

## The Michigan Update

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This is the first edition of *The Michigan Update* that is being circulated only in an electronic format. Health Management Associates hopes you will find the new format easy to use. If you have any comments about the format, we welcome them. You may click [here](#) to send us an email message.

### 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 interface between CHAMPS and the department's data warehouse, Medicaid managed care enrollment information for April is not available. DCH advises that these problems will hopefully be resolved within a few months but it is doubtful the enrollment detail for the missing months (since October 2009) will ever be available. Information from DCH and the Department of Human Services (DHS) indicates that enrollment in Medicaid continues to increase by more than 10,000 individuals every month. DHS reports that Medicaid enrollment increased by nearly 30,000 individuals in March 2010. The recent resolution of issues with managed care auto-assignments also would imply that enrollment in the health plans continues to climb.

DCH reports the availability of an additional health plan option in Grand Traverse, Hillsdale and Jackson Counties. Priority Health Government Programs began enrolling beneficiaries in Grand Traverse County on March 1, 2010 and the plan began enrolling beneficiaries in Hillsdale and Jackson Counties on April 1, 2010.

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

### Adult Benefits Waiver

DCH has resolved systems issues that prevented the department from providing information about the Adult Benefits Waiver (ABW) caseload for the last several months. The last reported information was for October 2009. Mid-month caseload information for the missing period is as follows, with the change from the prior month noted in parenthesis:

- October 2009 80,999 (- 2,519 from September)
- November 2009 77,550 (- 3,449 from October)
- December 2009 75,585 (- 1,965 from November)
- January 2010 72,479 (- 3,106 from December)
- February 2010 68,442 (- 4,037 from January)
- March 2010 64,400 (- 4,042 from February)
- April 2010 56,363 (- 8,037 from March)

From mid-October 2009 until mid-April 2010, the ABW caseload dropped by 24,636 individuals. The mid-April 2010 caseload is still slightly higher (by 218) than the mid-April 2009 caseload. As was predicted in last month's newsletter, the greater caseload decline from March until April 2010 is likely because the ABW cases opened during the open enrollment period of March through May 2009 are now being reviewed as required for annual eligibility redetermination. Failure to return required paperwork results in loss of ABW benefits for some individuals. Others may no longer be eligible for ABW due to changes in circumstances.

Unfortunately, the same issues that prevent DCH from reporting Medicaid managed care enrollment levels affect County Health Plan (CHP) enrollment data as well, so this information remains unavailable.

DCH reports that a new CHP has been formed. Lenawee Health Plan started accepting ABW enrollees in Lenawee County beginning on March 1, 2010.

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

## MIChild

According to MAXIMUS, the DCH contractor for MIChild enrollment, there were **29,693 children enrolled** in the MIChild program as of **April 1, 2010**. This is a decrease of 26 since March 2010.

As the [enrollment report](#) for April 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 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.

## Health Reform - Michigan

Governor Jennifer Granholm issued Executive Order 2010-4 on March 31, 2010 to create a Health Insurance Reform Coordinating Council, an advisory body to assure appropriate evaluation and implementation in Michigan of provisions in the Patient Protection and Affordable Care Act, the new federal health reform law. The Council will consist of the Directors, or their designees, of the Department of Community Health, the Department of Human Services and the Department of Technology, Management and Budget, as well as the State Budget and Personnel Directors, the Director of the Office of the State Employer, the Commissioner of Financial and Insurance Regulation and the Director of DCH's Medical Services Administration (the state's Medicaid Director). The DCH Director (or designee) will serve as Chairperson the Council. Among other things, the Council is charged with:

- Conducting a comprehensive evaluation of the new federal law and its impact on the state's health care system and on state departments and agencies;
- Identifying and recommending mechanisms, and funding sources, to assure a coordinated and efficient response to implementation;
- Engaging with relevant stakeholders and facilitating collaboration with appropriate federal agencies regarding the establishment of rules, regulations and

- implementation mechanisms;
- Developing recommendations for executive action or legislation for implementation of the law and of a health insurance exchange in Michigan; and
- Submitting a strategic plan to the Governor.

The Executive Order is available in its entirety on the [Governor's web page](#) under the list of Executive Orders.

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

## New CMS Administrator

On April 19, 2010, President Barack Obama formally named a new Administrator for the Centers for Medicare & Medicaid Services (CMS) in the US Department of Health and Human Services. This position has had an acting administrator since October 2006 when Dr. Mark McClellan stepped down. The new appointee is Donald M. Berwick, a pediatrician, Harvard University professor and president of the Institute for Healthcare Improvement in Cambridge, Massachusetts. He is recognized as one of the country's leading advocates for improving healthcare quality and efficiency. Dr. Berwick's appointment requires Senate confirmation, which will likely focus heavily on how the administration intends to implement the new health reform law.

## Medicaid and CHIP Enrollment Reports

The Kaiser Commission on Medicaid and the Uninsured (KCMU) has recently released updated reports reflecting national enrollment trends for Medicaid and the Children's Health Insurance Program (CHIP).

*Medicaid Enrollment: June 2009 Data Snapshot*, tracks enrollment trends in the states from June 2000 through June 2009, and is another in a series of reports prepared by HMA's Eileen Ellis and Dennis Roberts, and co-authored by KCMU staff.

In June 2009, 46.86 million persons were enrolled in Medicaid in the 50 states and the District of Columbia, a 7.5 percent increase from the previous June when 43.58 million persons were enrolled. In Michigan, the number of persons enrolled in Medicaid grew from 1.54 million in June 2008 to 1.65 million in June 2009, a 7.1 percent increase. Medicaid directors referenced the declining economy and the growing number of uninsured persons as the primary causes of their increasing caseloads.

*CHIP Enrollment: June 2009: An Update on Current Enrollment and Policy Directions*, tracks enrollment trends in the states from June 2004 through June 2009, and is another in a series of reports prepared by HMA's Vernon Smith and Dennis Roberts, and co-authored by KCMU staff.

After several years with no substantial enrollment growth, largely due to state budget shortfalls and a decreased focus on marketing and outreach, the trend reversed in 2007 when a number of states renewed their focus on CHIP. Enrollment in the program grew substantially in 2007 but again slowed as a result of the economic recession and uncertainty about the future of the program. Passage in March 2009 of CHIPRA, the Children's Health Insurance Reauthorization Act of 2009, resolved at least the uncertainty as this Act reauthorized the program for five years. A second boost occurred when national health reform,

enacted in March 2010, extended funding for the program through 2019. In June 2009, 4.96 million children were enrolled in CHIP across the country, a 2.7 percent from June 2008. In Michigan, CHIP enrollment grew by 6.8 percent between June 2008 and June 2009 but has since declined, largely for economic reasons. A number of the former CHIP enrollees are now eligible for Medicaid.

Both of these enrollment reports, with related documents, are available on the KCMU web site at [www.kff.org/medicaid/upload/8050.pdf](http://www.kff.org/medicaid/upload/8050.pdf) and [www.kff.org/medicaid/upload/7642-04.pdf](http://www.kff.org/medicaid/upload/7642-04.pdf), respectively. The reports are also available on HMA's web site at [www.heathmanagement.com](http://www.heathmanagement.com).

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

## Medicaid Policies

DCH has issued five final and three proposed policies that merit mention. They are available on DCH's web site at: [www.michigan.gov/mdch](http://www.michigan.gov/mdch); click on Medicaid Policy Bulletins at the bottom of that page.

- **MSA 10-05** informs **Nursing Facilities** and other Long-Term Care providers of revised policy related to additional reimbursement for Medicaid residents with complex care needs. It **discontinues the Memorandum of Understanding** contract process and instead establishes a prior authorization function.
- **MSA 10-09** notifies **School Based Services** providers of a change in the **start date for summer quarter random moment time studies** from the date staff return to school to the date students return.
- **MSA 10-10** advises **Hospice and Private Duty Nursing (PDN)** providers of **notice requirements** when a Medicaid beneficiary receiving PDN services becomes eligible for Hospice care.
- **MSA 10-11** notifies **Hospitals, Clinics and Physicians** that **authorization requirements for inpatient hospital services** applicable to Medicaid beneficiaries will now apply to beneficiaries that have both Medicaid and **Children's Special Health Care Services (CSHCS)** coverage as well.
- **MSA 10-12** informs **Hospitals and Medicaid Health Plans** of a change in **payer responsibility** when a Medicaid beneficiary's **health plan enrollment status changes** during a hospital episode of care involving **transfers between inpatient acute and rehabilitation hospitals**.
- A proposed policy (**0628-Home Help**) has been issued that would require all **Home Help Providers** to complete and sign a **Medical Assistance Home Help Provider Agreement** in compliance with federal regulations. Comments were due to DCH by April 26, 2010.
- A proposed policy (**1014-NDC**) has been issued that would require **Physicians** to provide the National Drug Code (**NDC**) **on claims for physician-administered drugs** when billing for services to **ABW beneficiaries**. This requirement will permit DCH to claim rebates from drug manufacturers. The proposed policy would also require physicians treating ABW beneficiaries to use **tamper-resistant prescription pads** in the same manner as required for Medicaid. Comments are due to DCH by April 29, 2010.
- A proposed policy (**0821-Pharm**) has been issued that would require **Pharmacies** to utilize the **electronic billing functionality** of the National

Council for Prescription Drug Programs (**NCPCP**),  
**Section 20.9** of the NCPCP Telecommunication  
Version 5 Questions, Answers and Editorial Updates.  
Comments are due to DCH by April 30, 2010.

DCH has also recently released an **L-letter to selected providers** that may be of interest. **L 10-12** relates to an **audit process to measure the accuracy of payments** made for services to **Medicaid and CHIP (MIChild** in Michigan) beneficiaries. The audit process is called Payment Error Rate Measurement (**PERM**), is required by CMS and is conducted by the agency's contractor, **Livanta, LLC**. A random sample of claims has been chosen for audit and affected providers can expect to receive **requests for medical record documentation** in the next few months.

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

*[Health Management Associates](#) is an independent national research and consulting firm specializing in complex health care program and policy issues. Founded in 1985, in Lansing, Michigan, Health Management Associates provides leadership, experience, and technical expertise to local, state, and federal governmental agencies, regional and national foundations, investors, multi-state health system organizations and single site health care providers, as well as employers and other purchasers in the public and private sectors.*

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