

The Michigan Update

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Medicaid Managed Care Enrollment Activity

As of March 1, 2017, there were **1,777,243 Medicaid beneficiaries, including 527,631 HMP beneficiaries**, enrolled in the 11 Medicaid Health Plans (HMOs). This is an overall **increase of 14,708** since February. The number of HMP enrollees increased by 7,663 and the number of non-HMP enrollees increased by 7,045.

As the enrollment reports ([pdf](#)) ([xls](#)) for March 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 March 1, 2017 were Meridian Health Plan of Michigan with 28.1 percent of the total, Molina Healthcare of Michigan with 20.7 percent, UnitedHealthcare Community Plan with 14.6 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 March 1, 2017, there were **18,375 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs**, an increase of 499 since February. All Medicaid HMOs have CSHCS/Medicaid enrollees, although the numbers vary

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across plans. Meridian Health Plan of Michigan has the most CSHCS/Medicaid beneficiaries enrolled (26.9 percent of the total); Molina Healthcare of Michigan has 25.8 percent of the total; UnitedHealthcare Community Plan has 15.3 percent; and McLaren Health Plan has 9.6 percent of the total enrollees.

Aside from Michigan's Medicare/Medicaid financial alignment demonstration, MI Health Link, there were an additional **35,645 Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs** to receive acute care Medicaid benefits in March 2017, an increase of 168 since February. 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 (27.8 percent of the total); Meridian Health Plan of Michigan has 25.6 percent of the total (but the most voluntary enrollees); and McLaren Health Plan has 15.3 percent of the total enrollees.

There were **33,838 MIChild beneficiaries enrolled in Medicaid HMOs** in March 2017, a decrease of 344 since February and a decrease of more than 3,000 since November of last year. We believe that some of the children formerly enrolled in MIChild coverage have more recently qualified for other Medicaid eligibility categories for children due to changes in family income. (While MIChild enrollment has recently declined, total enrollment of children in Medicaid, including MIChild, increased by more than 23,000 between August 2016 and February 2017.) All Medicaid HMOs have MIChild beneficiaries enrolled, although the numbers vary dramatically across plans. Meridian Health Plan of Michigan has the most MIChild enrollees (25.8 percent of the total); Molina Healthcare of Michigan has 18.7 percent of the total; UnitedHealthcare Community Plan has 13.2 percent; and McLaren Health 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.

Harbor Health Plan

Tenet Healthcare's sale of Harbor Health Plan to Trusted Healthcare of Washington, DC has been finalized. The transaction, valued at \$16 million, has been in process for several months. Tenet, the parent of Detroit Medical Center (DMC), inherited the health plan, formerly called Pro Care Health Plan, when it acquired DMC from Vanguard Health System in 2013. Trusted Healthcare has hired Jesse Thomas to serve as chief executive officer (CEO) for the health plan.

Mr. Thomas has over 30 years of Medicaid managed care experience, including positions as CEO for both Molina Healthcare of Ohio and Molina Healthcare of Michigan several years ago as well as President of WellCare Health Plans South Division.

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

Healthy Michigan Plan Enrollment

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 **669,475 as of March 27, 2017**. For the fifth 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 March is the highest ever reported. Although the HMP caseload drops at the beginning of each month because 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 like prior trends, the result is a current month-end enrollment total more than 55,000 higher than at the end of August 2016.

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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 March 1, 2017, the MI Health Link enrollment is 37,414, an increase of 643 enrollees since February.**

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 March 1, 2017.

MI Health Link Enrollment	Upper Pen. Region	SW MI Region	Macomb Region	Wayne Region	Total
Aetna Better Health of MI		3,398	811	2,966	7,175
AmeriHealth Michigan			713	2,454	3,167
MI Complete Health / Fidelis			378	1,689	2,067
HAP Midwest Health Plan			1,057	4,086	5,143
Meridian Health Plan of MI		5,426			5,426
Molina Healthcare of MI			1,721	8,534	10,255
Upper Peninsula Health Plan	4,181				4,181
Total	4,181	8,824	4,680	19,729	37,414

As of March 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 19.2 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 1.5 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 the plans have enrollees receiving care in nursing facilities, the Upper Peninsula Health Plan has the largest share as of March 1st (22.4 percent of the total enrollees residing in nursing facilities). Molina Healthcare of Michigan places second, with 18.5 percent; and Aetna Better Health of Michigan comes in third, with 16.3 percent.

While the majority of MI Health Link enrollees are passively enrolled, 18.5 percent of them voluntarily joined the demonstration. The voluntary enrollment percentage has more than tripled since September 2015. MDHHS also reports that as of March 1, 2017, more than 50,500 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 March 1, 2017, these **three D-SNPs had a combined enrollment of 13,121 duals** for whom they provide Medicare services. Almost 81 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 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.

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 both a draft and an interim final report, and with the Michigan Association of Health Plans (MAHP) releasing its “[Minority Report and Comments Regarding Section 298 Boilerplate Draft Interim Report to the Legislature](#),” the Michigan Department of Health and Human Services submitted its “[Final Report of the 298 Facilitation Workgroup](#)” to the Legislature on March 15, 2017.

The Final Report includes the 70 initial policy recommendations outlined in the interim report as well as several new recommendations on financing models and benchmarks for implementation. Legislative hearings will be scheduled regarding the report, and the media is already reporting that Medicaid HMOs and their trade association (MAHP) are advocating for pilot projects coordinated by the HMOs in addition to pilots coordinated by behavioral health organizations.

Shortly after the Final Report was submitted to the Legislature, the Michigan Association of Community Mental Health Boards, which represents the state’s community mental health organizations, released the results of a study conducted by its research arm, the Center for Healthcare Research and Innovation. That study, “[Bending the Healthcare Cost Curve: The success of Michigan’s public mental health system in achieving sustainable healthcare cost control](#),” notes that community mental health agencies have saved Michigan more than \$5 billion since 1998. The report compares its rate of spending growth to Medicaid rate increases nationally, which prompted the MAHP Executive Director to question the appropriateness of comparing Michigan-specific behavioral health cost trends to national (rather than Michigan) cost trends associated with the delivery of services through Medicaid HMOs.

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Flint Water Settlement

A settlement has been reached in one of the lawsuits brought against the State of Michigan by Flint residents and organizations over the city's water system. On March 28, 2017, US District Judge David Lawson approved a settlement in *Concerned Pastors v. Khouri*, a lawsuit that demanded the state's compliance with the federal Safe Drinking Water Act. Through this settlement, the state has committed funding for the replacement of about 18,000 lead and galvanized steel water service lines in Flint by the end of 2019 – about 6,000 each year. The settlement requires the expenditure of \$87 million, which will come from multiple sources including recently approved federal funds, the state matching funds used to generate the federal funds, and funds supporting existing programs focused on lead abatement and water infrastructure improvements. No new state general funds will be required. In addition, the settlement includes parameters for the end of bottled water delivery and lays out water testing protocols.

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Another Snyder Staffer Heads to DC

In last month's edition of *The Michigan Update*, we reported that Governor Rick Snyder's Chief of Staff, Jarrod Agen, was leaving to accept a position in Washington, DC as communications director for Vice President Mike Pence. The Governor named Dick Posthumus to the vacated position. In mid-March, the Governor announced that another member of his staff, Josh Paciorek, his deputy press secretary, has also accepted a position on Vice President Pence's staff. Mr. Paciorek's replacement has not yet been announced.

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

Supporting People with Developmental Disabilities

On March 1, 2017, the Michigan Developmental Disabilities Council within the Michigan Department of Health and Human Services [announced](#) that it is seeking an organization

to develop a process to support Michiganders with intellectual and developmental disabilities in making decisions about their daily lives. A request for proposals, which is available through the announcement, was released and responses are due to the department by March 31, 2017. The successful applicant for the Self-Determination in Michigan grant will receive up to \$568,000 over a four-year grant period.

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

County Health Rankings

The [2017 County Health Rankings Key Findings Report](#) was released on March 30, 2017. A collaboration between the Robert Wood Johnson Foundation and the University of Wisconsin Population Health Institute for eight years, the Report is a product of the County Health Rankings & Roadmaps program established to help communities identify and implement solutions that make it easier for people to be healthy in their neighborhoods, schools and workplaces. The Report ranks the health of nearly every county in the nation. Notably, the report states that more Americans are dying prematurely, especially individuals between ages 15 and 44; drug overdose and other injury deaths due to motor vehicle crashes and firearm fatalities influenced the rise in premature death; and “disconnected youth” – young people between ages 16 and 24 who are not in school or working – represent untapped potential to strengthen the social and economic vibrancy of local communities.

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Health Care in Michigan

The Center for Healthcare Research & Transformation at the University of Michigan released three new publications on March 17, 2017. The [first](#) publication, a survey brief, examines how access to health care for people in Michigan has changed because of insurance coverage expansions under the Affordable Care Act. The [second](#) publication, a table, summarizes key provisions of the American Health Care Act (as of the date of the publication) and shows who in Michigan would be primarily affected. The [third](#) publication, a companion piece to the second publication, provides additional information about the differential impacts of the legislation based on factors such as age, income, geographic location, plan choice and overall health.

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

Medicaid Policies

The Michigan Department of Health and Human Services (MDHHS) has issued five final and four proposed policies that merit mention. They are available for review on the department's [website](#).

- **MSA 17-06** notifies **Pharmacy Providers** of the program policy on **early refills** for prescription drugs.
- **MSA 17-07** advises **All Providers** of **Enhanced 340B Reporting Requirements** to **protect drug manufacturers from paying both a Medicaid rebate and a 340B discount** on the same drug.
- **MSA 17-08** informs **All Providers** of **Quarterly Updates to the Medicaid Provider Manual**. The bulletin also **clarifies information previously released** related to efforts around **abatement of lead hazards from homes**.
- **MSA 17-11** notifies **Hospitals** that, contingent upon federal approval, the **Graduate Medical Education Innovations Program** will be increased to include **Pine Rest Christian Mental Health Services**.
- **MSA 17-12** advises **Pharmacies, Prepaid Inpatient Health Plans and Others** that **pharmacy claims for selected injectable drugs administered in a residential treatment center will be reimbursable** beginning May 2017.
- A proposed policy (**1703-Hospital**) has been issued that would clarify institutional provider **billing instructions when a change in facility ownership occurs** during a beneficiary's inpatient stay. Comments are due to MDHHS by April 13, 2017.
- A proposed policy (**1705-CMH**) has been issued that would **revise the Intensive Crisis Stabilization Services section** of the Behavioral Health and Intellectual and Developmental Disability Supports and Services Chapter **in the Medicaid Provider Manual**. Comments are due to MDHHS by May 1, 2017.
- A proposed policy (**1636-DME**) has been issued that would **update Medicaid policy** related to coverage of **Speech Generating Devices**. Comments are due to MDHHS by May 1, 2017.
- A proposed policy (**1704-NEMT**) has been issued that would **require non-emergency medical transportation providers** for beneficiaries in the

Maternal Infant Health Program to be **enrolled in the Community Health Automated Medicaid Processing System**. Comments are due to MDHHS by May 3, 2017.

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

- **L 17-08** was released on March 1, 2017 as a reminder that **MI Choice Waiver Agencies in the Phase II group of counties will begin authorizing and providing non-emergency medical transportation for waiver participants on April 1, 2017**.
- **L-17-09** was released on March 7, 2017 **to notify Medicaid providers that received at least \$5 million in payments during calendar year 2016 of reporting requirements** associated with the Deficit Reduction Act of 2005.
- **L 17-05** was released on March 9, 2017 as a notice to Tribal Chairs and Health Directors of the department's **intent to submit a State Plan Amendment to include Medicaid in a new all programs application**. The new application is intended to simplify the process of applying for all MDHHS programs, and the anticipated effective date is January 1, 2018.

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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.*