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RE: Section 1115 Demonstration Program - Healthy Michigan Plan

To Whom It May Concern:

Thank you for the opportunity to comment on the success of the Healthy Michigan Plan and the State of Michigan request to amend the second waiver of this program to ensure continued access to medical coverage for all beneficiaries. The University of Michigan Health System (“UMHS”) strongly endorses the State of Michigan amendment to its Section 1115 Demonstration Program, known as Healthy Michigan Plan (HMP).

UMHS is known nationally and around the world for excellence in patient care, education, and research. UMHS is located in Southeast Michigan, and is composed of University of Michigan Hospitals and Health Centers (“UMHHC”) and the University of Michigan Medical School, which includes more than 1,800 members of its University of Michigan Medical Group (UMMG), formally known as the faculty group practice. UMHHC operates three hospitals that all fall under Medicare provider number 23-0046: University Hospital (“U-M Hospital”), C.S. Mott Children’s Hospital (“Mott Hospital”), and Von Voigtlander Women’s Hospital (“Women’s Hospital”). Collectively these hospitals represent 1,059 licensed beds, perform 46,000 annual inpatient discharges and 1,970,000 outpatient visits. In total, UMHS employs approximately 26,000 faculty and staff.

UMHHC is consistently recognized as our region’s provider of choice and is also routinely recognized nationally by top industry sources. UMHHC has been ranked first in Michigan and among the best in the nation in 11 adult specialties by *U.S. News and World Report* for 2015-2016. In addition, Mott Hospital is nationally ranked in all 10 types of pediatric care that *U.S. News & World Report* rated for 2015-2016, and is the only such children’s hospital in the State of Michigan to receive such ranking.

UMHS agrees with the Michigan Health & Hospital Association’s statement that the HMP is a model of success for the Affordable Care Act (ACA) and provides an example for other states to emulate. Since April 2014, the HMP has covered approximately 600,000 Michigan residents who previously lacked health insurance or found it too cost prohibitive. These newly covered beneficiaries now have dependable access to healthcare. Many of these patients have already

forged relationships with our primary care providers and other specialists in our many clinics. We continue to practice our evidence-based medicine approach that consistently produces strong clinical outcomes for our patients we serve.

Michigan law requires approval of the amended Section 1115 waiver as a condition of continuing covered for HMP beneficiaries. For individuals remaining in the HMP after 48 months of cumulative eligibility, the amendment continues the comprehensive benefit package and potentially increases out-of-pocket expense for beneficiaries with an income level between 100 and 133 percent of the federal poverty level. The maximum out-of-pocket expense for an individual is 7 percent of annual income, which includes the contribution to the HMP premium. However, these amounts may be significantly reduced if the beneficiary participates in the healthy behavior activities encouraged in the HMP. Healthy behavior activities may be expanded to recognize patient history of personal engagement in prevention, medication adherence and patterns of appropriate use of services.

UMHS understands that the number of beneficiaries with a heightened cost-sharing responsibility impacted through this waiver application is relatively small. At the same time we are worried about what the landscape would be like in our State should this waiver not be approved. We believe this potential environment would be worse than before the adoption of the HMP. If the waiver is not approved, we will have 600,000 residents facing access to care problems and hospitals scrambling to handle charity care and other assistance applications for this population. This will represent an immense administrative burden to operationalize after we worked so hard to help these patients enroll in HMP and establish care relationships. Moreover, the doctor-patient relationships that have been established could be severed if patients chose not to seek care as an uninsured patient knowing there is still an obligation to pay an amount even with a charity care adjustment. In addition, hospitals would no longer be required to discount self-pay balances to 115% of the Medicare approved amount as mandated by HMP.

We appreciate the opportunity to voice our support of the HMP and the State of Michigan request to amend the second waiver of this program. We are committed to help support this important program. Should you have questions, I can be reached at rbossard@umich.edu.

Sincerely,



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University of Michigan Health System