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To: MCA GC
From: Noah Smith
Re: Update on Legislation
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Medicaid Expansion

After weeks of intense negotiation, HB 4714 – Michigan's Medicaid Expansion bill – was voted favorably out of the House, 76-31. The bill moves to the Senate for action as early as next week. Further, the Senate is poised to act on a "Medicaid supplemental" appropriations bill that would allocate the anticipated federal dollars, thus truly paving the way for Medicaid expansion.

The bill has some changes from the originally-introduced version. These changes were considered after several weeks of testimony, and really came from an odd coalition of groups: Blue Cross, the Health Plans, the Small Business Association, the Chamber of Commerce, and MDCH. While a ways from an "ideal" bill, HB 4714 as reported out of committee and the House floor included enough changes to bring almost the entire Democratic caucus along to vote for it, and a majority of the Majority.

The previous draft of the bill had a 48-month cap on benefit eligibility for "able-bodied" recipient between 100 and 133% of the federal poverty level. The new version keeps the 48-month cap, but allows the recipient to either opt-out of Medicaid and join an Exchange-based plan (whenever those start), or stay in Medicaid, but have an increased copay from "up to" 5% to "up to" 7%. Further, the cost sharing can be reduced (see below), but never to less than 3%.

The previous version of the bill also had two points at which the bill became void: if either the federal government doesn't approve the waivers to do this, or federal funding falls below 100%. New language in the bill keeps the first clause, but adds to the second that federal funds fall below 100% *and* state savings from expansion aren't enough to cover the costs.

Other waiver details include:

- Enrollees get a health savings account, into which money from any source can contribute (employer, the enrollee, etc.);
- Money is returned to ineligible enrollees in the form of a voucher to use to purchase private insurance;
- Enrollees can choose a health plan;
- All enrollees must have access to a primary care physician and to preventive services;
- Out-of pocket contributions to the account can be reduced to zero and copays to not less than 2% if "healthy behaviors" are met;
- Enrollees must either complete or decline to complete advanced directives;
- Incentives for enrollees to detect fraud and abuse must be created;
- Some services can be provided via telemedicine,

The bill also requires a number of studies and policies:

- Health status of enrollees and assisting individuals back into the workforce;
- Use of high-value, low-cost prescriptions, generics, and 90-day supplies;
- Examination of hospital data on the policy' effect on uncompensated care;
- Examine the policy's impact on insurance rates.
- Costs to administer the expansion cannot exceed 1% of the Department's portion of all Medicaid funds;
- The Department has to measure each enrollee's contracted health plan's performance on application of standards of care related to appropriate treatment of substance abuse;
- DCH and health plans have to create financial incentives for meeting population improvement goals, for providers to meet quality and cost targets, and for enrollees to improve their health or maintain healthy behaviors
- Provide a single point of entry through only one department for enrollees.

All of the content for HB 4714 was designed to "reform" Medicaid, which was politically important for otherwise reluctant Republicans to vote for the bill. However, equally important is the Medicaid Supplemental, anticipated for action in the Senate within the next week. This simply appropriates the anticipated federal money into the Medicaid line. Truthfully, this last step is really all the state had to do in order to expand Medicaid. But HB 4714 was important to bring along a party that felt no compulsion to vote for expansion otherwise.

Welfare Drug Testing Moves

HB 4118 (Jeff Farrington, R – Utica) establishes a suspicion-based substance abuse screening and testing program for FIP applicants and recipients. At initial application and at redetermination, DHS must screen applicants for suspicion of substance abuse using "empirically validated substance abuse screening tools." If the result gives the department reasonable suspicion that the applicant is using drugs, that applicant would have to take a substance abuse test. If the applicant refuses, they are ineligible for benefits (but can reapply after 6 months). If the applicant tests positive, they are referred to treatment. Those who test positive also have the cost of the test taken from their first benefit payment, once they qualify for benefits. This will first be piloted in three counties starting April 1, 2014, concluding March 31, 2015. Further action may go from there depending on the outcome of the pilot.

The bill has passed the Senate Families committee and awaits final action on the Senate floor.

Health Navigators

SB 324 (Senator Jim Marleau, R – Lake Orion) is a bill to provide for the licensure and regulation of "insurance navigators." The job of a health navigator is to assist consumers in selecting health insurance plans when the federal exchanges go live in the Fall.

Navigators cannot themselves sell insurance or provide advice about recommending a particular plan. However, they can provide public education and facilitate enrollment once a consumer selects the best plan for them, so long as that plan is an Exchange-based plan.

The primary crux of the bill, however, is to set up a training and licensure program within the Department of Insurance and Financial Services (DFIS), including license suspension, revocation and fines for violations of the licensure requirements. DFIS would act as the regulatory body for these licensed professionals.

The bill passed the Senate health Policy committee, and awaits a final vote in the Senate.