

# Michigan Medicaid Expansion Waiver

## Overview

Michigan has been operating the Healthy Michigan Plan, a section 1115 demonstration, since April 1, 2014. The demonstration authorizes the state to enroll newly eligible adult beneficiaries into Medicaid managed care. 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). The Healthy Michigan Plan also covers adults who were not enrolled in the Adult Benefits Waiver with incomes at or below 138 percent FPL. Under a waiver amendment, beginning on April 1, 2018, enrollees with incomes above 100 percent FPL but at or below 138 percent FPL may choose between enrolling in a qualified health plan under the premium assistance exchange option or completing certain healthy behaviors to enroll in the Healthy Michigan Plan. Enrollees with incomes at or below 100 percent FPL will remain enrolled in the Healthy Michigan Plan.

## Populations Covered

The demonstration serves non-pregnant adults without dependent children and parents age 19 through 64 with incomes at or below 138 percent FPL. Individuals previously covered under the Adult Benefits Waiver (adults with incomes at or below 35 percent FPL) transitioned to the new Healthy Michigan Plan on April 1, 2014.

## Benefits

Beneficiaries eligible for 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. Individuals enrolled in the exchange option get most of their benefits through the exchange plan in which they enroll. They also will receive benefits that are not available in the exchange plan package through the state Medicaid agency, including out-of-network family planning services, non-emergency medical transportation, dental benefits, and Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services for 19- and 20-year-olds. In addition, requests for prior authorization for prescription drugs may be addressed within 72 hours instead of 24 for those enrolled in the exchange option.

## Premiums and Cost Sharing

The Healthy Michigan Plan requires cost sharing capped at 5 percent of income of all of its enrollees. All enrollees are assessed copayments for services. Beneficiaries are responsible for copayments on a quarterly basis, rather

than at the point of service. The amount owed is calculated based on the prior six months of service use. Enrollees with incomes above 100 percent FPL up to and including 138 percent FPL are also required to make income-based monthly premium contributions, which may not exceed 2 percent of household income. These premiums, when applicable, accrue in a MI Health Account. Premium and cost sharing liabilities are reflected in a MI Health account quarterly statement. The MI Health Account statements also record any credits for the completion of health behavior incentives, such as a health risk assessment.

No individual may lose or be denied eligibility or be denied access to services for failure to pay premiums or copayments. In addition, beneficiaries are eligible for cost sharing reductions if they meet healthy behavior objectives. Beneficiaries with incomes at or below 100 percent FPL can receive reductions in the amount of copayment liability they must pay each quarter as well as receive a gift card, and those with incomes above 100 percent FPL can receive reductions in liability for copayments, monthly premiums, or both.

With CMS approval, the state may establish alternative cost sharing requirements which require the complete of healthy behaviors, for individuals with incomes above 100 percent FPL who enroll in the Healthy Michigan Plan after April 1, 2018. Those who choose to enroll in the exchange option may face premiums up to 2 percent of income and other cost sharing requirements consistent with Medicaid rules.

## Premium Assistance

Beginning on April 1, 2018, enrollees with incomes above 100 percent FPL up to and including 138 percent FPL may choose to receive either premium assistance that allows them to enroll in a qualified health plan under the exchange option or complete a healthy behavior requirement to enroll in the Healthy Michigan Plan. Newly eligible individuals are enrolled in the Healthy Michigan Plan for one year to allow time for completing healthy behavior requirements. Enrollees who are medically frail are exempt from enrollment in the exchange option.

## Delivery System

Beneficiaries in the Healthy Michigan Plan receive their services through managed care plans, which offer acute care and other physical health services, and most pharmacy benefits. Beneficiaries also have access to a behavioral health plan that provides inpatient and outpatient mental health, substance use disorder treatment, and developmental disability services. 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. An interdisciplinary care team coordinates all physical and behavioral health services for enrollees, including securing needed services unavailable through the managed care delivery system but available through the fee-for-service system (such as certain psychotropic medications).

Enrollees with incomes above 100 percent FPL who enroll in the exchange option will have access to the same networks as others enrolled in exchange plans. Medicaid will cover services that an exchange plan does not provide. Exchange option enrollees also must have access to at least one exchange plan that contracts with at least one federally qualified health center and rural health center.

For a summary of the section 1115 demonstration waivers used to expand Medicaid to the new adult group please see [Expanding Medicaid to the New Adult Group through Section 1115 Waivers](#).

## Reference

Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services. 2015. Section 1115 of the Social Security Act Medicaid demonstration: Healthy Michigan Section 1115 Demonstration. December 17. Baltimore, MD: CMS. <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mi/Healthy-Michigan/mi-healthy-michigan-stc-12172015.pdf>.