



August 10, 2018

Governor Rick Snyder
P.O. Box 30013
Lansing, MI 48909

Nick Lyon, Director
Michigan Department of Health and Human Services
333. S. Grand Ave.
P.O. Box 30195
Lansing, MI 48909

Dear Governor Snyder and Director Lyon,

I write today to express my concerns about the waiver amendment to the Healthy Michigan Plan which would require those on the program to meet a stringent work requirement and a requirement that certain individuals pay substantial premiums in order to maintain coverage. We continue to have the same concerns today as we did when the legislation that triggered this process moved through the Legislature and onto Governor Snyder for approval.

If you look very plainly at the intention of the Medicaid program, the program was designed to give people with low incomes health insurance and improve their health. Nowhere in the Medicaid statute does it say that work could and can be used as a determination of eligibility¹. From that view, Medicaid is a health insurance program, not a jobs program. And while we believe fundamentally that work requirements do nothing to improve the health of our fellow Michiganders, are likely to cause excessive costs to our state budget, burdensome paperwork for doctors, beneficiaries, and state workers and may cost people their health coverage if they struggle to qualify for exemptions or get a job – today, I would like to focus on three main areas of concern regarding Michigan’s Section 1115 waiver request.

¹ 42 U.S.C. 1396a(a)(10), which states that Medicaid is for “making medical assistance available” for all eligible populations, including the expansion population.

We are deeply concerned about the coverage losses that may occur as a result of these changes. And while we believe all enrollees in Healthy Michigan will be impacted in some way – it is important for us to know if people will lose coverage because of these restrictions, whether it be through non-compliance, the inability to find a job and therefore meet the requirements, an inability to pay their premiums, or even if they no longer receive coverage because they did find a job that offered health coverage. The nonpartisan House Fiscal Agency estimated that 54,000 could lose coverage² but this did not take into account people that may lose coverage due to inability to pay the 5% premium after 48 months and assumes that everyone eligible for an exemption is able to secure one. Given these qualifiers, it is our belief that the coverage losses could be much greater. We implore the department to do what it can to provide advocates and beneficiaries an accurate picture of the number of people that may be harmed from these new provisions.

In our letter urging Governor Snyder to veto the legislation³, we highlighted another major concern and that is the lack of resources for people to comply with these requirements. If this is the path that Michigan is going to take, we need to ensure that people have the resources to meet these requirements. As written, the department would need only to direct individuals to existing resources for job training, transportation, and child care – many of these resources are significantly lacking.

The debate around transit has been raging in Michigan for years and to date there has been no significant progress on this in any part of our state. In its 2018 report, the American Society of Civil Engineers graded Michigan's transit system a C- stating that "the reliability and availability of these services to many areas is inadequate, and some of the urban systems are unable to adequately meet transit demands."⁴

Affordable child care is also essential to ensuring that individuals can take care of their families. But research shows that child care remains unaffordable to parents with low or moderate wages. The average cost of care for one infant in a licensed child care center in Michigan exceeds \$10,000, dropping only to \$7,300 for a four year old – these costs would be significantly difficult to overcome in families that have more than one child. In the Midwest, annual child care expenses for two children (\$19,728) rival the costs of a college education and far exceed housing costs (\$17,188).⁵ The truth of the matter is that families may find that the cost of child care is too great of a burden and may choose not to work because affordable care is not available.

Transportation, affordable child care, and job training are essential investments that the state can make to ensure that those who must meet these stringent requirements can. We would urge the next administration and the next Legislature to look at ways to invest in these important work supports. The entire state would ultimately benefit from these investments.

Finally, we have grave concerns about the decision to rescind the state's marketplace option and move instead to a requirement that individuals above 100% of the federal poverty line pay a 5% premium plus participate in increasingly challenging healthy behaviors in order to maintain coverage.

² Kevin Koorstra, *Healthy Michigan Plan Work Requirement and Premium Payment Requirements*, House Fiscal Agency, June 2018, <http://www.legislature.mi.gov/documents/2017-2018/billanalysis/House/pdf/2017-HLA-0897-78EF78F9.pdf>

³ *Letter from Michigan League for Public Policy President and CEO urging Governor Snyder to veto SB 897*, <https://mlpp.org/wp-content/uploads/2018/08/snyder-letter-sb-897-veto-clean.pdf> (June 1, 2018)

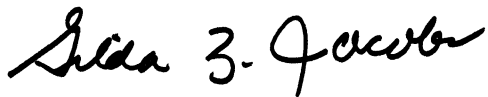
⁴ *Report Card for Michigan's Infrastructure*, https://www.infrastructurereportcard.org/wp-content/uploads/2016/10/FullReport-MI_2018-FINAL-1.pdf American Society of Civil Engineers (2018)

⁵ *Parents and the High Cost of Child Care*, Child Care Aware of Michigan (2017)

In Judge Boasberg's opinion in *Stewart vs. Azar* he concluded that the objective of Medicaid is not only to provide coverage, but also to reduce the costs of healthcare for low-income individuals and families.⁶ There is no doubt that these premium rates may make coverage unaffordable, especially for families with low-incomes. Five percent premium payments are unprecedented and have never been approved in any state. Premiums may significantly reduce enrollment and health coverage, rather than strengthen engagement in an individual's healthcare. It is also of concern regarding the requirement to participate in increasingly more challenging healthy behaviors. I worry that these individuals may not have easy access to options that would meet this definition.

The Michigan League for Public Policy has long advocated for the Healthy Michigan program and believes strongly that it has been of benefit to those that receive coverage through it and it has also benefitted the fiscal health of our state. Nearly 680,000 of our fellow Michiganders have received coverage through the program – that includes annual physicals, dental visits, cancer screenings, and prescription drugs. We are understanding of the limitations afforded to the department by ways of Public Act 208 of 2018 but we believe that for the reasons listed above and from the many comments you will receive that you should look closely at how these changes will impact the very people that have benefitted from the current success of the Healthy Michigan program.

Respectfully submitted,

A handwritten signature in black ink that reads "Gilda Z. Jacobs". The signature is written in a cursive, flowing style.

Gilda Z. Jacobs
President and CEO

⁶ See *Stewart v. Azar*, page 46, https://ecf.dcd.uscourts.gov/cgi-bin/show_public_doc?2018cv0152-74