



Michigan League FOR Human Services

Testimony before Senate Health Policy Committee

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November 8, 2011

Good afternoon Chairman Marleau and members of the Committees. My name is Jan Hudson. I am a senior policy analyst for the Michigan League for Human Services. The League is a founding member of the Michigan Consumers for Healthcare Coalition, so I am here today wearing both hats. Thank you for the opportunity to speak with you today.

The Affordable Care Act has the potential to do enormous good for the residents and businesses of the state of Michigan. A key component of the federal law is the establishment of a health insurance exchange, a marketplace for obtaining affordable, accessible, quality healthcare coverage, both private and public. We believe the state should develop and implement its own exchange to address the needs and priorities of Michigan residents, and to address issues unique to Michigan. We believe this is a better alternative to partnering with another state(s) or deferring, some say abdicating, to the federal government to develop and operate Michigan's exchange. Who knows better than Michiganders what is good for Michigan? Each of you has the opportunity to influence the design and implementation of Michigan's exchange, which will be implemented so long as the ACA is the "law of the land." SB 693 provides a good basis for developing Michigan's exchange, and we support Don's comments applauding positive changes in terms of the governance structure and consumer representation, as well as his recommendations for further consumer-friendly enhancements.

To give you a little context for the importance and urgency of proceeding, let me share some statistics. Over the period 2001-2009, Michigan had the distinction of being No.1 in the nation in the number of people who lost employer-sponsored coverage - at nearly 1 million. Many of those people became and remain uninsured.

The most recent American Community Survey indicates Michigan had about 1.3 million uninsured in 2010. The number continues to grow each year. Many people lost their

coverage when they lost their jobs, but the decline in employers who offer coverage continues and contributes to the number of uninsured. In Michigan, about 14.4 percent of the population is uninsured, and the current system is not working well for them.

The Affordable Care Act provides the opportunity to reduce the number of uninsured through the creation of exchanges, marketplaces where both private and public coverage will be available. The exchange will provide access to affordable, quality coverage with sliding-scale subsidies for those with incomes between 133 and 400 percent of the federal poverty level (\$74,120 for a family of 3), as well as Medicaid coverage, which will be expanded to those with incomes up to 133 percent of the federal poverty level (\$24,645 for a family of 3).

Currently, options are few for those who have lost their jobs and employer-sponsored healthcare coverage. COBRA, the coverage individuals are allowed to purchase when employer coverage ends, is time-limited and prohibitively expensive for most, and private policies are also too expensive for most, assuming coverage could be obtained. A new federally funded program implemented last year, Health Insurance Program for Michigan (HIP Michigan), to help those who have pre-existing conditions and have been uninsured for 6 months has experienced slow enrollment due to its high premiums. Several efforts have been made to make the program more affordable, including a recent reduction in premiums. However, the monthly premium for a plan with a \$1,000 deductible for an individual age 55 or older is \$515.

Thousands have turned to Medicaid, because they had no other option. Growth in Medicaid enrollment over the last 10 years has been dramatic, with the caseload rising from 1.1 million to 1.9 million, or nearly 20 percent of Michigan's population. It is important to note that in 2010 nearly 17 percent of Michigan residents lived below the federal poverty level, and as I mentioned earlier, more than 1.3 million individuals remain uninsured.

While the growth in Medicaid enrollment should not be a surprise, the areas with the highest growth may be. Over the period June 2002 to June 2010, Livingston County, Senator Hune, had the highest rate of growth at 191 percent, which means the caseload nearly tripled. The next 5 counties with the highest rates of growth, all of which more than doubled include: Macomb, a 146 percent increase; Ottawa, a 127 percent increase; Lapeer, a 118 percent increase; Grand Traverse, a 114 percent increase, and Oakland, Senators Marleau and Robertson, a 103 percent increase. All of these counties experienced at least a doubling of their unemployment rates during this period, with most going from single to double digits.

The Affordable Care Act provides new options and opportunities for reducing the number of uninsured through implementation of the exchange. A single, stream-lined application is required to facilitate enrollment, depending on income, in either public or commercial coverage through the exchange.

Analysis prepared for the exchange planning process indicated that about half of the uninsured would qualify for Medicaid based on the income expansion to 133 percent of the

federal poverty level, and about half would qualify for the federal subsidies provided through the exchange. The value of the federal subsidies to Michigan families in 2014 is projected to be \$1.3 billion, providing both healthcare coverage to those who are currently uninsured and an infusion of dollars to Michigan's economy. A win-win situation.

To be successful, the exchange will need to effectively coordinate commercial and public coverage, and seamlessly accommodate those who move between public and private coverage due to changes in income. Continuity of coverage for those who move between public and private coverage will be essential.

A robust outreach component is critical, including culturally and linguistically appropriate materials, to reach underserved populations. Trained Navigators to assist families and individuals understand their options and help them to make the best decisions for their families will be key to providing a "1st class, 21st century consumer experience" as called for in the law.

Due to the complexity of this effort, it will take our best Michigan minds working together to determine the most effective, consumer-friendly way to implement a state exchange, meeting both the requirements of the Affordable Care Act and addressing the opportunities and challenges that are unique to Michigan. SB 693, with modification, provides a good basis for establishing Michigan's exchange.

There is much work ahead, and while we need to be thoughtful in how we proceed, the time frames are tight. We look forward to working with you to implement a successful, consumer-friendly exchange in Michigan.

Thank you.