HEALTH MANAGEMENT ASSOCIATES

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The Michigan Update

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Medicaid Managed Care Enrollment Activity

As of May 1, 2013, there were **1,247,547 Medicaid beneficiaries enrolled** in 13 Medicaid Health Plans (HMOs), **an increase of 6,552** since April 1, 2013, and an increase of more than 11,000 since March. This enrollment increase is largely because the number of enrollments in process has decreased significantly. The number of Medicaid beneficiaries eligible for managed care enrollment decreased in May - there were 1,294,213 eligible beneficiaries, down from 1,300,819 in April.

The number of Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs to receive their Medicaid benefits continues to grow - there were **36,916 duals enrolled** in May, up from 35,533 in April, an increase of 1,383. The number of Medicaid children dually eligible for the Children's Special Health Care Services (CSHCS) program enrolled in Medicaid HMOs appears to have stabilized - there were **17,655 CSHCS/Medicaid children enrolled** in May, a drop of 7 since April.

As the enrollment reports (.pdf) (.xls) reflect, every county in the state is served by at least one Medicaid Health Plan. As the result of an approved service area expansion, Priority Health Government Programs is now available to beneficiaries in Missaukee County; there are now three plan choices available to beneficiaries in that county. 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.

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MIChild

According to MAXIMUS, the DCH contractor for MIChild enrollment, there were **37,879 children enrolled** in the MIChild program as of May 1, 2013. This is a decrease of 70 since April 1, 2013.

As the enrollment report (.pdf) (.xls) for May shows, enrollment is dispersed between 10 plans, with 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 (48.4 percent) or Delta Dental Plan (46.7 percent).

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Adult Benefits Waiver (ABW)

As of the middle of May 2013, DCH reports there were **71,135 ABW beneficiaries enrolled** in the program, **an increase of 32,291** since the middle of April, and an increase of 45,120 since the middle of March. The increase is attributed to an **open enrollment period** during the month of April, the first since October - November 2010. The ABW enrollment figure will continue to climb for a month or two as Department of Human Services' staff process applications received during April. The highest ever enrollment in the ABW waiver program occurred in January 2011, shortly after the last open enrollment period; a total of 94,273 individuals were enrolled that month. There are 28 County Health Plans (CHPs) serving ABW beneficiaries in 73 of Michigan's 83 counties. As of May 1, 2013, the combined ABW **enrollment in the 28 CHPs was 36,099, an increase of 13,407** since April. Enrollment in the CHPs will continue to grow as well.

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Integrated Care for Dual Eligibles

In previous editions of *The Michigan Update* we have written about Michigan's plan to implement an integrated delivery system of health care for persons dually eligible for Medicare and Medicaid (duals) through contracts with Integrated Care Organizations (ICOs). In mid-January 2013, DCH announced that the agency was in the final

stages of negotiation with the federal Centers for Medicare & Medicaid Services on a Memorandum of Understanding (MOU) for a three-year demonstration to be implemented in four regions of the state - the entire Upper Peninsula, an eight-county region in southwest Michigan (Barry, Berrien, Branch, Calhoun, Cass, Kalamazoo, St. Joseph and Van Buren Counties), and the single county regions of Macomb and Wayne Counties. As of the end of May, the MOU has yet to be finalized; however on May 8, 2013, DCH Director James Haveman announced that release of a Request for Proposals to select ICOs is anticipated over the summer and he expects implementation by July 1, 2014.

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Medicaid Expansion under ACA

On May 9, 2013: State House Representatives Matt Lori (Chair of the House Appropriations Subcommittee on Department of Community Health) and Al Pscholka introduced House Bill 4714, legislation authorizing the expansion of Medicaid eligibility to all individuals under 138% of the Federal Poverty Level. The legislation would make expansion of Medicaid contingent upon a number of reforms to the structure of Michigan's current Medicaid program.

The proposed structural changes would include the following:

- Full Federal funding for all Medicaid administrative and benefit costs for all non-disabled adult Medicaid enrollees. This would include low income parents enrolled in Michigan's Medicaid program and pregnant women as well as those in the traditionally understood "expansion population".
- The implementation of unspecified health incentive and anti-fraud initiatives.
- The creation of 48 month lifetime maximum eligibility for all non-disabled adults enrolled in Michigan's Medicaid program. This requirement is similar to time limits currently established for individuals enrolled in Michigan's cash assistance program. The lifetime limit would not count eligibility periods before January 1, 2014.
- Enrollee cost-sharing for those currently enrolled in the Medicaid program and the expansion population of up to 5.0% of income.

Supporters of the Legislation expressed hope that the

Federal government would provide Michigan a waiver that would permit the State to avoid any Federal requirements violated by the expansion plan. It is not clear whether the Federal government possesses the authority to waive any or all of the reform proposals or if the CMS would be disposed to support any of the concepts. The bill was referred to the House Committee on Michigan Competitiveness which held hearings on the bill on May 14, May 16, and May 21. A hearing scheduled for Mary 23 was cancelled and no further hearings have been scheduled at this time.

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New Revenue Estimates and the DCH Budget

On May 15th the House Fiscal Agency, Senate Fiscal Agency and the Department of Treasury reported their latest consensus revenue estimates for the current 2013 fiscal year and also for the 2014 fiscal year. For FY 2013 the revenue estimate for the state's General fund is $396. 9 million more than the January estimate. The conference also revised the estimated General fund revenue for FY 2014 upward from the January estimate by $181.8 million.

Given the lack of action on the Medicaid expansion legislation (HB 4714 - see prior article), the Conference Committee on the DCH appropriation (SB 198) passed a Medicaid budget that does not assume Medicaid expansion and therefore restores funding to FY 2013 levels for programs that would/might see reduced funding if Medicaid is expanded. These include funding for non-Medicaid mental health services, the Adult Benefits Waiver, and Special Indigent Care Payments.

The House has now approved an Omnibus budget (HB 4328) that includes the Conference Committee recommendation for DCH. The Senate has adjourned until June 4th, but is expected to agree to HB 4328 before summer recess. The higher revenue estimates noted above enabled the legislature to increase total General Fund/General Purpose (GF/GP) support for DCH by $98.6 million over the current fiscal year. Since the legislative budget does not include Medicaid expansion, the total authorization, including federal funding, is nearly $1.25 billion less than the Governor's initial recommendation for FY 2014 in total spending from all fund sources, but $190.5 million greater in GF/GP spending.

In addition to economic adjustments, full year funding of

primary care rates at Medicare levels, and funding of actuarially sound capitation rates, changes from the current year budget include the following:

- The Healthy Kids Dental program is expanded to Ingham, Ottawa and Washtenaw Counties, enrolling 70,500 children at a cost of $11.6 million ($3.9 million GF/GP).
- A "Behavioral Health Homes" initiative is funded for $900,000 ($90,000 GF/GP) for three demonstration sites to ensure better coordination of physical and behavioral health care for individuals with chronic health conditions.
- Two sets of Innovations Grants are funded out of entirely state dollars. The budget provides $1.5 million for Health Innovations Grants to encourage advances in health care and service delivery. There is also $5 million in one-time appropriations for Mental Health Innovations Grants of which $2.5 million is designated to support home-based care for children, $1.0 million is for high-risk youth, and the remaining $1.5 million is for programs to identify youth with mental health needs.
- The budget includes $1.63 million of state funds for a Jail Diversion program. The funds come from assumed reductions at state psychiatric hospitals.
- Most of the savings that had been assumed in the FY 2012 budget for the Integrated Care for Dual Eligibles (ICDE) initiative have been restored. The budget still assumes savings of $4.3 million ($1.8 million GF/GP).
- Four positions and $2 million dollars (all GF/GP) are added to the prenatal care outreach and service delivery support program to address infant mortality issues. Another $500,000 is added to this budget line for nurse family partnership programs. In addition a new pilot project for home visits related to pregnancy and parenting is funded with $700,000 of state funds. The goal is to promote childbirth and alternatives to abortion.
- Funding for the Healthy Homes initiative is increased by $1.25 million to support lead abatement.
- Funding for the Detroit Medical Center is reduced by $20 million gross ($6.7 million GF/GP).
- There is also language in the budget bill related to Graduate Medical Education. Section 1870 requires that DCH work with a consortium of medical school-affiliated faculty practice physician groups to develop freestanding residency programs. In addition DCH is directed to explore a federal waiver to implement a program similar to the Utah

Medicare Graduate Medical Education Demonstration.
- Other changes include a $2 million increase in funding for essential local public health services, $1.25 million for public health traumatic brain injury treatment, a $1 million increase in the Michigan Essential Health Provider Program (cost of $500,000 GF/GP), and a $2 million increase in autism center grants.

More detail on these changes is available via this legislative summary from the House Fiscal Agency and a copy of the actual budget bill is available at conference report.

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Health Insurance Claims Assessment Tax

In last month's edition of *The Michigan Update* we reported that one of the outstanding DCH budget issues relates to the shortfall associated with the Health Insurance Claims Assessment (HICA) tax, estimated at more than $130 million. The claims tax was designed to fill the funding gap left when the state discontinued an assessment on Medicaid Health Plans, which generated about $400 million annually. Senate Bill 335 was introduced in mid-May to extend the current one percent tax but with no language addressing the shortfall. The bill was quickly passed by the Senate and sent to the House of Representatives. The House passed the bill without any changes. The bill will soon by on its way to the Governor for signature. The conference budget for FY 2014 assumes the same level of HICA revenue at $398.1 million.

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Michigan Gets a New Health Insurer

A new health insurance company, Consumers Mutual Insurance of Michigan, was granted its state license on May 15, 2013. The company is Michigan's first statewide health care co-op and will begin covering individuals and small businesses in January 2014. Consumers Mutual will target individuals with household income between 138 percent and 400 percent of the federal poverty level, or between about $26,000 and $78,000 annually for a family of three. The company is funded by a $72 million federal loan and is designed to be an alternative to traditional for-profit insurance companies. The company's chief executive

officer is Dennis Litos, a former hospital administrator and, for a time, a principal at Health Management Associates.

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Exclusion from Participation in Federal Programs

On May 8, 2013, the federal Office of Inspector General (OIG) issued a *Special Advisory Bulletin on the Effect of Exclusion from Participation in Federal Health Care Programs*. The bulletin replaces and supersedes an earlier version issued in 1999 and, along with other relevant guidance, is available on the OIG website. The bulletin should be reviewed by all entities that receive payments from federal health care programs, including Medicare and Medicaid.

The bulletin addresses the scope and frequency of screening employees and contractors against the OIG's List of Excluded Individuals and Entities (LEIE) to determine if they are excluded from participation in federal health care programs. It provides the statutory background for exclusion authorities, describes the effect of exclusions, identifies liabilities for employing or contracting with excluded persons, and explains how to determine whether a person is excluded.

The bulletin explains how to determine which individuals and entities should be screened and suggests that providers maintain documentation of names searched in the LEIE in order to verify results of potential hits and to prove that proper screening was performed. It suggests that all names known for the individual, including maiden names, be queried and also addresses the frequency with which follow-up screening should occur; monthly queries are recommended.

The bulletin addresses differences between the LEIE and other government exclusion and debarment lists and discusses the National Practitioner Data Bank and Healthcare Integrity and Protection Databank. The bulletin clearly states that the LEIE should be the primary database for purposes of exclusions screening.

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Survey of Medicaid Home Care Workers

A recently released report prepared for the Michigan Office

of Services to the Aging (OSA) and DCH following of survey of direct-care workers for Michigan's Medicaid home and community-based services (HCBS) programs indicates that level of pay, work hours and training are barriers to both worker recruitment and retention.

The OSA received federal funding through the national State Profile Tool Project in 2010 to collect basic data on the direct-care workforce in home and community-based services (HCBS) programs. The agency worked with the Michigan Disability Rights Coalition and a contractor, PHI Michigan, to conduct surveys of workers in three of the state's Medicaid-funded home care programs: MI Choice HCBS Waiver, Home Help, and Habilitation Supports Waiver and 1915(b)/(c) Waiver. MI Choice largely serves the aged and physically disabled, as does Home Help; the Habilitation Supports and 1915(b)/(c) waivers provide community-based supports for individuals with developmental and cognitive disabilities and mental illness. The purpose of the provider organization surveys was to measure the size, stability, and compensation of the direct-care workforce and to capture information about recruitment and retention challenges providers face as well as their training interests and needs. The surveys of workers supporting self-directing participants looked at demographic information, worker satisfaction and training interests and allowed for analysis of findings based on the relationship the worker has to the participant.

A recently released report indicates that although the three programs are administered differently and serve different populations, survey results revealed consistent workforce themes:

- Low wages create a barrier to both recruiting and retaining direct-care staff.
- A significant percentage of the workforce is employed on a part-time basis, another factor that affects both recruitment and retention.
- Only about one-third of the respondents reported receiving reimbursement for travel costs between the homes of the individuals for whom they provide care; often they serve multiple individuals during a single workday.
- Fewer than half of the employers of these workers offer health insurance, and those that do have a low participation rate by employees due to the high cost of coverage.
- Initial and ongoing training of the workforce should be expanded.

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New Toolkit - Children's Social and Emotional Health

On May 9, 2013, the Michigan Department of Community Health (DCH) released a new toolkit to help families and communities better understand young children's social and emotional health problems and needs. The toolkit includes a guide, fact sheet and a set of PowerPoint slides to use in facilitating a conversation about the subject.

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Ranbaxy Generic Drug Settlement

On May 13, 2013, Ranbaxy USA Inc. agreed to pay $500 million in criminal and civil fines for drug safety procedure violations and for lying to federal officials; this is the largest settlement ever with a generic drug manufacturer. The Florida-based company is one of several subsidiaries of Ranbaxy Laboratories Limited, incorporated in India. The company admitted that it sold drugs without assuring compliance by its facilities in India with current Good Manufacturing Practice regulations for manufacturing, processing and packing. Ranbaxy admitted that drugs were sold even though it had an inadequate program to evaluate product shelf life and to inform consumers about product storage to ensure safety and effectiveness. The federal government as well as several state Medicaid programs, including Michigan, will share in the settlement.

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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 13-13** notifies **Federally Qualified Health Centers, Medicaid Health Plans, Prepaid Inpatient Health Plans** and others of policy regarding the provision of **behavioral health services in an FQHC**.
- **MSA 13-14** clarifies for **Nursing Facilities and other Long-Term Care** providers **supporting documentation requirements for plant cost certification**.
- A proposed policy (**1318-ACA**) has been issued

that would implement additional Medicaid **provider screening and enrollment requirements**. Comments were due to DCH by May 29, 2013.

- A proposed policy (**1319-ACA**) has been issued that would clarify DCH's plan for compliance with federal **rules for HIPAA transactions of 270/271 and 276/277**. Comments were due to DCH by May 29, 2013.
- A proposed policy (**1315-Autism**) has been issued that would **clarify the coverage of Autism services** previously released in bulletin MSA 13-09. The earlier bulletin noted that policy implementation was contingent upon approval by CMS. Such approval has now been received. Comments are due to DCH by June 14, 2013.
- A proposed policy (**1307-NF**) has been issued that would remind **Nursing Facilities** of **rules on working capital borrowings** found in the Medicare Principles of Reimbursement as they relate to interest expenses for Medicaid. Comments are due to DCH by June 15, 2013.

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