MICHIGAN LEAGUE FOR PUBLIC POLICY

Testimony Presented to the House Health Policy Committee
HB 4224 – Repeal workforce engagement requirements for Healthy Michigan Plan

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Good morning Chair Rogers and members of the committee. My name is Rachel Richards, Fiscal Policy and Government Relations Director at the Michigan League for Public Policy, and thank you for the opportunity to testify this morning. I'm joined by my colleague, Amber Bellazaire, a Senior Policy Analyst specializing in health policy, who is here to help answer any technical questions you may have following my testimony.

For those of you who are not yet familiar, the League is a nonpartisan research and advocacy organization that promotes economic opportunity for all and analyzes the impact of public policy on the lives of Michiganders who have been systemically left out of prosperity. The League is also the state's Kids Count organization working as a part of a national effort to measure the well-being of children at the state and local levels and to shape efforts that improve the lives of Michigan children.

We are pleased to be here today to testify in support of HB 4224, which would repeal work reporting requirements for those enrolled in Michigan's Medicaid expansion program, also known as the Healthy Michigan Plan. When the state enacted Medicaid work requirements in 2018, the League was staunchly opposed, and joined a number of other advocates and statewide organizations testifying in opposition to the legislation.

In June of 2018, Gov. Rick Snyder signed into law Senate Bill 897 (Sen. Shirkey), becoming PA 208 of 2018, which allowed the state to seek a number of harmful Section 1115 Medicaid waivers, including workforce engagement requirements as discussed in this bill. In March 2020, a Federal District Court ruled the Michigan work requirements, like those in other states, were unlawful. The Biden administration then formally withdrew Michigan's work requirements in April 2021. While we were fortunate to not experience most of the harmful effects of the legislation due to it not being implemented, we are concerned about keeping the currently unenforceable statute on the books for many of the same reasons we opposed the bill in the first place.

Primarily, Medicaid is a health insurance plan, and not a jobs program. The Healthy Michigan Plan provides low-cost healthcare benefits to Michigan residents aged 19-64 who have incomes of under 138% (133% plus a 5% income disregard) of the Federal Poverty Level (roughly $21,000 for a single person or $41,000 for a family of four) who do not qualify for Medicare or other Medicaid programs. Currently, over 1 million Michiganders, throughout every county in the state, are enrolled in the Healthy Michigan Plan. Based on Department of Health and Human Services data, over 830,000–or nearly 78% of beneficiaries–have incomes that fall below the

poverty line. By keeping this law on the books and subjecting Michigan residents to the whims of changing federal politics, we run the risk of Michiganders losing this vital healthcare coverage. This would make it difficult for people to receive preventative and acute healthcare, increasing reliance on hospital emergency rooms, and increasing both uncompensated care and family medical debt, which will put Michiganders' health and financial security at risk.

While Michigan's work requirements were ultimately not implemented, we simply need to look to Arkansas, which did implement its work requirements for 10 months before a federal court vacated its policy and prevented further implementation. In Arkansas, over 18,000 beneficiaries, or about a quarter of those subject to the work requirement, lost coverage over the first seven months of implementation. Things like complex and confusing rules, insufficient outreach, complex reporting systems and lack of staff support all contributed to the loss of coverage. In Michigan, even though we spent a significant amount of money–$28 million, with more anticipated–on implementation and outreach efforts, an estimated 80,000 Michiganders would have lost coverage had our work requirements gotten implemented.

Meeting life-sustaining basic needs should not be contingent upon meeting job requirements, and, in fact, research has shown that taking benefits away from people who don't meet a work requirement does little to improve long-term employment outcomes, especially for those with the most limited employment prospects. In Arkansas, employment rates for low-income residents aged 30-49 did not meaningfully increase after its policy took effect, showing that the Arkansas work requirement didn't change most beneficiaries' behavior. The need to pay their bills already gave beneficiaries enough reasons to work. But they often faced other challenges and barriers which impacted their employment.

Michiganders working low-wage jobs often experience these same barriers to employment that would risk their loss of coverage, including unstable work hours (i.e., an employer not scheduling an employee for enough hours to meet the requirements) or living in rural areas without adequate job supply. Additionally, the state can actually increase these barriers by not adequately funding things like child care or public transit, which help workers find and remain in work.

Data also shows that the work requirement is unnecessary–the overwhelming majority of Medicaid enrollees are already working, or not working because they are a student or due to a disability. In a survey conducted in 2016 of Healthy Michigan Plan enrollees, nearly 50% reported that they were employed or self-employed, 11% were unable to work, 3% were retired, 5% were students, and 5% were homemakers. Less than a third were out of work. This survey also found that a majority of non-working adults who gained coverage through Healthy Michigan reported that having healthcare made it easier to look for work, and working adults said coverage made it easier to work or made them better at their jobs.[1]

Research has consistently shown that Medicaid expansion is a primary reason Michigan's uninsured rate among people under 65 was reduced by half from 2013 to 2016. Healthy Michigan improved access to care, detection of serious health conditions, management of chronic health conditions–particularly among beneficiaries who were previously uninsured–and resulted in less medical debt being sent to collectors and less past-due debt.

[1] Renuka Tipireni, et al., "Employment Status and Health Characteristics of Adults With Expanded Medicaid Coverage in Michigan," JAMA Internal Medicine (April 2018), https://jamanetwork.com/journals/jamainternalmedicine/article-abstract/2664514.

We strongly support HB 4224, which will protect this incredibly valuable safety net program in our state. We also look forward to working with the Chair and committee members on additional ways to improve Medicaid coverage and eliminating other barriers to healthcare.

If you have any questions, we are happy to answer those now, or we can follow up with the committee later. Thank you for your time and consideration.

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