Michicare
MEDICARE FOR ALL IN MICHIGAN

ABDUL
FOR GOVERNOR

Friends,

As a doctor, I know firsthand the value of healthcare coverage. We can't predict when we will get sick or when an accident might happen. Even the best diet and exercise plans can't completely eliminate the threat of cancer, diabetes, or depression. That's why we must ensure that every Michigander is able to see a doctor when they need one and access high-quality care that they can afford. There are so many things we can't control when it comes to our health. Access to healthcare should not be one of them.

Michiganders today are trapped in a broken health insurance system that leaves too many families suffering from high costs and lack of affordable coverage. Nearly 600,000 Michiganders still lack health insurance coverage, even after the expansion of Medicaid thanks to the Affordable Care Act (Obamacare).1 Many more have subpar insurance that doesn't adequately pay for care for themselves and their families, and rising healthcare costs are preventing Michiganders from enjoying the freedom that comes with financial and physical well-being. Health insurance premiums in the individual market rose by almost 30 percent in the last year alone. One in five Michiganders aged 25 to 44 reported that they couldn't access care in the last year because of cost,2 and nearly one in four Michigan households had out-of-pocket health expenses over 10 percent of their total income, which the World Health Organization defines as "catastrophic health expenditure".3,4

While Michiganders struggle to pay the rising medical bills that result from a broken insurance system, the insurance companies are prospering: last year, Michigan's largest insurer saw net income rising 800 percent to $1.2 billion.5 A system that allows private insurance companies to prosper while Michiganders suffer is long overdue for change.

The system is no better for providers: insurance paperwork and negotiations over coverage take away the time and energy that doctors, nurses, and other health professionals have to care for patients. The bureaucratic hurdles set up by insurance companies also have a severe economic cost, and the U.S. has the highest healthcare administrative costs of any country—nearly 25 percent.6

Patients are being left behind in a system that has put the insurance, hospital, and pharmaceutical industries ahead of hard-working Michigan families and the providers who care for them. I'm proposing Michicare, a Medicare for All healthcare plan for Michigan, because it doesn't have to be this way. It's time to bring universal healthcare to Michigan and break the chokehold corporate interests have had on healthcare for too long.

Together, we can make it happen.

– Dr. Abdul El-Sayed

"As a doctor, I believe that everyone in Michigan – regardless of how much they make, where they live, or what they do for work–should have access to high quality healthcare. Michicare is our plan to take back healthcare from the insurance companies and put it back in the hands of Michiganders and the providers who serve them."

– Dr. Abdul El-Sayed

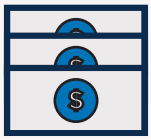
Executive Summary

Michicare is a plan for Medicare for All for the state of Michigan, providing publicly financed health insurance to all Michigan residents under age 65. Michicare would cover a comprehensive set of benefits based on the essential health benefits outlined by the Affordable Care Act, and every Michigander would choose a primary care provider to help direct their care. Michicare would eliminate co-pays and deductibles for medically necessary services, so you would not pay out-of-pocket fees when you are seeking needed care.

Michicare would decrease overall healthcare costs in Michigan by moving to a streamlined system with lower administrative costs and fairer prices. Instead of deductibles, out-of-pocket costs, and premiums paid to private insurers, Michicare would be publicly financed through a combination of a graduated income tax and a business tax. Private insurance companies would still be permitted to offer supplemental health insurance, but Michicare would provide comprehensive benefits to all Michiganders, diminishing the need for private coverage. Michicare is an ambitious and realistic plan to secure truly universal healthcare in Michigan.

Rationale: Why Michigan Needs Michicare

The health insurance market in Michigan is out of control. Across the country, deductibles for employer-provided health insurance went up 229 percent between 2005 and 2015.[7] In Michigan, health costs have increased by an average of 5.2 percent every year between 1991 and 2014.[8]

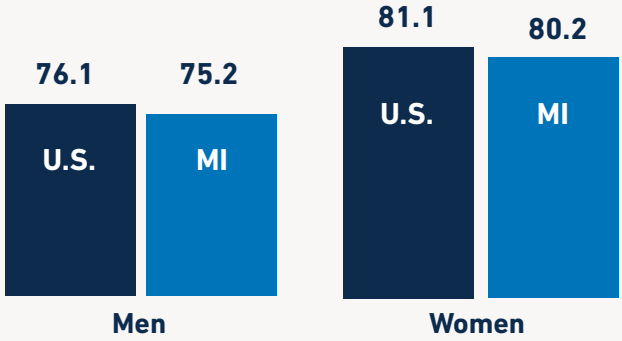


↑ 5.2% PER YEAR

Avg increase in Michigan's health costs between 1991 and 2014[2]

Despite how much Michigan families and employers spend on healthcare, Michiganders do not lead healthier lives. The U.S. life expectancy just dropped for the second year in a row.[9] Americans are living 1.5 years less on average than citizens in other developed countries,[10] and life expectancies in Michigan are even lower than the national average.[11] In Michigan, rates of infant mortality, heart disease, and other preventable illnesses are higher than the national average, especially in Michigan's poorest regions. Residents of Wayne County, for example, are living on average five years less than their neighbors in Oakland County.[12] Michiganders know about the horrors of the Flint water crisis, but the inequities in our health system go far beyond that tragedy.

Life expectancy in the U.S. vs. Michigan



Michicare

Michicare offers a vision for a healthcare system where every Michigander has equal access to high-quality, affordable care when they need it. Michicare reflects our society's highest ideals: it's a system that treats healthcare as a human right and treats every single Michigander with dignity. Michicare would :

— **Guarantee universal healthcare in Michigan.** Michicare guarantees high-quality, affordable healthcare for all Michiganders. This would be a transformational achievement, making Michigan the first state in the nation to deliver on the promise of treating healthcare as a human right.

— **Reduce the overall cost of healthcare.** Rising healthcare costs are a result of patients paying the high price of a system that prioritizes the needs of private insurance companies, big pharma, and big hospital networks. Transitioning to Michicare will lead to significant administrative savings compared to our current fragmented for-profit insurance system, directing more of Michiganders' healthcare dollars toward providing care for patients. Michicare will also be able to stand up for the needs of Michigan patients against pharmaceutical companies and hospital conglomerates who charge unnecessarily high prices.

— **Reduce auto insurance rates.** Michiganders pay almost twice as much for car insurance than the national average. That's because right now we're asking auto insurance to double as health insurance, covering unlimited medical care after accidents. By guaranteeing health coverage for all Michiganders, Michicare would significantly decrease the need for auto insurance companies to cover medical expenses, allowing auto insurance rates to fall.

— **Reduce prescription drug costs.** Negotiating on behalf of millions of Michiganders, Michicare would have the power to bargain for lower prices for prescription drugs. That means more money for Michigan to spend on other vitally important health services.

— **Alleviate healthcare costs for businesses.** Right now, employers with more than 50 employees are required to provide healthcare coverage to their employees, which drives up the costs of doing business. Providing every Michigander with healthcare coverage under Michicare reduces the burden on employers, helping spur our economy.

— **Promote prevention**. Michicare will be closely integrated with the Michigan Department of Health and Human Services, allowing for transformative investments in public health that would improve our residents' well-being and help reduce the costs of healthcare system-wide.

— **Empower healthcare providers.** It's becoming more and more difficult for individual providers to compete with big hospitals who use their power to negotiate higher reimbursements from insurers. By paying all providers at rates comparable to Medicare, Michicare would even the playing field among providers, from solo practitioners to large hospital groups. Furthermore, a streamlined billing system will replace the convoluted billing and coding systems that doctors deal with today, in which every health insurance plan has different requirements to pay out claims.

Michicare

Michicare Basics

What does "single-payer" mean? Is Michicare the same as "Medicare-for-All"?

Michicare is a single-payer healthcare plan. That means that the state of Michigan, rather than private insurance companies, would provide health insurance to Michiganders. Single-payer is sometimes called "Medicare-for-All." Right now, Michiganders over age 65 and those on Social Security disability already qualify for Medicare, a single-payer plan for seniors and the disabled supported by the federal government. Michicare expands the promise of Medicare to all Michiganders, whether they are millennials jumping between jobs, parents working hard to make ends meet, or seniors struggling to pay for their prescriptions. All Michiganders deserve the added security and cost savings a single-payer plan can provide.

Who is covered by Michicare?

All Michigan residents—children and adults—will be covered by Michicare until age 65. At age 65 Medicare coverage will begin, just as it does now. However, Michicare will continue to support seniors over 65 by providing additional coverage for prescription drugs, vision, and dental, as well as negotiating down their prescription drug costs. Between Michicare and Medicare, this means that all Michigan residents are guaranteed health coverage from the day they are born until the day they die.

How do I enroll in Michicare?

All Michigan residents would be enrolled automatically in Michicare at birth. Michiganders who are transitioning from private insurance to Michicare will submit a simple application to enroll. Currently uninsured Michiganders would enroll using this same process. All Medicaid and CHIP recipients would be automatically transitioned to the Michicare plan.

Michicare

What does Michicare cover?

Michicare covers a comprehensive set of benefits based on the essential health benefits outlined by the Affordable Care Act.[13] These include:

A full list of services includes:

- Outpatient care
- Emergency services
- Hospitalizations
- Maternity and newborn care
- Reproductive services and family planning
- Outpatient and inpatient mental healthcare
- Substance abuse treatment and services
- Prescription drugs
- Rehabilitative services
- Laboratory services
- Preventive/wellness services
- Chronic disease management
- Pediatric services
- Vision care
- Dental care

Michicare will cover both primary care and specialist visits.

Does my coverage stop at some point? What happens if I move?

Your Michicare coverage continues until you turn 65 or until you move to another state.

What happens if I get sick when I am out of Michigan?

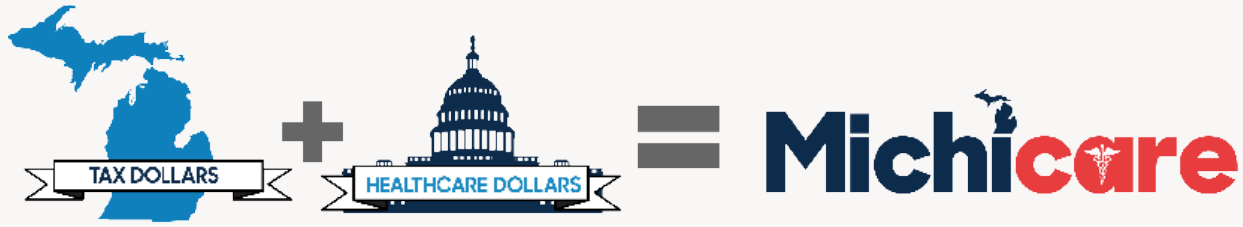
Michicare will cover emergency services anywhere in the country. Planned medical care, such as primary care visits or scheduled surgeries, will be covered only within Michigan.

What if I move out of state for college?

Michicare will cover basic medical services, such as primary care visits and mental healthcare, for Michigan residents who attend college out of state.

How do I pay for Michicare?

Michicare is funded by the state government using tax revenue and federal healthcare dollars. Much like Medicare today, everyone would pay into the system via income and business taxes, and everyone would benefit when they seek care.



Unlike most current insurance plans, under Michicare you do not need to pay out-of-pocket for medically necessary services. Michicare covers those costs so you can focus on getting the care you need.

Is Michicare a realistic plan for Michigan?

Critics say that single-payer plans are unrealistic. As a doctor, former public health professor, and former health commissioner, I can assure you that they're wrong. Every single high-income society in the world except for ours has been able to secure the benefits of universal healthcare for their communities, and now a majority of Americans are in favor of a single-payer health system.[14] Critics who say single-payer healthcare is politically impossible are usually beholden to corporate lobbies or lack the political will to achieve such transformative change. Our campaign cannot be bought and sold, and we know that a people-powered campaign allows us to stand up to the special interests who tell us universal healthcare is just a lofty dream. Together, we will make Michicare a reality.

ABOUT 1 IN 4

Michigan households with out-of-pocket health expenses over 10% of their total income[4]

Can Michigan afford Michicare?

Yes. Opponents ask how we can afford a single-payer plan, but we need to remember that the most expensive option is keeping the broken system we have now. Between rising premiums and deductibles paid by individuals and families, employer contributions, and government funding for programs like Medicaid and Medicare, we're already paying the staggering costs of inefficient, inequitable healthcare every day. Michicare would consolidate those different streams into a single, efficient system. Lower overall healthcare costs mean a more affordable health system—for families, for businesses, and for Michigan as a whole.

Michicare

Will Michicare mean that the state controls healthcare?

No. Under Michicare, hospitals, doctors, nurses, and healthcare providers would stay private. In fact, you would have more choice; under Michicare you would have access to an extensive network of providers, and you wouldn't have to fight with your insurance company about whether or not it will cover services from the doctor of your choice. You control your healthcare; Michicare makes sure you can pay for it.

Will Michicare be my only option for health insurance?

No. You will still be allowed to purchase a health insurance plan that is supplemental to Michicare (as people often do for their Medicare coverage) out of your own income, or through your employer or union. Michicare by design will be comprehensive, but we understand that sometimes people may choose to seek something they feel is more than comprehensive.

Furthermore, Michicare will not prohibit the sale of other insurance plans (even if they are redundant with the services covered by Michicare), so employers who want to offer something completely separate from Michicare will still be allowed to do so.

600,000

Number of Michiganders who do not have access to healthcare[1]

What will Michicare mean for my appointments with doctors I currently see?

If a doctor accepts any money from Michicare, they cannot deny patients on the basis of their Michicare insurance status. Since a majority of the Michigan population would be covered by Michicare, this would mean that nearly all doctors in Michigan will accept Michicare.

What will Michicare mean for undocumented immigrants?

Under Dr. El-Sayed, the State of Michigan will not consider federal documentation status. All residents who pay Michigan state taxes will be eligible for Michicare.

Michicare

Michicare for You

Michicare will bring affordable, high-quality healthcare to every Michigander. How that would change each person's cost and coverage depends on what cost and coverage you have now.

Low-income individuals and families

Right now, low-income Michiganders can receive insurance coverage through Medicaid, but they still have out-of-pocket costs that can prevent them from receiving the healthcare they need. For example, families on Healthy Michigan plans are still expected to pay $100 for hospitalizations.[15] Medicaid recipients' coverage also varies based on small changes in their income. An increase in income can lead to a loss of coverage, while sudden unemployment may mean that a patient has to reapply for benefits to receive the care they need. Medicaid recipients also have a more limited network of providers they can see compared to Michiganders in private plans.

Under Michicare, low-income Michiganders will experience dramatically improved healthcare. Michicare will eliminate all out-of-pocket costs for medically necessary services. Furthermore, our plan ensures that patients remain covered whether they get a raise or lose their job. Additionally, by increasing reimbursement rates from Medicaid to levels now paid under Medicare, Michicare will ensure adequate provider networks that meet or exceed what is required under current Medicaid Managed Care rules.[16]

Seniors on Medicare

Medicare remains one of the most trusted social programs in the United States, covering 44 million beneficiaries—15 percent of the U.S. population–who are over the age of 65, disabled, or have end-stage renal disease.[17] The program covers the cost of most medical services, including office visits, hospitalizations, and drug costs. However, many seniors on Medicare still must pay anywhere from 25 percent to 100 percent of their drug costs until they reach the yearly limit of $4,500.

Since that expense can prevent some seniors from paying for necessary drugs to treat their chronic illnesses, they need help covering the costs of their prescriptions.

Michicare will provide additional coverage to help cover the costs of prescription drugs for seniors and protect seniors' savings. This will allow seniors to focus on maximizing their health, without worrying about whether they can afford their medications. Furthermore, Michicare will cover vision and dental services for seniors.

Middle-income individuals and families

Most middle-income families in Michigan are insured through private insurance provided by their employer. As a result, losing a job not only means lost income, but also loss of access to medical care, often for the whole family. Changing jobs should not mean that individuals have to play Russian roulette with their health, hoping that they don't fall ill before new coverage kicks in and not knowing what their next employer will cover or how much their new premiums will cost.

Premiums have been rising for everyone, but plans on the individual market have seen especially steep increases. For Michiganders who buy health insurance in the Affordable Care Act marketplace, health insurance premiums are expected to rise nearly 30 percent in 2018 alone.[18] Patients with these private plans can also be left underinsured, facing significant out-of-pocket costs for important services like prescription drugs and emergency department visits. Additionally, given that the Trump administration is undermining key ACA provisions, it's critical that the state stand up for the millions of Michiganders who could lose their healthcare as premiums increase and coverage changes.

Under Michicare, a patient's health insurance will be comprehensive, portable, and permanent. That means Michiganders will have continuous coverage even when they change jobs. Michicare will also make it possible for the state to negotiate prices with pharmaceutical companies, and the El-Sayed administration will fight to lower prescription drug costs.

Businesses

Businesses in Michigan today are being squeezed by health insurance costs that continue to soar. On average, most employers are paying upwards of $6,000 per employee and $18,000 per family in annual premiums.[19] These premiums have increased 19 percent since 2012 and 55 percent since 2007 and are largely dictated by private insurance companies.19 Not only are premiums becoming more expensive, the costs are unpredictable for employers, many of whom must hire health benefits managers contain them. These rising healthcare costs take money away from key business operations and make Michigan businesses less competitive in their local economies.

Michicare would relieve businesses from the responsibility of providing health insurance. Michicare would ensure that employees have comprehensive health insurance coverage, and employers would have the option to offer supplemental health insurance to their employees if they choose to do so.

Michicare for Providers

Physicians and other health professionals want to spend more time serving patients, but they are burdened by the onerous administrative requirements of private insurers. Right now, doctors and nurses spend twenty or more hours every week negotiating with insurance companies about which treatments will be covered and dealing with other administrative issues that distract from patient care.[20] Dedicated clerical staff spend over thirty hours per week doing similar work related to billing and claims processing.[21]

By simplifying the billing process into one stream, Michicare will allow doctors to focus less on administration and more on patient care. 1It will also empower providers who care for vulnerable Michiganders. Doctors face a financial penalty for taking care of the most vulnerable in our current reimbursement system where Medicaid and Medicare reimbursements have not been competitive with private insurers. In Michigan, Medicaid reimburses only 65 cents for every dollar that Medicare reimburses on average for all services and only 57 cents for every dollar Medicare spends on primary care.[22]

Under Michicare, providers will be paid the same amount for taking care of any patient, rich or poor. Michicare reimbursement rates will be set relative to Medicare rates with competitive reimbursements. Further, reimbursements will not differ by provider type, allowing all providers, whether they are private practitioners or work for a large hospital system, to compete on a level playing field,. Over time, changes in Michicare reimbursements will be designed with provider input and will focus on minimizing unnecessary care and maximizing health. A focus on maximizing outcomes that matter to patients while minimizing costs will empower allied health professionals in Michigan. Michicare will ensure that providers like dentists, optometrists, nurse practitioners, physicians' assistants, pharmacists, and podiatrists are reimbursed fairly for their services.

Michicare for Public Health

Michicare will work hand-in-hand with transformational investments in public health in ways that private insurance companies simply cannot. Private insurance companies are set up to pay for your care after you get sick, and because people change insurance plans so often, private insurers have less incentive to pay for measures that keep patients healthy. Michicare will shift the focus to keeping you well, rather than just supporting you once you get sick. And because Michiganders will be covered by Michicare for many decades, Michicare will be able to make investments now that will help keep you healthy far into the future.

Community health workers

Michigan doesn't do enough to prevent illness—in 2014, there were nearly a quarter of a million hospitalizations in Michigan that could have been prevented by more effective preventive services.[23] Community health workers (CHW) are a proven resource in preventive services. In Detroit, a CHW program has reduced the number of unscheduled urgent medical care visits for children with asthma.[24]

Michicare will fund an expanded CHW program to support a range of public health initiatives vital to Michigan communities. The Michicare CHW program would focus on prevention, helping to reduce hospitalizations and urgent care visits for a range of medical conditions. It would also be targeted to reach people in the rural parts of Michigan who too often lack easy access to health services. It would also be better integrated with Michigan's social services infrastructure and would shore up successful public health programs like family planning—in 2014, publicly funded family planning centers prevented over 25,000 unintended pregnancies and nearly 5,000 teen pregnancies in Michigan, but today more than 500,000 Michigan women still lack access to the contraceptive services they need. CHWs funded by Michicare can help fill these and other gaps in our public health system.[25]

Eyeglasses

No child's education should suffer because they can't see the whiteboard. As health commissioner of Detroit, Dr. El-Sayed partnered with a nonprofit organization to provide free eyeglasses to every child in the Detroit Public Schools who needed them.26 This program will be expanded statewide through Michicare's CHW program to help screen all children in Michigan, link them to vision care, and provide eyeglasses to those who need them.

Harnessing the power of Big Data

Right now Michigan is missing a tremendous opportunity to improve clinical care because patient data is dispersed across different billing systems and electronic medical records. Anybody who receives care at different institutions may undergo redundant, wasteful testing because key records are difficult to transfer.

This system prevents us from understanding exactly where we are succeeding and failing on key quality measures, from appropriate prescribing of opioids to effective control of diabetes.

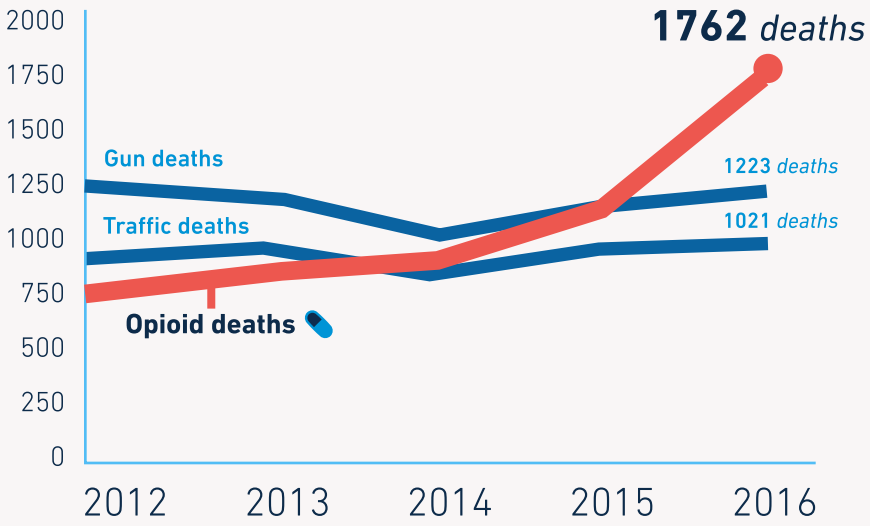
By consolidating patient data from across the state, Michicare would create powerful opportunities to better understand public health and to improve our collective health, from investing in additional services to monitoring for emerging infections and other threats to public health. As always, patient privacy is of utmost importance, and patient data will always be secure and protected.

Michicare for Mental Health and Substance Use

The opioid crisis

Deaths from opioid overdoses have been climbing so rapidly for so long—and with so little effective action from government—that we are in danger of accepting this epidemic as the new normal. Our campaign will tackle the opioid crisis across all dimensions: treatment, prevention, harm reduction, and law enforcement.

Michicare is critical to the long-term success of our fight against the opioid crisis. The private insurance system severely underfunds behavioral and mental healthcare. Today, Michigan has the treatment capacity to take care of only about half of the Michiganders struggling with opioid addiction.[27,28] With universal health coverage and more flexibility to invest in community interventions, we can implement an innovative addiction treatment system like Vermont's, which tripled treatment capacity in just four years.[29] Research shows that effective treatment for opioid addiction saves money very quickly because people in stable recovery can stay out of the hospital.[29]



Today, more Michiganders die from heroin and opiod overdoses than from car accidents or firearms.

In addition, our current private insurance system creates significant financial incentives to overprescribe opioids. Michicare will ensure that non-opioid pain management receives full and fair reimbursement, and we will explore strategies to limit excessive prescribing of opioids.

Finally, Michicare would fund needle exchanges and "observed use" clinics that have been shown to drastically reduce rates of infections like HIV and hepatitis C and reduce the harms of intravenous drug use until users can get sober. Private insurance plans cannot make this kind of public investment.

Mental health

Since the 1980s, insurance companies have systematically paid less and denied more care for mental illness than for other health problems, often to cut costs. The Affordable Care Act has made strides toward requiring insurance companies to treat mental health like all other health issues, but progress has been slow. As a result, we don't have enough mental health hospital beds or outpatient treatment programs for Michiganders who need them, and we are struggling to recruit the mental health workforce that we need. Insurance reform with a single-payer plan that covers mental health will go a long way toward rebuilding the mental health system in Michigan.

Too many Michiganders know the burden of struggling alone with debilitating mental health problems because of stigma and limited access to care. Michicare will fund a 24/7 statewide crisis hotline with text, call, and chat capabilities for all mental health and substance use emergencies. Hotline staff will be trained to educate callers about their mental health and substance use problems, connect them with existing treatment centers in their area, and provide basic counseling to get people through crisis. We will also ensure that our existing Community Mental Health Services Programs, which are providing critical services to over 200,000 Michiganders, have the resources they need to reach all people in need.[30] Finally, we will increase the number of people in mental health professional programs by initiating loan forgiveness programs and increasing training spots at Michigan universities.

Michicare for Prescription Drugs

Michigan families spend over $12 billion a year on prescription drugs, but costs are still increasing, leaving many Michiganders paying too much for the drugs they have or unable to afford the drugs they need. Michicare will cover prescription drugs on a comprehensive basis, guaranteeing that patients have access to the medications they need. Michicare will decrease patient costs and overall system costs by serving as a central negotiating authority with drug companies, leading to lower negotiated prices for drugs.

Michicare for Vision and Dental

In our current private healthcare system, dental and vision care are rarely covered, forcing Michiganders to purchase separate coverage. It is time to break down this unnecessary divide and provide care for the whole body. Michicare will cover dental and vision care for all Michigan residents.

Michicare

Michicare Policy Details: Plan Design

Coverage

Michicare will provide health coverage to all Michigan residents under age 65. Michicare will assume responsibility for health coverage for those currently covered by state Medicaid, Healthy Michigan, and CHIP programs. Michiganders who currently obtain coverage through their employers will be transitioned to Michicare, and employers can still choose to offer additional supplemental coverage. By creating one large pool of all Michiganders, Michicare will ensure individuals have comprehensive benefits and access to an extensive network of providers.

Michiganders on Medicare will keep their existing coverage, and Michicare will provide full coverage for prescription drugs to protect seniors from high prescription costs not covered by Medicare.

Benefits

Michicare will cover a comprehensive set of benefits based on the essential health benefits defined by the Affordable Care Act. These services are:

- Outpatient care
  Example: Visiting your primary care or specialist doctor in their clinic
- Emergency services
  Includes all emergency room visits
- Hospitalizations
  Includes admissions to the hospital for pneumonia, surgery, or any issue.
- Maternity and newborn care
  Includes all care related to having a new baby
- Reproductive services and family planning
  Includes birth control pills and IUDs
- Outpatient and inpatient mental healthcare
  Includes psychiatric hospitalizations
- Substance use treatment and services
  Examples: Residential treatment programs, medication-assisted therapy
- Prescription drugs
  Example: Medications for high blood pressure
- Rehabilitative services
  Example: Physical therapy after a major surgical procedure
- Laboratory services
  Example: Blood tests
- Preventive/wellness services
  Example: Vaccines, cancer screenings
- Chronic disease management
  Example: Appointments with dieticians and nutritionists
- Pediatric services
  Example: Well-child visits
- Vision and dental services
  Examples. Optometrist visits, dentist appointments

For enrollees who qualify for Medicaid under current guidelines, Michicare will continue to cover all federally mandated Medicaid benefits such as non-emergency medical transportation, care coordination, and Early Periodic Screening, Diagnostic and Treatment (EPSDT).

For enrollees who qualify for Medicaid under current guidelines, Michicare will continue to cover all federally mandated Medicaid benefits such as non-emergency medical transportation, care coordination, and Early Periodic Screening, Diagnostic and Treatment (EPSDT).

Prescription drugs

Michicare will cover prescription drugs on a comprehensive basisMichiCare formulary, using bulk purchasing power to negotiate lower prices for the state. While many essential medications will be free, others will be subsidized by the state.

Dental and vision

MichiCareMichicare will provide dental and vision insurance for all Michigan residents, both children and adults.

Long-term Care

Access to long-term care is crucial to the health and well-being of older Michiganders. But costs for long-term care facilities are rising across the state. Under Michicare, low-income patients who meet current standards for Medicaid will receive the same long-term care coverage as they have now. The El-Sayed Administration will commission a panel of experts to develop an economically sustainable proposal to integrate long-term services in qualified facilities as well as home- and community-based services under Michicare to expand access to all in need.

How these benefits compare to current healthcare plans

Current Plan	Benefit changes under Michicare
Medicaid, Healthy Michigan, or CHIP enrollee	Michicare will provide access to the same mandatory benefits currently received by Medicaid or CHIP enrollees, as well as all ACA essential health benefits.
Medicare enrollee	Medicare benefits will begin as usual at age 65. Michicare will provide additional coverage for prescription drugs as well as vision and dental insurance.
Private insurance enrollee through ACA marketplace	ACA enrollees would submit a simple application to transition from private insurance to Michicare. Benefits would remain intact or improved based on ACA essential health benefits.
Private insurance enrollee through employer	Employees will submit a simple application to obtain insurance through MichiCareMichicare. Changes from current coverage will depend on what insurance plan an employee currently buys through their employer, but all MichiCareMichicare enrollees will be guaranteed a comprehensive set of benefits. Employers may also choose to offer supplemental health insurance to employees who are Michigan residents.
Uninsured patients	Currently uninsured patients will submit a simple application to enroll in Michicare. Benefits would be based on ACA essential health benefits.

Cost-sharing

Michicare will eliminate out-of-pocket costs like co-pays and deductibles for medically necessary care. Many essential drugs will be free, while others will be subsidized by the state.

Provider networks and payment

Michicare would not restrict which doctors a patient may visit in Michigan. As with Medicare, any doctor that accepts any reimbursements from Michicare will not be able to deny a patient on account of Michicare insurance status, meaning that nearly all doctors in Michigan will likely accept Michicare.

Michicare will cover both primary care and specialist visits.. In order for consistent preventative services and proper coordination of care, all Michiganders enrolled in Michicare would choose a primary care provider (which they could change at at their discretion).
Reimbursements to providers will be comparable to current Medicare rates, with adjustments that allow for fee schedules to be more closely aligned with value (for instance, increasing relative reimbursement rates for primary care services.) Over time, Michicare will begin testing alternative incentive systems to fee-for-service to reduce costs and improve outcomes, including bundled payments, pay-for-performance, and global budgets.

Michicare Policy Details: Role of Private Insurance

A unified, publicly financed system is the most effective way to increase negotiating power and reduce excessive administrative costs that currently exist with multiple private insurers. Private insurers may still retain a limited role under Michicare, mainly through offering supplemental coverage to Michiganders for services that Michicare does not cover, like add-on services not deemed medically necessary, expedited access to elective services, or increased long-term care coverage.

Michicare Policy Details: Innovations and Cost Savings

How will Michicare save money?

Across every sector of the health system—from insurance companies to hospitals to physician practices—a unified system with a public single payer could significantly increase the proportion of Michigan's healthcare dollars going directly to patient care. Right now, 20 cents of every dollar Michiganders pay in healthcare premiums goes toward overhead, administration, marketing, and insurance company profits.[31] The Congressional Budget Office estimates the following administrative costs as a percentage of revenue for the following insurance pools:[31]

– Large group (more than 50 employees) - 11 percent
– Small group (less than 50 employees) - 16 percent
– Non-group (ACA Marketplace) - 20 percent

– Large group (more than 50 employees) - 11 percent
– Small group (less than 50 employees) - 16 percent
– Non-group (ACA Marketplace) - 20 percent

In comparison, Medicare to spends an estimated two percent on administrative costs.[32,33] Like Medicare, Michicare will be operated through a public office without the need for profit margins, executive salaries, large marketing budgets, and complicated administrative barriers to care. This will allow Michicare to realize significant savings.
Graphic with one of the vignettes of family money saving (preferably same one as two pager)

Michicare will also reduce the administrative burden on providers. Right now, primary care and specialty clinics spend 12.5 percent to 14.5 percent of revenue on billing-related administrative costs.[34] These costs emerge because of the many different kinds of insurance organizations providers have to manage every day. With a single payer, many of these costs are removed. Hospital administrative costs would also be reduced, with a state single-payer plan leading to an estimated savings of 22 percent.[35]

Michicare will require upfront investments to create the public infrastructure to process insurance claims, and the state will work with providers to update health information technology systems to streamline data collection and billing. These investments will lead to savings for Michiganders by lowering administrative costs, controlling health spending growth, negotiating pharmaceutical prices, and establishing fairer reimbursement policies that demand accountability from healthcare corporations.

Payment Reform

Michigan needs to move away from a fee-for-service system, which rewards providers for delivering expensive and unnecessary services rather than focusing on what patients and communities actually need. Michigan is already a leader in health system innovation with some of the strongest alternative payment systems in the country, including Accountable Care Organizations and Patient-Centered Medical Homes. The El-Sayed Administration will explore a range of innovative payment models during the transition to Michicare, including building on current alternative payment models. Any reforms will always be tested on a limited basis, and system-wide change will focus on patient outcomes and satisfaction and on provider satisfaction.

All-Payer Rate Setting

As an intermediate step to full implementation of a state single-payer program, the El-Sayed Administration will immediately take steps to move Michigan to an all-payer rate setting system. Instead of the current system of charging widely disparate rates for patients on Medicaid, Medicare, and different private plans, under all-payer rate setting, providers are paid the same amount for the same service by any payer (public or private). This system is fair, and it has been used in Maryland to save substantial costs. It offers a natural approach to prepare providers for a single-payer system where reimbursement will be streamlined through Michicare.[36]

Michicare Policy Details: Financing

How will we pay for Michicare?

Michiganders already pay for some of the most expensive healthcare in the world. MichiCare will save Michiganders money by changing the way we pay for healthcare. Rather than businesses and families paying out of pocket for premiums, co-pays, and deductibles, Michicare will be financed through a combination of a graduated income tax, a business tax, and federal healthcare dollars flowing into the state through Medicaid and ACA programs.

Under Michicare, individuals will no longer pay premiums to insurance companies; instead, individuals will contribute to Michicare under a graduated income tax. A graduated income tax would transition Michigan to a more progressive system of health financing. The current system of payroll deductions is regressive, requiring lower-income workers to pay a greater proportion of their income for healthcare premiums.

Employers will no longer need to use payroll deductions to pay for employees' private insurance premiums. Instead, they will contribute to Michicare through a business tax, and all their employees will receive comprehensive coverage through Michicare. This business tax would exempt the first $2 million of gross receipts for all businesses, with businesses that have less than 50 employees receiving a discounted tax rate. Employers may choose whether to provide supplemental private health insurance to their employees.

Lastly, Michicare will also be financed by maximizing federal healthcare dollars flowing into the state. The El-Sayed Administration will apply for waivers that will allow federal Medicaid and ACA dollars to be used for Michicare financing. This should vastly reduce the out-of-pocket expenses that Michiganders now pay and finance a better healthcare system for us.

Michicare Policy Details: Federal Waivers and ERISA

ACA Section 1332 waiver

Under the Affordable Care Act, the federal government allows states to apply for "innovation waivers" to experiment with offering creative forms of coverage. With a Section 1332 waiver, Michigan would be able to use funds earmarked for subsidizing ACA plans to finance other coverage expansions as long as they meet the following requirements:[37]

- Cover as many individuals as the ACA does
- Ensure coverage is both as comprehensive and as affordable as ACA plans
- Make sure the waiver will not add to the federal deficit

Michicare will meet all these requirements and therefore be eligible for waiver support. With the Section 1332 waiver, the aggregate funds used to pay for ACA premium tax credits and cost-sharing reductions in Michigan will be directed towards Michicare.

Medicaid Section 1115 waiver

Section 1115 of the federal Social Security Act grants the Secretary of Health and Human Services the authority to exempt states from certain regulations of Medicaid and the Children's Health Insurance Program (CHIP) for demonstration projects that promote core objectives of the programs.[38] This waiver allows for federal funds that have been designated for Medicaid and CHIP programs to be used for efforts to expand health coverage (like Michicare) as long as they do not add to the federal deficit.

For every $1 we spend on Medicaid in Michigan currently, the federal government matches with $1.80.[39] Furthermore, the federal government covers over 98 percent of CHIP expenditures.[40] Because former Medicaid and CHIP beneficiaries would be covered by Michicare, a Section 1115 waiver would allow these federal funds to be used to finance Michicare.

ERISA

The Employee Retirement Income Security Act (ERISA) is a 1974 federal law that established standards for employer-sponsored benefit plans. ERISA's provisions are an impediment to certain kinds of state-based health policy innovations.[41]

Most relevant to Michicare is ERISA's special protection of "self-insured" plans, where large employers retain the financial risk of insuring their own employees. Most Michiganders who work for large companies are enrolled in a self-insured plan.[42] Without changes to ERISA, Michigan likely would not be able to bar large employers from offering self-insured plans.

However, Michicare would still be offered to all Michiganders, and if some employers choose to offer self-insured plans in addition to Michicare, they would still have to contribute proportionately to the overall Michicare funding pool like other employers. In Self-Insurance Institute of America v. Snyder (2016), the U.S. Court of Appeals for the Sixth Circuit ruled that ERISA does not prohibit a Michigan state statute requiring insurers and third-party administrators of self-funded group health plans to pay a one percent tax on all "paid claims" that such entities make to medical service providers.

Ultimately, Michicare will be developed to be compliant with ERISA. All Michiganders will pay into and receive Michicare, and some employers may offer supplemental private plans on top of Michicare.

Michicare Policy Details: Operations

How will Michicare be operated?

A Governor's Office for Healthcare Transformation will be established on the first day of the El-Sayed administration to start working immediately to make Michicare a reality. The initial priorities for the office will include working with legislators to introduce a Michicare bill, engaging stakeholders across the state, applying for federal waivers, and developing financing plans that are fully compliant with state and federal laws.

Like other government health plans and private insurance plans, Michicare must determine and update the specifics of reimbursement rates to providers, create pharmaceutical formularies, and determine specific benefits covered by the plan. These tasks will be implemented by an appointed Michicare Board consisting of Michigan state officials, healthcare professionals, academics, and health system experts.

The Michicare agency and its leadership team will be housed in the Michigan Department of Health and Human Services and will be responsible for administering the Michicare insurance plan and processing claims for Michicare enrollees.

Protecting Medicaid and Healthy Michigan

Until we pass Michicare, it is critical to protect Medicaid and Healthy Michigan, our Medicaid expansion program. In April 2018, the GOP-controlled Michigan Senate voted 26-11 to pass a bill that would take away health insurance from Medicaid recipients unless they document that they work at least 29 hours a week. That would disproportionately affect cities that are predominantly black. Our state must stop being known for public health scandals that threaten the health of minority groups and instead become known for ensuring universal access to health. Under an El-Sayed administration, a bill with Medicaid work requirements in any form would be struck down.

Additionally, Dr. El-Sayed would take immediate steps to increase Medicaid enrollment among Michiganders who are eligible for Medicaid. The El-Sayed administration would increase outreach to minority groups and Michiganders without stable housing; work to design a simplified sign-up process; and develop an automatic enrollment mechanism tied to an existing process such as tax returns or birth or school records. The El-Sayed administration would also process Medicaid claims through a government agency, rather than contracting the claims out to private insurance companies.

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