



# Medical Services Administration

## Fiscal Year 2020

Presentation to Appropriations Subcommittee  
on Health & Human Services

Kathy Stiffler, Acting Senior Deputy Director, Medical Services Administration

Farah A. Hanley, Senior Deputy Director, Financial Operations Administration

# Medicaid Facts

- Medicaid is the largest health insurance program in the U.S.
  - State and federal partnership
  - Mandatory services with state options for broader coverage
- Michigan's Medicaid program affords health coverage to nearly 2.5 million Michiganders, including:
  - 1.2 million children
  - 340,000 individuals with disabilities
  - 150,000 seniors
  - 680,000 individuals in Healthy Michigan Plan

# Michigan's Medicaid program has a vast reach

In MI, Medicaid covers:



1 in 6 adults <65



1 in 2 low-income individuals



2 in 5 children

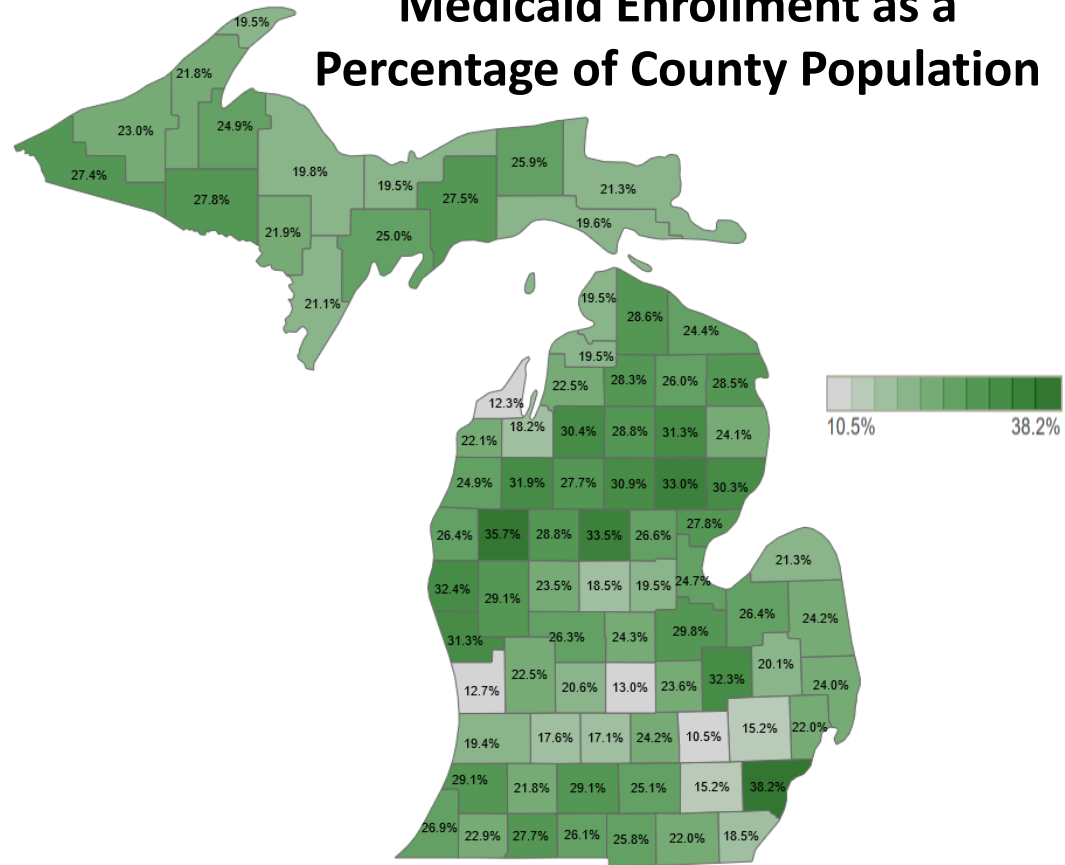


3 in 5 nursing home residents



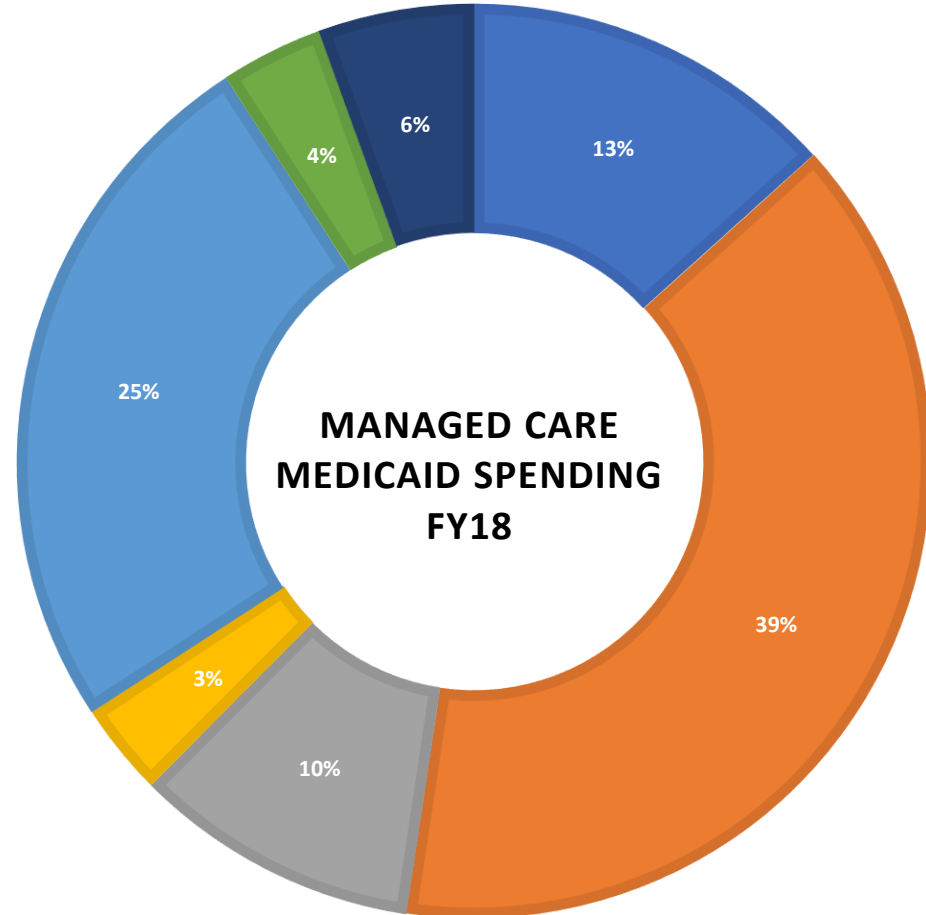
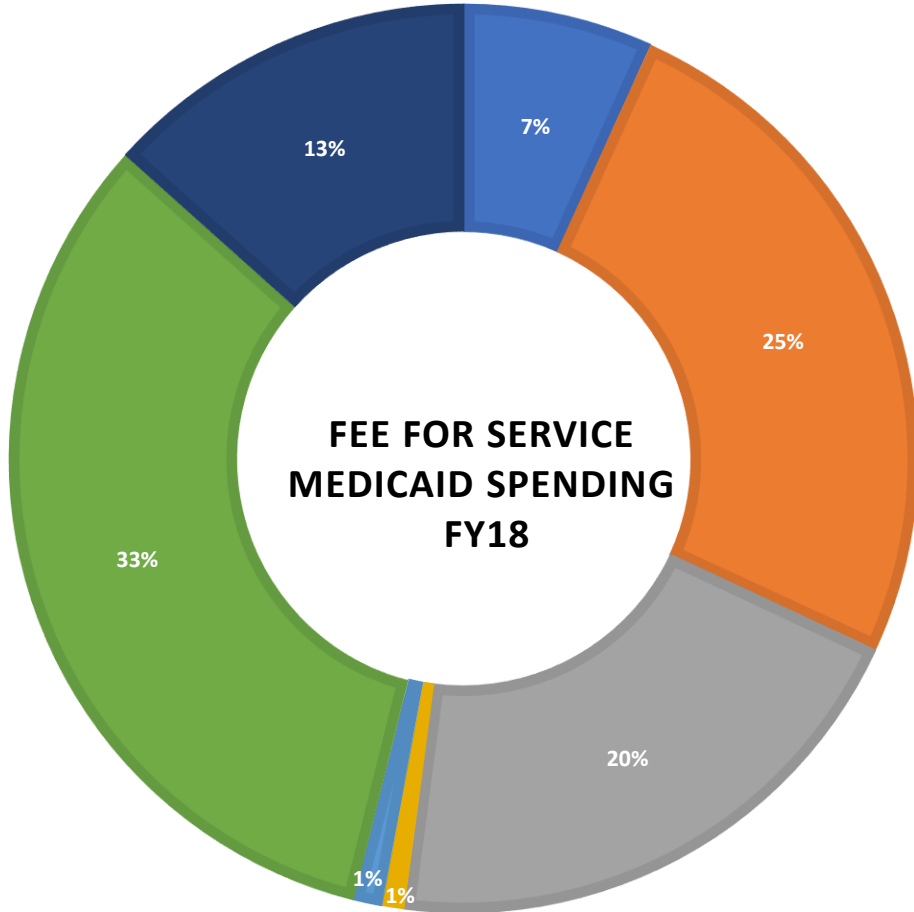
1 in 2 people with disabilities

## Medicaid Enrollment as a Percentage of County Population



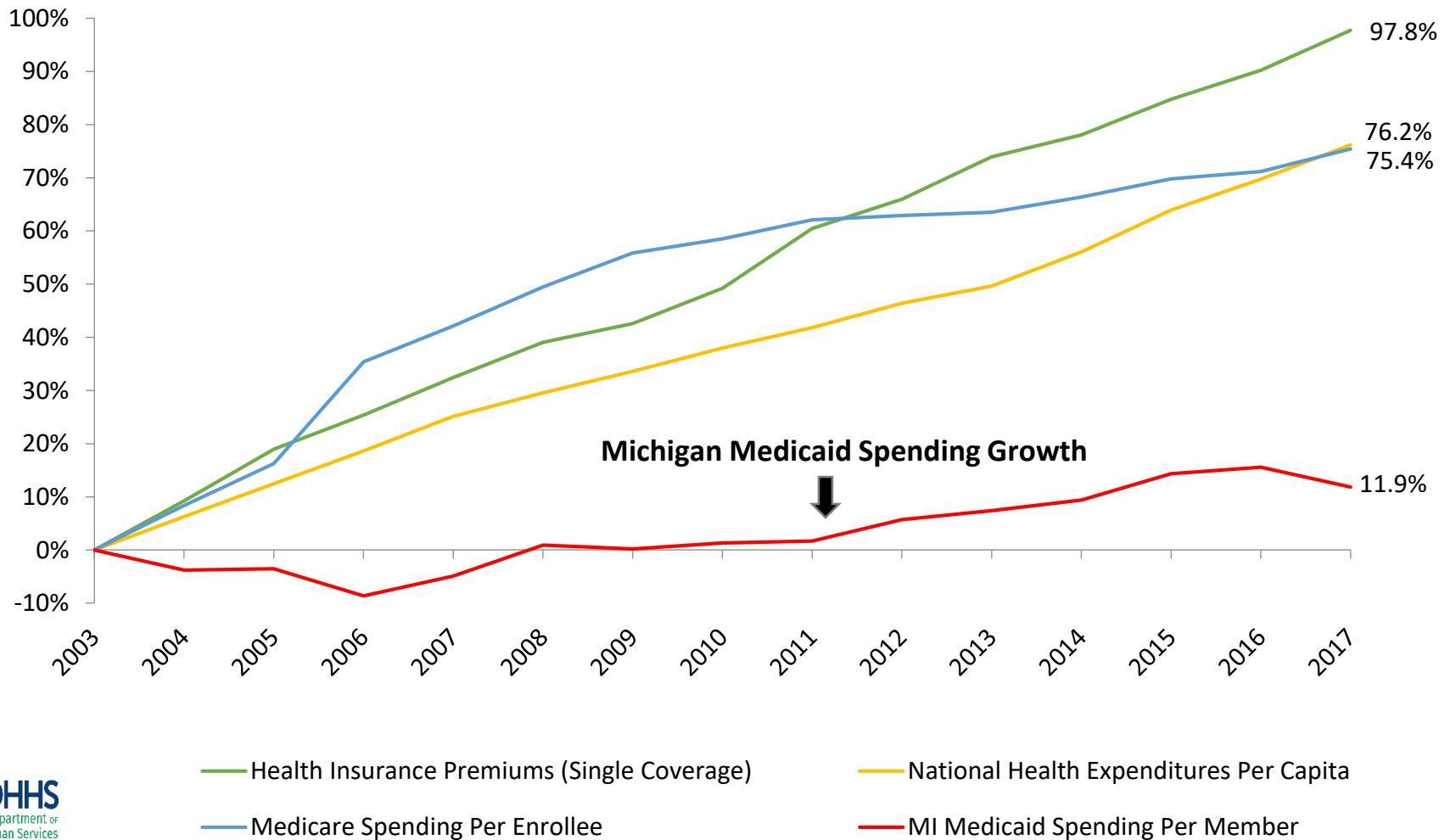
Graphic from: Kaiser Family Foundation

Graphic from: Michigan Health & Hospital Association



■ Physician Services 
 ■ Hospital Care 
 ■ Pharmacy 
 ■ Dental 
 ■ Mental Health 
 ■ Long Term Care 
 ■ Other

# Michigan's Medicaid program is cost-effective



# Goals

- Provide affordable and high-quality health coverage to uninsured or underinsured low-income Michigan residents
- Ensure access to essential health care services and supports
- Improve the health and well-being of covered individuals
- Drive the delivery of health care services in the most cost-effective and efficient manner
- Secure the success of the Healthy Michigan Plan and provide effective pathways to work

# Healthy Michigan Plan- Healthy Behaviors and Premiums

- PA 208 of 2018 changed requirements for most Healthy Michigan Plan beneficiaries with an income over 100 percent of the Federal Poverty Level and 48 or more months of cumulative Healthy Michigan Plan eligibility
- New requirements include:
  - Compliance with healthy behaviors and cost sharing
  - A 5 percent premium and no co-pay after 48 months
- Effective January 1, 2020, individuals who fail to comply with these requirements will lose Healthy Michigan Plan coverage until they come into compliance, at which point they will be eligible to re-enroll

# Healthy Michigan Plan- Work Requirements

- PA 208 also added workforce engagement requirements for HMP beneficiaries ages 19-62
- Individuals who are not exempt from the requirements must complete and report 80 hours per month of qualifying activities
  - Employment
  - Job Training or Job Seeking
  - Education
  - Community Service (for no more than 3 months per year)
- Effective January 1, 2020, beneficiaries who fail to report compliance and/or who are non-compliant for three months in a 12-month period will lose Healthy Michigan Plan coverage until they come into compliance, at which point they will be eligible to re-enroll



# Healthy Michigan Plan Challenges

- An evaluation of the Healthy Michigan Plan program found that most beneficiaries who can work are already doing so, and those who are not working likely face significant barriers
- In the waiver approval, CMS emphasizes the State's responsibility to connect beneficiaries to community supports that are available to assist beneficiaries in meeting the workforce engagement requirements
- PA 208 provided no new funding to support critical resources such as job training, job search, or job supports like transportation or child care

# Healthy Michigan Plan Investment

- The Governor's proposed budget includes \$10.0 million general fund for Healthy Michigan Plan work supports
- This investment will:
  - Help to ensure that HMP beneficiaries impacted by the new work requirements have access to needed employment supports;
  - Provide resources to the department to help connect beneficiaries with child care, transportation, training, and jobs; and
  - Operate in conjunction with the Governor's proposed investments in community college and workforce training

# 5-year History of Major Line Item Appropriations (in millions)

| Appropriation           | FY 2016 Expenditures | FY 2017 Expenditures | FY 2018 Expenditures | FY 2019 Enacted | FY 2020 Executive Recommendation |
|-------------------------|----------------------|----------------------|----------------------|-----------------|----------------------------------|
| Health Plan Services    | \$5,166.8            | \$4,731.6            | \$4,903.1            | \$4,895.0       | \$5,242.7                        |
| Healthy Michigan Plan   | \$3,346.4            | \$3,368.5            | \$3,502.3            | \$3,647.2       | \$3,753.5                        |
| Elderly Services*       | \$2,718.6            | \$2,779.4            | \$3,078.0            | \$3,049.7       | \$3,297.3                        |
| Hospital Services       | \$835.4              | \$727.1              | \$762.4              | \$688.6         | \$736.7                          |
| Pharmaceutical Services | \$319.4              | \$305.1              | \$312.0              | \$332.2         | \$355.5                          |
| Physician Services      | \$254.1              | \$264.3              | \$220.5              | \$253.2         | \$201.6                          |

\* Elderly Services is the sum of the Adult Home Help, Home Health, Hospice, Integrated Care, Long Term Care, Home and Community Based Services, Personal Care, and Program of All Inclusive Care for the Elderly (PACE) line items.

Legislative Liaison: Karla Ruest  
Phone: 517-373-1629  
Website: [www.Michigan.gov/mdhhs](http://www.Michigan.gov/mdhhs)