



Medicaid Expansion:  
Prescription for a  
Healthier Michigan

# Medicaid Expansion: Prescription for a Healthier Michigan

Webinar

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# Citizens Research Council

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- Statewide
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- 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
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## Citizens Research Council of Michigan



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# Medicaid in Michigan

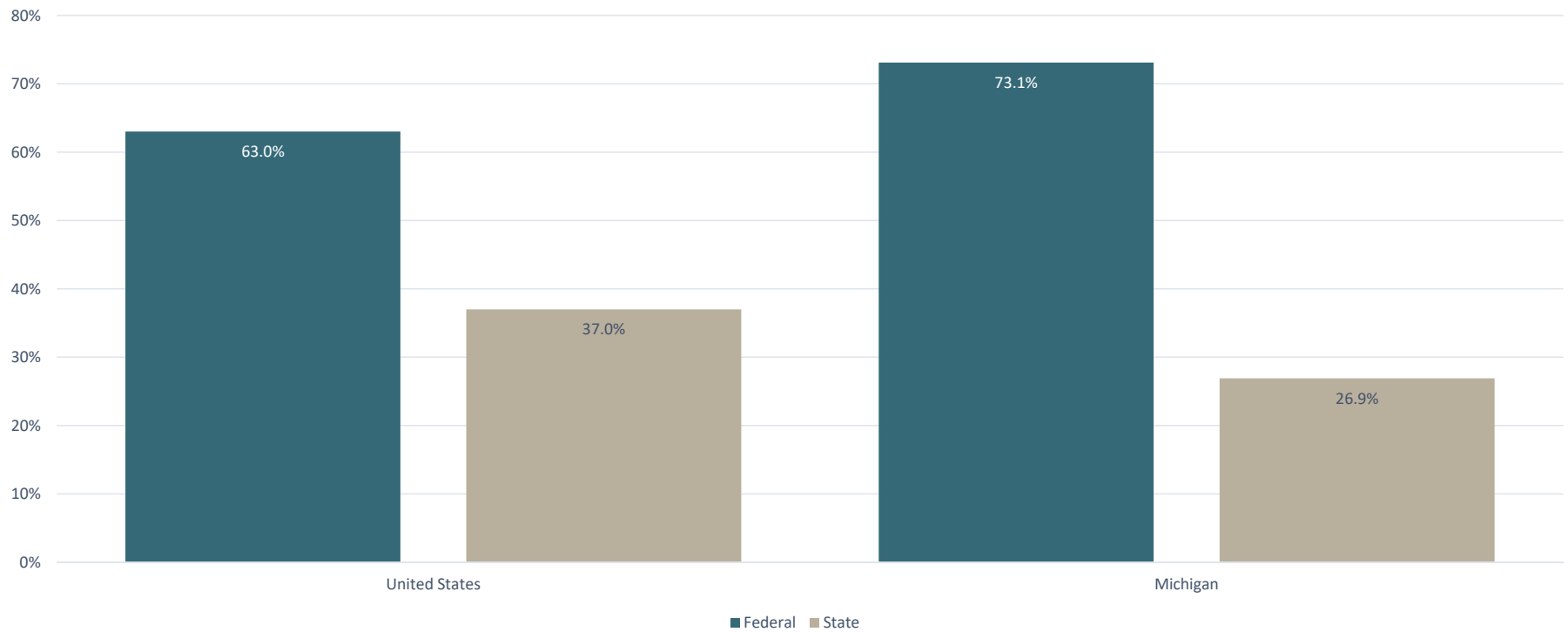
## A Brief History

# 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.

# U.S. and Michigan Share of Medicaid Spending, FY2016



# Medicaid in Michigan

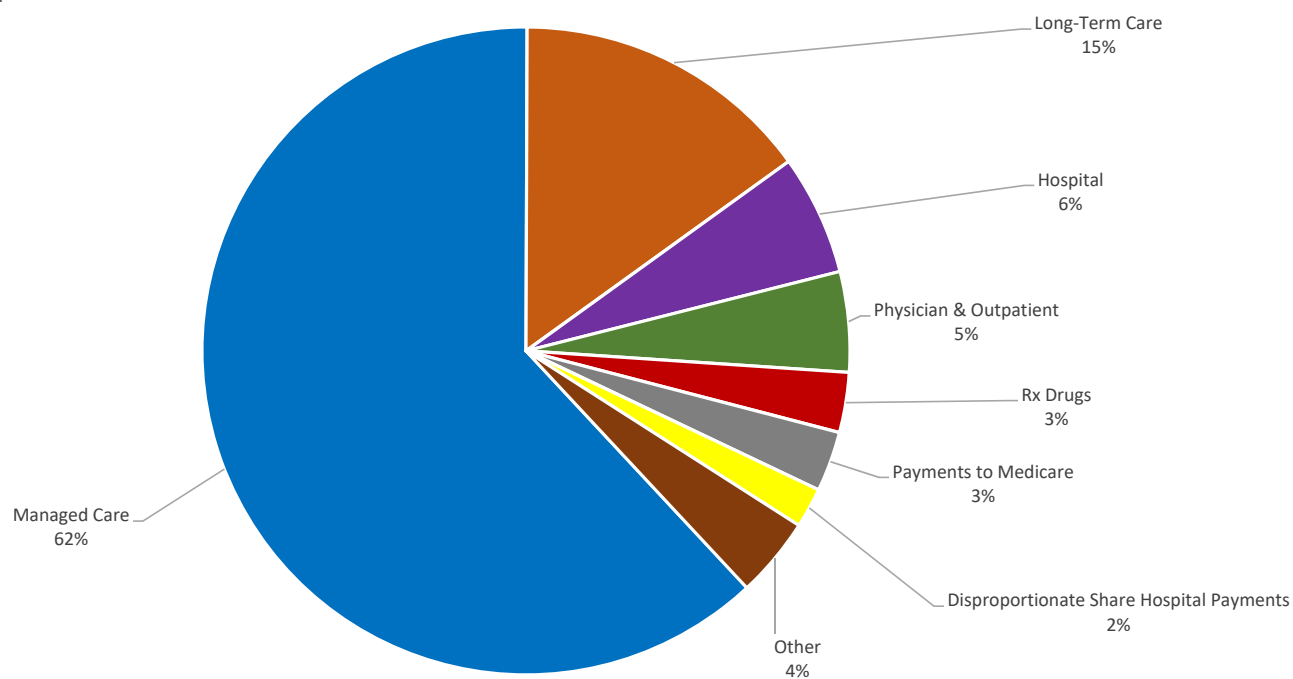
## Public Act 321 of 1966, Section 105

- 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

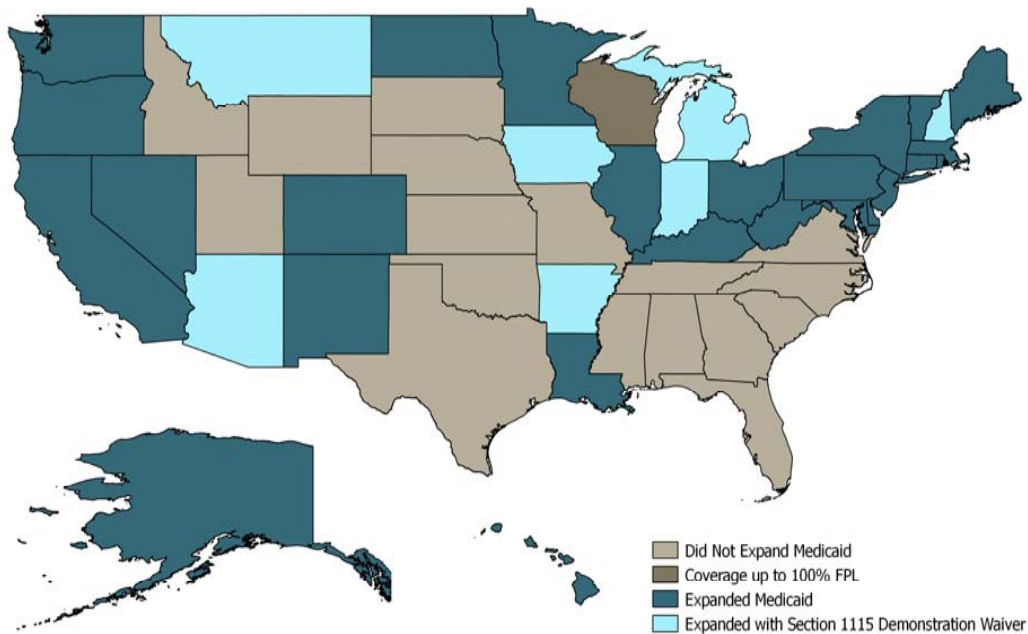
There were 294 active employers and 1,802 employees in Michigan's federally-facilitated SHOP Exchange in January of 2017.

## Medicaid Expansion

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

As of December 11<sup>th</sup>, there were 665,057 Healthy Michigan Plan Beneficiaries.

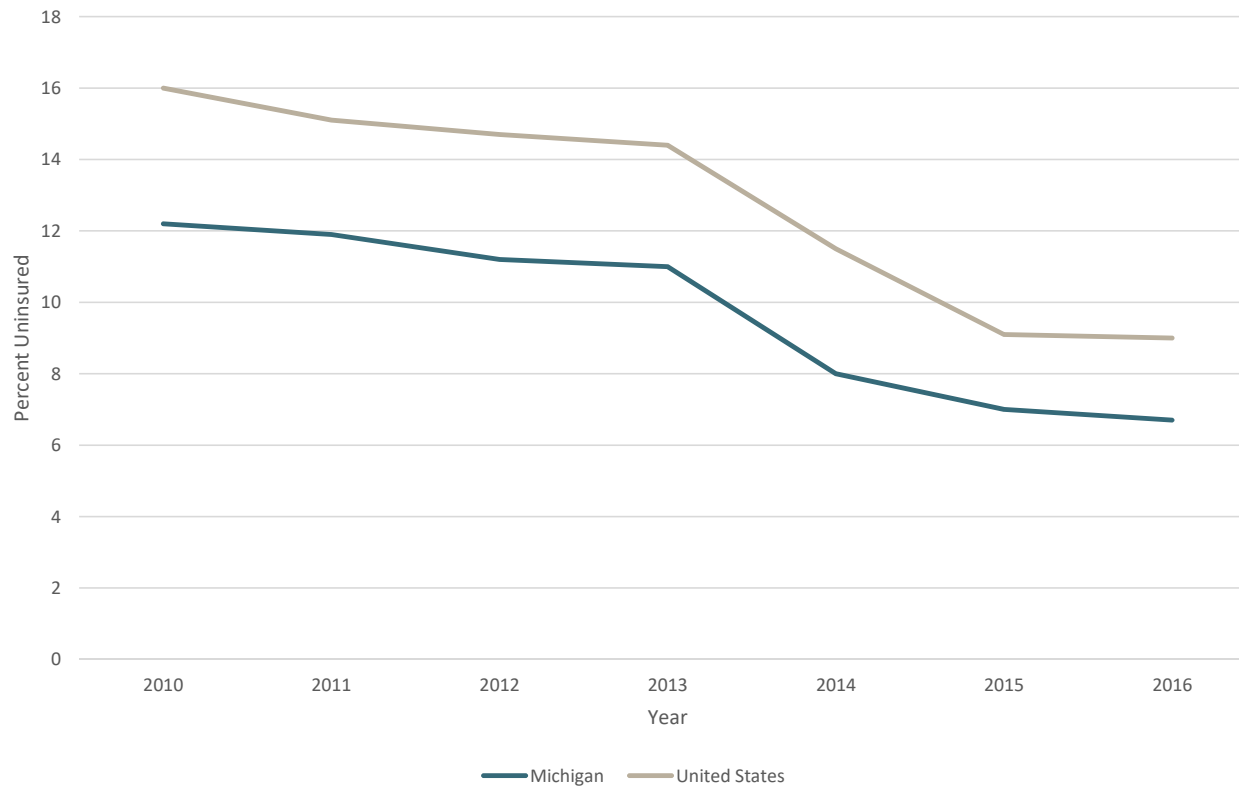
# Current Status of Medicaid Expansion



- 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

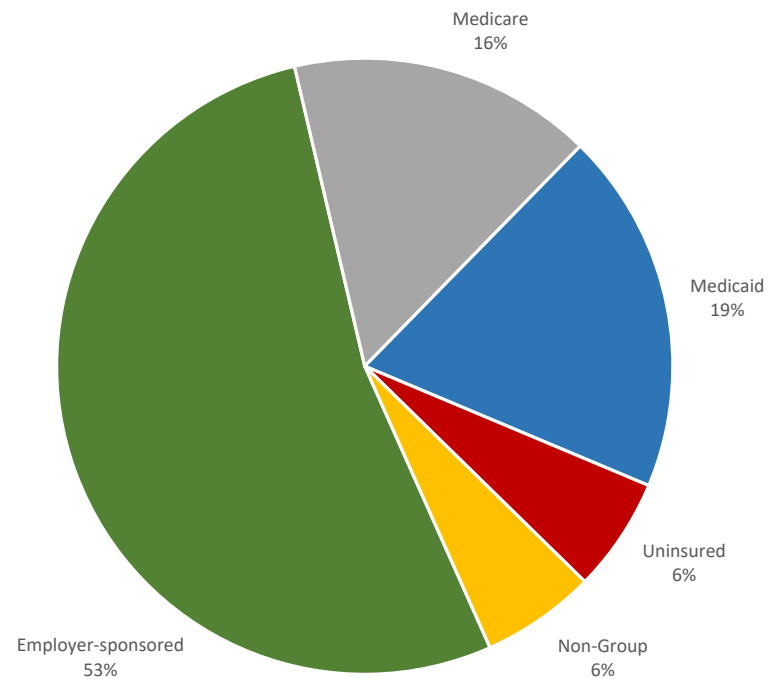


## ACA Implementation

- 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.





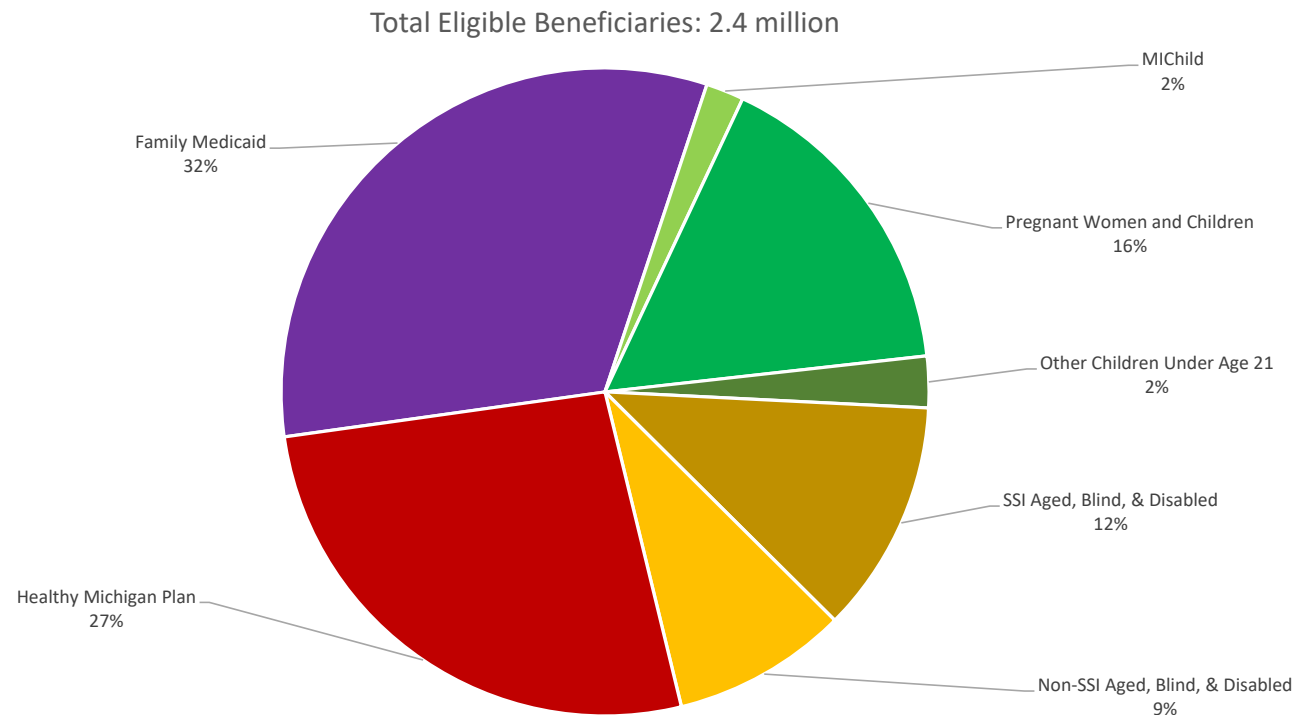
# Medicaid Expansion in Michigan

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

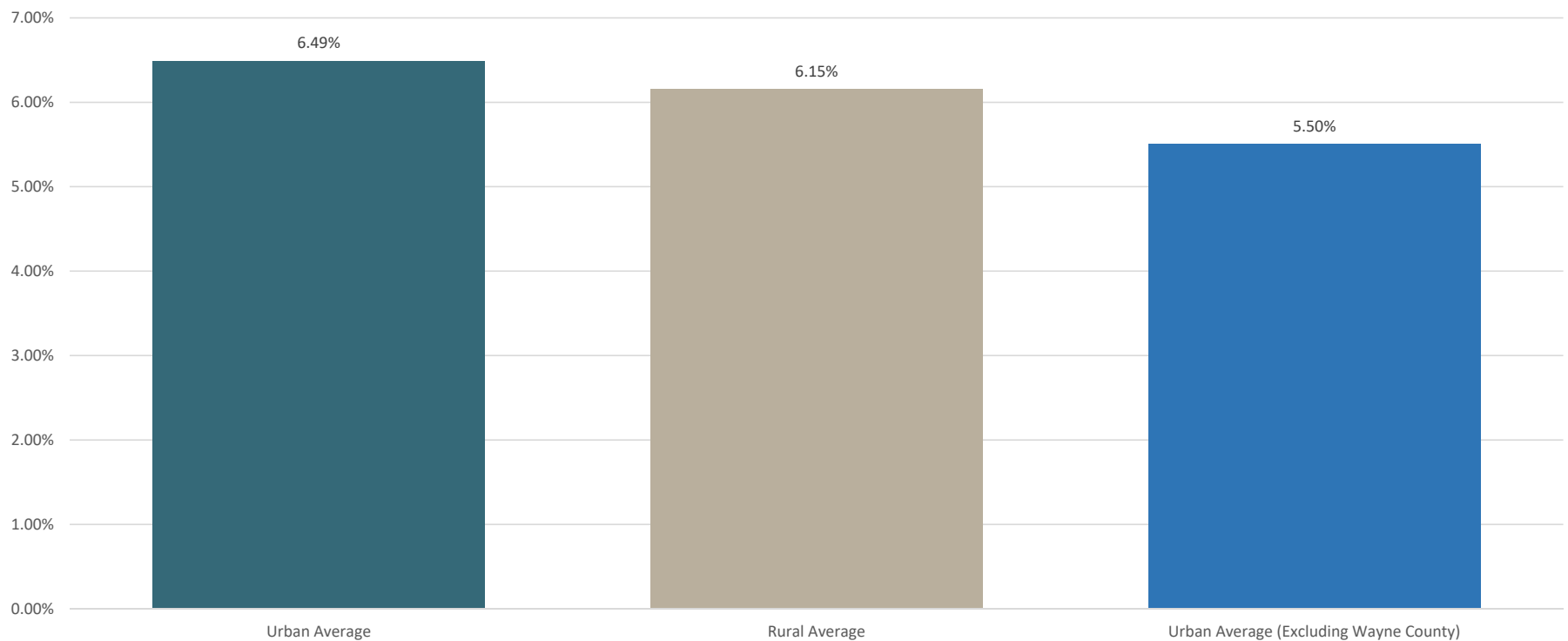
## Enrollment

- 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

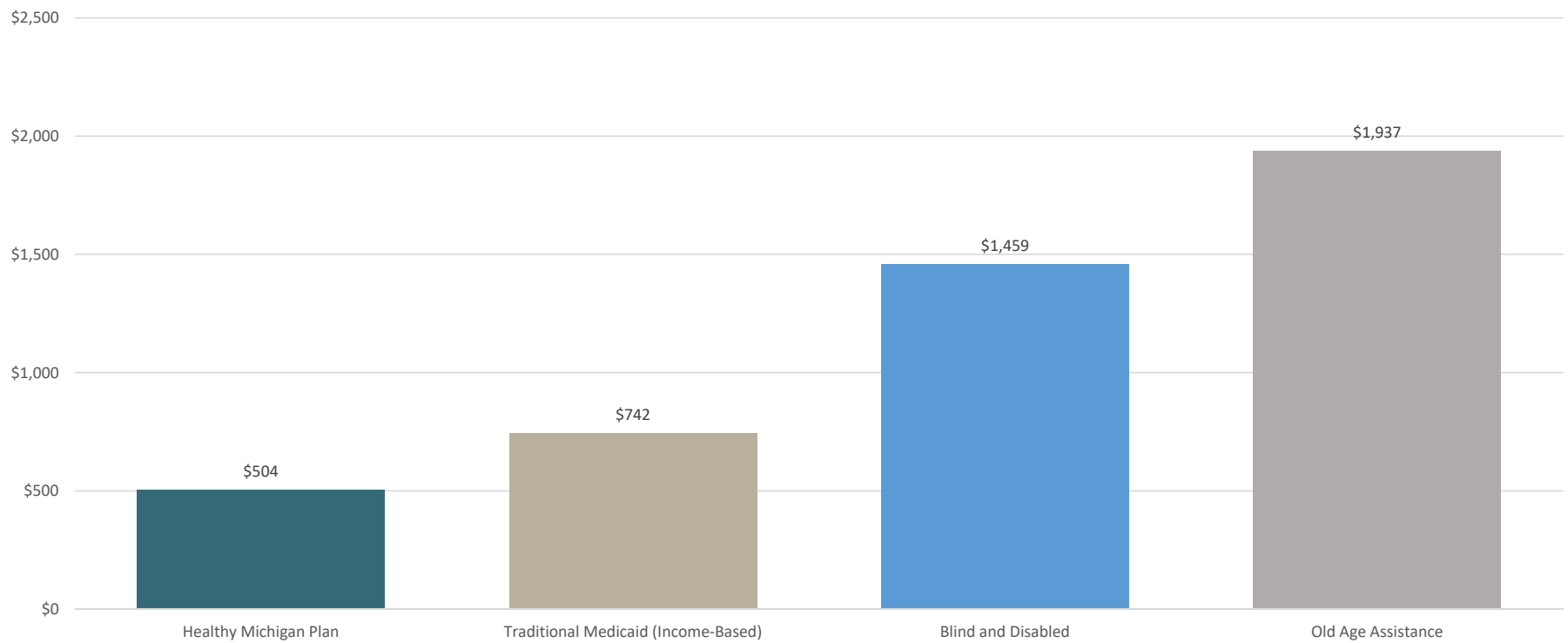
## Finance

- 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"> <li>• Co-payment ONLY applies to non-emergency services</li> <li>• There is no co-payment for true emergency services</li> </ul>	\$ 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

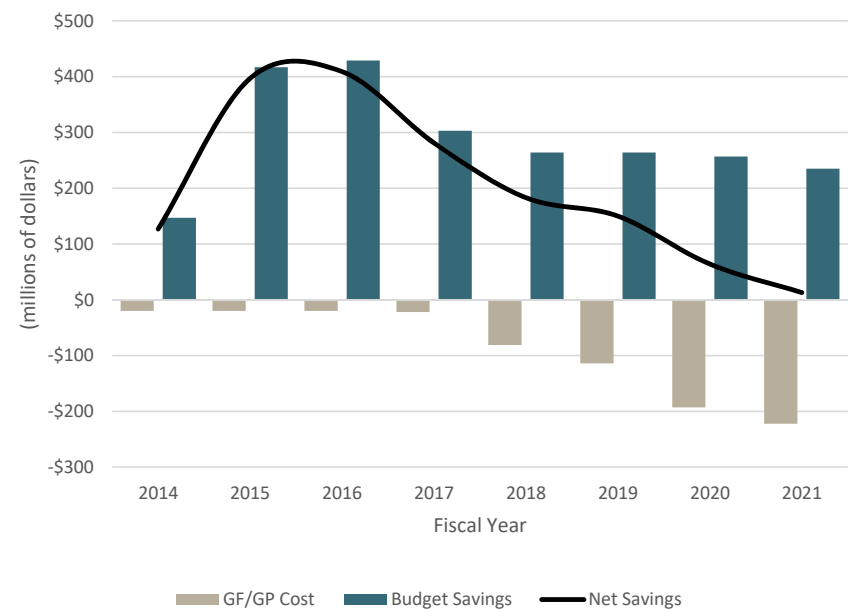
- Essential Resources (Safe Housing, Available Food)
- Economic Conditions (Poverty and the Stresses that Accompany Poverty)
- Quality of Education and Job Training
- Public Safety/Exposure to Violence/Crime
- Availability of Social Support and Community Resources (Family, Church, Public Spaces)
- Social 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



# 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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