

The Michigan Update

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*Happy Holidays
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Medicaid Managed Care Enrollment Activity

As of December 1, 2016, there were **1,740,877 Medicaid beneficiaries, including 505,770 HMP beneficiaries**, enrolled in the 11 Medicaid Health Plans (HMOs). This is an overall **increase of 3,525** since November. However, while the number of non-HMP enrollees increased by 4,061, the number of HMP enrollees decreased by 536.

As the enrollment reports ([pdf](#)) ([xls](#)) for December 2016 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 December 1, 2016 were Meridian Health Plan of Michigan with 28.2 percent of the total, Molina Healthcare of Michigan with 21.1 percent, UnitedHealthcare Community Plan with 14.7

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percent, and McLaren Health Plan with 10.7 percent of the total.

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 December 1, 2016, there were **18,044 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs**, a decrease of 57 since November. All Medicaid HMOs have CSHCS/Medicaid enrollees, although the numbers vary across plans. Meridian Health Plan of Michigan has the most CSHCS/Medicaid beneficiaries enrolled (26.7 percent of the total); Molina Healthcare of Michigan has 25.8 percent of the total; UnitedHealthcare Community Plan has 15.5 percent; and McLaren Health Plan has 9.9 percent of the total enrollees.

Aside from Michigan's Medicare/Medicaid financial alignment demonstration, MI Health Link, there were an additional **34,761 Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs** to receive acute care Medicaid benefits in December 2016, an increase of 440 since November. All Medicaid HMOs have duals enrolled, although the numbers vary significantly across plans. Molina Healthcare of Michigan has the most duals receiving Medicaid services from an HMO (28.8 percent of the total); Meridian Health Plan of Michigan has 25.0 percent of the total (but the most voluntary enrollees); and McLaren Health Plan has 15.4 percent of the total enrollees.

There were **37,111 MICHild beneficiaries enrolled in Medicaid HMOs** in December 2016, a decrease of 475 since November. All Medicaid HMOs have MICHild beneficiaries enrolled, although the numbers vary dramatically across plans. Meridian Health Plan of Michigan has the most MICHild enrollees (25.7 percent of the total); Molina Healthcare of Michigan has 19.2 percent of the total; McLaren Health Plan has 13.3 percent; and UnitedHealthcare Community Plan has 12.9 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

Healthy Michigan Plan (HMP) enrollment levels remained relatively steady for the 20 months ending on August 31, 2016, but they have begun to increase slightly each month since. According to the Michigan Department of Health and Human Services (MDHHS) [website](#), HMP enrollment stood at **635,374 as of December 19, 2016**. This is the highest

enrollment total for the HMP ever reported, and it will very likely be surpassed since there is still more than a week remaining in the month. Although the HMP caseload drops at the beginning of each month as a result of an annual eligibility redetermination requirement, it generally rebounds by the end of the month. Since August, the declines at the start of each month have been much smaller than in the past; and although growth during each month has been similar to prior trends, the result is a current month-end enrollment total at least 20,000 higher than at the end of August 2016.

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Harbor Health Plan

It has recently been reported that Detroit Medical Center's Harbor Health Plan has been sold. Vanguard Health, the previous owner of DMC, acquired the formerly called Pro Care Health Plan in 2012. Then, when Tenet Healthcare Corporation acquired Vanguard in 2014, the health plan was part of the deal. Now, Harbor has been sold by Tenet to Trusted Health Plans, Inc., a managed care plan based in Washington, DC. As of December 1, 2016, Harbor Health Plan had 9,081 Medicaid members in three counties, with the majority in Wayne County where the health plan is based.

For additional 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 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 2020 as a result of a recently approved [extension and updated contract](#)). The demonstration will continue to 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 Wayne and Macomb 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.

As of June 1, 2016, due to a passive enrollment process implemented by the Michigan Department of Health and Human Services (MDHHS), there were **38,767 enrollees** 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. After the June 2016 passive enrollment, the number of MI Health Link members dropped in the next three months (down to 36,892 by September), increased slightly in October to 37,005, then decreased a bit, to 36,656 in November. **As of December 1, 2016, MI Health Link enrollment has increased again and now stands at 36,837.**

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 December 1, 2016.

MI Health Link Enrollment	Upper Pen. Region	SW MI Region	Macomb Region	Wayne Region	Total
Aetna Better Health of MI		3,376	791	2,926	7,093
AmeriHealth Michigan			737	2,540	3,277
MI Complete Health / Fidelis			350	1,628	1,978
HAP Midwest Health Plan			1,029	4,045	5,074
Meridian Health Plan of MI		5,333			5,333
Molina Healthcare of MI			1,655	8,411	10,066
Upper Peninsula Health Plan	4,016				4,016
Total	4,016	8,709	4,562	19,550	36,837

As of December 1st, Molina Healthcare of Michigan has the most enrollees, both voluntarily and passively enrolled (27.3 percent of the combined total); Aetna Better Health of Michigan has 19.3 percent of the total; Meridian Health Plan of Michigan has 14.5 percent; and HAP Midwest Health Plan has 13.8 percent. At this point, more than 93 percent of the MI Health Link enrollees are living at home, and about 5.6

percent of the enrollees live in a nursing facility. Only one percent of the 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 of the plans have enrollees receiving care in nursing facilities, the Upper Peninsula Health Plan and Molina Healthcare of Michigan have the largest shares as of December 1st, with 21.1 percent and 20.1 percent, respectively, of the total enrollees residing in nursing facilities.

While the majority of MI Health Link enrollees are passively enrolled, almost 17 percent of them voluntarily joined the demonstration. The voluntary enrollment percentage has more than tripled since September 2015. MDHHS reports that as of December 1, 2016, more than 50,100 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.

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Michigan D-SNPs

Four 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 for duals in Michigan: HAP Midwest Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, and Upper Peninsula Health Plan. As of December 1, 2016 these **four D-SNPs had a combined enrollment of 12,901 duals** for whom they provide Medicare services. Almost 83 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 of the 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.

Statewide Transition Plan for HCBS

The Michigan Department of Health and Human Services (MDHHS) provides Home and Community-Based Services to Medicaid program beneficiaries with disabilities or other health issues. These services, which are authorized through federal waivers of certain Medicaid requirements, help the beneficiaries to live at home or in the community rather than in an institutional setting. A set of rules released by the federal Centers for Medicare & Medicaid Services (CMS) in early 2014 required MDHHS to establish a Statewide Transition Plan to ensure that the waiver programs through which services are rendered meet the requirements of the new rules. MDHHS established a transition plan, received comments on it from both the public and CMS, and is now requesting public comment on a Revised Statewide Transition Plan. Comments are due to MDHHS by January 3, 2017. The revised plan as well as related documents are available on the [MDHHS website](#).

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

Behavioral Health and Physical Health Integration

In previous 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 current year appropriation measure that prompted its creation, met for several months, with Lieutenant Governor Brian Calley serving as its chair. On December 14, 2016, the Michigan Department of Health and Human Services (MDHHS) released a draft interim report from the workgroup. The report includes 69 recommendations across more than a dozen areas. MDHHS requests comments by January 4, 2017 and plans to submit a final interim report to the Legislature by January 15, 2017. Both the draft report and an online survey instrument designed to gather input are available on the [MDHHS website](#).

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

Medicaid HMO Use Tax

Several months ago, four bills were introduced in the Michigan Senate to eliminate the Health Insurance Claims Assessment (HICA) tax – a .75 percent tax on health insurance claims which increases to one percent on January 1, 2017 – and replace it with a revised Use Tax on Medicaid HMOs and Prepaid Inpatient Health Plans. The HICA tax has been very controversial since its inception, and very much disliked by business groups. In October 2016, the Legislature approved the four bills and sent them to Governor Rick Snyder for signature; however, he vetoed them.

The Senate subsequently introduced a new bill (Senate Bill 1172) that is said to address HMO concerns related to their finances. The bill suspends collection of the Use Tax as of December 31, 2016. However, the tax would be reinstated when the HICA sunsets on July 1, 2020, the HICA Act is repealed, or the HICA rate is reduced to 0.0 percent. The bill has been approved by both chambers of the Legislature, with immediate effect, and ordered enrolled for presentation to the Governor in the hope that he will sign it before the end of the month.

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

Flint

In previous editions of *The Michigan Update* we have reported on issues surrounding the contamination of water affecting people residing in the City of Flint. Several new events occurred in December.

In last month's newsletter we reported that a federal judge ordered Michigan officials to offer free bottled water delivery to Flint residents who cannot easily pick up their own water from distribution sites in the city. The state asked for a stay of and also appealed that order. Both the stay and the appeals – one to the US District Court that originally issued the order and a second to the Sixth US Circuit Court of Appeals – were recently denied. Accordingly, the state and Flint city officials are ramping up outreach and delivery efforts. The plaintiffs in this case, hoping to expedite the process, filed an emergency motion to enforce the November preliminary injunction on December 20, 2016.

The state and city were ordered to respond to the motion by noon on December 23rd.

In early December, the US House of Representatives approved \$170 million in federal aid for Flint – to replace pipes, remove lead from homes and expand health care to those exposed to lead – but the bill’s passage in the US Senate is not assured.

We have also previously reported that Michigan Attorney General Bill Schuette has filed criminal charges against a number of state and city employees – both current and former – related to the water contamination issues. On December 20th, he announced criminal charges against four additional people – two former emergency managers appointed by Governor Rick Snyder and two former City of Flint water officials. He also stated that charges against additional individuals are still possible.

On December 21st, the Michigan Court of Appeals vacated Protective Orders that were preventing staff in the Michigan Department of Health and Human Services (MDHHS) from investigating cases of Legionella or lead-related issues in Genesee County. This decision comes following the June issuance of an order by the Genesee County Circuit Court that required the county health department to work directly with the federal Centers for Disease Control and Prevention and restricted MDHHS staff from accessing information and investigating reported cases of Legionella or lead poisoning in the county.

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America’s Health Rankings

In December, the annual [America’s Health Rankings®](#) report was released. It is an assessment of the nation’s health on a state-by-state basis and has been produced for nearly three decades as the result of a partnership between United Health Foundation, American Public Health Association, and Partnership for Prevention™. The report uses data from sources including the Centers for Disease Control and Prevention, the US Department of Education, the Census Bureau, and the American Medical Association. Through an analysis of 34 measures of behaviors, community and environment, policies, and clinical care data, the report provides a holistic view of the health of the nation. Across all measures, Hawaii scored as the healthiest state, followed by Massachusetts. Mississippi scored as the least healthy state. Michigan scored in the middle, at 34.

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

Michigan Budget Director

It has been [reported](#) that John Roberts, Governor Rick Snyder's budget director, who recently announced he will be leaving his position after presenting the 2018 proposed state budget in February, has accepted a job with Blue Cross Blue Shield of Michigan and will work in the finance department with Mark Bartlett, the company's Chief Financial Officer.

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

MDHHS Names Two Deputy Directors

On December 19, 2016, Michigan Department of Health and Human Services (MDHHS) Director Nick Lyon [announced](#) the appointment of two individuals to leadership positions in his department.

Matt Lori, a former state representative who has worked in MDHHS since leaving office in 2014, was named Senior Deputy Director for the Policy, Planning and Legislative Services Administration. He has been serving as the acting deputy since the former incumbent, Elizabeth Hertel, left the department in October.

Richard Kline, formerly the executive director of a senior living community in Rochester Hills who has been with MDHHS since early 2016, was named Senior Deputy Director for the Aging and Adult Services Agency. He has been serving as the acting deputy since the former incumbent, Kari Sederburg, left the department in March.

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

- **MSA 16-43** clarifies for **Hospitals, Medicaid Health Plans and Practitioners** Medicaid admission and

transfer **requirements for Long-Term Acute Care Hospitals.**

- **MSA 16-44** notifies **Bridges Eligibility Manual Holders** of additional Medicaid acceptable **annuities that will not trigger a divestment penalty** review.
- A proposed policy (**1643-PE**) has been issued that would clarify **provider enrollment requirements** associated with **billing and receiving Medicaid payment**. Comments are due to MDHHS by January 9, 2017.
- A proposed policy (**1619-NEMT**) has been issued that would establish a chapter in the Medicaid Provider Manual specifically for **Non-Emergency Medical Transportation** policy. Comments are due to MDHHS by January 10, 2017.
- A proposed policy (**1642-Lead**) has been issued to identify the **targeted lead abatement services** available to eligible properties in impacted areas of Michigan, including Flint, in order to ameliorate lead risks. Comments are due to MDHHS by January 26, 2017.

MDHHS has also released one L-letter of potential interest, which is available for review on the same website.

- **L 16-63** was released on December 1, 2016 as a notice to interested parties regarding an opportunity to provide **public comment** related to a **revised Statewide Transition Plan for Home and Community-Based Services**. Comments are due to MDHHS by January 3, 2017. (See also the article in this newsletter regarding the transition plan, which includes a link to both the revised plan and the means to provide comment.)

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.