

The Michigan Update

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Medicaid Managed Care Enrollment Activity

As of February 1, 2017, there were **1,762,535 Medicaid beneficiaries, including 519,968 HMP beneficiaries**, enrolled in the 11 Medicaid Health Plans (HMOs). This is an overall **increase of 4,883** since January. However, while the number of HMP enrollees increased by 5,471, the number of non-HMP enrollees decreased by 588.

As the enrollment reports ([pdf](#)) ([xls](#)) for February 2017 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 February 1, 2017 were Meridian Health Plan of Michigan with 28.1 percent of the total, Molina Healthcare of Michigan with 20.9 percent, UnitedHealthcare Community Plan with 14.7 percent, and McLaren Health Plan with 10.7 percent of the total.

The Michigan Department of Health and Human Services 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, 2017, there were **17,876 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs**, an increase of 71 since January. All Medicaid HMOs

Boston, Massachusetts
Chicago, Illinois
Columbus, Ohio
Denver, Colorado
Harrisburg, Pennsylvania
Indianapolis, Indiana
Lansing, Michigan
New York, New York
Phoenix, Arizona
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have CSHCS/Medicaid enrollees, although the numbers vary across plans. Meridian Health Plan of Michigan has the most CSHCS/Medicaid beneficiaries enrolled (27.0 percent of the total); Molina Healthcare of Michigan has 25.7 percent of the total; UnitedHealthcare Community Plan has 15.4 percent; and McLaren Health Plan has 9.7 percent of the total enrollees.

Aside from Michigan's Medicare/Medicaid financial alignment demonstration, MI Health Link, there were an additional **35,477 Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs** to receive acute care Medicaid benefits in February 2017, an increase of 392 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 (28.1 percent of the total); Meridian Health Plan of Michigan has 25.5 percent of the total (but the most voluntary enrollees); and McLaren Health Plan has 15.1 percent of the total enrollees.

There were **34,182 MIChild beneficiaries enrolled in Medicaid HMOs** in February 2017, a decrease of 2,128 since January. All Medicaid HMOs have MIChild beneficiaries enrolled, although the numbers vary dramatically across plans. Meridian Health Plan of Michigan has the most MIChild enrollees (25.6 percent of the total); Molina Healthcare of Michigan has 18.9 percent of the total; UnitedHealthcare Community Plan has 13.2 percent; and McLaren Health Plan has 13.1 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 each month since. According to the Michigan Department of Health and Human Services (MDHHS) [website](#), HMP enrollment stood at **666,728 as of February 27, 2017**. For the fourth month in a row, the end of month enrollment total has exceeded enrollment at the end of the prior month and set a new record. The HMP enrollment at the end of February is the highest ever reported. 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; with growth during each month similar to prior trends,

the result is a current month-end enrollment total more than 52,000 higher than at the end of August 2016.

For additional information, contact [Eileen Ellis](#), Senior Fellow, 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 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 (Barry, Berrien, Branch, Calhoun, Cass, Kalamazoo, St. Joseph, and Van Buren); and Macomb and Wayne 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.

Due to a passive enrollment process implemented June 1, 2016 by the Michigan Department of Health and Human Services (MDHHS), there were **38,767 enrollees that month** 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. Since June 2016, the number of MI Health Link members has fluctuated, with increases in some months and decreases in others. **As of February 1, 2017, the MI Health Link enrollment is 36,771.**

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 February 1, 2017.

MI Health Link Enrollment	Upper Pen. Region	SW MI Region	Macomb Region	Wayne Region	Total
Aetna Better Health of MI		3,361	802	2,926	7,089
AmeriHealth Michigan			713	2,420	3,133
MI Complete			360	1,640	2,000

Health / Fidelis					
HAP Midwest Health Plan			1,021	4,030	5,051
Meridian Health Plan of MI		5,331			5,331
Molina Healthcare of MI			1,694	8,376	10,070
Upper Peninsula Health Plan	4,097				4,097
Total	4,097	8,692	4,590	19,392	36,771

As of February 1, 2017, Molina Healthcare of Michigan has the most enrollees, both voluntarily and passively enrolled (27.4 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 13.7 percent. At this point, about 94.4 percent of the MI Health Link enrollees are living in a community setting, and about 5.6 percent of the enrollees live in a nursing facility. Only 1.6 percent of the total 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 February 1st, with 22.9 percent and 19.2 percent, respectively, of the total enrollees residing in nursing facilities.

While the majority of MI Health Link enrollees are passively enrolled, 18 percent of them voluntarily joined the demonstration. The voluntary enrollment percentage has more than tripled since September 2015. MDHHS also reports that as of February 1, 2017, more than 50,200 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.

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

Michigan D-SNPs

Three 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, and Molina Healthcare of Michigan. The Upper Peninsula Health Plan was identified as a D-SNP in 2016 (and had 71 enrollees as of December 2016) but does not appear on the 2017 reports. As of February 1, 2017, these **three D-SNPs had a combined enrollment of 12,877 duals** for whom they provide Medicare services. Almost 82 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.

Michigan Budget

On February 8, 2017, Governor Rick Snyder presented to the Legislature his Executive Budget Recommendation for state fiscal year 2017-2018, which begins October 1, 2017. The total budget recommendation is \$56.3 billion, an increase of 2.5 percent over the budget for the current fiscal year. The recommendation includes \$10.1 billion in state general fund (GF) dollars. Unlike the most recent years, the Governor's budget recommendation is primarily a continuation budget without any new and noteworthy health care related initiatives.

The budget recommendation for the Michigan Department of Health and Human Services (MDHHS) is \$25.5 billion, including \$4.5 billion in GF dollars. This recommendation includes \$11.2 billion (including \$1.7 billion GF) for physical health services for the traditional Medicaid population, \$3.8 billion (including \$200 million GF) for the Healthy Michigan Plan (HMP – Medicaid expansion) population, and \$3.0 billion

(including nearly \$1.0 billion GF) for behavioral health care services provided through the Prepaid Inpatient Health Plans. Regarding the HMP, the Governor pointed to savings sufficient to compensate for the lower federal matching rate (95 percent in calendar year 2017 and 94 percent in calendar year 2018).

The budget recommendation for MDHHS includes funds to improve administration of the Medicaid non-emergency medical transportation (NEMT) benefit through a contract to serve beneficiaries outside of Wayne, Oakland and Macomb counties where an NEMT broker contract is already in place. (Medicaid HMO enrollees continue to receive their NEMT benefit from their HMOs.) In addition, the Governor proposed funds to construct a new state psychiatric hospital to replace an aging facility in Caro, funds to support a \$0.50 per hour wage increase for direct care workers in the state's mental health system, and funds to improve staffing for adult services for the elderly and disabled and to reduce wait lists for home-delivered meals and in-home services. The budget recommendation includes increased funding for autism services and still includes financial support for activities related to the Flint water crisis.

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

Behavioral Health and Physical Health Integration

In recent 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 state fiscal year 2016-2017 appropriation measure that prompted its creation, met for several months, with Lieutenant Governor Brian Calley serving as its chair. After releasing an interim report from the workgroup in January and soliciting financing model proposals from stakeholders, the Michigan Department of Health and Human Services (MDHHS) posted a survey instrument on February 16, 2017 to give the stakeholders and other interested parties a chance to provide comments related to the submitted proposals. The 42 model proposals and the survey instrument are available on the [MDHHS website](#).

The financing model proposals varied significantly. Some would appear to favor a single behavioral health organization to manage care across the state; others would seem to opt for a more community-oriented approach with

payment directly to the community mental health services programs rather than through the prepaid inpatient health plans; and some would appear to want MDHHS to assume some expanded administrative functions around payment.

For purposes of the survey, the model proposals were categorized into the following groups, and the proposals document on the MDHHS website indicates how each of the 42 proposals was categorized:

- **Statewide Behavioral Health Managed Care Organization**
- Medicaid Health Plan or Prepaid Inpatient Health Plan Payer Integration
- **Community Mental Health Service Programs (Provider) Capitation**
- **Modified Managed Care Approaches**
- **Current Financing Structure Enhancement**
- **Local/Regional Integration Arrangements**

The Section 298 Integration Workgroup will be evaluating the financing model proposals in the five groups identified with a bold font. The proposals in the Medicaid Health Plan or Prepaid Inpatient Health Plan Payer Integration group will not be evaluated nor will model proposals that did not propose a change in the financing structure. MDHHS staff will use input from survey responses, which are due by March 3, 2017, as well as input from a public forum held February 24th, as they prepare the Section 298 Final Report, which must be submitted to the Legislature by March 15th.

For additional information, contact [Eileen Ellis](#), Senior Fellow, or [Rich VandenHeuvel](#), Principal, at (517) 482-9236.

New Chief of Staff to Governor

On February 9, 2017, Governor Rick Snyder named former Lieutenant Governor Dick Posthumus as his new Chief of Staff. Mr. Posthumus, who served as Lieutenant Governor to former Governor John Engler from 1999 to 2002 and served 16 years as a Michigan Senator prior to that, has been an aide to Governor Snyder for some time. He replaces Jarrod Agen who recently accepted a position as communications director for Vice President Mike Pence.

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 six final and three proposed policies that merit mention. One of the final policies was released simultaneously with a proposed policy. They are available for review on the department's [website](#).

- **MSA 16-47** notifies **Practitioners, Hospitals, Clinics and Others of Family Planning Services coverage** for beneficiaries in the **Maternity Outpatient Medical Services (MOMS)** program.
- **MSA 17-02** advises **All Providers of Healthy Michigan Plan Copayment Increases** that will be effective April 1, 2017.
- **MSA 17-03** informs **Bridges Eligibility and Administrative Manual Holders, MI Choice Waiver Agents and Others of changes in policy for Non-Emergency Medical Transportation.**
- **MSA 17-04** informs **All Providers** of policy changes needed to comply with federal requirements regarding **provider screening and enrollment. Medicaid fee-for-service claims will be denied** if the provider enrollment process has not been completed.
- **MSA 17-05** informs **All Providers of targeted and time-limited lead abatement service coverage for eligible properties in the state.**
- **MSA 17-09** advises **All Providers** that, contingent upon federal approval of a State Plan Amendment, **pharmacies will be able to bill for Medication Therapy Management services.** This final policy was **simultaneously released for public comment**, with comments due on March 31, 2017.
- A proposed policy (**1651-GME**) has been issued that would **increase the Graduate Medical Education Innovations Grant to include Pine Rest Christian Mental Health Services.** Comments are due to MDHHS by March 15, 2017.
- A proposed policy (**1629-Pharmacy**) has been issued that would **allow Pharmacies to be reimbursed for injectable drugs administered in residential treatment centers.** Comments are due to MDHHS by March 22, 2017.

MDHHS has also released three L-letters of potential interest, which are available for review on the same website.

- **L 17-01** was released on January 11, 2017 as a notice to Tribal Chairs and Health Directors of the department's **intent to submit a State Plan Amendment** to allow for **reimbursement to Michigan's State Veterans Homes for providing nursing facility services.**
- **L-17-06** was released on February 16, 2017 to clarify for **Nursing Facilities with Ventilator**

Dependent Care Units the appropriate **billing procedure** for Medicaid **beneficiaries receiving both ventilator and therapy services.**

- **L 17-05** was released on February 21, 2017 as a notice to Tribal Chairs and Health Directors of the department's **intent to submit a State Plan Amendment** on **pharmacy** claim reimbursement rates to include **coverage of Medication Therapy Management services.**

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

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