

The Michigan Update

[Print This Issue](#)

In This Issue

[Medicaid Managed Care Procurement](#)

[Medicaid Managed Care Enrollment Activity](#)

[Healthy Michigan Plan](#)

[Duals in Medicaid HMOs](#)

[CSHCS Children in Medicaid HMOs](#)

[MIChild](#)

[MI Health Link](#)

[Retroactive Medicaid Coverage](#)

[Common Drug Formulary](#)

[Aging Services Website](#)

Medicaid Managed Care Procurement

On May 8, 2015, the Michigan Department of Health and Human Services (MDHHS) released a Request for Proposals (RFP) to rebid its Medicaid managed care contracts. The current contracts have been in place since 2009 and expire December 31, 2015. The new contracts, which begin on January 1, 2016, are for five years, with three possible "option years" in addition. Bidder responses were due on August 3, 2015.

At this time there are more than 1.6 million Michigan Medicaid beneficiaries enrolled in 13 HMOs to receive their Medicaid services; about 475,000 of these beneficiaries are eligible for Medicaid through the state's ACA-authorized expansion program called the Healthy Michigan Plan. All 1.6 million beneficiaries will be served by the contractors selected through this procurement. MDHHS has also indicated its intent to request federal approval to transition children from the state's existing stand-alone Children's Health Insurance Program, called MIChild, into a proposed Medicaid expansion program. If approved, these children - about 40,000 currently - will be enrolled with the HMOs awarded contracts through this procurement.

The state re-structured the regions for the Medicaid HMO re-procurement, using Governor Rick Snyder's 10 [Prosperity Regions](#), and required bidders to bid on entire regions. This action prompted several of the incumbent HMOs to request service area expansion approval from the state's Department of Insurance and Financial Services in order to preserve counties where the plans have had a "footprint". The size and duration of this procurement also led several HMOs to bid on additional regions of the state. The Upper Peninsula of the state has federal "Rural Exception" authority permitting a single HMO to serve all counties. The RFP required that

[340B Drug Pricing Program Guidance](#)

[ACO Test Programs Save Millions](#)

[Medicare Care Choices](#)

[Autism Program Grants](#)

[Certificate of Need](#)

[Medicaid Policies](#)

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Regions 2 and 3 - the two regions covering the upper half of the Lower Peninsula and encompassing 21 counties - had to be bid together. Note that there are four HMOs bidding to serve the entire Lower Peninsula. Note as well that all bidders are incumbents, if one considers Michigan Complete Health to have that status through its participation in the MI Health Link Medicaid/Medicare integrated care demonstration. The table below shows the bidders by region.

Plan / Region	1	2	3	4	5	6	7	8	9	10
Anticipated Awards by Region Specified in the RFP	1	2-3	2-3	3-5	2-3	3-5	2-3	3-5	3-5	5-7
Bidding Plans by Region	1	5	5	6	5	6	6	6	9	10
Aetna Better Health (CoventryCares)					X			X	X	X
Blue Cross Complete				X		X	X		X	X
HAP Midwest Health Plan						X			X	X
Harbor Health Plan										X
McLaren Health Plan		X	X	X	X	X	X	X	X	X
Meridian Health Plan		X	X	X	X	X	X	X	X	X
Michigan Complete Health (Centene/Fidelis)									X	X
Molina Healthcare		X	X	X	X	X	X	X	X	X
Priority Health Choice		X	X	X				X	X	
Sparrow PHP							X			
Total Health Care										X
UnitedHealthcare Comm. Plan		X	X	X	X	X	X	X	X	X
Upper Peninsula Health Plan	X									

Note: HealthPlus Partners is an incumbent HMO but did not submit a proposal because its Medicaid and MICHild products were recently acquired by Molina Healthcare of Michigan.

As the table illustrates, other than for Region 1 there are more bidders for every region than the number of anticipated awards specified in the RFP. Whether the state will award more contracts than the anticipated number is unknown, although there is a historical precedent for doing so. It is expected that the state will announce recommended awards in late October or early November. Protests are possible from

bidders not scoring well on their narrative submissions given the highly subjective nature of the reviews that will be required.

Bidders were required to submit narrative responses regarding their current activities and future approaches to address what the state has called the "four pillars" within its State Innovation Model (SIM) "Blueprint for Health Innovation": population health management, integration of care, payment for value and structural transformation. The narratives required to address these activities are worth half of the total score for the submissions so are key to a successful response. The RFP also supports the SIM initiative as it requires implementation and support of Patient-Centered Medical Homes (using the scope of the Michigan Primary Care Transformation initiative as a foundation), integration/coordination with Prepaid Inpatient Health Plans providing behavioral health care, participation with Accountable Systems of Care and community collaboration projects, and promotion and support of health information exchange and health information technology with network providers.

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

Medicaid Managed Care Enrollment Activity

As of August 1, 2015, there were **1,631,326 Medicaid beneficiaries, including Healthy Michigan Plan (HMP) beneficiaries, enrolled** in 13 Medicaid Health Plans (HMOs); this is a **net decrease of 15,113** since July. The enrollment total reflects **an increase of 2,109 HMP** enrollees since July but **a decrease of 17,222 non-HMP Medicaid** enrollees. Approximately half of the decline in HMO enrollment of non-HMP Medicaid beneficiaries is attributable to decreased enrollment of individuals eligible for both Medicare and Medicaid. (See article on Duals in Medicaid HMOs below.)

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 Enrollment

Healthy Michigan Plan (HMP) enrollment remains high, 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. This requirement resulted in a caseload decrease of about 30,500 in early April, about 17,800 in early May, and between 22,000 and 27,000 in the months since; but the caseload has rebounded throughout each month and stood at **600,040 as of August 24, 2015**.

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

August 24, 2015 Healthy Michigan Plan Enrollment	
Wayne	163,980
Macomb	48,804
Oakland	48,746
Genesee	35,192
Kent	31,737
Five-County Total	328,459
Statewide Total	600,040

The vast majority of these enrollees (nearly 500,000) have income below the poverty level, 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. These statistics have been fairly stable for several months.

Most 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 August 1, 2015, there were a total of **474,242 HMP beneficiaries enrolled in the HMOs**.

Meridian Health Plan of Michigan, which has the largest Medicaid enrollment of any Medicaid HMO, also has the most HMP enrollees, 27.9 percent of the total. UnitedHealthcare Community Plan has 13.0 percent; Molina Healthcare of Michigan has 11.4 percent of the total, and McLaren Health Plan has 11.3 percent of the total; and the other nine plans share the remaining 36.4 percent.

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

Duals in Medicaid HMOs

There were **37,182** Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs to receive Medicaid benefits in August 2015, a **decrease of 8,651** since July and a decrease of more than 19,000 since March. This reduction is largely due to implementation of Michigan's demonstration program - MI Health Link - that provides integrated care for Medicaid beneficiaries dually eligible for Medicare ("duals"). Some individuals have transitioned to enrollment in one of the state's Integrated Care Organizations (ICO). Others that are eligible for enrollment in an ICO have opted out of the demonstration and will receive their Medicaid services on a fee-for-service basis unless they choose at a later time to enroll in an ICO. (See the *Integrated Care for Dual Eligibles* article in the May edition of *The Michigan Update* for more information.) 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, 23.6 percent of the total; Meridian Health Plan of Michigan has 21.9 percent of the total (but the most voluntary enrollees); UnitedHealthcare Community Plan has 12.1 percent of the total; and the other 10 plans share the remaining 42.4 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 August 1, 2015 these six D-SNPs had a combined enrollment of 13,998 duals for whom they provide Medicare services, a decrease of 1,712 since July (and a decrease of more than 4,000 since April), which is most likely attributable to the MI Health Link demonstration as well. More than 72 percent of the duals

enrolled in a D-SNP are enrolled in the Molina plan; almost 12 percent are enrolled in the Meridian plan (although some of the Meridian members may reside in northern Ohio); and the remaining 16 percent is 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 (also called Michigan Complete Health), 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 August 1, 2015, Fidelis had 635 enrollees in its D-SNP. It is also an approved Medicare Advantage Institutional SNP (I-SNP) with 191 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 August 1, 2015, there were **17,738 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs** - a decrease of 153 since July. All Medicaid HMOs except Harbor Health Plan 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, 25.3 percent of the total. Molina Healthcare of Michigan has 17.6 percent of the total; UnitedHealthcare Community Plan has 16.2 percent; and the other nine plans share the remaining 40.9 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 **38,110 children enrolled in the MICHild program as of August 1, 2015**. The August enrollment total reflects a **decrease of 2,227** from the 40,337 children enrolled as of July 1, 2015. Of the total number of children enrolled, 797 enrollees are dually eligible for Children's Special Health Care Services (CSHCS) and MICHild, down from 886 as of July 1, 2015.

As the enrollment reports ([pdf](#)) ([xls](#)) for August show, enrollment is dispersed between 13 plans. The plans with the highest enrollment are Priority Health (with 16.2 percent of the total enrollees), Molina Healthcare of Michigan (with 15.2 percent), and HealthPlus of Michigan and McLaren Health Plan (each with 14.1 percent). Blue Cross Blue Shield of Michigan (BCBSM) had 6.8 percent of the enrollees as of August 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.

As previously reported in *The Michigan Update*, MDHHS has proposed that MICHild become part of Medicaid as of January 1, 2016. If the federal government approves of this change, there will no longer be separate MICHild contracts in 2016.

MICHild-enrolled children receive their dental care through contracted dental plans. Of the two available plans, 87 percent of the children were enrolled with Delta Dental Plan as of August 1, 2015. Delta Dental has a statewide service area. The remaining 13 percent of children were enrolled with Golden Dental Plan in a service area that includes eight counties.

For more 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 delivery system of health care for adults dually eligible for Medicare and Medicaid (duals). The demonstration, called MI Health Link, will last for three years (although the federal

government has indicated an extension may be possible) and operate 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. As of August 1, 2015, there were **35,102 enrollees** in these health plans, up from 28,171 in July. Also as of August 1st, more than 36,000 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.

Enrollment in the demonstration began in the Upper Peninsula and Southwest regions in February with first enrollments (all voluntary) effective on March 1, 2015. As of May 1st, eligible beneficiaries in these two regions who had not voluntarily enrolled were "passively" enrolled but with the ability to opt out (disenroll). 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. The vast majority of current enrollees in these two regions (more than 94 percent) have been passively enrolled.

There are five ICOs serving the Macomb and Wayne single county regions: Aetna Better Health, AmeriHealth Michigan, Fidelis SecureCares of Michigan, HAP Midwest Health Plan, and Molina Healthcare of Michigan. Current (August) enrollment numbers reflect the voluntary process and some of the initial passive enrollments; the passive enrollment process is going to be phased in over the summer. The table below provides enrollment information by region for each ICO.

MI Health Link Enrollment August 1, 2015	Upper Pen. Region	SW MI Region	Macomb Region	Wayne Region	Total
Aetna Better Health		3,625	529	1,737	5,891
AmeriHealth Michigan			787	2,685	3,472
Fidelis SecureCares of MI			865	2,610	3,475
HAP Midwest Health Plan			947	3,941	4,888
Meridian Health Plan of MI		5,562			5,562
Molina Healthcare of MI			1,312	6,301	7,613
Upper Peninsula Health Plan	4,201				4,201
Total	4,201	9,187	4,440	17,274	35,102

Molina Healthcare has the most enrollees, both voluntarily and passively enrolled, about 21.7 percent of the combined total. Upper Peninsula Health Plan and Meridian Health Plan have the most enrollees receiving care in nursing facilities, 466 and 453 enrollees respectively.

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

Retroactive Medicaid Coverage

On August 27, 2015, the Michigan Department of Health and Human Services (MDHHS) released an L-letter to All Providers ([L 15-48](#)) acknowledging some now corrected systems issues that occurred in 2014 and early 2015 which precluded certain Medicaid beneficiaries from receiving timely coverage. Affected beneficiaries have been notified to contact providers for refunds if they paid for covered services during these identified periods of retroactive eligibility and the L-letter includes sample copies of these notices. The L-letter also provides information about how providers may seek payment from the Medicaid program for these same services.

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

Common Drug Formulary

The Michigan Department of Health and Human Services (MDHHS) held a [Stakeholder Meeting](#) on August 11, 2015 to discuss the draft common drug formulary proposed for implementation across all Medicaid HMOs in the new Comprehensive Health Plan contract to be effective January 1, 2016. At the meeting MDHHS staff discussed the proposed timeline for implementation of the common formulary, clarified that it will not be applicable to Medicaid beneficiaries receiving care on a fee-for-service basis, and noted that HMOs will be permitted to utilize less restrictive drug formularies but not more restrictive formularies. A [draft common drug formulary](#) has been released for public review and comment on the MDHHS website, with comments due to MDHHS by September 8, 2015.

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

Aging Services Website

On August 24, 2015, the Michigan Department of Health and Human Services (MDHHS) launched a new [website](#) designed

to help older adults connect with needed services in their area more simply, without having to navigate through multiple government agencies and programs. The site was developed and will be managed by the Aging & Adult Services Agency (AASA) within MDHHS.

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

340B Drug Pricing Program Guidance

The Health Resources and Services Administration (HRSA) administers section 340B of the Public Health Service Act (PHSA), which is referred to as the "340B Drug Pricing Program" or the "340B Program." On August 28, 2015, HRSA released in the [Federal Register](#) proposed guidance for covered entities enrolled in the 340B Program and drug manufacturers that are required by section 340B of the PHSA to make their drugs available to covered entities under the 340B Program. When finalized after consideration of public comments solicited by this notice, the guidance is intended to assist 340B covered entities and drug manufacturers in complying with the statute. Comments on the proposed guidance are due to HRSA by October 27, 2015.

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

ACO Test Programs Save Millions

On August 25, 2015, the Centers for Medicare & Medicaid Services (CMS) [released](#) quality and financial performance results for 2014 showing that Medicare Accountable Care Organizations (ACOs) continue to improve the quality of care for Medicare beneficiaries while generating financial savings. CMS reported that the 20 ACOs in the Pioneer ACO Model and the 333 Medicare Shared Savings Program ACOs combined to generate more than \$411 million in total savings in 2014. Ninety-seven ACOs qualified for shared savings payments of more than \$422 million by meeting quality standards and their savings threshold.

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

Medicare Care Choices

The Centers for Medicare & Medicaid Services (CMS) recently [announced](#) awards for its new Medicare Care Choices Model,

which allows Medicare beneficiaries, including those dually eligible for Medicaid, to receive hospice care while also pursuing "curative" treatments. Awards for this five-year model have been given to 141 hospice programs across the country including several in Michigan.

CMS plans to evaluate whether providing hospice care concurrently with curative treatments can improve the quality of life and care received by Medicare beneficiaries, increase patient satisfaction, and reduce Medicare expenditures.

The Michigan hospice programs participating in the model include Great Lakes Caring in Jackson; Home and Hospice Advantage in Bay City; Hospice of Michigan programs in Big Rapids, Detroit, Gaylord, Grand Rapids, and Saginaw; Hospice of Northwest Ohio in Lambertville, Michigan; Sparrow Hospice Services in Lansing; and Spectrum Health Hospice and Palliative Care in Grand Rapids.

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

Autism Program Grants

On August 4, 2015, the Michigan Department of Health and Human Services (MDHHS) issued a Request for Proposals open to Michigan universities for expansion of Autism Spectrum Disorder (ASD) initiatives in the state. Grant funding will be awarded to a minimum of three universities and is intended to support the universities in their efforts to increase the number of therapists, diagnostic and treatment centers, employment placement programs, and ASD clinical trainings for primary care providers. Applicant universities are to provide a 25 percent match in support of the proposed initiatives. Applications were due to MDHHS by August 28, 2015.

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

Certificate of Need

On August 14, 2015, the Economic Alliance for Michigan released a study suggesting that maintaining the state's Certificate of Need (CON) program contributes to containing the rise in health care costs. The [study](#), *The Effects of New Hospital Facilities on Health Costs in Michigan*, supports the need to regulate the expansion of acute hospital beds in Michigan.

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

- A proposed policy (**1540-Pharmacy**) has been issued that would create a **Common Drug Formulary for use by Medicaid HMOs**. The formulary establishes minimum drug coverage requirements. The formulary posted for review is a draft; a final version of the formulary is to be posted prior to January 1, 2016. Comments are due to MDHHS by September 8, 2015.
- A proposed policy (**1536-CMH**) has been issued that would **revise the Clubhouse Psychosocial Rehabilitation Programs** section in the **Mental Health/Substance Abuse Chapter of the Medicaid Provider Manual**. Comments are due to MDHHS by September 9, 2015.
- A proposed policy (**1535-ACA**) has been issued that would implement **Fingerprint-Based Criminal Background Checks** for providers categorized as having a "high risk" for waste, fraud and abuse. Such providers include **Home Health Agencies and Durable Medical Equipment, Prosthetics, Orthotics and Supplies providers**. Comments are due to MDHHS by September 23, 2015.

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

- **L 15-49** was released on August 11, 2015 as a reminder to physicians, nursing facilities and others that **non-emergency ambulance transportation of a nursing facility resident** must be ordered by a physician, medically necessary, and provided only when no other means of transport is appropriate due to the resident's medical condition.
- **L 15-48** was released on August 27, 2015 to notify providers that due to **unanticipated systems issues**, some beneficiaries did not receive timely Medicaid coverage. (See **Retroactive Medicaid Coverage** article in this newsletter for additional information.)
- **L 15-53** was released on August 27, 2015 to clarify that the *Michigan HealthCare Referral Form*, created by the Michigan Association of Health Plans many years ago is not appropriate for use when requesting

prior authorization of services and equipment from the Medicaid program.

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

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