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BILL ANALYSIS

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Senate Bill 542 (Substitute S-1)
Sponsor: Senator Tonya Schuitmaker
Committee: Health Policy

Date Completed: 2-10-16

CONTENT

The bill would amend the Management and Budget Act to prohibit a State agency from using State funds or resources for a communication by means of prerecorded radio or television advertisement, prerecorded telephone message, printed advertisement included in a periodical, mass mailing, or paid internet advertisement to advertise the Healthy Michigan Plan. The prohibition would apply beginning October 1, 2016.

"Healthy Michigan Plan" would mean the medical assistance plan described in Section 105d of the Social Welfare Act. (That section was enacted by Public Act 107 of 2013, which provided for the expansion of the Medicaid program pursuant to the 2010 Patient Protection and Affordable Care Act (referred to as the Affordable Care Act, or ACA). The provisions of Section 105d related to Medicaid expansion via the Healthy Michigan Plan are described below.)

Proposed MCL 18.1449

BACKGROUND

Healthy Michigan Plan Overview

Through Medicaid managed care, the Healthy Michigan Plan (HMP) provides health care benefits to adults aged 19 to 64 whose income is not more than 133% of the Federal Poverty Level (FPL); who are not eligible for or enrolled in Medicare or other Medicaid programs; and who are Michigan residents. All beneficiaries are subject to copayment requirements, which may be reduced through participation in "healthy behavior" activities. Copayments are paid into health savings accounts monthly. Beneficiaries whose income is between 100% and 133% of the FPL also are required to pay monthly premiums into health savings accounts.

Beginning in April 2018, able-bodied individuals between 100% and 133% of the FPL either will continue in the HMP or be placed in the health exchange (public marketplaces under the Affordable Care Act). Newly eligible individuals above 100% FPL who are medically frail will remain in Medicaid managed care without a requirement to complete a healthy behavior.

Public Act 107 of 2013

Public Act 107 of 2013 directed the Michigan Department of Community Health (now part of the Michigan Department of Health and Human Services, or DHHS) to seek a waiver from the U.S. Department of Health and Human Services to expand Medicaid coverage to the ACA expansion population. (The ACA expansion population is the same as that covered by the Healthy Michigan Plan. The waiver was necessary because the HMP differs from the Federal government's approach.) Public Act 107 provides that eligible individuals must be placed in a contracted health plan, enrollees must be given a choice in health plans, and all enrollees must have access to a primary care physician and preventive services. As noted below, implementation of Public Act 107 actually required two waivers. The first was granted in December 2013, and the second was granted in December 2015. As of February 8, 2016, the plan included approximately 597,600 beneficiaries, according to the DHHS.

Public Act 107 created the equivalent of a health savings account for enrollees, into which an unspecified amount of funding from an enrollee, the enrollee's employer, and private and public entities may be deposited to pay for health expenses. The Department must pursue a range of consequences for enrollees who do not meet their cost-sharing requirements.

Public Act 107 limits cost-sharing contributions for those between 100% and 133% of the FPL to 5% of income. Cost-sharing does not apply for the first six months of eligibility. Contracted health plans may reduce required contributions for those who meet the requirements for healthy behaviors. Enrollees can meet healthy behavior goals through a number of prescribed means, including an annual health risk assessment to identify unhealthy characteristics such as alcohol and tobacco use, substance use disorders, obesity, and immunization status.

Public Act 107 directs the Department to limit any reduction in an enrollee's required contribution if the enrollee fails to pay co-pays or makes inappropriate use of emergency departments. In cooperation with the contracted health plans, the Department also must to create financial incentives to reward enrollees who improve their health outcomes or maintain healthy behaviors.

Public Act 107 includes provisions governing coverage for able-bodied individuals eligible for Medicaid between 100% and 133% of the Federal Poverty Level who have reached their 49^{th} month of coverage. (The definition of "able-bodied" incorporates 42 CFR 440.315, which exempts not only disabled individuals under Federal definitions, but also state-defined disabled individuals and pregnant women.) These able-bodied individuals will have to choose to either purchase private insurance coverage through a health exchange (assuming that under a Federal waiver they would receive the tax credits necessary to cover most of the insurance costs from the Federal government) or be subject to greater cost-sharing requirements (7% maximum as opposed to 5%) while remaining in Medicaid under the Healthy Michigan Plan.

Under the waiver granted by the Federal government in December 2015, effective April 1, 2018, all able-bodied individuals between 100% and 133% of the FPL either will continue in the HMP or be placed in the health exchange. Individuals meeting healthy behavior requirements will continue in the expansion with an effective net cost sharing of 5%. Those not meeting the requirements will be placed in the health exchange, with the State covering the costs of the exchange product.

To be implemented fully, the legislation required a Federal waiver effectively split into two parts: the first to implement the health savings accounts, the cost-sharing, and the healthy behavior incentives, and the second to implement the provisions tied to the 49^{th} month of eligibility. The first waiver was granted in December 2013 and the second was granted in December 2015.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The Michigan Department of Health and Human Services spends $2.0 million Gross, $1.0 million GF/GP annually to promote the Healthy Michigan Plan. Enactment of the bill would reduce State expenditures by an equivalent amount.

Fiscal Analyst: Steve Angelotti

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