

The Michigan Update

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Medicaid Managed Care Enrollment Activity

As of November 1, 2013, there were **1,241,219 Medicaid beneficiaries enrolled** in 13 Medicaid Health Plans (HMOs), **an increase of 162** since October. The number of Medicaid beneficiaries eligible for managed care enrollment also increased in November - there were 1,291,852 eligible beneficiaries, up from 1,285,327 in October.

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.

In last month's edition of The Michigan Update, we advised that the Michigan Department of Community Health (DCH) had announced a service area expansion for 18 counties to assure primary care provider capacity when the Healthy Michigan Plan, which includes an expansion of Medicaid eligibility to individuals with income below 133 percent of the federal poverty level, takes effect on or about April 1, 2014. It was announced on November 26, 2013 that DCH has rescinded this decision and service area expansions will not occur.

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

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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 **43,014 duals enrolled** in a Medicaid HMO in November, up from 42,260 in October, an increase of 754. 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.

Of the 43,014 duals enrolled in Medicaid HMOs, As the table below reflects, Molina Healthcare of Michigan has the most duals receiving their Medicaid services from an HMO, 26.8 percent of the total; UnitedHealthcare Community Plan has 22.6 percent of the total; Meridian Health Plan of Michigan has 16.6 percent of the total (but the most voluntary enrollees); and the other 10 plans share the remaining 34.0 percent.

Eight of the 13 Medicaid HMOs in Michigan (or their parent organizations) are also federally contracted as Medicare Advantage 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 November 1, 2013 these eight D-SNPs have a combined enrollment of 18,268 duals for whom they provide Medicare services; 55 percent of the duals that are enrolled in a D-SNP are enrolled in the Molina plan, almost 30 percent are enrolled in the UnitedHealthcare plan and the remaining 15 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.

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 November 1, 2013, there were **17,886 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs**; this is an increase of 176 since October. All Medicaid HMOs except Pro Care Health Plan have CSHCS/Medicaid enrollees although the numbers vary across plans. 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, 26.5 percent of the total. Molina Healthcare of Michigan has 17.2 percent of the total; UnitedHealthcare Community Plan has 15.5 percent; McLaren Health Plan has 9.7 percent; and the other eight plans share the remaining 31.1 percent.

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 **37,703 children enrolled** in the MIChild program as of November 1, 2013. This is an increase of 614 since October 1, 2013. Of this total, 803 enrollees are dually eligible for CSHCS and MIChild. This is the second month where Blue Cross Blue Shield of Michigan's decision to transition out of the MIChild program is really apparent. See the June and July 2013 editions of *The Michigan Update* for more information. There are also two informative L-letters released by DCH in July (L 13-36 and L 13-37), both of which are available at the link identified in the "Medicaid Policies" article in this newsletter.

As the enrollment report ([.pdf](#)) ([.xls](#)) for November show, enrollment is dispersed between 11 plans, with a new option, McLaren Health Plan, now available for children in 10 counties. A little more than 21 percent of the children are still enrolled with Blue Cross Blue Shield of Michigan (BCBSM). In October, BCBSM had about 30 percent of the enrollees; in September, BCBSM had 70 percent of the enrollees; and the company had an even higher percentage before that. Children residing in counties where

there are at least two health plans available were given the choice to enroll with one of those plans; children in counties where BCBSM has been 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, 96.6 percent of the children are enrolled with Delta Dental Plan, which has a statewide service area. The remaining 3.4 percent of children are enrolled with Golden Dental Plan in a service area that includes eight counties. BCBSM was a statewide dental health plan as well through September but has terminated in full its participation in the dental program.

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Adult Benefits Waiver (ABW)

As of the middle of November 2013, the Michigan Department of Community Health (DCH) reports there were **66,852 ABW beneficiaries enrolled** in the program, **a decrease of 2,920** since the middle of October and a decrease of almost 13,000 since enrollment peaked in June 2013 following the most recent open enrollment period. There are 28 County Health Plans (CHPs) serving ABW beneficiaries in 73 of Michigan's 83 counties. As of November 1, 2013, the combined ABW **enrollment in the 28 CHPs was 60,209, a decrease of 2,611** since October.

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

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) beginning in July 1, 2014. Under the proposed model, the state and the Centers for Medicare and Medicaid Services (CMS) will enter into three-party contracts with Integrated Care Organizations (ICOs) to provide both acute and long-term health care services. The state will separately contract with Prepaid Inpatient Health Plans (PIHPs) to deliver behavioral health and developmental disabilities services to the demonstration population. A three-year

demonstration is planned in four regions of the state, with implementation phased in between July 2014 and January 2015. The state is currently finalizing a Memorandum of Understanding (MOU) with CMS, working with CMS to develop the Medicare and Medicaid capitation rates for the ICOs and PIHPs, and preparing necessary waiver documents in order to implement the demonstration.

A Request for Proposals (RFP) for the ICOs was released in late July 2013. In early November the state released the results of the analysis of submitted proposals and the potential ICO contractors. The table below identifies the successful bidders by region, with their rank ordering on the basis of total score. Each of the tentatively awarded ICOs will need to successfully complete a readiness review. Approximately 105,000 duals are targeted for this demonstration; the totals by region appear in the table below.

| Bidder Name | Region 1 | Region 4 | Region 7 | Region 9 |
|--|--------------|---------------|---------------|---------------|
| Estimated Total of Duals Targeted for Demonstration | 9,000 | 21,000 | 58,000 | 17,000 |
| Amerihealth Michigan, Inc. | | | Rank 4 | Rank 4 |
| CoventryCares of MI, Inc. | | Rank 1 | Rank 3 | Rank 3 |
| Fidelis Secure Care of MI, Inc. | | | Rank 6 | Rank 6 |
| McLaren Health Plan, Inc. | | | Bid | Bid |
| Meridian Health Plan of MI | | Rank 2 | Bid | Bid |
| Midwest Health Plan | | | Rank 5 | Rank 5 |
| Molina Healthcare of MI | | | Rank 2 | Rank 2 |
| ProCare Health Plan | | | Bid | Bid |
| UnitedHealthcare Comm. Plan, Inc. | | | Rank 1 | Rank 1 |
| Upper Peninsula Health Plan, LLC | Rank 1 | | | |

Note: Region 1 is the Upper Peninsula. Region 4 is the eight-county region in southwest Michigan (Barry, Berrien, Branch, Calhoun, Cass, Kalamazoo, St. Joseph and Van Buren). Region 7 is Wayne County and Region 9 is Macomb County.

The health plans identified as "Bid" in the table submitted

proposals but were not ranked among the top six plans chosen tentatively for awards: McLaren Health Plan, Inc., Meridian Health Plan of Michigan and Pro Care Health Plan, Inc. Meridian and Pro Care have submitted protests but the results of the state's review of the protests was not available by the time the newsletter was published.

On November 22, 2013, Michigan Department of Community Health (DCH) staff held the first in a series of implementation meetings with the potential ICO contractors to discuss next steps in the procurement process. Highlights of implementation details include:

- Readiness reviews will be conducted by NORC - University of Chicago, an organization contracted for this purpose, and the process will commence as soon as the MOU is finalized, which is expected to be in the near future. NORC is performing the readiness reviews in all states and the review will consist of a desk review and a site visit. Michigan's implementation plan may result in some portion of the reviews being performed on a staggered basis.
- DCH is developing a state level consumer advisory council to assure stakeholder participation in the demonstration implementation process. As discussed in the two regional stakeholder forums, DCH will provide training to consumer members of the ICO governing body to assure their informed participation.
- Medicaid rates are being developed with the assistance of Milliman. Draft rates are expected to be available by late January 2014. CMS is calculating the savings amount for both Medicaid and Medicare.
- DCH expects to provide training for the potential ICO contractors on a number of topics including self-determination and person-centered planning. Training may also be provided on care coordination, the Care Bridge, the beneficiary appeals processes for both Medicare and Medicaid, and features of the state's data warehouse.
- DCH plans to work with both the ICOs and the Prepaid Inpatient Health Plans (PIHPs) on developing a statewide definition of mild to moderate behavioral health needs and expects to develop a common framework for the contracts between ICOs and PIHPs to cover data sharing, bi-directional reporting and the Medicare payment flow.
- DCH indicates that individuals receiving hospice care will not be included in the demonstration. This

is a change from what was stated in the RFP, which had indicated the individuals could be enrolled but hospice care carved out.

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

Healthy Michigan Plan

On November 8, 2013, the Michigan Department of Community Health (DCH) submitted the first of two waiver requests required by Public Act 107 of 2013 to the Centers for Medicare and Medicaid Services (CMS) to implement the Healthy Michigan Plan. As we have discussed in previous editions of *The Michigan Update*, the Healthy Michigan Plan will expand Medicaid coverage to as many as 470,000 low-income individuals in Michigan. The Plan will also include provisions to promote healthy behaviors and save health care dollars. The following is an informative quote from the waiver application: "The central features of this waiver program are to extend health care coverage to low-income Michigan citizens who are uninsured or underinsured and to implement systemic innovations to improve quality and stabilize health care costs. Other key features include: the advancement of health information technology; structural incentives for healthy behaviors and personal responsibility; encouraging use of high value services; and promoting the overall health and well-being of Michigan citizens. From the economic perspective, these working individuals will now have health care coverage creating a healthier workforce. A healthier workforce attracts new business and helps existing businesses grow and expand." A copy of the waiver application and additional information about the Healthy Michigan Plan are available on the DCH [website](#).

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

Serco May Be Calling

The federal government has contracted with a company called Serco to provide assistance with processing of paper applications submitted through the federally-facilitated Health Insurance Marketplace (exchange) from individuals seeking health care coverage. As part of this application process, Serco employees may be calling applicants if it is determined that an application is incomplete. The Serco employee will explain that they are calling from The Health

Insurance Marketplace, provide their name and agent ID number, and use three pieces of information provided on the Marketplace application to ensure they are speaking with the correct individual. Applicants should be encouraged to accept these calls in order to finalize their eligibility determination.

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

DCH Receives Oral Health Grant

On November 20, 2013, Michigan Department of Community Health (DCH) Director James Haveman [announced](#) that the department's Oral Health Program has received a three-year \$1.3 million grant from the US Health Resources and Services Administration (HRSA) to expand and enrich the oral health workforce through programs in Mecosta and Genesee Counties. Funds will be used in Mecosta County to expand the SEAL! Michigan school-based dental sealant program. In Genesee County, the funds will support efforts to measure the effectiveness of a training program for health professionals and students.

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

\$42 Million in Drug Settlement to Michigan

Michigan Attorney General Bill Schuette [announced](#) on November 4, 2013 that the state will receive \$42 million of the \$2.2 billion national settlement with drug manufacturer Johnson and Johnson over allegations the company promoted powerful antipsychotic drugs for unapproved uses. Federal Justice Department officials alleged the company used illegal marketing tactics and kickbacks to persuade physicians and pharmacists to prescribe the drugs Risperdal and Invega for children, seniors and disabled persons. The bulk of the settlement funds will go to the Medicaid program.

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

Health Services Inspector General

On November 13, 2013, Michigan Department of Community Health (DCH) Director James Haveman

[announced](#) the appointment of Gene Adamczyk to the position of Senior Policy Executive and Director of the Office of Health Services Inspector General. In this position, Mr. Adamczyk is responsible for detecting and investigating Medicaid fraud, waste and abuse. He will provide leadership to staff charged with auditing and investigating suspected misuse of Medicaid program funds. Before joining DCH earlier this year, Mr. Adamczyk had worked for the Michigan State Police for 31 years.

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Medicaid Policies

DCH has issued five final policies and five proposed policies that merit mention. The policies are available for review on [DCH's website](#).

- **MSA 13-42** notifies **Physicians, Hospitals and Medicaid Health Plans** of standards of **coverage and authorization requirements for Genetic Testing**.
- **MSA 13-43** provides information to **All Providers** on DCH's **claim void and subrogation** processes.
- **MSA 13-45** informs **Hospitals and Medicaid Health Plans** of new **inpatient hospital reimbursement rates** effective for admissions on and after January 1, 2014.
- **MSA 13-46** updates **All Providers** on **prior authorization policies and excluded services** for beneficiaries dually eligible for Medicaid and the Children's Special Health Care Services program and Medicaid (**CSHCS/Medicaid**). The bulletin also confirms that receipt of **private duty nursing will result in Medicaid Health Plan disenrollment for any Medicaid beneficiary**.
- **MSA 13-48** advises **All Providers** of the quarterly **Updates to the Medicaid Provider Manual** and also includes an **ICD-10 implementation update**.
- A proposed policy (**1343-Dental**) has been issued that would clarify **specialty dentistry (orthodontia) benefits** for the **Children's Special Health Care Services** program. Comments are due to DCH by December 12, 2013.
- A proposed policy (**1344-RAP**) has been issued that would **continue the Rural Access Pool (RAP)** for **small rural hospitals and sole community hospitals**, as required in Public Act 59 of 2013. Comments are due to DCH by December 12, 2013.

- A proposed policy (**1328-EPSTD**) has been issued that would implement a **new chapter in the Medicaid Provider Manual** dedicated to Early and Periodic Screening, Diagnosis and Treatment (**EPSTD**) policies applicable to Medicaid. The new chapter **consolidates information** previously located throughout the manual and provides additional updates. Comments are due to DCH by December 26, 2013.
- A proposed policy (**1345-Hospice**) has been issued that would remove selected sections of text from the Medicaid Provider Manual related to the **discontinuation of room and board reimbursement to Hospice Residence Facilities with licensed-only nursing facility beds**. Comments are due to DCH by December 26, 2013.
- A proposed policy (**1346-ACA**) has been issued that would revise policy related to **penalty taxes** impacting **Nursing Facilities and other Long-Term Care facilities and units**. Comments are due to DCH by December 26, 2013.

DCH has also released one L-letter of potential interest, which is available for review on the same web site.

L 13-60 was issued on October 30 to advise that DCH plans to submit a State Plan Amendment to implement a **Long-Term Care Partnership Program** in Michigan, which allows individuals to purchase insurance policies for a set amount of private coverage for future qualifying expenses and to help protect covered assets during the Medicaid eligibility and estate recovery processes.

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