December 17, 2013

The Honorable Kathleen Sebelius

Secretary, U.S. Department of Health and Human Services

200 Independence Avenue, S.W.

Washington, DC 20201

**Re: Comments on Michigan’s Proposed Amendments to its Section 1115 Demonstration Project**

Dear Secretary Sebelius:

We the undersigned organizations write to express our general support along with our suggestions to improve the “Healthy Michigan” proposed amendment to Michigan’s current section 1115 demonstration project, which was submitted for your review on November 8, 2013.

We enthusiastically support significant features of the amendment. Approval of the amendment would bring coverage to hundreds of thousands of low-income adults; would use data to proactively find and enroll people; and would provide an enhanced benefits package.

However, given the very low incomes of the population Healthy Michigan is designed to serve, we strongly suggest modifying Michigan’s proposal in two key areas. First, we recommend that you require Michigan to submit a more detailed protocol describing the plan’s wellness activities and rewards that is similar to the standard terms and conditions of the Iowa Health and Wellness demonstration project that you just approved. Second, we strongly suggest that you set boundaries on the cost-sharing requirements Michigan plans to test.

***Enrollment***

**Approval of the proposed amendment would provide coverage to hundreds of thousands of low-income adults.** Through this proposal 300,000 to 500,000 low-income adults in Michigan—both childless adults and parents—will be eligible for Medicaid and have improved access to health care services.

**We are especially supportive of Michigan’s proposed strategies to identify and enroll newly eligible adults**. The proposal states that Michigan will work to identify applications submitted as early as October 1, 2013, that may have been denied to identify people who are eligible for Healthy Michigan. The state also has a plan to transition childless adults in its existing demonstration project into Healthy Michigan.

***Benefits***

**The additional benefits included in the amendment will provide needed services for the population covered in Healthy Michigan.** The proposed amendment indicates that the benefits package for people covered through the demonstration project will include habilitative services, hearing aids, and preventive health care. It also indicates that the state will use enhanced Medicaid funding to pay for identification, care coordination and treatment in mental health and substance use disorder programs. Many low-income adults who will be covered under Healthy Michigan have gone without health coverage for a long time. These additional benefits are sound ideas that will contribute to improved health and productivity for those covered.

***Standards for Wellness Activities***

**We suggest that you require the state to submit for approval by CMS a detailed protocol on how it will administer its wellness activities and rewards program.** In the special terms and conditions for the Health and Wellness Waiver recently granted to Iowa, CMS clearly laid out the date by which the state will have to submit for approval its healthy behaviors and incentives program and the components that the proposal must include (Iowa Health and Wellness Plan Special Terms and Conditions, #20, page 7). Key components of the required submission include the purpose of the program, the process by which an enrollee will be deemed to have met healthy behaviors, and how those behaviors will be monitored and tracked. Michigan’s proposed program is lacking in details and we believe it should be required to adhere to a protocol like that required in the Iowa approval.

For the wellness program, we appreciate and support the idea of using the carrot of copayment forgiveness for wellness rather than a stick approach. We believe that the methodology for incentives/rewards (when the co-pay contributions are reduced) needs to be defined. This detail is central to the wellness rewards concept that Michigan is trying to test with this waiver amendment.

We believe rewards should be based on enrollee effort. We are concerned that an enrollee who makes his or her best effort to fill out the health-risk assessment, follow up with a provider, and take other steps toward established wellness goals may still not qualify for reductions in cost-sharing if he or she could not complete the activities in the time allotted.

***Cost-sharing Requirements***

**We strongly recommend that you place limits on the cost-sharing requirements Michigan plans to test.** We appreciate that Michigan is structuring the cost-sharing in Healthy Michigan as co-pays and not premiums. However, Michigan proposes to require monthly contributions from all newly eligible enrollees, including individuals with no incomes whatsoever, which is troubling. Research has shown that co-pays deter needed care for low-income populations. We would certainly prefer to see no monthly contributions, particularly for populations below poverty. However, if these monthly contributions are allowed for all beneficiaries, Michigan should design the monthly contributions to make it clear that they will not disqualify anyone from receiving coverage or needed health care services, and that Michigan will not charge beneficiaries more in terms of cost-sharing than it would have charged without the waiver. Moreover, the ability of health plans to collect average co-pays each month will depend on significant amounts of tracking and communication with enrollees. We suggest that CMS clarify the special terms and conditions of the demonstration project so that this process is carefully implemented, monitored, and evaluated.

**Clarify that health plans cannot terminate coverage for those who miss a monthly payment and ensure that beneficiaries receive adequate notice that failure to pay copayments is not a cause for termination.**  In order for the cost-sharing to really work like an average co-pay, and not a monthly premium where nonpayment becomes a barrier to enrollment, the state will have to work closely with health plans and attentively monitor their performance. The proposed amendment stipulates that the state will assure that beneficiaries have appropriate options for submitting the funds needed to meet their financial obligations and that the state will not allow a beneficiary to be removed from Healthy Michigan for failure to pay. However, to ensure that this intention is carried out, we recommend that CMS stipulate in its special terms and conditions that Michigan’s contracts with health plans or other entities responsible for collecting these contributions specify that the state cannot terminate coverage for failure to pay monthly contributions. CMS should also require that all information and notices provided to enrollees from the state or the state’s contractors provide adequate notice that enrollees cannot be disenrolled for failure to pay monthly contributions.

**Clarify that Michigan will not charge beneficiaries more than the state could have charged without the waiver.** Michigan’s proposal includes a new method of calculating and collecting cost-sharing amounts. As we understand it, Michigan’s proposed co-pay amounts fit within the limits of § 1916 of the Social Security Act and the July 2013 cost-sharing regulations (Medicaid and Children’s Health Insurance Programs, 78 Fed. Reg. 42160, 42307 (July 15, 2013). In fact, the state has proposed to spread out the cost of cost-sharing over several months hoping that it will be less burdensome for enrollees. If Michigan had instead planned to go beyond these cost-sharing limits, we would not support granting the waiver. Given the concern that additional cost-sharing could create barriers to care, Congress included specific requirements under § 1916(f) of the Social Security Act that must be followed when states want to use a more onerous form of cost sharing. The additional § 1916(f) requirements include limiting these experiments to only two years, making the experiment voluntary and using a control group for testing. Michigan does not plan to follow these additional § 1916(f) rules. We ask that you ensure that Michigan will not charge beneficiaries more under this proposal than the state could have without the waiver.

**Require a careful review and evaluation of the new health plan co-pay requirements**. All Medicaid § 1115 waivers require careful review and evaluation. In this particular waiver, there is the potential that the cumulative cost of co-pays could deter enrollees from accessing needed care, particularly among those with little to no income. For example, consider an individual with an acute problem that requires three hospital admissions, three prescription drugs, and two doctor visits in a six-month period. The total co-pay amount this person would owe would be $208 over that six-month period ($150 for three hospital admissions, $54 for prescriptions (3 brand drugs in a 6 month period) and $4 for the two office visits). This works out to $35 per month, which is a lot for someone with little or no income. We suggest that Michigan be required to carefully monitor co-pay requirements and collection practices to make sure enrollees are accessing the right care at the right time and inability to pay copayments does not become a barrier to care.

**Clarify that cost-sharing is waived if the beneficiary is caring for a chronic condition**. The amendment on page 12 seems to suggest that individuals would have co-pays waived if they have a chronic condition. For example, the plan would waive co-pays for purchasing heart disease medications or diabetes management supplies and medications. This would be a smart way to reduce costs for people trying to stay well and eliminate the obstacle of paying ongoing co-pays for staying well over long periods of time.

**Specify that a third party can pay into the cost-sharing accounts**. We suggest that you require Michigan to specify that a third party can help pay for cost-sharing in the wellness accounts. This would allow a local charity, a family member, or another party to help enrollees support their access to health.

**Do not allow the state or health plans to seize tax refunds as a way to collect payments.** The proposal mentions that the state is considering putting a lien on tax refunds as a way to collect unpaid monthly co-pays. Adults who earn less than the poverty line struggle to make ends meet and could be faced with choosing between a day’s meal or paying copayments for medications or doctors’ visits. Garnishing tax refunds is likely to intimidate enrollees and create barriers to care.

Thank you for your willingness to consider our comments. If you have any questions or would like additional information, please contact Sonya Schwartz, Research Fellow, at [ss3361@georgetown.edu](mailto:ss3361@georgetown.edu) or 202-784-4077.

Respectfully submitted,

American Heart Association/American Stroke Association

Center on Budget and Policy Priorities

Community Access National Network

Community Catalyst

First Focus

Georgetown University Center for Children and Families

HIV Medicine Association

LeadingAge

Mental Health America

National Association of Community Health Centers

National Senior Citizens Law Center