



# HEALTH MANAGEMENT ASSOCIATES

June 2010

## *The Michigan Update*

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### Medicaid Managed Care Enrollment Activity

As of June 1, 2010, there were **1,197,248 Medicaid beneficiaries enrolled** in 14 Medicaid Health Plans (HMOs), an **increase of 4,960** since May 1, 2010. The number of Medicaid beneficiaries eligible for managed care enrollment in June was 1,265,875 and the number eligible but not yet enrolled in a contracted health plan, not counting exemptions, was 56,265.

As the [enrollment reports](#) for June reflect, every county in the state is served by at least one Medicaid Health Plan. Fee-for-service care is an option in six counties. Four of the six counties - Barry, Charlevoix, Cheboygan and Leelanau - have been designated as "Preferred Option" counties. Beneficiaries in these counties who do not specifically choose the fee-for-service option are auto-assigned to the contracted health plan but may return to fee-for-service at any time. Beneficiaries in Missaukee County have the option of voluntarily enrolling in one of the two health plans serving the county or receiving care on a fee-for-service basis, and auto-assignments are suspended in the county. Beneficiaries in Emmet County, where there is also only one available health plan, may voluntarily enroll in the plan or choose to receive care on a fee-for-service basis. Lastly, beneficiaries in all 15 counties in the Upper Peninsula are auto-assigned through federal "Rural Exception" authority to the one health plan serving the counties.

For more information, contact [Esther Reagan](#), Senior Consultant, at (517) 482-9236.

### MIChild

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According to MAXIMUS, the DCH contractor for MIChild enrollment, there were **29,392 children enrolled** in the MIChild program as of **June 1, 2010**. This is a decrease of 3 since May 2010.

As the [enrollment reports](#) for June show, enrollment is dispersed between seven plans, with almost 88 percent of the children enrolled with Blue Cross Blue Shield of Michigan. MIChild is the largest component of the Children's Health Insurance Program (CHIP) in Michigan.

For more information, contact [Esther Reagan](#), Senior Consultant, at (517) 482-9236.

### **Adult Benefits Waiver (ABW)**

As of the middle of June 2010, DCH reports there were **46,151 ABW beneficiaries enrolled** in the program, a **decrease of 3,595** since the middle of May. Through June 2010 Department of Human Services (DHS) staff will be reviewing the current eligibility status of individuals enrolled during the last open enrollment period, which ended in May 2009. As a result of these reviews, a further decline in ABW enrollment is expected. For the current fiscal year to date (October 2009 through June 2010) average monthly ABW enrollment is in excess of 64,000 individuals.

There are 28 CHPs serving ABW beneficiaries in 73 of Michigan's 83 counties. As of June 1, 2010, the combined **ABW enrollment in the 28 CHPs was 40,780**, a decrease of **3,762** since May.

For more information, contact [Eileen Ellis](#), Managing Principal, at (517) 482-9236.

### ***Plan First!***

*Plan First!*, Michigan's program of family planning services for low-income women between the ages of 19 and 44, was implemented under federal Medicaid waiver authority on July 1, 2006. The program will celebrate its fourth birthday in just a few days. Enrollment in the program grew quickly in the first year, reaching 36,000 by June 2007. The caseload then tapered off and actually declined between July 2007 and June 2008; some of the reduction was attributed to the state's increased efforts to verify citizenship and identity that occurred during this period. Since June 2008, enrollment in the program has steadily and significantly grown; as of June 2010, the caseload numbers 57,999 women.

The recently passed federal reform law gives states an option to provide this single benefit program through state plan authority rather than a federal waiver. Because changing to state plan authority could impact some of the program's basic parameters, DCH is evaluating the feasibility of making the transition.

For more information, contact [Esther Reagan](#), Senior Consultant, at (517) 482-9236.

## DCH Budget

There has been little action on the DCH budget for Fiscal Year (FY) 2010-2011 during the last month. Both the Michigan Senate and the House of Representatives have appointed members to serve on the Conference Committee that will attempt to resolve differences between the budget packages passed by the two chambers. The Senate has appointed Senators Roger Kahn (R), John Pappageorge (R) and Deb Cherry (D) to the committee and the House has appointed Representatives Gary McDowell (D), George Cushingberry (D) and Kevin Green (R).

As we go to press, the picture in Washington with regard to extension of the enhanced federal matching funds under the economic stimulus legislation has changed. It appears that Senator Baucus will be introducing the "American Jobs and Closing Tax Loopholes Act of 2010". Among other provisions, this legislation would extend the enhanced FMAP through June 2011, but would phase-down the value of the enhanced FMAP. For Michigan the phased-down rates represent a reduction of approximately \$240 million from the full FMAP extension that was anticipated in all versions of the FY 2011 budget for DCH. As a result of increased focus on the federal deficit, this phase-down of stimulus FMAP is more likely to be supported in Congress than the full extension through June 2011 that had been previously proposed. However as of June 25th, there were not enough votes in the US Senate to pass the bill that included this provision. It is unclear whether the Senate will address this or other provisions of the bill separately. If there is no extension of enhanced FMAP, Michigan will lose nearly \$620 million in federal funding for FY 2010-2011 that was anticipated in all versions of the proposed budget for DCH.

Resolution of all Michigan general fund budgets for FY 2010-2011 is further complicated by recently identified increases in the size of the general fund budget shortfall for FY 2009-2010. Several "one time" revenue sources that have been included in the funding assumptions for FY 2010-2011 may now be needed to close the books on FY 2009-2010, and

additional cuts for the current year are still possible. However, given the advance notice requirements, any reductions to Medicaid benefits or provider rates for the remaining months of the current fiscal year could not be effective any earlier than August 1st.

For more information, contact [Eileen Ellis](#), Managing Principal, at (517) 482-9236.

## Health Reform - Michigan

The State recently released a Request for Proposals (RFP) for administration of a temporary High Risk Pool Program (HRPP) in Michigan. This is one of the early programs included in the federal health reform law, the Affordable Care Act, or ACA, and will run through December 2013. The program will be overseen by the Office of Financial and Insurance Regulation along with the federal government.

The HRPP will provide premium-based health insurance coverage, with coinsurance and deductible requirements, to currently uninsured individuals with pre-existing conditions who are US citizens or authorized immigrants. To qualify, the individuals must have been uninsured for at least six months and have at least one of the several pre-existing medical conditions identified in the RFP. The multiple-year program will also be funded by a federal allocation of \$141 million.

The selected administrator(s) will perform a wide range of administrative tasks including eligibility determination and enrollment, premium collection, providing customer service and supports, processing and paying claims for covered services and performing utilization and care management activities.

Proposals are due in early July and the selected administrator(s) will be required to accept and process enrollment applications by September 15, 2010 and to provide all other required services by October 1, 2010.

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## Medicaid Policies

DCH has issued three final policies that merit mention. The policies are available on DCH's web site at: [http://www.michigan.gov/mdch/0,1607,7-132-2945\\_5100-87513--,00.html](http://www.michigan.gov/mdch/0,1607,7-132-2945_5100-87513--,00.html).

- **MSA 10-21** informs **Home Help** providers of a federal **requirement** that they complete and sign a **Provider Agreement** in order to receive reimbursement for services rendered.
- **MSA 10-22** notifies **All Providers** of **updates to the Medicaid Provider Manual** effective **July 1, 2010**. Of note, the bulletin clarifies that a Pre-Admission Certification and Evaluation Review (**PACER**) number is **not required** for beneficiaries with both Medicaid and Children's Special Health Care Services (**CSHCS**) coverage when the beneficiary also has **commercial health insurance** that covers the hospitalization. The bulletin also includes a table with **beneficiary scope and coverage codes** that were prematurely removed from the Provider Manual and notes a **name change** for the Medicaid Pharmacy Benefit Manager (**PBM**) to **Magellan Medicaid Administration, Inc. (MMA)** as a result of the acquisition by Magellan Health Services of **First Health Services Corporation**.
- **MSA 10-23** informs **Ambulatory Surgical Centers (ASCs), Medicaid Health Plans and Hospitals** that **as of January 2011 ASCs will be recognized and reimbursed** as Medicaid providers in a manner similar to the Medicare program.

DCH has also recently released an **L-letter to Prepaid Inpatient Health Plans, Community Mental Health Services Programs and Medicaid Health Plans. L 10-21** transmits a **Payment Responsibility Grid for mental health and substance abuse services**. The Grid was developed by an ad hoc group as a guideline to assist in the determination of responsible entities for both authorization of and payment for services. The L-letter is also available at the referenced web site address.

For more information, contact [Esther Reagan](#), Senior Consultant, at (517) 482-9236.

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