

The Michigan Update

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Medicaid Managed Care Enrollment Activity

As of August 1, 2010, there were **1,211,358 Medicaid beneficiaries enrolled** in 14 Medicaid Health Plans (HMOs), an **increase of 14,671** since July 1, 2010. The number of Medicaid beneficiaries eligible for managed care enrollment in August was 1,276,266, an increase of 11,846 since July, and the number eligible but not yet enrolled in a contracted health plan, not counting exemptions, was 52,471.

As the [enrollment reports](#) for August reflect, every county in the state is served by at least one Medicaid Health Plan. Effective for August, Molina Healthcare of Michigan has been approved to serve Berrien County, which now gives beneficiaries in this county a choice of four health plans.

Fee-for-service care is an option in five counties. Three of the five counties - Barry, Charlevoix and Cheboygan - 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. As previously reported in *The Michigan Update*, Priority Health Government Programs has been approved to serve Leelanau County and, although there are not yet any enrollees in the health plan in this county, the Preferred Option designation has been dropped. 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. 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

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federal "Rural Exception" authority to the one health plan serving the counties.

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MiChild

According to MAXIMUS, the Michigan Department of Community Health (DCH) contractor for MiChild enrollment, there were **29,267 children enrolled** in the MiChild program as of August 1, 2010. This is a **decrease of 39** since July 2010. Many of the children formerly enrolled in the MiChild program have transitioned to Medicaid coverage as their family income has dropped due to the state's economic situation.

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

MiChild-enrolled children receive their dental care through contracted dental plans. Of the three available plans, 99 percent of the children are enrolled with either BCBSM (47.43 percent) or Delta Dental Plan (51.55 percent).

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

Adult Benefits Waiver (ABW)

As of the middle of August 2010, DCH reports there were **42,828 ABW beneficiaries enrolled** in the program, a **decrease of 1,285** since the middle of July. The decline in ABW enrollment in August occurred in virtually every county across the state, although many of the counties (36) saw decreases of five or fewer individuals. The decrease in enrollment is in part the result of reviews by Department of Human Services (DHS) staff of the current eligibility status of individuals enrolled during the last open enrollment period, which ended in May 2009.

Eligibility redetermination reviews must be conducted annually. For the current fiscal year to date (October 2009 through August 2010) average monthly ABW enrollment is almost 61,700 individuals.

DCH has not indicated when another open enrollment period

will occur. The last one was in early 2009. The department's decision will likely be dependent upon funding in the budget for Fiscal Year (FY) 2010-2011, which has yet to be resolved. (See the DCH Budget article.)

There are 28 County Health Plans (CHPs) serving ABW beneficiaries in 73 of Michigan's 83 counties. As of August 1, 2010, the combined ABW **enrollment in the 28 CHPs was 39,149, a decrease of 1,072** since July.

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DCH Budget

During the second week of August, Congress approved and President Barack Obama signed into law an extension of the enhanced federal matching funds approved under the economic stimulus legislation. The six-month extension, through June 2011, will provide states with a total of \$16.1 billion in additional federal Medicaid funds. Michigan anticipates receiving approximately \$379 million for the two additional calendar quarters; however, unlike the earlier funds, in order for the state to receive the money state officials will have to ask the federal government for it.

The receipt of federal Medicaid funds will reduce but not eliminate the need for additional revenue and/or spending reductions to address the balance of the state's deficit projected for FY 2010-2011, estimated to be about \$484 million. Michigan also has a \$302 million deficit for the current fiscal year that must be addressed. Governor Jennifer Granholm has proposed means to address both deficits.

The Governor's proposal for addressing the FY 2009-2010 deficit would transfer \$208 million from the School Aid Fund (SAF) to the state's budget for community colleges. Although school groups oppose the SAF transfer, the fact that the recent federal funds extension also includes more than \$300 million for Michigan schools has reduced legislative opposition to the move. On August 25th the House of Representatives approved this transfer. The Senate is scheduled to take action on this legislation when they return after Labor Day. The Governor has also proposed using \$94 million in federal Medicare pharmaceutical payments due to the state to cover the balance of the FY 2009-2010 shortfall.

The Governor's proposal for addressing the FY 2010-2011 deficit relies on a combination of revenue enhancements and budget reductions, which would not only address the deficit

but allow an allocation of \$100 million to the state's rainy day fund. First, she has proposed a \$168 million change in the state's escheats program that deals with abandoned personal property such that property would escheat to the state after three years rather than the current five years. Second, she has proposed that the state's bonds be refinanced to take advantage of lower interest rates, which could save more than \$77 million in general funds and an additional \$40 million in the SAF. A third proposal would yield about \$75 million by changing the state's liquor control system through a competitive bid process that would reduce the number of liquor distributors. And the fourth proposal would establish a one-time tax amnesty program that could raise about \$62 million for the general fund and another \$26 million for the SAF.

The Governor has also proposed \$220 million in budget reductions. All state agencies are ordered to cut another three percent from their budgets; this is about a \$50 million "hit" each for DCH and for the Departments of Corrections and Human Services. And, although not mentioned in the Governor's budget proposals, Andy Dillon, Speaker of the House of Representatives, has noted that a retirement incentive for state workers is still under discussion.

Legislative reaction to the proposals was mixed. As noted above, resolution of the current year deficit did not occur before the Senate recessed for the Labor Day holiday. It will be a very busy September if the Legislature expects to resolve both the current year deficit and finalize all of the department budgets for FY 2010-2011 before the end of the month.

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Michigan's High Risk Pool Program

On August 23, 2010, Insurance Commissioner Ken Ross announced that only Physicians Health Plan of Mid-Michigan (PHP) will receive the contract for the state's temporary High Risk Pool Program. Mr. Ross also announced that PHP will begin accepting enrollments into the program on August 31st for coverage effective October 1, 2010.

In the July edition of *The Michigan Update* we reported that the Office of Financial and Insurance Regulation (OFIR) would award contracts to both PHP and Priority Health to serve as the contractors for the state's temporary High Risk Pool Program. The program will operate through 2013 and provide health insurance coverage for individuals unable to find insurance due to pre-existing medical conditions.

The limitation to only one health plan was required because the Michigan Legislature did not take action to appropriate the federal money (\$141 million) allocated for the program. To assure there would be a program to serve Michigan it was necessary to have the federal Department of Health and Human Services (HHS) assume responsibility for the temporary High Risk Pool Program in Michigan. Since HHS will only work with one contractor per state, with the agreement of officials at Priority Health to step back, Mr. Ross and PHP worked directly with HHS to set up Michigan's temporary High Risk Pool Program.

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Dental Cuts Taking a Toll

The Michigan Dental Association recently issued a report, "A United Voice for Oral Health," that includes recommendations from the association's Michigan Access to Oral Health Care Work Group.

The report notes that reductions in Medicaid funding for adult dental care in 2009 along with individuals and families dropping dental coverage as a result of the economy have increased the number of Michigan citizens, both adults and children, with dental disease and resultant problems. There are 17 recommendations in the report, ranging from funding to workforce scope of practice to education and outreach, which can be found on the association's web site at: www.smilemichigan.com.

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

Federal Grants

On August 16, 2010, HHS Secretary Kathleen Sebelius announced the award of \$1 million each to 45 states, including Michigan, to help them improve their oversight of health insurance premium increases.

These awards are the first round of a \$250 million, five-year program. Michigan's OFIR is the recipient of the funds and has indicated that they will be used to contract with consulting actuaries to perform targeted, in-depth analysis and review of health insurance rate filings made by health maintenance organizations and commercial health insurance carriers and to establish a process and procedures for a

more general rate review program. In addition, OFIR will conduct a feasibility study on extracting rate information from the rate filings and posting the information in a consumer-friendly manner on its web site.

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Drug Settlement

A recent national settlement with drug manufacturer Ortho-McNeil-Janssen related to off-label use of its drug Topamax will generate about \$75 million in damages and penalties to compensate state Medicaid programs and other healthcare programs.

Topamax is approved to treat epileptic symptoms and to aid in the prevention of migraine symptoms. The manufacturer was alleged to have marketed the drug for a variety of psychiatric conditions, including bipolar disorder and drug and alcohol dependency, in addition to its approved uses. Michigan's share of the settlement is about \$1.5 million. About two-thirds of that sum will go to the federal government but Michigan's Medicaid Benefits Trust Fund will retain about \$584,000.

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National Association of Medicaid Directors

For more than three decades the National Association of State Medicaid Directors (NASMD) has been one of several affiliates of the American Public Human Services Association (APHSA) and its predecessor the American Public Welfare Association. However, this is about to change.

The NASMD Executive Committee, comprised of a dozen Medicaid directors from across the country, has recently voted to break away from APHSA and form an independent organization, which will be called the National Association of Medicaid Directors (NAMD). NASMD has historically served as a liaison between the states and the federal government on issues related to Medicaid and NAMD will continue in that role, which will be essential as the states move forward with implementation of national health reform. Sources say that the decision to break away has been under periodic discussion since welfare reform was enacted in 1996 but passage of health reform brought it up once again.

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Medicaid Policies

DCH has issued two final policies and two proposed policies that merit mention. Two of the proposed policies were issued simultaneously with a final policy. The policies are available on DCH's web site at

http://www.michigan.gov/mdch/0,1607,7-132-2945_5100-87513--,00.html.

- **MSA 10-29** reminds **Nursing Facilities and Community-Based Long-Term Care** providers that **recoveries of Medicaid payments** may be made if it is determined that a **beneficiary is functionally ineligible** for services.
- **MSA 10-30** informs **All Providers** that to improve access to the **seasonal influenza vaccine for adults** aged 19 and older, qualified **pharmacists will be able to bill** and receive payment for administering the vaccine to beneficiaries eligible for Medicaid and other specified programs under DCH's purview.
- A proposed policy (**1026-CSHCS**) has been issued that would change the **application and financial processes** for the Children's Special Health Care Services (**CSHCS**) program. Comments are due to DCH by September 23, 2010.
- A proposed policy (**1028-MIHP**) has been issued that would clarify when an **infant risk identifier/assessment** can be provided in the office setting by a **Maternal Infant Health Program** provider and how the service would be billed. Comments are due to DCH by September 25, 2010.

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