



Testimony Presented to the Senate Michigan Competitiveness Committee

SB 897 – Medicaid Work Requirements

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Good morning Chairman Shirkey and members of the Michigan Competitiveness Committee. I am Gilda Jacobs, President and CEO of the Michigan League for Public Policy, a nonpartisan research and advocacy organization that promotes economic opportunity for all, regardless of race, place or income and addresses poverty in a comprehensive manner. As a 12-year veteran of the Legislature, I understand what it means to be on both sides of the table. You have to balance the politics of the day with the needs of your constituents and the residents of our great state. I understand the careful line you have to walk because I've been in your shoes.

I want to start by thanking you for the opportunity to testify this morning and want to take a moment to thank you, Chairman Shirkey, for your incredible leadership on healthcare issues, particularly your pivotal role in creating the successful Healthy Michigan Plan which has provided healthcare for more than 675,000 residents.

Today, we join the chorus of advocates in opposing Senate Bill 897, which would require the Department of Health and Human Services to seek a waiver from the federal government imposing work requirements on Medicaid recipients. Research shows that a majority of Medicaid recipients who can work are already working and that work requirements will result in the loss of coverage for individuals, create an increased and undue burden on physicians and employers unable to complete cumbersome paperwork, come at a significant financial cost to both state and federal government, harm families already living on the edge and may result in legal action.

Never in the 50 years since the creation of Medicaid has a federal administration approved the use of work as a condition of eligibility to receive Medicaid nor does the Medicaid statute allow work to be a condition of eligibility. The purpose of the Medicaid program when it was created was to provide people with health coverage—simply, Medicaid is a health insurance program not a jobs program, a basis that has been supported by every previous president.

As an organization, we value work and for over 100 years have advocated for policies that can help people gain employment and support their families. But in order to keep and maintain a job, you need to be healthy. Losing health insurance, which would likely happen to individuals who are unable to meet requirements set forth in this legislation, is detrimental to both their health and their financial well-being. Research from the University of Michigan shows that right here in Michigan, individuals who

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gained insurance through the Healthy Michigan Plan say that having health coverage has helped them look for a job or be more productive in their work. Additional paperwork, uncertainty of hours, traditional barriers to employment such as child care and transportation, and lack of skills and access to training will result in fewer people receiving valuable health coverage and potentially driving the rate of unemployment back up.

We are also greatly concerned with the costs of implementing work requirements. At a time when Michigan is seeing the results of a number of tax changes and lower than expected revenues, it is important to determine whether or not such harsh restrictions on families with low incomes are financially responsible. Kentucky has estimated the initial costs to set up implementation of work requirements will cost nearly \$187 million in federal and state funding. In Tennessee, the state has estimated that the costs will exceed \$18.7 million each year to the state and \$15 million annually to the federal government. Virginia has also looked at the cost of implementation and determined similar levels of necessary spending. All three of these states have significantly smaller Medicaid populations than Michigan. It is important that legislators know what the fiscal impact will be here in our state before making any rushed decisions on this policy change.

Work requirements will balloon the size of our state government, likely requiring the hiring of more staff to track individuals required to comply. While some of the administrative costs will be covered by the federal government, the federal government will not help to pay for support services such as job training, child care or transportation. These are just some of the barriers to individuals attempting to join the workforce or volunteer. The state would need to invest heavily in these programs to actually make it possible for more people to work under Medicaid work requirements, as opposed to just reducing the number of people on Medicaid by making it difficult to meet the requirements.

As we continue this discussion regarding work requirements and the problems that come with them, we should look no further than Kentucky. Days after the Centers for Medicaid and Medicare Services released guidance on work requirements, Kentucky's waiver was approved and in the months that have followed, we have seen what could happen in Michigan if we continue to pursue this legislation. A lawsuit was filed just days after work requirements were approved in Kentucky. Fifteen plaintiffs are challenging the legality on two different issues, one because the work requirements risk the loss of Medicaid by the plaintiffs by creating a new eligibility requirement that may be considered beyond the U.S. Department of Health and Human Services' authority, and the other due to violations of the Administrative Procedures Act. It is prudent for state lawmakers to follow this case before determining whether or not this is the right path for Michigan or if a lengthy and expensive legal battle is worth it. We at the League think it is not.

Attempting to impose these harsh requirements will be detrimental to many Michigan populations—including Medicaid recipients, small business owners, doctors and medical staff, and state caseworkers. The Legislature should instead look more closely at the realities of the labor market, where jobs are available, what skills are needed for them and what you as elected officials can do to help workers and businesses alike. Finally, when it comes to our state Medicaid program, which is helping people and employers in every district in the state, I urge lawmakers to look for ways to improve the system and services, not haphazardly eliminate them.

Thank you for your time and consideration.