

The Michigan Update

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Medicaid Managed Care Enrollment Activity

As of February 1, 2011, there were **1,229,783 Medicaid beneficiaries enrolled** in 14 Medicaid Health Plans (HMOs), an **increase of 6,519** since January 1, 2011. The number of Medicaid beneficiaries eligible for managed care enrollment also increased in February - there were 1,295,381 eligible beneficiaries, up from 1,286,459 in January. The number of beneficiaries eligible but not yet enrolled in a contracted health plan, not counting exemptions, was 53,866.

As the [enrollment reports](#) for February reflect, every county in the state is served by at least one Medicaid Health Plan.

Fee-for-service care is an option in four counties. Three of the four counties - Barry, Charlevoix and Cheboygan - have been designated as "Preferred Option" counties. Beneficiaries in these counties who do not specifically choose the fee-for-service option are auto-assigned to the contracted health plan but may return to fee-for-service at any time. Beneficiaries in Emmet County, where there is also only one available health plan, may voluntarily enroll in the plan or choose to receive care on a fee-for-service basis. Lastly, beneficiaries in all 15 counties in the Upper Peninsula are auto-assigned through federal "Rural 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 Michigan Department of Community Health (DCH) contractor for MIChild enrollment, there were **33,812 children enrolled** in the MIChild program as of February 1, 2011. This is an **increase of 740**

Locations:

Atlanta, Georgia
Austin, Texas
Boston, Massachusetts
Chicago, Illinois
Columbus, Ohio
Indianapolis, Indiana
Lansing, Michigan
New York, New York
Sacramento, California
Tallahassee, Florida
Washington, DC

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since January 2011.

As the [enrollment report](#) for February shows, enrollment is dispersed between nine plans, with almost 83 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 97 percent of the children are enrolled with either BCBSM (47.14 percent) or Delta Dental Plan (49.94 percent).

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

Adult Benefits Waiver (ABW)

As of the middle of February 2011, DCH reports there were **92,978 ABW beneficiaries enrolled** in the program, a **decrease of 1,295** since the middle of January. Even with this month's decrease in caseload, there are still more than twice as many beneficiaries enrolled in the ABW program than in September 2010 when the caseload stood at 41,405.

DCH announced in mid-September 2010 that there would be an **open enrollment period for the ABW program** from October 1 through November 30, 2010. This was the first open enrollment period for the program since early 2009 and is responsible for the marked increase in enrollment since October. The decrease in caseload in February reflects that the applications filed during the open enrollment period have now been processed by staff in the Department of Human Services (DHS).

There are 28 County Health Plans (CHPs) serving ABW beneficiaries in 73 of Michigan's 83 counties. As of February 1, 2011, the combined ABW **enrollment in the 28 CHPs was 82,725**, an **increase of 2,746** since January and an increase of 44,848 since September 2010. CHP enrollment has more than doubled as a result of the open enrollment period.

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

Federal Budget

On February 14, 2011, President Barack Obama released his Fiscal Year (FY) 2011-2012 budget recommendation. The

recommendation assumes \$3.7 trillion in expenditures for the year and identifies about \$400.0 billion in discretionary non-security savings over the next ten years. (Security is defined as Federal defense, homeland security and veteran's benefits.)

The President's budget recommendation extends beyond FY 2011-2012 and assumes several major reductions in health expenditures over the next ten years. Many of these reduction items are intended to offset the cost of a two-year extension of current Medicare physician rates. Major Federal health care proposals include:

- Savings associated with a reduction in the maximum tax rate that could be utilized by states for Medicaid provider assessment programs (\$18.4 billion);
- Federal Medicare, Medicaid and employee health benefit savings linked to pharmaceutical policy changes that would make it easier and quicker for generic drugs to enter the market and more efficient pharmacy benefit contracting for Federal employees (\$12.9 billion); and
- Establishment of an upper payment limit for Medicaid durable medical equipment (\$6.4 billion).

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State Budget

On February 17, 2011, Michigan Governor Rick Snyder released his FY 2011-2012 Executive Budget recommendation. It includes important health care provisions. [Read more](#)

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

Snyder Issues Executive Orders

Governor Rick Snyder issued two Executive Orders (EO 2011-4 and EO 2011-5) on February 23, 2011 that will further reorganize state departments and their roles and responsibilities.

Through EO 2011-4, the Department of Energy, Labor and Economic Growth (DELEG) will be renamed the Department of Licensing and Regulatory Affairs (DLRA) and some of DELEG's responsibilities will be moved elsewhere. Steven Hilfinger will continue as director of the renamed

department.

The new DLRA will consolidate Michigan's regulatory functions into a single department. The Bureau of Health Professions, which licenses and provides oversight of physicians and other health professionals, and the Bureau of Health Systems, which licenses and provides oversight of hospitals, nursing homes and other institutional providers, will be transferred from DCH to DLRA. The Controlled Substances Advisory Commission, currently housed in DCH will also be transferred to DLRA. There are several other transfers included in EO 2011-4 as well that are unrelated to health care.

EO 2011-4 creates the Michigan Administrative Hearing System as an independent and autonomous agency within DLRA. All administrative hearings activities formerly performed within the State Office of Administrative Hearings and Rules will be consolidated within DLRA. This consolidation includes the Michigan Tax Tribunal, the Workers' Compensation Appellate Commission and other specified entities charged with adjudicating appeals.

EO 2011-5 creates the Office of Regulatory Reinvention within DLRA. This new office will be responsible for reviewing all administrative rules and rule making processes in the state in terms of their cost effectiveness, overall effect on Michigan's residents and businesses and whether they are necessary and appropriate. Michael Zimmer, the DLRA Chief Deputy Director, will oversee the Office of Regulatory Reinvention and will direct the Michigan Administrative Hearing System.

Both Executive Orders are available for review on Governor Snyder's web site at: www.michigan.gov/snyder/0,1607,7-277-57632---,00.html.

Federal Health Care Reform

Several Governors across the country have indicated they may delay efforts to implement state requirements under the Patient Protection and Affordable Care Act (ACA - the federal health care reform law), however Governor Snyder's administration has said Michigan will continue its efforts to implement the law's requirements.

The provisions in this voluminous law are complex and controversial. Conflicting rulings have been issued by US District Court judges as to the constitutionality of portions of the law, and the US Supreme Court will ultimately need to decide the issue.

DCH is currently spearheading an effort to seek input from stakeholders regarding establishment of a Health Insurance Exchange. DCH has also indicated its plans to implement the Medicaid National Correct Coding Initiative (NCCI) edits in the Community Health Automated Medicaid Processing System (CHAMPS) and to provide hospice services to children concurrently with curative treatment. DCH has also submitted a [response](#) to a federal solicitation for a grant to help it plan for the implementation of an integrated care demonstration for Medicaid beneficiaries dually eligible for Medicare, which if approved will provide up to \$1 million to the state in planning funds.

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

Sebelius Letter to Governors

On February 3, 2011, US Department of Health and Human Services (HHS) Secretary Kathleen Sebelius sent a letter to all Governors offering the assistance of senior leadership in her department to states struggling with increased expenditures in their Medicaid programs. She identified many cost savings opportunities and areas of current flexibility for states across the entire program. The letter and its enclosure include some very interesting pieces of information and are available on the HHS web site at: www.hhs.gov/news/press/2011pres/01/20110203c.html.

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

2010 Kids Count in Michigan

In the July 2010 edition of *The Michigan Update* we included an article about the *2010 KIDS COUNT* Data Book and its state-specific information on a number of health, economic and social indicators. Building on that data, in early February the Michigan League for Human Services released its *Kids Count in Michigan Data Book 2010: The Education Connection*. The Michigan report examines several wide-ranging indicators of the well-being of the state's children and teens and notes that health and safety indicators are generally improving but that some important indicators are declining.

The report notes that about one in five children in Michigan live in poverty, with the rate higher for children of color. Nearly fifty percent of African American children and more than one-third of Hispanic children live in poverty. Another poverty-related factor, the number of children eligible for

free or reduced-price school lunches, showed a dramatic jump in the past three years - from 36 percent of children qualifying for the lunch program in 2006 to almost 46 percent in 2009. The report also notes a sharp increase (25 percent) in the rate of children who were confirmed victims of abuse and neglect between 2000 and 2009. On a positive note, the report shows a 25 percent decrease in the high school dropout rate between 2007 and 2009 and a continued reduction in the number of teens giving birth and in the teen death rate.

The complete narrative and data tables are available on the League's web site at: www.milhs.org/kids-count/mi-data-book-2010

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

Healthy Kids, Healthy Michigan

Healthy Kids, Healthy Michigan is a coalition of decision makers from more than 120 Michigan organizations, representing both the public and private sectors, and is dedicated to fighting childhood obesity. The coalition recently announced its priorities for the current year - to support policy initiatives that will establish nutrition standards in schools; to strengthen health education and physical education requirements for children and young teens; to improve nutrition regulations and physical activity requirements in licensed child care centers; and to incorporate active transportation options in school transportation and facility planning decisions related to the closure and consolidation of school facilities. Additional information is available on the coalition's web site at: www.healthykidshealthymich.com.

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

Medicaid Policies

DCH has issued three final policies and one proposed policy that merit mention. 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 11-03** advises **All Providers** of corrections to **Bulletin MSA 10-65** issued in December. The **corrections relate to procedure codes** identified in that bulletin and indicate that some of the procedure

codes will not be covered; some require prior authorization; some have a retroactive coverage date; some have wrap around code coverage and some require a replacement code.

- **MSA 11-04** provides information to **Hospitals** about the **Electronic Health Record Incentive Program**.
- **MSA 11-05** advises **School Based Services** providers of a change in the number of **random moments** required from the Personal Care Services staff pool.
- A proposed policy (**1101-Tobacco**) has been issued that would provide coverage of counseling and pharmacotherapy for **cessation of tobacco use by pregnant women**. Implementation of this policy change is required by the federal health care reform law. Comments are due to DCH by March 17, 2011.

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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.

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