

## *“Getting from Here to There”*

### *Summary*

2/21/06

### **General Implementation Objectives**

Expansion Options should:

- Improve business competitiveness by making health care more affordable in Michigan.
- Maximize the use of federal funds.
- Focus on covering all children in Michigan.
- Enhance provider reimbursement rates.
- Minimize further erosion of employer-based coverage, and support its growth.
- Create a role for state government to partner with employers to reduce health care costs, improve quality of health care and expand access.

**Note: Each phase builds on prior phases so this plan needs to be considered sequentially.**

Text Boxes will show the corresponding pages in the complete “Getting from Here to There” document.

***Phase I: Maximize Participation in Existing Plans  
Educate Employers and Employees  
Develop a Public Education Campaign  
Create Health Care Commission***

Pages 5 & 6

Phase I includes coverage expansion options that:

- Can be implemented immediately.
- Are supported by existing public and private funds, or create minimal additional budgetary costs.

#### **Enroll All Eligible Individuals in Public Programs**

Objective:

- Enroll the 58,000 uninsured children who are eligible for Healthy Kids or MICHild and the 35,000 uninsured parents who are Medicaid eligible.

Activities

- Engage in outreach and educational activities to enroll as many Medicaid and MICHild eligible individuals as possible. Look at simplifying the application and enrollment processes.

#### **Educate Employees and Employers to Maintain and Increase Participation in Employer-Based Insurance**

Objective:

- Educate employers and employees regarding the need for insurance and the value of health insurance to them personally and collectively.

Activity:

- Collaborate with employers, employer associations and organized labor to provide education.

**Develop a Public Education Campaign**

Objectives:

- Educate the public about the many ways in which uninsurance impacts their lives.

**Establish a Health Care Commission**

Objective:

- Create a Commission to develop implementation strategies to insure that all Michigan residents have health insurance.

Activities of the Commission:

- Develop on-going strategies for continuous improvement in the areas of cost containment, quality, and access, including:
  - A system of chronic care management and disease and health maintenance protocols that are aligned with evidence-based medicine.
  - A pay-for-performance system based on the above protocols.
  - Incentive systems for patients to increase healthy behaviors.
  - A single billing protocol for providers, including all types of medical claims such as Workers' Compensation, auto insurance reimbursement.
  - An electronic system for submitting provider claims, service authorization and accessing medical records.
  - A mechanism to capture savings that may come as a result of simplification of administrative processes, as well as other savings that may be realized as health care is systematized, simplified and universally available.
  - A long-term detailed strategy, including financing to extend health insurance to all Michigianians.

***Phase II: Coverage for Adults Living Below 100% Poverty  
Low-Income and Young Adults  
Childless Adults***

Pages 6 - 8

Objective:

- Cover 165,000 childless uninsured adults and about 80,000 uninsured parents with income below the federal poverty level
- Maximize federal financial participation, while expanding insurance coverage.

Actions:

- Provide Medicaid or Medicaid-like coverage for young adults and parents in families with incomes up to 100% of poverty. Choices abound as to what this coverage would look like; possibilities include:
  - Either the full range of Medicaid benefits or limited benefits.
  - Use of the Medicaid provider network or other providers.
  - Enhanced provider reimbursement to insure access.
  - Availability of coverage through Medicaid or private insurers.
- Options to provide coverage for Childless Adults
  - If parents are covered under Medicaid or Medicaid-like programs, the County Health Plans that currently cover these almost 20,000 parents, could be used to cover childless adults.
  - Develop a Medicaid waiver to cover childless adults.

***Phase III: Expansion of Coverage to Young Adults, Parents, Childless Adults and the Disabled up to 200% Poverty; and Children above 200% of Poverty***

Pages 8 - 10

Objective:

- Leverage available federal and state funding to the extent possible to cover the uninsured.

Actions:

- **Options to cover young adults, parents and the disabled:**
  - Extent Medicaid eligibility for young adults, parents and the disabled up to 200% of poverty with or without a waiver, depending on which is most advantageous at the time this is implemented.
  - Provide for premium assistance for low-income young adults, parents and the disabled who have employer-based coverage available but who cannot afford their share of the premium.
- **Options to cover childless adults:**
  - Cover childless adults up to 100% of poverty under a Medicaid waiver. This would allow County Health Plans to concentrate on covering childless adults up to 200% of poverty.
  - Develop a state-funded program with comprehensive benefit package for childless adults or to supplement employer-based coverage.
- **To cover children above 200% of poverty:**
  - Since Medicaid/SCHIP funds can be used to cover children above 200% of poverty, Medicaid funds could subsidize dependent coverage through employer-based insurance or through a commercial insurance benefit package with an expected parental contribution up to 5% of income.

***Phase IV: Capitalize/Fund the Healthcare System***

Pages 10 & 11

Objective:

- To reduce the burden on employers by controlling health care costs, spreading the financing more broadly and equitably and removing hidden costs like uncompensated care.

Actions:

- Require employers that do not provide a certain level of health care coverage to their employees to contribute to a pool for providing coverage to the uninsured. This pool would be established by the commission, and could include funds from other programs such as worker's disability, auto medical coverage, etc.
- The commission could recommend taxes to provide monies for the fund to cover the uninsured such as taxes on: luxuries, services, businesses on a scaled basis, income tax dedicated to health care, and provider taxes, as well as fees to capture funds previously put into workers' disability and auto medical coverage and means-tested premiums for insurance.

*Phase V: A Multiple Payer System*

Pages 11 & 12

Objective:

- Provide all Michigan residents with health care coverage through multiple health care plans. Coverage would be automatic and would be financed by income-related premiums or taxes.

Actions:

- The Commission would contract with health plans to provide a standard package of benefits offered on a community-rated, guaranteed issue basis.
- Individuals would choose their own health plan from those under contract with the state.
- Either individuals or employers could purchase supplemental coverage for services not covered by the plan.
- People could choose a plan, but may be required to pay premiums for higher cost plans. Employers could cover the cost of premiums if they choose to do so.

**Funding Issues**

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Medicaid options:

- Several states, such as New York, received additional Medicaid funds by arguing that the federal government should share some of the savings it has realized through past management of Medicaid costs. Michigan has a very extensive managed care program that has resulted in significant savings to the federal government. We are hopeful the federal government will share some of these savings with Michigan.
- Michigan may be able to get a waiver to leverage some existing health care expenditures and thus share those costs with the federal government.
- Some states, such as Maine, expect to be permitted to indirectly receive federal matching funds on employer contributions to their subsidized health care system. If Michigan develops such a program, perhaps we could also leverage additional federal funds.

Savings that will be realized if all Michiganians are insured:

- The burden of uncompensated care will be eliminated, which will result in lower insurance rates for purchasers of insurance.
- Streamlined administration such as elimination of multiple billings, use of standardized forms, standardization of policies, etc. will result in savings to health care providers and insurers.
- Incentives for healthier lifestyles, such as reduced cost sharing or enhanced benefits for those who make healthy choices, could be part of the plan.
- Pay-for-performance strategies would provide incentives for better monitoring and management of chronic diseases.