

Michigan Waiver: Healthy Michigan Plan Overview

Michigan has been operating the Healthy Michigan Plan, a section 1115 demonstration, since April 1, 2014.¹ The demonstration authorized the state to enroll its Medicaid expansion population into Medicaid managed care, and implement provisions such as required beneficiary contributions and healthy behavior incentives.² On December 21, 2018, the Centers for Medicare & Medicaid Services (CMS) approved an extension to the Healthy Michigan Plan, effective through December 31, 2023. The demonstration extension makes changes to the program's beneficiary contribution and healthy behavior incentive policies and adds a work and community engagement requirement as a condition of eligibility.

The information in this fact sheet is current as of April 2019. The Biden Administration has since withdrawn Michigan's authority to implement work and community engagement requirements, and notified the state that other elements of the demonstration are under review (CMS 2021).

Demonstration Goals

The Healthy Michigan Plan seeks to accomplish several goals. These goals will inform the hypotheses in the state's evaluation design plan and include, but are not limited to, determining whether the demonstration aided in:

- improving access to health care for uninsured or underinsured low-income Michigan residents;
- improving the quality of health care services delivered;
- reducing uncompensated care;
- strengthening beneficiary engagement and personal responsibility;
- encouraging individuals to seek preventive care, adopt healthy behaviors, and make responsible decisions about their health care;
- supporting coordinated strategies to address social determinants of health in order to promote positive health outcomes, greater independence, and improved quality of life;
- helping uninsured or underinsured individuals manage their health care issues; and
- encouraging quality, continuity, and appropriate medical care.

Populations Included

The demonstration includes the new adult group (adults age 19–64 with incomes at or below 138 percent FPL who are not eligible for Medicaid on the basis of disability). Beneficiaries who are pregnant or medically frail are exempt from the waiver's healthy behavior and work and community engagement requirements, are not required to pay premiums, or complete a health risk assessment (HRA). Individuals age 19–21, as well as American Indians and Alaska Natives are subject to most requirements in the waiver, but are not required to pay premiums.



Eligibility and Enrollment

The Healthy Michigan Plan includes several policies related to eligibility and enrollment, including healthy behavior requirements and incentives, and work and community engagement requirements.

Healthy behaviors

Michigan's waiver extension continues the state's healthy behavior incentive program, and adds a requirement to participate for certain beneficiaries. To maintain eligibility, beneficiaries with incomes above 100 percent FPL who have been enrolled in the Healthy Michigan Plan for more than 48 cumulative months will be required to complete an HRA or an approved healthy behavior activity in the prior 12 months. Those who fail to do so will be disenrolled from coverage, but may reenroll once the requirement is completed. Beneficiaries with incomes at or below 100 percent FPL or with fewer than 48 cumulative months of enrollment are not required to complete an HRA or healthy behavior activity. However, they can reduce their co-payment obligations by up to 50 percent by attaining or maintaining a healthy behavior (see below).

Prior to implementing these requirements, Michigan must develop uniform standards for the HRA, ensure the selection of qualifying healthy behaviors is diverse, conduct a preimplementation outreach strategy to educate beneficiaries on these policies, and maintain education and outreach activities following implementation.

Work and community engagement requirement

Beginning no sooner than January 1, 2020, Michigan will require waiver beneficiaries age 19–62 to fulfill work and community engagement requirements. In any given month, beneficiaries must meet an exemption or complete at least 80 hours of work or other qualifying activities (Table 1). Beneficiaries in compliance with or exempt from the work requirements of the Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families Program (TANF) are deemed compliant with or exempt from the community engagement requirement, respectively.



TABLE 1. Work and Community Engagement Requirement Exemptions and Qualifying Activities

Exempt populations	Non-exempt populations
<p>Beneficiaries who are:</p> <ul style="list-style-type: none"> • parents or caretakers of a family member under age six (only one parent at a time can claim this exemption) • currently receiving temporary or permanent long-term disability benefits from a private insurer or the government • full-time students who are not dependents or whose parents or guardians qualify for Medicaid • pregnant • caretakers of a dependent with a disability who needs full-time care (one enrollee per household, if there is only one dependent with a disability in the household) • caretakers of an incapacitated individual, even if they are not a dependent of the caretaker • medically frail individuals • limited from working due to a medical condition • incarcerated within the last six months • currently receiving unemployment benefits from the state of Michigan • unable to meet the requirement due to a disability, as defined under the ADA • in compliance with or exempt from SNAP or TANF work requirements • under age 21 and have previously been in foster care placement in Michigan 	<p>Required participation in 80 hours per month of some combination of the following:</p> <ul style="list-style-type: none"> • employment, self-employment, or having income consistent with being employed or self-employed (makes at least minimum wage for an average of 80 hours per month) • education directly related to employment (e.g., high school equivalency test preparation, postsecondary education) • job training • tribal employment programs • vocational training directly related to employment • unpaid workforce engagement directly related to employment (e.g., an internship) • participation in SUD treatment (court ordered, prescribed by a licensed medical professional, or Medicaid-funded SUD treatment) • community service completed with a non-profit 501(c)(3) or 501(c)(4) organization (for up to 3 months in a 12 month period) • job search activities

Notes. ADA is the Americans with Disabilities Act (P.L. 101-336). SNAP is Supplemental Nutrition Assistance Program. TANF is Temporary Assistance for Needy Families. SUD is substance use disorder.

Source. CMS 2018.

Penalties for non-compliance. Beneficiaries are permitted three months of non-compliance during the calendar year. After the fourth month of non-compliance, they are disenrolled for at least one month. They can avoid disenrollment by demonstrating good cause for their failure to comply or meeting criteria for an exemption. Individuals can reenroll after they have complied with the requirements for at least one month; those who apply for and receive a good cause exemption or become eligible through a different pathway can be reenrolled immediately. Beneficiaries who reenroll in the same calendar year maintain their three months of non-compliance and must comply for the remainder of the calendar year to avoid another disenrollment.



State assurances. Prior to implementing work and community engagement requirements, Michigan is required to make a number of assurances. These include maintaining a mechanism to stop payments to managed care organizations following disenrollment, ensuring timely and adequate beneficiary notices, and coordinating compliance with SNAP and TANF. Michigan must also provide appeal and due process mechanisms, make good faith efforts to connect beneficiaries to existing community supports (e.g., non-Medicaid transportation assistance, child care, and language services), ensure application assistance is available in person and via phone, screen individuals for all other Medicaid eligibility groups before determining disenrollment or termination, assess areas within the state that have limited employment or educational opportunities to determine further necessary exemptions, and provide reasonable modifications for individuals with disabilities.

Additionally, Michigan must submit an implementation plan to CMS within 90 days of the waiver approval (March 21, 2019). This plan must cover at least the community engagement, cost-sharing, and health behavior policies being tested under this demonstration, and include a project implementation plan including parameters and timelines for these policies. Michigan must also submit a monitoring protocol within 150 calendar days of approval (May 20, 2019), which must include a commitment to conduct quarterly and annual monitoring in accordance with a template provided by CMS, describe the qualitative and quantitative elements the state will report on, and specify methods of data collection.

Benefits

Beneficiaries eligible through the Medicaid expansion receive benefits through the alternative benefit plan (ABP), a benchmark benefit plan. Michigan currently has an ABP that fully aligns with the Medicaid state plan.

Premiums and Cost Sharing

All Healthy Michigan Plan enrollees are subject to premiums or cost sharing requirements. Specific requirements differ by beneficiary income level and length of enrollment. All beneficiaries receive notice of their premium and co-payment requirements through quarterly MI Health Account statements.

Beneficiaries who have been enrolled in the Healthy Michigan Plan for fewer than 48 cumulative months since April 2014 are assessed co-payments. Co-payment amounts are calculated as a monthly average based on service use for the prior six-month period and billed through the quarterly account statement rather than at the point of service. Beneficiaries with income over 100 percent FPL are additionally subject to premiums of up to 2 percent of household income. By completing an HRA or attaining or maintaining a state-specified healthy behavior activity, beneficiaries can reduce their premium and cost sharing liabilities by up to 50 percent. No beneficiary with fewer than 48 months of cumulative enrollment may be disenrolled for non-payment.

Effective no earlier than January 1, 2020, Healthy Michigan Plan enrollees with incomes above 100 percent FPL and more than 48 cumulative months of enrollment will be assessed premiums of up to 5 percent of income, and required to pay them as a condition of eligibility. Individuals in this group who fail to make a required premium payment within 60 days are disenrolled. They may only reenroll if they pay outstanding premiums or become eligible for Medicaid through a different pathway. These beneficiaries are not subject to co-payments and are not eligible for the healthy behavior incentives to reduce their premium liability.



Total premium and co-payment requirements for all beneficiaries are capped at 5 percent of aggregate household income, in accordance with 42 CFR 447.56(f). The state must comply with all applicable notice requirements, provide appeal and due process mechanisms, and ensure premiums payments are credited accurately and in a timely manner.

Delivery System

Beneficiaries in the Healthy Michigan Plan receive their services through managed care plans. All beneficiaries have access to an enrollment broker to assist them with selection of a managed care plan; any individual who does not select a plan is auto-assigned to one.

For a summary of the section 1115 demonstration waivers used to test new approaches to coverage please see [Testing New Program Features through Section 1115 Waivers](#).

Endnotes

¹ The new adult group includes enrollees from Michigan's previous section 1115 demonstration, the Adult Benefits Waiver, which was phased out with implementation of the expansion. That waiver covered limited benefits for a capped number of enrollees whose incomes fell at or below 35 percent of the federal poverty level (FPL).

² Under a waiver amendment, authorized to take effect on April 1, 2018, Michigan planned to implement an exchange plan premium assistance program for certain beneficiaries. Enrollees with incomes above 100 percent FPL but at or below 138 percent FPL would be permitted to choose between enrolling in a qualified health plan under a premium assistance exchange option or completing certain healthy behaviors to enroll in the Healthy Michigan Plan (i.e., regular Medicaid managed care). However, Michigan chose not to move forward with implementing this option.

References

Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services. 2021. Letter from Elizabeth Richter to Kate Massey regarding "CMS decision to state." April 6, 2021. Baltimore, MD: CMS. <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/mi-healthy-michigan-ca2.pdf>.

Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services. 2018. Section 1115 of the Social Security Act Medicaid demonstration extension: Healthy Michigan Plan Section 1115 Demonstration. December 21, 2018. Baltimore, MD: CMS. <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mi/mi-healthy-michigan-ca.pdf>.

Michigan Department of Health and Human Services (MDHHS). 2018. Section 1115 of the Social Security Act Medicaid demonstration extension application: Healthy Michigan Plan Section 1115 Demonstration. September 10, 2018. Lansing, MI: MDHHS. <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mi/mi-healthy-michigan-pa3.pdf>.

