



October 25, 2018

The Honorable Alex Azar
Department of Health and Human Services
Hubert H. Humphrey Building
200 Independence Avenue SW
Washington, D.C. 20201

Re: Healthy Michigan Plan Project No. 11-W-00245/5 – Section 1115 Demonstration Extension Application

Dear Secretary Azar,

The Michigan League for Public Policy appreciates the opportunity to comment on 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. The League, established in 1912, is a nonpartisan policy institute dedicated to economic opportunity for all. We as an organization, have been strong supporters and advocates for the Healthy Michigan Plan, but have deep concerns about this proposal.

From day one, the Medicaid program was set up with clear intentions: to provide people with low incomes health insurance and to 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. 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. But work requirements are not the only harmful element of this amendment. Today, I would like to focus on just a few other areas of concern regarding Michigan's Section 1115 waiver request.

We are deeply troubled by the coverage losses that will 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.

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.

The nonpartisan Michigan 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 encourage the Centers for Medicare and Medicaid Services (CMS) to work with the Michigan Department of Health and Human Services (MDHHS) to provide a more accurate picture of the number of people that would be harmed by these new provisions, especially in light of the huge coverage losses already being experienced by those who failed to comply with work requirements in Arkansas³

In our letter urging Michigan Governor Rick Snyder to veto the legislation⁴ that initiated this waiver, we highlighted another major concern and that is the lack of resources for people to comply with these requirements. As written, the MDHHS would need only to direct individuals to existing resources for job training, transportation, and child care— many of these resources are significantly lacking and underfunded.

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."⁵ In fact, in an attempt to push a regional transit system in Michigan's three largest counties, Wayne County Executive Warren Evans demonstrated this issue⁶. It took around two and half hours to get from midtown Detroit to Novi (approximately 24 miles), requiring riding two separate buses and walking more than two miles. His experience did not obviously account for late or missed buses or other reasons a person may need to get off the bus, including taking their kids to child care or to take care of personal needs. Without adequate transportation, it is difficult for a person to get to work.

Affordable child care is also essential to ensuring that individuals can go to work knowing that their children will be taken care of. 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 for 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).⁷ 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 child care is not available.

Through conversations with community partners we have found that the barriers of access to transportation, affordable child care, and job training are widespread, but concerns over language barriers, cost of auto insurance, and hiring practices for both large and small Michigan companies also

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

³ Jennifer Wagner, "4,109 More Arkansans Lost Medicaid in October for Not Meeting Rigid Work Requirements", Center on Budget and Policy Priorities, October 16, 2018, <https://www.cbpp.org/blog/4109-more-arkansans-lost-medicaid-in-october-for-not-meeting-rigid-work-requirements>

⁴ Michigan League for Public Policy, "Letter from Michigan League for Public Policy President and CEO urging Governor Snyder to veto SB 897", June 1, 2018 <https://mlpp.org/wp-content/uploads/2018/08/snyder-letter-sb-897-veto-clean.pdf>

⁵ American Society of Civil Engineers "Report Card for Michigan's Infrastructure, 2018, https://www.infrastructurereportcard.org/wp-content/uploads/2016/10/FullReport-MI_2018-FINAL-1.pdf

⁶ Wayne County Executive Warren C. Evans, "Wayne County Executive Warren C. Evans' transit journey from Detroit to Novi", Youtube, May 29, 2018, https://www.youtube.com/watch?time_continue=178&v=EM88MSx0g-A

⁷ Child Care Aware of Michigan, "Parents and the High Cost of Child Care", Child Care Aware of Michigan, 2017

exist. We believe that until these issues are addressed, individuals enrolled in Healthy Michigan are at risk of losing their healthcare coverage over issues they have little to no control over.

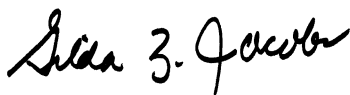
When the legislation creating Healthy Michigan was signed into law in 2013 a number of studies and evaluations were included to measure the program. In particular, one study conducted as part of the “2016 Healthy Michigan Voices Enrollee Survey⁸” showed that 69.4% of those already employed found that having coverage through Healthy Michigan made them *better* at the job they had and that of those currently out of work, 54.5% of them strongly agreed or agreed that having coverage made them better able to look for a job. These findings are *included* in the MDHHS’s waiver amendment request⁹. This Michigan-specific data confirms what other studies have shown: that having health coverage improves an individual’s ability to work, not the other way around.

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. In Judge James 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 individuals and families with low incomes.¹⁰ 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. The requirement to participate in increasingly more challenging healthy behaviors is also a concern. We worry that these individuals may not have easy access to options that would meet this definition. According to the waiver submitted by MDHHS, the Department is said to be exploring ways to assist individuals in meeting both cost-sharing and healthy behavior requirements, but without anything made public or shared with advocates, we continue to be apprehensive about the idea of charging aggressive premiums to some of our state’s most vulnerable residents.

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. Healthy Michigan has also benefitted the fiscal health of our state. Nearly 1 million of our fellow Michiganders have received coverage through the program, with over 650,000 currently enrolled—gaining access to annual physicals, dental visits, cancer screenings, and prescription drugs. We urge you to strongly consider the comments you receive not only from organizations, but also the important input of those individuals who will be directly impacted by the consequences of these proposals.

Thank you for your time and consideration.

Respectfully submitted,



Gilda Z. Jacobs
President and CEO

⁸ Institute for Healthcare Policy and Innovation, “Medicaid Expansion Helped Enrollees Do Better at Work or in Job Searches,” University of Michigan, June 27, 2017, <http://ihpi.umich.edu/news/medicaid-expansion-helped-enrollees-do-better-work-or-job-searches>

⁹ State of Michigan, “Section 1115 Demonstration Extension Application: Healthy Michigan Plan (Project No. 11-1-00245/5), https://www.michigan.gov/documents/mdhhs/Amended_Section_1115_Demonstration_Extension_Application_-_Clean-Web_Posting_632189_7.pdf

¹⁰ See *Stewart v. Azar*, page 46, https://ecf.dcd.uscourts.gov/cgi-bin/show_public_doc?2018cv0152-74