

## *The Michigan Update*

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### Medicaid Managed Care Enrollment Activity

As of April 1, 2016, there were **1,688,620 Medicaid beneficiaries, including 482,647 Healthy Michigan Plan (HMP) beneficiaries and 30,311 MICHild beneficiaries**, enrolled in 11 Medicaid Health Plans (HMOs); this is an **increase of 5,175** since March. The increase includes 650 new HMP enrollees and 4,525 new non-HMP enrollees. Women formerly enrolled in the Plan First! family planning program are likely spread across both categories of new enrollees depending on their income and other eligibility characteristics. This month's 268 newly enrolled MICHild enrollees are included in the non-HMP category.

As the enrollment reports ([pdf](#)) ([xls](#)) reflect, every county in the state is served by at least one Medicaid HMO. Auto-assignment of beneficiaries into the HMOs is available in every county, and in addition to the HMOs with smaller service areas, there are three HMOs - McLaren Health Plan, Meridian Health Plan of Michigan and Molina Healthcare of Michigan - authorized to serve all counties in the Lower Peninsula and a fourth - UnitedHealthcare Community Plan - authorized to serve all but three of the Lower Peninsula counties. 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.

The plans with the highest enrollment as of April 1, 2016 were Meridian Health Plan of Michigan (with 27.8 percent of the total enrollees), Molina Healthcare of Michigan (with 22.1 percent), United Healthcare Community Plan (with 15.2 percent), and McLaren Health Plan (with 11.1 percent).

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, 2016, there were **17,729 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs** - an increase of 10 since March. All Medicaid HMOs except Harbor Health Plan have CSHCS/Medicaid enrollees, although the numbers vary across

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plans. Molina Healthcare of Michigan has the most CSHCS/Medicaid beneficiaries enrolled (27.1 percent of the total); Meridian Health Plan of Michigan has 25.2 percent of the total enrollees; UnitedHealthcare Community Plan has 16.1 percent; and McLaren Health Plan has 10.4 percent of the total.

There were **33,050 Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs** to receive acute care Medicaid benefits in April 2016, an increase of 916 since March. All Medicaid HMOs have duals enrolled, although the numbers vary significantly across plans. Molina Healthcare of Michigan has the most duals receiving Medicaid services from an HMO (28.9 percent of the total); Meridian Health Plan of Michigan has 25.1 percent of the total (but the most voluntary enrollees); and McLaren Health Plan has 15.5 percent of the total enrollees.

There were **30,311 MICHild beneficiaries enrolled in Medicaid HMOs** in April 2016, an increase of 268 since March. All Medicaid HMOs have MICHild beneficiaries enrolled, although the numbers vary dramatically across plans. Molina Healthcare of Michigan has the most MICHild enrollees (23.4 percent of the total); Meridian Health Plan of Michigan has 16.8 percent of the total; McLaren Health Plan has 14.9 percent; Priority Health Choice has 13.2 percent; and UnitedHealthcare Community Plan has 12.5 percent of the total enrollees.

(Refer to the January edition of *The Michigan Update* for additional information related to termination of the *Plan First!* program and transition of the stand-alone MICHild program to a Medicaid expansion population.)

For additional information, contact [Eileen Ellis](#), Senior Fellow, or [Esther Reagan](#), Senior Consultant, at (517) 482-9236.

## Healthy Michigan Plan

Healthy Michigan Plan (HMP) enrollment levels have continued to climb and, according to the Michigan Department of Health and Human Services (MDHHS) [website](#), stood at **615,536 as of April 25, 2016**. Although the HMP caseload drops by about 25,000 at the beginning of each month as a result of an annual eligibility redetermination requirement, it generally rebounds by the end of the month.

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

## MI Health Link

In previous editions of *The Michigan Update* we have written about Michigan's implementation of an integrated health care delivery system for adults dually eligible for Medicare and

Medicaid (duals). The demonstration, called MI Health Link, will last for five years (through 2019) and operate in four regions of the state. The entire Upper Peninsula is one region; eight counties in the southwest corner of the state form another region (Barry, Berrien, Branch, Calhoun, Cass, Kalamazoo, St. Joseph, and Van Buren); and Wayne and Macomb Counties are two single-county regions.

As of April 1, 2016, the Michigan Department of Health and Human Services (MDHHS) reports there were **31,766 enrollees** in these health plans, down from 32,040 in March, and down from 42,727 in September 2015 when the demonstration was fully implemented.

About 15 percent of the enrollees voluntarily joined the MI Health Link demonstration (this percentage has more than doubled in the last six months). Most participants were passively enrolled (assigned to a health plan but with the ability to change to a different plan or opt out of the demonstration). Also as of April 1st, almost 47,000 duals eligible for participation in the demonstration have chosen to opt out (not participate). These individuals will receive their Medicaid benefits on a fee-for-service basis but retain the option to voluntarily enroll in the demonstration at a later time.

There are seven ICOs serving one or more of the demonstration regions. The table below provides enrollment information by region for each ICO.

<b>MI Health Link Enrollment April 1, 2016</b>	<b>Upper Pen. Region</b>	<b>SW MI Region</b>	<b>Macomb Region</b>	<b>Wayne Region</b>	<b>Total</b>
Aetna Better Health		2,896	541	2,011	5,448
AmeriHealth Michigan			601	2,120	2,721
MI Complete Health / Fidelis			406	1,944	2,350
HAP Midwest Health Plan			878	3,780	4,658
Meridian Health Plan of MI		4,588			4,588
Molina Healthcare of MI			1,336	7,096	8,432
Upper Peninsula Health Plan	3,569				3,569
<b>Total</b>	<b>3,569</b>	<b>7,484</b>	<b>3,762</b>	<b>16,951</b>	<b>31,766</b>

Molina Healthcare of Michigan has the most enrollees, both voluntarily and passively enrolled (26.5 percent of the combined total); Aetna Better Health of Michigan has 17.1 percent of the total; HAP Midwest Health Plan has 14.7 percent; and Meridian Health Plan of Michigan has 14.4

percent. At this point, almost 94 percent of the MI Health Link enrollees are living at home; about 5.9 percent of the enrollees live in a nursing facility. Less than one percent of enrollment is individuals receiving home and community-based long-term services and supports. Although all of the plans have enrollees receiving care in nursing facilities, Molina Healthcare of Michigan has the largest share, almost 30 percent of the total.

As noted above, the MI Health Link enrollment total has dropped a little each month since September 2015 when there were 42,727 enrollees in the demonstration. Part of this decrease in enrollment may be attributable to temporary disruptions in Medicaid eligibility. In many instances when Medicaid eligibility is reinstated, the department is not permitted to passively enroll the dual a second time; if the dual wants to participate in MI Health Link, they need to voluntarily re-enroll in the demonstration.

MDHHS has recently announced that, within allowable parameters, it will begin passively enrolling certain duals into the ICOs on a monthly basis, including duals newly eligible for MI Health Link enrollment since the last passive assignment process in 2015, duals who recently moved into one of the demonstration areas, certain duals eligible for passive enrollment but who temporarily lost their Medicaid eligibility in 2015, and qualified individuals newly eligible for Medicare for whom the Centers for Medicare & Medicaid Services has not already assigned a plan. The first passive enrollment group is expected to include about 15,000 individuals: at least 900 in the Upper Peninsula region, more than 2,750 in each of the Southwest and Macomb County regions, and more than 9,000 in the Wayne County region. These passive enrollments are scheduled to be effective June 1, 2016.

On April 21, 2016, MDHHS [announced](#) another of its periodic public forums about the program. The forum will be held on May 5, 2016, from 2:00 to 4:00 pm, at Sacred Heart Seminary, in Detroit. At the forum MDHHS staff will share information about the status of the program, answer questions and receive feedback from duals eligible for or enrolled in the program. Additional details about the forum are included in the announcement.

The MDHHS has established an [enrollment dashboard](#) on the MI Health Link page on its website. According to the MI Health Link website, for April 2016, more than half of the MI Health Link enrollees are individuals under the age of 65. The younger individuals qualified for Medicare and Medicaid based on a disability.

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

## **Michigan D-SNPs**

Four of the 11 Medicaid HMOs in Michigan (or their parent organizations) are also federally contracted as D-SNPs

(Medicare Advantage Special Needs Plans for persons dually eligible for Medicare and Medicaid [duals]) to provide *Medicare* benefits for duals in Michigan: HAP Midwest Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, and Upper Peninsula Health Plan. As of April 1, 2016 these four D-SNPs had a combined enrollment of 12,921 duals for whom they provide Medicare services. Almost 80 percent of the duals enrolled in a D-SNP are enrolled in the Molina plan. None of these duals are participating in the MI Health Link demonstration.

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.

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

## **Integration of Behavioral Health and Physical Health Services**

As we reported in last month's edition of *The Michigan Update*, Governor Rick Snyder's Executive Budget Recommendation included language (Section 298) that would transfer funds currently appropriated to the state's ten Prepaid Inpatient Health Plans (PIHPs) for the provision of behavioral health services to the Medicaid-contracted Medicaid Health Plans (HMOs) that provide physical health services.

As a result of the immediate reaction to the language, Lieutenant Governor Brian Calley recommended the language be deleted and convened a group of more than 120 stakeholders that will meet over the coming months to develop a framework to better coordinate physical and behavioral health care while improving access to and funding for direct services. A fact-finding subcommittee of approximately 15 members of the larger group has been meeting to develop a set of consensus facts on the performance of the PIHPs and HMOs and to develop an "end statement" (objectives) and "core values" (principles) for further discussion by the full group.

The Legislature has also become involved in the issue, and neither chamber has included the Governor's language in their proposed budget bill. The House of Representatives included language requiring a written report and recommendations from the workgroup by December 2016. The Senate's bill included similar language but provides two additional months for the submission of a report and recommendations. The Legislative Conference Committee will have to reconcile the language differences in the final budget bill.

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

## Michigan Medicaid Budget for FY 2016-2017

The Senate Appropriations Committee and the full House of Representatives have completed action on the Fiscal Year (FY) 2016-2017 budget for the Michigan Department of Health and Human Services (MDHHS). Both bills include changes to the Governor's Executive Budget Recommendation, and there are significant differences between the two bills. As a result, once the full Senate has acted on the MDHHS budget, there will be a number of issues to address in the Conference Committee. As noted in the Integration of Behavioral Health and Physical Health Services article in this newsletter, both chambers have modified the language related to integration of behavioral health and physical health services, but not in an identical manner. Among the policy-related funding changes made by either or both the House and Senate are the following:

- **Adult Dental Services:** The Senate increases rates for adult dental services effective 7/1/2017 to rates that would allow for a contract for adult dental services. Cost is \$23.0 million.
- **Private Duty Nursing:** The Senate increases rates by 20 percent at a cost of \$6.6 million. The House provides \$3.3 million for a 10 percent rate increase.
- **Primary Care Rates:** The Senate increases rates for primary care services by 6 percent at a cost of \$21.3 million.
- **State Innovation Model:** The Senate reduces funding from \$25 million to \$100 to create an opportunity to discuss the Blueprint for Health Innovation in the Conference Committee.
- **Specialty Drugs - Hepatitis C and Cystic Fibrosis:** The House concurs with the Executive's Cystic Fibrosis treatment costs, but reduces growth in funding for Hepatitis C treatment by \$84 million, based on an estimate of 5,250 persons receiving treatment.
- **Medicaid Pharmacy Reserve:** The Executive Budget includes \$86.1 million. The House reduces the reserve fund to just over \$43 million and the Senate reduces it to \$28.7 million.
- **University of Detroit Dental Clinic:** The Senate reduces the funding from \$1 million to a \$100 placeholder while the House increases funding to \$4.3 million, of which 50 percent is one-time funding and 50 percent is ongoing funding.

Since this is an election year, it is likely that the Conference Committee and final legislative action will occur in early May.

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

## Grant Funding Opportunities

The Michigan Health Endowment Fund recently announced two funding opportunities: a [Behavioral Health Grant](#)

[Program](#), with an emphasis on integration, and a [Responsive Grant Program](#), for projects that impact community health and wellness. Grant applications for both opportunities are due on May 16, 2016.

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

## **Blueprint for Health Innovation**

In previous editions of *The Michigan Update*, most recently last month, we have reported on the Michigan Department of Health and Human Services' (MDHHS) activities around the *Blueprint for Health Innovation*, the state's initiative to pursue better coordination of health care, lower health care costs and improve health outcomes. These activities are being supported by a federal State Innovation Model (SIM) grant, and Michigan is one of several states across the country that received funds to test new models.

To provide further information related to its recent announcement of the five pilot sites for the Blueprint implementation - Jackson County, Muskegon County, Genesee County, Northern Region (Lower Peninsula), and an area including Washtenaw and Livingston Counties - MDHHS held two webinars in April and has a third webinar scheduled for May 11, 2016. Information about the third webinar on Primary Care Medical Homes and Accountable Systems of Care (ASCs) as well as recordings and PowerPoint presentations from the first two webinars are available on the [MDHHS web site](#). While counties for the first wave of Community Health Innovation Regions (CHIRs) have been announced, the selected CHIR "backbone agencies" and ASCs in those regions have not yet been publicly identified.

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

## **Michigan Primary Care Association**

On April 28, 2016, the Michigan Primary Care Association (MPCA) [announced](#) that Loretta V. Bush (formerly Davis) has been named the organization's new Chief Executive Officer (CEO). Ms. Bush will assume the position on May 23, 2016, and longstanding MPCA CEO Kim Sibilsy will retire a week later. Ms. Bush comes to MPCA from the Institute for Population Health in Detroit, where she has served as president and CEO since 2012.

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

## **21st Century Infrastructure Commission**

In last month's edition of *The Michigan Update*, we reported that Governor Rick Snyder issued Executive Order 2016-5 to create the 21st Century Infrastructure Commission as a

temporary advisory body within the Executive Office of the Governor. The Commission is comprised of [27 members](#) charged with identifying long term strategies and best practices to modernize the state's transportation, water and sewer, energy, and communications infrastructure, and held its first meeting on April 21, 2016. The Commission is expected to present its assessment and recommendations no later than November 30, 2016.

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

### **CMS Issues Final Rule on Medicaid Managed Care**

On April 25, 2016, the federal Centers for Medicare & Medicaid Services (CMS) released a [final rule](#) intended to align key requirements for Medicaid and the Children's Health Insurance Program (CHIP) with other health insurance coverage programs, modernize how states purchase managed care for beneficiaries, and strengthen both consumer experience and key consumer protections. CMS has provided several fact sheets related to the new rule and its requirements on the [Medicaid.gov](#) website. In coming weeks HMA will be developing briefs and tools on the impact of the new rules.

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

### **Medicare Hospital Prospective Payment Systems**

On April 27, 2016, the Federal Register published [proposed rules](#), issued by the federal Centers for Medicare & Medicaid Services (CMS), affecting Medicare payment policies and rates under the Inpatient Prospective Payment System and the Long-Term Care Hospital Prospective Payment System. There are many provisions within the proposed rules and one in particular has received special attention by hospitals around the country. In federal fiscal year 2008, the Medicare program transitioned its Diagnosis Related Group (DRG) reimbursement system to Medicare Severity DRGs (MS-DRGs) to better reimburse hospitals for treating very sick patients. In 2012, with passage of the American Taxpayer Relief Act, CMS initiated a 0.8 percent payment reduction to inpatient rates to begin recovering \$11 billion in alleged overpayments to hospitals resulting from implementation of the MS-DRG system. The 2012 Act required that this recoupment be completed by the end of fiscal year 2017. [Announcing](#) that continuing the 0.8 percent reduction would not recover the total required amount, CMS has increased the reduction factor to 1.5 percent, which some in the hospital industry say will adversely impact hospitals' ability to provide care.

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

## **Pfizer / Wyeth Settlement Agreement**

A settlement has been finalized between the federal government, 35 states, and Wyeth, a drug manufacturing subsidiary of Pfizer, Inc., over allegations that Wyeth hid drug discounts to avoid paying state Medicaid programs across the country millions of dollars in rebates. Wyeth allegedly gave hospitals discounts on two of its proton pump inhibitor drugs, Protonix Oral and Protonix IV, and did not report the discounts. The settlement totals \$784.6 million with about \$371 million of that amount going to the states and the federal government keeping the balance; Michigan will receive about \$17 million of the total.

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 six proposed policies that merit mention. They are available for review on the department's [website](#).

- A proposed policy (**1607-Pharmacy**) has been issued that would clarify information provided in Bulletin MSA 15-56 related to **coverage of the drug naltrexone** without a prior authorization requirement. The proposed policy would also clarify **coverage of buprenorphine treatment for opioid dependence** and update policy on **hormone replacement therapy**. Comments are due to MDHHS by May 10, 2016.
- A proposed policy (**1609-Vision**) has been issued that would establish minimum **criteria for reimbursement of repairs to eyeglasses** manufactured by the Medicaid optical laboratory. Comments are due to MDHHS by May 16, 2016.
- A proposed policy (**1613-NEMT**) has been issued that would revise current **reimbursement rates for Non-Emergency Medical Transportation services** provided on a fee-for-service basis. Comments are due to MDHHS by May 16, 2016.
- A proposed policy (**1608-Eligibility**) has been issued that would **consider reverse mortgage payments when determining Medicaid financial eligibility**. Comments are due to MDHHS by May 19, 2016.
- A proposed policy (**1601-Pharmacy**) has been issued that would **prohibit pharmacies from automatically filling prescriptions** for Medicaid and Healthy Michigan Plan beneficiaries in fee-for-service without the beneficiary's prior request. Comments are due to MDHHS by May 24, 2016.

- A proposed policy (**1611-MIHP**) has been issued that would require **Medicaid HMOs to administer the Maternal Infant Health Program benefit** for their enrollees. Comments are due to MDHHS by May 24, 2016.

MDHHS has also released four L-letter of potential interest, which is available for review on the same website.

- **L 16-14** was released on April 6, 2016 as a notice of the department's intent to submit **State Plan Amendments related to the Section 1115 demonstration waiver** approved to assist in addressing **lead-related health impacts in Flint, Michigan**.
- **L 16-13** was released on April 28, 2016 to **Nursing Facilities** to provide each facility with their **Medicaid Provider Identification Number** as well as information regarding its use. The letter notes that this **number does not replace the facility's National provider ID (NPI)**.
- **L 16-16** was released on April 28, 2016 to **Nursing Facilities** to provide a **revised Medicaid Enrollment Checklist**.
- **L 16-25** was released on April 28, 2016 to **Nursing Facilities** to clarify program policy regarding **treatment of a Medicaid beneficiary's Patient Pay Amount** when two facilities provide services during the same month.

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

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