

The Michigan Update

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Medicaid Managed Care Enrollment Activity

As of October 1, 2014, there were **1,454,963 Medicaid beneficiaries, including Healthy Michigan Plan (HMP) beneficiaries, enrolled** in 13 Medicaid Health Plans (HMOs); this is a **net decrease of 15,711** since September. The enrollment total reflects an increase of 29,318 new HMP enrollees since September but a decrease of 45,029 non-HMP Medicaid enrollees. The non-HMP Medicaid enrollment decrease totals 173,684 since July.

The Michigan Department of Human Services (DHS) reports that from July to September 2014, enrollment increased slightly in aged and disabled categories. At the same time DHS data show a significant reduction in the number of enrollees in the non-HMP family, pregnant women, and children categories. The Michigan Department of Community Health (DCH) has stated that the significant decrease in non-HMP caseload was, in part, because the federal government permitted the state to delay processing Medicaid redeterminations (and case closures) for the first four months of the calendar year. Whether there were other issues impacting this caseload decline was still being studied by DCH at press time.

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.

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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 October 27, 2014, a total of **433,469 individuals were approved for HMP coverage.**

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:

October 27, 2014 Healthy Michigan Plan Enrollment	
Wayne	118,579
Macomb	33,047
Oakland	32,087
Genesee	27,972
Kent	21,787
Five-County Total	233,472
Statewide Total	433,469

With few exceptions, new HMP beneficiaries are required to enroll in the Medicaid Health Plans (HMOs) to receive their health care benefits. As of October 1, 2014, there were a total of 310,345 HMP beneficiaries enrolled in the HMOs. HMP enrollment totals by health plan are expected to increase again in November as individuals continue to choose an HMO or are assigned to an HMO if they do not select a plan.

October 2014 Healthy Michigan Plan Enrollment			
Medicaid Health Plan	Voluntary Enrollees	Auto-Assigned Enrollees	Total Enrollees
Blue Cross Complete of MI	22,157	3,330	25,487
CoventryCares of MI	2,932	3,688	6,620
HAP Midwest Health Plan	11,323	7,631	18,954
Harbor Health Plan, Inc.	745	1,778	2,523
HealthPlus Partners	16,697	2,558	19,255
McLaren Health Plan	30,025	7,872	37,897

Meridian Health Plan of MI	52,332	24,143	76,475
Molina Healthcare of MI	26,488	10,461	36,949
PHP Mid-MI Family Care	2,081	972	3,053
Priority Health Choice, Inc.	18,340	3,791	22,131
Total Health Care	7,392	4,190	11,582
UnitedHealthcare Comm. Plan	26,637	10,438	40,075
Upper Peninsula Health Plan	9,339	5	9,344
Total	229,488	80,857	310,345

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 **54,142 duals enrolled** in Medicaid HMOs in October, an increase of 636 since September. 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.

Molina Healthcare of Michigan has the most duals receiving Medicaid services from an HMO, 24.3 percent of the total; UnitedHealthcare Community Plan has 21.8 percent of the total; Meridian Health Plan of Michigan has 18.3 percent of the total (but the most voluntary enrollees); and the other 10 plans share the remaining 35.6 percent.

Eight of the 13 Medicaid HMOs in Michigan (or their parent organizations) are also federally contracted as D-SNPs to provide *Medicare* benefits for duals in Michigan: HAP Midwest Health Plan, HealthPlus Partners, McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, Total Health Care, UnitedHealthcare Community Plan and Upper Peninsula Health Plan. As of October 1,

2014 these eight D-SNPs had a combined enrollment of 23,015 duals for whom they provide Medicare services; 48.5 percent of the duals that are enrolled in a D-SNP are enrolled in the Molina plan, 29.9 percent are enrolled in the UnitedHealthcare plan and the remaining 22.3 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 October 1, 2014, Fidelis has 955 enrollees in its D-SNP. It is also an approved Medicare Advantage Institutional SNP (I-SNP) with 255 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) 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 October 1, 2014, there were **17,093 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs** - a decrease of 518 since September. All Medicaid HMOs except Harbor Health Plan, Inc. 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, 25.2 percent of the total. Molina Healthcare of Michigan has 17.3 percent of the total; UnitedHealthcare Community Plan has 16.9 percent; and the other nine plans share the remaining 40.6 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 **35,970 children enrolled in the MICHild program as of October 1, 2014**. This reflects a **decrease of 366** from the 36,336 children enrolled as of September 1, 2014. Of the total number of children enrolled, 717 October enrollees are dually eligible for Children's Special Health Care Services (CSHCS) and MICHild.

As the enrollment reports ([pdf](#)) ([xls](#)) for October show, enrollment is dispersed between 13 plans. Almost 7 percent of the children were enrolled with Blue Cross Blue Shield of Michigan (BCBSM) as of October 1, 2014. The BCBSM market share has gradually dropped from about 75 percent last fall when the insurer advised that it wished to terminate its MICHild contract. Children residing in counties where there are at least two health plans available are 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. There are now only seven counties where BCBSM is the only available plan.

MICHild-enrolled children receive their dental care through contracted dental plans. Of the two available plans, 89.6 percent of the children were enrolled with Delta Dental Plan as of October 1, 2014, which has a statewide service area. The remaining 10.4 percent of children were enrolled with Golden Dental Plan in a service area that includes eight counties. BCBSM was a statewide dental health plan as well through September 2013 when BCBSM terminated in full its participation in the MICHild dental program.

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

Medicaid in an Era of Health and Delivery System Reform

On October 14, 2014, the Kaiser Commission on Medicaid and the Uninsured (KCMU) released a report on state Medicaid budgets and policies. This report, *Medicaid in an Era of Health and Delivery System Reform: Results from a 50-State Medicaid Budget Survey for State Fiscal years 2014 and 2015*, is another in a series of reports prepared over the last fourteen years by HMA staff Vernon Smith, Kathleen Gifford and Eileen Ellis, with KCMU staff, following their survey of Medicaid officials. This report, along with some companion reports, is available on the [KCMU website](#). In addition, the [HMA Weekly Roundup](#) published October 15, 2014 included an In Focus article highlighting the report's findings.

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

State Health Access Reform Evaluation

On October 17, 2014, the State Health Access Reform Evaluation (SHARE) initiative, a national program of the Robert Wood Johnson Foundation, [announced](#) ten grant awards to fund research that addresses health reform issues and the early impacts of the Affordable Care Act (ACA) on coverage, health care utilization and affordability. Health Management Associates (HMA) was a recipient of one of the grant awards. Karen Brodsky, a principal in HMA's New York City office, is the principal investigator for a project entitled *Making ACA Coverage a Reality - A National Examination of Provider Network Monitoring Practices by States and Health Plans*.

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Autism Spectrum Disorder

On October 15, 2014, the Center for Healthcare Research and Transformation (CHRT) at the University of Michigan released a new publication entitled [Autism Spectrum Disorder in Michigan](#). The publication provides an overview of autism spectrum disorder, various treatment approaches, federal and state coverage requirements, and the opportunities and challenges created by Michigan's legislation.

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

Health Care Spending for Chronic Conditions

On October 30, 2014, the Center for Healthcare Research and Transformation (CHRT) at the University of Michigan released a new publication entitled [Health Care Spending for Chronic Conditions in Michigan](#). The publication describes health care spending by Blue Cross Blue Shield of Michigan for five common chronic conditions including coronary artery disease, congestive heart failure, chronic obstructive pulmonary disease, depression and diabetes.

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

Million Hearts Initiative

On October 8, 2014, the Michigan Department of Community Health (DCH) [announced](#) that Michigan has been selected by the Association of State and Territorial Health Officials (ASTHO) to participate in the Million Hearts Initiative launched by the US Department of Health and Human Services. Michigan, along with Arkansas, Georgia, Kansas, North Dakota and Virginia, will receive a grant of at least \$100,000. Michigan's grant funding will be used to support a nine-month public health project in Muskegon County to increase control of and reduce high blood pressure. The project will be a joint venture of state and local partners.

The Million Hearts Initiative is a national effort to prevent one million heart attacks and strokes by 2017. To help achieve this goal Million Hearts aims to increase the number of persons in the country who have their blood pressure under control by ten million.

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

Healthy Programs for Michigan Kids

On October 10, 2014, the Michigan Department of Community Health (MDCH) [announced](#) that it is partnering with the State Alliance of Michigan YMCAs (Alliance) to expand and enhance the MDCH Physical Activity and Healthy Eating Before/After School and Summer Program for school-age children. Through this partnership, the Alliance will receive \$400,000 to work with schools and 10 YMCAs in communities across the state (Ann Arbor, Benton Harbor, Cadillac, Detroit, Flint, Grand Rapids, Kalamazoo, Lansing, Marquette and Monroe) to teach kids healthy habits and address childhood obesity. This initiative is closely aligned with Governor Rick Snyder's Michigan Health and Wellness 4 x 4 Plan.

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

Launching the Healthy Michigan Plan

The October 23, 2014 edition of the *New England Journal of Medicine* included a paper with information about the first few months of the Healthy Michigan Plan (HMP). Written by researchers at the University of Michigan and commissioned by the Michigan Department of Community Health,

[Launching the Healthy Michigan Plan - The First 100 Days](#)

provides some of the first demographic details about HMP enrollees - a slight majority (51.7 percent) are women (this is lower than the 64.6 percent in the regular Medicaid program); the percentage of white enrollees is close to the same as in the regular Medicaid program (57.5 percent versus 57.3 percent); and more than 43 percent of HMP enrollees are between the ages of 35 and 54.

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

Employment Opportunities for Individuals with Disabilities

On October 27, 2014, Michigan Governor Rick Snyder issued an [executive directive](#) (No. 2014-1) requiring state agencies to adopt a variety of policies and procedures eliminating hurdles faced by people with disabilities as they seek a career in public service. He also called for increased training for state employees to raise awareness of disability etiquette and best practices.

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

High Cost Specialty Drugs

Earlier this year a new drug to treat and potentially cure Hepatitis C was introduced by manufacturer Gilead Sciences. At approximately \$84,000 per 12-week treatment course, Sovaldi had an almost immediate fiscal impact on Medicaid programs across the country as well as managed care organizations contracted to serve Medicaid beneficiaries. In early October Gilead received Food and Drug Administration approval for another drug to treat Hepatitis C, called Harvoni. This drug has an even higher price tag - almost \$95,000 per treatment course - but unlike Sovaldi, it can be taken without companion drugs. On October 28, 2014, the National Association of Medicaid Directors sent a [letter to Congress](#) requesting an "immediate federal solution" to address the impact of new high-cost breakthrough drugs such as these on state Medicaid programs. The letter identified some of the challenges being faced by the states and offered potential solutions to mitigate the cost to the program.

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

Merck and Ranbaxy Settlement

On October 16, 2014, two drug makers announced settlements with state Medicaid programs over allegations that they caused the programs to overpay for their products. The Organon unit of Merck agreed to pay \$31 million to several states for allegedly failing to include discounts in its pricing. This settlement also resolves complaint that kickbacks were offered to nursing home pharmacies to encourage use of its Remeron antidepressant and that the manufacturer promoted the drug for purposes not approved by the Food and Drug Administration. The actions occurred prior to Merck's acquisition of the company. The second drug maker, Ranbaxy Laboratories, agreed to pay nearly \$40 million to resolve allegations that it violated state law in Texas, allegedly reporting false or inflated prices and failing to disclose discounts.

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

Medicaid Policies

The Michigan Department of Community Health (DCH) has issued 12 proposed and seven final policies that merit mention. One of the proposed policies was subsequently withdrawn from promulgation and one of the final policies was simultaneously released for public comment. They are available for review on DCH's [website](#).

- **MSA 14-30** announces to **All Providers** the addition of an **Early and Periodic, Screening, Diagnosis and Treatment (EPSDT)** Chapter to the Medicaid Provider Manual.
- **MSA 14-39** provides for **All Providers** additional information about the **Healthy Michigan Plan**, specifically related to the **promotion of healthy behaviors, cost sharing requirements and special coverage provisions**.
- **MSA 14-40** notifies **Home Help Provider Agencies, MI Choice Waiver Agencies, PACE Programs, Prepaid Inpatient Health Plans and Integrated Care Organizations** of policies related to **excludable convictions** for Medicaid Home Help Program Personal Care Service Providers.
- **MSA 14-42** advises **Nursing Facilities, County Medical Care Facilities, Hospital Long-Term Care Units and Ventilator Dependent Care Units** of new **Class I Nursing Facility Rate Relief** criteria. Implementation of this policy change is contingent upon federal approval. The policy was

simultaneously released for public comment (**1440-NF**), with comments due to DCH by October 31, 2014.

- **MSA 14-44** informs **Medical Suppliers, Physicians and Medicaid Health Plans** of changes to coverage of **blood glucose testing supplies**.
- **MSA 14-45** clarifies for **All Providers** the **Healthy Michigan Plan** policy related to **copayment exemptions for beneficiaries with chronic health conditions**.
- **MSA 14-47** provides for **Dentists, Practitioners, Clinics and Medicaid Health Plans** an Early and Periodic Screening, Diagnosis and Treatment (**EPSDT**) **Dental Periodicity Schedule**.
- A proposed policy (**1442-DRG**) has been issued that would update for **Inpatient Hospital** services the **DRG Grouper** from Version 31.0 to Version 32.0; update DRG weights and rates; update distinct part **rehabilitation hospital per diem rates; mandate birth weight reporting**; and notify providers of a switch to **prospective capital payments** and of the state's intention to make a **switch to an APR-DRG reimbursement** methodology. Comments are due to DCH by November 14, 2014.
- A proposed policy (**1438-NF**) was issued to update the Medicaid Provider Manual to reflect that **Nursing Facility services are available only for beneficiaries age 21 and older**. However, **DCH subsequently discontinued promulgation** of the policy.
- A proposed policy (**1445-Lab**) has been issued that would provide **billing requirements** for laboratory testing performed by **reference laboratories** under arrangements with enrolled hospital laboratories. Comments are due to DCH by November 15, 2014.
- A proposed policy (**1436-HMP**) has been issued that would describe services and supports and the eligibility criteria for a **behavioral health** benefit for **Healthy Michigan Plan** beneficiaries. Comments are due to DCH by November 20, 2014.
- A proposed policy (**1446-FQHC**) has been issued that would provide for **Federally Qualified Health Centers** details on changes to the prospective payment system **reimbursement** and alternative payment methodology in correlation with a recently approved State Plan Amendment. Comments are due to DCH by November 20, 2014.
- A proposed policy (**1447-DME**) has been issued that would provide **coverage conditions** and requirements for **breast pumps**. Comments are due to DCH by November 20, 2014.

- A proposed policy (**1444-NF**) has been issued that would update the **Nursing Facility** Coverages Chapter of the Medicaid Provider Manual to ensure that published policy related to **Hospital Swing Beds** coincides with the Michigan Public Health Code. Comments are due to DCH by November 27, 2014.
- A proposed policy (**1452-Payment**) has been issued that would provide information regarding a **rate adjustment for specified primary care practitioner services** rendered on and after January 1, 2015. Comments are due to DCH by November 27, 2014.
- A proposed policy (**1443-Eligibility**) has been issued that would **publish updated Medicaid program policy information** in the Bridges Eligibility Manual (**BEM**) and the Bridges Administrative Manual (**BAM**) for use by local office specialists in the Department of Human Services. Comments are due to DCH by November 28, 2014.
- A proposed policy (**1453-IC**) has been issued to provide a brief description of the **MI Health Link program** and to notify Medicaid providers of the program's **implementation in January 2015**. The policy also provides notice that all appropriate Medicaid policy must be applicable to the MI Health Link program. Comments are due to DCH by November 30, 2014.
- A proposed policy (**1454-ESV**) has been issued for the **Home Help** program to address **provider enrollment and service verification issues and vulnerabilities**. Home Help **providers would no longer be enrolled into the Bridges system** operated by the Department of Human Services and instead **would be enrolled into CHAMPS** (the Department of Community Health Automated Medicaid Processing System). Comments are due to DCH by November 30, 2014.

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

- **L 14-51** was released on October 22, 2014 to give notice of DCH's intent to submit a State Plan Amendment to **extend the Michigan Primary Care Transformation (MiPCT) project**.
- **L 14-52** was released on October 28, 2014 to notify **All Providers and Medicaid Health Plans** that **Healthy Michigan Plan** beneficiaries enrolled in Medicaid managed care plans are **required to receive information on potential copays** at the

point of service. An informational copy document is attached to the letter.

- **L 14-55** was released on October 30, 2014 to give notice of DCH's intent to submit amendments to the Section 1915(b)(4) and (c) Home and Community-Based (HCB) Services Waivers for Children with Serious Emotional Disturbances (SEDW) and HCB Settings Transition Plan for SEDW. The purpose of the amendments is to add an adjustor payment to the SEDW to allow the Community Mental Health Services Programs (CMHSPs) to earn additional federal dollars to partially cover the cost of SEDW services funded by the CMHSPs with non-Medicaid resources.

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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.