Happy New Year!

Medicaid Managed Care Enrollment Activity

As of December 1, 2013, there were 1,244,405 Medicaid beneficiaries enrolled in 13 Medicaid Health Plans (HMOs), an increase of 3,186 since November. The number of Medicaid beneficiaries eligible for managed care enrollment decreased in December - there were 1,290,908 eligible beneficiaries, down from 1,291,852 in November.

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 now in place in every county of the state 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.

Please note that one of the Medicaid Health Plans has a new name. Priority Health Government Programs is now called Priority Health Choice, Inc.

For more information, contact Esther Reagan, Senior Consultant, at (517) 482-9236.
Duals in Medicaid HMOs

The number of Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs to receive their Medicaid benefits continues to grow - there were **43,884 duals enrolled** in a Medicaid HMO in December, up from 43,014 in November, an increase of 870. 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 their Medicaid services from an HMO, 28.2 percent of the total; UnitedHealthcare Community Plan has 24.0 percent of the total; Meridian Health Plan of Michigan has 17.8 percent of the total (but the most voluntary enrollees); and the other 10 plans share the remaining 30.0 percent.

Eight of the 13 Medicaid HMOs in Michigan (or their parent organizations) are also federally contracted as Medicare Advantage D-SNPs to provide Medicare benefits for duals in Michigan: HealthPlus Partners, McLaren Health Plan, Meridian Health Plan of Michigan, Midwest Health Plan, Molina Healthcare of Michigan, Total Health Care, UnitedHealthcare Community Plan and Upper Peninsula Health Plan. As of December 1, 2013 these eight D-SNPs have a combined enrollment of 18,716 duals for whom they provide Medicare services; 54.6 percent of the duals that are enrolled in a D-SNP are enrolled in the Molina plan, almost 29.4 percent are enrolled in the UnitedHealthcare plan and the remaining 16 percent are spread across the other six 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, Inc., which does not hold a Medicaid contract but has been approved by the state as a potential Integrated Care Organization (ICO) in the state's
Fidelis has 812 enrollees in its D-SNP and is also an approved institutional SNP (I-SNP) with 388 enrollees. (See a related article in this newsletter about Fidelis and Centene Corporation.) For more information, contact Esther Reagan, Senior Consultant, at (517) 482-9236.

CSHCS Children in Medicaid HMOs

The Michigan Department of Community Health (DCH) changed its policy in October 2012 to require 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. The enrollment process was phased in through February 2013 and as of December 1, 2013, there were 18,145 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs; this is an increase of 259 since November. All Medicaid HMOs except Pro Care 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, 26.6 percent of the total. Molina Healthcare of Michigan has 17.0 percent of the total; UnitedHealthcare Community Plan has 15.4 percent; McLaren Health Plan has 9.7 percent; and the other eight plans share the remaining 31.3 percent.

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

MIChild

According to MAXIMUS, the Michigan Department of Community Health (DCH) contractor for MIChild enrollment, there were 37,444 children enrolled in the MIChild program as of December 1, 2013. This is a decrease of 259 since November 1, 2013. Of this total, 803 enrollees are dually eligible for Children's Special Health Care Services (CSHCS) and MIChild. The decision by Blue Cross Blue Shield of Michigan (BCBSM) to transition out of the MIChild program continues to be reflected in the enrollment numbers. See the June and July 2013 editions of The Michigan Update for more information. There are also two informative L-letters released by DCH in July (L 13-36 and L 13-37), both of
which are available at the link identified in the "Medicaid Policies" article in this newsletter.

As the enrollment reports (.pdf) (.xls) for December show, enrollment is dispersed between 12 plans. Beginning this month there is an additional plan option available in several counties; PHP Family Care is now accepting MIChild enrollees. A little more than 17 percent of the children are still enrolled with BCBSM. This is down from about 75 percent just a few months ago. Children residing in counties where there are at least two health plans available were given the choice to enroll with one of those plans; children in counties where BCBSM has been the only available health plan choice will remain enrolled with that plan until other plans expand their service areas to these counties.

MIChild-enrolled children receive their dental care through contracted dental plans. Of the two available plans, 96.1 percent of the children are enrolled with Delta Dental Plan, which has a statewide service area. The remaining 3.9 percent of children are enrolled with Golden Dental Plan in a service area that includes eight counties. BCBSM was a statewide dental health plan as well through September but has terminated in full its participation in the dental program.

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

Adult Benefits Waiver (ABW)

As of the middle of December 2013, the Michigan Department of Community Health (DCH) reports there were 64,849 ABW beneficiaries enrolled in the program, a decrease of 2,003 since the middle of November and a decrease of about 15,000 since enrollment peaked in June 2013 following the most recent open enrollment period. There are 28 County Health Plans (CHPs) serving ABW beneficiaries in 73 of Michigan's 83 counties. As of December 1, 2013, the combined ABW enrollment in the 28 CHPs was 58,843, a decrease of 1,366 since November.

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

Healthy Michigan Plan
Both chambers of the Michigan Legislature adjourned for the year in mid-December, thus starting the 90-day clock for implementation of the Healthy Michigan Plan, an expansion of Medicaid coverage for as many as 470,000 low-income individuals in the state. As we have noted in previous editions of The Michigan Update, the state statute authorizing the Plan was not given immediate effect, delaying implementation from January 2014 to approximately April 1, 2014, pending approval by the federal government. The Michigan Department of Community Health (DCH) has submitted the first of two waiver requests to the federal Centers for Medicare and Medicaid Services (CMS) necessary to implement the Plan and is working with CMS staff to secure a timely approval. Information regarding the waiver application is available on the DCH website.

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 last month) we have written about Michigan’s plan to implement an integrated delivery system of health care for persons dually eligible for Medicare and Medicaid (duals) beginning in July 1, 2014. The state is currently finalizing a Memorandum of Understanding (MOU) with CMS, working with CMS to develop the Medicare and Medicaid capitation rates for the ICOs and PIHPs, and preparing necessary waiver documents in order to implement the demonstration.

The Michigan Department of Community Health (DCH) has held two quarterly forums around the state (on June 25 in Detroit and on October 23, 2013 in Marquette) as part of an ongoing stakeholder engagement process. On December 19, 2013, DCH announced the date and location for a **third forum - January 28, 2014** in downtown Kalamazoo. The forum will be held at the Radisson Plaza Hotel and Suites in the Arcadia Ballroom from 10 a.m. to noon and a conference line will be provided for interested stakeholders to participate by phone. The announcement provides directions to the hotel and call-in information.

For more information, contact Eileen Ellis, Managing Principal, at (517) 482-9236.
Centene Corporation to Acquire Fidelis

In a press release issued December 18, 2013, Centene Corporation, a national multi-faceted health care organization, announced that it had signed a definitive agreement to purchase a majority stake in Fidelis SecureCare of Michigan, Inc. Fidelis was recently approved by the state as a potential Integrated Care Organization (ICO) to provide health care services to individuals dually eligible for Medicare and Medicaid in Macomb and Wayne Counties beginning in late 2014. The transaction is expected to close in late 2014 as well, subject to certain closing conditions and regulatory approvals.

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

Access to Mental Health Care in Michigan

On December 3, 2013, the Center for Healthcare Research and Transformation (CHRT) at the University of Michigan released a research brief entitled Access to Mental Health Care in Michigan. A key finding in the brief was that while one in four citizens in Michigan reported being diagnosed with depression and/or anxiety, they have found it difficult to access mental health services. The brief notes that the expanded coverage of mental health services under the Affordable Care Act (ACA - the federal healthcare reform law) will not reach those in need unless the state increases its capacity to provide services.

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

State Innovation Model

The Centers for Medicare and Medicaid Innovation (CMMI) within the federal Centers for Medicare and Medicaid Services (CMS) created the State Innovation Models (SIM) initiative for states committed to planning, designing, testing, and supporting evaluation of new payment and service delivery models and advancing the aim of larger health system transformation. A total of 16 states including Michigan received Model Design funding to produce a State Healthcare Innovation Plan (SHIP) and will use the SHIP to apply for Model Testing awards. It is anticipated that CMS will release the Model Testing Funding Opportunity Announcement in late January 2014.
Michigan's SHIP was developed with input from a broad array of stakeholders including an Advisory Committee that included payers, state agencies, consumers, and community-based organizations. The final SIM Advisory Committee meeting related to development of the SHIP was held on December 17, 2013 and Michigan's SHIP will be submitted to CMS/CMMI at the end of December. The proposed health system model includes the following elements: Patient Centered Medical Home; Accountable Systems of Care; Community Health Innovation Regions (CHIR); new Payment Systems that pay for value; and Health Information and Process Improvement Infrastructure.

More information on the Michigan's SHIP may be found at https://public.mphi.org/sites/sim/Pages/default.aspx.

For more information, contact Sue Moran, Principal, at (517) 482-9236.

2013 Kids Count in Michigan

On December 17, 2013, the Michigan League for Public Policy released the 2013 Kids Count in Michigan report. The report includes county-level statistics related to the economic security of children, health and wellness, family and community issues, and educational proficiency. It notes that more children in Michigan are growing up in families struggling to make ends meet and more are suffering from abuse and neglect. The report also offers recommendations for a brighter future for those children.

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

Meaningful Use Delayed

The Centers for Medicare and Medicaid Services (CMS) and the Office of the National Coordinator for Health Information Technology (ONC) announced on December 6, 2013 a proposal to modify Stage 2 and Stage 3 timelines for Eligible Professionals and Eligible Hospitals to qualify for the incentive payment program for Meaningful Use (MU) of Electronic Health Records (EHRs). As proposed, Stage 2 requirements would be continued through 2016, with Stage 3 requirements beginning in 2017 for providers that have completed at least two years of Stage 2.
Community Health Centers Receive Grants

On December 12, 2013, US Health and Human Services Secretary Kathleen announced that 31 Michigan community health centers will share $2 million to expand their outreach and enrollment programs geared toward helping uninsured individuals enroll for health care coverage through the health insurance marketplace (exchange). The $2 million in grants to Michigan centers is part of a total $58 million in grants to 1,157 health centers nationwide.

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

123 New Accountable Care Organizations

On December 23, 2013, US Health and Human Services Secretary Kathleen Sebelius announced approval of 123 new Accountable Care Organizations (ACOs) in the United States, 10 of which will serve Medicare beneficiaries in Michigan. ACOs are formed by physicians, hospitals and other health care providers to provide high quality coordinated care for their patients. The ACOs must meet quality standards to ensure cost savings are achieved and their performance is evaluated using 33 quality measures on patient and caregiver experience of care, care coordination and patient safety, appropriate use of preventive health services, and improved care for at-risk populations. The new ACOs include a diverse cross-section of health care providers across the country, with many delivering care in underserved areas. About 20 percent of the new ACOs include community health centers, rural health clinics, and critical access hospitals serving low-income and rural communities.

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

Protecting Kids from Tobacco

On December 9, 2013, the Campaign for Tobacco-Free Kids, partnered with the American Health Association, American Cancer Society Cancer Action Network, American
Lung Association, Robert Wood Johnson Foundation and Americans for Nonsmokers' Rights issued the group's annual report on state funding of tobacco prevention programs. The latest report, marking 15 years since the 1998 state tobacco settlement, ranked Michigan 44th in the nation in funding programs to prevent children from smoking and to help smokers quit. According to the report, Michigan spends $1.5 million a year on tobacco prevention and cessation programs, which is only 1.2 percent of the amount recommended by the Centers for Disease Control and Prevention (CDC); this is also only 0.1 percent of the $1.2 billion in revenue Michigan will collect from the settlement and tobacco taxes for the year. Only Alaska and North Dakota fund tobacco prevention programs at the CDC-recommended level.

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

DCH Audit

On December 18, 2013, the Michigan Auditor General released the results of a Performance Audit of Medicaid Practitioner Fee-for-Service Reimbursement in the Michigan Department of Community Health (DCH). In general, the audit "concluded that DCH's efforts to ensure proper payment of Medicaid practitioner fee-for-service claims as defined by selected DCH policies were effective." There were a few deficiencies reported, none of which were identified as material weaknesses, that resulted in overpayments of almost $1.46 million over a three-year period out of almost $399 million paid. DCH agreed with all findings.

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

Medicaid Policies

The Michigan Department of Community Health (DCH) has issued five final policies and two proposed policies that merit mention. One of the final policies was released simultaneously for public comment. The policies are available for review on DCH's website.

- MSA 13-49 advises Hospitals, Ambulatory Surgical Centers, Medicaid Health Plans and others of updates to the Outpatient Prospective
Payment System (OPPS) and the Ambulatory Surgical Center (ASC) Reduction Factor to maintain statewide budget neutrality in line with final Medicare rules published in the Federal Register on December 10, 2013. This policy was released simultaneously for public comment (1349-OPPS) with comments due to DCH by January 1, 2014.

- **MSA 13-50** informs Hospitals that the Rural Access Pool will be continued in fiscal year 2013-2014 and subsequent years for hospitals providing Medicaid services to low-income rural residents. The bulletin provides eligibility criteria.
- **MSA 13-51** notifies Dentists and Dental Clinics of revisions to coverage policy for orthodontic treatment under the Children's Special Health Care Services (CSHCS) program.
- **MSA 13-52** informs Fee-For-Service Hospice Providers that failure to submit required quality data in compliance with the Hospice Quality Reporting Program will result in reduced reimbursement rates.
- **MSA 13-54** notifies All Providers of Healthcare Common Procedure Coding System (HCPCS) changes being implemented.
- A proposed policy (**1350-Eligibility**) has been issued that would extend use of the Modified Adjusted Gross Income (MAGI) methodology to individuals applying for health care coverage through the Healthy Michigan Plan. Implementation is subject to Section 1115 Waiver approval by the federal government. Comments are due to DCH by January 20, 2014.
- A proposed policy (**1353-HMP**) has been issued to describe the benefit design and delivery system for the Healthy Michigan Plan. Implementation is subject to Section 1115 Waiver approval by the federal government. Comments are due to DCH by January 20, 2014.

DCH has also released four L-letters of potential interest, which are available for review on the same web site.

- **L 13-66** was issued on December 11, 2013 to advise Tribal Chairs and Health Directors of DCH's plans to submit a State Plan Amendment associated with the policy addressed above in 1349-OPPS.
- **L 13-67** was issued in mid-December as a follow-up to L 13-55 issued on October 23, 2013 and relates to the temporary primary care rate increase for specific services furnished by qualified
primary care providers. The new letter advises that **initial payments have been sent to Medicaid HMOs** and that **providers can soon expect to receive the increased payments** for services rendered. The letter goes on to indicate that **problems have been identified with encounter data** on file. These problems are expected to be resolved before the next round of payment adjustments occurs in February 2014.

- **L 13-68** was issued in mid-December to advise that DCH is implementing a **new Presumptive Eligibility Program for Hospitals** beginning in January 2014. Interested and qualified hospitals will make presumptive eligibility determinations for children, pregnant women and the Maternity Outpatient Medical Services program. Later in the year, the program is expected to be expanded to parents, caretaker relatives and newly eligible adults with incomes up to 138 percent of the federal poverty level.

- **L 13-69** was issued on December 20, 2013 to advise Tribal Chairs and Health Directors of DCH’s plans to submit a State Plan Amendment associated with implementing a **Medicaid Health Homes initiative in three regions of the state for individuals with serious and persistent mental health conditions**. Community mental health services providers would be designated as health homes and serve as the central point for directing patient-centered care.

For more 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.