

Promoting the Healthy Michigan Plan: Budget Cuts to Outreach Jeopardize Success

The Michigan League for Public Policy advocates for adequate healthcare coverage for all Michigianians, with an emphasis on ensuring that all eligible people are aware of the health insurance options and services available to them and their families. The League supports full funding for the state's Healthy Michigan Plan, and strongly opposed cuts in the 2017 budget that will reduce the state's ability to reach out to the uninsured by marketing and advertising enrollment opportunities.

Lowering healthcare costs for all consumers, including employers who provide coverage, depends on reducing the ranks of the uninsured. When uninsured individuals need healthcare, especially in emergencies, many are unable to pay the costs out of their pocket. The cost of that uncompensated medical care has to be absorbed, and the solution has been to spread the responsibility for paying it across the healthcare system, increasing costs for everyone who receives care or pays insurance premiums, including employers.

THE HEALTHY MICHIGAN PLAN

Michigan took a bold step to address this problem when it created the Healthy Michigan Plan in 2012—expanding access to comprehensive healthcare coverage through the state's Medicaid program to adults with low incomes.

The successful Healthy Michigan Plan was one of the first of its kind in the country, taking advantage of new flexibility in federal law to create a healthcare system that balances consumer protections, robust health coverage and positive self-care. The program uses incentives to

encourage consumers to adopt healthy behaviors that can also contain costs over the long term, like quitting tobacco use and losing weight. Healthy Michigan enrollees pay a share of the cost, too, in the form of contributions to an account that pays a portion of the cost of services they use.

Eligible individuals are childless adults who often work in low-wage jobs without access to employer-sponsored coverage and don't earn enough to purchase healthcare insurance.

The first round of enrollees included uninsured persons who were aware of the new option and how to enroll—sometimes with assistance. Reaching the remaining



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Healthy Michigan Plan Facts

- ◆ The Healthy Michigan Plan provides healthcare coverage for persons ages 19-64 with incomes below 133% of poverty.
- ◆ While enrollments exceeded expectations in the first months of the program (beginning April 1, 2014), they have since slowed down.
- ◆ In August 2015, 577,000 Michigan residents were enrolled; currently 592,000 are enrolled.
- ◆ The majority of Healthy Michigan Plan enrollees have incomes of 100% of poverty or less.

eligible population would not only help more Michigan residents with low incomes protect themselves against unexpected and potentially devastating medical bills, it would also lower healthcare costs for all by closing the healthcare insurance coverage gap. But doing so will require targeted outreach efforts and the funds to pay for them, including those cut in the 2017 budget.

HEALTHY MICHIGAN PLAN FUNDING AND OUTREACH

The final 2017 Michigan budget includes the state funding needed to cover the decline in federal funding for the Healthy Michigan Plan which is scheduled for January 1, 2017. Currently, the federal government pays 100% of the costs of the Healthy Michigan Plan, the highest federal match ever paid out to states for covering eligible populations via the Medicaid program. Every enrollee in the program not only helps reduce Michigan's uninsured population, but also brings needed federal funds back to the state to pay for it. While the percentage of the federal match decreases from the original 100% Michigan has enjoyed in the first few years of the program, it remains generous, declining slightly over the coming years until bottoming out at a 90% federal match to the state's 10% share.

Governor Rick Snyder's proposed budget for next year also called for level funding for the Healthy Michigan Plan call center (\$19.5 million) and program marketing (\$2 million). Unfortunately, over the opposition of the League and numerous other advocates, the Legislature reduced the Healthy Michigan Plan call center by \$8.1 million (\$1.6 million in state funds), and cut marketing and advertising funding by \$1 million (\$500,000 in state funds).

The League has opposed both budget and statutory restrictions on outreach for the Healthy Michigan Plan. Failure to reach out to cover the uninsured increases the

hardships faced by many families with low incomes who do not have access to healthcare coverage. But it also ensures that healthcare costs will continue to rise for all residents individually and for the state as a whole due in part to the lack of preventative healthcare, overutilization of emergency rooms and uncompensated care.

The League also urges policymakers to take advantage of all available federal funds. The sooner the state enrolls all eligible individuals, the sooner it receives the match at the highest level of federal contribution. Early savings to the state have already totaled more than \$200 million through a combination of drawing down matching funds and shifting formerly state-funded healthcare programs to the Healthy Michigan Plan.

Many eligible individuals will never know about their opportunity to enroll in the Healthy Michigan Plan if it isn't promoted publicly. By refusing to devote modest funds to reach the maximum number of eligible Michigan residents today, Michigan lawmakers are unnecessarily increasing the future long-term costs for all consumers and the state by turning away badly needed federal matching funds that can serve to fire up the economy while addressing the healthcare needs of low-wage workers.

Devoting resources to increase enrollment in the Healthy Michigan Plan helps close the coverage gap—a fundamental part of controlling healthcare costs for all. Taking explicit steps to ban funding today and in the future results in very modest, short-term savings, but it hurts Michigan residents and increases the state's liabilities in the future. Instead of intentionally limiting promotion and, in turn, public awareness and use of this program, it's time to celebrate the success of the Healthy Michigan Plan by investing in outreach and making sure *all* eligible Michigan residents are enrolled.