STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JANET OLSZEWSKI
DIRECTOR

September 29, 2009

Wanda Pigatt-Canty, Project Officer
Division of State Demonstration and Waivers
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Mail Stop S2-01-16
Baltimore, Maryland 21244

RE: Adult Benefits Waiver

Dear Ms. Pigatt-Canty:

Enclosed is Michigan's waiver application request and supporting documentation for the continuation of the Adult Benefits Waiver Program (ABW) under Section 1115 of the Social Security Act. Michigan has been operating the ABW since January of 2004 under the Health Insurance Flexibility and Accountability demonstration initiative. Due to the Children's Health Insurance Program Reauthorization Act of 2009, States can no longer continue to cover childless adults under a State Children's Health Insurance Program Section 1115 waiver after December 31, 2009, but may continue coverage under a Medicaid demonstration project under Title XIX of the Act.

The ABW provides an ambulatory healthcare benefit to childless adults at or below 35 percent of the federal poverty level. Over the past five years, the ABW has been a very successful initiative. In addition to providing health insurance to childless adults, this program has resulted in the establishment of an infrastructure of the county health plans that support health coverage to additional indigent individuals across the State who do not qualify for Medicaid or ABW and who do not have access to private health insurance.

The State considers the continuation of this program as critical to ensuring the availability of safety net health coverage for some of its poorest and most vulnerable residents. We look forward to working collaboratively with you to continue this important initiative.

Should you have any questions, please contact Jacqueline Coleman of my staff by phone at (517) 241-7172 or e-mail at colemanj@michigan.gov.

Sincerely,

Stephen Fitton

Stephen Fitton, Acting Director
Medical Services Administration

cc: Verlon Johnson
Susan Gratzer
Kathleen Farrell
Paul Boben
Leslie Campbell

Adult Benefits Waiver Program

A Waiver Request

Submitted Under Authority of

Section 1115 of Social Security Act

to

The Centers for Medicare and Medicaid Services

U.S. Department of Health and Human Services

September 2009

State of Michigan
Jennifer M. Granholm, Governor

Janet Olszewski, Director
Michigan Department of Community Health
Capitol View Building
201 Townsend Street
Seventh Floor
Lansing, Michigan 48913

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EXECUTIVE SUMMARY

Due to the Children's Health Insurance Program Reauthorization Act of 2009 [CHIPRA (Public Law 111-3)], Michigan's Adult Benefits Waiver (ABW) must transition from a CHIPRA (Title XXI) funded program to Medicaid (Title XIX) funded program. The CHIPRA legislation gives Michigan the ability to continue its ABW, which offers limited health insurance to uninsured childless adults. This program not only increases access to healthcare insurance to a select group of Michigan citizens, but also reduces the uncompensated care of providers serving this select group.

The ABW has successfully provided health insurance coverage to childless adults ages 19 through 64 since its implementation on January 16, 2004. Throughout the life of the waiver, the ABW has provided services to over 200,000 childless adults who were formerly uninsured, with countable income at or below 35 percent of the federal poverty level (FPL). The ABW has historically been jointly financed by state general funds and Michigan's State Children's Health Insurance Program (SCHIP) allocation. ABW beneficiaries have received continuous primary care and access to prescription drugs, mental health and substance abuse services.

ABW services have been provided to beneficiaries through a managed healthcare delivery system utilizing a network of county-administered health plans (CHPs) operating in seventy-two of the eighty-three Michigan counties. A fee-for-service (FFS) benefit has been offered to those beneficiaries who do not have a CHP in their county. The CHPs are engaged with the community and provide healthcare to low income citizens. The ABW was fundamental in forming the structure that has provided access to healthcare services and coverage to an additional 200,000 persons.

The total budget for the five year demonstration was $844 million ($590 million federal share and $254 million state general fund). The average caseload was 62,000. The ABW has benefited the healthcare system in Michigan by decreasing uncompensated healthcare as well as improving the welfare of this targeted population.

Effective January 1, 2010, Michigan is requesting to switch the funding source for ABW from Title XXI to Title XIX to continue access to primary and preventive care for the ABW beneficiaries.

General Overview

Michigan has the highest unemployment rate in the nation, as well as approximately 550,000 low income uninsured adults, a majority of which are childless adults. Hospitals have become the primary care providers for these individuals. Michigan's Governor and Legislature support the need for healthcare for all of its citizens.

Due to the loss of manufacturing jobs and extremely challenging times for the domestic auto industry, Michigan's economic climate is suffering. Michigan is experiencing an increase in Medicaid enrollment every month of approximately 11,000. Additionally, the uninsured population including both families and childless adults is continuing to grow.

The Michigan Department of Community Health (MDCH), the single state agency responsible for the administration of the State's various healthcare programs including Medicaid, SCHIP and ABW, is submitting this request to the U.S. Department of Health and Human Services (HHS) for approval of a research and demonstration project under the authority of Section 1115(a) of the Social Security Act, being 42 USC 1315(a). The purpose of the waiver is to continue to provide health insurance to childless adults meeting established criteria who otherwise would not have medical coverage for these services.

Michigan's waiver request outlines an ambulatory benefit healthcare package that focuses on prevention for childless adults who meet established criteria and do not have access to health insurance, including Medicaid. Under this waiver Michigan will continue to provide insurance to the uninsured, reduce the use of expensive emergency room visits as primary care visits, and reduce uncompensated care to safety-net providers.

Summary of Proposal

To continue to provide coverage to childless adults, Michigan is seeking flexibility in funding and coverage under the authority of Section 1115 of the Social Security Act for the Adult Benefits Waiver Program. Michigan is requesting this waiver to allow it to:

- Achieve flexibility in delivery systems, benefits and cost sharing requirements
- Achieve flexibility related to ABW eligibility and enrollment processes and procedures

Michigan's goal is to continue to cover as many uninsured childless adults through the ABW as possible and still maintain budget neutrality consistent with the requirements of Section 2111(a)(3)(C) of CHIPRA . The ABW will continue to achieve the following goals of:

- Improving access to healthcare
- Improving the quality of healthcare services delivered
- Reducing uncompensated care
- Encouraging persons to seek preventive care and choose a healthy lifestyle
- Encouraging quality, continuity, and appropriate medical care

ELIGIBILITY

Under the authority of the 1115 Demonstration waiver, Michigan will provide an ambulatory benefit package to childless adults at or below 35 percent of the FPL. An asset limit of $3,000 will be applied to beneficiaries who meet the income requirements. The State does not consider crowd-out an issue with this population due to an absence of employer-sponsored coverage available at this income level.

Eligibility for Medicaid

Michigan currently provides Medicaid benefits to the following categories of individuals:

- Pregnant women and children under 1 year of age at or below 185 percent of the FPL
- Children between 1 and 18 years of age in low-income families at or below 150 percent of the FPL
- Young adults 19 and 20 years of age at or below 50 percent of the FPL.
- Children in foster care
- Young adults 19 and 20 years of age leaving the foster care system, regardless of income
- Parents and caretaker relatives at or below approximately 43 percent of the FPL
- Elderly or disabled individuals at or below 100 percent of the FPL
- SSI recipients regardless of income

Eligibility for Demonstration

Eligibility requirements for ABW will continue to include those individuals who:

- Are from 19 through 64 years of age
- Do not have children or dependents living in their home
- Have incomes at or below 35 percent of the FPL
- Are Michigan residents
- Are United States citizens
- Are ineligible for Medicare or Medicaid
- Do not have other creditable insurance

Redetermination of Eligibility

Eligibility will be determined at least every 12 months. At the end of that time, a beneficiary's eligibility must be redetermined. Beneficiaries will be sent eligibility renewal information prior to the end of their current eligibility period. This must be completed and returned by a designated date to retain program eligibility.

Enrollment

Individuals who wish to apply for the ABW will use the same application and resources as would individuals applying for other Medicaid programs.

When ABW eligibility has been established for a beneficiary, he/she will be able to obtain healthcare services on a FFS basis until the time he/she is enrolled in a county health plan. Coverage will begin on the first day of the month in which the application was received. After the application is processed, the beneficiary will be enrolled in a county-administered health plan on the first day of the next month available for enrollment. CHPs currently operate in 72 of the 83 Michigan counties. If a beneficiary resides in a county that does not have a CHP, that beneficiary will continue to obtain services through FFS.

The MDCH will strive to provide healthcare coverage for as many beneficiaries per year as the budget neutrality calculations and available State dollars allow. To this end, the State will periodically open enrollment.

Disenrollment

A beneficiary can be disenrolled from the ABW in any of the following circumstances:

- He/she is found to be ineligible at the time of redetermination (e.g., beneficiary's income exceeds 35 percent of the FPL)
- He/she obtains other healthcare coverage
- She becomes pregnant
- He/she requests case closure

Outreach

Outreach activities for the ABW will be focused on the open enrollment periods. When enrollment is open, an "All Providers Bulletin" will be released. Local public health agencies and Community Mental Health Service Programs (CMHSP) have and will continue to provide significant outreach during the open enrollment periods by assisting potential beneficiaries in the application process.

BENEFITS

Ambulatory Benefit Package

The ABW will continue to offer an ambulatory benefit package that includes outpatient hospital services, physician services, diagnostic services, pharmacy, mental health and substance abuse services. Mental health and substance abuse services are provided statewide through CMHSPs. Additional information on mental health and substance abuse services can be found in Attachment A. Certain prescribed drugs that are used for the treatment of mental health and HIV/AIDS are covered under the FFS benefit. A list of services to be covered under the ABW is detailed in Table 1 below.

Table 1 - Health Benefit Plan for Adult Benefits Waiver

State Plan Services	Medicaid Benefit	Adult Benefits Waiver
Ambulance	Covered	Covered – Limited to emergency ground transportation to hospital emergency department
Case Management	Covered	Not Covered
Chiropractic	Not Covered	Not Covered
Dental	Not Covered	Not Covered
Dentures	Not Covered	Not Covered
Diagnostic	Covered	Covered
EPSDT for Beneficiary Under Age 21	Covered	Not Covered
Eyeglasses	Covered	Not Covered
Family Planning	Covered	Covered

State Plan Services	Medicaid Benefit	Adult Benefits Waiver
Hearing Aids	Not Covered	Not Covered
Hospice	Covered	Not Covered
Hospital Emergency Department Services	Covered	Covered
ICFMR	Covered	Not Covered
Inpatient Hospital (Medical/Surgical)	Covered	Not Covered
Inpatient Psychiatric for Beneficiaries Under Age 21	Covered	Not Covered
Lab and X-ray	Covered	Covered
Maternity	Covered	Not Covered
Medical Supplies	Covered	Covered (Limited coverage)
Mental Health	Covered	Covered (Service provided through Community Mental Health Service Program)
Nurse Midwives	Covered	Not Covered
Nurse Practitioner	Covered	Covered
Nursing Facility and Home Health for Beneficiaries Age 21 or Older	Covered	Not Covered
Nursing Facility for Beneficiaries Under Age 21	Covered	Not Covered
Occupational Therapy	Covered	Not Covered
Optometrist	Covered	Not Covered
Other Practitioner	Covered	Not Covered
Outpatient Hospital	Covered	Covered
Personal Care	Covered	Not Covered
Physical Therapy	Covered	Not Covered
Physician	Covered	Covered
Podiatrist	Covered	Not Covered
Prescribed Drugs	Covered	Covered
Prosthetics/Orthotics	Covered	Not Covered
Rehabilitative	Covered	Not Covered
Respiratory Care	Covered	Not Covered
RHC and FQHC Prospective Payment System Rates	Covered	Not Covered
Speech, Hearing and Language Disorder	Covered	Not Covered
Substance Abuse	Covered	Covered

Cost Sharing

Below are the proposed cost sharing limits for the ABW population. A fee for emergency room visits will not be charged. There will not be an annual cost sharing cap for this Demonstration.

Table 2 – Cost Sharing Limits for ABW

ABW Services	Beneficiary Cost Sharing
Outpatient Hospital	$3 co-pay for professional services
Nurse Practitioner	$3 co-pay for office visits
Physician	$3 co-pay for office visits
Prescribed Drugs	$1 co-pay per prescribed drug*

**There are no co-pays for family planning or pregnancy related drug products.*

DELIVERY SYSTEM

The Demonstration population will utilize both managed care and FFS delivery systems. Beneficiaries can obtain services through FFS until they are enrolled in a county-administered health plan. The beneficiaries who reside in counties without a CHP will continue to obtain services through FFS, in which case beneficiaries may receive covered services from any provider willing to accept ABW payment as payment in full. Beneficiaries disenrolled from a CHP will also receive services on a FFS basis.

The MDCH will issue a mihealth card to all ABW beneficiaries. This card can be used for ABW-covered services provided directly through the State. This will include healthcare services obtained by beneficiaries through FFS, anti-retroviral drugs, psychotropic drugs, mental health services and substance abuse treatment services.

The CHPs are prepaid ambulatory health plans (PAHP) that serve approximately 80% of ABW beneficiaries. The CHPs have created a valuable infrastructure in the State that provides primary and preventive care to indigent populations. The CHPs serve ABW beneficiaries as well as other low income populations (with separate funding mechanisms) who would not otherwise have access to primary care.

Mental health services and substance abuse treatment are managed care products for which the MDCH pays a capitated rate. Mental health services will continue to be provided through the CMHSPs and substance abuse treatment will be provided through the CMHSPs or Substance Abuse Coordinating Agencies.

The Managed Care Plan Division (MCPD) within the MDCH will continue to provide administrative oversight of the CHPs. The MCPD works closely with the CHPs to ensure the plans provide beneficiaries with access to quality care. Quarterly meetings will be held to discuss programmatic or operational issues and policy updates and clarifications. All CHPs will submit performance reports to the MDCH.

<u>Quality and Performance Measures</u>

The CHPs will be evaluated by the MDCH on the following seven key performance categories aimed at improving the quality and efficiency of healthcare services:

- Grievance and appeal reporting
- Beneficiary complaints
- Financial reporting

- Encounter data reporting
- Pharmacy encounter data
- Provider roster reporting
- Primary care provider (PCP) to member ratio

The CHPs will be obligated to achieve baseline standards for each measure. The data for those measures will be provided by the CHPs and compiled in a monthly report.

Grievance and Appeal Process

If an ABW beneficiary has a grievance he/she will have access to grievance resolution through the health plan as well as access to the administrative hearings process. The Administrative Tribunal, housed at the State Office of Administrative Hearings and Rules, will conduct administrative hearings related to any reduction, denial, or termination of covered benefits provided through both FFS and managed care delivery systems. Consistent with state and federal laws and regulations, the CHPs have established and maintained a written internal process for the resolution of grievances and appeals from beneficiaries. The CHP must mail a notice of the denial to the beneficiary with a summary of the denial and his/her appeal rights as directed by the MDCH.

Provider Network

The CHPs will continue to be required to submit to the MDCH a provider roster for their respective plan each month. Providers will be listed by provider type with the office location of each provider included. The CHPs must ensure that the beneficiaries have access to an adequate number of facilities, locations and personnel for the provision of covered services. To be considered adequate the CHP must:

- Maintain a minimum primary care provider to member ratio of 1:500
- Provide reasonable access to an adequate number of facilities, locations, and personnel for the provision of covered services with an adequate number of provider locations with provisions for beneficiaries with physical disabilities
- Provide reasonable access to specialists based on availability and distribution of such specialists

Inclusion in the larger healthcare delivery system is important. The CHP's provider networks will respond to the cultural and linguistic needs of the ABW beneficiaries. Covered services will be provided without regard to race, color, creed, sex, religion, age, national origin, ancestry, marital status, sexual preference or handicap. Network providers will not be permitted to intentionally segregate beneficiaries in any way from other individuals receiving healthcare services.

Provider Payment

The CHPs will make timely payments to providers for covered services. The CHPs are not responsible for any payments owed to providers for services rendered before a beneficiary's enrollment in both the ABW program and the CHP. Providers may only look to the CHPs for compensation of covered services rendered to beneficiaries. Providers cannot seek compensation from beneficiaries except to the extent that a co-payment is specified. The CHPs are responsible for adjudicating at least 90 percent of

all clean claims within forty-five calendar days of receipt and 100 percent of all clean claims within ninety calendar days.

EVALUATION OF DEMONSTRATION

Current Evaluation

Michigan currently provides access to primary and preventive healthcare to childless adults under the ABW via managed care and in the FFS system. This allows the State to reach its goal of decreasing the uninsured rate by offering subsidized healthcare insurance to childless adults.

Michigan utilizes data drawn from the Current Population Survey to calculate an uninsurance rate that is compared to the rate from the previous year to ensure that the State continues to make progress in reducing the number of adults ages 19 through 64 without health insurance. This uninsurance rate for the Demonstration population is reported annually to CMS. The State also monitors the market penetration of employer sponsored insurance and other private insurance for the waiver population to ensure that public coverage is not supplanting employer sponsored or private coverage. The CHPs are required to meet State established performance and baseline measures as a means to assess quality of care, utilization patterns, and access to care. The CHPs are also required to submit an annual assessment of their quality assurance and performance measure programs to the State. Michigan contracts with the Institute for Health Care Studies at Michigan State University to evaluate the following three components of the ABW: 1) enrollment, 2) services provided and 3) its impact on the broader health system and community.

The existing ABW waiver has met its goal of reducing the number of uninsured residents in Michigan and has maintained enrollment consistent with operating guidelines established in the current waiver. The CHPs have built upon the base created through the ABW program and have added additional uninsured persons and services to their programs. Many communities with CHPs have developed comprehensive approaches to covering the uninsured and have partnered with advocates, public providers, and the private health system

Future Evaluation

Michigan will continue to utilize the Current Population Survey to calculate an uninsurance rate that will be compared to the rate from the previous year to ensure that the State continues to make progress in reducing the number of adults ages 19 through 64 without health insurance. Michigan will continue to contract with the Institute for Health Care Studies at Michigan State University to evaluate the three components of the ABW as listed above.

FINANCE AND BUDGET NEUTRALITY

Financing

The budget for the ABW program has been developed in accordance with requirements established in Section 112 of the CHIPRA that addresses the standard to be followed for budget neutrality.

For the demonstration years, the total budget is established based on available federal dollars, and the number of beneficiaries covered becomes a function of cost per member per month divided by the total dollars (combined state and federal) that will be available.

The amount of federal funding available for fiscal year (FY) 2010 and beyond is determined by the amount of actual dollars expended during FY 2009, "increased by the percentage increase in the projected nominal per capita amount of National Health Expenditures (NHE) for 2010 over 2009, as most recently published by the Secretary." For each succeeding fiscal year, expenditures will be limited to "the projected nominal per capita amount of NHE for the calendar year that begins during the year involved over the preceding calendar year."

Based on a report titled "National Health Expenditure Projections 2008-2018" that was located on the CMS website, the effective trend rate for calendar year 2010 is 3.7 percent. Since these trends are based on the calendar year, the State assumes that they are acceptable as a proxy for establishing trend on a fiscal year basis.

Michigan estimates that the total federal spend on its current ABW during fiscal year 2009 will amount to $146.7 million. The state's allotment for FY 2010 will be $152.2 million with an effective trend rate of 3.7 percent. However, based on the direction from CMS with regards to the overlap between the automatic extension period for Title XXI funding and FY 2010, the waiver allotment target for 2010 will be three quarters of the budget neutrality limit, which equates to $114.1 million. Trend rates for subsequent fiscal years include 4.6 percent for FY 2011, 4.9 percent for FY 2012, 5.2 percent for FY 2013 and 5.6 percent for FY 2014.

The State chooses to structure its presentation of the budget for this waiver using formats that differ from standard 1115 demonstration waivers. Only the historical information, which is provided for context, is presented using the standard waiver format. Since CHIPRA establishes budget neutrality based on federal spending in fiscal year 2009, costs based on "with and without waiver" scenarios are not relevant. Neither does it make sense to establish a base year and trend forward.

Budget Neutrality

To better address budget neutrality, the State has projected total federal spending for fiscal year 2009 by dividing the year into quarters. Quarterly estimates have been developed based on component costs per member per month and actual enrollment numbers. It is understood that these numbers will ultimately need to be reconciled to amounts presented in the State's CMS 21 reports.

Based on projected 2009 experience, the federal spend is projected to be $146.7 million while total average enrollment is projected to be 68,252. The State then applies the percentage increase in the projected nominal per capita amount of NHE to establish estimated federal dollars available through the life of the waiver.

Based on historical experience and trend data from the State's contracted actuary, the State estimates that basic healthcare costs will trend upwards at a rate of 2 percent, a factor that is dampened by budget reductions and by the current condition of the State's economy, and that prescription drug costs will trend at a rate of 6.5 percent. Note that prescription drugs are discounted effective January of 2010 when funding reverts to Title XIX to account for federal rebates.

Per agreement with CMS, in order to control participation and to maintain budget neutrality, enrollment into the ABW has been opened on a periodic basis. During 2009, enrollment was open from March through May. For these three months, the average net increase in the number of enrollees was 16,655. At the end of February, the number of childless adults enrolled in the ABW was 41,000. As a result of the serious economic problems faced the State that number had grown to 90,966 by the end of May. Average enrollment for all of FY 2009 is projected to be 68,252, compared to 62,106 during FY 2008 and 59,302 for FY 2007.

The CHPs received a small rate increase effective in April of 2009, hence there will be no trend applied to capitated payments until FY 2011. In addition, because of executive order reductions in payments to providers as a result of the State's budget situation, there will be no FY 2010 increase in basic healthcare costs under fee for service. Likewise, there will be no trend applied for mental health and substance abuse services until FY 2011.

Separate calculations are included for managed care under CHPs, and for residual fee for service. A slightly higher trend of 3 percent is projected for the fee for service program, which generally includes only 10 to 20 percent of all beneficiaries at any give time.

While this budget is calculated in accordance with the total number of beneficiaries that could potentially be served based on projected available federal allotment, general fund dollars that are needed for match may be limited as a result of serious budget constraints. Therefore, actual expenditures under this waiver may be less than what is indicated in the proposed budget.

The State has applied the ARRA enhanced Title XIX FMAP rate for quarters two through four for fiscal year 2010. The FMAP for fiscal year 2011 is prorated to reflect the enhanced value for the first quarter (October 2010 through December 2010), and the standard value for the final three quarters.

Because budget neutrality is based on a federal fiscal year allotment, all calculations are based on fiscal year. Projections for the first quarter of fiscal year 2015 have not been incorporated; however, the State will provide this information if asked to do so by CMS.

The budget neutrality calculations are included on Attachment B.

PUBLIC INPUT

The MDCH submitted a public notice to various newspapers across the State regarding the proposed Section 1115 Demonstration. In addition letters were sent to the following interested parties in order to obtain input on the Demonstration:

Native American Tribes
Hospitals
Physicians
Federally Qualified Health Centers
Rural Health Clinics
Tribal Health Clinics
Pharmacies
Mental Health and Substance Abuse Providers
Local Health Departments
County Health Plans
Family Planning Clinics
Laboratories
Medical Suppliers
Advocacy Groups
Ambulance Groups

Attached are copies of the public notice and the stakeholder letters (Attachments C and D).

The MDCH received several verbal comments which were highly supportive of continuing the ABW program. A written comment was received from an independent pharmacy expressing its concern about gaining access to a county health plan's provider network. The pharmacy was informed that the county health plans are allowed to have a closed provider network for pharmacies as long as the beneficiaries have access to most of the pharmacies in their areas. Most of the pharmacies in the county health plan's network are chain pharmacies.

WAIVER AUTHORITY

Refer to Attachments E and F.

Attachment A

Mental Health and Substance Abuse Services

Mental Health Services

The CMHSP will be responsible for providing the following mental health services to ABW beneficiaries based on medical necessity and applicable benefit restrictions:

- Crisis interventions for mental health-related emergency situations and/or conditions
- Identification, assessment and diagnostic evaluation to determine the beneficiary's mental health status, condition and specific needs
- Inpatient hospital psychiatric care for mentally ill beneficiaries who require care in twenty-four hour medically structured and supervised licensed facility
- Other medically necessary mental health services such as:

  Psychotherapy or counseling (individual, family, group) when indicated

  Interpretation or explanation of results of psychiatric examination, or other medical examinations and procedures, or other accumulated data to family or other responsible person(s), or advising them how to assist the beneficiary

  Pharmacological management, including prescription, administration, and review of medication use and effect

  Specialized community mental health clinical and rehabilitative services, including case management, psychosocial interventions and other community supports as medically necessary, and when utilized as an appropriate alternative to more restrictive care or placement

Substance Abuse Services

Substance Abuse Coordinating Agencies are responsible for providing the following services to ABW beneficiaries:

- Initial assessment, diagnostic evaluation, referral and patient placement
- Outpatient treatment
- Intensive outpatient treatment
- Methadone only
- Other substance abuse services that may be provided, at the discretion of the coordinating agency, to enhance outcomes

Attachment B-1

Attachment B-1

State of Michigan
Adult Benefits Waiver
Historical Data CY 04-08

	CY 04	CY 05	CY 06	CY 07	CY 08	5-YEAR TOTAL	FY 09 Projected
TOTAL EXPENDITURES	$182,094,002	$159,707,440	$156,889,440	$149,261,393	$182,630,558	**$ 830,582,833**	$ 203,261,470
ELIGIBLE MEMBER MONTHS	924,492	737,020	729,942	620,620	777,042	**3,789,116**	819,023
Average per month	77,041	61,418	60,829	51,718	64,754	63,152	68,252
COST PER ELIGIBLE per MONTH	$ 197	$ 217	$ 215	$ 241	$ 235	**$ 227**	$ 248

ANNUAL CHANGE	BY-4 to BY-3	BY-3 to BY-2	BY-2 to BY-1	BY-1 to BY	Average (FY01-05)	
TOTAL EXPENDITURE	-12.294%	-1.764%	-4.862%	22.356%	0.86%	11.30%
ELIGIBLE MEMBER MONTHS	-20.28%	-0.96%	-14.98%	25.20%	-2.75%	5.40%
Cost per Eligible	10.02%	-0.81%	11.90%	-2.27%	4.71%	5.59%

Attachment B-2

Attachment B-2

State of Michigan
Adult Benefits Waiver
Projected FY 2009 Expenditures

	FY 2007	FY 2008	FY 2009 QTR 1	FY 2009 QTR 2	FY 2009 QTR 3	FY 2009 QTR 4	Total FY09
Childless Adjults							
CHP Enrollment - Member Months	575,244	588,336	144,494	111,664	151,730	227,931	635,819
Average Enrollment	47,937	49,028	48,165	37,221	50,577	75,977	52,985
FFS Enrollment - Member Months	136,380	156,936	15,142	31,994	105,695	30,373	183,204
Average Enrollment	11,365	13,078	5,047	10,665	35,232	10,124	15,267
Total Member Months	711,624	745,272	159,636	143,658	257,425	258,304	819,023
Total Average Enrollment	59,302	62,106	53,212	47,886	85,808	86,101	68,252
County Health Plans (CHP)							
Basic Health PMPM	$ 137.20	$ 137.20	$ 137.20	$ 137.20	$ 143.03	$ 143.03	
Psychotropic Carve-out PMPM	$ 40.00	$ 42.80	$ 45.80	$ 45.80	$ 45.80	$ 45.80	
Mental Health PMPM	$ 53.77	$ 53.77	$ 53.77	$ 53.77	$ 53.77	$ 53.77	
Substance Abuse PMPM	$ 3.80	$ 3.80	$ 3.80	$ 3.80	$ 3.80	$ 3.80	
Basic Health Cost	$78,923,477	$80,719,699	$ 19,824,577	$ 15,320,301	$ 21,702,094	$ 32,601,199	$ 89,448,170
CHP MH & SA Cost	$ 33,116,797	$ 33,870,504	$ 8,318,520	$ 6,428,496	$ 8,735,096	$ 13,121,988	$ 36,604,100
Psychotropic Carve-out Cost	$ 23,009,760	$ 25,180,781	$ 6,617,247	$ 5,113,765	$ 6,948,627	$ 10,438,328	$ 29,117,967
Total CHP Cost	$ 135,050,034	$ 139,770,984	$ 34,760,344	$ 26,862,562	$ 37,385,817	$ 56,161,515	$ 155,170,237
FFS							
Basics Health	$ 150.00	$ 154.50	$ 159.14	$ 159.14	$ 159.14	$ 159.14	
Psychotripic Drugs	$ 40.00	$ 42.80	$ 45.80	$ 45.80	$ 45.80	$ 45.80	
MH	$ 53.77	$ 53.77	$ 53.77	$ 53.77	$ 53.77	$ 53.77	
SA	$ 3.80	$ 3.80	$ 3.80	$ 3.80	$ 3.80	$ 3.80	
Total FFS	$ 247.57	$ 254.87	$ 262.50	$ 262.50	$ 262.50	$ 262.50	
Basic Health Cost (including all pharmacy)	$ 25,912,200	$ 30,963,473	$ 3,103,065	$ 6,556,562	$ 21,660,182	$ 6,224,369	$ 37,544,179
MH & SA Cost	$ 7,851,397	$ 9,034,806	$ 871,725	$ 1,841,895	$ 6,084,861	$ 1,748,574	$ 10,547,054
Total FFS Cost	$ 33,763,597	$ 39,998,278	$ 3,974,790	$ 8,398,457	$ 27,745,043	$ 7,972,943	$ 48,091,233
Total Spending	$ 168,813,630	$ 179,769,262	$ 38,735,134	$ 35,261,019	$ 65,130,860	$ 64,134,457	$ 203,261,470
Federal Match	0.6947	0.7067	0.7219	0.7219	0.7219	0.7219	
Federal Share	$117,274,829	$127,042,937	$27,962,893	$25,454,929	$47,017,968	$46,298,665	$146,734,455

Attachment B-3

Attachment B-3

State of Michigan
Adult Benefits Waiver
Budget Neutrality, Projected Enrollment and Projected Expenditures FY 2010 - FY 2014

	FY 2009	FY 2010 QTR 1	FY 2010 QTR 2-4	FY 2010 Total	FY 2011	FY 2012	FY 2013		Total
Estimated Federal Allotment			$114,122,723		$159,009,673	$166,801,147	$175,474,806	$185,301,396	
Childless Adjults									
CHP Enrollment - Member Months	635,819	209,636	576,360	785,996	860,760	902,610	925,020	951,390	5,002,136
Average Enrollment	52,985	69,879	64,040	65,500	71,730	75,218	77,085	79,283	83,369
FFS Enrollment - Member Months	183,204	23,293	64,040	87,333	95,640	100,290	102,780	105,710	555,793
Average Enrollment	15,267	7,764	7,116	7,278	7,970	8,358	8,565	8,809	9,263
Total Member Months	819,023	232,929	640,400	873,329	956,400	1,002,900	1,027,800	1,057,100	5,557,929
Total Average Enrollment	68,252	77,643	71,156	72,777	79,700	83,575	85,650	88,092	92,632
County Health Plans (CHP)									
Basic Health PMPM	$ 140.68	$ 143.03	$ 143.03		$ 145.89	$ 148.81	$ 151.79	$ 154.82	
Psychotropic Carve-out PMPM	$ 45.80	$ 48.77	$ 29.26		$ 31.17	$ 33.19	$ 35.35	$ 37.65	
Mental Health PMPM	$ 53.77	$ 53.77	$ 53.77		$ 54.85	$ 55.94	$ 57.06	$ 58.20	
Substance Abuse PMPM	$ 3.80	$ 7.75	$ 7.75		$ 7.91	$ 8.06	$ 8.22	$ 8.39	
Basic Health Cost	$ 89,448,170	$ 29,984,461	$ 82,437,347	$ 112,421,808	$ 125,577,671	$ 134,316,900	$ 140,404,754	$ 147,295,488	$ 742,453,968
CHP MH & SA Cost	$ 36,604,100	$ 12,896,813	$ 35,457,667	$ 48,354,480	$ 54,013,034	$ 57,771,921	$ 60,390,408	$ 63,354,227	$ 319,341,738
Psychotropic Carve-out Cost	$ 29,117,967	$ 10,224,527	$ 16,866,394	$ 27,090,921	$ 26,826,258	$ 29,959,031	$ 32,698,539	$ 35,816,688	$ 169,257,830
Total CHP Cost	$ 155,170,237	$ 53,105,801	$ 134,761,408	$ 187,867,209	$ 206,416,963	$ 222,047,852	$ 233,493,701	$ 246,466,403	$ 1,231,053,536
FFS	$ -								
Basic Health	$ 159.14	$ 163.91	$ 163.91		$ 168.83	$ 173.89	$ 179.11	$ 184.48	
Inpatient Hospital PMPM	$ 69.17	$ 70.55	$ 70.55		$ 71.96	$ 73.40	$ 74.87	$ 76.36	
Psychotripic Drugs	$ 45.80	$ 48.77	$ 29.26		$ 31.17	$ 33.19	$ 35.35	$ 37.65	
MH	$ 53.77	$ 53.77	$ 53.77		$ 54.85	$ 55.94	$ 57.06	$ 58.20	
SA	$ 3.80	$ 7.75	$ 7.75		$ 7.91	$ 8.06	$ 8.22	$ 8.39	
Total FFS	$ 262.50	$ 344.75	$ 325.24		$ 334.70	$ 344.49	$ 354.61	$ 365.08	
Basic Health Cost (including all pharmacy)	$ 37,544,179	$ 6,597,269	$ 16,888,744	$ 23,486,013	$ 26,009,508	$ 28,129,536	$ 29,736,734	$ 31,553,631	$ 155,804,166
MH & SA Cost	$ 10,547,054	$ 1,432,979	$ 3,939,741	$ 5,372,720	$ 6,001,448	$ 6,419,102	$ 6,710,045	$ 7,039,359	$ 35,482,415
Total FFS Cost	$ 48,091,233	$ 8,030,248	$ 20,828,485	$ 28,858,733	$ 32,010,956	$ 34,548,638	$ 36,446,779	$ 38,592,990	$ 191,286,581
	$0								
Total Spending	$ 203,261,470	$ 61,136,049	$ 155,589,893	$ 216,725,942	$ 238,427,919	$ 256,596,490	$ 269,940,481	$ 285,059,393	$ 1,422,340,118
Federal Match	0.7219	0.7423	0.7327		0.6669	0.6500	0.6500	0.6500	
Federal Share	$146,734,455	$45,381,289	$114,000,715	$159,382,004	$159,007,579	$166,787,719	$175,461,313	$185,288,605	$959,927,934
Balance (Federal)			$11,957		$2,094	$13,428	$13,494	$12,790	

Attachment B-4

Attachment B-4

State of Michigan
Adult Benefits Waiver
Summary - Budget Neutrality: Projected Enrollment and Projected Expenditures FY 2010 - FY 2014

	FY 2009	FY 2010 QTR 1	FY 2010 QTR 2-4	FY 2010 Total	FY 2011	FY 2012	FY 2013	FY 2014	Total
Annual Allotment			$ 114,012,672		$ 159,009,673	$ 166,801,147	$ 175,474,806	$ 185,301,396	
Average CHP Enrollment	52,985	69,879	64,040	65,500	71,730	75,218	77,085	79,283	
Average FFS Enrollment	15,267	7,764	7,116	7,278	7,970	8,358	8,565	8,809	
Average Total Enrollment	68,252	77,643	71,156	72,777	79,700	83,575	85,650	88,092	
Total Cost	$ 203,261,470	$ 61,136,049	$ 155,589,893	$ 216,725,942	$ 238,427,919	$ 256,596,490	$ 269,940,481	$ 285,059,393	$ 1,422,340,118
PMPM	$ 248.18	$ 262.47	$ 242.96	$ 248.16	$ 249.30	$ 255.85	$ 262.64	$ 269.66	
Federal Match	0.7219	0.7423	0.7327	-	0.6669	0.6500	0.6500	0.6500	
State Share	$ 56,527,015	$ 15,754,760	$ 41,589,178	$ 57,343,938	$ 79,420,340	$ 89,808,772	$ 94,479,168	$ 99,770,787	
Federal Share	$ 146,734,455	$ 45,381,289	$ 114,000,715	$ 159,382,004	$ 159,007,579	$ 166,787,719	$ 175,461,313	$ 185,288,605	$ 959,927,934
Balance			$ 11,957		$ 2,094	$ 13,428	$ 13,494	$ 12,790	$ 53,763

Sept 28, 2009

Attachment C

PUBLIC NOTICE
Michigan Department of Community Health
Medical Services Administration

Intent to Submit Adult Benefits Waiver Section 1115 Demonstration Application

The Michigan Department of Community Health (MDCH) intends to submit a Section 1115 waiver application to the Centers for Medicare and Medicaid Services (CMS) for its Adult Benefits Waiver (ABW) by the end of September of 2009. The proposed effective date for the waiver will be January 1, 2010.

In accordance with the federal Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA, Public Law 111-3), a healthcare benefit for childless adults can no longer be covered by State Children's Health Insurance Program (Title XXI) funds. However, States may cover health insurance for childless adults using Medicaid (Title XIX) funds under an approved Section 1115 demonstration. If approved, this waiver will allow the State to continue to provide health insurance coverage to childless adults with incomes at or below 35 percent of the federal poverty level. Coverage will be provided through currently established provider networks at the same service levels that are in place now.

Comments

Any comments regarding Michigan's intent to submit the waiver application for ABW may be submitted in writing to: Michigan Department of Community Health, Actuarial Division, Bureau of Medicaid Policy and Actuarial Services, Attention **Jacqueline Coleman**, P.O. Box 30479, Lansing, Michigan 48909-7979. Comments must be submitted within thirty days of publication of this notice. Written comments may be reviewed by the public at Capitol Commons Center, 400 South Pine Street, Lansing, Michigan.

There is no public hearing scheduled for this proposed policy.

Attachment D

STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JANET OLSZEWSKI
DIRECTOR

August 2009

Dear Interested Party:

RE: Notice of Intent to Submit the Adult Benefits Waiver Section 1115 Demonstration Application

The Michigan Department of Community Health (MDCH) is notifying you of its intent to submit a Section 1115 waiver application to the Centers for Medicare and Medicaid Services (CMS). If approved, this waiver will allow the State to continue to provide health insurance coverage to childless adults with incomes at or below 35 percent of the federal poverty level. Coverage will be provided through currently established provider networks at the same service levels that are now in place.

In accordance with the federal Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA, Public Law 111-3), a healthcare benefit for childless adults can no longer be covered by State Children's Health Insurance Program (Title XXI) funds. However, States may cover health insurance for childless adults using Medicaid (Title XIX) funds under an approved Section 1115 demonstration. The attached document outlines the key aspects of the waiver request.

If you would like to review the content of the waiver document, please contact my staff and arrangements will be made to provide you with an electronic copy. You may submit comments regarding this waiver application to msapolicy@michigan.gov. If you would like to discuss the waiver application, please contact Jacqueline Coleman, at (517) 241-7172 or via e-mail at colemanj@michigan.gov

There is no public hearing scheduled for this waiver application request.

Sincerely,

Stephen Fitton

Stephen Fitton, Acting Director
Medical Services Administration

attachment

STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JANET OLSZEWSKI
DIRECTOR

Medical Services Administration

September 2009

Proposed Section 1115 Demonstration for Adult Benefits Waiver

Some of the key aspects of the current Adult Benefits Waiver (ABW) that will continue upon approval of the waiver are:

- Only individuals with no other health insurance including Medicaid and Medicare will be eligible for ABW.
- Services will be covered through County administered Health Plans (CHPs) for enrolled beneficiaries. Enrolled beneficiaries can receive services on a Fee-For-Service basis if their county does not have a CHP.
- Beneficiaries will be provided access to primary and preventive care as well as additional benefits such as prescription drugs and mental health and substance abuse services.

The ABW Program has benefited the healthcare system in Michigan by decreasing uncompensated care for this targeted population group, in addition to improving the welfare of the beneficiaries.

Sincerely,

Stephen Fitton

Stephen Fitton, Acting Director
Medical Services Administration

Attachment D

STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JANET OLSZEWSKI
DIRECTOR

August 2009

Dear Tribal Chair and Health Director:

RE: Notice of Intent to Submit the Adult Benefits Waiver Section 1115 Demonstration Application

The Michigan Department of Community Health (MDCH) is notifying you of its intent to submit a Section 1115 waiver application to the Centers for Medicare and Medicaid Services (CMS). If approved, this waiver will allow the State to continue to provide health insurance coverage to childless adults with incomes at or below 35 percent of the federal poverty level. Coverage will be provided through currently established provider networks at the same service levels that are now in place.

In accordance with the federal Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA, Public Law 111-3), a healthcare benefit for childless adults can no longer be covered by State Children's Health Insurance Program (Title XXI) funds. However, States may cover health insurance for childless adults using Medicaid (Title XIX) funds under an approved Section 1115 demonstration. The attached document outlines the key aspects of the waiver request.

If you would like to review the content of the waiver document, please contact my staff and arrangements will be made to provide you with an electronic copy. You may submit comments regarding this waiver application to msapolicy@michigan.gov. If you would like to discuss the waiver application, please contact Mary Anne Tribble, Medicaid liaison to the Michigan Tribes. Mary Ann can be reached at (517) 241-7185, or via e-mail at tribblea@michigan.gov.

Sincerely,

Stephen Fitton

Stephen Fitton, Acting Director
Medical Services Administration

cc: Wanda Pigatt-Canty, Region V, CMS
Leslie Campbell, Region V, CMS
Sharon Teeple, Inter-Tribal Council of Michigan
Kathleen Annette, MD, Director of Indian Health Service, Bemidji Area
Mary Ann Tribble, MDCH

attachment

STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JANET OLSZEWSKI
DIRECTOR

Medical Services Administration

September 2009

Proposed Section 1115 Demonstration for Adult Benefits Waiver

Some of the key aspects of the current Adult Benefits Waiver (ABW) that will continue upon approval of the waiver are:

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The ABW Program has benefited the healthcare system in Michigan by decreasing uncompensated care for this targeted population group, in addition to improving the welfare of the beneficiaries.

Sincerely,

Stephen Fitton

Stephen Fitton, Acting Director
Medical Services Administration

L 09-22 - Tribal Chairs and Health Directors - Distribution

Ms. Laurel Keenan	Health Director	Bay Mills (Ellen Marshall Memorial Center)
Mr. Jeffrey D Parker	President	Bay Mills Indian Community
Ms. Cynthia Garraway		Centers for Medicare and Medicaid Services
Ms.Lucy Harrison	Director	Detroit American Indian Health Center
Ms. Lucy Harrison	Director	Detroit American Indian Health Center
Mr. Robert Kewaygoshkum	Tribal Chairman	Grand Traverse Band Ottawa & Chippewa Indians
Ruth Bussey	Health Director	Grand Traverse Band Ottawa/Chippewa
Ms. G. Susie Meshigaud	Health Director	Hannahville Health Center
Mr. Kenneth Meshigaud	Tribal Chairman	Hannahville Indian Community
	Health Director	Huron Potawatomi Inc.- Tribal Health Department
Dr. Kathleen Annette, MD	Area Director	Indian Health Service - Bemidji Area Office
Ms. Sharon Teeple	Executive Director	Inter-Tribal Council of Michigan
Mr. Rick Haverkate	Health Service Director	Inter-Tribal Council of Michigan, Inc.
Ms. Susan LaFernier	Tribal Council President	Keweenaw Bay Indian Community
Ms. Carole LaPointe	Health Director	Keweenaw Bay Indian Community - Donald Lapointe Health/Educ Facility
Ms. Terry Fox	Health Director	Lac Vieux Desert Band
Mr. Jim Williams	Tribal Chairman	Lac Vieux Desert Band of Lake Superior Chippewa Indians
Mr. Patrick Wilson	Ogema	Little River Band of Ottawa Indians
Ms. Jessica Burger	Health Director	Little River Band of Ottawa Indians
Ms. Sharon Sierzputowski	Health Director	Little Traverse Bay Band of Odawa
Mr. Frank Ettawageshik	Tribal Chairman	Little Traverse Bay Band of Odawa Indians
Ms. Phyllis Davis	Health Director	Match-E-Be-Nash-She-Wish Potawatomi
Mr. David Sprague	Tribal Chairman	Match-E-Be-Nash-She-Wish Potawatomi Indians (Gun Lake Band)
Ms. Gail George	Health Director	Nimkee Memorial Wellness Center
Ms. Laura Spurr	Tribal Chair	Nottawaseppi Huron Band of Potawatomi Indians
Mr. John Miller	Tribal Chairman	Pokagon Band of Potawatomi Indians
	Health Director	Pokagon Potawatomi Health Services
Mr. Fred Cantu	Tribal Chief	Saginaw Chippewa Indian Tribe

Attachment E

TITLE XIX WAIVER AUTHORITY

All requirements of the Medicaid Program expressed in law, regulation, and policy, not expressly waived in this list, shall apply to this Demonstration beginning January 1, 2010 through December 31, 2014.

The following waived sections of the Social Security Act will allow Michigan to continue to effectively administer the Adult Benefits Waiver.

1. Amount, Duration, and Scope and Comparability — Section 1902(a)(10)(B)

To offer a limited ambulatory benefit package to the Demonstration population that is different from the benefit package offered to Medicaid beneficiaries.

2. Eligibility Section — Section 1902(a)(10)(A)

To provide medical assistance to the Demonstration population only back to the first day of the month of the beneficiary's application.

3. Retroactive Eligibility — Section 1902(a)(34)

To not provide medical assistance for up to three months prior to the date that an application for assistance is made by the Demonstration population.

4. Reasonable Promptness — Section 1902(a)(3)
Section 1902(a)(8)

To cap enrollment for the Demonstration population in order to insure budget neutrality.

5. Freedom of Choice — Section 1902(a)(23)
42 CFR § 438.52

To allow for mandatory enrollment of the Demonstration population into county administered health plans (CHPs).

6. Methods of Administration: Transportation — Section 1902(a)(4)
42 CFR § 431.53

To provide only emergency transportation to and from providers for the Demonstration population.

7. Dental, Hearing and Vision Coverage — Section 1902(a)(43)

To permit the State to not cover certain vision and dental services described in sections 1905(r)(2) and 1905(r)(3) and 1905(r)(4) to 18 and 20 years olds of the Demonstration population.

8. Payment to Federally Qualified Health Centers and Rural Health Centers — **Section 1902(a)(15)**

To relieve the State from making full cost reimbursement payments to Federally Qualified Health Centers.

9. Physician Incentive Plans — **42 CFR §438.6(h)**

To enable the State to not comply with the requirements related to physician incentive plans.

10. Advance Directive — **42 CFR §438.6(i)**

To allow the State to not comply with the requirements related to advance directive.

11. Language — **42 CFR §438.10(c)**

To permit the State to not comply with all of the language requirements for the Demonstration population.

12. Annual Notification of Disenrollment Rights — **42 CFR §438.10(f)(1)**

To not provide annual notification of disenrollment rights to the Demonstration population.

13. General Information on Providers — **42 CFR §438.10(f)(2)**

To not comply with the requirements of notifying the Demonstration population of their right to request and obtain general information on providers.

14. Disenrollment Requested by Enrollee — **42 CFR §438.56(c)(2)**

To not allow the Demonstration population to request disenrollment from a CHP without cause.

15. Marketing Activities — **42 CFR §438.104**

To not require the CHPs to engage in marketing activities to the Demonstration population.

16. Inpatient Hospital Services — **Section 1905(a)(1)**
42 CFR §440.10

To not cover inpatient hospital services for the Demonstration population.

17. Hospice Services — **Section 1905(a)(18)**

To not cover hospice services for the Demonstration population.

18. Nursing Facility Services **Section 1905(a)(4)(A)**

To not cover nursing facility services for the Demonstration population.

19. Home Health Services **Section 1905(a)(7)**

To not cover home health services for the Demonstration population.

Attachment F

EXPENDITURE AUTHORITY

Under the authority Section 1115(a)(2) of the Social Security Act, the expenditures made by the State for the items identified below, which are not otherwise included as expenditures under Section 1903, shall, for the period of this Demonstration, be regarded as expenditures under the State's Title XIX plan.

The following expenditure authority shall allow Michigan to continue to operate its Section 1115 Demonstration, Adult Benefits Waiver.

1. Expenditures for healthcare related costs for uninsured childless adults, ages 19 through 64 with family income up to and including 35 percent of the FPL, who are not otherwise eligible for Medicaid or Medicare, who do not have access to an employer sponsored health plan.

2. Expenditures related to providing 12 months of guaranteed eligibility to Demonstration participants.