

The Michigan Update

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Medicaid Managed Care Enrollment Activity

As of August 1, 2011, there were **1,218,917 Medicaid beneficiaries enrolled** in 14 Medicaid Health Plans (HMOs), an **increase of 7,524** since July 1, 2011. While there was an increase in actual enrollment in Medicaid HMOs, the number of Medicaid beneficiaries eligible for managed care enrollment decreased in August - there were 1,278,705 eligible beneficiaries, down from 1,284,192 in July. The number of beneficiaries eligible but not yet enrolled in a contracted health plan, not counting exemptions, was 47,570, a decrease of more than 13,000 from the number in July.

As the [enrollment reports](#) for August reflect, every county in the state is served by at least one Medicaid Health Plan. Two health plans have recently been approved to serve additional counties. McLaren Health Plan is now an available option in Charlevoix and Cheboygan Counties, and OmniCare Health Plan is available to Medicaid beneficiaries in Kalamazoo and St. Joseph Counties. It was also reported in mid-August that BlueCaid of Michigan has submitted a request to the State to expand its service area to cover all of Wayne County; the health plan currently serves only the western portion of the county.

Fee-for-service care is an option in four counties - Barry, Charlevoix, Cheboygan and Emmet - all of which have been designated as "Preferred Option" counties. Beneficiaries in these four counties who do not specifically choose the fee-for-service option are auto-assigned to a contracted health plan but may return to fee-for-service at any time. Although an additional health plan has been approved to serve both Charlevoix and Cheboygan Counties, their "Preferred Option" designation has not yet been lifted. Beneficiaries in all 15 counties in the Upper Peninsula are auto-assigned through federal "Rural

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Exception" authority to the one health plan serving the counties.

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

MIChild

According to MAXIMUS, the Department of Community Health (DCH) contractor for MIChild enrollment, there were **36,814 children enrolled** in the MIChild program as of August 1, 2011. This is an **increase of 151** since July 2011.

As the [enrollment report](#) for August shows, enrollment is dispersed between ten plans, with more than 79 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 (47.68 percent) or Delta Dental Plan (48.13 percent).

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

Adult Benefits Waiver (ABW)

As of the middle of August 2011, DCH reports there were **73,348 ABW beneficiaries enrolled** in the program, a **decrease of 2,144** since the middle of July. Even with this month's decrease in caseload, there are still significantly more beneficiaries enrolled in the ABW program than in September 2010 when the caseload stood at 41,405, before the open enrollment period that ran from October 1 through November 30, 2010.

There are 28 County Health Plans (CHPs) serving ABW beneficiaries in 73 of Michigan's 83 counties. As of August 1, 2011, the combined ABW **enrollment in the 28 CHPs was 66,400**, a **decrease of 1,497** since July. The August enrollment level is still higher by more than 28,000 beneficiaries than prior to the open enrollment period last fall.

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

Enroll Michigan

The *Enroll Michigan* coalition, which includes members of the Michigan Health and Hospital Association, the Michigan Primary Care Association and the Middle Cities Education Association, launched its back-to-school campaign on August 23, 2011. The eight-week campaign, using advertisements through the media and on public buses and billboards, is promoting enrollment of the more than 127,000 uninsured children in Michigan that are eligible for MICHild and Healthy Kids, the state's free and low-cost health insurance programs. A simplified enrollment process is available and enrollment teams have been placed in school buildings and hospitals in targeted areas across the state.

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

2011 Kids Count Data Book

The Annie E. Casey Foundation released the *2011 Kids Count Data Book* on August 17, 2011. As in previous years, the data book for 2011 ranks all 50 states based on ten key indicators of child well being, this year using data from 2007, 2008 and 2009. The Michigan data indicates a mix of improvements and declines and the state ranks 30th nationwide in meeting children's needs, which is the same ranking given in 2010.

The indicators measure the percentage of low birth weight babies, infant mortality, child deaths, teen deaths and teen births. They also measure the percentage of teens dropping out of high school and the percentage of teens that drop out of school but are not working. There are also poverty indicators that measure the percentage of children living in families with income below the federal poverty level, in families where no parent has full-time employment and in single-parent households.

The most striking statistic was in the area of child poverty. In 2000, Michigan data showed that 14 percent of children were living in families with income below the federal poverty level. By 2009, the data showed that 23 percent of the state's children were living in poverty, a 64 percent increase. This compares with national averages of 17 percent in 2000 and 20 percent in 2009. The 2009 data also showed that 36 percent of the state's children were living in families where no parent had full-time, year-round employment in 2009, placing Michigan 47th out of 50 states.

Indicators related to child and teen deaths and teens in school or working showed continuing improvement. Michigan's infant mortality rate decreased by four percent between 2000 and 2007, however the percentage of babies with low birth weight increased by nine percent between 2000 and 2008.

[The Michigan League for Human Services](#) and [Voices for Michigan's Children](#), advocacy groups for low-income children and families collaborate to produce the Kids Count in Michigan data with funding from the Annie E. Casey Foundation and several Michigan organizations.

The *Kids Count* data book (and a data center) is available on the Foundation's web site at www.kidscount.org. National, state-specific and state comparison data are available.

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

Michigan Health Claims Assessment

A major unresolved issue from the Fiscal Year 2011-2012 budget received Legislative approval on August 24, 2011 when Senate Bill 348 was approved by both the House of Representatives and the Senate, then forwarded to Governor Rick Snyder for signature. A new one percent assessment on paid health insurance claims was approved and given immediate effect. The vote was largely along party lines.

The claims assessment will replace the six percent assessment on Medicaid health plans and the \$1.2 billion it raised for the program. The legislation will permit the collection of \$400 million through the claims assessment, with adjustments for medical inflation, which will in turn generate another \$800 million in federal Medicaid funding. The assessment will include a cap of \$10,000 per year per individual, which should rarely be an issue since few individuals have health claims exceeding \$1 million in payments during a single year.

The assessment will apply to most health insurance claims in the state, including the Medicaid health plans. Only claims paid by Medicare, the US Veterans Administration, federal employee health benefits and Medicaid fee-for-service payments will be exempt, along with the health care components of auto insurance and worker's compensation insurance claims. Out-of-pocket

expenditures by individuals, such as copayments and coinsurance or deductibles, will also be exempt from the assessment. In addition to the claims tax, commercial insurers meeting specified criteria in Michigan law (MCL 500.3717) related to capital and surplus will be assessed one-tenth of one percent; it appears that there are only three small insurers in the state that meet this criteria.

The new law included a sunset provision; unless extended it will expire in 2014. The Legislature also approved and sent to the Governor a companion bill (SB 347) to repeal the application of Michigan's use tax to Medicaid managed care plans (Medicaid HMOs and capitated mental health plans) 90 days after the health claims assessment becomes law.

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

Welfare Reform

House Bills 4409 and 4410 were also approved with immediate effect on August 24, 2011 and sent to Governor Snyder for signature. HB 4409 sets a four-year limit on cash assistance - Temporary Assistance for Needy Families (TANF), known as Family Independence Program (FIP) in Michigan - for most recipients unless they meet specified exemption criteria from the Jobs, Education and Training (JET) program. The JET program replaced the Work First program. HB 4410 revises the criteria that determine which individuals receive JET exemptions. If signed by the Governor as many as 12,600 cases (45,300 individuals) that have received FIP for 48 months or more, not necessarily during a continuous period, could lose this benefit on October 1, 2011.

HB 4410 specifies the criteria that an individual must meet for exemption from the JET program. Any month that an individual receives such exemption does not count toward the four-year limit. All children under age 16 are exempt as are children up to age 18 who are attending elementary or secondary school full time. All individuals age 65 or older and all recipients of Supplemental Security Income (SSI) or Retirement, Survivor or Disability Insurance (RSDI) benefits are also exempt. In addition, an individual may receive either a temporary or permanent exemption based on a determination of disability or an inability to participate in the JET program due to a mental or physical condition. These exemptions could apply to women during pregnancy or for 60 days following delivery, individuals suffering from a short-term mental or physical illness.

victims of domestic violence, a parent needed in the home to care for a disabled child and, similarly, an individual needed in the home to care for a disabled spouse.

Termination of FIP benefits will not affect an eligible individual's ability to receive food stamps, day care and health care assistance, e.g., Medicaid. Further, rent assistance and job training programs will still be available for individuals no longer receiving cash assistance.

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

BCBSM to Buy Health Plan

Blue Cross and Blue Shield of Michigan (BCBSM) is partnering with Philadelphia-based Independence Blue Cross (IBC) to purchase AmeriHealth Mercy, an organization with Medicaid managed care contracts in several states including Pennsylvania, Indiana and South Carolina. The organizations hope to finalize the purchase within a few months.

Through the joint venture, BCBSM would pay \$136 million to assume about 40 percent ownership of AmeriHealth Mercy; IBC, which already owns 50 percent of AmeriHealth, would contribute \$34 million to assume approximately 60 percent ownership. The IBC president said they are considering strategies through which other Blues insurers may at some point buy into AmeriHealth at a minority level or create partnerships to develop Medicaid managed care models in their states. Officials from IBC and BCBSM are reported to have said the federal health care reform law, which will substantially expand Medicaid eligibility beginning in 2014 has increased interest in that program by Blues plans across the country. While the 39 independent Blues health insurers cover one-third of all Americans, two-thirds of the plans do not contract with Medicaid.

Michigan Attorney General Bill Schuette has announced that his office will review the pending purchase by BCBSM and has asked the company for dozens of documents related to the pending sale. He is quoted as saying "we have a responsibility to ensure this substantial transaction conforms to state law and is in the best interest of Blue Cross rate payers and Michigan taxpayers."

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

School-Based Health Centers Receive Federal Grants

US Health and Human Services (HHS) Secretary Kathleen Sebelius and US Education Secretary Arne Duncan recently announced awards of \$95 million to 278 school-based health center programs across the country. Twelve of the programs are in Michigan and collectively will share almost \$4 million.

The grants were authorized by the Patient Protection and Affordable Care Act (ACA - Section 4101(a)), the federal health care reform law and made by the Health Resources and Services Administration (HRSA) within HHS. The funds will be used for construction, renovation and equipment needs with the intent to support expanded capacity of the health centers and increase the availability, efficiency and quality of care for children and adolescents.

The 12 school-based health centers in Michigan and their grant amounts are:

- Baldwin Family Health Care Inc. in Baldwin for \$477,500;
- Cherry Street Services in Grand Rapids for \$374,038;
- Chippewa County Health Department in Sault Sainte Marie for \$500,000;
- Detroit Community Health Connection in Detroit for \$62,000;
- Family Health Center Inc. in Kalamazoo for \$312,188;
- Henry Ford Health System in Detroit for \$469,627;
- Ingham County Health Department in Lansing for \$499,599;
- Kalkaska County Hospital Authority in Kalkaska for \$500,000;
- Mid-Michigan Health Services in Houghton Lake for \$337,224;
- Northwest Michigan Community Health Agency in Charlevoix for \$141,853;
- Oakwood Healthcare System Foundation in Dearborn for \$260,623; and,
- Young Adults Health Center Inc. in Ypsilanti for \$62,784.

To learn more about school-based health centers and to view the complete list of grantees across the country, please see the HHS web site at www.hhs.gov/news/press/2011pres/07/20110714a.html.

A second set of awards, totaling \$28.8 million to 67 community health center programs across the country, to help establish new health service delivery sites to care for an additional 286,000 individuals, was announced by Secretary Sebelius on August 9, 2011. Unfortunately, none of the successful applications were submitted by programs in Michigan. Information about these awards is available on the HHS web site at www.hhs.gov/news/press/2011pres/08/20110809a.html.

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

DCH Receives CDC Grants

Secretary Sebelius announced additional grants totaling up to \$137 million in total to states on August 25, 2011. Also supported in part by the ACA, nearly every state received one or more grants to strengthen their public health infrastructure and provide jobs in core areas of public health. The grants, supported through the Centers for Disease Control and prevention (CDC) and the Substance Abuse and Mental Health Services Administration (SAMHSA) are to enhance state efforts to provide tobacco cessation services, strengthen public health laboratory and immunization services, prevent healthcare-associated infections and provide comprehensive substance abuse prevention and treatment. Two CDC grants were awarded to DCH: \$143,503 to help support the Tobacco Quit Line and \$1,235,590 to strengthen public health immunization activities. Both grant amounts represent the first year award for multi-year projects.

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

Medicare DMEPOS Competitive Bidding Round Two

On August 19, 2011, the federal Centers for Medicare and Medicaid Services (CMS) announced plans to expand the Medicare Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program. While round one of this program did not impact providers or Medicare beneficiaries in Michigan, the second round includes three large urban areas in the state.

The DMEPOS Competitive Bidding Program replaces fee schedule amounts for specified services and products. DMEPOS suppliers compete to become Medicare contract

suppliers by submitting bids to furnish certain items in competitive bidding areas for the contract prices. According to CMS, the payment amounts from supplier competition in the first round, which went into effect in January 2011, resulted in average savings of 35 percent when compared with fee schedule amounts.

The first round included nine competitive bidding areas (CBAs). A CBA is defined by specific zip codes in a Metropolitan Statistical Area. The second round will include an additional 91 CBAs across the country. In Michigan, the chosen CBAs are in the Detroit-Warren-Livonia area, in Flint and in the Grand Rapids-Wyoming area. According to CMS, the bidding process will begin in late 2011 or early 2012 and will only involve suppliers appropriately licensed and accredited.

The product categories in the second round of competitive bidding, as well as the first round re-bid, will include:

- Oxygen, oxygen equipment and supplies;
- Standard (power and manual) wheelchairs, scooters and related accessories;
- Enteral nutrients, equipment and supplies;
- Continuous Positive Airway Pressure (CPAP) devices and Respiratory Assist Devices (RADs), with related supplies and accessories;
- Hospital beds and related accessories;
- Walkers and related accessories;
- Negative Pressure Wound Therapy pumps and related supplies and accessories; and
- Support surfaces (specified mattresses and overlays).

CMS has also indicated that a national mail order competition for diabetic testing supplies will be conducted at the same time as the second round DMEPOS competitive bidding process. The mail order competition will include all 50 states, the District of Columbia and four of the five territories.

For additional information about the DMEPOS Competitive Bidding Program, including more detail about the products involved, the accreditation process and the specific Michigan zip codes affected, please see the CMS web site at www.cms.hhs.gov/DMEPOSCompetitiveBid.

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

Medicaid Policies

DCH has issued five final policies and two proposed policies that merit mention. One of the proposed policies were released simultaneously with the final policy. The policies are available for review on DCH's web site at www.michigan.gov/mdch/0,1607,7-132-2945_5100-87513--,00.html.

- **MSA 11-29** informs **Maternal Infant Health Program Providers and Medicaid Health Plans** of clarified policy related to the **infant risk identifier visit process** and of a change in policy related to **maternal visit frequency**.
- **MSA 11-31** clarifies the **definition of Private Duty Nursing** and implements a change in **prior authorization** procedures.
- **MSA 11-32** advises **Nursing Facilities, County Medical Care Facilities, Hospital Long-Term Care Units and other Long-Term Care Providers** that DCH will begin accepting **institutional crossover claims** from the coordination of benefits contractor, **Group Health Incorporated (GHI)** beginning in the fall of 2011. Providers will be able to submit a single claim for residents dually eligible for Medicare and Medicaid. This bulletin was **simultaneously issued for comment (1124-NF)**. Comments were due to DCH by August 30, 2011.
- **MSA 11-33** notifies **Physicians, Medical Clinics and Local Health Departments** of changes for Children's Special Health Care Services (**CSHCS**) program **prior authorization requirements** related to non-emergency **out-of-state medical care**.
- **MSA 11-34** advises **Hospitals** of a modification in the **data elements** utilized in the **Electronic Health Records (EHR) Incentive Program**. As a result of guidance from CMS, the number of **inpatient days and discharges at distinct part psychiatric and rehabilitation facilities** will not be included in the growth rate and Medicaid share portion of the calculations.
- A proposed policy (**1127-Hospice**) has been issued that would **bring Hospice policy in line with Medicare**. Affected policies relate to **election periods, certification of terminal illness, narrative summaries and face-to-face encounters**. Comments are due to DCH by September 22, 2011.

DCH also released two L-letters that may be of interest. The first letter (**L 11-23**) was released on August 2, 2011 to provide notice as required in federal law to Tribal Chairs and Health Directors. This notice relates to DCH's current planning process around the possible development of a **Health Insurance Exchange** as mandated by the federal health care reform law. The second letter (**L 11-25**) was also released in early August to notify interested parties of two additional forums scheduled to hear comments from stakeholders interested in DCH's plans to develop a plan to **integrate care for people dually eligible for Medicare and Medicaid**. (These L-letters are available at the same site as the policy bulletins.) For more information about this initiative, please see the article in the July 2011 edition of The Michigan Update or visit the project's website: <https://janus.pscinc.com/dualeligibles/>.

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