

The Michigan Update

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Medicaid Managed Care Enrollment Activity

As of November 1, 2017, there were **1,776,455 Medicaid beneficiaries, including 536,566 Healthy Michigan Plan (HMP) beneficiaries**, enrolled in the 11 Medicaid Health Plans (HMOs). This is an overall **decrease of 6,632** since October. The number of HMP beneficiaries enrolled in HMOs decreased by 2,613, and the number of non-HMP enrollees decreased by 4,019.

As the enrollment reports ([pdf](#)) ([xls](#)) for November 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 total enrollment as of November 1, 2017 were Meridian Health Plan of Michigan with 28.0 percent of the total, Molina Healthcare of Michigan with 19.9 percent, and UnitedHealthcare Community Plan with 14.3 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 November 1, 2017, there were **19,783 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs**, an **increase of 145** enrollees since October. All Medicaid HMOs have CSHCS/Medicaid enrollees, although

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Atlanta, Georgia
Austin, Texas
Boston, Massachusetts
Chicago, Illinois
Columbus, Ohio
Denver, Colorado
Harrisburg, Pennsylvania
Indianapolis, Indiana
Lansing, Michigan
New York, New York
Phoenix, Arizona
Portland, Oregon
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Sacramento, California
San Antonio Texas
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the numbers vary across plans. As of November 1st, Meridian Health Plan of Michigan had the most CSHCS/Medicaid beneficiaries enrolled (27.4 percent of the total); Molina Healthcare of Michigan had 24.4 percent; and UnitedHealthcare Community Plan had 14.3 percent of the total.

Aside from Michigan's Medicare/Medicaid financial alignment demonstration, MI Health Link, there were an additional **38,852 Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs** for their acute care Medicaid benefits in November 2017, an **increase of 100** since October. All Medicaid HMOs have duals enrolled, although the numbers vary significantly across plans. As of November 1st, Meridian Health Plan of Michigan had the most duals enrolled (26.9 percent); Molina Healthcare of Michigan had 26.2 percent; and McLaren Health Plan followed with 15.1 percent of the total enrollees.

There were **35,528 MICHild beneficiaries enrolled in Medicaid HMOs** in November 2017, an **increase of 390** since October. All Medicaid HMOs have MICHild beneficiaries enrolled, although the numbers vary dramatically across plans. As of November 1st, Meridian Health Plan of Michigan had the most MICHild enrollees (27.5 percent of the total); Molina Healthcare of Michigan had 17.5 percent; UnitedHealthcare Community Plan had 13.0 percent; and Priority Health Choice had 12.3 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 Enrollment

The number of Healthy Michigan Plan (HMP) enrollees increased each month from September 2016 through August 2017. According to the Michigan Department of Health and Human Services (MDHHS) [website](#), HMP enrollment stood at **673,470 as of November 27, 2017**, the last Monday in November. This is an **increase of 434** from the count on the last Monday in October but **7,892** enrollees lower than the count on the last Monday in August 2017 when the HMP enrollment total hit its highest count ever. The enrollment number for the last Monday of November 2017 is more than 39,400 higher than one year ago, on the last Monday of November 2016. Although the HMP caseload drops at the beginning of each month because of an annual eligibility redetermination requirement, it generally rebounds by the last Monday of the month.

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 (through 2019) 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.

Over the last year, the number of MI Health Link enrollees has fluctuated, with increases in some months and decreases in others. The Michigan Department of Health and Human Services (MDHHS) reports that **as of November 1, 2017, the MI Health Link enrollment was 38,580, an increase of 150 enrollees since October.**

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 November 1, 2017.

MI Health Link Enrollment	Upper Pen. Region	SW MI Region	Macomb Region	Wayne Region	Total
Aetna Better Health of MI		3,457	840	3,051	7,348
AmeriHealth Michigan			700	2,541	3,241
MI Complete Health / Fidelis			481	1,961	2,442
HAP Midwest Health Plan			997	3,789	4,786
Meridian Health Plan of MI		5,564			5,564
Molina Healthcare of MI			1,862	9,017	10,879

Upper Peninsula Health Plan	4,320				4,320
Total	4,320	9,021	4,880	20,359	38,580

As of November 1, 2017, Molina Healthcare of Michigan had the most enrollees, both voluntarily and passively enrolled (28.2 percent of the combined total); Aetna Better Health of Michigan had 19.0 percent; Meridian Health Plan of Michigan had 14.4 percent; and HAP Midwest Health Plan had 12.4 percent of the total.

At this point, about 94.7 percent of the MI Health Link enrollees are living in a community setting, and about 5.3 percent of the enrollees live in a nursing facility. Only 2.4 percent of the total enrollees living in a community setting are receiving home and community-based long-term services and supports through the MI Health Link program waiver; however, a significant number of these 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 had the largest share as of November 1st (24.0 percent of the total enrollees residing in nursing facilities). Molina Healthcare of Michigan had 17.7 percent; and Aetna Better Health of Michigan had 17.6 percent of the total.

Although the majority of MI Health Link enrollees are passively enrolled, 21.4 percent voluntarily joined the demonstration. The voluntary enrollment percentage has more than tripled in the last two years.

MDHHS also reports that as of November 1, 2017, more than 51,000 duals eligible for participation in the demonstration have chosen to opt out; this number has remained quite stable for several months. These individuals receive their Medicaid benefits on a fee-for-service basis but retain the option to voluntarily enroll in the demonstration at any time.

On a statewide basis, 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: HAP Midwest Health Plan, Meridian Health Plan of Michigan, and Molina Healthcare of Michigan. As of November 1, 2017, these **three D-SNPs had a combined enrollment of 15,363 duals** for whom they provide Medicare services.

Almost 71 percent of the duals enrolled in a Michigan D-SNP (10,884 individuals) are enrolled with Molina; 4,003 duals are enrolled with Meridian but, according to federal enrollment reports, some reside in northern Ohio; and 476 duals are enrolled with HAP. 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.

Michigan Medicaid Director Resigns

Chris Priest, Michigan Department of Health and Human Services (MDHSS) Deputy Director over the Medical Services Administration (MSA) since September 2015, has resigned to take a position in the private sector. Mr. Priest's last day with MDHSS was November 22, 2017. Kathy Stiffler, Director of MSA's Bureau of Medicaid Care Management and Quality Assurance, has been appointed Acting Deputy Director, a position she also held after Mr. Priest's predecessor, Steve Fitton resigned in June 2015.

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

Michigan Public Health Advisory Council

On November 20, 2017, Governor Rick Snyder issued a [press release](#) to announce that he had signed Executive Order 2017-10 to create a permanent Public Health Advisory Council. The Council is charged with helping the state to prepare for emerging public health threats and to provide advice in implementing new public health proposals. Established in the Michigan Department of Health and

Human Services and chaired by the state's chief medical executive, the council will consist of 26 appointed members.

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

Changes in Payer Mix for Primary Care Physicians

On October 31, 2017, the Center for Healthcare Research & Transformation at the University of Michigan released an [issue brief](#) reporting the results of a survey of Michigan physicians. The issue brief, *Changes in Payer Mix for Michigan Primary Care Physicians: The Impact of Medicaid*, notes that the proportion of primary care physicians (PCPs) reporting a large volume (greater than 30 percent) of patients covered by Medicaid increased by 11 percentage points from 2014 to 2016, from 15 percent to 26 percent of physicians.

With the state's implementation of the Healthy Michigan Plan (HMP) in 2014, the Medicaid program, including both "traditional" Medicaid beneficiaries and those enrolled in the HMP, now covers almost one-fourth of the state's total population. As a result, Medicaid enrollees have become a substantial part of Michigan PCP practices.

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

Proposed Changes to 340B Program

On November 1, 2017, the federal Centers for Medicare & Medicaid Services [announced](#) that it had released a final rule related to the Medicare Hospital Outpatient Prospective Payment System. Included in the rule was language reducing the level of reimbursement to hospitals purchasing drugs through the 340B program, with a projected savings of \$1.6 billion. The announcement included links to both a [Fact Sheet](#) and the rule. The Fact Sheet noted that the savings from reducing payment for the 340B drugs would be redistributed to Medicare non-drug items and services.

On November 13, 2017, the American Hospital Association issued a [press release](#) to say that it, along with other associations representing hospitals, had filed a lawsuit to stop the rule's implementation on January 1, 2018. The lawsuit alleges that this loss of funds would force safety net hospitals to "curtail critical programs in communities around the country" that help to ensure access to necessary health care services. A link to the filed complaint is included in the press release.

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 policies and four proposed policies that merit mention. All of the proposed policies were released simultaneously with final policies. They are available for review on the department's [website](#).

- **MSA 17-33** notifies **Bridges Eligibility Manual and Administrative Manual Holders** that the paper version of the **Facility Admission Notice (MSA-2565-C)** is being eliminated other than for hospitals to inform the department of newborns in need of Medicaid eligibility determination.
- **MSA 17-35** informs **All Providers** of new **guidelines for recognition** as a Program of All-Inclusive Care for the Elderly (**PACE**) and the process for a PACE organization to request approval of an **Alternative Care Setting**.
- **MSA 17-42** advises **Integrated Care Organizations, MI Choice Waiver Agencies, and Prepaid Inpatient Health Plans** that a **new Medicaid Provider Manual Chapter** has been developed for **Home and Community-Based Services**. The policy was **simultaneously released for public comment (1724-HCBS)**, with comments due to MDHHS by January 1, 2018.
- **MSA 17-43** informs **Practitioners, Outpatient Hospitals, and Medicaid Health Plans** that, as required in the MDHHS Fiscal Year 2017-2018 budget appropriations (Public Act 107 of 2017), **physicians with a primary specialty designation of general medicine will be eligible to qualify as a primary care provider for the purpose of increased payment**. Implementation of the policy is **contingent upon federal approval** of a State Plan Amendment, and the policy was **simultaneously released for public comment (1729-Practitioner)**, with comments due to MDHHS by January 1, 2018.
- **MSA 17-47** notifies **Hospitals and Medicaid Health Plans** that the rate of **reimbursement for certain short hospital stays will be adjusted to maintain budget neutrality**. Implementation of the policy is **contingent upon federal approval** of a State Plan Amendment, and the policy was **simultaneously released for public comment (1731-Hospital)**, with comments due to MDHHS by January 1, 2018.

- **MSA 17-48** updates and clarifies for **All Providers** Medicaid **managed care network provider enrollment requirements** to comply with the federal **21st Century Cures Act**. The policy was **simultaneously released for public comment (1732-CHAMPS)**, with comments due to MDHHS by January 1, 2018.

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

- **L 17-52** was released on November 17, 2017 as a notice to Tribal Chairs and Health Directors of the department's **intent to submit a State Plan Amendment** to adjust the rate of **reimbursement for certain short hospital stays to maintain budget neutrality**. This **letter relates to final policy MSA 17-47 and proposed policy 1731-Hospital** referenced above.
- **L 17-50** was released on November 20, 2017 as a notice to Tribal Chairs and Health Directors of a **modification to information included in L 17-47**, issued October 10, 2017. Specifically, the letter advises that the **anticipated effective date** of the requested State Plan Amendment, and the related policy, **is January 1, 2018**. This **letter relates to final policy MSA 17-43 and proposed policy 1729-Practitioner** referenced above.

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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.*