

The Michigan Update

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Medicaid Managed Care Enrollment Activity

As of September 1, 2011, there were **1,210,375 Medicaid beneficiaries enrolled** in 14 Medicaid Health Plans (HMOs), **a decrease of 8,542** since August 1, 2011 and a decrease of 27,248 since April 2011 when Medicaid managed care enrollment hit an all-time high in Michigan. (April 2011 was also the month in which total Medicaid enrollment, exclusive of Family Planning Waiver only enrollees, reached an all time high. Total Medicaid enrollment has declined since April.) The number of Medicaid beneficiaries eligible for managed care enrollment increased slightly in September - there were 1,279,281 eligible beneficiaries, up from 1,278,705 in August. The number of beneficiaries eligible but not yet enrolled in a contracted health plan, not counting exemptions, was 58,353, an increase of almost 11,000 over the number in August.

As the [enrollment reports](#) for September reflect, every county in the state is served by at least one Medicaid Health Plan. Health Plan of Michigan has recently been approved to serve Medicaid beneficiaries in Charlevoix and Emmet Counties, bringing the number of plans available in those counties to three and two, respectively.

Fee-for-service care is now an option in only one county in the state - Barry - which is also the only remaining "Preferred Option" county. Beneficiaries in Barry County 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. 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.

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Duals in Medicaid Health Plans

In the July edition of *The Michigan Update* we reported that DCH had issued a proposed policy that would allow most Medicaid beneficiaries dually eligible for Medicare ("duals") to remain in or voluntarily enroll in Medicaid Health Plans as soon as October 1, 2011. A final policy has not yet been released by DCH. We have learned that staff in the Centers for Medicare & Medicaid Services (CMS) have asked questions regarding the department's plans for this enrollment so implementation has been delayed.

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

MiChild

According to MAXIMUS, the Department of Community Health (DCH) contractor for MiChild enrollment, there were **37,574 children enrolled** in the MiChild program as of September 1, 2011. This is an **increase of 760** since August 1, 2011.

As the [enrollment report](#) for September shows, enrollment is dispersed between ten plans, with almost 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 (47.80 percent) or Delta Dental Plan (47.92 percent).

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

Adult Benefits Waiver (ABW)

As of the middle of September 2011, DCH reports there were **70,792 ABW beneficiaries enrolled** in the program, **a decrease of 2,556** since the middle of August. Even with this month's decrease in caseload, there are still significantly more beneficiaries enrolled in the ABW program than one year ago this month 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 September 1, 2011, the combined ABW **enrollment in the 28 CHPs was 64,020**, a **decrease of 2,380** since August. The September enrollment level is still well above the 36,664 enrollment count on October 1, 2010, prior to the open enrollment period last fall.

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

Health and Wellness in Michigan

On September 14, 2011, Governor Rick Snyder presented a Health and Wellness message to residents of Michigan and the State Legislature. The message covered many topics: steps needed to improve the health and wellness of Michigan residents; actions needed to improve access to and reduce the cost of health care services; initiatives consistent with federal health care reform, including a state health insurance exchange and integrated care for individuals eligible for both Medicare and Medicaid ("duals"); and improvements in the regulatory framework for health care in Michigan. The message is available on the Governor's web site at www.michigan.gov/gov.

On the issue of **Health and Wellness**, the Governor:

- Directed DCH to convene a summit of health experts and stakeholders to develop solutions to reverse the recent trend in higher **infant mortality** rates.
- Directed DCH to pursue funding for Michigan to expand the Nurse-Family Partnership program focused on assuring **health care for at-risk young families**.
- Encouraged the Department of Education to work with schools to help **address the obesity problem** with the state's youth and directed DCH to incorporate information about the Body Mass Index (BMI) of children under the age of 18 in the Michigan Care Improvement Registry (MCIR) and to convene a summit to develop a statewide plan to reduce obesity and improve the health of Michigan residents of all ages.
- Encouraged Michigan communities, employers and others to implement **programs to improve the health and wellness** of their residents and employees.
- Directed DCH to develop new practices to **reduce the MI Choice waiting list** for home and community-based services.

- Asked DCH and the Department of Licensing and Regulatory Affairs (LARA) to work with the dental community to develop and disseminate educational materials on the **importance of adequate access to oral health care** and encouraged expansion of the **Healthy Kids Dental** program statewide (see additional article on this program).
- Asked DCH to evaluate the efficacy of **smoking cessation** treatments currently covered by the Medicaid program and to conduct an internal assessment of the opportunity for coverage expansion.

On the issue of **Access to Care**, the Governor:

- Indicated he would work with policymakers, community partners and others to ensure that Michigan **veterans** receive assistance in accessing their benefits.
- Noted that platforms would be developed for sharing **electronic health information** through the Michigan Health Information Network (MiHIN) and using technology to permit individuals to help manage their own health.
- Directed DCH to competitively pursue approval of **additional Federally Qualified Health Centers (FQHCs)** in Michigan to improve access to cost effective care for underserved populations in the state.
- Directed DCH to develop a plan to integrate **physical and behavioral health** care throughout the continuum of care and to **evaluate the spectrum of care** from community-based services to inpatient services to ensure appropriate and compassionate care is delivered. He noted that improving the system of care will require **early intervention with priority populations**, such as those who are incarcerated.
- Encouraged passage of legislation to require insurers to cover evidence-based therapies for **autism**.

On the issue of **Health Care Reform**, the Governor:

- Expressed his support for establishing a Michigan-based online health insurance exchange, which he called the **MI Health Marketplace**, cited several **guiding principles** for the exchange and asked that the Legislature quickly adopt legislation to do so. (See separate article for more detail.)
- Announced a plan to review the legislation under

which **Blue Cross Blue Shield of Michigan** operates and to propose necessary changes to meet current goals for the Michigan health care marketplace.

- Encouraged implementation of an **integrated care program for the duals** and noted a target date of October 2012 for transitioning to a new model of care. (See separate article for more detail.)

On the issue of **Improved Governance**, the Governor:

- Directed DCH, in conjunction with a newly-appointed advisory committee of experts, to conduct a systematic review of all existing provisions of the **Public Health Code** to determine the need to amend or rescind existing language or add new language to accommodate the changing health care environment.
- Noted his support of reducing regulatory "red tape" and accepting **national accreditation or certification in lieu of licensing** selected health professions by the state. He noted that the Office of Regulatory Reinvention is currently reviewing this issue.

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

MI Health Marketplace

Governor Snyder's Health and Wellness message (see related article) placed significant focus on the need to establish a state-based health insurance exchange in Michigan. He called it the *MI Health Marketplace* and urged the Legislature to adopt appropriate legislation to create it before Thanksgiving 2011. He cited several guiding principles developed through a process of consulting stakeholders in the health care industry:

1. The *MI Health Marketplace* must empower individuals and small businesses by enabling them to easily compare health insurance options.
2. The *MI Health Marketplace* must not add bureaucracy and complexity that increases the cost to customers.
3. The *MI Health Marketplace* should be another tool for health insurance customers, but not be the only available option for purchasing health insurance coverage.
4. The *MI Health Marketplace* must be customer-service oriented, accountable, reliable, transparent and expedient.

The Governor noted in his message that the Department of Technology, Management and Budget has developed a technology plan for seamless integration of commercial health insurance products offered on the *MI Health Marketplace* internet portal with new state Medicaid eligibility rules mandated by the Affordable Care Act (ACA, the federal health care reform law). The technology will establish the portal as a single point of entry for individuals and employers to access information about health care coverage. The portal will enable insurance plan shopping and comparisons, validate eligibility and demographics and enable insurance plan enrollment and payment.

LARA has been charged with implementing the *MI Health Marketplace*. Mr. Chris Priest, who has led the development activities to date, has been transferred from DCH to LARA to work on implementation activities.

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

HAP to Acquire Midwest Health Plan

On September 19, 2011, Health Alliance Plan (HAP) announced a definitive agreement to acquire Midwest Health Plan (MHP), pending federal and state regulatory approvals. HAP has indicated that it will maintain MHP as a separate, wholly owned subsidiary and Dr. Mark Saffer, the founder of MHP, will maintain his position as President. HAP is a nonprofit health plan with nearly 500,000 commercial and Medicare members. MHP is a for-profit health plan with about 74,000 Medicaid members. Both plans are based in Michigan. HAP's service area covers 23 counties on the eastern side of the state and MHP has members in five of those counties. This acquisition will provide HAP with access to Michigan's Medicaid market, to which the company was denied during the last Medicaid managed care procurement in 2009.

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

Integrated Care for Dual Eligibles

As reported in the April and July 2011 editions of *The Michigan Update*, DCH submitted a successful proposal to CMS for funds to design a health care delivery model to integrate care for beneficiaries dually eligible for Medicare and Medicaid ("duals"). Over the summer, public forums were held across the state to gather input from

stakeholders regarding the state's proposed approach to providing integrated care. On September 14, 2011, DCH released a Request for Input (RFI) through an L-letter (L 11-32) in order to gather additional input. The L-letter and RFI are available on the DCH web site at www.michigan.gov/mdch/0,1607,7-132-2945_5100-87513--,00.html. **Responses to the RFI are due to DCH by October 7, 2011.** On September 15, 2011, Governor Snyder mentioned in his Health and Wellness message to the Legislature that the target date for implementing this program is October 2012. DCH has also opened a web site through which state residents and groups may provide comments on how care and benefits should be coordinated for duals. The web site is at <https://janus.pscinc.com/dualeligibles> and includes an electronic mailbox with the following address: integratedcare@michigan.gov.

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

States are Relying on Medicaid Managed Care

A 50-state survey completed by Health Management Associates (HMA) for the Kaiser Family Foundation found that states are relying heavily on managed care to control their Medicaid costs and may turn to such plans even more as cost pressures mount and an estimated 16 million more uninsured people are potentially added to the program in 2014 under provisions in the Affordable Care Act (ACA), the federal health reform law. A Profile of Medicaid Managed Care Programs in 2010, by Kathleen Gifford, Vernon Smith and Dyke Snipes of HMA and Julia Paradise of Kaiser, was released earlier this month and is available at www.kff.org/medicaid/8220.cfm.

According to the survey, the use of managed care in Medicaid has risen steadily over the last few decades with nearly every state operating comprehensive Medicaid managed care programs that collectively cover about 66 percent of all Medicaid beneficiaries. Only three states - Alaska, New Hampshire and Wyoming - have no Medicaid managed care. Overall, 36 of the 48 states with comprehensive managed care programs reported contracting with risk-based managed care organizations (MCOs) and 31 reported operating a primary care case management (PCCM) program. There is considerable variance across states in managed care penetration; nine states have fewer than half of their Medicaid beneficiaries enrolled in comprehensive managed care plans while

another nine states have more than 80 percent in the plans, and the remaining states fall between these end points on the spectrum.

The vast majority of states mandate managed care enrollment for children, pregnant women, parents and other caretaker adults. The number of states enrolling more medically complex beneficiaries in managed care is increasing. While half of states reported some enrollment of Medicaid beneficiaries also eligible for Medicare - the "duals" - in managed care, total enrollment is still low.

Looking to 2014, states were asked in the survey to indicate how well they believe they are prepared for the health law's expansion of Medicaid. Of the 30 states responding to a question on whether their managed care plans will be able to absorb an expanded Medicaid population, 20 said they believed the plans could do so.

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

Basic Health Program

One of the provisions in the ACA (Section 1331) provides states with the option to establish a Basic Health Program where they enter into contracts to offer one or more "standard health plans" providing at least the essential health benefits described in the federal law.

On September 7, 2011, a bill was introduced in Michigan - Senate Bill 595 - to establish such a Basic Health Program. As introduced, the bill would cover Michigan residents who are not eligible for Medicare, Medicaid or MICHild and who have income greater than 133 percent of the Federal Poverty Level but no greater than 200 percent. The state would competitively procure contracts with licensed Health Maintenance Organizations in the state that also have a contract to serve the Medicaid population and that maintain a medical loss ratio of at least 85 percent. The bill has been referred to the Committee on Health Policy.

On September 14, 2011, CMS released a [Request for Information \(RFI\)](#) to gather stakeholder input before issuing any regulations to implement the federal requirements. **Comments are due to CMS by October 31, 2011.**

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

Michigan Health Claims Assessment

In the August edition of *The Michigan Update* we reported on Senate Bill 348, the new health claims assessment bill sent to Governor Snyder for signature. Governor Snyder signed this bill into law (Public Act 142) on September 20, 2011. Also signed into law was the companion legislation, Senate Bill 347 (Public Act 141). The new one percent assessment on paid health insurance claims will replace the six percent "use tax" on Medicaid health plans (including the Prepaid Inpatient Health Plans (PIHPS) that provide Medicaid mental health services) and the \$1.2 billion it raised for the program. Public Act 141 repeals the use tax.

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

HIP Rates Lowered and Enrollment Simplified

HIP Michigan (Health Insurance Program of Michigan) is the state's high-risk pool that provides affordable health coverage for people who are otherwise unable to purchase health coverage due to pre-existing conditions. It is a part of a federal program established by the US Department of Health and Human Services (HHS) in response to the ACA and is administered by Physicians Health Plan. The HHS has recently approved a request submitted by HIP Michigan to reduce monthly premiums by ten percent and to ease the process for documenting a pre-existing condition. Beginning October 1, 2011, the program will consider applications with certified provider documentation of a medical condition with the previous 12 months in place of the previously required diagnosis list. Information about this program is available at www.hipmichigan.com.

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

Healthy Kids Dental

DCH has had a contract with Delta Dental of Michigan to administer the *Healthy Kids Dental* program for a number of years. Through this contract, dentists enrolled in the Medicaid program and also participating in Delta Dental are able to provide services in accordance with that organization's standard policies, procedures and claim submission process. Effective October 1, 2011, as required by Public Act 63 of 2011, the DCH appropriation measure

for Fiscal Year 2011-2012, this contract will be expanded to four additional counties - Mason, Muskegon, Newaygo and Oceana. With this expansion, children living in 65 of the state's 83 counties are able to receive their dental care through the *Healthy Kids Dental* program. Additional information is provided in the program bulletin (MSA 11-41) referenced in the Medicaid Policies article in this newsletter and the list of all counties where the program operates appears in the Dental Chapter of the Medicaid Provider Manual.

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

Community Transformation Grants

On September 27, 2011, HHS announced grants to 61 states and communities with over 120 million residents to fight chronic disease, which is the leading cause of death in Americans. Created by the ACA, Community Transformation Grants help states and communities tackle the root causes of chronic disease such as smoking, poor diet and lack of physical activity. Grantees will use these funds, which total more than \$103 million, to transform where their residents live, work, play, and go to school so that they can lead healthier, more productive lives. Two of the grantees are in Michigan.

Thirty-five grantees received awards to implement proven interventions to help improve health and wellness. Funding amounts range from \$500,000 to \$10 million depending on population size and scope of project. The **Sault Ste. Marie Tribe of Chippewa Indians** received \$500,000 to target tobacco-free living, active living and healthy eating, quality clinical and other preventive services and healthy and safe physical environments for the tribal population of over 176,000.

Twenty-six grantees received awards to build capacity by laying a solid foundation for sustainable community prevention efforts. Funding amounts range from \$147,000 to \$500,000 depending on population size and scope of project. **Spectrum Health System** received \$333,321 to build capacity to support healthy lifestyles in Kent County, with an estimated population of over 600,000. Work will target tobacco-free living, active living and healthy eating, quality clinical and other preventive services, and social and emotional wellness.

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

New Asset Test for Food Assistance

The Michigan Department of Human Services (DHS) announced a new eligibility policy for Food Assistance in mid-September. Beginning October 1, 2011, new applicants and individuals being re-determined for continuing eligibility will be required to provide information about their assets as well as income before eligibility will be approved.

In addition to income limits, individuals will not be approved for new or continuing Food Assistance benefits if they have assets of more than \$5,000 in bank accounts or certain other types of property. While homes will be excluded as well as vehicles used for business, the value of a vehicle for personal use, if greater than \$15,000, will result in a denial of benefits. A DHS official said letters were sent to about 15,000 current recipients of Food Assistance in mid-September with instructions to contact their caseworkers and provide the required financial documentation before October 1 in order to avoid a break in benefits. The new asset policy is expected to be phased in for current Food Assistance recipients over the next 12 months.

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

RAC Rule Issued

On September 16, 2011, CMS issued a final rule related to Section 6411 of the ACA, which directed states to contract with Recovery Audit Contractors (Medicaid RACs) to review Medicaid claims for potential overpayments or underpayments.

The final rule provides guidance to states related to federal/state funding of start-up, operation and maintenance costs associated with the Medicaid RACs as well as the reimbursement methodology for state payment to the RACs. The final rule has been modified from the proposed rule in a number of ways including a requirement that RAC audits be limited to a three-year look-back period and not address claims audited previously by the RAC or others. States are required to set limits on medical record requests and the rule states that providers must be notified of overpayment findings within 60 days. The rule directs states to assure that adequate appeal processes are in place for providers to dispute adverse determinations made by the RACs and to ensure that the activities of the RACs and any other contractors auditing

providers are coordinated.

The new rule will take effect on January 1, 2012 and will appear in federal regulations at 42 CFR Part 455 - Program Integrity-Medicaid, as a new Subpart F - Medicaid Recovery Audit Contractors Program. The new rule is immediately available at www.ofr.gov/OFRUpload/OFRData/2011-23695_PI.pdf.

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

Medicaid Policies

DCH has issued six final policies and four proposed policies that merit mention. Three 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 11-35** informs **Dental Providers** that a **full mouth series of radiographs** is a covered benefit for Medicaid beneficiaries age five and above **once every five years**.
- **MSA 11-36** advises **All Providers** of updated information regarding DCH's progress with **HIPAA 5010 implementation**, which will occur **January 1, 2012**. The bulletin also encourages Business-to-Business (**B2B**) testing. This bulletin was **simultaneously issued for comment (1125-HIPAA)**. Comments are due to DCH by September 30, 2011.
- **MSA 11-38** advises **Home Help Agency and Individual Providers** of changes in beneficiary **eligibility criteria for service** coverage, as required in Public Act 63 of 2011, the DCH appropriation measure for Fiscal Year 2011-2012. This bulletin was **simultaneously issued for comment (1128-HHP)**. Comments are due to DCH by September 30, 2011.
- **MSA 11-39** notifies **All Providers** of **updates to the Medicaid Provider Manual** effective **October 1, 2011**. Of note, the bulletin advises that the announced change in Maternal Infant Health Program visits (MSA 11-29, issued in August 2011) - to allow additional visits in specified circumstances - is delayed due to systems issues.
- **MSA 11-40** advises **Outpatient Hospitals, Outpatient Rehabilitation Facilities, Practitioners and others** of requirements in

Michigan law affecting **Occupational Therapists, Occupational Therapy Assistants and Physical Therapy Assistants**. These health care professionals are now **required to be licensed** to practice in Michigan. This bulletin was **simultaneously issued for comment (1126-OTPT)**. Comments are due to DCH by September 30, 2011.

- **MSA 11-41** announces to **Dentists and Dental Clinics** that the **Healthy Kids Contract** has been expanded into four additional counties - **Mason, Muskegon, Newaygo and Oceana**.
- A proposed policy (**1116-NF**) has been issued that would revise and clarify Medicaid policy for **Nursing Facilities requesting rate relief**. Comments are due to DCH by October 14, 2011.

DCH also released two L-letters in September that may be of interest. The first letter (**L 11-15**) provides information regarding the new **Medicaid Estate Recovery** policy and includes a brochure entitled *Your Guide to Estate Recovery in Michigan*. The second letter (**L 11-31**) clarifies Medicaid policy regarding **coverage of orthopedic footwear**.

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

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