

The Michigan Update

Print This Issue

In This Issue

[Medicaid Managed Care Enrollment Activity](#)

[Healthy Michigan Plan](#)

[Duals in Medicaid HMOs](#)

[CSHCS Children in Medicaid HMOs](#)

[MIChild](#)

[Health Insurance Marketplace](#)

[Michigan Medicaid Budget](#)

[DCH and DHS to Merge](#)

[Michigan Health Endowment Fund](#)

[Kids Count Report](#)

Medicaid Managed Care Enrollment Activity

As of February 1, 2015, there were **1,586,329 Medicaid beneficiaries, including Healthy Michigan Plan (HMP) beneficiaries, enrolled** in 13 Medicaid Health Plans (HMOs); this is an **increase of 57,950** since January. The enrollment total reflects an increase of 36,106 HMP enrollees since January and an increase of 21,844 non-HMP Medicaid enrollees. Even with this increase, the total number of non-HMP Medicaid managed care enrollees in February - 1,162,730 - is still well below the June 2014 enrollment figure of 1,330,638.

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 available in every county, 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 Consultant, at (517) 482-9236.

Healthy Michigan Plan

Enrollment in the Healthy Michigan Plan (HMP) continues to grow. The Michigan Department of Community Health (DCH) reports that since launching the program on April 1, 2014, enrollment has grown to **573,488 as of February 23, 2015**.

The MDCH updates HMP enrollment statistics on its [website](#) weekly and includes a breakdown of enrollment by county.

[MDCH Makes Grant Awards to Combat Chronic Disease](#)

[MDCH Receives \\$3.5 Million Grant for Home Visiting Program](#)

[MDCH Makes Building Healthy Communities Planning Grant Awards](#)

[ACA Publications](#)

[Medicaid Policies](#)

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[Services](#)

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Not surprisingly, more than half of the newly approved HMP beneficiaries reside in the state's five largest counties:

February 23, 2015 Healthy Michigan Plan Enrollment	
Wayne	153,641
Macomb	45,381
Oakland	44,736
Genesee	34,569
Kent	29,852
Five-County Total	308,179
Statewide Total	573,488

The vast majority of these enrollees (about 470,000) have income below poverty and almost 52 percent of the enrollees are women. About 46.9 percent of the enrollees are between the ages of 19 and 34; 39.3 percent are between the ages of 35 and 54; and 13.8 percent are between the ages of 55 and 64. Virtually all of these enrollees are already or soon will be enrolled in the state's Medicaid managed care organizations for their health care services.

With few exceptions, new HMP beneficiaries are required to enroll in the Medicaid Health Plans (HMOs) to receive their health care benefits. As of February 1, 2015, there were a total of **423,599 HMP beneficiaries enrolled in the HMOs**. HMP enrollment totals by health plan are expected to increase again in March as newly eligible individuals continue to enroll in the program and choose an HMO or are assigned to an HMO if they do not select a plan.

February 2015 Healthy Michigan Plan Enrollment			
Medicaid Health Plan	Voluntary Enrollees	Auto-Assigned Enrollees	Total Enrollees
Blue Cross Complete of MI	28,775	4,981	33,756
CoventryCares of MI	3,715	4,656	8,371
HAP Midwest Health Plan	15,573	10,673	26,246
Harbor Health Plan, Inc.	802	2,474	3,276
HealthPlus Partners	21,520	3,337	24,857
McLaren Health Plan	38,746	11,201	49,947
Meridian Health Plan of MI	75,226	34,393	109,619

Molina Healthcare of MI	34,425	15,,691	50,116
Priority Health Choice, Inc.	24,641	4,898	29,539
Sparrow PHP	3,089	1,381	4,470
Total Health Care	10,150	5,698	15,848
UnitedHealthcare Comm. Plan	39,322	15,534	54,856
Upper Peninsula Health Plan	12,689	9	12,698
Total	308,673	114,926	423,599

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

Duals in Medicaid HMOs

There were **55,777** Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs to receive their Medicaid benefits in February 2015, an **increase of 1,152** since January. 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 Medicaid services from an HMO, 24.3 percent of the total; UnitedHealthcare Community Plan has 19.4 percent of the total; Meridian Health Plan of Michigan has 19.3 percent of the total (but the most voluntary enrollees); and the other 10 plans share the remaining 37 percent.

Six of the 13 Medicaid HMOs in Michigan (or their parent organizations) are also federally contracted as D-SNPs to provide *Medicare* benefits for duals in Michigan: HAP Midwest Health Plan, HealthPlus Partners, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, Total Health Care, and Upper Peninsula Health Plan. As of February 1, 2015 these six D-SNPs had a combined enrollment of 17,375 duals for whom they provide Medicare services; 70.3 percent of the duals enrolled in a D-SNP are enrolled in the Molina plan, 12.1 percent are enrolled in the Meridian plan and the remaining 17.6 percent are spread

across the other four 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 HMO contract but has been approved by the state as an Integrated Care Organization in the state's duals demonstration. As of February 1, 2015, Fidelis had 1,270 enrollees in its D-SNP. It is also an approved Medicare Advantage Institutional SNP (I-SNP) with 246 enrollees.

Two of the Medicaid HMOs - McLaren Health Plan and UnitedHealthcare Community Plan - no longer appear on the federal list of approved D-SNPs as of January 1, 2015.

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

CSHCS Children in Medicaid HMOs

The Michigan Department of Community Health (MDCH) 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 February 1, 2015, there were **17,640 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs** - an increase of 373 since January. All Medicaid HMOs except Harbor Health Plan, Inc. 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 receiving their services from an HMO, 25.1 percent of the total. Molina Healthcare of Michigan has 17.8 percent of the total; UnitedHealthcare Community Plan has 16.7 percent; and the other nine plans share the remaining 40.4 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 **40,524 children enrolled in the MICHild**

program as of January 1, 2015 and 40,846 children enrolled as of February 1, 2015. The February enrollment total reflects an **increase of 2,650** from the 38,196 children enrolled as of December 1, 2014. Of the total number of children enrolled, 702 January enrollees and 784 February enrollees are dually eligible for Children's Special Health Care Services (CSHCS) and MICHild.

As the enrollment reports for January ([pdf](#)) ([xls](#)) and February ([pdf](#)) ([xls](#)) show, enrollment is dispersed between 13 plans. The plans with the highest enrollment are Priority Health (with 15.9 percent of the total February enrollees), Molina Healthcare of Michigan (with 15.3 percent), HealthPlus of Michigan (with 14.3 percent), and McLaren Health Plan (with 14.0 percent). A little less than seven percent of the children were enrolled with Blue Cross Blue Shield of Michigan (BCBSM) as of February 1, 2015. The BCBSM market share has gradually dropped from about 75 percent in late 2013 when the insurer advised that it wished to terminate its MICHild contract. Children residing in counties where there are at least two health plans available are given the choice to enroll with one of those plans. Children in counties where BCBSM has been the only available health plan will remain enrolled with that plan until other plans expand their service areas to these counties. There are now only seven counties where BCBSM is the only available plan.

MICHild-enrolled children receive their dental care through contracted dental plans. Of the two available plans, 86.6 percent of the children were enrolled with Delta Dental Plan as of February 1, 2015. Delta Dental has a statewide service area. The remaining 13.4 percent of children were enrolled with Golden Dental Plan in a service area that includes eight counties. BCBSM was a statewide dental health plan as well through September 2013 when BCBSM terminated in full its participation in the MICHild dental program.

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

Health Insurance Marketplace

The latest open enrollment period for insurance coverage available through the Affordable Care Act ran from November 14, 2014 through February 15, 2015 (although it was extended a few days so applicants that experienced some difficulties working through the online process could complete their applications). In Michigan, applicants could choose from a combined 64 plan options offered by 16 different insurers, and about 341,000 Michigan residents

signed up for coverage.

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

Michigan Medicaid Budget

As reported in the February 12, 2015 [Special Michigan Budget Update](#), Governor Snyder has released both an Executive Order (EO) for the current fiscal year and his budget for Fiscal Year 2016. Both the EO and the proposed budget include significant changes for the Medicaid program, particularly related to reimbursement.

Hospitals are subject to several reductions in gross or net revenues from Medicaid. The Governor's budget assumes that hospital finances have improved significantly due to reductions in the number of uninsured with the implementation of the Healthy Michigan Plan. The hospital changes include the following:

- Both Graduate Medical Education (**GME**) payments and the **Rural/Sole Community pool** are being cut in the current fiscal year as part of an EO that was recently approved by the House Appropriations Committee. For Fiscal Year 2016 funding is restored to full value. However, the non-federal portion of the funding for GME payments (\$163 million total) and the Rural/Sole Community Hospital pool (about \$35 million) are changed from state funds to a hospital assessment. The budget reduces state funds by \$77.1 million and increases hospital assessments by the same amount to pay for these two items.
- An \$11 million special pool for rural hospitals that continue to provide **obstetrical services** is eliminated, saving the state \$3.8 million.
- The methodology for calculating hospital reimbursement for **capital costs** will be changed, reducing hospital payments by \$34.8 million and saving the state \$12 million.

The combined impact of these items is a net loss of \$122.9 million in Medicaid funding of hospital services.

Medicaid Health Plans (or HMOs) will be affected by several changes.

- The first is a proposal to remove funding for **prescription drugs** from Medicaid managed care in order to increase the dollar value of rebates Michigan

receives from pharmaceutical manufacturers. The budget assumes that rebates will increase by \$48.8 million, saving the state \$16.8 million. A February 12 [press release](#) from the Michigan Department of Community Health stated "during the rebid stakeholder input process, numerous stakeholders indicated that the current system of multiple formularies has been a challenge for providers and consumers." Reaction from the Medicaid HMO community was immediate, and negative.

- While HMO rates are increased by \$130.2 million to maintain **actuarial soundness**, there are reductions that partially offset the increase.
 - One item is assumed savings due to **care coordination** (\$15.4 million, of which the state share is \$5.3 million).
 - Another is a revision in the assumed base for HMO payments to **laboratories** (from Medicare rates to Medicaid rates) which reduces HMO payments by \$31.8 million and saves the state \$10.9 million.

Dental Services are the subject of two major changes.

- The **Healthy Kids Dental** program will be extended to Wayne, Oakland and Kent counties, resulting in coverage of all counties as of October 1, 2016, however only children through age 8 will gain this coverage initially due to the projected cost of care. The cost of this initiative is \$21.8 million, of which the state cost is \$7.5 million. The Governor's initial budget recommendations for Fiscal Year 2017 do not expand this initiative any further.
- To improve access for **Adult Dental** services for traditional Medicaid enrollees and for the Healthy Michigan Plan, the funding for adult dental services will be increased and the program will be contracted to a capitated dental services provider as of July 1, 2016. The three-month cost of this change is \$23 million (state share is \$7.9 million). The Fiscal Year 2017 budget will include an additional \$69 million to annualize this change.

As noted in the February 12th Special Michigan Budget Update, the Governor has also proposed an increase in the Health Insurance Claims Assessment (HICA) from 0.75 percent to 1.3 percent. This rate change and removal of the current cap on HICA revenues results in a savings to the state of \$180.1 million.

The budget for Fiscal Year 2016 assumes an average

Healthy Michigan Plan caseload of 580,000 individuals. As noted above, enrollment as of February 23rd stood at more than 573,000. Since the program is financed with 100 percent federal funds through Fiscal Year 2016, a higher caseload is not an issue for that year. However in Fiscal Year 2017 the state is responsible for four percent of the cost of the program. The Governor's proposal assumes that the state cost in Fiscal Year 2017 will be just over \$130 million.

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

DCH and DHS to Merge

On February 9, 2015, following through on an announcement in his State of the State message delivered on January 20th, Governor Rick Snyder released [Executive Order 2015-4](#) combining the Departments of Community Health (DCH) and Human Services (DHS) into a single department to be called the Michigan Department of Health and Human Services. The two departments currently administer the state's cash, food, social services and medical assistance programs that encompass about 46 percent of the state budget and serve a combined population of more than 2.5 million people with 14,000 staff. The order takes effect in 60 days. Governor Snyder has also asked Nick Lyon, the director of DCH and interim director of DHS to head the new department. Mr. Lyon's appointment requires the advice and consent of the State Senate.

The order creates a Michigan Children's Services Agency within the new department responsible for children's services and programs, including but not limited to services for foster children, juvenile justice programs, and services for homeless youth. Licensing processes, currently performed within the Office of Children and Adults Services in DHS are transferred to the Department of Licensing and Regulatory Affairs. The order also replaces the current Office of Services to the Aging with a new Aging and Adult Services Agency within the new department, focused on coordinating all services for Michigan's adult and aging population. Lastly, the order creates an Office of Inspector General, as an independent and autonomous entity with the new department to supervise activities to prevent, detect, and investigate fraud, waste, and abuse within the programs administered by the new department.

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Michigan Health Endowment Fund

In early February, the Michigan Health Endowment Fund Board of Directors chose former House Speaker Paul Hillegonds as the Fund's first CEO, effective March 16, 2015. Created to benefit the health and wellness of Michiganders - particularly seniors and children - the Fund was established as part of Public Act 4 of 2013 that authorized certain changes in how Blue Cross Blue Shield of Michigan operates in the state. As CEO, Mr. Hillegonds, and the Board of Directors will be tasked with deciding how to spend up to \$1.56 billion over the next 18 years to support health services for some of the state's most vulnerable residents.

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

Kids Count Report

The annual *Kids Count in Michigan Data Book 2015* [released](#) on February 19, 2015 by the Michigan League for Public Policy and its partner organization, Michigan's Children, showed a 35 percent increase in the number of Michigan children living in poverty over the trend period of 2006 through 2012 or 2013 (depending on the measure). Overall, of the 15 trends in child well-being studied, eight improved over the last reporting period, five were worse, one didn't really change and one other couldn't be tracked. A printable publication with statewide data is available; county-specific profiles are also available online.

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

MDCH Makes Grant Awards to Combat Chronic Disease

On February 20, 2015, the Michigan Department of Community Health (MDCH) [announced](#) grant awards totaling \$440,000 to four community organizations in Michigan to support their population-wide and priority population approaches to combat chronic disease, improve health outcomes and reduce health disparities related to obesity, diabetes, heart disease, and stroke. Organizations receiving this four-year grant funding include the Grand Rapids YMCA Association, the Greater Detroit Area Health Council, ProMedica/Bixby Hospital, and the National Kidney

Foundation of Michigan.

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

MDCH Receives \$3.5 Million Grant for Home Visiting Program

On February 24, 2015, the Michigan Department of Community Health (MDCH) [announced](#) receipt of a \$3.5 million grant from the US Department of Health and Human Services for the department's Maternal, Infant, and Early Childhood Home Visiting Program. The grant funds will run through September 2017 and will be used to continue and improve home visiting services to promote maternal, infant and early childhood health, development and safety; school readiness; and strong parent-child relationships.<

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

MDCH Makes Building Healthy Communities Planning Grant Awards

On February 25, 2015, the Michigan Department of Community Health (MDCH) [announced](#) awards to seven local health departments through its Building Healthy Communities Program. The awards, totaling more than \$292,000, will enable development of three-year strategic plans to reduce obesity and other chronic diseases at the local level. The seven local health departments receiving awards are:

- Central Michigan District Health Department
- Chippewa County Health Department
- Public Health, Delta and Menominee Counties
- District health Department No. 2
- Luce, Mackinac, Alger, Schoolcraft District Health Department
- Macomb County Health Department
- Public Health - Muskegon County

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

ACA Publications

The Center for Healthcare Research and Transformation (CHRT) at the University of Michigan has [released](#) three publications since the first of the year that may be of interest:

- *Rate Analysis: 2015 Michigan Health Insurance Marketplace* - provides an overview of the 2015 Michigan Health Insurance Marketplace.
- *Affordable Care Act Funding: An Analysis of Grant Programs under Health Care Reform - FY2010 - FY2014* - The ACA permitted federal funding to expand access to care, implement broad private insurance reforms, and enhance the public health infrastructure. This publication provides an overview of grant funding to date both by state and category, i.e., Medicaid and CHIP, Long-Term Care, Medicare, Health Workforce, Maternal and Child Health, Community-Based Prevention, Market Reform, and Health Centers and National Health Service Corps.
- *The Affordable Care Act and its Effect on Employers: 2015 Update* - this brief summarizes recent trends in employer coverage and provides an update on certain key provisions that have faced implementation challenges.

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

Medicaid Policies

The Michigan Department of Community Health (DCH) has issued one proposed policy that merits mention. It is available for review on DCH's [website](#).

- A proposed policy (**1502-Phys Adj**) has been issued to update the Practitioner Reimbursement Appendix and the Enhanced Practitioner Payments Section in the Medicaid Provider Manual. The updates would reflect recent additions to the **Physician Adjustor Program** and that the adjustment amount was restored as of April 1, 2013 to 100 percent of the average commercial rate for all procedure codes covered by the program. Comments are due to MDCH by April 3, 2015.

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.