

Budget Basics

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for Child and Family Advocates



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Medicaid Expansion in Michigan: Quick Facts on What it Means for Children, Youth & Families

Michigan Governor Rick Snyder made a huge step in a healthier direction for the state when he proposed to expand Medicaid access to Michigan residents by taking advantage of the federal Affordable Care Act (ACA). The Michigan Medicaid program currently provides physical and mental health services to 1.9 million low-income residents, or 1 in 5 individuals. Under the ACA, states can choose to voluntarily expand Medicaid health insurance to uninsured adults living at 133 percent of the federal poverty level (FPL) or below (138 percent FPL with the 5 percent income disregard), which is equivalent to an annual income of \$31,322 for a family of four. This expansion would not specifically cover Michigan children since they are already covered by Medicaid up to 150 percent FPL for children ages 1-17 and up to 185 percent FPL for infants under age 1. Pregnant women are also already covered up to 185 percent FPL.

Under the ACA, the federal government will pay 100 percent of Michigan's expansion costs for the first three years (2014 through 2016) if the Legislature agrees with the Governor to expand Medicaid. Beginning in 2017, the federal government's match rate drops to 95 percent and in 2020, this drops again to 90 percent. Delays in Medicaid expansion, or failure to expand at all, mean that Michigan will be leaving available federal resource on the table.

According to the House Fiscal Agency, Michigan is expected to receive about \$2 billion a year from the federal government to insure an additional 460,000 adults, resulting in savings to the state of about \$1 billion over the next decade. Approval of this Medicaid expansion would result in an estimated savings of \$200 million in fiscal year 2014 alone. The savings would be realized through expanded federal coverage of expenses currently paid for through state dollars through community mental health programs, the Adult Benefits Waiver Program (which serves a small number of childless adults living at 33 percent FPL or below) and health care costs in the state's corrections system. The Governor has proposed to shift \$100 million of the anticipated \$200 million savings to a health savings fund to help cover the state's health care costs in the future. He utilized the remaining \$100 million in his budget proposals to expand programs in the Department of Community Health (DCH) budget, and likely, some other budgets as well. Some programs in the DCH budget that are at-risk without Medicaid expansion include funding to support Michigan's infant mortality reduction plan, expansion of the Healthy Kids Dental program, obesity prevention, mental health services for special populations, and other health and wellness initiatives.

What Medicaid expansion means for Michigan children and families

More than one out of four individuals who would be covered by Medicaid under this expansion would be women of child-bearing age, according to the Urban Institute. Ensuring that women of child-bearing age

have access to health insurance helps the odds of more babies born healthy and reduces infant mortality, since a woman's health prior to conception impacts pregnancy outcomes and the health of a newborn child. This is particularly important in Michigan where African American and Latino Michigan residents are more likely to be uninsured than white residents and have disproportionately higher rates of low weight births and infant mortality than white babies.

One out of four individuals who would be covered by Medicaid under this expansion would be between the ages of 19 and 24, according to the Urban Institute. This expansion is particularly beneficial for young adults who are still working to complete high school credentials and may be unable to access health insurance benefits through a workplace. For the young adults who are working and unable to access employer sponsored health insurance, Medicaid access keeps them healthier, productive employees. In addition, many of these young adults are already parents themselves in the group discussed below.

91,000 additional parents would access health insurance benefits through the Medicaid expansion, according to the Urban Institute. The Michigan Medicaid program covers parents below 50 percent FPL (an annual income of \$11,775 for a family of four). Low-income families are currently the largest component of the Medicaid population, but they are the least expensive to cover at only 35 percent of Medicaid costs. Increasing access to health insurance for parents improves their health and subsequently, their ability to keep consistent employment and provide for their children. Also, studies have found that insured children whose parents are also insured are more likely to receive check-ups and other care than insured children with uninsured parents, further improving the overall health of the family. Finally, parent's poor physical or mental health can contribute to a stressful family environment that clearly has ramifications for children's well-being. All-in-all, parents' access to health insurance leads to healthier families that are more economically secure.

The coverage chasm matters. Without Medicaid expansion, only low-income uninsured adults and parents with incomes above 100 percent FPL will receive subsidies to purchase health insurance through the new health insurance exchange. For those parents and adults who fall between 50 percent FPL and 100 percent FPL, these individuals will not qualify for subsidies through the health insurance exchange; and without Medicaid expansion, would have a very difficult time accessing health insurance coverage. As a result, more than 400,000 Michigan residents will be left without an opportunity for affordable health care coverage.

Medicaid expansion is not a sure thing in Michigan. Currently, the House Appropriations Subcommittee for DCH did not include Medicaid expansion in its budget proposal for fiscal year 2014. The Senate will reveal its budget proposal for DCH on April 11, 2013, and it is anticipated that their budget will not include Medicaid expansion either. However, the discussion to expand Medicaid is still ongoing and opportunities continue to exist to insert Medicaid expansion into the state budget. It's important for constituents to continue talking to their legislators about the importance of Medicaid expansion for your family, your community, and the well-being of the state as a whole.