

CityPULSE

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Can Michigan fill the health insurance gap?

Written by Eric Gallippo

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Correction appended

A dozen or so volunteers gathered at the Care Free Medical Clinic in Mason on Saturday to help move the expanding practice into the building's second floor. A receptionist organized patient files in the new front office while Dr. Suzanne Saltman — who about two years ago co-founded the clinic with her husband, Barry — organized medical supplies in a closet. Joining them in the cleaning, sorting and moving was a group of college students, family members and patients.

With locations in Mason and Lansing, the Saltmans' nonprofit family health clinic serves about 4,000 people in Ingham County, most of them uninsured. The clinic also provides about \$800,000 in prescription medications to those who can't afford them.

With skyrocketing federal, state and municipal deficits, Dr. Barry Saltman said efforts like his clinic are necessary to take care of the state's 1.2 million uninsured residents. "It's got to be grassroots up," he said.

Like Ingham County, 10 percent of Michigan residents are uninsured. Some are unemployed, but many work part time or for small businesses that don't offer health benefits. Most aren't old enough to qualify for Medicare or poor enough for Medicaid, falling into what is known in health care circles as "the gap."

In her 2006 State of the State address, Gov. Jennifer Granholm announced her plan to bridge the gap for about half of the state's uninsured. The governor's Michigan First Health Care Plan would use federal money and redirected money from the state's Medicaid fund to offer affordable health care to 550,000 Michiganders. Granholm hopes to launch the plan April 1.

The governor's plan is a temporary fix that would only cover fewer than half of those without medical insurance. State officials say it is just the first step in providing universal health care for all Michigan citizens.

Not rich, not legally poor

One in seven Michigan residents relies on Medicaid for primary health coverage, said Paul Reinhart, the state's Medicaid director. The federal-and-state-funded program reimburses hospitals and doctors who treat patients who can't afford treatment. But being poor is not enough, Reinhart said — a patient must also be the right kind of poor.

A family of four earning less than \$20,650 is considered to be below the poverty level, according to the U.S. Department of Health and Human Services. Children of families earning less than \$41,300 qualify for Medicaid, but adults in the same family wouldn't qualify unless that household income fell to \$33,040 — hardly a comfortable income for four people, but not uncomfortable enough to qualify for government assistance.

"There's this huge gap of what we allow families to earn and cover for Medicaid," Reinhart said.

The Granholm administration hopes to close that gap by exercising a provision in the federal Social Security Act, which includes oversight of Medicaid programs. Under Section 115 of that act, the Department of Health and Human Services is allowed to let some states not follow parts of the act, Reinhart said, giving states the flexibility to use federal funding to help run state health care programs.

Granholm did just that in her first year in office, when she approached then-Health and Human Services Secretary Tommy Thompson, asking him for permission to spend federal health care funds on childless adults in Michigan. Thompson complied, and the resulting adult benefit waiver, which was granted in January 2004, allowed the state to extend benefits to 62,000 residents, Reinhart said. Three years later, Granholm hopes to expand that coverage to 550,000 Michigan adults who fall into the coverage gap, whether or not they have children.



Care for all: Dr. Steve Dupuis examines Sean Denton at the Care Free Medical Clinic in Lansing. Denton started going to the clinic when he was between jobs and without health insurance. The clinic has about 4,000 regular patients. (Eric Gallippo/City Pulse)

What the state needs to do now is convince the federal government that it wouldn't cost it any more money. It's a tough sell, but Reinhart said it can be done if the state can demonstrate that providing the coverage would reduce the Medicaid rolls.

The state's pitch to Washington

To illustrate how this is feasible, Reinhart gives an example of a single mother of two Medicaid-eligible children who works part time in food service. In this situation, the mother's employer doesn't offer insurance, and she is earning about 180 percent above the federal poverty level, or \$30,906, making her ineligible for Medicaid. If the mother should develop a health condition, Reinhart said she would likely cut back her hours, allowing her income to fall below 160 percent of the poverty level, or \$27,472, making her eligible for Medicaid.

"We don't think she would do that if we cover her with a basic health care product," Reinhart said.

Reinhart says 80 percent of the Medicaid caseload growth comes from poor families, and about \$8 billion is spent annually on Medicaid in Michigan. Fifty-six percent of that money is from federal funding, and 44 percent is from the state.

The expansion conversation with the Department of Health and Human Services has been going on for almost a year now, Reinhart said. State officials have tried to make the case that through managed care of Medicaid cases, Michigan has saved the federal government billions of dollars, which could then be used to fund the plans.

If the Granholm administration persuades Washington to provide the funds, Reinhart said he believes the state Legislature would approve the program.

The plan would cover preventive and primary care, including mental health, prescription fees and hospital care, said James McCurtis Jr., spokesman for the state Department of Community Health.

"The governor has always talked about universal health care," McCurtis said. "This is a building block toward that."

The plan would not be administered by any one insurance company, McCurtis said. Instead, insurance products and prices would be negotiated by a quasi-governmental entity overseen by the state and responsible for finding the best insurance rates available.

For enrollees between 100 and 200 percent of the poverty level, premiums and co-payments would be set on a sliding scale not to exceed 5 percent of their income.

Michigan is one of more than a dozen states pursuing some form of universal-style coverage for its residents. Massachusetts and Vermont have both enacted plans, and California has a proposal on the table. Harry Perlstadt, a sociology professor at Michigan State University, said the purpose of the plans is to cover residents who fall into the coverage gap.

Massachusetts requires residents to have health insurance much like motorists required to carry auto insurance, Perlstadt explained. Vermont employers must offer insurance to their workers or pay into a state health insurance pool.

California is looking to require all residents to carry health coverage and also pressure employers to offer coverage or pay in to the state program. The unique distinction in the California plan, Perlstadt said, is that doctors and hospitals would be asked to pay back the state for some of the extra revenue they would generate.

Those left behind

Closer to home, Granholm's plan would still leave about 650,000 adults without health coverage. Saltman said that's where clinics like his would come in. When Care Free Medical opened, Saltman said it was serving about 100 patients. The day after a story about the clinic appeared in local media, Saltman said he received 150 phone calls from prospective patients and volunteers. Through financial donations from local hospitals, insurers and health organizations and the efforts of the Ingham Health Plan, Care Free Medical provides about 120 hours of doctor/patient care every week. By controlling existing medical conditions and offering late night hours three days a week, Saltman hopes to relieve local hospitals and keep medical costs lower.

"If there was a culture in which every person had access to primary care, I think we'd save a million dollars a year for the hospitals," Saltman said.

The clinic receives a lot of support from local businesses, medical schools, hospitals and former patients, but Saltman said he is frustrated by how many others don't do their part.

A local solution

About 3,300 of Ingham County's uninsured are enrolled in the Ingham Health Plan. The plan is not insurance, but is a benefit for the uninsured, said Robin Reynolds, executive director of the Ingham Health Plan Corp.

There are two separate plans within the plan: Plan A administers state-mandated coverage for low-income people eligible for the state's adult benefit waiver, which Granholm got approved in January 2004. Plan B is for those ineligible for the waiver or Medicaid, who are living at 250 percent or below the poverty level but cannot purchase their own insurance. A single person earning up to \$25,525 would qualify for Plan B.

The Ingham Health Plan covers about 1,800 people through Plan A and 15,000 under Plan B. Residents can enroll at neighborhood network centers throughout the county.

Another product offered by the Ingham Health Plan is Ingham Advantage, a health insurance product for small-business owners that splits the cost into thirds, with the Ingham Health Plan, employer and employee each paying about \$70 per month.

The idea is to get people hooked into primary care so when medical problems arise they are diagnosed sooner, Reynolds said. The benefit covers primary care, lab work and specialty care, but it does not cover inpatient hospital care.

If the Michigan First Health Care Plan is implemented, Reynolds said she hopes the state would consider using the Ingham Health Plan to administer the program, adding that many other counties have used it as a model for their own, similar health plans.

Whether or not the state plan comes to fruition, Reynolds said the Ingham Health Plan hopes to fulfill its goal of providing access to affordable health care to all county residents by 2010.

Reynolds said she would be happy to see universal health coverage become a reality in Michigan before that time.

CORRECTION: About 16,800 Ingham County residents are enrolled in the Ingham Health Plan, with 15,000 of them enrolled in Plan B. Due to a reporting error, an incorrect number of Plan B and total enrollees was printed in the Feb. 21 article "Can Michigan fill the health insurance gap?" It has been corrected above.

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