

March 2016 | Fact Sheet

Michigan's Medicaid Section 1115 Waiver Request to Address Effects of Lead Exposure in Flint

Beginning almost two years ago, the water supply in Flint, Michigan was switched from Lake Huron to the Flint River in an effort to save money. As a result of the switch and failure to treat the water with an anti-corrosive agent, the water became contaminated with lead. While the water supply has been reverted back to Lake Huron, the issues of contamination continue leading the President to declare a state of emergency in Flint.

The Medicaid program has a history of being used in prior emergencies to provide coverage and access to needed services. Not unlike emergencies after 9/11 in New York and Hurricane Katrina, Governor Rick Snyder submitted a Medicaid Section 1115 waiver proposal to the Centers for Medicare and Medicaid Services (CMS) in February 2016 to address the long-term health impacts from potential lead exposure from the contaminated water. Section 1115 authorizes experimental, pilot or demonstration projects that, in the judgment of the Health and Human Services (HHS) Secretary, promote the objectives of the Medicaid program. The Governor's waiver proposal has three aims:

- (1) to expand Medicaid and Children's Health Insurance Program (CHIP)¹ eligibility for children and pregnant women with incomes up to 400% of the federal poverty level (FPL, \$80,640 per year for a household of three in 2016) in the impacted area;
- (2) to use the Medicaid Targeted Case Management benefit to coordinate health and related community support services for all Medicaid-eligible children and pregnant women served by the Flint water system; and
- (3) to expand lead abatement activities in the impacted area. The state estimates that 15,000 people will be newly eligible for coverage under the waiver and that an additional 30,000 beneficiaries in the impacted area already are enrolled in Medicaid.

This fact sheet provides some insight into the situation in Flint, a brief history of recent Medicaid disaster relief waivers and the details of the Flint waiver request.

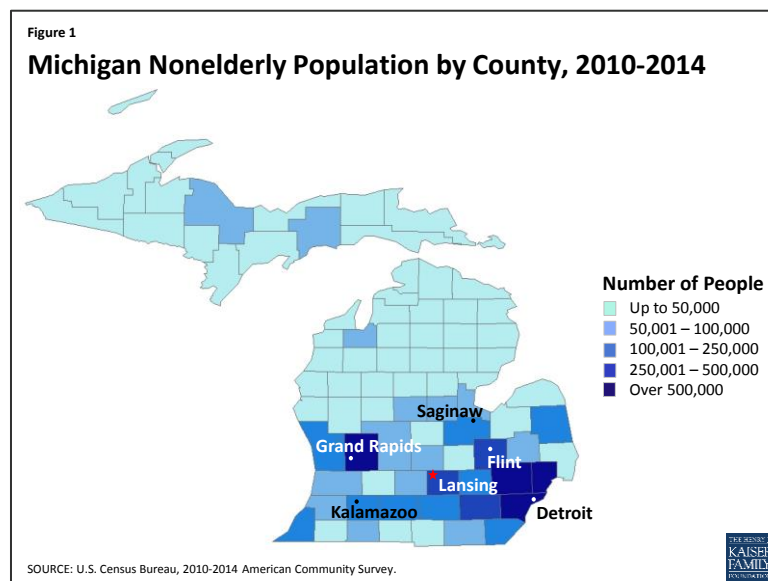
Context for Consideration of the Flint Section 1115 Waiver

On January 16, 2016, the President declared a state of emergency as a result of the Flint water crisis. The lead exposure crisis in Flint started about two years ago when city's water supply was switched from Lake Huron to the Flint River. The switch, ordered by the state-appointed emergency manager in April 2014, was part of an effort to save money because drawing water from the Detroit system that came from Lake Huron was expensive. The change was supposed to be temporary while a new system that would draw on Lake Huron was developed. Following the change in water supply, residents noticed that the water was brown and

had a bad smell and taste. Many state and local officials assured residents that the water was safe. It later became apparent that the water from the Flint River was not being treated with an anti-corrosive agent like the water that had previously come from Lake Huron which resulted in lead in the water stream. In October 2015, the city's water supply was changed to draw once again from Lake Huron; however, due to damage to the pipes, researchers are still detecting elevated lead levels in the water. A recent study of blood lead levels for children younger than 5 years in 2013 and in 2015 (both before and after the water source change in Flint, Michigan) showed that the incidence of elevated blood lead levels increased from 2.4% to 4.9%. The study further shows that certain neighborhoods experienced a 6.6% increase while there was no significant change observed outside the city.²

The consequences of lead exposure are serious and long-lasting, especially for children. The Centers for Disease Control (CDC) say there is no safe level of lead, but concerns are raised once a child reaches five micrograms of lead per tenth-of-a-liter of blood. Children under the age of 6 are most vulnerable to the effects of lead exposure. Initially, lead poisoning can be hard to detect. Signs and symptoms usually do not appear until dangerous amounts have accumulated. Typical symptoms of lead poisoning in children could include learning difficulties, irritability, loss of appetite, weight loss, sluggishness and fatigue, abdominal pain, vomiting, constipation, hearing loss and in cases of very high exposure, seizures, coma and death. Babies who are exposed to lead before birth may experience learning difficulties and slowed growth.³

Residents in Flint, Michigan are disproportionately Black compared to the county and the state. Flint, located in the south east part of the state, has a total population of just under 100,000 and more than half of Flint residents are Black. (See Figure 1 and Table 1) Flint residents are less likely than other residents of the state to live in a family with a full-time worker. Tied to work status, residents in Flint are also more likely to be poor compared to the county and state.



| Table 1: Selected Demographic Characteristics of the Flint, Michigan Population, Compared to the Genesee County, Michigan and Michigan Overall, 2014 | | | |
|--|-----------|--------------------|----------|
| | Flint, MI | Genesee County, MI | Michigan |
| Race/Ethnicity | | | |
| White | 39% | 72% | 76% |
| Black | 51% | 20% | 14% |
| Hispanic | 4% | 3% | 5% |
| Other Race/Ethnicity | 6% | 4% | 6% |
| Poverty | | | |
| <100% | 40% | 22% | 16% |
| 100-200% | 24% | 19% | 18% |
| 200% + | 36% | 59% | 65% |
| Age | | | |
| 0-20 | 31% | 27% | 27% |
| 21-64 | 58% | 57% | 58% |
| 65+ | 12% | 16% | 15% |
| Citizenship Status | | | |
| U.S.-Born Citizen | 99% | 97% | 94% |
| Naturalized Citizen | 1% | 2% | 3% |
| Non-Citizen | 0.3% | 1% | 3% |
| Educational Attainment of Nonelderly Adults (18–64) | | | |
| Less than High School | 17% | 10% | 9% |
| High School Grad/Some College/Assoc. Degree | 73% | 70% | 65% |
| College Grad or Greater | 10% | 19% | 26% |
| Employment Characteristics of Nonelderly | | | |
| Households with at Least 1 Full-time Worker | 71% | 76% | 82% |

NOTE: Data may not sum to 100% due to rounding and data restrictions.

SOURCE: Kaiser Family Foundation estimates based on the Census Bureau's 2014 American Community Survey 1 year estimates.

Medicaid traditionally has covered lead testing and treatment for Medicaid-eligible children through the Early Periodic Diagnostic and Treatment (EPSDT) program. In 2012, CMS updated its policy to align with Centers for Disease Control recommendations that allow states to request targeted lead screening rather than universal screening for all Medicaid eligible children ages 1 and 2. The CMS policy encourages state Medicaid agencies to work with their state health departments and provider organizations to ensure that children are receiving necessary blood lead testing. CMS's policy further states that “[w]hile primary prevention is the best way to avoid exposing young children to lead, lead screening is critically important for identifying children with elevated blood levels and referring them for a developmental assessment and educational services they are entitled to receive.”⁴ States are required to provide medically necessary diagnostic and treatment services for children identified with elevated blood lead levels, including case management services and a one-time investigation to determine the source of lead.⁵ Lead abatement services are typically not covered through Medicaid.

Medicaid has been used during past emergencies to provide temporary coverage and access to needed health care services to individuals not otherwise eligible. For example, approximately 350,000 New Yorkers were covered by Disaster Relief Medicaid (DRM) in a four-month time period following the September 11th attacks in 2001. DRM allowed for a simplified expedited application process, expanded income eligibility guidelines and new immigrant eligibility rules to make more New Yorkers eligible for coverage in the immediate aftermath of the disaster.⁶ Following Hurricane Katrina, states directly affected by the storm as well as those hosting evacuees turned to Medicaid and CHIP to help meet the physical and mental health care needs of those affected. In September 2005, the Department of Health and Human Services (HHS) released a new waiver initiative designed to assist states in providing temporary Medicaid coverage to certain groups of evacuees. Under the waivers, states could get expedited approval to provide up to five months of Medicaid or CHIP coverage to certain evacuees meeting suggested eligibility guidelines and receive authorization for an “uncompensated care pool” that could be used to reimburse providers for the costs of furnishing services to uninsured evacuees who did not qualify for Medicaid or CHIP and to pay for services not otherwise covered under Medicaid or CHIP (including mental health counseling). By December 2005, 17 of these waivers had been approved.⁷

Key Components of the Waiver Request for Flint

ELIGIBILITY AND ENROLLMENT

Michigan’s waiver proposes to expand Medicaid eligibility for an estimated 15,000 children and pregnant women with incomes up to 400% FPL who are or were served by the Flint water system. The expanded coverage groups include children up to age 21 who were served by the Flint water system between April 2014 and the date on which the Flint water system is deemed safe by the appropriate authorities (including children born to pregnant women eligible under the waiver) and pregnant women served by the Flint water system between the date of waiver approval and the date on which the Flint water system is deemed safe by the appropriate authorities. Children would remain eligible until age 21, and pregnant women would remain eligible for the duration of their pregnancy and two months post-delivery. Consistent with other poverty-related coverage groups, income would be determined using Modified Adjusted Gross Income (MAGI) methodologies and no asset test. Under current eligibility rules in Michigan, children are eligible for CHIP in households with income up to 217% FPL (\$43,747 per year for a household of 3 in 2016)⁸ and pregnant women are eligible for Medicaid up to 200% FPL (\$40,320 per year for a household of 3 in 2016). Children up to age 21 and pregnant women with household incomes above 400% FPL served by the Flint water supply could buy-in to unsubsidized coverage under the waiver.

The state plans to use a streamlined application process and electronic passive renewals to facilitate the enrollment and retention of eligible individuals in coverage under the waiver. Renewals would occur at least annually to verify income and residency. The state also plans to engage in targeted outreach efforts, such as using eligibility specialists in schools, health care facilities and other community locations to assist individuals with the application process. Current Medicaid beneficiaries who lose eligibility before the Flint water system is deemed safe may be reevaluated for eligibility under the expanded coverage provisions in the waiver.

BENEFITS AND COST-SHARING

Children and pregnant women newly eligible for coverage under the waiver would receive all Medicaid state plan benefits, including EPSDT up to age 21, non-emergency medical transportation, and Maternal Infant Health Program services. Benefits would be provided through the state's existing capitated Medicaid managed care delivery system.

Michigan proposes waiving CHIP premiums for all children who are or have been served by the Flint water system, including those currently eligible and those newly eligible under the waiver. Michigan's CHIP program currently charges premiums for those with incomes from 160-212% FPL. Children and pregnant women who are newly eligible for Medicaid under the waiver would not be subject to any cost-sharing, consistent with existing state rules for those groups.

Under the waiver, Michigan proposes to offer face-to-face Targeted Care Management (TCM) services to all Medicaid-eligible children and pregnant women served by the Flint water system (including those newly eligible under the waiver and those already eligible). TCM would include services such as comprehensive assessment; development and management of individualized care plans; communication with beneficiaries' primary care physicians and health plans; coordination of physical and behavioral health-related services, nutritional supports, and early education programs; and referrals to and assistance with obtaining additional social supports, such as financial, housing and transportation assistance and lead assessment and abatement resources. TCM services would be provided by certain organizations approved by the state in consultation with stakeholders, and TCM case managers would be licensed registered nurses or social workers.

LEAD ABATEMENT

Michigan proposes to enhance and expand its current lead abatement program for homes in the impacted area. Abatement services include the permanent enclosure or encapsulation of lead based paint, replacement of surfaces or fixtures, the removal or covering of soil lead hazards, and cleanup and post-abatement clearance testing. The waiver also requests funding to train individuals in lead abatement.

COSTS AND TIMELINE

The state requests CHIP funding to cover those newly eligible under the waiver and for lead abatement activities. The state estimates per member per month costs from about \$450 to \$500 for state plan benefits, including TCM, for a five year period for those covered by the waiver. These estimates do not include the costs of lead abatement services. The non-federal share of lead abatement costs will be limited to a state appropriation for that purpose.

Given the emergency nature of the waiver request, the state seeks an exemption from the public notice process and a modification of the tribal consultation process. The state indicates that it does intend to seek public, tribal, and stakeholder input as part of the waiver development and implementation process. The state also seeks expedited review of the current waiver request and any renewal.

EVALUATION

The state expects the Flint waiver to identify and address physical and behavioral health issues associated with actual or potential lead exposure and to reduce the number of individuals potentially exposed to lead in the affected area through expanded lead abatement activities. The waiver will test the following hypotheses: (1) whether expanded Medicaid and CHIP eligibility will provide access to services to identify and address physical and behavioral health issues associated with lead exposure; (2) whether TCM services will assist enrollees with gaining access to needed services; and (3) whether the enhanced and expanded lead hazard removal program will reduce the potential for ongoing or re-exposure. The state will examine utilization rates for primary/preventive, lead screening, well-child, behavioral health and other services; the number of enrollees served by TCM and the types of referrals provided; and the number of homes in which lead hazard removal has occurred.

Looking Ahead

In addition to the Medicaid waiver, federal and state policy makers are working on other supports for Flint. Multiple federal agencies lead by the Department of Health and Human Services, are supporting state and city officials in responding to the crisis in Flint⁹ Other federal agencies involved include the Federal Emergency Management Agency, the Environmental Protection Agency, the Small Business Administration, the Department of Housing and Urban Development, the Department of Education and the Department of Agriculture. Key support include help to ensure a safe water supply and to provide immediate access to safe water; help addressing the physical and mental health needs of children and families potentially impacted by lead-contaminated water, assisting the state and city residents to understand the impacts of lead on health and support in responding and recovering from the economic impact of the crisis. Specifically, HHS awarded \$500,000 to support Flint directed to two area health centers would share in the funds to improve the screening and care for patients afflicted by Flint's toxic water crisis. Additional state efforts are also underway.

While federal and state authorities have taken other measures to address the immediate public health emergency resulting from the water contamination in Flint, the state is seeking Medicaid waiver authority to address the health effects of potential lead exposure over the longer term. The state's waiver application focuses on particularly vulnerable populations including children and pregnant women. It also has identified features of Medicaid, such as its EPSDT benefit for children and TCM, which provide comprehensive health care and coordination with other services to minimize and prevent long-term adverse health effects from potential lead exposure.

Endnotes

- ¹ Michigan converted its separate CHIP program to a CHIP-funded Medicaid expansion program as of January 2016. <http://kff.org/health-reform/state-indicator/medicaid-and-chip-income-eligibility-limits-for-children-as-a-percent-of-the-federal-poverty-level/#note-11>
- ² Mona Hanna-Attisha, MD, MPH, Jenny LaChance, MS, Richard Casey Sadler, PhD, and Allison Champney Schnepf, MD. *Elevated Blood Lead Levels in Children Associated With the Flint Drinking Water Crisis: A Spatial Analysis of Risk and Public Health Response*. AJPH, Vol 106, No. 2, February 2016. <http://ajph.aphapublications.org/doi/pdf/10.2105/AJPH.2015.303003>
- ³ <http://www.mayoclinic.org/diseases-conditions/lead-poisoning/basics/symptoms/con-20035487>
- ⁴ CMCS Informational Bulletin, June 22, 2012. <https://www.medicaid.gov/federal-policy-guidance/downloads/cib-06-22-12.pdf>
- ⁵ State Medicaid Director Letter, October 22, 1999. <https://www.medicaid.gov/Federal-Policy-Guidance/DOWNLOADS/SMD102299.PDF>
- ⁶ New York's Disaster Relief Medicaid: Insights and Implications for Covering Low-Income People, July 20, 2002. <http://kff.org/medicaid/report/new-yorks-disaster-relief-medicaid-insights-and/>
- ⁷ A Comparison of the Seventeen Approved Katrina Waivers, January 2006. <http://kff.org/medicaid/fact-sheet/a-comparison-of-the-seventeen-approved-katrina/>
- ⁸ Michigan converted its separate CHIP program to a CHIP-funded Medicaid expansion program as of January 2016. <http://kff.org/health-reform/state-indicator/medicaid-and-chip-income-eligibility-limits-for-children-as-a-percent-of-the-federal-poverty-level/#note-11>
- ⁹ Federal Support for State and Local Response Operations, as of February 24, 2016. <http://www.phe.gov/emergency/events/Flint/Pages/USGresponse-24Feb16.aspx>