

Electronic Newsletter

As announced in the November 2009 edition of *The Michigan Update*, Health Management Associates (HMA) will be issuing an electronic newsletter focused on national news and issues beginning in early 2010. It will be sent via email rather than in hard copy. Eventually, *The Michigan Update* will be re-formatted and become an electronic newsletter as well, though its content will not change.

HMA is developing the distribution list for the electronic newsletters now. Enclosed is a form for your use in providing contact information. Whether you are interested in both national and Michigan news or only in *The Michigan Update*, please make sure to send us your contact information for the electronic version. This can be faxed to HMA or be sent via email; details are included on the form. **Please send the contact information by February 12, 2010.**

Thank you very much if you have already submitted a contact form. It is not necessary to submit another unless you wish to place additional names on our distribution list.

Medicaid Policies

DCH has issued four final and three proposed policies that merit mention. (Two of the proposed policies were issued simultaneously with a final policy.) They are available on DCH's web site at: www.michigan.gov/mdch; click on Medicaid Policy Bulletins at the bottom of that page.

- **MSA 09-59** informs **Home Help** providers that as required by language in Public Act

131 of 2009, the current year DCH appropriation measure, individual providers and home help provider agencies will receive an **hourly wage increase** retroactive to November 1, 2009.

- **MSA 10-02** advises **Practitioners, Clinics** and others that a **new immunization code** has been activated and another extended for the **Human Papillomavirus Vaccine (HPV)**. The bulletin was **simultaneously issued for comment (1001-Pharm)**. Comments are due to DCH by February 19, 2010.
- **MSA 10-03** provides **Nursing Facilities** and other Long-Term Care providers with **billing instructions** related to use of **Occurrence Span Code 70**.
- **MSA 10-04** notifies **Adult Foster Care Homes, Homes for the Aged and Home Help Agencies** that **payments** made for the provision of **Personal Care** services for Medicaid beneficiaries must be **reported as income** to the Internal Revenue Service (IRS). Providers must submit an **IRS Form W-9** to the State. The bulletin was **simultaneously issued for comment (1003-Home Help)**. Comments are due to DCH by February 20, 2010.
- A proposed policy (**0952-PDN**) has been issued that would implement a **notification** requirement for beneficiaries receiving **Private Duty Nursing (PDN)** services who become eligible for **Hospice** benefits. The proposed policy would not apply to beneficiaries receiving PDN services through a home and community-based waiver. Comments are due to DCH by February 20, 2010.

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Medicaid Managed Care Enrollment Activity

The Michigan Department of Community Health (DCH) has advised that due to problems resulting from implementation of its new Community Health Automated Medicaid Processing System (CHAMPS) and with the department's data warehouse, Medicaid managed care enrollment information for January is not currently available. DCH advises that these problems will hopefully be resolved by February 2010. Whether DCH will be able to generate enrollment reports for the missing months is unknown. Information from DCH and the Department of Human Services (DHS) indicates that enrollment in Medicaid continues to increase by about 10,000 individuals every month.

Adult Benefits Waiver

Also due to the department's CHAMPS and data warehouse problems, information regarding the Adult Benefits Waiver (ABW) caseload and enrollment levels in the County Health Plans (CHPs) is unavailable for January. Since ABW enrollment is currently closed, decreased enrollment is expected.

MiChild

According to MAXIMUS, the DCH contractor for MiChild enrollment, there were **30,794 children enrolled** in the MiChild program as of **January 1, 2010**. This is a decrease

of 853 since December 2009.

As the enclosed report for January shows, enrollment is dispersed between seven plans, with more than 88 percent of the children enrolled with Blue Cross Blue Shield of Michigan. MiChild is one of the largest components of the Children's Health Insurance Program (CHIP) in Michigan.

Citizenship and Identity Documentation

As reported in previous editions of *The Michigan Update*, documentation of citizenship and identity will soon be required for MiChild and for the ABW program (also called the Adult Medical Program, or AMP). As of January 1, 2010 states now have the option to use a data match with the Social Security Administration (SSA) as documentation for both citizenship and identity. If name and Social Security Number (SSN) both match the data of SSA, this single automated match would serve to document both identity and citizenship. Staff from both DHS and DCH indicate that they have begun the systems development work to implement this new process in the near future. The change would also provide applicants with 90 days of "presumptive" eligibility based on presumption of citizenship and identity documentation. One drawback is that the SSA-automated system may not work for individuals that received their SSN prior to 1978.

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2009 Kids Count in Michigan

In the August 2009 edition of *The Michigan Update* we included an article about the 2009 KIDS COUNT Data Book and its state-specific information on a number of health, economic and social indicators. Building on that data, in early January the Michigan League for Human Services released its *2009 Kids Count in Michigan* report. The Michigan report examines several wide-ranging indicators of the well-being of the state's children and teens and notes that health and safety indicators are generally improving but that some important indicators are declining.

On a positive note, childhood deaths dropped by 18 percent between 2000 and 2007, with teen deaths down by 11 percent and infant mortality down by four percent. The share of students not considered proficient in math improved significantly between 2003 and 2008. The rate of students dropping out of high school declined by six percent between 2007 and 2008.

However, on a negative note, the childhood poverty rate has risen and nearly one out of every five Michigan children under age five is living in poverty (nearly identical to the national average). The number of children receiving free or reduced-price lunches rose 14 percent between 2006 and 2008 and more than 40 percent of the state's children in public schools now participate in the School Lunch program. There was a 16 percent increase between 2000 and 2008 in the number of confirmed victims of abuse or neglect; almost 30,000 children were found to be abused or neglected in 2008.

The report notes differences in these rates between urban and rural settings. Teens living in low-population rural areas had a higher death rate, likely due to high-risk country roads, and children living in rural areas were also much more likely to be living in poverty. The rate of abuse and neglect was also higher in rural areas. On the other hand, the rate of low birth weight babies was much higher in urban areas.

The complete narrative and data tables are available on the League's web site at: www.milhs.org/information/default.asp?NavPageID=35879.

State Budget

Governor Jennifer Granholm will deliver her final State of the State address on February 3, 2010 and will present her Executive Budget recommendation for state fiscal year (FY) 2010-2011 the following week, on February 11, 2010. Based on the findings of the January revenue estimating conference, the budget recommendation will need to address a projected general fund deficit for FY 2011 of \$1.2 billion and a School Aid Fund shortfall of \$422 million.

A key budgetary issue for FY 2011 is the loss of the enhanced federal medical assistance percentage (FMAP) that has been available under the provisions of the American Recovery and Reinvestment Act (ARRA). For Michigan the ARRA funding has resulted in more than \$250 million in additional federal financial support for Medicaid each quarter. Under the provisions of ARRA this enhanced funding ends on December 30, 2010, after one quarter of Michigan's 2011 fiscal year. Action is pending in Congress that would extend the ARRA FMAP by six months through June 30, 2011. This action would be worth slightly more than \$0.5 billion for Michigan and would significantly reduce the general fund budget deficit. Some versions of extension proposals would also provide for a gradual reduction of the enhanced rate after June 2011.

Even if the extension of ARRA Medicaid funding continues in the most favorable possible form, Michigan's general fund for FY 2011 will still experience a significant shortfall. As a condition of the ARRA funding, states cannot reduce Medicaid eligibility standards. Therefore the only options available to reduce Medicaid costs are reductions in optional benefits or reductions in provider payment rates. In addition, the MICHild program and the Adult Benefits Waiver are programs that could be eliminated since they are not covered by the ARRA maintenance of eligibility provisions.

Michigan's current budget situation will surely be a topic in the Governor's State of the State address.

CHAMPS and Bridges

As reported in previous editions of *The Michigan Update*, DCH implemented CHAMPS in September 2009. At about the same time, the Department of Human Services (DHS) transitioned the last of the state's counties to Bridges, its new integrated system used to enroll people into Medicaid and other programs, including cash assistance and social services. Both of these projects were major undertakings and problems were to be expected. Several months have passed and there are still problems to be resolved with both systems. Both departments report that staff are working as quickly as possible to resolve problems, however there are some that could have health-related consequences.

As an example, infants born to women enrolled in one of the Medicaid HMOs are to be immediately enrolled with that health plan. When Bridges was first implemented there were significant delays in establishing Medicaid eligibility for newborns, in large part due to information related to paternity. DHS reports that this issue has been resolved and that infants born to women enrolled in Medicaid can become eligible for Medicaid without establishment of paternity. However DCH reports a very large backlog of HMO enrollments for the newborns – 12,000 requests for enrollment, including many duplicates. DCH estimates that there are 9,000 newborns pending enrollment with a Medicaid HMO. Some of the newborns are not getting enrolled into the HMO for as many as six months, thus their access to a medical home, as well as their newborn care may be jeopardized. Until they are enrolled in their mother's HMO, their care must be sought on a fee for service basis. DCH cites both problems with CHAMPS and staff shortages as the reasons for this backlog. Activities are underway to resolve these problems but it is not clear when that will occur. In addition to the implications for the care of the infants, hospitals are experiencing significant payment delays pending enrollment of the newborns.

While DHS believes that the major systems issues have been addressed, there are many minor issues that require attention. DHS has scheduled monthly releases of Bridges modifications through July 2010. Many of these modifications

will affect Medicaid eligibility and enrollment processing. DHS acknowledges that the new Bridges computer system was much more difficult for DHS workers to master than anticipated but believes that staff have now adapted to the new system's requirements. However DHS does indicate that the new system takes longer to process applications, even those for emergency food assistance. These delays, and the increased number of people applying for assistance, have resulted in considerable frustration for workers and the applicants, as well as instances of violence at some of the DHS local offices.

DHS also indicates that the Bridges system cannot process actions for a month prior to the month in which a county converted to Bridges (August 2009 for Wayne County) and will never be able to process actions that cover more than a 12-month period. As a result there is no automated process to change the status of individuals that receive retroactive Medicaid eligibility that is effective more than 12 months in the past. A primary example is an individual enrolled in the AMP that receives Medicaid disability coverage on a retroactive basis. In instances where Medicaid eligibility is effective more than 12 months in the past, these cases require staff action to change the case from AMP to Medicaid.

Staffing issues in both departments may be exacerbated by the recent decision to require the 17,000 state employees covered by the UAW to take as many as ten furlough days before the end of September 2010.

Departments Combined

Governor Granholm issued an Executive Order (2009-55) on December 30, 2009 creating a new department from the combined departments of Management and Budget (DMB) and Information Technology (DIT). The new Department of Technology, Management and Budget (DTMB) will become effective on March 21, 2010 unless disapproved by the legislature. The current director of DIT, Kenneth Theis, has been selected to serve as director of the new department. The state budget director, Bob Emerson, will continue in his position and direct the newly named State Budget Office.