



STATE OF MICHIGAN

OFFICE OF THE GOVERNOR

LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JOHN D. CHERRY, JR.
LT. GOVERNOR

Making Health Care Affordable & Accessible in Michigan

Since taking office, Governor Jennifer M. Granholm has worked to reduce the cost and expand access to health care. In just three years, the Granholm administration has extended affordable prescription drug coverage and health care coverage to more than 292,000 people, protected health care for the state's most vulnerable citizens, and created significant efficiencies in the state's Medicaid system that allow expanded coverage at significantly reduced cost.

In her State of the State Address, Governor Granholm proposed a revolutionary new way to address the rising cost of health care in Michigan and the burden it places on our families and our businesses. This comprehensive strategy will:

- expand affordable health coverage to more than half a million people who do not have insurance today;
- improve the overall quality and efficiency of health care through improved health information technology;
- create a culture of healthy lifestyles.

Step 1 ... The Michigan First Healthcare Plan

Providing an affordable way for individuals without employer-based health care to get insurance is a necessity to reduce the cost of health care and position Michigan to lead, grow, and prosper. The Michigan First Healthcare Plan will provide access to affordable insurance coverage through a partnership with the health care industry and business community.

A New Approach

A majority of coverage in the current health care system is available to individuals through two doors: (1) through health care coverage from their employer, financed with a combination of employer and employee funding; or (2) through coverage provided by a government funded program such as Medicare or Medicaid. Unfortunately, too many people cannot access either door. We must offer these citizens a "third door."

Under Governor Granholm's leadership, Michigan has created a number of efficiencies in the state's Medicaid system, including expanded enrollment in managed care programs and aggressive purchasing strategies to reduce the cost of prescription drugs. These and other strategies have created significant savings over the last several years. The state will ask the federal government for approval of a plan to redirect a portion of these savings to fund this new program. The federal government has approved similar financing models for other states.

Who Will Benefit?

The uninsured in Michigan are a diverse group. They are the self-employed who simply can't afford insurance. They are the employees at small and large businesses that don't provide insurance. They are young and old. They will have access to the health insurance options provided by the Michigan First Healthcare Plan. Guided by the principles of fairness and ability to pay, individuals with incomes below 100 percent of the federal poverty level (\$19,350 for a family of 4) will have minimal out-of-pocket costs. Uninsured individuals above 100 percent of the federal poverty level will be expected to increase the financial commitment to their coverage as their incomes increase.

Small business in Michigan will benefit, too, as the Michigan First Healthcare Plan will provide them with the ability to help employees gain access to affordable health insurance, creating a more stable, healthier workforce. The Partnership is committed to working with small business to identify additional employee benefits that can be offered, including pre-tax contributions to lower the cost even further.

How Will It Work?

Michigan First will develop guidelines for the benefits that will be available, and then a variety of private health insurance providers will have the opportunity to design benefits to fit within those guidelines. Benefits will be comprehensive enough to cover basic and necessary health services. At a minimum, benefit packages will include basic preventive and primary care coverage, emergency room services, hospitalization, mental health care, and prescription drugs. Individuals who sign up for coverage will have the opportunity to choose the package that best meets their individual health and income needs.

Relying on the Principles of Managed Care

The Michigan First Healthcare Plan will also utilize managed-care principles which have proven to be cost and quality-effective. Health care provided to the uninsured by hospitals and other providers and which is not paid for directly by private insurance or public programs is often unorganized and unmanaged. Efficient delivery of these services under the Michigan First proposal should help to further reduce the subsidy paid by all employers in their current premiums for the currently inefficient system.

Step 2 ... Advancing Health Information Technology

Michigan will also improve the quality of patient care and reduce health care costs by harnessing the power of technology. Every function within the health care system stands to be improved by utilization of health information technology.

In December, the Governor convened the *Michigan Health Information Network* to begin building the foundation of a statewide health information network to advance the use of information and communication technologies. This group of over 300 public and private health care stakeholders is hard at work developing the nation's first statewide network controlled by patients to share health care information safely, confidentially, and electronically among health care providers.

With this network in place, we will significantly reduce both duplicative services and mistakes made by health care professionals due to lack of access to patients' current health information. Employers, the public sector, and individuals will benefit from electronic medical records that follow individuals as they receive care from various providers. Efforts are already underway. Pilot programs in mid-Michigan, Southeast Michigan, and the Upper Peninsula, and a partnership by Blue Cross Blue Shield of Michigan and Covisint are excellent examples of what can be accomplished.

Building the necessary capacity also requires maximizing collaboration with health care providers, insurance carriers, and businesses to implement strategies that encourage the use and storage of electronic health records on interoperable systems.

Leadership at the federal level is also critical to widespread adoption of health information technology. The Office of the National Coordinator for Health Information Technology (HIT) estimates that a fully integrated, national HIT system would eliminate 20 percent of costs from the delivery of health care services. Michigan will work to establish a presence in the national HIT effort to establish and sustain an understanding of the urgency of this effort.

Step 3 ... Promoting Healthy Lifestyles

Finally, making health care more affordable and effective requires a healthy initiative by citizens to make lifestyle changes. There are many steps that people can take toward healthy lifestyles starting with physical activity and better eating habits. Even small changes can lead to big health rewards.

In the coming year, we will incorporate and extend the principles promoted by Michigan's Surgeon General in the Department of Community Health's *Michigan Steps Up* initiative. These principles include focus on encouraging healthy behaviors through moving more, eating better, and not smoking to reduce health risk factors and improve health outcomes.

We will develop lasting, local public-private partnerships among schools, corporations, foundations, the faith-based community, public health, and health care and community organizations. These partnerships will help foster a culture of physical activity, prevention, and wellness in our communities, workplaces, and schools.

Managed care entities participating in the Michigan First Healthcare Plan will provide excellent collaborative vehicles through which the concepts of *Michigan Steps Up* can be introduced to Partnership enrollees. Employers and employees will both reap the benefits of healthier lives and a more productive workforce as members receive guidance from their health plans in learning about the importance of diet and exercise and not using tobacco products in achieving healthy lives. Click on www.michiganstepsup.org for more information.