



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

GARLIN GILCHRIST II
LT. GOVERNOR

February 8, 2019

The Honorable Seema Verma
Administrator
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Administrator Verma,

I want to thank you and your colleagues at the Centers for Medicare and Medicaid Services for your time and attention to Governor Snyder's request to extend and amend the demonstration authority for the Healthy Michigan Plan. I understand that this was an unusual request because of the specific directives in State law, and I appreciate your willingness to work with the State on these issues.

As you know, the Healthy Michigan Plan has extended health care coverage to more than 680,000 Michiganders. According to research from the University of Michigan, the Healthy Michigan Plan has more than doubled primary care usage, reduced enrollees' reliance on emergency rooms by 58%, cut uncompensated care by \$2.8 billion, and added \$2.3 billion to our state's economy. The great majority of Healthy Michigan Plan participants are working, in school, or unable to work because of their health. I am grateful to Governor Snyder and to legislators of both parties who had the courage and vision to create and support the Healthy Michigan Plan.

In 2018, the Michigan legislature passed Public Act (PA) 208, a set of changes to the Healthy Michigan Plan specifically directing the waiver application which CMS has now approved. Based on complex new rules, the new waiver requires most individuals to report on work participation activities on a monthly basis or else lose their health coverage. These onerous reporting requirements could take away health insurance from people struggling to make ends meet, while accomplishing little to expand employment.

The effects of PA 208 were speculation at the time the legislature acted, but we now can look to another state's experience. In Arkansas, 18,000 individuals lost their insurance in the first seven months under similar requirements. Many lost coverage simply because they had not heard or did not understand how to comply. The work requirements in Arkansas also had little effect on employment levels. In monthly reporting, fewer than 400 individuals subject to the requirements newly reported work hours.

Michigan's statute is more sweeping than Arkansas's waiver, threatening a broader range of adults with more exacting reporting demands. An analysis recently released by Manatt Health



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estimates that between 61,000 and 183,000 Michiganders will lose health coverage as a result of these requirements. The effect of these coverage losses on individuals' health and financial security is sobering to contemplate. As in Arkansas, Michigan's new law provides no resources for job training, job search, or job supports. There is no reason to expect better job outcomes.

I know my legislative colleagues share my desire for policies that give Michiganders the tools and skills to compete for high-wage jobs and take care of themselves and their families. Therefore, I will be asking the legislature to work with me in the coming months on changes to the Healthy Michigan Plan that preserve coverage, promote work, and reduce red tape for Michiganders, while also minimizing administrative cost to the state. We must encourage personal productivity and fight fraud effectively, without undermining the health or the finances of hard-working Michiganders.

Although new policies could change our requests from CMS, I must carry out the terms of Michigan law. We understand from your December 21, 2018 letter that continued approval of the Healthy Michigan Plan is contingent upon the State's acknowledgment and acceptance of the Special Terms and Conditions (STCs). Therefore, this letter also serves as Michigan's acceptance of those terms. The State looks forward to further discussing the two requests that are still under consideration by CMS, as noted in the aforementioned approval letter. In addition, I understand that it has been the practice of CMS to allow states to request technical corrections to the STCs following approval of any demonstration. Our team at the Michigan Department of Health and Human Services will be submitting its requested technical corrections to you shortly in a separate letter.

The State is grateful for the assistance you and your team have already provided and looks forward to continued collaboration as we work to support the health of all Michiganders.

Sincerely,

Governor Gretchen Whitmer