



601 E Street, NW | Washington, DC 20049  
202-434-2277 | 1-888-OUR-AARP | 1-888-687-2277 | TTY: 1-877-434-7598  
www.aarp.org | twitter: @aarp | facebook.com/aarp | youtube.com/aarp

October 2, 2015

The Honorable Sylvia Mathews Burwell, Secretary  
Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC 20201

*Via Electronic Submission*

Dear Secretary Burwell:

AARP welcomes this opportunity to offer our support for the long-term continuation of the State of Michigan's Section 1115 Demonstration Program known as the Healthy Michigan Plan, under which the state provides Medicaid coverage to the new eligibility category of nonpregnant, nondisabled adults with incomes up to 133 percent of the federal poverty level (FPL) as created under the Affordable Care Act.

AARP is a nonprofit, nonpartisan organization, with a membership of nearly 38 million, that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse.

Healthy Michigan was implemented in April 2014 under a section 1115 waiver that was approved by CMS for a multi-year period ending on December 31, 2018. Healthy Michigan has been enormously successful in providing vital health coverage and financial security to the approximately 600,000 adults currently enrolled in the program. Its continued existence is critical to the health of low-income individuals and families in Michigan.

The Michigan statute that authorized the Healthy Michigan Plan, Public Act 107 of 2013, required the state to seek approval of this second waiver, and PA 107 of 2013 provides that if CMS does not approve this waiver request by December 31, 2015, then the Healthy Michigan Plan will terminate on April 30, 2016.

AARP  
Real Possibilities

Under the state's proposed amendment, individuals in the adult expansion group who have incomes between 100 percent and 133 percent of the FPL and who have a cumulative 48 months of coverage (the "target group") would be given two options. Under the first option they would be disenrolled from Medicaid and made eligible for enrollment in the federal Marketplace and the associated premium tax credits and cost-sharing subsidies. Under the second option, the target group individuals would remain in Healthy Michigan with increased cost-sharing. Specifically, premiums would increase from 2 percent of income to 3.5 percent of income, and the aggregate cap on out of pocket costs would be increased from 5 percent to 7 percent of income. As under the current waiver program, reductions in these contributions would be available for individuals participating in specified healthy behavior activities. Individuals who do not make an active choice would remain in Healthy Michigan under the second option.

We estimate that the percentage of the program population that would be impacted by the changes set forth in the proposed amendment would likely be less than 10 percent of the total number of enrollees in the Healthy Michigan Plan. While we know that approximately 100,000 of the 600,000 current enrollees are currently above 100% of the FPL, a considerably lower percentage of the population would have been on the program for 48 months and have an income above 100% of the FPL, let alone have had an income above 100% FPL for the full 48 months. While the vast majority of enrollees in the program would be unaffected by the proposed amendment, we remain concerned about those that will be impacted, although this is not scheduled to occur until April 1, 2018.

There are some additional aspects of the State of Michigan's proposed amendment with which we have concerns. First, AARP in general does not believe that it is appropriate to treat Medicaid beneficiaries differently based on the length of time in which they are enrolled in the program. Second, while AARP does not object *per se* to enrollment of individuals between 100 and 133 percent of FPL in Marketplace coverage, we believe that wrap around benefits should be provided to these individuals to the extent that Healthy Michigan offers benefits that are not part of Marketplace plan coverage. Third, we are concerned about allowing the federal aggregate limit on Medicaid premiums and cost-sharing to be increased from the current maximum of 5 percent of beneficiary income to a new maximum of 7 percent of beneficiary income for enrollees in the target group. While the percentage of enrollees who would be impacted by the proposed amendment's increased cost sharing requirements would be a small fraction of the total number of participants in the Healthy Michigan program, we are nevertheless concerned that, for those enrollees, an increase in cost-sharing requirements may lead them to delay or defer needed care.

We are confident that the Michigan Department of Health and Human Services will work with you to mitigate these concerns in its implementation of the program, such as by maximizing the use of healthy behavior incentives to allow individuals in the target group to reduce their premium requirement to the same levels achievable for other beneficiaries, and by providing target group beneficiaries information that clearly compares the premium and cost-sharing requirements under each option in a way that

is easily accessible and understandable to individuals with limited English proficiency. The Michigan Department of Health and Human Services has demonstrated a willingness to work openly and in cooperation with AARP Michigan and other advocacy groups on behalf of Michigan consumers in the development and implementation of the Healthy Michigan Plan, which we appreciate.

In sum, AARP commends the state's efforts to develop and implement a Section 1115 Demonstration Program that has successfully brought health coverage to 600,000 Michiganders who would not have had coverage otherwise, and we strongly support the continuation of the Healthy Michigan Plan. In so doing, we also urge CMS and the State to work together to address the issues we outline above, and we stand ready, as always, to assist in these important efforts.

Thank you for the opportunity to share these comments and our support for the Healthy Michigan Plan. If you have any questions, please do not hesitate to contact me or have your staff contact KJ Hertz on our Government Affairs staff at (202) 434-3732 or [khertz@aarp.org](mailto:khertz@aarp.org).

Sincerely,

A handwritten signature in black ink, appearing to read "David Certner", with a long horizontal flourish extending to the right.

David Certner  
Legislative Counsel and Legislative Policy Director  
Government Affairs