

Issue: MI Healthcare

Affordable Care Act in Michigan

The primary goal of the Patient Protection and Affordable Care Act (“ACA” or “Obamacare”) of 2010 was to provide a means for uninsured Americans to obtain affordable health insurance. The ACA sought to accomplish this through an expansion of eligibility for Medicaid and the creation of an individual health insurance market in each state (referred to as an insurance “exchange”) with quality plans offering essential benefits and government subsidies to assist those in financial need with premium payments. The ACA found a receptive climate in Michigan for both these initiatives when the law became effective in 2014, with the state agreeing to the expansion of Medicaid covering residents with incomes of up to 138% of the federal poverty level and the creation of a state-based insurance exchange for individual health insurance plans^{1,2}. As will be shown below, the state’s adoption of these initiatives led to a significant reduction in the number of Michigan residents without health insurance in the first two years following implementation of the ACA. But the story of the next three years was one of relentless efforts by Republicans in Michigan and at the federal level to curtail or eliminate the gains made under the ACA.

Health Insurance Exchange

In response to the ACA insurance exchange provision, in 2014, Michigan’s Republican Governor and legislature created and launched a state-federal partnership, individual health insurance exchange in which the state is responsible for plan operation and management but looked to the federal government to manage enrollment through the federal on-line portal, HealthCare.gov. Enrollment in plans on the Michigan insurance exchange was 272,539 in 2014, peaked at 345,813 in 2016, and has declined each year thereafter to a level of 264,211 in 2020³. Based on a population of 9.8 million people, this decline represents a reduction of approximately 1% in residents insured through the exchange, from about 3.5% to approximately 2.6%.

While a variety of factors impact the willingness of carriers to participate in the exchange market and the premiums charged for coverage, the election of Donald Trump in 2016 cast a pall over exchange markets in Michigan and elsewhere. Uncertainties arose ranging from the continued existence of the exchange markets to the elimination or reduction of important ACA provisions such as the individual mandate and premium support payments. In addition, the introduction of nonconforming, short-term or high deductible plans into the individual insurance market following Trump’s election served to draw healthy individuals from ACA-conforming exchange plans⁴. Results driven by all these factors are the dwindling enrollment figures in the Michigan exchange mentioned above and reduced participation of insurance companies from 14 in 2016 to 9 in 2020⁵. Notwithstanding these headwinds from the national Republican party, the Michigan insurance exchange remains comparatively vigorous even as the Trump Administration seeks to eliminate the ACA entirely in court.

The onset of the COVID-19 pandemic has served to highlight one of the disadvantages of Michigan Republicans placing enrollment decisions in the Michigan insurance exchange in the hands of the federal government. Most state-run exchanges in Democratic states have provided for a special enrollment period in which uninsured residents can enroll in one of the plans provided on the exchange even though the regular enrollment period has expired. The argument for allowing the special enrollment period is that the existence of the pandemic is a changed circumstance such that

those who chose not to enroll in the regular enrollment period should have a chance to change their minds and enroll in a plan. The Trump Administration has decided that it will not open a special enrollment period, and because Michigan uses the federal portal for plan enrollment, that decision is effective for the uninsured in Michigan.⁶

Medicaid Expansion

Michigan agreed to expand Medicaid under Obamacare beginning in 2014, pursuant to a program proposed by Republican Governor Snyder (dubbed “Healthy Michigan”) in which residents with incomes up to 138% of the federal poverty level (138% of \$26,200, or \$36,156, for a family of four in 2020) became eligible for Medicaid. The state obtained permission from the Obama Administration to charge premiums for those earning incomes above the poverty level. Medicaid expansion resulted in significant increases in the number of insured in families earning incomes between the poverty level and 138% of the poverty level (See Figure 1).

Percentage-Point Changes in Insurance Coverage by Income in Michigan, 2013 to 2016

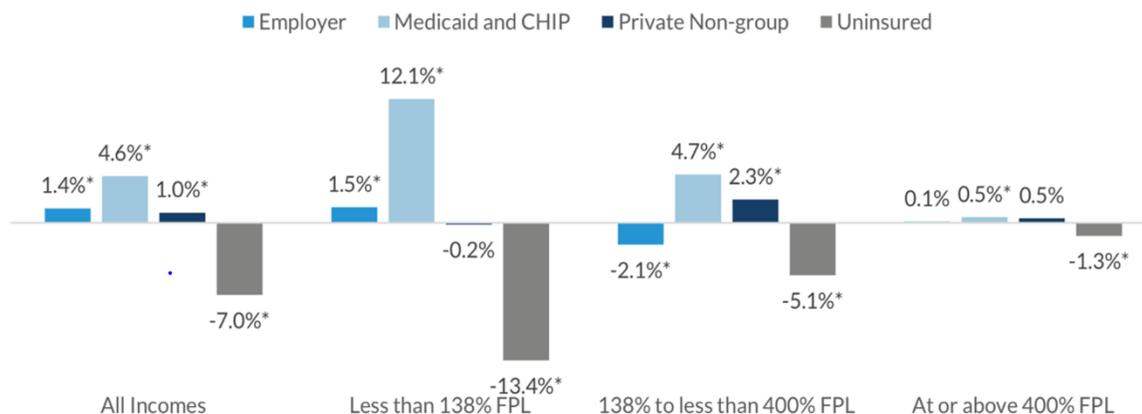
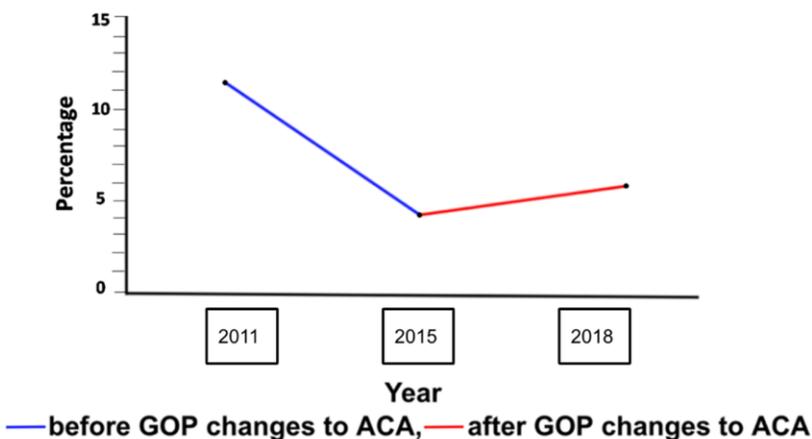


Figure 1 Changes in coverage from 2013 to 2016 by income categories demonstrates the increases in the number of insured in Michigan.

In September 2019, a total of 2,276,341 Michigan residents were enrolled in Medicaid or the federal Children’s Health Insurance Program, CHIP, and of that total, more than 650,000 were enrolled because of Medicaid expansion under the ACA⁷. As a result of these gains in the number of insured, together with the gains made through the individual insurance exchange, the percentage of Michigan residents without health insurance fell to 5% in 2015 from 12% in 2011.⁸ However, with challenges starting in 2016 by Republicans to the ACA generally and to the exchange market specifically, the percentage of uninsured (See Figure 2) in Michigan has increased to over 6% in 2018⁹.

**Percentage of Michigan residents
without health insurance**

Figure 2. Decreases in the number of uninsured Michigan residents 2011 to 2015 (blue line) as a result of Medicaid expansion and insurance exchange market following passage of the ACA. Increases in the number of uninsured MI residents from 2015 – 2018 (red line) as a result of GOP targeting components of the ACA, specifically insurance exchange market.



In 2018 the Michigan Republican legislature passed, and Governor Snyder signed, a bill that, beginning in 2020, imposes a work requirement on those insured under the Healthy Michigan program. The Trump Administration needed to approve this work requirement, and that approval was granted in December 2018. Under this bill, as amended in 2019, enrollees are required to work 80 hours a month, or engage in specified activities such as school or job training for that amount of time, and file a report with Healthy Michigan confirming these activities on a regular basis. Failure to meet these requirements will result in ineligibility for insurance under Healthy Michigan. The legislature’s fiscal analysis estimates a decline in enrollment in the expanded Medicaid program of between 5% and 10% when the work requirement becomes effective, and this reduction in enrollment is the barely concealed goal of the legislation. The notion that a work requirement will promote more jobs or that individuals will quit work or not seek work if they obtain health insurance is not credible, and Governor Snyder nodded to the real reason when he noted in signing the legislation that enrollment in Healthy Michigan was far higher than had been predicted ¹⁰.

In March of 2020 a federal judge in the D.C. District Court struck down Michigan’s work requirements for Healthy Michigan enrollees, ruling that the requirement is inconsistent with the goals of Medicaid, and the Trump Administration did not have the authority to approve the requirements. The order came as the Michigan Department of Health and Human Services was prepared to send notices to more than 80,000 enrollees that they failed to meet the work requirement in January 2020, the first month that the requirement was in effect.¹¹ Similar work requirements in Kentucky, Arkansas, and New Hampshire have been overturned in federal court. These cases and the Michigan case are on appeal¹².

Democratic Efforts to Support ACA and Improve Insurance Coverage

Democrats in the Michigan House of Representatives have introduced legislation designed to support many of the principal goals of the ACA and even to provide an alternative single payor “public option” for residents of Michigan. In 2018 Representative Yousef Rabhi introduced a bill with 53 cosponsors to create a single payor health care system in Michigan. The system would provide the option for any resident in the state, whether covered by Medicare or Medicaid or an employer-sponsored health plan, to obtain health insurance coverage from a plan funded and operated by the state. This single payor plan would exist alongside Medicare, Medicaid, Healthy Michigan, and

employer-sponsored plans to provide another way for residents to obtain health insurance. The bill, HB 6285, has been referred to the Committee on Health Policy.¹³ Passage of the bill or one like it is unlikely as long as Republicans are in the majority in the Michigan legislature.

In January 2020 a package of four bills introduced in the Michigan legislature by Democrats requires that health insurance plans in the state conform to certain requirements of Obamacare, thus protecting Michigan insureds with respect to these provisions in the event that the ACA were to be terminated by the Republican Congress or declared unlawful by the Supreme Court or the Fifth Circuit Court of Appeal in their review of the lower court decision in *Texas v. United States*. The bills introduced would ban the use of pre-existing conditions to deny coverage and prohibit cancellation based on health reasons (HB 5432); require insurance policies to cover certain essential benefits (HB 5431); prohibit discrimination based on gender, gender identity or sexual orientation (HB 5430); and require inclusion of care for mental health issues and substance abuse (HB 5429). These provisions are popular, and the bills appear to have the support of much of the Michigan medical establishment and tentative interest by some Republican lawmakers.¹⁴

¹ <https://www.healthinsurance.org/michigan-medicaid>

² <https://www.healthinsurance.org/michigan-state-health-insurance-exchange>

³ See note 2 above

⁴ <https://www.brookings.edu/wp-content/uploads/2017/02/mi-aca-competitiveness.pdf>

⁵ See note 2 above

⁶ <https://www.politico.com/news/2020/03/31/trump-obamacare-coronavirus-157788>

⁷ See note 1 above

⁸ <https://www.bridgemi.com/special-report/health-care-rural-michigan-communities-suffering-despite-obamacare>

⁹ <https://www.census.gov/quickfacts/MI>

¹⁰ See note 1 above

¹¹ <https://www.detroitnews.com/story/news/local/michigan/2020/03/04/fe...1-court-invalidates-michigan-medicaid-work-requirements/4952049002/>

¹² See note 1 above

¹³ [http://www.legislature.mi.gov/\(S\(lsbhixbb4k50diymlqiwxyzfc\)\)/mileg.aspx?page=GetObject&objectname=2018-HB-6285](http://www.legislature.mi.gov/(S(lsbhixbb4k50diymlqiwxyzfc))/mileg.aspx?page=GetObject&objectname=2018-HB-6285)

¹⁴ <https://mibiz.com/sections/health-care/legislation-would-enshrine-key-provisions-of-aca-in-state-law>