

HALTING PROGRESS FOR OBAMACARE IN MICHIGAN

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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 originally opposed the law but currently views the Medicaid expansion as too good a deal to pass up, and is also pushing for a state-run exchange. Business interests and consumer advocates agree, but Governor Snyder has struggled to persuade the Republican-controlled legislature. A bill authorizing a tardy expansion of Medicaid barely squeaked through in September 2013.

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 are left out until that expansion occurs.
- Experts estimate that expanding Medicaid will 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 give more people 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. Yet in 2010 the GOP won the governorship and state legislature.

Michigan Republicans come in different stripes and 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 many other Michigan Republicans campaigned against the law in 2010, when their party won a large House majority and a two-thirds supermajority in the Senate.

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, leaving national officials to build a purely federally-run exchange.

A Breakthrough in Fights about Expanding Medicaid

The stakes in the Medicaid battle are much higher. Refusing to expand the program would have left hundreds of thousands of Michiganders remaining uninsured.

Republicans who support Medicaid expansion 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 House 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 worked in the House, with enough Republicans siding with Democrats to advance expansion by a two-to-one margin. But the Senate adjourned for the summer without taking a vote, because leaders in that chamber refused to put a bill on the floor without support from more than half of the Republican caucus.

After a summer of contentious debates, a reconsideration of the Medicaid expansion passed in dramatic fashion. A bill endorsed by Governor Snyder initially failed by one vote, but then passed hours later by two votes – when one Senator who had voted against changed his position and another who had abstained registered a vote in favor

Where Things Stand

The Michigan legislature delayed the start of the Medicaid expansion by 90 days beyond January 1, 2014, so uninsured Michiganders will have to wait a few more months before receiving new coverage. For each day of this delay, the state will lose an estimated \$7 million in federal money.

As for Michigan's exchange, the Snyder administration is working behind the scenes to assist with implementation, and paid staff and volunteers from Enroll America, a group run by former Obama operatives, are traveling the state educating residents about the options they will have to get federal subsidies and buy new private health insurance coverage on the exchange.