
February 18, 2021

Kate Massey
Director
State of Michigan, Medical Services Administration
400 South Pine Street
Lansing, MI 48913

Dear Ms. Massey:

On December 21, 2018, the Centers for Medicare & Medicaid Services (CMS) approved Michigan's request for an amendment and extension to its section 1115 demonstration project, entitled "Healthy Michigan Plan" (Project Number 11-W-00245/5) in accordance with section 1115(a) of the Social Security Act (the Act). Among other things, that amendment and extension authorized the state to require all Healthy Michigan Plan beneficiaries ages 19 through 62, with certain exceptions, to participate in, and timely document and report, 80 hours per month of community engagement activities, such as employment, education, job skills training, or community service, as a condition of continued Medicaid eligibility. By its terms, the approval of that amendment will expire on December 31, 2023.

Under section 1115 and implementing regulations, CMS has the authority and responsibility to maintain continued oversight of demonstration projects in order to ensure that they are currently likely to assist in promoting the objectives of Medicaid, and CMS may withdraw waivers or expenditure authorities if it "find[s] that [a] demonstration project is not likely to achieve the statutory purposes." 42 C.F.R. 431.420(d); see 42 U.S.C. 1315(d)(2)(D).

The Healthy Michigan Plan community engagement requirement is not in effect. Although implementation began in January 2020, it was halted by court order in March 2020, prior to the penalties taking effect. Since that time, the COVID-19 pandemic has made community engagement infeasible. In addition, implementation of the community engagement requirement is currently prohibited by the Families First Coronavirus Response Act (FFCRA), Pub. L. No. 116-127, Div. F, § 6008(a) and (b), 134 Stat. 208 (2020), which conditioned a state's receipt of an increase in federal Medicaid funding during the pandemic on the state's maintenance of its existing Medicaid parameters. Michigan has chosen to claim the 6.2 percentage point FFCRA Federal Medical Assistance Percentage (FMAP) increase, and therefore must maintain the enrollment of beneficiaries who were enrolled as of, or after, March 18, 2020. Although that statutory bar will expire after the COVID-19 public health emergency ends, CMS has serious concerns about testing policies that create a risk of a substantial loss of health care coverage in the near term. The COVID-19 pandemic has had a significant impact on the health of Medicaid beneficiaries. Uncertainty regarding the current crisis and the pandemic's aftermath, and the potential impact on economic opportunities (including job skills training and other activities used to satisfy community engagement requirements, i.e., work and other similar activities), access to transportation and to affordable child care have greatly increased the risk that implementation of

the community engagement requirement approved in this demonstration will result in unintended coverage loss. In addition, the uncertainty regarding the lingering health consequences of COVID-19 infections further exacerbates the harms of coverage loss for Medicaid beneficiaries.

Taking into account the totality of circumstances, CMS has preliminarily determined that allowing work and other community engagement requirements to take effect in Michigan would not promote the objectives of the Medicaid program. Therefore, CMS is providing the state notice¹ that CMS is commencing a process of determining whether to withdraw the authorities approved in the Healthy Michigan Plan demonstration that permit the state to require work and other community engagement activities as a condition of Medicaid eligibility. See Special Terms & Conditions ¶ 11. If the state wishes to submit to CMS any additional information that in the state's view may warrant not withdrawing those authorities, such information should be submitted to CMS within 30 days. If CMS ultimately determines to withdraw those authorities, it "will promptly notify the State in writing of the determination and the reasons for the amendment and withdrawal, together with the effective date, and afford the State an opportunity to request a hearing to challenge CMS' determination prior to the effective date." *Id.*

The Healthy Michigan Plan demonstration project also includes various other authorities that CMS approved in the demonstration. CMS will also review those other authorities and will follow up with the state when that review is complete.

If you have any questions, please contact Judith Cash, Acting Deputy Director, Center for Medicaid and CHIP Services, at (410) 786-9686.

Sincerely,

A solid black rectangular box redacting the signature of Elizabeth Richter.

Elizabeth Richter
Acting Administrator

¹ On February 12, 2021, CMS sent similar letters to other states with an approved work and community engagement requirement. As a result of an administrative oversight, this letter was briefly delayed.

cc: Keri Toback, State Monitoring Lead, Medicaid and CHIP Operations Group