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Your *Source* for Health Care Information

# HOUSE BILLS 4495 & 4496: HEALTHIER MICHIGAN PLAN

MAHP POSITION: **SUPPORTIVE**

## SUMMARY OF HEALTHIER MICHIGAN PLAN

Building on the success of the Healthy Michigan Plan (HMP), House Bills 4495 & 4496 make program improvements and modernizations to strengthen Michigan's Medicaid program. Changes to enrollee cost-sharing, health risk assessments, as well as the removal of outdated language will help advance healthier outcomes and make health care more equitable.

## BACKGROUND

Nearly a decade ago, the Michigan Legislature created the Healthy Michigan Plan that expanded Medicaid eligibility to 138% of the Federal Poverty Level (FPL). This law (House Bill 4714 - Public Act 107 of 2013) took effect in March of 2014 and has proved to be a successful model for other states to follow, **saving tax dollars and driving healthier outcomes for Michigan's most vulnerable populations**.

HMP allows Medicaid enrollees to choose their health plan from a list of accredited managed care organizations contracted by the Michigan Department of Health and Human Services (MDHHS). Under HMP, managed care health plans provide health care insurance to enrollees through robust provider networks. Medicaid enrollees are subject to state-imposed cost-sharing obligations and are required to utilize health savings accounts to influence greater personal accountability. Enrollee healthy behavior incentives and performance metrics for health plans have been established under the HMP to help advance healthier outcomes.

## OUTCOMES OF HMP

The goals set by the Legislature when expanding Michigan's Medicaid program were to lower the state's uninsured rate, reduce uncompensated care, save tax dollars, and improve health outcomes. The HMP helped provide health care insurance for an additional 600,000 Michiganders before the Public Health Emergency (PHE). It is estimated that the number of HMP enrollees has increased to nearly 1 million during the PHE.

Since adopting the HMP, Michigan's uninsured and uncompensated care rates have dramatically improved. Additionally, general fund savings have been produced yearly since the program was in place.

### UNINSURED RATE

Michigan's uninsured rate has plummeted in the past decade, thanks to the HMP. Michigan's 5.1% uninsured rate now stands much lower than the national average (6.6%) and is one of the ten best rates in the county.


### UNCOMPENSATED CARE

Before the HMP, uncompensated hospital care was roughly 5% of all hospital expenditures in 2013. As of 2020, that number has also been cut in half. Uncompensated care now stands at 2.5% of hospitals' expenditures. Only 1% of hospital patients don't have health insurance. Before the HMP, that number was more than 3% of all hospital patients.

## SAVINGS

Since the passage of HMP, more than 1.2 billion in state general fund spending has been saved. According to the State Budget Office, in Fiscal Year 2021 alone, realized savings from HMP were $273 million. The Medicaid managed care program has yielded well over $2 billion in savings to state taxpayers thus far.

SBO State Budget Office

| | | |
|---|---|---|
| SUBTOTAL | **TOTAL HMP COSTS** | **$295,666.7** |
| SUBTOTAL | **STATE / NON-FEDERAL HMP SAVINGS** | (569,533.5) |
| | **TOTAL NET COSTS /(SAVINGS)** | **(273,866.8)** |

## HEALTHIER OUTCOMES

A survey of HMP enrollees found the following information which are driving healthier outcomes for enrollees:

**69%**

of employed enrollees reported that HMP helped them perform better.

**55%**

of enrollees who were out of work agreed that HMP made them better able to seek a job.

**37%**

of enrollees who were employed and changed jobs in the past 12 months agreed that having HMP helped them get better jobs.

Primary care physicians reported enrollees in HMP **better adhered to treatment for chronic conditions**.

According to the University of Michigan survey:

**60%**

of HMP enrollees reported that their ability to get primary care was better than before enrolling in the program.

**70%**

were more likely to contact a primary care provider before going to the emergency department.

Fewer enrollees reported that the emergency department was a regular source of care after enrolling in HMP.

**16%** in 2013 → **1.7%** in 2016

# MAKING HMP HEALTHIER

While the goals outlined by the Legislature for the HMP are being met and, in most cases, exceeding expectations, there are coverage and access barriers that must be proactively addressed to improve enrollee outcomes and health equity. Mandates on enrollee cost-sharing and health risk assessments must be reformed for effectiveness and modernization. Some of these program requirements on enrollees have proven costly to implement and enforce. Furthermore, greater flexibilities must be afforded to MDHHS to work with the federal government to make benefit design choices best suited for Michigan's dual-eligible population.

## REFORMING COST SHARING

Under the HMP, enrollees above 100% FPL must contribute 2% of their annual income into a standalone separate count known as the MI Health Account (MIHA). Cost-sharing requirements (Co-Pays + Contributions) are based on an enrollee's household income. Any amount owed is mailed to the beneficiary quarterly. Potential penalties for non-payment include garnishment from state tax refunds and the lottery.

**According to information from MDHHS, as of 2021, less than a quarter of all cost-sharing copays owed have been collected from enrollees since the start of the program over a decade ago.**

**Chart 2: Copays & Contributions Paid**

**Copays**

| Statement Month | Amount of copays owed | Amount of copays paid | Percentage of copays paid | Number of beneficiaries who owed copays | Number of beneficiaries who paid copays |
|---|---|---|---|---|---|
| **Jan-21** | $242,863.15 | $69,701.13 | 29% | 31,254 | 10,627 |
| **Feb-21** | $211,409.32 | $58,831.28 | 28% | 27,474 | 8,933 |
| **Mar-21** | $244,591.25 | $62,290.63 | 25% | 31,489 | 9,049 |
| **Calendar YTD** | **$698,863.72** | **$190,823.04** | **27%** | **90,217** | **28,609** |
| **Program Total** | **$19,794,315.41** | **$8,283,251.46** | **42%** | **2,271,155** | **1,166,588** |

**Contributions**

| Statement Month | Amount of contributions owed | Amount of contributions paid | Percentage of contributions paid | Number of beneficiaries who owed contributions | Number of beneficiaries who paid contributions |
|---|---|---|---|---|---|
| **Jan-21** | $1,943,824.41 | $146,093.44 | 8% | 28,495 | 7,443 |
| **Feb-21** | $1,772,375.06 | $135,255.93 | 8% | 25,928 | 6,411 |
| **Mar-21** | $1,981,069.67 | $135,701.38 | 7% | 29,076 | 5,724 |
| **Calendar YTD** | **$5,697,269.14** | **$417,050.75** | **7%** | **83,499** | **19,578** |
| **Program Total** | **$96,038,637.45** | **$24,168,499.64** | **25%** | **1,523,588** | **702,197** |

HB 4495 & 4496 would amend various sections of the HMP to effectuate the following cost-sharing reforms:

- ✓ Eliminate cost-sharing requirements on enrollees to ensure they maintain access to the care they need.
- ✓ Direct administrative efforts and attention to addressing Social Determinants of Health (SDoH) and driving health equity rather than chasing copays.

## HEALTH RISK ASSESSMENTS

Under HMP, a Healthy Behaviors Incentive Program encourages health plans to work with enrollees to implement and maintain healthy behaviors. Enrollees must complete a Health Risk Assessment (HRA) and identify goals and objectives. An enrollee's successful adherence to their HRA can lead to reductions in their cost-sharing requirements.

***The proposed legislation modernizes various features of the Healthy Behaviors Incentive Program and HRA process, including the following:***

**Provides a broader range of options** for enrollees to complete their HRA, including continuing to allow health plans to complete the HRA with their member enrollees. This allows health plans, which have a significant incentive to increase the HRA completion rates, to engage with enrollees to discuss available healthy behavior promotion programs offered.

**Allows for electronic completion of the HRA** and permits health plans to use other electronic communications means (text messaging) to support the completion of the HRA.

**Provides enrollees with the option** to participate in healthy behavior motivational interviewing or coaching offered by their health plan.

**Requires MDHHS to share completed HRAs** with health plans in a timelier fashion. Not having the HRAs as timely as possible from MDHHS may cause delays and potentially impact enrollees' cost-sharing reductions.

**Establishes a formal process** by which health plans can submit new wellness programs that would count for compliance with certain enrollee healthy behavior requirements.

**Removes the requirement** that enrollees be disqualified from insurance for failure to fill out their HRA.

## DUAL FLEXIBILITY & PROGRAM REPEALERS

Many Medicaid enrollees are also Medicare-eligible. These dual-eligible enrollees require careful coordination between state and federal program requirements. Under the legislation, greater flexibility is afforded to MDHHS to allow the department to work with the federal government and choose benefit designs that are best suited for Michigan's dually-eligible population. Finally, considering that HMP has generated more than $1.2 billion in general fund savings over the past decade, this legislation would remove statutory provisions that repeal the program if certain conditions are not met.


# THE FOLLOWING MICHIGAN HEALTH PLANS SUPPORT HOUSE BILLS 4495 & 4496

Aetna Better Health® of Michigan

MOLINA® HEALTHCARE

cca health MICHIGAN

PARAMOUNT Affiliate of ProMedica

McLaren HEALTH PLAN

Physicians Health Plan

meridian

Priority Health™

UPHP UPPER PENINSULA HEALTH PLAN

UnitedHealthcare® Community Plan

hap®