

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](#)

[Integrated Care for Dual Eligibles](#)

[HICA Legislation Passed](#)

[CMS Innovation Center Announces Awards](#)

[Tobacco Cessation Services](#)

[Together Health Network](#)

Medicaid Managed Care Enrollment Activity

As of May 1, 2014, there were 1,363,273 Medicaid beneficiaries, including Healthy Michigan Plan (HMP) beneficiaries, enrolled in 13 Medicaid Health Plans (HMOs); this is an increase of 91,532 since March. This increase includes 57,915 HMP enrollees and 33,617 non-HMP Medicaid enrollees. (Note that enrollment information is not available for April 2014.) The number of non-HMP Medicaid beneficiaries for which managed care enrollment is still in process is 70,907; the number of HMP beneficiaries for which managed care enrollment is still in process is 185,903.

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 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.

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 between April 1 and May 27, 2014, a total of **269,473 individuals have been approved** for HMP coverage.

[Cost Containment in the ACA](#)

[Moran Appointed Senior Deputy at MDCH](#)

[Medicaid Policies](#)

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The DCH updates HMP enrollment statistics on its [website](#) weekly and includes a breakdown of enrollment by county. Not surprisingly, more than half of the newly approved HMP beneficiaries reside in the state's five largest counties:

May 2014 Healthy Michigan Plan Enrollment	
Wayne	74,785
Macomb	19,825
Oakland	19,080
Genesee	18,258
Kent	12,756
Total	144,704

The DCH [website](#) also includes information for HMP applicants and enrollees, providers and health plans. Program policy and publications are available along with information and the form used for Health Risk Assessment. A set of Frequently Asked Questions is provided and the HMP waiver protocols are also available on the site.

With few exceptions, new HMP beneficiaries are required to enroll in the Medicaid Health Plans (HMOs) to receive their health care benefits. Some of the beneficiaries have already been enrolled in the HMOs, primarily former Adult Benefits Waiver (ABW) beneficiaries that were enrolled effective April 1st. As of May 1, 2014, there were a total of 57,915 HMP beneficiaries enrolled in the HMOs. HMP enrollment totals by health plan are expected to increase significantly in June and July as individuals enrolled in HMP in April and May choose an HMO or are assigned to an HMO if they do not make a choice of plans.

May 2014 Healthy Michigan Plan Enrollment			
Medicaid Health Plan	Voluntary Enrollees	Auto-Assigned Enrollees	Total Enrollees
Blue Cross Complete of MI	4,262	1,031	5,293
CoventryCares of MI	519	1,087	1,606
Harbor Health Plan, Inc.	714	788	1,502
HealthPlus Partners	2,323	609	2,932
McLaren Health Plan	4,021	1,667	5,688
Meridian Health Plan of MI	6,799	5,672	12,471
Midwest Health Plan	2,424	2,191	4,615

Molina Healthcare of MI	4,210	2,775	6,985
PHP Mid-MI Family Care	214	190	404
Priority Health Choice, Inc.	2,463	674	3,137
Total Health Care	1,233	1,537	2,770
UnitedHealthcare Comm. Plan	4,160	3,136	7,296
Upper Peninsula Health Plan	3,216	0	3,216
Total	36,558	21,357	57,915

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

Duals in Medicaid HMOs

The number of Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs to receive their Medicaid benefits continues to grow - there were **49,053 duals enrolled** in Medicaid HMOs in May, up from 46,746 in March, an increase of 2,307. (Enrollment information for April is not available.) 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.

As the table below reflects, Molina Healthcare of Michigan has the most duals receiving their Medicaid services from an HMO, 25.3 percent of the total; UnitedHealthcare Community Plan has 22.0 percent of the total; Meridian Health Plan of Michigan has 17.4 percent of the total (but the most voluntary enrollees); and the other 10 plans share the remaining 35.3 percent.

May 2014 Medicaid and HMP Dual Eligible Enrollment			
	Voluntary Enrollees	Auto-Assigned Enrollees	Total Enrollees
Blue Cross Complete of MI	1,069	467	1,536

CoventryCares of MI	738	218	956
Harbor Health Plan, Inc.	29	53	82
HealthPlus Partners	1,518	671	2,189
McLaren Health Plan	3,070	978	4,048
Meridian Health Plan of MI	6,693	1,861	8,554
Midwest Health Plan	1,673	957	2,630
Molina Healthcare of MI	4,385	8,019	12,404
PHP Mid-MI Family Care	366	64	430
Priority Health Choice, Inc.	1,593	1,006	2,599
Total Health Care	1,201	441	1,642
UnitedHealthcare Comm. Plan	5,764	5,051	10,815
Upper Peninsula Health Plan	851	317	1,168
Total	28,950	20,103	49,053

Eight of the 13 Medicaid HMOs in Michigan (or their parent organizations) are also federally contracted as Medicare Advantage Special Needs Plans for Duals (D-SNPs) to provide *Medicare* benefits for duals in Michigan: HealthPlus Partners, McLaren Health Plan, Meridian Health Plan of Michigan, Midwest Health Plan, Molina Healthcare of Michigan, Total Health Care, UnitedHealthcare Community Plan and Upper Peninsula Health Plan. As of May 1, 2014 these eight D-SNPs have a combined enrollment of 20,880 duals for whom they provide Medicare services; 51.3 percent of the duals that are enrolled in a D-SNP are enrolled in the Molina plan, 29.2 percent are enrolled in the UnitedHealthcare plan and the remaining 19.5 percent are spread across the other six 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 contract but has been approved by the state as a potential Integrated Care Organization (ICO) in the state's duals demonstration. As of May 1, 2014, Fidelis has 870 enrollees in its D-SNP and is also an approved Medicare Advantage Institutional SNP (I-SNP) with 277 enrollees.

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

CSHCS Children in Medicaid HMOs

The Michigan Department of Community Health (DCH) changed its policy in October 2012 to require 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. The enrollment process was phased in through February 2013 and as of May 1, 2014, there were **18,829 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs**; this is an increase of 159 since March. (Enrollment information for April is not available.) All Medicaid HMOs except Harbor Health Plan, Inc. have CSHCS/Medicaid enrollees although the numbers vary across plans.

The table below reflects the number of CSHCS/Medicaid children enrolled in each of the Medicaid HMOs in May. 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, 25.6 percent of the total. Molina Healthcare of Michigan has 17.2 percent of the total; UnitedHealthcare Community Plan has 16.3 percent; and the other nine plans share the remaining 40.9 percent.

May 2014 CSHCS/Medicaid Enrollment			
Medicaid Health Plan	Voluntary Enrollees	Auto-Assigned Enrollees	Total Enrollees
Blue Cross Complete of MI	502	67	569
CoventryCares of MI	202	159	361
Harbor Health Plan, Inc.	0	0	0
HealthPlus Partners	894	101	995
McLaren Health Plan	1,312	462	1,774
Meridian Health Plan of MI	3,425	1,404	4,829
Midwest Health Plan	892	295	1,187
Molina Healthcare of MI	2,590	655	3,245
PHP Mid-MI Family Care	202	47	249
Priority Health Choice, Inc.	1,333	170	1,503
Total Health Care	372	198	570

UnitedHealthcare Comm. Plan	2,391	685	3,076
Upper Peninsula Health Plan	262	209	471
Total	14,377	4,452	18,829

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 **31,669 children enrolled in the MIChild program as of May 1, 2014, a decrease from the 33,129 children enrolled as of April 1, 2014.** Of this total, 681 enrollees are dually eligible for Children's Special Health Care Services (CSHCS) and MIChild.

As reported in last month's edition of The Michigan Update, implementation in January 2014 of the new Modified Adjusted Gross Income (MAGI) income counting methodology may account for the significant reduction in MIChild enrollment because children in families with higher income are now eligible for Medicaid rather than MIChild.

As the enrollment reports ([.pdf](#)) ([.xls](#)) for May show, enrollment is dispersed between 13 health plans, with HealthPlus of Michigan serving the largest number of MIChild enrollees and Molina Healthcare of Michigan offering the largest service area. Blue Cross Blue Shield of Michigan (BCBSM) chose to phase out its contract with DCH as a MIChild health plan in 2013 and the process has been gradual. As of May 1, 2014, a little less than 10 percent of the children are still enrolled with BCBSM and the plan is now serving only 15 counties; a year ago, BCBSM offered statewide coverage and served 75 percent of the MIChild enrollees. Children residing in counties where there are at least two MIChild health plans available are given the choice to enroll with one of those plans; children in counties where BCBSM is still the only available health plan choice will remain enrolled with that plan until other plans expand their service areas to these counties.

MIChild-enrolled children receive their dental care through contracted dental plans. Of the two available plans, 94 percent of the children are enrolled with Delta Dental Plan, which has a statewide service area. The remaining 6 percent of children are enrolled with Golden Dental Plan in a service area that includes 8 counties. BCBSM was a statewide dental health plan as well through September

2013 but terminated in full its participation in the dental program.

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

Integrated Care for Dual Eligibles

In previous editions of *The Michigan Update* (most recently last month), 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). The Michigan Department of Community Health (DCH) has finalized a Memorandum of Understanding (MOU) with the federal Centers for Medicare and Medicaid Services (CMS), has established a revised implementation timeline and is working with the selected ICOs on their readiness to accept enrollees in what is now called the MI Health Link program.

DCH has recently circulated for comment a draft MI Health Link Quality Strategy that identifies the program's goals and objectives, which were developed to align with the six priorities of the National Strategy for Quality Improvement in Health Care established by the federal Department of Health and Human Services. Comments are requested by June 26, 2014 and should be submitted electronically to IntegratedCare@michigan.gov, with "Quality Strategy Comment" in the subject line of the message.

DCH is establishing a MI Health Link Advisory Committee to assure an avenue for stakeholders to provide input on the program; applications for membership on the committee are being accepted until June 13, 2014. The department has developed an application form for this purpose.

DCH has also scheduled a fourth implementation forum, this one to be held June 4, 2014 from 1:00 to 3:00 p.m. at the Macomb Intermediate School District Building, 44001 Garfield Road, in Clinton Township.

The draft MI Health Link Quality Strategy, the Advisory Committee application form, and information about the implementation forum, including instructions for participating via telephone, are available on the [department's integrated care website](#).

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

HICA Legislation Passed

On May 27, 2014, the Legislature approved and sent to Governor Rick Snyder for signature two bills (SB 893 and SB 913) intended to address a persistent shortfall (projected to be about \$115 million next fiscal year) in Medicaid funding associated with lower than projected revenue generated through the Health Insurance Claims Assessment (HICA).

In January 2012, Michigan implemented the HICA, a 1.0 percent tax on most health insurance claims. It was created to replace roughly \$400.0 million in revenue previously generated through application of Michigan's 6.0 percent Use Tax to Medicaid Health Plans (HMOs) and Prepaid Inpatient Health Plans (PIHPs). The HICA was deemed necessary because of concerns that the federal Centers for Medicare and Medicaid Services (CMS) would find the Medicaid revenue generated through the Use Tax inappropriate as the state's contribution for federal Medicaid matching funds. Those concerns may not have been necessary.

The two bills forwarded for signature would once again apply the 6.0 percent Use Tax to the Medicaid HMOs and PIHPs (SB 893) and would reduce the HICA rate from 1.0 percent to .75 percent (SB 913), although SB 913 also includes language reinstating the 1.0 percent HICA rate if CMS does not permit utilization of Use Tax revenue in Michigan's Medicaid program.

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

CMS Innovation Center Announces Awards

On May 22, 2014, Health and Human Services (HHS) Secretary Kathleen Sebelius announced awards to 12 organizations with plans to test innovative models designed to deliver better care outcomes and lower costs. Two of the organizations receiving awards are in Michigan. Altarum Institute will receive about \$9.4 million to implement a project entitled *Reducing the Burden of Childhood Dental Disease*. The Regents of the University of Michigan will receive about \$6.4 million to implement a project entitled *Michigan Surgical and Health Optimization: A Multiplex Patient Risk Stratification and Intervention Program*. A link to information about both of these innovative projects, as well as the projects by the other 10 organizations receiving awards, is available in the [HHS News Release](#).

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

Tobacco Cessation Services

On May 2, 2014, the US Department of Labor published a set of frequently asked questions ([FAQs](#)) that includes, among other things, a requirement that health insurance plans offer tobacco cessation services to enrollees. To be in compliance with the requirements, health plans must offer support for at least two attempts to quit smoking per year at no cost to the enrollee. Services should include four counseling sessions of at least ten minutes each, by phone or in individual or group sessions, and insurers should also cover without prior authorization both prescription and over-the-counter medications for a 90-day treatment regimen when prescribed by a health care provider.

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

Together Health Network

In early May 2014, two of the largest health systems in the country - Ascension Health and CHE Trinity Health - announced the formation of a joint company for managed care contracting in Michigan. The new company is called Together Health Network and includes 27 hospitals, more than a dozen physician organizations and about 5,000 physicians across the state. Together Health plans to offer new health plan products to health insurers and employers within a few months and to participate on both private health insurance exchanges and the federally-run health insurance marketplace in Michigan.

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

Cost Containment in the ACA

The Center for Healthcare Research and Transformation (CHRT) at the University of Michigan released two new policy papers in May focusing on cost containment provisions in the Affordable Care Act. The first paper is called *Cost Containment in the Affordable Care Act: An Overview of Policies and Savings*, and a companion paper is called *An In-depth Look at Six Cost Containment Programs in the Affordable Care Act*. Both papers are available on the CHRT [website](#).

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

Moran Appointed Senior Deputy at MDCH

On May 2, 2014, Michigan Department of Community Health (DCH) Director James K. Haveman announced the appointment of Susan Moran to the position of Senior Deputy Director of the Public Health Administration beginning May 26, 2014. She succeeds Melanie Brim, who left DCH earlier this year to become president and CEO of the Michigan Health Council. Ms. Moran was a Principal with Health Management Associates for the past year and was previously Director of the Bureau of Medicaid Care Management and Quality Assurance in DCH's Medical Services Administration for several years.

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

Medicaid Policies

The Michigan Department of Community Health (DCH) has issued eight final and six proposed policies that merit mention. The policies are available for review on DCH's [website](#).

- **MSA 14-15** advises **Hospitals** that, contingent upon federal approval of a State Plan Amendment, DCH will increase the Graduate Medical Education (**GME Innovations Grant**) to include **\$2.8 million for Pine Rest Mental Health** services.
- **MSA 14-16** informs Prepaid Inpatient Health Plans (**PIHPs**) and Community Mental Health Services Programs (**CMHSPs**) that the **Assertive Community Treatment Program** Section in the **Medicaid Provider Manual** has been revised.
- **MSA 14-17** advises **Hospitals** that, contingent upon federal approval of a State Plan Amendment, DCH will convert its **Children's Outpatient Hospital Adjuster Pool from a Medicaid-funded payment to a Children's Health Insurance Program (CHIP)-funded payment**. The pool will be established at **\$1,603,053** and continue to be **restricted to the Michigan Regional Poison Control Center at Children's Hospital of Michigan**.
- **MSA 14-18** notifies **Physicians, Medical Clinics and Local Health Departments** of a change in

policy regarding the **effective date of retroactive coverage** for Children's Special Health Care Services (CSHCS) beneficiaries.

- **MSA 14-19** advises **Hospitals** that, contingent upon federal approval of a State Plan Amendment, DCH will implement a **one-time \$19 million increase** in the **Outpatient Uncompensated Care Disproportionate Share Hospital Pool**.
- **MSA 14-21** notifies **School Based Services Providers and Billing Agents** of a **change in reporting requirements** for the Michigan Department of Education Transportation Expenditure Report (**SE-4094**).
- **MSA 14-22** advises **All Providers** of **updates to the Medicaid Provider Manual**. The bulletin provides **special program updates**, an **ICD-10 project update**, information about **new and discontinued codes** and other information of interest to providers of all types.
- **MSA 14-23** notifies **Prepaid Inpatient Health Plans and Community Mental Health Service Programs** that DCH plans to implement **Medicaid Health Homes** for individuals with **Severe Mental Illness** beginning **July 1, 2014**.
- A proposed policy (**1421-DME**) has been issued that would implement additional **standards of coverage** and documentation regarding compliance for continued use of **Wearable Cardioverter Defibrillators**. Comments are due to DCH by June 6, 2014.
- A proposed policy (**1328-EPSDT**) has been issued that would implement a **new Medicaid Provider Manual Chapter** dedicated to the **Early and Periodic Screening, Diagnosis and Treatment Program** and its requirements. Comments are due to DCH by June 12, 2014.
- A proposed policy (**1413-MI Choice**) has been issued that would describe changes being made to the **MI Choice Chapter in the Medicaid Provider Manual** as a result of renewing the MI Choice waiver. Comments are due to DCH by June 15, 2014.
- A proposed policy (**1419-BMP**) has been issued that would implement **changes to the Beneficiary Monitoring Program** to prevent inappropriate utilization of pharmacy services. Comments are due to DCH by June 15, 2014.
- A proposed policy (**1418-TIG**) has been issued that would notify **MI Choice** providers of a **new Telephonic Intake Guidelines document** for use in the program. Comments are due to DCH by June 18, 2014.

- A proposed policy (**1415-Eligibility**) has been issued that would **reduce** from three to two the **number of ten-day extensions** allowed for Medicaid applicants to provide **verifications required to process eligibility applications**. Additional extensions would still be allowed in extenuating circumstances. The new policy would apply to redeterminations of eligibility as well. Comments are due to DCH by June 28, 2014.

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.