

**MICHIGAN DEPARTMENT OF COMMUNITY HEALTH  
FY 2006 BOILERPLATE REPORTING REQUIREMENT**

**Progress on Medicaid Home and Community-Based Services Program  
FY 2006 First Quarter Report**

**Section 1689**

**“Priority in enrolling additional persons in the Medicaid home and community based services program shall be given to those who are currently residing in nursing homes or who are eligible to be admitted to a nursing home if they are not provided home and community based services.”**

Persons who are no longer eligible for the Children with Special Health Care Services Program because of age, who require private duty nursing, and who are not eligible or cannot be served by the Habilitation Waiver are the first priority for enrollment into the MI Choice Program.

In addition, the Michigan Department of Community Health (MDCH) has prioritized nursing facility residents for utilizing MI Choice resources. MDCH guarantees resources for nursing facility residents who have resided in the facility for six consecutive months above the current year's contract amount. Nursing Facility Transitions into the MI Choice Program tracks on a quarterly basis effective in FY 2006. The MI Choice Waiting List grants priority status regardless of length to all nursing facility resident within the current year's contract amounts.

**“The department shall implement screening and assessment procedures to assure that no additional Medicaid eligible persons are admitted to nursing homes who would be more appropriately served by the Medicaid home and community based services program.”**

The following is a summary of functional/medical eligibility reviews performed to date and findings:

**Michigan Medicaid Nursing Facility Level of Care Determination  
First Quarter FY2006**

Provider Type	October		November		December		FY2006 to Date	
	Ineligible	Total	Ineligible	Total	Ineligible	Total	Ineligible	Total
PACE	0	14	1	19	0	31	1	64
Nursing Facilities	13	2,880	169	2,812	14	2230	196	7,922
County Medical Care Facilities	4	367	27	271	4	238	35	876
Hospital LTC Units	0	117	4	113	0	77	4	307
Ventilator Dependent Care Units	0	14	0	7	0	27	0	48
MI Choice Program	7	840	153	768	7	261	167	1,869
<b>Total</b>	<b>24</b>	<b>4,232</b>	<b>354</b>	<b>3,990</b>	<b>25</b>	<b>2864</b>	<b>403</b>	<b>11,146</b>

MDCH implemented revised functional/medical eligibility criteria effective November 1, 2004. Currently, all participants enrolled in the MI Choice Program are eligible for nursing home level of care, according to federal Medicaid guidelines. The MI Choice Program meets the requirement that all persons must meet the nursing facility level of care and thus are at risk for institutionalization.

**“Within 30 days of the end of each fiscal quarter, the department shall provide a report to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies that details existing and future allocations for home and community based waiver program by regions as well as the associated expenditures. The report shall include information regarding the net cost savings from moving persons from a nursing home to the home and community based services waiver program and the amount of funds transferred.”**

The table below identifies the funds allocated to each MIChoice Program for FY 2006. Since providers are prospectively reimbursed based on the projected number of participants each month, and providers have 180 days from the service date to submit a 'suppressed' claim, there is no accurate account of actual quarterly expenditures at this time. Included below are the prospective reimbursement payments to date by waiver program.

<b>Waiver Program</b>	<b>FY 2006 Allocation</b>	<b>FY 2006 Payments</b>
A & D Home Health Care	\$3,601,194	\$900,300
AAA 1-B	\$11,830,803	\$2,943,085
AAA of Northwest Michigan	\$2,486,217	\$1,501,530
AAA of Western Michigan	\$6,036,065	\$1,799,937
Burnham Brook Center	\$7,199,744	\$2,428,189
Detroit AAA	\$9,791,666	\$409,941
Home Health Services, Inc.	\$6,481,295	\$1,620,324
Information Center	\$2,314,851	\$578,712
MORC	\$3,751,425	\$937,857
NEMSCA	\$2,531,973	\$632,994
Northern Lakes Community Mental Health Authority	\$2,240,607	\$560,151
Northern Michigan Regional Health System	\$1,639,764	\$621,555
Region 2 Area Agency on Aging	\$3,995,931	\$998,982
Region IV AAA	\$5,505,223	\$1,376,307
Region VII AAA	\$5,053,190	\$1,254,749
Senior Alliance	\$1,788,813	\$447,204
Senior Resources	\$5,463,466	\$1,356,835
Senior Services	\$2,493,090	\$623,274
Tri-County Office on Aging	\$6,607,348	\$1,651,836
Upper Peninsula AAA	\$6,422,238	\$1,605,561
Valley AAA	\$3,404,519	\$851,130
<b>Total</b>	<b>\$100,639,422.00</b>	<b>\$25,100,453.00</b>

Forty-nine individuals enrolled into the MI Choice waiver program from nursing facilities in the first quarter of 2006. Because of a time lag between enrollment and billing for MI Choice services in order to estimate cost savings we analyzed transitions which took place in FY 2005 and used this data to estimate savings for transition clients for the first quarter of 2006. Using this data, we estimated cost savings of approximately \$1,170 per month per individual. This represents a total saving of approximately \$171,000 in the first quarter of 2006.

While it is true that the average daily rate for institutional care is much higher than community based care, within this sample these savings were offset by higher physician, hospital inpatient, and outpatient hospital charges. Hospitalized individuals in the MI Choice program were almost twice as expensive as nursing facility patients for this limited time-period. This was due primarily to longer length of stay once admitted to the hospital.

I would not generalize these findings across time. Cost savings based on small samples over a very limited period may vary greatly from one period to the next. A relatively small number of inpatient hospital stays or more expensive inpatient hospital stays may have skewed these findings. There is absolutely no evidence to suggest that these hospitalizations were in anyway the result of the setting of care. Until a larger sample, taken over a longer period of time becomes available, care should be taken in estimating total savings as a result of nursing facility transitions. Over the course of the next year, the actual cost estimates will become much more reliable and better suited for long-term planning.

Even within this small sample, it is clear that not all transitions were successful. Likewise even successful transitions may result in institutionalization resulting from sudden illness or the aging process. Therefore, while nursing home transitions are an important tool in empowering individuals to take control of their medical care and lives, they are ultimately an individualized process in which there is a great deal of uncertainty.

**“The department shall utilize a competitive bid process to award funds for the implementation of the new screening process to be applied to home and community based services and nursing facility services by Medicaid.”**

MDCH implemented the Michigan Medicaid Nursing Facility Level of Care Determination process using a Department of Information Technology developed tool. Exception process reviews and nursing facility retrospective review activities were disseminated with other Medicaid utilization review requirements in the form of a Request for Proposal. A contract that includes the long-term care exception process reviews and retrospective reviews was initiated with the Michigan Peer Review Organization.