

The Michigan Update

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Medicaid Managed Care Enrollment Activity

As of April 1, 2017, there were **1,807,526 Medicaid beneficiaries, including 544,554 HMP beneficiaries**, enrolled in the 11 Medicaid Health Plans (HMOs). This is an overall **increase of 30,282** since March. The number of HMP enrollees increased by 16,923 and the number of non-HMP enrollees increased by 13,359.

As the enrollment reports ([pdf](#)) ([xls](#)) for April 2017 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, 2017 were Meridian Health Plan of Michigan with 28.1 percent of the total, Molina Healthcare of Michigan with 20.5 percent, UnitedHealthcare Community Plan with 14.5 percent, and McLaren Health Plan with 10.7 percent of the total.

The Michigan Department of Health and Human Services 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, 2017, there were **18,805 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs**, an increase of 430 since March. All Medicaid HMOs have CSHCS/Medicaid enrollees, although the numbers vary

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across plans. Meridian Health Plan of Michigan has the most CSHCS/Medicaid beneficiaries enrolled (26.9 percent of the total); Molina Healthcare of Michigan has 25.6 percent of the total; UnitedHealthcare Community Plan has 15.3 percent; and McLaren Health Plan has 9.4 percent of the total enrollees.

Aside from Michigan's Medicare/Medicaid financial alignment demonstration, MI Health Link, there were an additional **36,240 Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs** to receive acute care Medicaid benefits in April 2017, an increase of 595 since March. All Medicaid HMOs have duals enrolled, although the numbers vary significantly across plans. As of April 1st, Molina Healthcare of Michigan had the most duals receiving Medicaid services from an HMO (27.7 percent of the total); Meridian Health Plan of Michigan had 25.7 percent of the total (but the most voluntary enrollees); and McLaren Health Plan had 15.1 percent of the total enrollees.

There were **32,085 MICHild beneficiaries enrolled in Medicaid HMOs** in April 2017, a decrease of 1,753 since March and a decrease of more than 5,500 since November of last year. We believe that some of the children formerly enrolled in MICHild coverage have more recently qualified for other Medicaid eligibility categories for children due to changes in family income. (While MICHild enrollment has recently declined, total enrollment of children in Medicaid, including MICHild, increased by more than 23,000 between August 2016 and February 2017.) All Medicaid HMOs have MICHild beneficiaries enrolled, although the numbers vary dramatically across plans. As of April 1st, Meridian Health Plan of Michigan had the most MICHild enrollees (28.2 percent of the total); Molina Healthcare of Michigan had 19.8 percent of the total; McLaren Health Plan had 13.7 percent of the total enrollees; and UnitedHealthcare Community Plan had 11.0 percent.

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

Healthy Michigan Plan Enrollment

Healthy Michigan Plan (HMP) enrollment levels remained relatively steady for the 20 months ending on August 31, 2016, but they have begun to increase each month since. According to the Michigan Department of Health and Human Services (MDHHS) [website](#), HMP enrollment stood at **670,861 as of April 24, 2017**. For the sixth month in a row, the end of month enrollment total has exceeded enrollment at the end of the prior month and set a new record. The HMP enrollment

total at the end of April is the highest ever reported. Although the HMP caseload drops at the beginning of each month because of an annual eligibility redetermination requirement, it generally rebounds by the end of the month. Since August 2016, the declines at the start of each month have been much smaller than in the past. With growth during each month like prior trends, the result is a current month-end enrollment total almost 57,000 higher than at the end of August 2016.

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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, is approved to last for five years 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 Macomb and Wayne Counties are two single-county regions. Medicaid and Medicare physical health care services (including long-term services and supports) are provided by HMOs that have contracts as Integrated Care Organizations (ICOs) to serve the duals.

Due to a passive enrollment process implemented June 1, 2016 by the Michigan Department of Health and Human Services (MDHHS), there were **38,767 enrollees that month** in the ICOs. (Read more about this passive enrollment process in the [June 2016 edition of *The Michigan Update*](#).) This was an increase of almost 8,000 enrollees from the May enrollment level of 30,813, but still below the 42,757 enrollees in September 2015 when the demonstration was initially implemented. Since June 2016, the number of MI Health Link members has fluctuated, with increases in some months and decreases in others. **As of April 1, 2017, the MI Health Link enrollment was 37,649, an increase of 235 enrollees since March.**

There are seven ICOs serving one or more of the demonstration regions. The table below provides enrollment information by region for each ICO as of April 1, 2017.

MI Health Link Enrollment	Upper Pen. Region	SW MI Region	Macomb Region	Wayne Region	Total
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Aetna Better Health of MI		3,425	829	2,999	7,253
AmeriHealth Michigan			712	2,487	3,199
MI Complete Health / Fidelis			405	1,749	2,154
HAP Midwest Health Plan			1,033	4,013	5,046
Meridian Health Plan of MI		5,458			5,458
Molina Healthcare of MI			1,751	8,592	10,343
Upper Peninsula Health Plan	4,196				4,196
Total	4,196	8,883	4,730	19,840	37,649

As of April 1, 2017, Molina Healthcare of Michigan had the most enrollees, both voluntarily and passively enrolled (27.5 percent of the combined total); Aetna Better Health of Michigan had 19.3 percent of the total; Meridian Health Plan of Michigan had 14.5 percent; and HAP Midwest Health Plan had 13.4 percent. At this point, about 94.4 percent of the MI Health Link enrollees are living in a community setting, and about 5.6 percent of the enrollees live in a nursing facility. Only 1.5 percent of the total enrollees is receiving home and community-based long-term services and supports through the MI Health Link program waiver; however, a significant number of enrollees are receiving in-home services and supports from the ICOs through the State Plan personal care benefit. While all the plans have enrollees receiving care in nursing facilities, the Upper Peninsula Health Plan had the largest share as of April 1st (23.2 percent of the total enrollees residing in nursing facilities). Molina Healthcare of Michigan placed second, with 18.2 percent; and Aetna Better Health of Michigan came in third, with 16.6 percent.

While the majority of MI Health Link enrollees are passively enrolled, 18.6 percent voluntarily joined the demonstration. The voluntary enrollment percentage has more than tripled since September 2015. MDHHS also reports that as of April 1, 2017, almost 50,800 duals eligible for participation in the demonstration have chosen to opt out. These individuals receive their Medicaid benefits on a fee-for-service basis but retain the option to voluntarily enroll in the demonstration at a later time.

The MDHHS has established an [enrollment dashboard](#) on the MI Health Link page on its website. According to the MI Health Link website, more than half of the MI Health Link enrollees are individuals under the age of 65. These 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

Three 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: HAP Midwest Health Plan, Meridian Health Plan of Michigan, and Molina Healthcare of Michigan. The Upper Peninsula Health Plan was identified as a D-SNP in 2016 (and had 71 enrollees as of December 2016) but does not appear on the 2017 reports. As of April 1, 2017, these **three D-SNPs had a combined enrollment of 13,388 duals** for whom they provide Medicare services. Almost 79 percent of the duals enrolled in a D-SNP are enrolled with Molina Healthcare of Michigan. None of these duals are participating in the MI Health Link demonstration.

Not all duals enrolled in these D-SNPs are eligible to receive full Medicaid benefits. Some only receive assistance from the Medicaid program with their Medicare coinsurance and deductible payments and/or monthly Medicare premiums.

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

Behavioral Health and Physical Health Integration

In recent editions of *The Michigan Update*, we have reported on activities related to efforts around improving integration of care for people with both behavioral health and physical health needs. The “Section 298 Integration Workgroup,” named after the proposed language in the state fiscal year 2016-2017 appropriation measure that prompted its creation, met for several months, with Lieutenant Governor Brian Calley serving as its chairman. The Michigan Department of Health and Human Services (MDHHS) submitted its “Final Report of the 298 Facilitation Workgroup” to the Legislature on March 15, 2017. The report included the 70 initial policy recommendations outlined in an interim report as well as several new recommendations on financing models and

benchmarks for implementation. (See [last month's newsletter](#) for the link to that report and two others.)

More recently, appropriations subcommittees in both the House of Representatives and the Senate have released their proposed budgets for the fiscal year beginning October 1, 2017, and both are suggesting that pilot projects around integration of physical and behavioral health care not be limited to models identified in the Final Report. None of the models identified in the final report would have a Medicaid HMO serving as the integrated manager of care and payer for all Medicaid services.

The House subcommittee, in HB 4238, replaced the 2016 budget language known as Section 298 with language asking that MDHHS develop a plan for a single statewide public behavioral health managed care organization instead of the current 10 prepaid inpatient health plans (PIHPs). The language also directs MDHHS to work with any willing community mental health agency and Medicaid HMO operating in Kent County to test an integrated service model. During deliberations by the full appropriations committee, an amendment was approved for up to three more pilots that could operate in areas outside of Kent County as well.

The Senate subcommittee, in SB 135, also replaced the 2016 Section 298 language with a requirement that MDHHS continue working with stakeholders to improve coordination of publicly funded physical and behavioral health care. In addition, the subcommittee added language (Section 234) requiring MDHHS to advance pilots and demonstration models that integrate the Medicaid behavioral and physical health benefit. An amendment to this section was offered by Senator Mike Shirkey during the subcommittee meeting and passed on a partisan 5-0-2 vote. The amendment language states "the demonstration models are based on a goal to achieve total Medicaid benefit and financial integration by September 30, 2020 that will rely on a single contracting model between the state of Michigan and licensed health plans, regulated by both the department of financial and insurance services to assure financial viability and the department [MDHHS] to assure overall programmatic performance." Boilerplate language in appropriation bills has no legal impact beyond the fiscal year to which the appropriation applies; however, this amendment does appear to reflect the subcommittee's intent related to integrated care.

It is unclear at present how the House and Senate will resolve differences between their approaches in these two bills. And, not surprisingly, behavioral health advocates and the current public specialty behavioral health managers (PIHPs and

Community Mental Health Services Programs) have expressed strong opposition to the language in both bills.

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Kids Count Report

The annual [2017 Kids Count in Michigan Data Book](#) released on April 18, 2017 by the Michigan League for Public Policy reports that more than one in five Michigan children lived in poverty in 2015, a 15 percent rate increase since 2008, the last full year of the “Great Recession.” The report indicates that rates are significantly worse for children of color, with 47 percent of African-American children and 30 percent of Latino children living in poverty compared to 15 percent of white children. Among other key findings based on the 2015 data: almost 20 percent of mothers smoked during pregnancy, with higher rates in rural communities; 31 percent of mothers did not receive adequate prenatal care; and there was a 30 percent increase in the rate of confirmed victims of child abuse and neglect between 2008 and 2015. The report also notes that about 10 percent of Michigan children are impacted by parental incarceration. A printable publication with statewide data is available on the League’s website; county-specific profiles can be generated.

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

Health Endowment Fund Grant Awards

On March 28, 2017, the Michigan Health Endowment Fund [announced](#) more than \$8 million in grant awards for 55 projects working to improve the health of Michigan children and seniors in communities across the state. Awards range from \$100,000 to \$500,000 and are split into two categories: Community Health Impact and Nutrition and Healthy Lifestyles.

The Health Endowment Fund was created through passage of Public Act 4 of 2013, which authorized certain changes in how Blue Cross Blue Shield of Michigan (BCBSM) operates. The law required BCBSM to contribute up to \$1.56 billion over 18 years to a Health Endowment Fund to support efforts to improve the quality of health care while reducing costs and to benefit health and wellness through funding programs for minor children and seniors in the state.

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

LARA Launches New Prescription Database

The Michigan Department of Licensing and Regulatory Affairs [announced](#) on April 11, 2017 the launch of a new Michigan Automated Prescription System to replace the old system that Governor Rick Snyder's Prescription Drug and Opioid Abuse Task Force identified as problematic.

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

MDHHS Audit

A recent [audit](#) performed and released by the Michigan Auditor General found that the Michigan Department of Health and Human Services (MDHHS) should improve procedures to ensure it is getting accurate data for the development of capitated rates to pay its contracted Medicaid Health Plans. The report, *Capitated Rate Setting, Contracting, and Beneficiary Enrollment Processes of the Comprehensive Health Care Program*, noted that if actuaries are provided incorrect data, especially about overpayments, it could result in the state paying higher rates than necessary. MDHHS agreed to develop a process to work with health plans to ensure that data is not inappropriately omitted from the rate setting process but cautioned that certain overpayments should appropriately be excluded from the rate setting process.

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

Hepatitis C Lawsuit

On April 14, 2017, an unnamed Medicaid beneficiary filed a [class action complaint](#) in the U.S. District Court for the Eastern District of Michigan. The complaint challenges current Michigan Medicaid policy that restricts coverage for specialty prescription drugs to treat Hepatitis C to individuals whose condition has progressed to a point of liver damage. The complainant has not reached that stage of the disease. (There is a five-step scale used to score the severity level of an infected individual's condition – F0 through F4 – with F0 and F1 used when minimal or no liver damage has yet occurred and F4 when the individual has progressed to cirrhosis of the liver.) The complaint notes that other insurers are approving treatment regardless of the disease stage and indicates that

guidance from the federal government in 2015 warned states against restricting access to effective, clinically appropriate and medically necessary treatments for Medicaid beneficiaries diagnosed with the Hepatitis C virus. The outcome of this lawsuit could, if the court finds in favor of the plaintiff class, have significant fiscal implications for the state and the Medicaid program.

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 one final policy and two proposed policies that merit mention. They are available for review on the department's [website](#).

- **MSA 17-10** notifies **Federally Qualified Health Centers, Rural Health Clinics, Tribal Health Centers, and Medicaid Health Plans** of a **change in required claim format** for billing. The **institutional claim format** will be required beginning July 1, 2017.
- A proposed policy (**1707-GME**) has been issued that would **expand the Graduate Medical Education Innovations program to include Authority Health**. Comments are due to MDHHS by May 15, 2017.
- A proposed policy (**1708-Therapy**) has been issued that would **allow Speech-Language Pathologists (SLPs) to enroll as Medicaid providers and allow the SLPs as well as Occupational Therapists, Physical Therapists, and Audiologists to bill and receive direct reimbursement** for services provided. Comments are due to MDHHS by May 22, 2017.

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

- **L 17-13** was released on April 10, 2017 to advise **Nursing Facilities** that Michigan's **Administrative Rules for testing of Tuberculosis** in long-term care facilities have changed.
- **L-17-14** was released on April 10, 2017 as a notice to Tribal Chairs and Health Directors of the department's intent to submit an **amendment to the Section 1915(b) Healthy Kids Dental Waiver to revise the cost effectiveness provision to include the capitation rate increase effective January 1, 2017**.
- **L 17-15** was released on April 10, 2017 as a notice to Tribal Chairs and Health Directors of the department's **intent to submit a State Plan Amendment to**

create a nursing facility quality incentive initiative.

- **L 17-17** was released on April 25, 2017 as a notice to Tribal Chairs and Health Directors of the department's **intent to submit a State Plan Amendment to permit Rural Health Clinics (RHCs) to receive payment for providing specific non-RHC procedures in the RHC setting.**
- **L 17-16** was released on April 26, 2017 as a notice to Tribal Chairs and Health Directors of the department's **intent to submit three operational protocols** to the Centers for Medicare & Medicaid Services. The protocols are required pursuant to the State's Section 1115 Demonstration Waiver for the **Healthy Michigan Plan (HMP)** and would be **effective on April 1, 2018**. They relate to revisions in existing protocols for the **MI Health Account** and **Healthy Behaviors Incentives Program** and include a new protocol associated with delivery system **changes for certain HMP beneficiaries who will become eligible for and enroll in coverage through a qualified health plan participating on the federal marketplace.**

For additional 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.