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BILL ANALYSIS

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House Bill 4495 (Substitute S-2 as reported)
House Bill 4496 (Substitute H-4 as reported)
Sponsor: Representative Will Snyder (H.B. 4495)
Representative Graham Filler (H.B. 4496)
House Committee: Health Policy
Senate Committee: Health Policy

CONTENT

House Bill 4495 (S-2) would amend the Social Welfare Act to do the following:

-- Delete a requirement that the MI Health Account (MIHA) be used to accept money from any source to pay for Healthy Michigan Plan's (HMP's) incurred health expenses.
-- Delete a requirement that HMP enrollees contribute 5.0% of income for cost sharing requirements to instead require the Michigan Department of Health and Human Services (MDHHS) to establish cost sharing requirements for enrollees as approved by the United States Department of Health and Human Services (USDHHS).
-- Delete language triggering the elimination of the HMP if net costs outweigh net savings.
-- Modify requirements that financial incentives for improved health outcomes must meet.
-- Delete many provisions concerning the waivers that the MDHHS had to file with the USDHHS for approval of the HMP.

House Bill 4496 (H-4) would amend the Social Welfare Act to delete a requirement that the MDHHS include in a Federal waiver request intending to secure Federal funds for the medically uninsured non-Medicaid population of the State language allowing it to establish programs to incentivize positive health behaviors and to create pay-for-performance incentives.

Both bills would repeal Sections 105c and 105f of the Act, which respectively require the MDHHS to submit a recommendation on how to most effectively determine Medicaid eligibility and enrollment for all applicants by January 1, 2015, and establish the Health Care Cost and Quality Advisory Committee.

MCL 400.105d et al. (H.B. 4495)
MCL 400.105b et al. (H.B. 4496)

Legislative Analyst: Alex Krabill

BRIEF RATIONALE

Reportedly, the HMP has greatly benefitted qualified individuals at or below 133% of the Federal poverty line with respect to accessing affordable healthcare. According to testimony, the bill's provisions would streamline HMP processes, which would further benefit those individuals by reducing administrative costs and making more funds available for health-related expenses.

FISCAL IMPACT

H.B. 4495 (S-2) would have an uncertain but likely net minor fiscal cost to the State and no fiscal impact to local governments. As the bill would remove the requirement for the MIHA, the MDHHS could realize some administrative cost savings by no longer operating the MIHA, including tracking the copays and contributions from HMP participants. To the extent that the

HMP has been funded by the collections of copays and contributions that would no longer be collected, there could be an increase in State costs. As of the most recent report, since the inception of the MIHA collection requirement a total of $143.8 million of copays and contributions have been billed to enrollees. Of that total $35.8 million has been collected from enrollees.[1] In the most recent calendar year, a total of $1.3 million was collected. The bill would not prohibit further collection of these funds, but the bill would no longer require collection. As the enrolled health plans are to collect these contributions, the fiscal impact to the State from potentially no longer receiving these funds would be indirect and uncertain as health plans are paid on a capitated basis rather than on a direct reimbursement basis.

In addition to the impact described above, as the bill would allow for the MDHHS to establish financial incentives based on certain outcomes, there would be a potential for overall savings based on the effectiveness and magnitude in the results of the objective-based initiatives.

The bill would remove the provision on the HMP that eliminates the HMP if net costs become greater than net savings. The most recent calculation of the cost and savings required by the language that this bill would delete shows that the State and non-Federal savings exceed the Healthy Michigan Plan costs by $286,325,200.[2] As some of the savings included in that calculation scale with increased Healthy Michigan Plan costs, the current operation of the program likely means that the costs would never exceed the savings. Because of this, there would be no fiscal impact from this portion of the bill.

The total fiscal impact to the State would likely be minor because the changes proposed under the bill are marginal changes to the program, or they have uncertain, indirect effects that would be difficult to parse individually.

House Bill 4496 (H-4) would have a minimal fiscal impact on the MDHHS and no fiscal impact on local governments. To the extent that there are current undefined savings that exist in meeting health outcome targets that become no longer observed due to the bill making pay-for-performance incentives optional, the increase in costs would be shared 90% Federal and 10% State funding.

Date Completed: 6-21-23 Fiscal Analyst: John P. Maxwell

[1] MDHHS, *Healthy Michigan Plan Uncollected Co-Pays Deductibles (FY2023 Appropriation Act – Public Act 166 of 2022)*, 2023.
[2] State Budget Office, *Healthy Michigan Plan: Calculation of Annual State and Other Non-Federal Net Savings (Thousands)*, January 2023.

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