741 North Cedar Street, Suite 100, Lansing, MI 48906
517.487.1548 » nasw-michigan.org

NASW MICHIGAN CHAPTER
National Association of Social Workers

May 2, 2018

To: Chair Cox and Members of the Appropriations Committee
Subject: Senate Bill 897 – Work Reporting for Medicaid

The National Association of Social Workers – Michigan Chapter (NASW) is a membership organization of professional social workers working in various critical health care related sectors, including but not limited to hospitals, primary care clinics, substance abuse treatment agencies, community mental health agencies, AIDS service organizations, and veteran services. There are more than 24,000 licensed social workers in Michigan. NASW supports policies that improve the health and well-being of all members of society – particularly the most vulnerable.

We have major concerns with Senate Bill 897, which are outlined below:

1) **Cost:** The question remains about how expensive this program will be to implement and if any potential savings will outweigh the added expense of implementation, ongoing monitoring, federal fines, and uncompensated care.

    a. **Uncompensated Care:** Michigan is reimbursed over 50% for Medicaid expenditures (95% for Healthy Michigan) but loses the reimbursement for uncompensated care provide by hospitals. Hospitals will have to still provide the care for those not covered but will get it back by raising rates for everyone else. No savings result except to the federal government. The proposal will result in the state basically subsidizing the federal government. It is no wonder that the feds would be willing to approve a waiver that saves them money but costs the state money.
    b. **Administrative Complication**: Adding additional criteria such as work requirements could significantly slow and complicate the process. Cost of administering work requirements was already noted as a huge problem, but the new requirements could slow approval for everyone and could result in penalties if Michigan does not meet timeliness standards. Compliance monitoring this population will be an additional burden the Department isn't equipped to handle with current staffing levels. How many additional staff will be funded for compliance monitoring?
    c. **IT Updates:** How would the work requirements relate to those who apply for and are approved for Medicaid through the Health Care Exchange part of The Affordable Care Act? What modification will have to be made to MIBridges? Modifications to the computer programming are extremely expensive.
    d. **Work Support Services:** Enrollees who are seemingly able to work but aren't employed typically lack not motivation, but work supports such as job search assistance, job training, childcare, or transportation assistance. Although states are mandated to offer work supports, they are prohibited from using Medicaid dollars to do so (Katch, et al., 2018). How will these work supports be paid for?

Recommendations:

- Pilot and evaluate the program in a geographically limited area to ensure the program achieves what you hope it to achieve.
- Require the waiver to be revoked and the program to conclude should it not meet predetermined goals and savings, like how Healthy Michigan Program was designed.
- Remove the monthly reporting requirement and move to a yearly reporting requirement to reduce administrative complication

2) **Work Hours:** Enrollees may lose or see interruptions in coverage because their work hours fluctuate from month to month, sometimes falling below required thresholds. Fluctuating hours are particularly common in the two industries with the largest number of Medicaid enrollees: restaurant or food services and construction (Katch, et al., 2018).

Recommendation: Lower the work hour mandate to 20 hours a week per month average (80 hours) and allow for modifications to be made for people putting forth an honest effort to work but work in industries with fluctuating or seasonal hours. This will also bring the requirement into alignment with other states that are implementing similar requirements.

3) **Mental Illness:** If someone is experiencing a mental illness that is interfering with their ability to work 29 hours per week, but may be working less, there are little to no options available for them if they lose coverage. General Funds in the CMH system have been cut. They are unlikely to qualify for services at CMH until their mental illness is exacerbated to the point where CMH will accept them (going from mild/moderate to severe) which will shift the cost from HMOs to CMHs or these individuals will end up getting "treatment" in jails and emergency rooms at an even greater cost.

Recommendation: Clarify the "medical" exemption for people with a "medical condition that results in a work limitation according to a physician" to include a "recipient with a behavioral health condition that results in a work limitation according to a physician or behavioral health professional."

4) **Criminal Background:** We appreciate the consideration that people who have been incarcerated often face difficulty finding employment. Michigan continues to make progress with programs and legislation to remedy some of this barrier. However, the barrier has not been remedied and people with felony convictions face employment barriers far longer than 6 months after incarceration indicated in this bill. In fact, someone convicted but never incarcerated would face the same barriers.

Recommendation: remove or extend the 6-month limitation and include people who have been convicted but not incarcerated.

In closing, the work requirements will be very costly to administer, will result in little if any savings from those who lose coverage, and will result in a net decrease in federal reimbursement and net increase in cost that Michigan taxpayers will have to shoulder. On behalf of NASW-Michigan and our members, I respectfully urge you to oppose this legislation or at least consider our recommendations. I'm happy to continue to work to improve the bill. Thank you for your consideration of our views.

Sincerely,

Allan Wachendorfer, LMSW
Director of Public Policy
National Association of Social Workers – Michigan Chapter
policy@nasw-michigan.org
517-487-1548 ex11