

The Michigan Update

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Happy Holidays from
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Medicaid Managed Care Enrollment Activity

As of December 1, 2011, there were **1,224,888 Medicaid beneficiaries enrolled** in 14 Medicaid Health Plans (HMOs), an **increase of 7,204** since November 1, 2011. The number of Medicaid beneficiaries eligible for managed care enrollment also increased in December - there were 1,288,283 eligible beneficiaries, up from 1,277,237 in November. There was also a substantial increase in the number of Medicare beneficiaries enrolled in Medicaid HMOs (from 2,487 in November to 11,647 in December). See more about this in the Duals in Medicaid Health Plans article in last month's edition of *The Michigan Update*.

As the enrollment reports ([.pdf](#)) ([.xls](#)) for December reflect, every county in the state is served by at least one Medicaid Health Plan. Auto-assignment of beneficiaries into Medicaid Health Plans is now in place in every county of the state. Fee-for-service care is an option in only one county - Barry - which is also the only remaining "Preferred Option" county. Beneficiaries in Barry County who do not specifically choose the fee-for-service option are auto-assigned to a contracted health plan but may return to fee-for-service at any time. Beneficiaries in all 15 counties in the Upper Peninsula are auto-assigned through federal "Rural Exception" authority to the one health plan serving the counties.

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MICHild

Data was not available in time to report MICHild enrollment as of November 1, 2011 in last month's edition of *The Michigan Update*, so we are reporting information for both November and December in this month's newsletter. According to MAXIMUS, the DCH contractor for MICHild enrollment, there were **37,560 children enrolled in the MICHild program as of November 1, 2011**, a decrease of 75 since October 1, 2011; and **37,606 children were enrolled as of December 1, 2011**, an increase of 46 since November 1, 2011.

As the enrollment reports ([November .pdf](#)) ([December .pdf](#)) ([December .xls](#)) for November and December show, enrollment is dispersed between ten plans, with about 78 percent of the children enrolled with Blue Cross Blue Shield of Michigan (BCBSM) each month. MICHild-enrolled children receive their dental care through contracted dental plans. Of the three available plans, more than 95 percent of the children are enrolled with either BCBSM or Delta Dental Plan.

Please note that, beginning with the December data, we are now able to provide more plan and county-specific detail in the enrollment reports. The MICHild reports will be formatted in the same manner as the Medicaid managed care enrollment reports and will also be provided in Excel format.

MAXIMUS has provided some demographic data about the MICHild population with the December 2011 report. About 0.2 percent of the enrollees are under the age of 1; approximately 20 percent of the enrollees are between the ages of 1 and 4; just over 58 percent of the enrollees are age 5 through 14; and about 21.5 percent of the enrollees are age 15 through 18. Just over 75 percent of the enrollees have identified themselves as White/Caucasian; approximately 9 percent of the enrollees are identified as Black or African American; about 4 percent are identified as Hispanic; just over 2 percent are identified as Mutually Defined or Multi-racial or as "Other" and just under 2 percent are identified as Asian. Excluding about 4 percent with an Unknown ethnicity identified, the other ethnic groupings each represent less than 1 percent of the population.

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

Adult Benefits Waiver (ABW)

As of the middle of December 2011, DCH reports there were **49,041 ABW beneficiaries enrolled** in the program, **a decrease of 1,841** since the middle of November. As this decrease is much smaller than between October and November, it is likely that most of the annual "redeterminations" for individuals enrolled during the October through November 2010 open enrollment period have now been completed. Enrollment in the program one year ago this month, just after the open enrollment period ended, stood at 91,160.

There are 28 County Health Plans (CHPs) serving ABW beneficiaries in 73 of Michigan's 83 counties. As of December 1, 2011, the combined ABW **enrollment in the 28 CHPs was 44,445, a decrease of 988** since November. The enrollment level one year ago this month stood at **63,648**.

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

Integrated Care for Dual Eligibles

In previous editions of *The Michigan Update* (most recently in October) we have reported on DCH's activities related to establishing an integrated system of care for Medicaid beneficiaries dually eligible for Medicare (duals). DCH has been gathering input from stakeholders over the past few months through forums and interviews. A Request for Input was released that solicited comments. Work groups were established and meetings held to address specific issues. A report of the recommendations of the four stakeholder workgroups is scheduled for late January. The results of these activities as well as planned next steps are available for review at <https://janus.pscinc.com/dualeligibles>. DCH proposes to begin implementation of an integrated system in January 2013, with a phased approach likely.

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

Health Insurance Exchange

On November 29, 2011, the US Department of Health and Human Services (HHS) awarded nearly \$220 million in Affordable Health Insurance Exchange grants to 13 states to help them create Exchanges. Giving these states more

flexibility and resources to implement the Affordable Care Act (ACA - the federal health care reform law). States receiving funding include Alabama, Arizona, Delaware, Hawaii, Idaho, Iowa, Maine, **Michigan**, Nebraska, New Mexico, Rhode Island, Tennessee and Vermont.

Of the 13 states awarded grants, 12 are receiving Level One grants, which provide one year of funding to states that have already made progress using their Exchange planning grant. The 13th state, Rhode Island, is receiving the first Level Two grant. Michigan received a \$9.8 million grant.

Michigan law requires that the federal grant money must be appropriated by the Legislature before it can be spent. Authorization to receive and spend these funds was added to a proposed Fiscal Year 2011-2012 supplemental appropriation bill (House Bill 5014). This action was supported by the administration and approved by the Michigan Senate. However the Michigan House of Representatives removed the dollars and language that would authorize spending these federal funds from the bill prior to its passage, noting they do not support the concept of Health Insurance Exchanges.

Michigan Department of Licensing and Regulatory Affairs (LARA) Director Steven Hilfinger has since stated that he is exploring other legal channels to get authorization to spend the funding. He did not specify what channels could be utilized. If sufficient federal authorization existed in the current LARA appropriation the funds could likely be spent. LARA could also explore requesting federal contingency authorization or requesting approval of the shifting of current federal authorization in another line to an Exchange line in a requested transfer package. A transfer package would still need majority support in both the House and Senate Appropriations Committees but would not require the support of the full House and Senate bodies. No legislative action is possible on this matter until January as both houses have recessed for the holidays. Additional information about how states are developing their Exchanges is available on the federal Healthcare.gov [web site](#).

In related news, Michigan Insurance Commissioner Kevin Clinton received a response from HHS on December 19, 2011 to his July request for a waiver from immediate implementation of Medical Loss Ratio (MLR) requirements established in ACA. He had asked that Michigan-based insurers be held to a 65 percent MLR in 2011, 70 percent in 2012, 75 percent in 2013 and 80 percent in 2014. Under the ACA insurers would be held to an 80 percent MLR

beginning in 2012. Michigan was one of 13 states making similar requests. Michigan's request was one of seven that were denied.

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

BCBSM's Health Plan Purchase Requires Concession

In the August 2011 edition of *The Michigan Update*, we reported that Blue Cross and Blue Shield of Michigan (BCBSM) was partnering with Philadelphia-based Independence Blue Cross to purchase AmeriHealth Mercy, an organization with Medicaid managed care contracts in several states including Pennsylvania, Indiana and South Carolina. On December 1, 2011, the two insurers announced they had finalized the purchase agreement. Approval of the deal however required a concession to Michigan Attorney General Bill Schuette. In exchange for his approval, BCBSM agreed to freeze Medigap coverage premiums - for services not paid for by Medicare - until July 31, 2016.

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School-Based Health Center Awards

On December 8, 2011, HHS Secretary Kathleen Sebelius awarded more than \$14 million to 45 school-based health centers across the country, including two in Michigan, allowing the number of children served to increase by nearly 50 percent. St. John Health System in Warren received \$132,576 and Thunder Bay Community Health Services in Hillman received \$50,000. For more information about these awards, visit the HHS web site at www.hhs.gov/news/press/2011pres/12/20111208a.html.

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

Pioneer ACOs in Michigan

On December 19, 2011, HHS Secretary Sebelius announced the names of 32 health care organizations from across the country that will participate in a new Pioneer Accountable Care Organization (ACO) initiative made possible by the ACA. According to Secretary Sebelius, the Pioneer ACO initiative will encourage primary care doctors.

specialists, hospitals and other caregivers to provide better, more coordinated care for people with Medicare and could save up to \$1.1 billion over five years. Three of the organizations are in Michigan.

The three winning organizations in Michigan include:

- **Genesys PHO** (Physician Hospital Organization), a collaboration between Genesys Health System and several hundred primary care and specialty physicians delivering care in Genesee, Lapeer, Shiawassee, Tuscola and northern Oakland counties;
- **Michigan Pioneer ACO**, a partnership of the Detroit Medical Center and its physicians, which will be managed by the DMC PHO, delivering care in the tri-county Detroit metropolitan area including Wayne, Oakland and Macomb counties; and
- **University of Michigan Health System**, a partnership between U of M and IHA Health Services Corporation, an Ann Arbor-based healthcare provider group, and including U of M's Faculty Group Practice, delivering care in southeastern Michigan.

For more information about this initiative, visit the HHS Center for Medicare & Medicaid Innovation web site at <http://innovations.cms.gov/initiatives/aco/pioneer>.

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

CHAMPS System Outage

DCH released an L-letter (L 11-38) in December that will be of interest to all providers and health plans. The letter reminds providers that HIPAA 5010/NCPDP D.0 standards will be adopted for all electronic healthcare transactions on January 1, 2012. The letter also informs providers that due to this implementation the Community Health Automated Medicaid Processing System (CHAMPS) will be experiencing a complete system outage beginning at 7:00 p.m. on December 29, 2011 and until January 3, 2012. Please review the letter for details. It is available on DCH's web site at www.michigan.gov/mdch/0,1607,7-132-2945_5100-87513--,00.html.

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

Medicaid Policies

DCH has issued six final policies and three proposed policies that merit mention. The policies are available for review on DCH's web site at

www.michigan.gov/mdch/0,1607,7-132-2945_5100-87513--,00.html.

- **MSA 11-47** notifies **All Providers** of **updates to the Medicaid Provider Manual** effective **January 1, 2012**.
- **MSA 11-48** advises **Bridges Eligibility Manual Holders** that **community spouse allowance and equity limits** on homestead property will change as of January 1, 2012.
- **MSA 11-49** notifies **Vision Providers** of policy changes in the **coverage of polycarbonate lenses** and **clarifies vision coverage for adults**.
- **MSA 11-50** notifies **Practitioners** of a modified **reimbursement** methodology for **specific injectable drugs**.
- **MSA 11-51** advises **Hospitals and Medicaid Health Plans** of a **reduction** in reimbursement for **Graduate Medical Education**, pending approval from the Centers for Medicare & Medicaid Services.
- **MSA 11-52** informs **Hospitals and Medicaid Health Plans** that effective January 1, 2012, claims for inpatient hospital admissions using the Diagnosis Related Group (DRG) methodology will be processed using Medicare **DRG Grouper Version 29.0** but with Medicaid specific pricing variables.
- A proposed policy (**1139-RF**) has been issued that would revise the **OPPS and ASC statewide budget-neutrality reduction factor** applied to payments through the Outpatient Prospective Payment System and for Ambulatory Surgical Center services. Comments are due to DCH by January 1, 2012. Subsequent to the issuance of this proposed policy, it was learned that the **final policy will not reduce the factor from 56.4 percent to 54.8 percent** as proposed; the **factor will be 55.3 percent**.
- A proposed policy (**1141-NF**) has been issued that would assure consistency in the **reporting of Medicare coverage on Medicaid claims** submitted **by Nursing Facilities**. Comments are due to DCH by January 17, 2012.
- A proposed policy (**1143-Eligibility**) has been issued that would allow women with a Medicaid deductible to qualify for the **Plan First!** program during the portion of a month before their

deductible requirement has been met. Comments are due to DCH by January 19, 2012.

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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.