

To: Members, House Appropriations Committee

From: Chris Mitchell, Senior Vice President, Advocacy

Date: May 2, 2018

Re: SB 897, as passed by the Senate

MHA Position: Oppose

Since 2010, Michigan hospitals have made significant contributions – both financially and through the investment of time, effort and resources – in helping connect men, women and children throughout the state with healthcare coverage that is appropriate for their particular financial and social situation. By the end of 2019, Michigan hospitals will forgo \$7 billion in Medicaid reimbursement to support healthcare coverage expansion, including the Healthy Michigan Plan. The return on this investment has been remarkable – as of April 30, nearly 690,000 Michigan residents have access to affordable healthcare coverage through the Healthy Michigan Plan alone.

Despite the success of Michigan's Medicaid expansion program, there remain pressures within the healthcare marketplaces that have an impact on program costs in Michigan and throughout the nation. Many of these pressures, such as what insurers charge for healthcare coverage or the increasing cost of prescription drugs, are outside of hospitals' control and outside of the normal financial projections that were considered when the Healthy Michigan Plan won bipartisan approval in Michigan.

While the MHA appreciates the work the Senate did to improve SB 897, the association remains opposed to the current version of the bill based on the following concerns as outlined by MHA Board of Trustees.

- The 29-hour-per-week work, training and/or education requirement is high compared to other states that have instituted work requirements for Medicaid recipients. This threshold would be very difficult to achieve, even with the combination of work, training and education, given the challenges our state has with transportation in many regions, particularly in southeast Michigan.
- There is no allowance for seasonal workers. Due in particular to Michigan's tourism and agricultural industries, people in certain areas of the state may work 40 hours or more per week for several months, followed by weeks/months of layoff. Despite the overall number of hours worked, meeting or exceeding the requirements of SB 897 in the aggregate, people in these industries would lose their health benefits due to the inconsistencies in their overall employment status.
- The bureaucratic requirements under the bill could cause people to lose healthcare coverage, even if they still qualify for benefits. A person who is fully compliant with the work or training requirements could still lose benefits if that person failed to demonstrate compliance through a state website or other verification system. This includes notifying the state of a change in family income even if the income is lower. People who are working 29 hours or more per week, at an income level below 133 percent of the federal poverty level, should not lose their healthcare because of bureaucratic requirements.

Brian Peters, Chief Executive Officer

- The legislation does not recognize that the jobs and training available are not necessarily consistent with the skills and preparedness of people who need jobs. A February 2018 survey by the National Federation of Independent Business finds that 54 percent of small businesses reported hiring, or trying to hire, for open positions, but 47 percent reported few or no qualified applicants for the positions they were trying to fill. It is appropriate to provide training and work development for people who do not have the skills or job readiness necessary to enter the existing job market. However, eliminating a person's healthcare benefit does not help anyone attain employment.
- It is not clear how many people will be part of the work requirement or how much the bill could ultimately cost the state. Should the cost of the program prove exceptionally high compared to the number of people we are tracking in their jobs or training programs, there is no mechanism to exit the work engagement requirement.

The MHA urges the Committee and the Michigan House of Representatives to improve SB 897 and create a well-designed and efficient program to encourage work while maintaining healthcare benefits for families and other people with low incomes.

If you have any questions about the content of this memo, or the MHA perspective on SB 897, please contact me at (517) 703-8622 or cmitchell@mha.org.