

The Michigan Update

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Michigan Department of Health and Human Services

It's official. As we have reported in previous editions of *The Michigan Update*, Governor Rick Snyder issued an Executive Order in February to combine the Departments of Community Health (DCH) and Human Services (DHS) into a single department called the Michigan Department of Health and Human Services (MDHHS). The order took effect on April 10, 2015. The new department is led by Nick Lyon, former Director of DCH and Interim Director of DHS.

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

New Michigan Chief Medical Executive

Nick Lyon, Director of the Michigan Department of Health and Human Services (MDHHS), announced on April 30, 2015 that Eden Wells MD has been named Chief Medical Executive for the State of Michigan. Dr. Wells, a consultant with the former Department of Community Health's Bureau of Epidemiology and Director of the University of Michigan School of Public Health's Preventative Medicine Residency assumes her position on May 1, 2015. She succeeds Matthew Davis MD who is returning to the University of Michigan faculty.

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

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Wachino Appointed Federal Medicaid Leader

Vikki Wachino, who became the acting federal Medicaid director a few months ago, was named the permanent director in mid-April, officially Director for the Center for Medicaid and CHIP Services within the US Department of Health and Human Services' Centers for Medicare and Medicaid Services. Ms. Wachino succeeds Cindy Mann and is well known for her work on Medicaid, both for the federal government and in the private sector.

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

Medicaid Managed Care Enrollment Activity

As of April 1, 2015, there were 1,609,512 Medicaid beneficiaries, including Healthy Michigan Plan (HMP) beneficiaries, enrolled in 13 Medicaid Health Plans (HMOs); this is an increase of 3,189 since March. The enrollment total reflects an increase of 4,085 HMP enrollees since March and a decrease of 896 non-HMP Medicaid enrollees.

As the enrollment reports ([pdf](#)) ([xls](#)) reflect, every county in the state is served by at least one Medicaid Health Plan. Auto-assignment of beneficiaries into the HMOs is available in every county, and there are at least two HMOs serving every county in the Lower Peninsula. Beneficiaries in all 15 counties in the Upper Peninsula are auto-assigned, through federal "Rural Exception" authority, to the one HMO serving the counties, Upper Peninsula Health Plan.

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

Healthy Michigan Plan

Healthy Michigan Plan (HMP) enrollment continues to grow, far exceeding original expectations. HMP enrollees are required to report any changes in their economic or health care coverage circumstance as those changes occur. They are also subject to an annual redetermination of eligibility; those that entered the program in April 2014 are now subject to redetermination of eligibility. This requirement resulted in a caseload decrease of about 30,500 in early April, but the caseload rebounded through the month and stood at **596,320 as of April 27, 2015**.

The MDHHS updates HMP enrollment statistics on its [website](#) weekly and includes a breakdown of enrollment by county. Not surprisingly, more than half of the newly approved HMP beneficiaries reside in the state's five largest counties:

April 27, 2015 Healthy Michigan Plan Enrollment	
Wayne	159,670
Oakland	47,655
Macomb	47,642
Genesee	35,319
Kent	31,395
Five-County Total	321,681
Statewide Total	596,320

*Note that enrollment in Oakland County has now surpassed Macomb County.

The vast majority of these enrollees (nearly 500,000) have income below poverty and more than 51 percent of the enrollees are women. About 47 percent of the enrollees are between the ages of 19 and 34; more than 39 percent are between the ages of 35 and 54; and almost 14 percent are between the ages of 55 and 64.

Virtually all of these enrollees are already or soon will be enrolled in the state's Medicaid managed care organizations for their health care services. As of April 1, 2015, there were a total of **447,404 HMP beneficiaries enrolled in the HMOs**. HMP enrollment totals by health plan are expected to increase again in May as newly eligible individuals continue to enroll in the program and choose an HMO or are assigned to an HMO if they do not select a plan. However the rate increase in HMP managed care enrollees continues to lag the rate of increase in total HMP enrollment.

Meridian Health Plan of Michigan, which has the largest Medicaid enrollment of any Medicaid HMO, also has the most HMP enrollees, 26.9 percent of the total. UnitedHealthcare Community Plan has 12.9 percent; McLaren Health Plan has 11.6 percent; Molina Healthcare of Michigan has 11.5 percent of the total; and the other nine plans share the remaining 37.1 percent.

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

Blue Cross Complete

In mid-April, media sources reported that Blue Cross Blue Shield of Michigan had filed papers with the state to make Blue Cross Complete, a Medicaid HMO, into a for-profit limited liability company through a joint venture with Independence Health Group, a Philadelphia-based Blues plan. The transaction is under state review. Under the proposal, Blue Cross Complete would be owned equally by Blue Cross Blue Shield of Michigan and AmeriHealth Caritas, a national for-profit Medicaid company co-owned by the Michigan Blues and Independence Health.

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

Duals in Medicaid HMOs

There were **55,584** Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs to receive their Medicaid benefits in April 2015, an **increase of 98** since March. All Medicaid HMOs have duals enrolled, although the numbers vary dramatically across plans.

A Medicaid HMO member who gains Medicare coverage and remains in the HMO is categorized as auto-assigned or voluntarily enrolled based on the means through which the member was *initially* enrolled in the HMO. Duals enrolled in a Medicare Advantage Special Needs Plan (SNP, or D-SNP) for their Medicare benefits but receiving Medicaid on a fee-for-service basis are auto-assigned to the related Medicaid HMO if applicable. Any dual is able to "opt out" of the HMO and receive Medicaid benefits on a fee-for-service basis.

Molina Healthcare of Michigan has the most duals receiving Medicaid services from an HMO, 24.1 percent of the total; Meridian Health Plan of Michigan has 19.5 percent of the total (but the most voluntary enrollees); UnitedHealthcare Community Plan has 19.0 percent of the total; and the other 10 plans share the remaining 37.4 percent.

Six of the 13 Medicaid HMOs in Michigan (or their parent organizations) are also federally contracted as D-SNPs to provide *Medicare* benefits for duals in Michigan: HAP Midwest Health Plan, HealthPlus Partners, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, Total Health Care, and Upper Peninsula Health Plan. As of April 1, 2015 these six D-SNPs had a combined enrollment of 18,248 duals for whom they provide Medicare services; 70.0 percent of the duals enrolled in a D-SNP are enrolled

in the Molina plan, 12.1 percent are enrolled in the Meridian plan and the remaining 17.9 percent are spread across the other four plans. Not all of the duals enrolled in these D-SNPs are eligible to receive full Medicaid benefits. Some only receive assistance from the Medicaid program with Medicare coinsurance and deductible payments and/or monthly Medicare premiums.

There is one additional D-SNP in Michigan, Fidelis SecureCare of Michigan, Inc., which does not hold a Medicaid HMO contract but has been approved by the state as an Integrated Care Organization in the state's duals demonstration. As of April 1, 2015, Fidelis had 1,213 enrollees in its D-SNP. It is also an approved Medicare Advantage Institutional SNP (I-SNP) with 237 enrollees.

Two of the Medicaid HMOs - McLaren Health Plan and UnitedHealthcare Community Plan - discontinued their D-SNP products as of December 31, 2014.

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

CSHCS Children in Medicaid HMOs

The Michigan Department of Health and Human Services (MDHHS) requires children (and a few adults) receiving services from both the Children's Special Health Care Services (CSHCS) program and the Medicaid program to enroll in Medicaid HMOs. As of April 1, 2015, there were **17,623 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs** - an increase of 8 since March. All Medicaid HMOs except Harbor Health Plan, Inc. have CSHCS/Medicaid enrollees, although the numbers vary across plans.

Meridian Health Plan of Michigan, which has the largest Medicaid enrollment of any Medicaid HMO, also has the most CSHCS/Medicaid enrollees receiving their services from an HMO, 25.0 percent of the total. Molina Healthcare of Michigan has 17.7 percent of the total; UnitedHealthcare Community Plan has 16.6 percent; and the other nine plans share the remaining 40.7 percent.

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

MICHild

According to MAXIMUS, the Michigan Department of Health and Human Services (MDHHS) contractor for MICHild enrollment, there were **43,861 children enrolled in the MICHild program as of April 1, 2015**. The April enrollment total reflects an **increase of 1,371** from the 42,490 children enrolled as of March 1, 2015. Of the total number of children enrolled, 841 enrollees are dually eligible for Children's Special Health Care Services (CSHCS) and MICHild.

As the enrollment reports for April ([pdf](#)) ([xls](#)) show, enrollment is dispersed between 13 plans. The plans with the highest enrollment are Priority Health (with 15.9 percent of the total enrollees), Molina Healthcare of Michigan (with 15.2 percent), HealthPlus of Michigan (with 14.1 percent), and McLaren Health Plan (with 14.0 percent). Blue Cross Blue Shield of Michigan (BCBSM) had 6.8 percent of the enrollees as of April 1, 2015. The BCBSM market share has gradually dropped from about 75 percent in late 2013 when the insurer advised that it wished to terminate its MICHild contract. Children residing in counties where there are at least two health plans available are given the choice to enroll with one of those plans. Children in counties where BCBSM has been the only available health plan will remain enrolled with that plan until other plans expand their service areas to these counties. There are now only seven counties where BCBSM is the only available plan.

MICHild-enrolled children receive their dental care through contracted dental plans. Of the two available plans, 86.8 percent of the children were enrolled with Delta Dental Plan as of April 1, 2015. Delta Dental has a statewide service area. The remaining 13.2 percent of children were enrolled with Golden Dental Plan in a service area that includes eight counties. BCBSM was a statewide dental health plan as well through September 2013 when BCBSM terminated in full its participation in the MICHild dental program.

MICHild is part of the Michigan implementation of CHIP (the Children's Health Insurance Program), which provides a higher level of federal funding for children in families with incomes above Medicaid eligibility levels. While the Affordable Care Act created enhanced federal funding rates for CHIP through 2019 and requires states to maintain current income eligibility levels through that same period, federal funding for CHIP is only appropriated through September 2015. On April 16th, President Barack Obama signed into law H.R.2, the Medicare Access and CHIP Reauthorization Act (MACRA), which extends CHIP funding through September 2017.

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

Integrated Care for Dual Eligibles

In previous editions of *The Michigan Update* we have written about Michigan's plan to implement an integrated delivery system of health care for adults dually eligible for Medicare and Medicaid (duals). The demonstration will last for three years and in four regions of the state. The entire Upper Peninsula is one region; eight counties in the southwest corner of the state are another region; and Wayne and Macomb Counties are two single-county regions.

Enrollment in the demonstration began in two of the Upper Peninsula and southwest regions in February with first enrollments effective on March 1, 2015. There is one Integrated Care Organization (ICO) serving the Upper Peninsula, the Upper Peninsula Health Plan, and two ICOs serving the eight southwest counties: Aetna Better Health (CoventryCares) of Michigan and Meridian Health Plan of Michigan.

Enrollment in the other two regions - Wayne and Macomb Counties - began in early April with first enrollments effective on May 1, 2015. There are five ICO choices in these two regions: Aetna Better Health of Michigan, AmeriHealth Michigan (partnered with Blue Cross Blue Shield of Michigan), Fidelis SecureCare of Michigan, HAP Midwest Health Plan, and Molina Healthcare of Michigan.

Both phases began with voluntary enrollments and will be followed by a passive enrollment process; duals passively enrolled will be able to opt out of the demonstration if they wish. The number of duals voluntarily enrolling in the demonstration thus far is low but the Michigan Department of Health and Human Services (MDHHS) expects that the passive enrollment process will raise total participation significantly.

MDHHS has received approval from the Centers for Medicare and Medicaid Services to reclassify duals residing in these regions as "excluded" rather than "voluntary", which means they will be disenrolled from Medicaid HMOs *not* serving as ICOs in the demonstration and will be given the option to enroll in an ICO or receive their Medicaid benefits on a fee-for-service basis.

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

Hospital and Health System Costs

On April 20, 2015, the Center for Healthcare Research and Transformation (CHRT) at the University of Michigan released a new [publication](#) entitled *A Tale of Three Cities: Hospital and Health System Costs in the Midwest*. This Issue Brief discusses the variation in health care spending by geographic region in the United States and focuses on Indiana, Michigan and Wisconsin. The publication notes that health care costs in Michigan have increased at a lower rate than the national average and at a lower rate than either Indiana or Wisconsin. The publication cites Michigan's Certificate of Need process as unique among the three states and potentially a factor affecting the growth rate.

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

Medicaid Policies

The Michigan Department of Health and Human Services (MDHHS) has issued four proposed policies that merit mention. They are available for review on DCH's [website](#).

- A proposed policy (**1514-Billing**) has been issued that would alert providers to changes in the **claims submission process for sterilization procedures** involving hysteroscopy placement of intra-tubal occlusion devices. Comments are due to MDHHS by May 7, 2015.
- A proposed policy (**1519-NEMT**) has been issued that would change **reimbursement policy for wheelchair lift and medi-van transportation** vehicles and reinforce the requirements for a **Medical Needs form** for all **non-emergency medical transportation**. Comments are due to MDCH by May 15, 2015.
- A proposed policy (**1460-Pharmacy**) has been issued that would **allow Pharmacy providers to be reimbursed for certain injectable drugs** for administration in the outpatient hospital, clinic, or physician office setting. Comments are due to MDHHS by May 28, 2015.
- A proposed policy (**1507-Enrollment**) has been issued that would allow for the **enrollment of**

Psychologists, Social Workers, and Professional Counselors as Medicaid providers of behavioral health services and increase the number of visits for fee-for-service beneficiaries from 10 to 20 behavioral health visits per year. Comments are due to MDHHS by June 7, 2015.

MDHHS has also released five L-letters of potential interest, which are available for review on the same website.

- **L 15-26** was released on April 1, 2015 as a notice of the department's **intent to transition the autism benefit from a Section 1915(i) authority to a State Plan service** provided under Early and Periodic Screening, Diagnosis and Treatment (**EPSDT**) when medically necessary for all eligible Medicaid or MICHild beneficiaries through 20 years of age.
- **L 15-20** was released on April 2, 2015 to notify Hospice providers that the **Hospice Membership Notice has been reformatted** and associated instructions for completion have been developed. A facsimile of the form and the instructions was attached to the letter.
- **L 15-28** was released on April 29, 2015 as a notice of the department's intent to submit a **waiver amendment for the MI Choice program** to the federal Centers for Medicare and Medicaid Services (CMS) in order to contract, through a competitive procurement, with an entity to conduct **independent nursing facility level of care determinations** for MI Choice program participants. The department anticipates that the contract will be in place by October 1, 2015.
- **L 15-29** was released on April 29, 2015 as a notice of the department's intent to submit **applications to CMS for the renewal of the Children's Waiver Program and the Children with Serious Emotional Disturbances Waiver**, each with an effective date of October 1, 2015.
- **L 15-30** was released on April 29, 2015 as a notice of the department's intent to submit an **application to CMS for the renewal of the Habilitation Supports Waiver**, with an effective date of October 1, 2015.

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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.