

The Michigan Update

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Medicaid Managed Care Enrollment Activity

As of July 1, 2011, there were **1,211,393 Medicaid beneficiaries enrolled** in 14 Medicaid Health Plans (HMOs), **a decrease of 2,767** since June 1, 2011. However, the number of Medicaid beneficiaries eligible for managed care enrollment increased in July - there were 1,284,192 eligible beneficiaries, up from 1,275,430 in June. The number of beneficiaries eligible but not yet enrolled in a contracted health plan, not counting exemptions, was 60,652, over 10,000 more than the number in June.

As the [enrollment reports](#) for July 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 - Barry, Charlevoix, Cheboygan and Emmet - all of which 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 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.

Duals in Medicaid Health Plans

DCH has issued a proposed policy (11-21-MHP, referenced in the Medicaid Policies below) that would allow most Medicaid beneficiaries dually eligible for Medicare to remain in or voluntarily enroll in Medicaid Health Plans as soon as October 1, 2011.

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MIChild

According to MAXIMUS, the DCH contractor for MIChild enrollment, there were **36,663 children enrolled** in the MIChild program as of July 1, 2011. This is an **increase of 481** since June 2011.

As the [enrollment report](#) for July shows, enrollment is dispersed between ten plans, with almost 80 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, about 96 percent of the children are enrolled with either BCBSM (47.71 percent) or Delta Dental Plan (48.25 percent).

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

Adult Benefits Waiver (ABW)

As of the middle of July 2011, DCH reports there were **75,492 ABW beneficiaries enrolled** in the program, a **decrease of 2,389** since the middle of June. 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 July 1, 2011, the combined ABW **enrollment in the 28 CHPs was 67,897**, a **decrease of 2,465** since June. Although a significant decrease, the July enrollment level is still higher by more than 27,000 beneficiaries than prior to the open enrollment period last fall.

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

Michigan's Public Assistance Caseloads

The Department of Human Services has published public assistance caseload statistics for June 2011, and they

reflect that 2,531,032 people received some form of assistance during the month - about one out of every four residents. This number is higher by almost 100,000 people than June 2010.

The Medicaid caseload in June 2011 was 1,924,384, up 34,454 from June 2010 and up 695,685 since June 2001 - an increase of almost 57 percent in the last decade. The caseload for the Food Assistance Program in June 2011 was 1,924,272, higher by more than 100,000 people than in June 2010. The caseload for the Family Independence Program in June 2011 was 221,444, down by 1,829 people from June 2010.

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

Michigan Health Claims Assessment

When the Fiscal Year 2011-2012 budget was finalized in May, both the Senate and the House of Representatives assumed passage of legislation to implement a one percent assessment on most health insurance claims in the state as a replacement for the six percent HMO use tax, which currently provides about \$1.2 billion in funding to the Michigan Medicaid program.

On June 30, 2011, just prior to its summer recess and after a two-month battle, the Senate passed legislation (SB 348) to implement the one percent health claims assessment. The assessment is expected to raise approximately \$400 million in 2012 and leverage an additional \$800 million in federal Medicaid funds. As written in the bill, if the assessment were to raise more than \$400 million in 2012 it would be adjusted downward for 2013 after a medical inflation rate adjustment. The assessment would apply to most health insurance claims in the state; only claims paid by Medicare, the US Veterans Administration, federal employee health benefits and Medicaid fee-for-service payments would be exempt, along with auto insurance and worker's compensation insurance claims. The Senate also passed a companion bill (SB 347) to repeal the HMO use tax 90 days after the health claims assessment becomes law.

The bills have been passed to the House for consideration, which is expected to occur over the summer. There is still opposition to the assessment, primarily from the Michigan Manufacturers Association. This group wants to assure that the assessment raises no more than intended for this single use. A vote on the bills by the House is not expected

until September.

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

New Deputies at DCH

DCH Director Olga Dazzo has recently announced the appointment of two new deputy directors for the department - Nick Lyon as Chief Deputy Director and Lynda Zeller as Deputy Director of the Behavioral Health and Developmental Disabilities Administration (BHDDA).

As Chief Deputy Director, Mr. Lyon will oversee day-to-day operations of Medical Services, Operations, Public Health, Behavioral Health and Developmental Disabilities, which means the deputy directors over these areas, including Medicaid Director Steve Fitton, will report to Director Dazzo through Mr. Lyon. He will also serve as liaison to the Office of Services to the Aging and the Office of Health Services Inspector General for operating purposes. Mr. Lyon previously was Deputy Director for Operations Administration in the department.

As Deputy Director of BHDDA for the department, Ms. Zeller will provide policy leadership for public mental health, developmental disabilities and substance use services and will also lead efforts relative to the department's strategic priority to implement a plan to promote the integration of behavioral and physical health. She has more than 25 years of experience in the field of mental health serving seriously mentally ill adults, seriously emotionally disturbed children, persons with developmental disabilities, and persons with substance use disorders. Ms. Zeller comes to DCH from the Department of Corrections where she served as Health Services Administrator, responsible for all health, behavioral health and dental services for the state's correctional system.

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

Medicaid Incentives for Meaningful Use of Electronic Health Records

On July 13, 2011, Public Act 83 was signed into law. This law makes supplemental appropriations to various state departments for the current fiscal year. Included in this appropriation is funding to permit DCH to implement its incentive program for providers' meaningful use of

Electronic Health Records. With this funding, providers will be supported in their health information technology improvements.

Physicians and other health professionals were notified in a program bulletin issued in December 2010 (MSA 10-64) of the criteria and process to qualify for the incentive payments. Those health professionals who received approval are currently being notified that payments will be released within 45 days.

A separate program bulletin was issued to hospitals in February 2011 (MSA 11-04) with the criteria and process to qualify for incentive payments. However, CMS subsequently issued guidance that modified data elements used in the payment calculations, which is delaying issuance of payments to hospitals. A new policy bulletin (MSA 11-30, referenced in the Medicaid Policies below) provides additional information.

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

Integrating Care for "Duals"

As reported in the April 2011 edition of *The Michigan Update*, DCH submitted a successful proposal to CMS for funds (approximately \$1 million) to design a health care delivery model to integrate care for beneficiaries dually eligible for Medicare and Medicaid ("duals"). In an L-letter (L 11-17) released July 1, 2011, DCH announced four public forums scheduled across the state, which were held between July 20 and July 27, to gather input from stakeholders regarding the state's proposed approach to providing integrated care.

DCH proposes to develop a program that will integrate all acute care, behavioral health and long-term care services for the duals, with DCH coordinating spending of both Medicare and Medicaid funds. The objective is to expand access to necessary care, reduce avoidable health care costs and improve the health status of the duals, while at the same time reducing the overall cost of care. DCH anticipates contracting with one or more organizations to administer the program, initially on a shared risk basis and later placing the organization at full risk.

Although duals represent only 12 percent of Michigan's Medicaid population, they account for about 38 percent of the state's Medicaid expenditures. The letter describes that approach and is available on the DCH web site at:

www.michigan.gov/mdch/0,1607,7-132-2945_42542_42543_42546_42552-250450--,00.html.

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

Medicaid Policies

DCH has issued four final policies and three 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 11-26** informs **Hospitals** that **inpatient payment reductions totaling \$45,872,360** will be initiated for the current fiscal year. The reductions, required by State law and executive orders of the Governor issued in 2001, 2002 and 2005, will be made through **gross adjustment beginning in August**. The bulletin lists the reduction amount for each hospital. This bulletin was **simultaneously issued for comment (1123-EO)**. Comments are due to DCH by July 30, 2011.
- **MSA 11-27** notifies **Medicaid Home and Community-Based Services Waiver** providers, **Long-Term Care** Providers and others of a **new chapter in the Medicaid Provider Manual for the MI Choice Waiver Program**, consolidating policy and guidance provided in other sources into a single cohesive document.
- **MSA 11-28** advises **Practitioners, Clinics, Hospitals, Medicaid Health Plans** and others of **Healthcare Common Procedure Coding System (HCPCS) updates effective July 1, 2011**.
- **MSA 11-30** notifies **Hospitals** of a modification in the **data elements** utilized in the **Electronic Health Records (EHR) Incentive Program**.
- A proposed policy (**1108-Dental**) has been issued that would establish **limits for coverage of a full mouth series of dental radiographs**. Comments are due to DCH by August 6, 2011.
- A proposed policy (**1121-MHP**) has been issued that would allow **Medicaid beneficiaries dually eligible for Medicare** to remain in or **voluntarily enroll in Medicaid Health Plans**. Comments are due to DCH by August 6, 2011.
- A proposed policy (**1122-Dental**) has been issued that would **expand the Healthy Kids Dental**

program to children in Mason, Muskegon, Newaygo and Oceana counties. Comments are due to DCH by August 16, 2011.

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

[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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