

## *The Michigan Update*

### In This Issue

[Medicaid Managed Care Enrollment Activity](#)

[Healthy Michigan Plan](#)

[MI Health Link](#)

[Michigan D-SNPs](#)

[Integration of Behavioral Health and Physical Health Services](#)

[Health Insurance Claims Assessment](#)

[Flint Water Crisis](#)

[MI Care Team](#)

[Medicaid Estate Recovery](#)

[Statewide Breastfeeding Plan](#)

[Medical Director for Behavioral](#)

### Medicaid Managed Care Enrollment Activity

As of February 1, 2016, there were **1,654,498 Medicaid beneficiaries, including 473,667 Healthy Michigan Plan (HMP) beneficiaries and 23,761 MICHild beneficiaries**, enrolled in 11 Medicaid Health Plans (HMOs); this is an increase of 3,674 since January. The increase includes 5,979 new HMP enrollees (majority of whom were likely women formerly enrolled in the *Plan First!* family planning program), and 636 new MICHild enrollees. Offsetting these increases was a decrease of 2,941 non-HMP Medicaid enrollees.

As the enrollment reports ([pdf](#)) ([xls](#)) 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 those 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. 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 February 1, 2016 were Meridian Health Plan of Michigan (with 27.7 percent of the total enrollees), Molina Healthcare of Michigan (with 22.8 percent), United Healthcare Community Plan (with 15.5 percent), and McLaren Health Plan (with 11.1 percent).

The 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 February 1, 2016, there were **17,477 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs** - a decrease of 237 since January. All Medicaid HMOs except Harbor Health Plan have CSHCS/Medicaid enrollees, although the numbers vary across plans.

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There were **31,856 Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs** to receive Medicaid benefits in February 2016, an increase of 363 since January. 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, 29.3 percent of the total; Meridian Health Plan of Michigan has 25.1 percent of the total (but the most voluntary enrollees); and McLaren Health Plan has 15.2 percent of the total. The other eight plans share the remaining 30.4 percent.

There were **23,761 MICHild beneficiaries enrolled in Medicaid HMOs** in February 2016, an increase of 636 since January. All Medicaid HMOs have MICHild beneficiaries enrolled, although the numbers vary dramatically across plans. Molina Healthcare of Michigan has the most MICHild enrollees (31.6 percent of the total); McLaren Health Plan has 17.7 percent of the total; Priority Health Choice has 14.2 percent; and UnitedHealthcare Community Plan has 12.4 percent. The other seven plans share the remaining 24.1 percent.

(Refer to last month's edition of *The Michigan Update* for additional information related to termination of the *Plan First!* program and transition of the stand-alone MICHild program to a Medicaid expansion population.)

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

## Healthy Michigan Plan

Healthy Michigan Plan (HMP) enrollment levels have continued to climb and, according to the Michigan Department of Health and Human Services (MDHHS) [website](#), stood at **630,848 as of February 29, 2016**, the highest enrollment since the beginning of the program. In part this higher enrollment likely reflects conversion/transition of some *PlanFirst!* enrollees to HMP. Although the HMP caseload drops by about 25,000 at the beginning of each month as a result of an annual eligibility redetermination requirement, it generally rebounds by the end of the month.

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, will last for five years and 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; and Wayne and Macomb Counties are two single-county regions. As of February 1, 2016, the Michigan Department of Health and Human Services (MDHHS) reports there were **32,735 enrollees** in these health plans, down from 34,297 in January. Also as of February 1st, more than 45,000 duals eligible for participation in the demonstration have chosen to opt out (not participate). These individuals will receive their Medicaid benefits on a fee-for-service basis but retain the option to voluntarily enroll in the demonstration at a later time.

There is one Integrated Care Organization (ICO) serving the Upper Peninsula: the Upper Peninsula Health Plan, and two ICOs serving the eight southwest counties: Aetna Better Health of Michigan and Meridian Health Plan of Michigan. There are five ICOs serving the Macomb and Wayne single county regions: Aetna Better Health, AmeriHealth Michigan, MI Complete Health / Fidelis SecureCares of Michigan, HAP Midwest Health Plan, and Molina Healthcare of Michigan. The table below provides enrollment information by region for each ICO.

<b>MI Health Link Enrollment February 1, 2016</b>	<b>Upper Pen. Region</b>	<b>SW MI Region</b>	<b>Macomb Region</b>	<b>Wayne Region</b>	<b>Total</b>
Aetna Better Health		2,985	577	2,083	5,645
AmeriHealth Michigan			628	2,266	2,894
MI Complete Health / Fidelis			450	2,124	2,574
HAP Midwest Health Plan			924	3,929	4,853
Meridian Health Plan of MI		4,637			4,637
Molina Healthcare of MI			1,331	7,124	8,455
Upper Peninsula Health Plan	3,677				3,677
<b>Total</b>	<b>3,677</b>	<b>7,622</b>	<b>3,910</b>	<b>17,526</b>	<b>32,735</b>

Less than 13 percent of these duals voluntarily enrolled in MI Health Link. The vast majority were passively enrolled (assigned to a health plan but with the ability to change to a different plan

or opt out of the demonstration). Molina Healthcare has the most enrollees, both voluntarily and passively enrolled, almost 26 percent of the combined total; Aetna Better Health has about 17 percent of the total and HAP Midwest Health Plan has about 15 percent. At this point, most of the MI Health Link enrollees are living at home, with a little less than six percent of the enrollees living in a nursing facility. Although each of the plans has enrollees who are receiving care in nursing facilities, Molina Healthcare has the largest share, about 30 percent of the total.

The MDHHS has established an [enrollment dashboard](#) on the MI Health Link page on its website. According to the MI Health Link website, for February 2016, more than half of the MI Health Link enrollees are individuals under the age of 65. Almost all of these younger individuals qualified for Medicare and Medicaid based on a disability.

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

## **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 February 1, 2016 these four D-SNPs had a combined enrollment of 12,488 duals for whom they provide Medicare services. Almost 80 percent of the duals enrolled in a D-SNP are enrolled in the Molina plan.

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.

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

## **Integration of Behavioral Health and Physical Health Services**

As we reported in the *Special Michigan Budget Update* published earlier this month, Governor Rick Snyder's Executive Budget Recommendation included language that would transfer funds currently appropriated to the state's ten Prepaid Inpatient Health Plans (PIHPs) for the provision of behavioral health services to the Medicaid-contracted Medicaid Health Plans (HMOs) that

provide physical health services.

Although the stated intent of the language was "to better integrate mental and behavioral health services with a patient's physical health treatments" the reaction to that language was immediate and intense because of the potential impact of moving the funding from the PIHPs to the HMOs. As a result, Lieutenant Governor Brian Calley has been asked and has agreed to lead an effort to develop an alternative consensus proposal by a workgroup of all stakeholders. The workgroup will attempt to complete this task by May, before the Legislature finalizes the budget for next fiscal year.

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

### **Health Insurance Claims Assessment**

In previous editions of *The Michigan Update* we have reported that the State of Michigan is facing a loss of revenue from the Medicaid Managed Care Use Tax. The federal government has advised that the state may no longer use these funds for Medicaid as of January 1, 2017. This tax currently contributes a combined total of nearly \$600 million to the General Fund and School Aid Fund. Under current state law the Health Insurance Claims Assessment (HICA) will increase from 0.75 percent to 1.0 percent on January 1, 2017 when the Use Tax is eliminated (but with a sunset date of January 1, 2018). This increase in the HICA should generate an additional \$80 million per year, which is a very small fraction of the lost revenue due to the end of the Use Tax. On February 24, 2016, the Legislature approved and sent to Governor Rick Snyder for signature a bill that will extend the HICA through December 2020. The Governor is expected to sign the bill.

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

### **Flint Water Crisis**

In a letter signed by Governor Rick Snyder and dated February 13, 2016, the State of Michigan submitted a [Section 1115 waiver request](#) to the US Department of Health and Human Services (HHS) to expand Medicaid eligibility for pregnant women and children under age 21 served by the Flint water system. Eligible pregnant women and children in families with incomes below 400 percent of the federal poverty level would receive full Medicaid benefits including targeted case management services to coordinate and assure their access to appropriate resources and receipt of necessary supports. Approval of the waiver request

would also allow the state to expand on its lead abatement activities in impacted areas.

HHS has already awarded \$500,000 to help two Flint area health centers - Hamilton Community Health Network, Inc. and Genesee Health System (formerly Genesee County Community Mental Health) - increase and expand activities in response to the lead contamination. US Senator Debbie Stabenow (D-Michigan) has filed a bill to allocate \$100 million for a Drinking Water State Revolving Fund that would provide both grants and loans to enhance safe drinking water and to improve water infrastructure. Michigan would have access to those funds once established. In addition, the Michigan Legislature has approved and sent to Governor Snyder for approval an additional \$30 million to credit Flint residents for a portion of their water bills during the time the water was tainted and unusable.

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## MI Care Team

As recommended by Governor Snyder's Mental Health & Wellness Commission, and contingent upon approval of a State Plan Amendment, the Michigan Department of Health and Human Services (MDHHS) will implement an expanded primary care health homes program. The initiative supports Medicaid beneficiaries experiencing chronic mild-to-moderate behavioral health issues in conjunction with chronic physical health issues. MI Care Team (MiCT) is a method of delivering care coordination and comprehensive care management in an integrated health care environment to improve health outcomes for beneficiaries in the program. These health homes serve as the central point of contact for directing patient-centered care across all elements of the broader health care system. Participation is voluntary; beneficiaries must consent to be enrolled in the program and may opt-out at any time.

As shown in the table below, there will be ten MI Care Teams across the state, most with multiple sites and serving multiple counties.

MI Care Team Awardee	Sites	County(ies) Served
Advantage Health Centers 15400 W McNichols Road, Detroit	5	Macomb Wayne
Cherry Health 100 Cherry St. SE, Grand Rapids	4	Kent Montcalm
Covenant Community Care 559 W. Grand Boulevard, Detroit	2	Oakland Wayne
Family Health Center 117 W. Paterson Street, Kalamazoo	1	Kalamazoo

Family Medical Center of Michigan 8765 Lewis Avenue, Temperance	4	Lenawee Monroe
Genesee Community Health Center 422 W. Fourth Avenue, Flint	2	Genesee
Health Delivery, Inc. (HDI) 51 Lapeer Avenue, Saginaw	8	Bay, Huron, Lapeer, Saginaw, Shiawassee
Thunder Bay Community Health Service 15774 State Street, Hillman	4	Montmorency Presque Isle
Upper Great Lakes Family Health Center 506 Campus Drive, Hancock	9	Houghton, Iron, Marquette, Menominee, Ontonagon
The Wellness Plan Medical Centers 7700 Second Avenue, Detroit	4	Oakland Wayne

Additional information about the MI Care Team project is available on the [MDHHS website](#).

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

### Medicaid Estate Recovery

On February 5, 2016, the Michigan Court of Appeals, in a divided opinion, ruled that the state cannot seek Medicaid reimbursements from estates for a period before 2011. The decision in *In re estate of Irene Gorney (COA docket No 323090)* involved a case that consisted of four consolidated suits filed by executors of estates for former Medicaid beneficiaries. Although the state's Medicaid Estate Recovery plan was approved retroactive to July 1, 2010, the federal government did not actually send the plan approval to the state until 2011, and this was the basis for the court's ruling.

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

### Statewide Breastfeeding Plan

On February 22, 2016, the Michigan Department of Health and Human Services (MDHHS) [announced](#) that it would be hosting two forums to help equip Michigan mothers with needed education, support and resources for breastfeeding. The forums will be held on March 15th in Lansing and on April 19th in Marquette. The forums will be open to Michigan employers, health care professionals and organizations, community organizations and members, public health professionals and others to discuss the benefits of breastfeeding, share strategies

and break down barriers to breastfeeding.

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

## Medical Director for Behavioral Health and Forensic Programs

On February 23, 2016, the Michigan Department of Health and Human Services (MDHHS) [announced](#) that Debra Pinals, MD has been named the new Medical Director for Behavioral Health and Forensic Programs at MDHHS. The University of Michigan announced her concurrent appointment as a Clinical Professor in the Department of Psychiatry as the Director of the Program in Psychiatry, Law & Ethics. She will transition to her new roles beginning March 7, 2016. Dr. Pinals comes to Michigan from the Massachusetts Department of Mental Health and also served as an Associate Professor of Psychiatry and Director of Forensic Education at the University of Massachusetts Medical School.

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

- A proposed policy (**1570-Pharmacy**) has been issued that would outline the **minimum requirements Medicaid Health Plans must meet** as they transition their members to the **Managed Care Common Formulary**. Comments are due to MDHHS by March 1, 2016.
- A proposed policy (**1556-Enrollment**) has been issued that would allow for the **enrollment of marriage and family therapists as Medicaid providers of behavioral health services**. Comments are due to MDHHS by March 16, 2016.

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

- **L 16-04** was released on January 29, 2016 as a notice of the department's intent to submit a State Plan Amendment that will describe the **four categories of Hospice care**, including two levels of routine Hospice reimbursement and severity intensity add-on payment.



- **L 16-06** was released on February 10, 2016 to **correct information** previously provided in L-15-67. Specifically, the letter advises that, pending federal approval of a State Plan Amendment, the **Ambulatory Surgical Center and Outpatient Prospective Payment System reduction factor** to maintain budget neutrality will be adjusted effective January 1, 2016 **from 52.3 percent to 52.6 percent.**
- **L 16-07** was released on February 10, 2016 as a notice of the department's intent to submit an amendment to the 1915(c) waiver associated with the **MI Health Link Program** to amend **spousal impoverishment rules affecting Medicaid eligibility** in accordance with newly issued federal guidance.
- **L 16-03** was released on February 17, 2016 to notify selected providers that one or more of their paid claims were randomly chosen for review during the state's **Payment Error Rate Measurement (PERM) audit.** Contractor A+ Government Solutions, Inc. will be requesting **medical records** related to the selected claims.
- **L 16-05** was released on February 17, 2016 as a notice that the department has submitted a **Section 1115 waiver** request to the federal government that would permit the state to **expand Medicaid eligibility for pregnant women and children up to age 21 served by the Flint water system** if they meet specified requirements; provide targeted case management services for the women and children; and expand on the state's current lead abatement program to provide services in the impacted area of Flint.

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***Health Management Associates is an independent national research and consulting firm specializing in complex health care program and policy issues. Founded in 1985, in Lansing, Michigan, Health Management Associates provides leadership, experience, and technical expertise to local, state, and federal governmental agencies, regional and national foundations, investors, multi-state health system organizations and single site health care providers, as well as employers and other purchasers in the public and private sectors.***