



# Proposed Medicaid Work Requirements in Michigan

June 7, 2018

At the start of 2018, the U.S. Centers for Medicare and Medicaid Services (CMS) announced a major shift in federal policy that would allow states to request permission to establish, and test the impact of, work and community engagement requirements for able-bodied adults receiving Medicaid health insurance coverage. In the last five months, work requirement proposals have been approved in four states; formal applications have been submitted by seven more; and a number of others are preparing proposals.<sup>1</sup>

In April, the Michigan State Senate took the first step toward establishing work requirements by passing [Senate Bill 897](#). The Michigan House of Representatives passed an updated version of the bill on June 6. And on the morning of June 7, the Michigan Senate approved the revisions and sent the bill to the Governor’s office for signature.

In this fact sheet, we compare the characteristics and projected impact of Michigan’s most recent work requirement proposal against the characteristics and projected impact of approved work requirement proposals in Kentucky, Indiana, Arkansas, and New Hampshire. We also describe new requirements for Healthy Michigan Plan enrollees who wish to maintain coverage after four years, and a series of triggers that would terminate the Healthy Michigan Plan if CMS fails to approve these requirements.

## Comparing characteristics

	<b>Michigan SB 897: House Substitute<sup>2</sup></b>	<b>Approved for Kentucky</b>	<b>Approved for Indiana</b>	<b>Approved for Arkansas</b>	<b>Approved for New Hampshire</b>
<b>Target Medicaid populations</b>	Nonelderly, nondisabled adults in the expansion program	Nonelderly, nondisabled adults	Nonelderly, nondisabled adults	Nonelderly, nondisabled adults in the expansion program	Nonelderly, nondisabled adults in the expansion program
<b>Medicaid enrollment (FY16)<sup>3</sup></b>	2.32 million (1.68 million traditional, 637,000 expansion)	1.32 million (854,000 traditional, 462,000 expansion)	1.31 million (902,000 traditional, 413,000 expansion)	961,000 (640,000 traditional, 321,000 expansion)	192,100 (138,200 traditional, 53,900 expansion)
<b>Populations exempt from the new work requirements</b>	Age 63+, disabled and medically frail, full time students, caregivers, pregnant women, recently incarcerated,	Age 65+, disabled and medically frail, those with validated acute illness, full time students, caregivers, pregnant	Age 60+, disabled and medically frail, those with documented temporary illness, students, caregivers, pregnant	Age 50+, age 29 and under (in first year), disabled and medically frail, full time students, caregivers,	Age 65+, disabled and family members residing with them, medically frail, those with validated temporary acute

	those with medical conditions resulting in work limitations, those receiving unemployment compensation, former foster care youth, those eligible for a good cause exemption	women, former foster care youth	women, homeless, recently incarcerated, those participating in drug treatment programs, those eligible for a good cause exemption	pregnant women, those participating in drug treatment programs, those receiving unemployment compensation	illness, individuals or family members of those experiencing hospitalization or serious illness, caregivers, pregnant women, those participating in drug court programs, those exempt from SNAP and TANF work requirements, those eligible for a good cause exemption
<b>Work requirements</b>	80 hours, on average, per month	80 hours per month	20 hours per week after 18 months (no requirements for first 6 months)	80 hours, on average, per month	100 hours per month
<b>Activities counted as work</b>	Employment, job training, community service (up to 3 months in a year), education, unpaid workforce engagement (ex. internship), tribal employment program, drug treatment	Employment, active job search, job training, volunteer or community service, education, drug treatment, caregiving for non-dependent individual with disability	Employment, active job search, job training, volunteer or community service, education, caregiving for non-dependent individual with disability	Employment, active job search, job training, volunteer or community service, education	Employment, job search, job training, public or community service, education, drug treatment, caregiving for non-dependent individual with disability, participation in SNAP or TANF employment requirements

<b>Loss of coverage rules</b>	If enrollees fail to meet monthly requirements for any 3 months in a year, coverage is suspended for at least one month until enrollee comes into compliance	If enrollees fail to meet monthly requirements, coverage is suspended from the first day of the subsequent month until the first day of the month after work is resumed unless they qualify for a good cause exemption	If enrollees fail to meet monthly requirements for 8 of 12 months in a calendar year, coverage is suspended on the first of January and resumes after one month of employment unless they qualify for a good cause exemption	If enrollees fail to meet monthly requirements for any 3 months, coverage is suspended for the remainder of the calendar year unless they qualify for a good cause exemption	If enrollees fail to meet monthly requirements, they are given 30 days to comply or qualify for an exemption; coverage is suspended until they come into compliance
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### Projected impacts

It is important to note that it is difficult to project the impact of work requirements on the Medicaid population because there is no precedent program. Those who have evaluated work requirement proposals have calculated the anticipated impact through a variety of means. They estimate the number of current enrollees who will be subject to the new work requirements, and some use past experiences with work requirements in the Supplemental Nutrition Assistance Program (SNAP) and other programs to estimate the number of enrollees who will lose benefits (though the populations and requirements for Medicaid and SNAP do differ). Because these analyses are based on a number of assumptions that may or may not unfold as anticipated, we recommend reviewing them with caution.

	<b>Michigan SB 897: House Substitute<sup>4</sup></b>	<b>Approved for Kentucky</b>	<b>Approved for Indiana</b>	<b>Approved for Arkansas</b>	<b>Approved for New Hampshire</b>
<b>Projected impacts on target population, as documented in state agency reports</b>	Approximately 670,000 enrollees in work requirement target population (of which, the House Fiscal Agency estimates 130,000 will be exempt, leaving 540,000 non-exempt):	350,000 enrollees in work requirement target population: <ul style="list-style-type: none"> <li>➤ 6% of target population estimated to lose coverage after one year; 28% in year five, per</li> </ul>	130,000 enrollees in work requirement target population: <ul style="list-style-type: none"> <li>➤ 19% of target population estimated to lose coverage, per Indiana Governor’s Office<sup>7</sup></li> </ul>	39,000 enrollees in work requirement target population in the first year; 70,000 starting in 2019: <ul style="list-style-type: none"> <li>➤ 8% of total nonelderly, nondisabled enrollees could lose coverage in</li> </ul>	53,900 in work requirement target population: <ul style="list-style-type: none"> <li>➤ 45% (~24,000) are currently working full or part time per New Hampshire Department of Health and</li> </ul>

	➤ 5-10% of non-exempt estimated to lose coverage (27,000-54,000), per the House Fiscal Agency <sup>5</sup>	Kentucky Governor's Office <sup>6</sup>		first year; 15% when fully phased in <sup>8</sup>	Human Services; ➤ ~30,000 enrollees could lose coverage if not exempt <sup>9</sup>
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### Anticipated fiscal impact of Michigan work requirements, as currently proposed

The Michigan House Fiscal Agency recently completed an analysis of the fiscal impact of the House substitute to Senate Bill 897 and believes that it will lead to a reduction in state costs of \$5-20 million annually. This analysis assumes savings to the state from a 5-10 percent reduction in Michigan's Medicaid expansion, Healthy Michigan Plan (HMP), caseloads.

The House Fiscal Agency analysis takes account of some anticipated expenses, including the cost of administering work requirements which it estimates at \$20 million per year<sup>10</sup>, but does not provide an estimate for the cost of providing supportive services—like job training programs and child care assistance (that cannot be funded with Medicaid dollars)—which will almost certainly be necessary to help Medicaid enrollees find and maintain employment.

The question remains, however, how many of the state's Medicaid enrollees will be able to work. Researchers from the Institute for Healthcare Policy and Innovation at the University of Michigan conducted a survey of HMP enrollees in 2016 and found that roughly half (48.8 percent) were already employed; 5.2 percent were students; 4.5 percent were homemakers; 2.5 percent were retired; and of the remainder—those who reported being 'out of work' or 'unable to work'—a significant number reported being in fair or poor health.<sup>11</sup>

### Additional Healthy Michigan Plan amendments

The updated work requirements bill also includes several additional provisions that will impact Michigan's Medicaid expansion population. Currently, HMP enrollees with incomes between 100-133 percent of the federal poverty level are required to complete a health risk assessment or move off of Medicaid into a qualified health plan offered through the Affordable Care Act Marketplace. The House substitute replaces these current options with a requirement that enrollees who have had HMP coverage for 48 months complete a healthy behavior and pay an insurance premium of 5 percent of their income. HMP coverage would be suspended for enrollees who do not comply.

In addition, the bill includes new language that would terminate the Healthy Michigan Plan under four different scenarios: 1) The Centers for Medicare and Medicaid Services (CMS) fail to approve Michigan's proposal within 12 months, 2) CMS denies Michigan's proposal and does not approve an amended proposal within 12 months of resubmission, 3) CMS cancels Michigan's proposal at a future time and does not approve an amended proposal within 12 months of resubmission, or 4) CMS approves Michigan's proposal but it does not comply with the Healthy Michigan Plan law.

## Endnotes

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<sup>1</sup> Kaiser Family Foundation, “Medicaid waiver tracker: which states have approved and pending section 1115 waivers?” May 24, 2018.

<sup>2</sup> Comparative data drawn from Michigan Senate Bill 897 House Substitute (H-2).

<sup>3</sup> Henry J. Kaiser Family Foundation, State Health Facts: Medicaid Expansion Enrollment.

<sup>4</sup> Comparative data drawn from Michigan Senate Bill 897 House Substitute (H-2).

<sup>5</sup> Michigan House Fiscal Agency Bill Analysis of Senate Bill 897 House Substitute (H-2), June 6, 2018.

<sup>6</sup> Kentucky HEALTH 1115 Demonstration Modification Request, Commonwealth of Kentucky Office of the Governor, July 3, 2017.

<sup>7</sup> Indiana Family and Social Services Administration, Amendment Request to Healthy Indiana Plan (HIP) Section 1115 Waiver Extension Application, July 20, 2017.

<sup>8</sup> A. Gangopadhyaya, et al, “Medicaid work requirements in Arkansas,” Urban Institute, May 2018.

<sup>9</sup> D. Solomon, “New Hampshire gets its Medicaid work requirement,” Governing, May 9, 2018.

<sup>10</sup> The Michigan House Fiscal Agency estimated the administrative costs of implementing work requirements based on estimates from other states and experience implementing SNAP work requirements.

<sup>11</sup> R. Tipirneni, S. Goold, J. Ayanian. “Employment Status and Health Characteristics of Adults with Expanded Medicaid Coverage in Michigan,” JAMA Internal Medicine, December 11, 2017.

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