



Halting Progress for ObamaCare in Michigan

David K. Jones, Boston University

Divisions about ObamaCare in Michigan set Republicans against one another as well as against Democrats. The state is led by a moderate Republican governor, Rick Snyder, who opposed the law as a whole but now argues that a state-run exchange would be good policy and the Medicaid expansion is too good a deal to pass up. Business interests and consumer advocates agree, but Governor Snyder has not yet managed to persuade the Republican-controlled legislature.

What Health Reform Could Do

Currently, thirteen percent of Michiganders are without health insurance, including 18% of adults aged 18-64 and 5% of children under age 18.

- About one-quarter of uninsured adults will be eligible for federal subsidies to purchase private plans on the exchange starting in 2014. But the Affordable Care Act does not authorize subsidies for low-income people who are supposed to be covered by expanded Medicaid, so the remaining three-quarters will be left out unless the state accepts the expansion.
- Experts estimate that expanding Medicaid would cover 290,000 additional Michiganders in 2014 and 620,000 additional by 2020, reducing the overall uninsured population to 5%.

Expanding coverage is popular. According to a recent poll, 63% of Michigan citizens favor accepting federal funds to expand health insurance through Medicaid.

An Unusual Political Landscape

Michigan leans Democratic in national politics, but is currently governed by Republicans. The state has been carried by every Democratic presidential nominee since Bill Clinton in 1992 – and Barack Obama got 57% of the vote in 2008 and 54% in 2012. Since 2001, both U.S. Senators have also been Democrats. Even so, in 2010 the Michigan GOP took full control of both the governorship and the state legislature.

Michigan Republicans come in different stripes, however, and they now disagree about ObamaCare. As a former business executive serving in public office for the first time, Governor Snyder is more of a pragmatist than an ideologue. He was the only GOP governor not to sign a 2011 letter calling for repeal of ObamaCare. But other Michigan Republicans campaigned against Obama's health law in 2010. In the Michigan House, Republicans won their largest majority since the 1950s, and in the Senate they achieved a two-thirds supermajority.

The House Rejects a State-Run Exchange, the Senate Rejects a Partnership

Once choices about implementing Affordable Care came onto the agenda, some Republicans aligned with Democrats to try to make Michigan the first GOP-led state to create its own health insurance exchange under the new law. But majorities in the legislature have refused to go along with either a state-run exchange or a partnership with the federal government.

- Backed by a broad coalition of insurance companies and other businesses, hospitals, health care providers, and consumer advocates, Governor Snyder called on the legislature to create an exchange run by a non-profit board and focused on maximizing competition and providing good consumer service. The Senate endorsed this plan, but House leaders delayed action in the hope that the issue would go away if the Supreme Court struck down the law or if President Obama lost re-election in 2012. When neither happened, the House Health Policy Committee voted down exchange legislation, even though observers said there were enough votes within the Republican caucus to pass the bill if it had reached the floor.
- With plans for a state-based exchange rejected, Governor Snyder focused on creating a partnership exchange in which Michigan would maintain control over customer assistance and a basis could be laid for a later transition to full state control. The Obama administration approved Snyder's proposal in March 2013 and awarded the state \$31 million for the project. However, state officials cannot spend the federal grant without a specific state appropriation, and the Senate refused to approve the appropriation. Without funding, plans for a partnership exchange fell apart, as Michigan leaves it to national officials to step in to build a purely federally-run exchange.

The High Stakes Medicaid Fight

The stakes in the Medicaid battle are much higher. Unless the legislature accepts the Governor's call to expand the program, hundreds of thousands will remain uninsured.

Republicans who support Medicaid expansion have tried to learn from the failed exchange effort. Because conservatives do not like Medicaid as it is, supportive leaders stressed "Medicaid reform" rather than expanding coverage. They proposed necessary legislation through the Michigan Competitiveness Committee, arguing that the generous federal funding would result in a net savings of \$1.17 billion through 2019, while refusing the money would put Michigan businesses at a disadvantage. This approach almost carried the day. Enough Republicans sided with Democrats to advance expansion through the Senate by a two-to-one margin. But the House adjourned for the summer on June 20th without taking a vote, because leaders in that chamber refuse to put a bill on the floor without support from more than half of the Republican caucus.

Where Things Stand

As the federal government installs an exchange, Governor Snyder's office is working behind the scenes to generate legislative support for a transition to a state-run exchange after 2014. In the meantime, implementation is difficult. For example, although federal authorities can generously fund enrollment efforts for state-run or partnership exchanges, they have only \$54 million to spend across all 34 states where the federal government has had to step in. There is less than \$2 million to spend in Michigan, well short of what is needed to get the word out and enroll all low and moderate-income Michiganders who are eligible for new federal subsidies to buy insurance.

The cause of expanding Medicaid to help the bulk of Michiganders without insurance is not entirely dead. Governor Snyder is touring the state to try to generate support. But legislators who must act will not reconvene for some time and key measures may not even come up for a vote, let alone pass. If this effort to expand Medicaid in 2014 fails, arguments will continue.