

HEALTH MANAGEMENT ASSOCIATES

March 2011

The Michigan Update

In This Issue

[Medicaid
Managed Care
Enrollment
Activity](#)

[MIChild](#)

[Adult Benefits
Waiver](#)

[Enroll Michigan](#)

[DCH Budget](#)

[Michigan Health
Insurance
Exchange](#)

[The Economic
Impact of Health
Care in Michigan](#)

[HRSA Issues New
Guidance](#)

[Seroquel
Settlement](#)

[Drug
Manufacturer
Immunity](#)

[Medicaid Policies](#)

[Quick Links](#)

[About Us](#)

Medicaid Managed Care Enrollment Activity

As of March 1, 2011, there were **1,227,476 Medicaid beneficiaries enrolled** in 14 Medicaid Health Plans (HMOs), a **decrease of 2,307** since February 1, 2011. The number of Medicaid beneficiaries eligible for managed care enrollment also decreased in March - there were 1,289,327 eligible beneficiaries, down from 1,295,381 in February. The number of beneficiaries eligible but not yet enrolled in a contracted health plan, not counting exemptions, was 50,147.

As the [enrollment reports](#) for March reflect, every county in the state is served by at least one Medicaid Health Plan.

Fee-for-service care is an option in four counties. Three of the four 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. 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

According to MAXIMUS, the Michigan Department of Community Health (DCH) contractor for MIChild enrollment, there were

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34,304 children enrolled in the MICHILD program as of March 1, 2011. This is an **increase of 492** since February 2011.

As the [enrollment report](#) for March shows, enrollment is dispersed between nine plans, with almost 82 percent of the children enrolled with Blue Cross Blue Shield of Michigan (BCBSM).

MICHILD-enrolled children receive their dental care through contracted dental plans. Of the three available plans, almost 97 percent of the children are enrolled with either BCBSM (47.27 percent) or Delta Dental Plan (49.52 percent).

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

Adult Benefits Waiver (ABW)

As of the middle of March 2011, DCH reports there were **89,715 ABW beneficiaries enrolled** in the program, a **decrease of 3,263** since the middle of February. Even with this month's decrease in caseload, there are still more than twice as many beneficiaries enrolled in the ABW program than in September 2010 when the caseload stood at 41,405, before the open enrollment period that ran from October 1 through November 30, 2010.

There are 28 County Health Plans (CHPs) serving ABW beneficiaries in 73 of Michigan's 83 counties. As of March 1, 2011, the combined ABW **enrollment in the 28 CHPs was 80,638, a decrease of 2,087** since February but still more than twice the enrollment level prior to the open enrollment period last fall.

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

Enroll Michigan

Enroll Michigan is a new campaign to reach out and enroll the state's currently uninsured children, estimated at about 172,000, into either the Healthy Kids Medicaid or MICHILD program.

The campaign is an initiative of the Michigan Health and Hospital Association (MHA) and coalition partners including several MHA member hospitals, the Michigan Primary Care Association and the Middle Cities Education Association. The campaign is supported by DCH Director Olga Dazzo who addressed members of the media at the news conference launching the campaign in mid-March.

The campaign encourages health care providers, schools and others to promote both the www.enrollmichigan.com web site and the 2-1-1 telephone system to help families access enrollment assistance.

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

DCH Budget

Both the Michigan Senate and House Appropriations Subcommittees on DCH have been holding hearings over recent weeks. Unlike prior years where appropriations bills were completed first by one chamber and then by the second chamber, the appropriations process for fiscal year (FY) 2011-2012 has been running concurrently in both chambers. The Senate Appropriations Subcommittee on DCH has a scheduled meeting to reveal its recommended FY 2011-12 appropriations bill on April 13, 2011, shortly after returning from the spring recess.

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Michigan Health Insurance Exchange

In September 2010 the State of Michigan was provided a \$1.0 million federal Health Insurance Exchange planning grant. These grant funds have supported the State's Exchange planning activities to date. A major element of Michigan's planning process has been the creation of five stakeholder work groups to provide feedback and recommendations to the State on major Health Insurance Exchange structural options. The stakeholder work groups (Technology, Business Operations, Governance, Regulatory and Policy Planning and Finance Reporting and Evaluation) are wrapping up their formal meetings during the first week of April. The work groups' recommendations will be used to inform future Michigan Health Insurance Exchange planning activities.

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

The Economic Impact of Health Care in Michigan

In mid-March, the Partnership for Michigan's Health publicly released its report - *The Economic Impact of Health Care in Michigan, Sixth Edition*.

The Partnership's members include the Michigan Health and Hospital Association (MHA), the Michigan State Medical Society (MSMS) and the Michigan Osteopathic Association (MOA). The report indicates that the health care industry remains Michigan's largest single private sector employer, providing more than 546,000 direct jobs in the state, with hospitals employing more than 219,000 people. When combined with indirect and induced jobs in the state, the health care sector supports more than one million jobs that generate more than \$51 billion annually in wages, salaries and benefits for these employees.

This report, like its predecessors, is the result of an analysis of data compiled by the Minnesota IMPLAN Group, Inc., and presents information from both state and regional/county perspectives. The complete report and related documents are available on MHA's web site at:
www.mha.org/mha_app/partnership/partnership.jsp.

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HRSA Issues New Guidance

On March 8, 2011, the Health Resources and Services Administration (HRSA) within the US Department of Health and Human Services released a Program Assistance Letter (PAL 2011-04) providing guidance regarding the process for becoming eligible for Medicare reimbursement under the Federally Qualified Health Center (FQHC) benefit.

The purpose of the PAL is to highlight the steps that health centers must take in order to initiate and maintain reimbursement by Medicare and the instructions are applicable to "look-alike" health centers and to other grantees funded under Section 330 of the Public Health Service Act as well. The PAL is available on the HRSA web site at
<http://bphc.hrsa.gov/policiesregulations/policies/pal201104.html>.

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

Seroquel Settlement

AstraZeneca, the manufacturer of the psychiatric drug Seroquel, has agreed to a multi-state consumer protection-based settlement related to allegations of marketing the drug for unapproved uses, e.g., insomnia, post-traumatic stress disorder, dementia and Alzheimer's disease. Thirty-six states and the District of Columbia will share the \$68.5 million settlement. Michigan will receive just over \$2 million. This settlement is

separate from a related \$520 million Medicaid settlement a year ago through which Michigan received \$7.7 million.

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Drug Manufacturer Immunity

On March 17, 2010, the Michigan Court of Appeals ruled in a split decision that state statute making drug manufacturers immune from "product liability actions" for federally approved drugs also bars the state from suing manufacturers to recover Medicaid payments related to approved drugs (Attorney General v. Merck Sharp & Dohme Corp., Mich. Ct. App., No. 29203).

The Michigan Attorney General had sued this drug manufacturer under the Medicaid False Claims Act to recover Medicaid payments for the withdrawn pain drug Vioxx, stating that Merck knew years before the drug was withdrawn that it was associated with an increased risk of heart attack. The Attorney General contended that the state's Medicaid program would not have paid as much as \$20 million for beneficiaries' prescriptions had the manufacturer been truthful about the drug's safety.

The majority decision of the Court was that the state's claim was a product liability action within the meaning of the statute and is available at <http://op.bna.com/hl.nsf/r?Open=bbrk-8f6qte>. The dissenting opinion said a suit for the return of Medicaid overpayments does not fall under the statutory definition and is available at <http://op.bna.com/pslr.nsf/r?Open=jstg-8f6kp8>.

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Medicaid Policies

DCH has issued nine final policies and three proposed policies that merit mention. One of the proposed policies was released simultaneously with the final policy. The policies are available for review on DCH's web site at www.michigan.gov/mdch/0,1607,7-132-2945_5100-87513--,00.html.

- **MSA 11-06** advises **All Providers** of the **Medicaid National Correct Coding Initiative (NCCI)**, which requires implementation of federally-specified policies and **edits for processing claims** received on and after **April 1, 2011**.
- **MSA 11-07** notifies **All Providers** of **updates to the Medicaid Provider Manual** effective April 1, 2011. The bulletin also advises providers of the requirement to submit

electronic healthcare transactions using the **X12 version 5010** beginning in January 2012, includes some **code updates** and advises that a new **Ambulatory Surgical Centers Chapter** is being added to the Medicaid Provider Manual.

- **MSA 11-08** informs **Hospitals and Medicaid Health Plans** that effective for dates of service on and after **April 1, 2011** inpatient hospital admissions will be processed using Medicare **DRG Grouper Version 28.0**. The bulletin includes a table with the **new relative weights**. Importantly, this bulletin also implements a policy that will require hospitals to **report present-on-admission (POA) indicators**, without which claims will be rejected.
- **MSA 11-09** clarifies **MSA Bulletin 10-53 for Hospitals, Physicians, Medical Suppliers and Clinics** related to the new **telephone prior authorization process for selected DME and medical supplies**.
- **MSA 11-10** notifies **Bridges Eligibility Manual** holders of **revised Medicaid eligibility policy** related to jointly owned assets. This bulletin was **simultaneously issued for comment (1106-Eligibility)** and comments are due to DCH by March 30, 2011.
- **MSA 11-11** advises **Hospice Providers, Medicaid and MI Child Health Plans, Local Health Departments and Others** that the change in policy to permit **children receiving hospice services to concurrently receive curative treatment** of their terminal illness also applies to the **Children's Special Health Care Services** program.
- **MSA 11-12** notifies **Local Health Departments (LHDs) and Medicaid Health Plans** that for dates of service on and after April 1, 2011, the **LHDs must bill the plans for immunizations** provided to plan members.
- **MSA 11-13** advises **Hospitals and Medicaid Health Plans** of a **correction to MSA 11-08** to say that the **truncated mean component** of the statewide operating cost limit calculation of the DRG price will be **eliminated**.
- **MSA 11-15** advises **Hospitals and Medicaid Health Plans** that **implementation of the revised DRG Grouper and rebased inpatient hospital prices referenced in MSA 11-08 is delayed until July 1, 2011** to permit time for further analysis of the reimbursement variables.
- A proposed policy (**1104-HBS**) has been issued that would refine and clarify the requirements of state plan **home-based children's mental health services** as currently stated in the Medicaid Provider Manual's Mental Health/Substance Abuse Chapter. Comments are due to DCH by April 15, 2011.
- A proposed policy (**1107-ACA**) has been issued that would **prohibit Medicaid payments to financial institutions or entities outside of the United States** as required by the federal health care reform law. Comments are due to DCH by April 28, 2011.

DCH released an L-letter (**L 11-03**) in late February that may be of interest. The letter states DCH's intention to request a federal Section 1915(b)(4) waiver to operate concurrently with the state's Section 1915(c) home and community-based services **Children's Waiver Program**. If approved, the waiver would **restrict provision of waiver services** to entities certified by DCH as Community Mental Health Service Programs. The L-letter is available at the same site as the policy bulletins.

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