

**State of Michigan
Department of Community Health**

**Integrated Care for Persons Dually Eligible for Medicare and Medicaid
(Duals Demonstration)**

Information for Potential Bidders

February 13, 2013

The Michigan Department of Community Health is proceeding with its plan to implement integrated care for persons dually eligible for Medicare and Medicaid. Subject to approval from the Centers for Medicare and Medicaid Services (CMS), integrated care organizations (ICOs) selected to participate in the duals demonstration will begin implementation in January of 2014. Achieving this start date requires compliance with tight timeframes for completion of both the Medicare and Medicaid plan selection processes.

Plans intending to participate as ICOs should already have submitted a notice of intent to apply (NOIA) for inclusion in the Medicare plan selection process in November of 2012. In order to be selected as an ICO, plans must successfully complete both the Medicare application review and the Medicaid procurement process. It is the intent of MDCH that in order to qualify for this initiative, a plan must be licensed as an HMO in the State of Michigan and that it be able to demonstrate Medicaid and/or Medicare managed care experience.

Of particular note is the requirement that Medicare applications be submitted to CMS by no later than February 21, 2013. Please refer to a letter to Medicare and Medicaid Plans (MMPs) from Melanie Bella and Jonathon Blum of CMS dated January 9, 2013 containing detailed information about timelines and other requirements of the Medicare plan selection process. As a part of the MMP application, interested organizations must submit a Model of Care that addresses Medicare requirements; however, per agreement with the Medicare and Medicaid Coordination Office within CMS, all Medicaid requirements specific to the duals demonstration in Michigan will be addressed in the state procurement process.

In lieu of implementing statewide, Michigan has agreed with CMS to pursue a more limited demonstration. Specific regions have therefore been selected for the demonstration. These include 1) all counties in the Upper Peninsula, 2) a group of eight counties in the southwest corner of the state including Barry, Van Buren, Kalamazoo, Calhoun, Berrien, Cass, St. Joseph, and Branch, 3) Macomb County in southeast Michigan, and 4) Wayne County. Entities seeking to participate in this demonstration will be required to cover the entirety of any region within which they intend to operate, but do not need to have a current presence in any of those regions. As a part of the Medicare application review process, entities will be required to indicate the locations in which they plan to participate.

Michigan is negotiating with CMS to implement a two contract structure. One contract will be established between the CMS, the state, and an ICO to cover physical health and long term care services. A second contract will be established between the state and Prepaid Inpatient Health Plans (PIHPs) to cover all behavioral health services. This two contract approach requires the establishment of effective care coordination and processes for the exchange of information between ICOs and PIHPs, referred to as the Care Bridge. The Medicaid RFP will

provide detailed information regarding the Care Bridge expectations, including functionality and system requirements. Successful bidders will be required to complete a readiness review, including review related to the Care Bridge requirements, prior to contract signature.

Potential bidders should also note that under the proposed two contract structure, separate capitation payments will be made to ICOs and to PIHPs, but that all Medicare capitation payments will flow from the federal government to the ICO. It is therefore the intent of the state that ICOs be required to establish sub-contracts with the single PIHP covering any region within which they are operating for the provision of behavioral health services, such as psychiatric inpatient hospital, that are normally covered by Medicare.

MDCH anticipates the release of an RFP in the early spring. However, organizations intending to submit bids should be aware that implementation of this initiative is subject to approval from CMS. If approved, the terms and conditions under which Michigan's program will operate are subject to a memorandum of understanding (MOU) that is currently being developed between the state and CMS, and to the requirements of three-way contracts that will be established between CMS, the State of Michigan, and the ICOs that are selected to participate through the Medicare and Medicaid selection processes.