HEALTH MANAGEMENT ASSOCIATES

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The Michigan Update

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Medicaid Managed Care Enrollment Activity

As of August 1, 2017, there were **1,812,671 Medicaid beneficiaries, including 550,546 HMP beneficiaries,** enrolled in the 11 Medicaid Health Plans (HMOs). This is an overall **decrease of 7,628** since July. The number of HMP enrollees decreased by 2,806 and the number of non-HMP enrollees decreased by 4,822.

As the enrollment reports (pdf) (xls) for August 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 total enrollment as of August 1, 2017 were Meridian Health Plan of Michigan with 28.0 percent of the total, Molina Healthcare of Michigan with 20.1 percent, and UnitedHealthcare Community Plan with 14.3 percent. Both Blue Cross Complete of Michigan and McLaren Health Plan each had 11.0 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 August 1, 2017, there were **19,515 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs**, an increase of 154 since July. All Medicaid HMOs

Columbus, Ohio
Denver, Colorado
Harrisburg, Pennsylvania
Indianapolis, Indiana
Lansing, Michigan
New York, New York
Phoenix, Arizona
Portland, Oregon
Sacramento, California
San Antonio Texas
San Francisco, California
Seattle, Washington
Southern California
Tallahassee, Florida
Washington, DC

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have CSHCS/Medicaid enrollees, although the numbers vary across plans. Meridian Health Plan of Michigan has the most CSHCS/Medicaid beneficiaries enrolled (27.4 percent of the total); Molina Healthcare of Michigan has 25.0 percent of the total; and UnitedHealthcare Community Plan has 14.7 percent.

Aside from Michigan's Medicare/Medicaid financial alignment demonstration, MI Health Link, there were an additional **37,614 Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs** for their acute care Medicaid benefits in August 2017, an increase of 217 since July. All Medicaid HMOs have duals enrolled, although the numbers vary significantly across plans. As of August 1st, Molina Healthcare of Michigan had the most duals receiving Medicaid services from an HMO (26.9 percent of the total); Meridian Health Plan of Michigan had 26.1 percent of the total (but the most voluntary enrollees); and McLaren Health Plan had 15.0 percent of the total enrollees.

There were **34,541 MIChild beneficiaries enrolled in Medicaid HMOs** in August 2017, an increase of 23 since July. All Medicaid HMOs have MIChild beneficiaries enrolled, although the numbers vary dramatically across plans. As of August 1st, Meridian Health Plan of Michigan had the most MIChild enrollees (26.6 percent of the total); Molina Healthcare of Michigan had 18.0 percent of the total; UnitedHealthcare Community Plan had 13.1 percent; and McLaren Health Plan had 12.6 percent of the total enrollees.

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

Healthy Michigan Plan Enrollment

The number of Healthy Michigan Plan (HMP) enrollees remained relatively steady for the 20 months through August 2016, but has generally increased each month since. According to the Michigan Department of Health and Human Services website, HMP enrollment stood at **681,362 as of August 28, 2017, another end-of-month enrollment record.** 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. In fact, the end-of-month enrollment number for August 2017 is more than 67,000 higher than one year ago, at the end of August 2016.

It is notable that enrollment in "traditional" Medicaid categories is also increasing. As of June 2017, total non-HMP Medicaid enrollment had increased by more than 21,000 since June 2016.

For additional information, contact Eileen Ellis, Senior Fellow, 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, is approved to 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 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. This was an increase of almost 8,000 enrollees from the May 2016 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 enrollees has fluctuated, with increases in some months and decreases in others. **As of August 1, 2017, the MI Health Link enrollment was 38,291, an increase of 86 enrollees since July.**

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 August 1, 2017.

MI Health Link Enrollment	Upper Pen. Region	SW MI Region	Macomb Region	Wayne Region	Total
Aetna Better Health of MI		3,477	832	3,067	7,376
AmeriHealth Michigan			712	2,509	3,221
MI Complete			461	1,872	2,333

Health / Fidelis					
HAP Midwest Health Plan			980	3,837	4,817
Meridian Health Plan of MI		5,526			5,526
Molina Healthcare of MI			1,851	8,878	10,729
Upper Peninsula Health Plan	4,289				
Total	**4,289**	**9,003**	**4,836**	**20,163**	**38,291**

As of August 1, 2017, Molina Healthcare of Michigan had the most enrollees, both voluntarily and passively enrolled (28.0 percent of the combined total); Aetna Better Health of Michigan had 19.3 percent of the total; Meridian Health Plan of Michigan had 14.4 percent; and HAP Midwest Health Plan had 12.6 percent. At this point, about 94.6 percent of the MI Health Link enrollees are living in a community setting, and about 5.4 percent of the enrollees live in a nursing facility. Only 1.96 percent of the total enrollees are 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 August 1st (23.2 percent of the total enrollees residing in nursing facilities). Aetna Better Health of Michigan and Molina Healthcare of Michigan both had 17.9 percent of the total.

While the majority of MI Health Link enrollees are passively enrolled, 20.1 percent voluntarily joined the demonstration. The voluntary enrollment percentage has more than tripled since September 2015. MDHHS also reports that as of August 1, 2017, more than 51,000 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. As of August 1, 2017, these **three D-SNPs had a combined enrollment of 14,486 duals** for whom they provide Medicare services. About 74 percent of the duals enrolled in a D-SNP (10,738 individuals) are enrolled with Molina; 3,248 duals are enrolled with Meridian but, according to federal enrollment reports, some reside in northern Ohio; and 500 duals are enrolled with HAP. 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.

2017 Right Start

In early August 2017, the Michigan League for Public Policy and Kids Count in Michigan released a publication entitled *2017 Right Start: Annual Report on Maternal and Child Health*. This report notes that while Michigan has seen some improvement in overall infant health and a reduction in overall infant mortality, disparities in maternal and child health by race and ethnicity continue to exist.

The number of women younger than 20 giving birth has dropped from 9.9 percent of all births in 2010 to 6.3 percent in 2015. The proportion of low birthweight babies fell slightly between 2010 and 2015, from 8.5 percent to 8.4 percent; however, the prevalence of pre-term babies increased from 10.1 percent to 12.2 percent during this same period.

Although the statewide total of infants dying before their first birthday dropped from 7.3 per thousand births in 2010 to 6.8 per thousand births in 2015, there were significant racial and ethnic differences.

- For every thousand births of White babies, there were 5 infants who died during their first year of life in 2015, down from 5.4 per thousand in 2010.
- The mortality rate for Hispanic infants increased significantly between 2010 and 2015, from 8.2 per thousand births to 9.4 per thousand.
- For Asian/Pacific Islander populations, which have had the lowest prevalence of infant deaths, the proportion rose to 4 per thousand births in 2015 from 3.5 per thousand in 2010.
- The share of American Indian babies dying in their first year did not change between 2010 and 2015, and was 9.8 per thousand births.
- Children born to Middle Eastern mothers saw an infant mortality drop, from 6.7 per thousand births in 2010 to 5.8 per thousand in 2015.
- Among Black infants, the share of deaths before age one dropped between 2010 and 2015, from 14.7 per thousand births to 13.4 per thousand, but this is still the highest prevalence across all races and ethnicities measured.

The number of unmarried women giving birth rose from 41.3 percent to 42.7 percent between 2010 and 2015; and during this same period, the number of mothers who received late or no prenatal care also rose from 4.8 percent to 5.3 percent. The percent of mothers who smoked during pregnancy also increased between 2010 and 2015, from 18 percent to 18.4 percent.

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Michigan Budget Challenges Ahead

Earlier this month, the Citizens Research Council of Michigan (CRC) released a report on budget issues that will be faced in a few years by the Michigan Governor and legislature. In the report, entitled *Challenges Ahead in Balancing the State Budget*, CRC estimates that in four years (fiscal year 2021-2022), Michigan could see between $2 billion and $5 billion in revenues diverted from the General Fund budget. These amounts are equal to 20 to 45 percent of the current General Fund budget.

CRC believes that State General Fund revenues will be impacted by the following:

- Michigan Business Tax Credits
- Diversion of General Fund Revenues to the Michigan Transportation Fund
- End of the Medicaid Managed Care Use Tax
- Scheduled sunset of the Health Insurance Claims Assessment
- Phase-out of Personal Property Tax

These items have an annual value of about $2 billion.

At the same time, there will be new spending pressures. One is the potential need to increase funding for behavioral health services and for hospitalization for inmates if the Healthy Michigan Plan (HMP) is ended. Even if there is no federal action on Medicaid expansion, Michigan's enabling legislation requires that HMP end if the non-federal share of HMP costs exceeds the savings being accrued in other parts of state government. Another spending pressure is the cost of funding for pensions, particularly the Michigan Public School Employees Retirement System.

For additional information, contact Eileen Ellis, Senior Fellow, at (517) 482-9236.

Meridian Health Leadership Change

On August 14, 2017, Meridian Health, the parent corporation that includes Meridian Health Plan of Michigan and plans in other states, announced the promotion of Jon Cotton to corporate president, a position he is assuming from his father, Dr. David Cotton, the health plan's founder. Jon Cotton was formerly president of the Michigan plan. That position will now be held by Sean Kendall, who has been with Meridian for almost a decade, most recently as the corporate senior vice president of business development.

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 and four proposed policies that merit mention. The final policy was released simultaneously for public comment. They are available for review on the department's website.

- **MSA 17-28** notifies **Nursing Facilities, County Medical Care Facilities, and Hospital Long Term Care Units of a new Quality Measure Initiative that will provide a supplemental incentive payment based on quality measure ratings** on the federal Nursing Home Compare site. This payment will also factor in Medicaid utilization, a resident satisfaction survey, and the number of licensed nursing facility beds. Implementation of the policy is **contingent upon federal approval** of a State Plan Amendment, and the policy was **simultaneously released for public comment (1716-NF)**, with comments due to MDHHS by October 5, 2017.
- A proposed policy (**1720-HH**) has been issued that would **continue Home Help provider rates published on January 1, 2017 until further notice.** Comments are due to MDHHS by September 21, 2017.
- A proposed policy (**1710-EPSDT**) has been issued that would **update the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Chapter in the Medicaid Provider Manual** to reflect **new preventive pediatric health care guidelines** and a **new periodicity schedule** released by the American Academy of Pediatrics. Comments are due to MDHHS by September 26, 2017.
- A proposed policy (**1711-PACE**) has been issued that would outline **new guidelines** regarding **Programs of All-Inclusive Care for the Elderly (PACE)**. The proposed policy addresses organization application criteria, Alternative Care Settings, and inclusion of for-profit PACE organizations. Comments are due to MDHHS by September 26, 2017.

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

- **L 17-27** was released on August 8, 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 **related to the state's Healthy Michigan Plan (HMP).** MDHHS is proposing to revise the current MI Health Account and Healthy Behavior Incentives Program operational protocols and to implement a new Healthy Michigan Plan Marketplace Option operational protocol. All three protocols are available for review on the MDHHS HMP website.

- **L 17-31** was released on August 10, 2017 as a **reminder to Medicaid-enrolled ambulance providers** that a **physician's written order** is required to schedule medically necessary **non-emergency medical transportation for beneficiaries receiving care on a fee-for-service basis**. The letter **also reinforces Medicaid HMO payment responsibility for emergency ambulance transportation**.
- **L 17-36** was released on August 16, 2017 as a notice to Tribal Chairs and Health Directors of the department's **intent to request an extension of the Healthy Michigan Plan Section 1115 Demonstration Waiver.** The letter also notes the department's intent to make the waiver renewal request available for public comment during the early fall of 2017.
- **L 17-37** was released on August 16, 2017 as a notice to Tribal Chairs and Health Directors of the department's **intent to submit a State Plan Amendment** to implement an **Alternative Benefit Plan for the Healthy Michigan Plan Marketplace Option**.
- **L 17-39** was released on August 23, 2017 as a notice to Tribal Chairs and Health Directors of the department's **intent to submit a State Plan Amendment** to update the Medicaid State Plan to include information describing the **methodology for establishing payment rates associated with obstetrical and neonatal services**.
- **L 17-38** was released on August 28, 2017 as a notice to Tribal Chairs and Health Directors of the department's **intent to submit a State Plan Amendment and Alternative Benefit Plan Amendment to remove the 20-visit limit for mild to moderate behavioral health services**.

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

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