

# Legislative Analysis



## MEDICAID REVISIONS

**House Bill 4496 as introduced**  
**Sponsor: Rep. Graham Filler**  
**Committee: Health Policy**  
**Revised 5-24-23**

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

Analysis available at  
<http://www.legislature.mi.gov>

## SUMMARY:

House Bill 4496 would amend the Social Welfare Act to change some provisions from being requirements to being permissive and to repeal obsolete provisions and provisions pertaining to work requirements for certain enrollees in the Healthy Michigan Plan.

Among other things, the act requires the Department of Health and Human Services (DHHS) to create incentives for Medicaid recipients to practice positive health behaviors. The bill would instead require DHHS to work with contracted health plans to create incentives for individual Medicaid recipients who practice specified positive health behaviors.

The act also requires DHHS to create pay-for-performance incentives for Medicaid health maintenance organizations (HMOs) and requires the HMO contracts to include incentives for meeting health outcome targets for chronic disease states, increasing the number of Medicaid recipients who practice positive health behaviors, and meeting DHHS-established patient compliance targets.

The bill would instead allow, rather than require, the HMO contracts to meet the stated targets. Similarly, the bill would provide that priority may, rather than must, be given to strategies that prevent and manage the 10 most prevalent and costly ailments affecting recipients.

Additionally, the bill would delete a current requirement that DHHS include in any federal waiver request to secure federal matching funds to cover the medically uninsured non-Medicaid population language to allow the DHHS to, at a minimum, establish the programs described above.

The act requires Medicaid-covered specialty services and supports managed and delivered by specialty prepaid health plans chosen by the department to be carved out from the basic Medicaid health care benefits package. The bill would add that this carve-out does not apply to beneficiaries who are eligible for dual enrollment in Medicare and Medicaid.

### Repealers

The bill would repeal the following sections of the act:

Section 105c, which required the DHHS director to submit recommendations to legislative leaders and the State Budget Office regarding Medicaid eligibility by January 1, 2015.

Section 105f, which required the directors of DHHS and the Department of Insurance and Financial Services (DIFS) to establish a Michigan Health Care Cost and Quality Advisory Committee and issue a report with recommendations by December 31, 2014.

Sections 107a and 107b, which together required the DHHS to apply for a waiver to prohibit and prevent a lapse in the workforce engagement requirements as a condition of receiving medical assistance under the Medicaid expansion plan (Healthy Michigan Plan) and defined terms.

MCL 400.105b and 400.109f (amended) and MCL 400.105c et seq. (repealed)

**FISCAL IMPACT:**

House Bill 4496 would have an indeterminate, but likely minimal, fiscal impact on the Department of Health and Human Services. Revisions in the bill would still require DHHS to include pay-for-performance health incentives in contracts with managed care for traditional Medicaid and the Healthy Michigan Plan, but the bill would make the listing of specific health outcomes permissive. Any changes in Healthy Michigan Plan services costs would be shared 90% federal and 10% state, and any changes in Healthy Michigan Plan administrative costs would be shared, in most instances, 50% federal and 50% state.

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