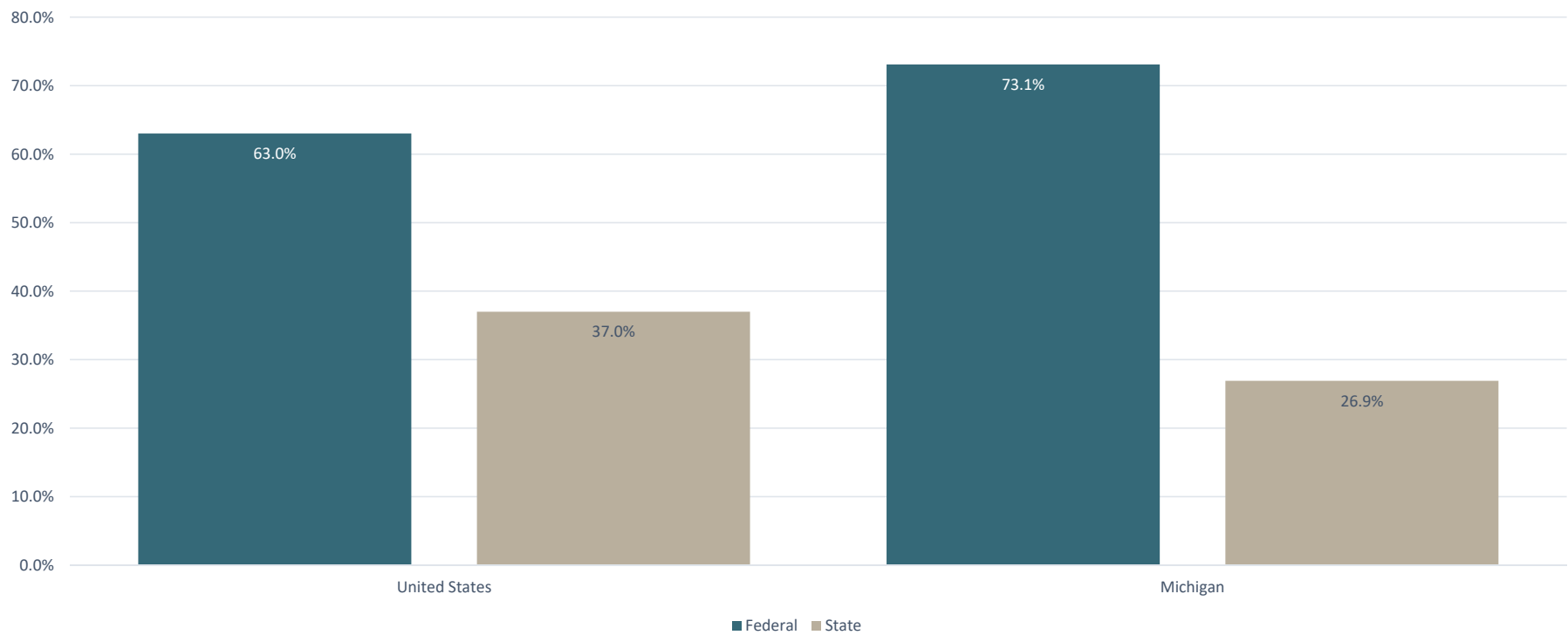
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U.S. and Michigan Share of Medicaid Spending, FY 2016



Medicaid Expansion: Prescription for a Healthier Michigan

Three Key Findings

- The Healthy Michigan Plan has led to **health insurance coverage** for more than 650,000 of Michigan's citizens and has **kept insurance premiums lower** for others, improving the physical, mental and financial well-being of Michigan's citizens. The program also improved the state's economy by reducing uncompensated care among Michigan's hospitals, and by supporting health sector job creation/retention, a healthier workforce, and increased federal spending in the state.
- The Medicaid program **allows for substantial innovation, experimentation, and variation** at the state level, allowing states to be true "laboratories of democracy." While new mechanisms like cost-sharing and Health Risk Assessments still need refinement, Michigan has begun to use the program to incentivize healthier lifestyles and responsible health care consumption. Michigan has also become a leader in using Medicaid to address the **social determinants of health**, an approach that can both improve health outcomes and reduce healthcare spending.
- The many gains of the Healthy Michigan Plan may be lost because of **an imprecise and poorly designed cost versus savings policy mechanism** tied to the program that ignores a wide range of program benefits. At present, the Healthy Michigan Plan will be terminated if the state incurs a single penny of net costs from the program.

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101 YEARS OF UNCOMPROMISING POLICY RESEARCH

MEDICAID EXPANSION: PRESCRIPTION FOR A HEALTHIER MICHIGAN

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