

## *The Michigan Update*

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### **Medicaid Managed Care Enrollment Activity**

As of February 1, 2013, there were 1,237,864 Medicaid beneficiaries enrolled in 13 Medicaid Health Plans (HMOs), an increase of 2,897 since January 1, 2013. The number of Medicaid beneficiaries eligible for managed care enrollment also increased in February - there were 1,303,574 eligible beneficiaries, up from 1,294,560 in January.

The number of Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs to receive their Medicaid benefits continues to grow - there were 34,701 duals enrolled in February, up from 32,065 in January, an increase of 2,636. The number of Medicaid children dually eligible for the Children's Special Health Care Services (CSHCS) program enrolled in Medicaid HMOs also continues to grow - there were 13,067 CSHCS/Medicaid children enrolled in February, up from 9,474 in January.

The number of Medicaid-only HMO enrollees continues to decline. The sum of the increases in the number of enrollees dually eligible for Medicare and the enrollees dually eligible for CSHCS - 6,229 - is more than twice the total enrollment increase of 2,897.

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.

For more information, contact [Esther Reagan](#), Senior

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## CSHCS Children in Medicaid HMOs

In previous editions of *The Michigan Update*, most recently in September 2012, we reported on the Department of Community Health's (DCH) plan to enroll children (and a few adults) receiving services from the Children's Special Health Care Services (CSHCS) program and the Medicaid program in Medicaid Health Plans (HMOs). Enrollment began in October 2012, was phased in gradually over the last few months and is nearly complete in February 2013. As of February 1, 2013, there were **13,067**

**CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs** to receive their Medicaid benefits, up from 9,474 in January. Of this total, 4,160 children were auto-assigned to an HMO and 8,907 - the vast majority - voluntarily enrolled. All Medicaid HMOs except Pro Care Health Plan have CSHCS/Medicaid enrollees although the numbers vary across plans.

As the table below reflects, Meridian Health Plan of Michigan has the most CSHCS/Medicaid enrollees receiving their Medicaid services from an HMO, 28 percent of the total. United Healthcare Community Plan has more than 15 percent of the total; Molina Healthcare of Michigan has almost 15; McLaren Health Plan has almost 11 percent; and the other eight plans share the remaining 31 percent.

| February 2013 CSHCS/Medicaid Enrollment |                     |                         |                 |
|---|---------------------|-------------------------|-----------------|
| Medicaid Health Plan                    | Voluntary Enrollees | Auto-Assigned Enrollees | Total Enrollees |
| Blue Cross Complete of MI               | 291                 | 37                      | 328             |
| CoventryCares of MI                     | 125                 | 196                     | 321             |
| HealthPlus Partners                     | 468                 | 64                      | 532             |
| McLaren Health Plan                     | 981                 | 419                     | 1,400           |
| Meridian Health Plan of MI              | 2,407               | 1,255                   | 3,662           |
| Midwest Health Plan                     | 710                 | 315                     | 1,025           |
| Molina Healthcare of MI                 | 1,301               | 639                     | 1,940           |
| PHP Mid-MI Family Care                  | 109                 | 25                      | 134             |
| Priority Health Govt. Programs          | 735                 | 162                     | 897             |
| Pro Care Health Plan                    | 0                   | 0                       | 0               |
| Total Health Care                       | 307                 | 240                     | 547             |
| UnitedHealthcare Comm. Plan             | 1,443               | 561                     | 2,004           |
| Upper Peninsula Health Plan             | 30                  | 247                     | 277             |
| <b>Total</b>                            | <b>8,907</b>        | <b>4,160</b>            | <b>13,067</b>   |

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

## Duals in Medicaid HMOs

As of February 1, 2013, there were **34,701 Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs** to receive their Medicaid services, an increase of 2,636 since January. The number of duals enrolled through auto-assignment as of February 1, 2013 was 16,252, and the number of duals enrolled on a voluntary basis was 18,449. 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 Special Needs Plan (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.

As the table below reflects, Molina Healthcare of Michigan has the most duals receiving their Medicaid services from an HMO, almost 30 percent of the total; UnitedHealthcare Community Plan has almost 24 percent of the total; Meridian Health Plan of Michigan has 15 percent of the total (but the most voluntary enrollees); and the other 10 plans share the remaining 32 percent.

| <b>February 2013 Medicaid Dual Eligible Enrollment</b> |                            |                                |                        |
|--|----------------------------|--------------------------------|------------------------|
| <b>Medicaid Health Plan</b>                            | <b>Voluntary Enrollees</b> | <b>Auto-Assigned Enrollees</b> | <b>Total Enrollees</b> |
| Blue Cross Complete of MI                              | 434                        | 352                            | 786                    |
| CoventryCares of MI                                    | 536                        | 125                            | 661                    |
| HealthPlus Partners                                    | 883                        | 228                            | 1,111                  |
| McLaren Health Plan                                    | 1,863                      | 794                            | 2,657                  |
| Meridian Health Plan of MI                             | 4,187                      | 1,027                          | 5,214                  |
| Midwest Health Plan                                    | 1,161                      | 768                            | 1,929                  |
| Molina Healthcare of MI                                | 2,851                      | 7,401                          | 10,252                 |
| PHP Mid-MI Family Care                                 | 240                        | 47                             | 287                    |
| Priority Health Govt. Programs                         | 1,006                      | 798                            | 1,804                  |
| Pro Care Health Plan                                   | 22                         | 31                             | 53                     |
| Total Health Care                                      | 833                        | 257                            | 1,090                  |
| UnitedHealthcare Comm. Plan                            | 3,933                      | 4,188                          | 8,121                  |

|                             |               |               |               |
|-----------------------------|---------------|---------------|---------------|
| Upper Peninsula Health Plan | 500           | 236           | 736           |
| <b>Total</b>                | <b>18,449</b> | <b>16,252</b> | <b>34,701</b> |

Eight of the 13 Medicaid HMOs in Michigan (or their parent organizations) are also federally contracted as Medicare Advantage Special Needs Plans (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. HealthPlus Partners and Total Health Plan are new Dual-SNPs beginning in 2013. As of February 1, 2013 these eight Dual-SNPs have a combined enrollment of 15,406 duals for whom they provide Medicare services; 57.9 percent of the duals that are enrolled in a Dual-SNP are enrolled in the Molina plan, 29.6 percent are enrolled in the UnitedHealthcare plan and the remaining 12.5 percent are spread across the other six plans.

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

## MIChild

According to MAXIMUS, the DCH contractor for MICHild enrollment, there were **37,490 children enrolled** in the MICHild program as of February 1, 2013. This is a decrease of 79 since January 1, 2013.

As the enrollment report ([.pdf](#)) ([.xls](#)) for February shows, enrollment is dispersed between 10 plans, with more than 75 percent of the children enrolled with Blue Cross Blue Shield of Michigan (BCBSM). 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 (48.3 percent) or Delta Dental Plan (46.9 percent).

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

## Adult Benefits Waiver (ABW)

As of the middle of February 2013, DCH reports there were **26,821 ABW beneficiaries enrolled** in the program, a **decrease of 871** since the middle of January and the lowest enrollment since the beginning of the program in January 2004. There are 28 County Health Plans (CHPs)

serving ABW beneficiaries in 73 of Michigan's 83 counties. As of February 1, 2013, the combined ABW **enrollment in the 28 CHPs was 24,423**, a **decrease of 778** since January.

On February 15, 2013, DCH announced an **open enrollment period** for the ABW program during the month of **April** (see MSA13-03 in the Medicaid Policies article below). This will be the first open enrollment period since November 2010.

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

### **Michigan's Medicaid Enrollment Growth Trends**

On February 8, 2013, the Senate Fiscal Agency released a brief [report](#) as a part of its *State Notes* series. The study conducted for the report examined Michigan Medicaid caseload growth, by category of eligibility and county between April 1999 and November 2012.

In April 1994 the Medicaid caseload stood at 1.2 million individuals then declined slowly to 1.06 million over the next five years. At that point, in 1999, the caseload began to grow and at a much faster pace than the previous decline, largely due to the economic climate. By November 2012 the Medicaid caseload had grown to 1.92 million individuals, an 81.2 percent increase over the April 1999 figure. As of November 2012, the growth rate was fairly flat. Some of the interesting findings in the study include:

- The November 2012 Medicaid caseload represents 19.7 percent of Michigan's total population (as of the April 1, 2010 census).
- The children and family caseload on Medicaid grew more rapidly between April 1999 and November 2012 than did the elderly and disabled caseload - 97.2 percent and 48.1 percent, respectively. The children and family caseload grew from almost 728,000 in 1999 to 1.44 million in 2012 and the elderly and disabled caseload grew from 327,000 to 484,918.
- While Wayne County has always had the most Medicaid beneficiaries of any county, on a percentage basis its growth from 1999 to 2012 was fifth lowest in the state, at 36.7 percent.
- In November 2012 Wayne County also had the highest percentage of its population on Medicaid -

- 27.6 percent - of any other county.
- The four counties with the lowest percentage growth rates - Ontonagon, Alger and Schoolcraft (combined), Alcona and Gogebic - also have very low Medicaid caseload numbers; however these counties also have a significant percentage of their populations covered by the program.
  - Between April 1999 and November 2012, Livingston County's Medicaid caseload grew by 290.5 percent, and Macomb and Ottawa Counties experienced growth rates of 245.2 percent and 244.8 percent, respectively. (In part this is due to population growth in these counties during a time when statewide population was in decline.)
  - Although Livingston County had the highest percentage growth in the state, it also has the smallest percentage of its population - 8.7 percent - covered by Medicaid. Macomb and Ottawa Counties have 16.5 percent and 12.3 percent, respectively, of their populations covered by Medicaid.

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

## **DCH Budget**

In a [special edition](#) of *The Michigan Update* published on February 8, 2013, we provided an overview of Governor Rick Snyder's Fiscal Year (FY) 2013-2014 Executive Budget Recommendation, with a special focus on DCH. Since then, the House Appropriations Subcommittee has held hearings on the DCH budget. DCH Director James Haveman presented a [DCH Overview](#) on February 13th; Director Haveman and Medicaid Director Steve Fitton gave a Medical Services Administration/[Medicaid presentation](#) on February 20th. Hearings continue and no action has yet been taken on the DCH budget.

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

## **Medicaid Expansion under ACA**

As reported in the [special edition](#) of *The Michigan Update* published on February 8, 2013, Governor Rick Snyder has endorsed a Medicaid expansion in Michigan, available through the federal Patient Protection and Affordable Care Act of 2010 (ACA - the federal health care reform law). The expansion would extend Medicaid coverage to all

eligible adults with income below 138 percent of the federal poverty level beginning on January 1, 2014. The Governor's budget assumes that Medicaid enrollment will increase by as many as 330,000 individuals in FY 2013-2014 and 470,000 in the next fiscal year. Legislative support for the expansion and the Governor's proposed means to finance it are mixed. The proposal is being considered in conjunction with the DCH appropriation for next fiscal year. Selected (Republican) members of both the Senate and House of Representatives' subcommittees on appropriations have expressed skepticism regarding the Governor's assumptions of cost savings and have raised concerns about the federal government's ability to continue funding the cost of health care for the "newly eligible" beneficiaries for years into the future.

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### **Michigan Receives SIM Award**

On February 21, 2013, US Health and Human Services Secretary Kathleen Sebelius announced the first recipients of State Innovation Model (SIM) awards, made possible by ACA, the federal health care reform law. Twenty-five states, including Michigan, received the awards.

According to the HHS [web site](#), the Innovation Center created the SIM initiative for states that are prepared for or committed to planning, designing, testing and supporting evaluation of new payment and service delivery models in the context of larger health system transformation. The Innovation Center is interested in testing innovative payment and service delivery models that have the potential to lower costs for Medicare, Medicaid and the Children's Health Insurance Program (CHIP), while maintaining or improving quality of care for program beneficiaries. The goal is to create multi-payer models with a broad mission to raise community health status and reduce long-term health risks for beneficiaries of these programs.

Michigan will receive up to \$1,653,705 to develop its State Health Care Innovation Plan. As proposed by DCH, the design process will focus on transforming service delivery and payment models in four foundational areas: patient/family-centered health homes; coordination and accountability of the Medical Neighborhood; a care-bridge to behavioral health and long-term care; and integration between and among health care and community resources, including the Pathways Community Hub model.

The state will facilitate alignment of program elements and outcome metrics across payers, prioritize investments in health information exchange and data analytic capacity, incorporate commitment to population health in line with the National Quality Strategy and identify policy and other levers to support future implementation. Michigan aims to develop the infrastructure to prepare the state for rapid testing, roll-out and monitoring of the plan following the design period.

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

### **Health Insurance Exchange**

As reported in the January 2013 edition of *The Michigan Update*, Michigan recently received a \$30.67 million Level One Establishment Grant from the US Department of Health and Human Services to support planning and implementation of the state's State-Federal Partnership Health Insurance Exchange. Michigan is one of seven states, along with Arkansas, Delaware, Illinois, Iowa, New Hampshire and West Virginia, opting for a partnership exchange rather than either a state-operated or federally-facilitated exchange. (Governor Rick Snyder had called for Michigan to create a state-operated exchange; however the Legislature did not support that strategy.) Legislative approval is required before the new grant funds can be used, and on February 28, 2013 the vehicle bill for the funding (House Bill 411) received approval by the House of Representatives. It will now be forwarded to the Senate for action.

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

### **Blue Cross Blue Shield of Michigan Reform**

In previous editions of *The Michigan Update* we have reported on Governor Rick Snyder's proposal in September 2012 to reform how Blue Cross Blue Shield of Michigan (BCBSM) is structured and regulated in the state. The Legislature approved bills in late 2012 but the Governor vetoed them because of language added late in the process related to coverage of abortion services. Legislation was re-introduced (Senate Bills 61 and 62) in mid-January 2013, without the language prompting the Governor's previous veto. The bills were passed by the Senate without delay and referred to the House of Representatives. On February 28, 2013, the House

approved the bills with minor modifications. They will now be returned to the Senate for a concurrence vote.

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

## **Mental Health System Review**

On February 20, 2013, Governor Rick Snyder issued Executive Orders creating two new boards charged with recommending improvements to the state's mental health system.

[Executive Order 2013-6](#) creates the Mental Health and Wellness Commission, a six-member advisory board to the Department of Community Health (DCH), chaired by the Lieutenant Governor. The Commission's charge includes but is not limited to identifying ways to address gaps in the delivery of mental health services and proposing new service models to strengthen the entire delivery spectrum of mental health services throughout the state. A report of findings and recommendations is due in December 2013 and the commission will cease to exist by mid-2014.

[Executive Order 2013-7](#) creates the Mental Health Diversion Council, a 14-member advisory body to both the Governor and DCH, also chaired by the Lieutenant Governor. The Council's charge includes but is not limited to adopting and implementing a diversion action plan to improve efforts to divert individuals with mental illness, intellectual disabilities and developmental disabilities, including co morbid substance use disorders from criminal justice involvement to appropriate treatment. The Council is not term-limited.

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

## **Most Favored Nation Rule**

On July 18, 2012, Michigan's Office of Financial and Insurance Regulations (OFIR) Commissioner Kevin Clinton issued an [Order](#) Requiring Submission of Most Favored Nation Clauses to him by February 1, 2013. A most favored nation clause generally "prohibits, or grants a contracting insurer an option to prohibit, a provider from contracting with another party to provide health care services at a lower rate than the payment or reimbursement rate specified in the contract with the contracting insurer." The Order stated that inclusion of

such language in provider contracts - both new and currently effective contracts - would be prohibited as of February 1, 2013 unless the language was filed with and approved by the Commissioner before that date. On February 8, 2013, Commissioner Clinton issued [Bulletin 2013-04-INS](#), which stated that no insurer had submitted and requested approval of most favored nation language before the due date and, accordingly, any such language in contracts is now unenforceable.

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

### **Certificate of Need**

A recent [study](#) conducted by Paul Delamater in Michigan State University's Department of Geography supports the value of the state's Certificate of Need system for hospitals. The study examined more than a million hospital admissions and concluded that patients are admitted to hospitals more because beds are available than because they need admission, an apparent justification of "Roemer's Law", an often cited principle in health care policy. The study also concluded there are too many hospitals in the state given the population and that in 2010 the number of hospital admissions for every 1,000 people was higher than the national average.

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### **Snyder Names Holyfield Communications Director**

On February 15, 2013, Governor Rick Snyder announced he had chosen Jeff Holyfield to be his new Communications Director, replacing GERALYN Lasher who moved to the Department of Community Health to serve as Senior Deputy Director for External Relations and Communications. A longtime journalist, most recently Mr. Holyfield was the Communications Director for Consumers Energy and previously headed the Lansing Bureau of The Associated Press.

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### **Medicaid Policies**

DCH has issued two final policies and four proposed policies that merit mention. The policies are available for review on [DCH's website](#).

- **MSA 13-02** notifies **Hospitals** that a **new one-year \$8,271,293 Rural Access Pool** is being established in accordance with requirements in the current year DCH appropriation act.
- **MSA 13-03** advises **All Providers** that the Adult Benefits Waiver program will have an open enrollment period during April 2013.
- A proposed policy (**1301-WCD**) has been issued that would provide policy addressing **standards of coverage for wearable cardioverter-defibrillators**. Comments are due to DCH by March 14, 2013.
- A proposed policy (**1308-Codes**) has been issued to **rescind changes in reimbursement for injectable J-codes** that were effective January 1, 2012 because the changes did not achieve the expected cost savings. Bulletin MSA 11-50, issued December 1, 2011 identified the affected J-codes. Comments are due to DCH by March 20, 2013.
- A proposed policy (**1257-FQHC**) has been issued that would clarify policy regarding selected procedure codes for **behavioral health care** provided in Federally Qualified Health Centers. The policy would also provide guidance regarding **care coordination** and **credentials for rendering Substance Use Disorder services**. Comments are due to DCH by March 23, 2013.
- A proposed policy (**1303-MH**) has been issued to inform Prepaid Inpatient Health Plans and Community Mental Health Services Programs of **policy revisions** applicable to the **Waiver for Children with Serious Emotional Disturbances** and the **Children's Waiver Program**. Comments are due to DCH by March 26, 2013.

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

**L 13-06** advises that the **Special Director Exception** is no longer processed as an exception through DCH. It is being **replaced by the Home Maintenance Disregard** and will be administered by eligibility specialists within the Department of Human Services. The change will streamline the **process for reducing a beneficiary's Patient Pay Amount to cover home maintenance expenses**.

**L-13-11** relates to **timing of payments** associated with the temporary **primary care rate increase** for qualified providers.

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