HEALTH MANAGEMENT ASSOCIATES

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The Michigan Update

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Medicaid Managed Care Enrollment Activity

As of May 1, 2017, there were **1,808,661 Medicaid beneficiaries, including 546,869 HMP beneficiaries,** enrolled in the 11 Medicaid Health Plans (HMOs). This is an overall **increase of 1,131** since April. The number of HMP enrollees increased by 2,315; however, this growth was offset by a decrease of 1,184 in the number of non-HMP enrollees.

As the enrollment reports (pdf) (xls) for May 2017 reflect, every county in the state is served by at least one Medicaid HMO. Auto-assignment of beneficiaries into the HMOs is available in every county, and in addition to the HMOs with smaller service areas, there are three HMOs – McLaren Health Plan, Meridian Health Plan of Michigan and Molina Healthcare of Michigan – authorized to serve all counties in the Lower Peninsula and a fourth – UnitedHealthcare Community Plan – authorized to serve all but three of the Lower Peninsula counties. 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.

The plans with the highest enrollment as of May 1, 2017 were Meridian Health Plan of Michigan with 28.0 percent of the total, Molina Healthcare of Michigan with 20.4 percent, UnitedHealthcare Community Plan with 14.5 percent, and McLaren Health Plan with 10.8 percent of the total.

The Michigan Department of Health and Human Services 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 May 1, 2017, there were **19,024 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs**, an increase of 219 since April. All Medicaid HMOs

Atlanta, Georgia
Austin, Texas
Boston, Massachusetts
Chicago, Illinois
Columbus, Ohio
Denver, Colorado
Harrisburg, Pennsylvania
Indianapolis, Indiana
Lansing, Michigan
New York, New York
Phoenix, Arizona
Portland, Oregon
Sacramento, California
San Antonio Texas
San Francisco, California
Seattle, Washington
Southern California
Tallahassee, Florida
Washington, DC

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have CSHCS/Medicaid enrollees, although the numbers vary across plans. Meridian Health Plan of Michigan has the most CSHCS/Medicaid beneficiaries enrolled (27.0 percent of the total); Molina Healthcare of Michigan has 25.6 percent of the total; UnitedHealthcare Community Plan has 15.1 percent; and Priority Health Choice and McLaren Health Plan each have 9.3 percent of the total enrollees (although Priority has 14 more enrollees than McLaren).

Aside from Michigan's Medicare/Medicaid financial alignment demonstration, MI Health Link, there were an additional **36,655 Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs** for their acute care Medicaid benefits in May 2017, an increase of 415 since April. All Medicaid HMOs have duals enrolled, although the numbers vary significantly across plans. As of May 1st, Molina Healthcare of Michigan had the most duals receiving Medicaid services from an HMO (27.4 percent of the total); Meridian Health Plan of Michigan had 25.8 percent of the total (but the most voluntary enrollees); and McLaren Health Plan had 15.1 percent of the total enrollees.

There were **34,319 MIChild beneficiaries enrolled in Medicaid HMOs** in May 2017, an increase of 2,234 since April but a decrease of more than 3,200 since November of last year. We believe that some of the children formerly enrolled in MIChild coverage have more recently qualified for other Medicaid eligibility categories for children due to changes in family income. (While MIChild enrollment has recently declined, total enrollment of children in Medicaid, including MIChild, increased by almost 11,000 between November 2016 and March 2017.) All Medicaid HMOs have MIChild beneficiaries enrolled, although the numbers vary dramatically across plans. As of May 1st, Meridian Health Plan of Michigan had the most MIChild enrollees (26.4 percent of the total); Molina Healthcare of Michigan had 18.2 percent of the total; UnitedHealthcare Community Plan had 13.2 percent; and McLaren Health Plan had 12.7 percent of the total enrollees.

For additional information, contact Eileen Ellis, Senior Fellow, or Esther Reagan, Senior Consultant, at (517) 482-9236.

Healthy Michigan Plan Enrollment

Healthy Michigan Plan (HMP) enrollment levels remained relatively steady for the 20 months ending on August 31, 2016, but they have increased each month since. According to the Michigan Department of Health and Human Services website, HMP enrollment stood at **679,892 as of May 30, 2017.** For the seventh month in a row, the end-of-month

enrollment total has exceeded enrollment at the end of the prior month and set a new record. The HMP enrollment total at the end of May is the highest ever reported. Although the HMP caseload drops at the beginning of each month because of an annual eligibility redetermination requirement, it generally rebounds by the end of the month. Since August 2016, the declines at the start of each month have been much smaller than in the past. With growth during each month like prior trends, the result is a current month-end enrollment total almost 66,000 higher than at the end of August 2016.

For additional information, contact Eileen Ellis, Senior Fellow, at (517) 482-9236.

MI Health Link

In previous editions of *The Michigan Update* we have written about Michigan's implementation of an integrated health care delivery system for adults dually eligible for Medicare and Medicaid (duals). The demonstration, called MI Health Link, is approved to last for five years and operate in four regions of the state. The entire Upper Peninsula is one region; eight counties in the southwest corner of the state form another region (Barry, Berrien, Branch, Calhoun, Cass, Kalamazoo, St. Joseph, and Van Buren); and Macomb and Wayne Counties are two single-county regions. Medicaid and Medicare physical health care services (including long-term services and supports) are provided by HMOs that have contracts as Integrated Care Organizations (ICOs) to serve the duals.

Due to a passive enrollment process implemented June 1, 2016 by the Michigan Department of Health and Human Services (MDHHS), there were **38,767 enrollees that month** in the ICOs. This was an increase of almost 8,000 enrollees from the May 2016 enrollment level of 30,813, but still below the 42,757 enrollees in September 2015 when the demonstration was initially implemented. Since June 2016, the number of MI Health Link members has fluctuated, with increases in some months and decreases in others. **As of May 1, 2017, the MI Health Link enrollment was 37,900, an increase of 251 enrollees since April.**

There are seven ICOs serving one or more of the demonstration regions. The table below provides enrollment information by region for each ICO as of May 1, 2017.

MI Health Link Enrollment	Upper Pen. Region	SW MI Region	Macomb Region	Wayne Region	Total

Aetna Better Health of MI		3,429	840	3,033	7,302
AmeriHealth Michigan			701	2,514	3,215
MI Complete Health / Fidelis			414	1,788	2,202
HAP Midwest Health Plan			1,019	3,981	5,000
Meridian Health Plan of MI		5,509			5,509
Molina Healthcare of MI			1,777	8,662	10,439
Upper Peninsula Health Plan	4,233				4,233
Total	**4,233**	**8,938**	**4,751**	**19,978**	**37,900**

As of May 1, 2017, Molina Healthcare of Michigan had the most enrollees, both voluntarily and passively enrolled (27.5 percent of the combined total); Aetna Better Health of Michigan had 19.3 percent of the total; Meridian Health Plan of Michigan had 14.5 percent; and HAP Midwest Health Plan had 13.2 percent. At this point, about 94.5 percent of the MI Health Link enrollees are living in a community setting, and about 5.5 percent of the enrollees live in a nursing facility. Only 1.7 percent of the total enrollees is receiving home and community-based long-term services and supports through the MI Health Link program waiver; however, a significant number of enrollees are receiving in-home services and supports from the ICOs through the State Plan personal care benefit. While all the plans have enrollees receiving care in nursing facilities, the Upper Peninsula Health Plan had the largest share as of May 1st (23.6 percent of the total enrollees residing in nursing facilities). Molina Healthcare of Michigan placed second, with 17.2 percent; and Aetna Better Health of Michigan came in third, with 16.7 percent.

While the majority of MI Health Link enrollees are passively enrolled, 19.0 percent voluntarily joined the demonstration. The voluntary enrollment percentage has more than tripled since September 2015. MDHHS also reports that as of May 1, 2017, more than 53,000 duals eligible for participation in the demonstration have chosen to opt out. These individuals receive their Medicaid benefits on a fee-for-service basis but retain the option to voluntarily enroll in the demonstration at a later time.

The MDHHS has established an enrollment dashboard on the MI Health Link page on its website. According to the MI Health Link website, more than half of the MI Health Link enrollees are individuals under the age of 65. These younger individuals qualified for Medicare and Medicaid based on a disability.

For additional information, contact Esther Reagan, Senior Consultant, at (517) 482-9236.

Michigan D-SNPs

Three of the 11 Medicaid HMOs in Michigan (or their parent organizations) are also federally contracted as D-SNPs (Medicare Advantage Special Needs Plans for persons dually eligible for Medicare and Medicaid [duals]) to provide Medicare benefits: HAP Midwest Health Plan, Meridian Health Plan of Michigan, and Molina Healthcare of Michigan. As of May 1, 2017, these **three D-SNPs had a combined enrollment of 13,750 duals** for whom they provide Medicare services. More than 77 percent of the duals enrolled in a D-SNP are enrolled with Molina Healthcare of Michigan. None of these duals are participating in the MI Health Link demonstration.

Not all duals enrolled in these D-SNPs are eligible to receive full Medicaid benefits. Some only receive assistance from the Medicaid program with their Medicare coinsurance and deductible payments and/or monthly Medicare premiums.

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

Michigan Medicaid Budget for FY 2018

On May 17, 2017, the directors of the House Fiscal Agency and the Senate Fiscal Agency along with the State Treasurer met in the Consensus Revenue Estimating Conference and reached a Consensus Revenue Agreement. At the same time, they reached consensus on baseline costs and caseloads for Medicaid and other human services programs. These consensus numbers become the basis for targets for the budgets of the various departments of state government for the fiscal year that begins October 1, 2017.

A key disagreement has arisen between Governor Rick Snyder and the legislature related to the structure of the pension program for new public school teachers. The current hybrid system for new teachers includes both a defined benefit (pension) component and a defined contribution

(401k) component. The Michigan Public School Employees Retirement System (MPSERS) has an unfunded liability of just over $29 billion. While this liability is attributable to older plans that are already not available to new hires, the Governor and some in the legislature are concerned that continuation of a defined benefit component could result in additional liability if there is a significant downturn in the stock market.

This disagreement has become a standoff, such that the executive branch did not participate in budget target discussions with the legislature. House Speaker Tom Leonard and Senate Majority Leader Arlan Meekhof reached agreement on budget targets on Saturday, May 27th, and sent those figures to their respective subcommittee chairs. On May 30th, the House Speaker and the Senate Majority Leader named conferees for the departmental budget bills and the Omnibus Budget. On May 31st, conferees met on four budget bills and dates were scheduled in early June for several others. At press time the date for the conference committee for the Department of Health and Human Services budget had not been set.

While the House and Senate are moving forward based on their target agreements, Speaker Leonard has pointed out that they have several months to complete this work. Despite a longstanding tradition of passing a budget before the legislature recesses for the 4th of July holiday, enactment of a budget is not statutorily required until the beginning of the new fiscal (October 1st). In addition to issues related to MPSERS, there is not full legislative agreement on some of the departmental budgets, such as the Department of Corrections.

It is also not clear what action the Governor will take if he receives a package of budget bills that does not modify the structure of the pension plan for new public school teachers. On May 30th, *Gongwer News Michigan* reported that Senator Meekhof plans to meet with the Governor yet this week.

For additional information, contact Eileen Ellis, Senior Fellow, at (517) 482-9236.

Behavioral Health and Physical Health Integration

In recent editions of *The Michigan Update*, we have reported on Michigan efforts to improve integration of care for people with both behavioral health and physical health needs. As reported in last month's newsletter, as part of proposed budgets for the fiscal year beginning October 1, 2017, the

appropriations subcommittees of both the House and Senate have included language on integration pilots.

Both budget bills include pilot projects around integration of physical and behavioral health, which use models other than those identified in the Final Report of the Section 298 Workgroup. For example, none of the models identified in the Final Report would have a Medicaid HMO serving as the manager of integrated care and payer for all Medicaid services.

During April and May, there has been significant activity around advocacy of various positions on integrated care. Anonymous advocates have paid for billboards and yard signs in opposition to any privatization of mental health services. Michigan legislators have received much correspondence and many visitors as both patient advocates and Medicaid HMOs and providers are seeking to impact the future direction of integrated care.

For additional information, contact Eileen Ellis, Senior Fellow, or Rich VandenHeuvel, Principal, at (517) 482-9236.

Blood Lead Testing Alert

On May 17, 2017, the U.S. Food and Drug Administration and Centers for Disease Control and Prevention (CDC) issued a warning/alert that certain blood lead tests manufactured by Magellan Diagnostics may provide inaccurate results for some children and adults. **Tests performed on blood drawn from a vein may provide results that are lower than the actual level of lead in the blood.** This issue may date back to 2014. The CDC recommends that certain children age six or younger be retested if the Magellan product was used. The CDC's recommendation **does not apply to tests taken from a finger or heel stick (capillary draw)**. To ensure that Michigan health care providers are aware of this warning, the Michigan Department of Health and Human Services also issued a press release, a Health Alert Network notification, and an L-letter (see more about the L-letter in the *Medicaid Policies* article within this newsletter).

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

Medicaid Policies

The Michigan Department of Health and Human Services (MDHHS) has issued two final policies and one proposed

policy that merit mention. They are available for review on the department's website.

- **MSA 17-14** clarifies for **Hospitals** how to correctly **submit a claim** when there has been a **facility change in ownership** during a Medicaid beneficiary's inpatient stay.
- **MSA 17-15** informs **Ambulance** providers of changes related to **fee for service reimbursement of ambulance mileage and pronouncement of death.**
- A proposed policy (**1709-NF**) has been issued that would describe **changes to the Nursing Facility Home Office, Chain Organization, or Related Party Cost Reporting** Section of the Nursing Facility Cost Reporting and Reimbursement Appendix in the Medicaid Provider Manual. Comments are due to MDHHS by June 19, 2017.

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

- **L 17-20** was released on May 18, 2017 to advise **All Providers** of a **U.S. Food and Drug Administration Alert** regarding **inaccurate blood lead level testing results**. The letter notes that certain lead tests manufactured by **Magellan Diagnostics** may provide **inaccurate results for some children and adults when performed on blood drawn from a vein.**
- **L 17-19** was released on May 31, 2017 as a notice to Tribal Chairs and Health Directors of the department's **intent to submit an Amendment to the MI Health Link Home and Community-Based Services Waiver**. The amendment would **include nursing facilities or other state-approved long term care facilities as sites for which the out-of-home Respite service** may be used.

For additional information, contact Esther Reagan, Senior Consultant, at (517) 482-9236.

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