



Michigan League FOR Human Services
CELEBRATING 100 YEARS OF RESEARCH AND ADVOCACY

July 17, 2012

The Honorable Rick Snyder
Office of the Governor
State of Michigan
P.O. Box 30013
Lansing, MI 48909

Dear Governor Snyder:

Michigan Consumers for Healthcare (MCH) is a coalition of more than 155 member organizations devoted to consumer-friendly healthcare reform. MCH reaches more than five million Michigan residents through our organization and works collaboratively with a diverse alliance to provide a unified voice for consumers as healthcare reform is implemented in Michigan. The Michigan League for Human Services is a statewide, nonprofit, nonpartisan policy and advocacy group dedicated to achieving economic security for all in Michigan. We are calling for your leadership to expand Medicaid, as still required by federal law.

Following the Supreme Court's ruling on the Affordable Care Act (ACA), there has been much confusion surrounding the status of Medicaid expansion in Michigan. It is important to remember that the Supreme Court did not strike down this important component of healthcare reform, but rather changed the federal government's means of enforcing this requirement. Despite diminished enforcement authority, Medicaid expansion is still the law of the land; it creates incredible opportunities for our state, and we expect Michigan to follow it.

Your leadership in this area is crucial. The failure to expand Medicaid in Michigan would not only cost our state a historic opportunity to dramatically reduce the number of uninsured residents, it would also cost our state money. As you are aware, the Senate Fiscal Agency's July 28, 2012 memorandum underscored this opportunity, estimating that the state's expansion of Medicaid could help Michigan save at least \$200 million dollars through 2017.¹

Medicaid expansion will also be a critical component in the reduction of healthcare costs for the entire population, as well as for our providers, clinics, and hospitals. Without expansion, thousands of people in Michigan will be forced to continue accessing care through emergency rooms and other expensive care delivery settings. This public policy choice will perpetuate our uncompensated care problem, leading to higher insurance premiums and costs for *all* consumers. Medicaid expansion is a key mechanism for lowering healthcare costs by ensuring that care is paid for and delivered in appropriate settings where consumers are more likely to achieve better outcomes.

¹ Available at <http://www.senate.michigan.gov/sfa/Publications/Memos/mem062812.pdf>.

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Medicaid expansion will be covered by a 100% federal match during its initial three years. While the match falls slightly thereafter, it still offers a much better match for our state than ever before—along with the unprecedented opportunity to insure nearly 600,000 low-income Michigan residents who are currently ineligible, including many working adults who cannot afford health insurance with their earnings.² This expansion has the added benefit of injecting millions of dollars into the state's economy, leading to increased employment in healthcare and beyond. In many cases, these are jobs that cannot be off-shored or sent out of state. The Medicaid expansion dollars flowing into Michigan will have an immense multiplier effect, shoring up the economies of local communities throughout the state. We cannot afford to miss this growth opportunity.

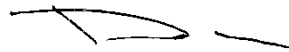
Finally, as part of healthcare reform, the funds available to our hospitals to cover part of their uncompensated care costs through Medicaid and Medicare Disproportionate Share Hospital Payments (DSH) will fall significantly in expectation of fewer uninsured individuals. This expectation of fewer uninsured individuals rests, in part, on the expansion of Medicaid. If Michigan fails to follow federal law, hospitals will still see their DSH payments decrease, but will not fully benefit from lower uncompensated care costs because our state will not have expanded Medicaid sufficiently to cover the gap. This position is untenable for our hospitals and for our consumers: it will lead to unnecessarily high costs and continued poor health outcomes as uninsured individuals are forced to rely upon acute care settings.

Medicaid expansion is an indispensable part of healthcare reform under the Affordable Care Act. The law has survived the most rigorous test of its constitutionality. It is time to move past partisan bickering and follow it fully. Failure to fully implement the ACA will leave consumers behind and cost taxpayers money. Michigan will also miss out on key opportunities to grow our state's economy in the crucial healthcare industry and beyond. Our state needs your leadership now to ensure that Medicaid expansion occurs without delay. We look forward to working with you on this important issue.

Sincerely,



Gilda Z. Jacobs
President and CEO
Michigan League for Human Services



Don Hazaert
Director
Michigan Consumers for Healthcare

cc: Steve Fitton, Medicaid Director, Michigan Department of Community Health

² See Table 1, Medicaid Coverage and Spending in Health Reform, Kaiser Family Foundation, available at <http://www.kff.org/healthreform/upload/Medicaid-Coverage-and-Spending-in-Health-Reform-National-and-State-By-State-Results-for-Adults-at-or-Below-133-FPL.pdf>.