Medical Services Administration
Fiscal Year 2016

Presentation to House and Senate Appropriations Subcommittees
on Community Health
March 3, 2015

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Mission
The Michigan Department of Community Health will protect, preserve, and promote the health and safety of the people of Michigan with particular attention to providing for the needs of vulnerable and under-served populations.

Vision
Improving the experience of care, improving the health of populations, and reducing costs of health care.

Leadership, Excellence, Teamwork
Strategic Priorities

- Promote and Protect Health, Wellness, and Safety
- Improve Outcomes for Children
- Transform the Healthcare System
- Strengthen Workforce and Economic Development
• Michigan Medical Services
  • Overview
  • Financing
  • Managed Care & Health Plan Rebid
  • Long Term Care Supports and Services & Integrated Care for Dual Eligibles
  • Healthy Michigan Plan (HMP)

• FY16 Executive Budget Recommendation
Overview
Service Statistics

- 1,842,955 total average eligibles-traditional Medicaid
- 1,139,625 children served
- 348,045 disabled adults served
- 583,752 individuals enrolled in Healthy Michigan
- 13 Managed Care Plans
- 1,863,525 school-based direct service procedures
- 95,000,000 payments processed last year
- 1,627,138 calls handled annually by Michigan Enrolls
- 3,026 women using Maternal Outpatient Medical Services program each month
- 29,145 nursing home residents
- 541,781 children enrolled in Healthy Kids Dental
- 35,075 enrolled in MI Child
Childless Adults 3%

Parents 20%

Disabled 16%

Aged 6%

Children 55%

- 55% are Children
- 22% are Aged or Disabled
Partnerships

- Hospitals, Physicians, Pharmacies, Long Term Care Community Providers, Nursing Homes, Dentists, Many Other Professional Practitioners, Durable Medical Equipment and Suppliers
- Health Maintenance Organizations – for-profit and non-profit
- Federally Qualified Health Centers, Rural Health Clinics and Look-a-Likes
- Community Mental Health Agencies
- Local Health Departments
- University Medical Schools
- Various Community and Advocacy Organizations
- Private sector contractors – Maximus, CNSI, Optum
Financing
General Fund Support for Medicaid Remains Flat in the Face of Caseload & Health Inflation Increases
Medicaid Appropriation Revenue Sources

90% of MDCH Budget

- Federal: 71.47%
- GF/GP: 16.07%
- State Restricted: 12.11%
- Local/Private: 0.36%
Recovery and Cost Avoidance

• Medicaid is payer of last resort
• MDCH obtains third party health insurance information for Medicaid beneficiaries for recovery and cost avoidance activities
• Between FY12 and FY14:
  • $283 million in Medicaid paid claims were recovered from other liable parties
  • $5.3 billion in potential Medicaid costs were avoided
Accountability in Medicaid

• Numerous Audit Agencies
  • Office of the Inspector General - federal agency
  • MDCH Office of Health Services Inspector General - state agency
  • Office of the Auditor General - state agency
  • Office of Internal Audit Services - state agency
  • Centers for Medicaid/Medicare Services - federal agency
  • Government Accountability Office - federal agency

• Fifteen simultaneous audits on average

• Community Health Automated Medicaid Processing System (CHAMPS) paying dividends in performance audits
Managed Care & Health Plan Rebid
Medicaid Delivery System

Managed Care 73%

Spend Down 1%

Long Term Care 2%

Fee for Service 24%

Non Dual Eligible Recipients 9%

Dual Eligible Recipients 8%

Non Dual Eligible Migrating to Managed Care 7%
Managed Care Plans- Quality and Access

• 13 accredited plans covering medically necessary services
  - Assignment of each HMO enrollee to a primary care physician is required to enhance access to needed services
  - Conform with the high standards of measurement and transparency on access and quality that have been adopted by Michigan Medicaid
  - Serve as the foundation for healthy behaviors and care management
  - Receive performance bonuses and auto-assignment preference based on plan scores relative to national Medicaid benchmarks
The National Committee for Quality ranks 5 of Michigan’s Medicaid Health Plans (MHPs) in the top 30 Medicaid Health Plans nationwide (2014)
  - Meridian Health Plan; Priority Health; Upper Peninsula Health; UnitedHealthcare Community; HealthPlus

8 MHPs are ranked in the top 50 nationwide
  - Includes Molina, McLaren and Coventry Cares

Demonstrates commitment to provide high quality health care to our most vulnerable citizens
Michigan Medicaid Managed Care currently ranks above the National Healthcare Effectiveness Data and Information Set (HEDIS®) 50th percentile for all of the measures below and improvements continue to be made.

**Michigan Medicaid Statewide Performance**

- Well-Child Visits (children birth-15 mos)
- Primary Care Visit (children 12-19)
- Childhood BMI Assessment
- Adult BMI Assessment
- Lead Screening
- Breast Cancer Screening
- Upper Respiratory Infection Treatment (children)
- Diabetes HbA1c Testing
- Hypertension w/ Adequately Controlled B.P.
Medicaid Health Plan Rebid

• New contract effective January 1, 2016
  • 5-year contract with three one-year options

• Procurement will focus on four pillars:
  1. Population health management
  2. Value-focused payment
  3. Integration of care
  4. Structural transformation

• Each pillar is supported by Heath Information Technology and an overarching Quality Strategy
Medicaid Health Plan Rebid

• Major changes:
  • Governor’s Prosperity Regions will be used
  • Bidders will be required to cover all counties in a region
  • Pay for value (rather than volume)
  • Greater emphasis on shared information and care coordination
  • Carved-out pharmacy benefits
Long Term Care Supports and Services & Integrated Care for Dual Eligibles
Michigan Population Change – 2000-2013

- Ages 0-64: -3.7%
- Ages 65-84: 18.6%
- Ages 85 and Older: 45.5%
• 60% for Aged or Disabled
• 24% for Children
Medicaid provides Long Term Supports and Services that cover a spectrum of programs and settings.

Nearly one in five of Michigan’s elderly or disabled citizens receives health care from Medicaid.

Over 100,000 Medicaid beneficiaries receive long term supports and services over the course of a year.
Medicaid Long Term Supports and Services

- Nursing Facility
  - Skilled nursing care services
- Program for All Inclusive Care for the Elderly (PACE)
  - Acute and long term care services provided through a community center
- MI Choice
  - Wide ranging home and community-based supports and transition services
- Home Help
  - In-home Personal Care Services
Average Monthly Costs and Individuals Served

- **Nursing Home**: $5,702, 27,072 individuals
- **PACE**: $3,047, 788 individuals
- **MI Choice**: $3,037, 9,223 individuals
- **Home Help**: $1,406, 57,540 individuals
Integrated Care – MI Health Link

- Three year demonstration with Center for Medicare and Medicaid Services for people dually eligible for Medicare and Medicaid
  - Seeks to improve quality and access to care for residents by aligning Medicare and Medicaid services, rules, and funding
- Seven Integrated Care Organizations selected to implement across four regions:
  - Upper Peninsula
  - Southwest (eight counties)
  - Macomb County
  - Wayne County
Program goals include:
- Providing seamless access to all Medicare and Medicaid services and supports
- Offering a person-centered care coordination model
- Streamlining administrative processes
- Eliminating barriers to home and community based services
- Providing quality services focusing on enrollee satisfaction
- Realigning financial incentives

Enrollment began—February 2015
Program launched—March 1, 2015
Healthy Michigan Plan (HMP)
Healthy Michigan Plan Overview

- Major initiative of FY 2014
- Extends access to health coverage to previously uninsured or underinsured Michigan citizens
  - Emphasis on prevention
- Enrollment began in April 2014
Healthy Michigan Plan Fills the Gap

% of Federal Poverty Level

Annual Income - Individual

- $46,680
- $35,010
- $23,340
- $11,670

Children 0-6
Children 7-18
Parents
Caretaker Relatives
19-20 year olds
Elderly
Disabled
Childless Adults

Pre-HMP  HMP  Medicare  Exchange
Legislation about program improvement broadly:

- Managed care approach
- Structural incentives built around promoting personal responsibility
  - Beneficiary Cost Sharing
  - Healthy Behavior Incentives
- Alignment of incentives – beneficiaries, providers, and health plans
- Continued improvements to Medicaid with integrated care and value based design and purchasing
- Accountability
• Identifying areas of improved health through Health Risk Assessment (HRA) and promoting engagement in healthy behaviors.

• As of 1/21/2015, 96% of beneficiaries completed telephonic portion of Health Risk Assessment when choosing their health plan
  - 158,764 completed/165,294 enrollment calls

• Beneficiary then completes the rest of the Health Risk Assessment with primary care provider at initial appointment
Healthy Michigan Plan-Personal Responsibility
Healthy Behaviors

Wellness Program Participation Rates

1 Source for participation rates in Medicaid programs: Blumenthal K.A. et al. Medicaid Incentive Programs to Encourage Healthy Behavior Show Mixed Results To Date and Should be Studied and Improved. Health Affairs, 32, no. 3 (2013): 497-507.

Healthy Michigan Plan - Personal Responsibility

Healthy Behaviors

Health Risk Assessment Completion with Primary Care Provider

Representation of the overlapping nature of top 15 health risk behavior selections December 2014

- Weight Loss (WL) 65.2% (19,872) of beneficiaries chose to address weight loss, either alone or in combination with other health behaviors
- Follow-up for Chronic Conditions (CC) 45.6% (13,893) of beneficiaries chose to follow up for chronic conditions, either alone or in combination with other health behaviors
- Immunization Status (IM) 42.9% (13,070) of beneficiaries chose to address immunization status, either alone or in combination with other health behaviors
- Tobacco Cessation (TC) 42.3% (12,904) of beneficiaries chose tobacco cessation, either alone or in combination with other health behaviors
As of January 1, 2015, nearly three-quarters of the HMP members have enrolled in the health plan of their choosing vs. being auto-assigned by the state.
### Healthy Michigan Plan Beneficiaries Accessing Care
(as of February 5, 2015)

<table>
<thead>
<tr>
<th>Type of Visit</th>
<th>Males</th>
<th>Females</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Care</td>
<td>121,440</td>
<td>168,435</td>
<td>289,875</td>
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<tr>
<td>Preventive Visit</td>
<td>32,260</td>
<td>61,072</td>
<td>93,332</td>
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<tr>
<td>Colonoscopies/Colon Cancer Screening</td>
<td>6,172</td>
<td>7,959</td>
<td>14,131</td>
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<tr>
<td>OB (Antepartum, Delivery, Postpartum)</td>
<td>-</td>
<td>-</td>
<td>1,980</td>
</tr>
<tr>
<td>Mammograms</td>
<td>-</td>
<td>-</td>
<td>28,899</td>
</tr>
</tbody>
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Healthy Michigan Plan Fiscal Impact

- General Fund savings
- Reduction in uncompensated care
- Takes pressure off of private health insurance premiums for businesses and families
- Offsets planned cuts to DSH and Medicare
Governor Snyder’s FY 16 Recommendation
## MDCH 2016 Budget Recommendation (in millions)

### Other Investments

<table>
<thead>
<tr>
<th>Description</th>
<th>GF/GP</th>
<th>All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid Adult Dental</td>
<td>$7.9</td>
<td>$23.0</td>
</tr>
<tr>
<td>Healthy Kids Dental Phase-In</td>
<td>$7.5</td>
<td>$21.8</td>
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</table>

### Reductions

<table>
<thead>
<tr>
<th>Description</th>
<th>GF/GP</th>
<th>All Funds</th>
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</thead>
<tbody>
<tr>
<td>Enhance Federal Revenue with State Psychiatric Hospital DSH</td>
<td>$(15.8)</td>
<td>$24.1</td>
</tr>
<tr>
<td>Graduate Medical Education funding change</td>
<td>$(63.5)</td>
<td>-</td>
</tr>
<tr>
<td>Rural and Sole Community Hospital funding change</td>
<td>$(13.6)</td>
<td>-</td>
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<tr>
<td>Eliminate Medicaid OB/GYN Hospital lump sum payments</td>
<td>$(3.8)</td>
<td>$(11.0)</td>
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<tr>
<td>Increased pharmacy rebates and HMO contract care coordination savings</td>
<td>$(22.1)</td>
<td>$(64.1)</td>
</tr>
<tr>
<td>HMO Hospital Capital payment policy change</td>
<td>$(12.0)</td>
<td>$(34.8)</td>
</tr>
<tr>
<td>HMO laboratory reimbursement rate change</td>
<td>$(10.9)</td>
<td>$(31.8)</td>
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<tr>
<td>Eliminate Graduate Medical Education MiDocs Consortium funding</td>
<td>$(0.5)</td>
<td>$(0.5)</td>
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### Other Adjustments

<table>
<thead>
<tr>
<th>Description</th>
<th>GF/GP</th>
<th>All Funds</th>
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</thead>
<tbody>
<tr>
<td>Actuarial Soundness - 2%</td>
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<td></td>
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<tr>
<td>Traditional Medicaid</td>
<td>$25.9</td>
<td>$75.2</td>
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<tr>
<td>Healthy Michigan Plan</td>
<td>-</td>
<td>$55.0</td>
</tr>
<tr>
<td>Continue Primary Care Rate Increase</td>
<td>$8.3</td>
<td>$24.2</td>
</tr>
<tr>
<td>Health Insurance Claims Tax Revenue</td>
<td>$(186.6)</td>
<td>$-</td>
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Healthy Kids Dental Expansion

- Continue phase in plan for statewide coverage
- Expand into Kent, Oakland, and Wayne Counties
- Cover children under age 9
- $21.8M Gross/$7.5M GF investment to cover an additional 210,000 children
FY16 Initiatives

Integrate Health and Wellness

Medicaid Adult Dental Services

- Improve access
- Reduce more costly and inadequate care
- Improve health
- FY2016 investment = $23M Gross/$7.9M GF
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Twitter: @MIHealth, https://twitter.com/mihealth

Useful Links:
Executive Budget: http://www.michigan.gov/mibudget
MI Healthier Tomorrow: www.michigan.gov/mihealthiertomorrow
Healthy Michigan Plan: www.michigan.gov/healthymichiganplan
MICHild: www.michigan.gov/michild