DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Administrator
Washington, DC 20201

MAR - 1 2006

Ms. Janet Olszewski
Director
Michigan Department of Community Health
Lewis Cass Building
320 South Walnut
Lansing, MI 48913

Dear Ms. Olszewski:

We are pleased to inform you that Michigan's request for its section 1115 Medicaid demonstration project for family planning services, as modified by the Special Terms and Conditions (STCs) accompanying this award letter, has been approved as Project Number 11-W-00215/5. Under this demonstration, the State will cover family planning services for women ages 19 through 44, who are not otherwise eligible for Medicaid, the State's Health Insurance Flexibility and Accountability Demonstration (HIFA), or other coverage that provides family planning services, and who have family income at or below 185 percent of the Federal poverty level (FPL). Approval for this demonstration is under the authority of section 1115 of the Social Security Act (the Act) and is effective as of the first of the month following this approval for a 5 year period. Section 1115(a) of the Act allows the Secretary to approve a demonstration which, in his judgment, is likely to assist in promoting the objectives of title XIX.

Enclosed are the STCs that the State must meet as a condition for approval of this demonstration. These STCs define the nature, character, and extent of anticipated Federal involvement in the project. This award is subject to our receipt of your written acceptance of the award, including the STCs, within 30 days of the date of this letter.

All requirements of the Medicaid program as expressed in law, regulation, and policy statement not expressly identified as not applicable in this letter, shall apply to the Michigan family planning demonstration.

Medicaid Costs Not Otherwise Matchable

Under the authority of section 1115(a)(2) of the Act, the following expenditures that would not otherwise be regarded as expenditures under title XIX of the Act will be regarded as expenditures under the State's title XIX plan. All requirements of the Medicaid statute will be applicable to such expenditure authorities, except those specified below as not applicable to these expenditure authorities. In addition, all requirements in the enclosed STCs will apply to these expenditure authorities.

Expenditures for family planning services for women of childbearing age (ages 19 through 44), who are not otherwise eligible for Medicaid, the State's HIFA Demonstration, or other coverage that provides family planning services, and who have family income at or below 185 percent of the FPL.

Medicaid Requirements Not Applicable to the Medicaid Expenditure Authorities:

All Medicaid requirements apply, except the following:

1. **Amount, Duration and Scope of Services (Comparability) – Section 1902(a)(10)(B)**

   The State will offer to the demonstration population a benefit package consisting only of approved family planning services.

2. **Early and Periodic Screening, Diagnostic, and Treatment (EPSDT)– Section 1902(a)(43)**

   The State will not furnish or arrange for EPSDT services to the demonstration population.

3. **Retroactive Coverage – Section 1902(a)(34)**

   Individuals enrolled in the family planning demonstration program will not be retroactively eligible.

4. **Prospective Payment System for Federally Qualified Health Centers and Rural Health Clinics–Section 1902(a)(15)**

   To enable the State to establish reimbursement levels to these clinics that would compensate them solely for family planning services.

Your project officer is Ms. Susan Gratzer. She is available to answer any questions concerning the scope and implementation of the project in your application. Ms. Gratzer's contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
7500 Security Boulevard, Mail Stop: S2-01-16
Baltimore, Maryland 21244-1850
E-mail: Susan.Gratzer@cms.hhs.gov
Telephone: 410-786-8694

Official communications regarding program matters should be submitted simultaneously to Ms. Gratzer and to Mr. Alan Dorn, Acting Associate Regional Administrator in the Chicago Regional Office. Mr. Dorn's address is:

Centers for Medicare & Medicaid Services
Division of Medicaid and State Operations
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601

We extend our congratulations to you on this award and look forward to working with you during the course of the demonstration.

Sincerely,

Mark B. McClellan, M.D., Ph.D.

Enclosures

cc:
Alan Dorn, Acting ARA, CMS Chicago Regional Office

Plan First! Family Planning Program
Michigan's Medicaid Expansion Initiative

A Waiver Request Submitted Under Authority of
Section 1115 of the Social Security Act

to the

Centers for Medicare and Medicaid Services
US Department of Health and Human Services

October 2004

State of Michigan
Jennifer M. Granholm, Governor

Janet Olszewski, Director
Michigan Department of Community Health
Lewis Cass Building
320 South Walnut
Lansing, Michigan 48913

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Introduction

The State of Michigan, through its Department of Community Health (MDCH), the single state agency responsible for administration of the state's Medicaid program, is submitting this request to the US 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 provide family planning services to women meeting established criteria who otherwise would not have medical coverage for these services.

Family planning services help women to reduce the incidence of closely spaced pregnancies and to decrease the number of unintended pregnancies. This, in turn, leads to healthier pregnancies, better birth outcomes and improved child health, as well as a reduction in elective abortions. It is the goal of MDCH to assure that family planning services are available and accessible to eligible low-income women.

Michigan's proposed program is similar to several others for which HHS has previously granted waiver approval. Recent research, including a national evaluation of Medicaid family planning waivers funded by HHS and published in late 2003, has universally shown the value and cost effectiveness of the services covered under such waivers. In light of this fact, MDCH believes it is not necessary to reiterate within this waiver request these findings regarding the efficacy of family planning services.

Background

Beginning in the late 1980s, Congress enacted a series of laws that sought to reduce infant mortality and improve birth outcomes by significantly expanding Medicaid coverage for low-income pregnant women and children. The Omnibus Budget Reconciliation Act of 1986 (OBRA-86) gave states the option to cover pregnant women and young children in families with income up to 100 percent of the federal poverty level (FPL). Shortly thereafter the option was expanded to 185 percent of the FPL for both pregnant women and infants. Then, OBRA-89 required states to cover pregnant women and children under age six in families with income up to 133 percent of the federal poverty level, and it further mandated that states phase in coverage of low-income children born after September 30, 1983 until all children up to the age of 19 living in families with income below poverty were covered. This phasing in of coverage has now been accomplished.

By 2003, only 11 states limited Medicaid coverage for pregnant women to 133 percent of the FPL. Four states had expanded coverage to 150 percent; 19 states, including Michigan, to 185 percent; 12 states and the District of Columbia to 200 percent; and 4 states had expanded coverage beyond 200 percent, with Minnesota offering Medicaid coverage for pregnant women in families with income up to 275 percent of the FPL.

One of the primary objectives of these coverage expansions has been to improve birth outcomes by increasing low-income pregnant women's access to prenatal care.

Unfortunately, these expansions are limited to women who are pregnant. States must request a waiver, as in this document, to secure federal Medicaid matching funds to offer family planning services to the same group of low-income women when they are not pregnant.

Literature Review

Publicly funded family planning services have a well-established record of cost effectiveness. One recent study, commissioned by the HHS' Centers for Medicare and Medicaid Services, has found evidence that family planning waivers not only result in very significant financial savings to both the state and federal government but also that they measurably reduce the rate of unintended pregnancy and abortion.[1]

There are currently 18 approved Section 1115 waivers for family planning services. Six of these waivers limit coverage to women losing Medicaid benefits after the 60-day post partum period with two additional states limiting coverage to women losing Medicaid benefits for any reason. Ten states provide family planning services on the basis of income, with four offering services to men as well as women. Alabama limits its benefit to women with income at or below 133 percent of the FPL, five states use 185 percent of the FPL as the upper income limit, and four states use 200 percent of the FPL.[2]

Demonstration of Need

Michigan's reproductive health indicators clearly demonstrate the need to improve access to family planning services for low-income women. The indicators that make this point include the number of closely spaced pregnancies (less than 24 months between deliveries), the proportion of unintended pregnancies and the rate of abortions. Accessible family planning services, through approval and implementation of this waiver, are critical to improving these indicators and to reducing the health risks, including infant mortality and maternal morbidity, associated with both closely spaced and unintended pregnancies. An expanded program of family planning services is also a vital component of the state's strategy for achieving HHS' *Healthy People 2010* objectives related to reducing the proportion of births occurring within 24 months of a previous birth, increasing the proportion of pregnancies that are intended, and increasing the proportion of females at risk of unintended pregnancy who are using contraceptives.

Addressing these health issues will have a significant impact on the state's Medicaid program. Michigan population estimates for 2002, the most recent data available, indicate there are 1,858,179 women age 19 through 44 living in the state. These data show that 26 percent of the women (483,782) live in families with income at or below 185 percent of the federal poverty level (FPL).[3]

Michigan Medicaid eligibility records for 2002 indicate that 301,454 women age 19 through 44 were covered by Medicaid during at least one month of the year, which is about 62 percent of the total number of women living in families with income at or below

185 percent of the FPL. Many of these women were only eligible for a few months. For example, data shows that about 18 percent of these women (54,262) were covered solely because they were pregnant. More than half of this subset of women lost their Medicaid benefits two months post partum.

This data shows that in addition to the 301,454 women with Medicaid coverage, many of whom had the coverage for too brief a period for consistent and effective access to family planning services, there were 182,328 women living in families with income below 185 percent of the FPL who had no Medicaid coverage at all.[4]

Access to a family planning benefit does not necessarily mean that women will obtain services. Michigan Medicaid payment records reflect that about 117,500 women age 19 through 44 received family planning services in 2002, less than 40 percent of Medicaid-eligible women in this age group who could have received such services. The other major funding source for family planning services in Michigan is Title X, and about 100,000 women in this same income and age group who did not qualify for Medicaid received services at Title X family planning clinics.[5] The sum of women receiving family planning services through either Medicaid or Title X was about 217,500.

Irrespective of the statistics reviewed for 2002, whether the number of low-income women age 19 through 44 who did not have Medicaid benefits for all or part of the year or the number of women who received family planning services when compared to the total number of women who could potentially have benefited from the services, the result was similar. There were approximately 200,000 low-income Michigan women who could have benefited from a family planning waiver program and did not access the services. It is projected that two years later the degree of need has not lessened.

As stated above, family planning services are critical to reducing the number of closely spaced pregnancies (less than 24 months between deliveries), the proportion of unintended pregnancies and the rate of abortions. Michigan Vital Records data for 2002 indicate a total of 129,518 live births, of which 121,776, or 94 percent, were to women age 19 through 44. Low-income women in this age group delivered a disproportionate share of these births. Medicaid data showed payments for 42,587 live births during 2002, or 33 percent of the total births in the state during the year.[6] Women age 19 through 44 represented 88 percent of the Medicaid-paid live births.

Michigan's Vital Records data for 2002 also show that low-income women have a higher rate of closely spaced pregnancies than do women in higher income groups. Data indicate that almost 15 percent of women in the 19 through 44 age group who gave birth during 2002 had also delivered a child within the previous two years. For low-income women covered by Medicaid, the percentage of repeat births within two years was more than 17 percent; this compares with a rate of 13 percent for women in higher income groups. Although there are only four points separating 17 and 13 percent, there is actually a 25 percent difference between the two numbers.

Michigan's Pregnancy Risk Assessment Monitoring System (PRAMS) data for 2000 estimated that 41 percent of births (53,667) were unintended. The data also showed that low-income women represented a disproportionate share of the unintended pregnancies. Sixty-four percent of unintended pregnancies were reported by women who were uninsured or covered by Medicaid and only 32 percent were reported by women with private insurance coverage at delivery.

Further, of the reported unintended pregnancies, the 2000 PRAMS data showed that 57 percent of the uninsured or Medicaid-covered women stated their pregnancies were not just mistimed but specifically unwanted; this compares to a 34 percent rate for women with private insurance coverage at delivery. In addition, data for 2002 indicated a total of 25,729 abortions reported for women age 19 through 44.

In summary, Michigan data show that the rate of closely spaced pregnancies is considerably higher for low-income women than for women with higher incomes, that the low-income population has twice the unintended pregnancy rate, and that at least 200,000 women lack adequate access to family planning services. Approval and implementation of a family planning waiver program in Michigan would not only decrease the number of unintended pregnancies in the targeted population and reduce the number of Medicaid covered births, but the services would also improve the health of Michigan women and their birth outcomes when they choose to become pregnant.

Title X Family Planning Program Interface

Title X Family Planning Clinics serve approximately 100,700 women in Michigan age 19 through 44 who would likely be eligible for participation in a Medicaid family planning waiver program. The availability of Medicaid funding for these women would permit existing Title X funds to be redirected toward providing services for additional women at higher income levels, men and teens. The funds would permit an expanded outreach program and the enhancement of required and allowable services. Other service delivery, reimbursement and administrative improvements could also be implemented.

Title X funds would continue to assure access to family planning services for low-income women, men and teens who do not qualify for full benefits under Medicaid or for the new family planning waiver program. Title X funds could also be used to cover the cost of family planning services for low-income persons should it be necessary at some point to cap enrollment in the waiver program.

It is especially important to note that the adolescent population in Michigan makes up 31 percent of the current Title X family planning program. In the last several years, the state's total caseload has grown. The provider network has continued to serve the growing number of teens requesting services and would be encouraged to redirect Title X funds to assure that teens desiring family planning services continue to receive them.

Proposed Demonstration

Under an approved waiver, Michigan proposes to provide family planning services to women of childbearing age, 19 through 44, on the basis of income, using 185 percent of the FPL as the upper income limit. Michigan's family planning waiver program would operate under the name "Plan First!"

Waivers Requested

In order to implement this demonstration project, Michigan requests waiver of the following provisions of the Social Security Act:

- Section 1902(a)(10)(A) – This section establishes income limitations and other eligibility criteria that must be waived in order to offer a single service benefit, family planning services, to the targeted population. Family planning services would be offered to women in families with income at or below 185 percent of the FPL, the same level at which Medicaid coverage is available to pregnant women, if all other eligibility criteria established for the family planning program are met. Eligibility would not be limited to women losing full Medicaid benefits. Review of applications submitted by women for family planning program participation would be limited to eligibility for that program and would not include a review of their eligibility for full Medicaid benefits or other programs of public assistance.
- Section 1902(a)(10)(B) – This section requires that comparable benefits be provided to all qualified Medicaid beneficiaries. The only Medicaid services to be provided pursuant to this demonstration project would be related to family planning, hence Michigan requests that this requirement be waived other than as it relates to family planning services. Although not expected, Michigan reserves the right to cap enrollment in this waiver program should it be necessary to assure cost neutrality or to end this research and demonstration project if actual experience shows that it is not cost effective or cost neutral. Further, Michigan reserves the right to amend or terminate this demonstration project if access to family planning services for the affected population becomes a State Plan benefit or if another federally funded program offering such services to this population becomes available. Michigan residents would not be disadvantaged with regard to their participation in any such federal program as a result of the state's decision to terminate this family planning coverage.
- Section 1902(a)(10)(E) – This section requires Medicare premium and cost-sharing assistance for qualified Medicare beneficiaries. Michigan requests that this requirement be waived.
- Section 1902(a)(15) – This section requires Medicaid payment for Federally Qualified Health Centers and Rural Health Clinics to be consistent with the new prospective payment system described in Section 1902(aa) of the Social Security Act. Because this demonstration project would create coverage for a single benefit, family planning, Michigan proposes to establish reimbursement levels to these clinics that would compensate them solely for family planning services.

- Section 1902(a)(34) – This section requires that an individual determined eligible for Medicaid also be given eligibility for up to three months prior to the month of application if the individual received covered services during the period and was, or upon application would have been, eligible. Michigan requests approval to commence eligibility on the first day of the month of application without any retroactivity. Michigan also would limit payment for services, other than corrective action payments required under Section 1902(a)(3) and 42 CFR 431.246, to providers of those services.
- Sections 1902(a)(43) and 1905(a)(4)(B) – These sections require Medicaid coverage of early and periodic screening, diagnosis and treatment services for children under the age of 21. Because the only Medicaid services to be provided pursuant to this demonstration project would be related to family planning, Michigan requests that these requirements be waived for participants under the age of 21.
- Section 1902 (l)(1) – This section requires that Medicaid coverage for OBRA-eligible women be terminated at the end of the month in which the 60-day post partum period ends. Michigan requests that this requirement be waived to permit an extension of eligibility for family planning services only after that date, for the life of the waiver, as long as other eligibility criteria are met.

Michigan's family planning waiver has received the support of the Michigan Legislature with an appropriation of State funds allocated to support family planning services.

Program Administration

The MDCH would be responsible for administration and oversight of the family planning program implemented pursuant to this waiver. Staff in the Family Independence Agency, the state agency responsible for eligibility determination for other Medicaid program categories, with the assistance of contracted staff providing administrative support, would be responsible for initial eligibility determination and ongoing file maintenance. As is the case for the full-benefit Medicaid program, FIA would be responsible for any eligibility-related fair hearing activities and MDCH would be responsible for any fair hearing activities related to services. Family planning waiver program participants would be afforded all due process notice and appeal rights available to other Medicaid beneficiaries. MDCH staff would be responsible for claims processing activities, cost effectiveness and budget neutrality review, outreach, and evaluation of the program's effectiveness and success meeting its goals.

Eligibility

Through this demonstration project, MDCH would offer eligibility for Medicaid family planning services to women of childbearing age, 19 through 44, who are not currently covered by Medicaid, and who have family income at or below 185 percent of the FPL. Coverage would be limited to women who reside in Michigan and meet Medicaid citizenship requirements. It is estimated that at least 200,000 women may meet this criteria.

It is recognized that women are capable of bearing children before the age of 19. This age was chosen for the demonstration project because publicly funded medical benefits, including family planning services, are available to children under the age of 19 through Michigan's Medicaid program and its State Children's Health Insurance Program (SCHIP), the latter called MIChild. Michigan has chosen to use age 44 as the upper age limit for this demonstration project because it is the age most generally recognized and measured in family planning statistics and literature.

A woman's coverage would continue, in one-year increments, for the duration of the waiver as long as the eligibility criteria are met.

Application and Enrollment Process

Several strategies are envisioned for outreach and enrollment of women for family planning services. Overarching objectives are simplicity of enrollment and de-linking, per se, from the public assistance "welfare" system.

The plan is for women to complete a brief paper application for family planning benefits, both initially and annually thereafter. The application would most often be submitted by mail, in a pre-addressed and postage-paid envelope; applications would also be accepted via facsimile, and the use of an Internet-based application process would be considered. A minimum of documentation to support the eligibility criteria would be required, and the application would include a self-declaration of both income and insurance coverage, with insurer information provided. The application would not request asset information. The application would clearly state that its purpose is limited to family planning benefits, and it would provide information regarding the process to apply for other services, including full-benefit Medicaid. For women whose Medicaid eligibility is being terminated, e.g., two months post partum, efforts would be made to automate enrollment into the family planning program.

Because there is a concern that women might not wish to participate in the family planning waiver program if it is perceived to be public assistance, i.e., "welfare," all correspondence would be addressed to the program by name, i.e., Plan First! Family Planning Program. The name of a state department or the Medicaid program would not be included. All correspondence from the family planning program would carry the same post office box as an address. All employees having verbal contact with participants would identify themselves as working for the family planning program.

Pregnant women in Michigan are eligible for Medicaid coverage through their pregnancy and the 60-day post partum period if their income is at or below 185 percent of the FPL and they meet other eligibility criteria, e.g., citizenship and state residency. Children are eligible for Medicaid or MIChild until they reach the age of 19; the income levels for these two programs are 150 percent and 200 percent of the FPL, respectively. All other Medicaid categories of eligibility in Michigan have upper income thresholds below these levels. Accordingly, when a woman's post partum period is about to end, or just prior to

a Medicaid or MIChild eligible female's 19th birthday, or at a point when a woman's Medicaid coverage under any other category of eligibility is scheduled to terminate, and it has been determined that she does not qualify for continued coverage under a different Medicaid category, she would be sent an information packet and offered the opportunity for continued family planning coverage.

It is anticipated that a significant number of the participants in the family planning program would be women whose eligibility for Medicaid or MIChild has been terminated. However, it is also anticipated that an equally significant number of program participants would receive applications from clinics funded by the Title X family planning program. It is envisioned that staff in these clinics would be trained to educate women about the family planning waiver program and to assist them in completing and submitting applications.

Applications are also anticipated from women who learn of the program through friends, family, primary care physicians and other health care providers, or the media. The MDCH would develop an outreach and education strategy, including brochures and website information, regarding the program.

Outreach

MDCH would provide outreach for the waiver program statewide. Program information would be made available in Title X family planning clinics, local health departments, primary care facilities and other health care settings, including private physician offices. Information in the form of brochures and posters would be visible and available to women as they visit these health care settings. Radio and television public service announcements would also be envisioned.

Brochures would provide a description of the program as well as how women can participate in the program.

In the implementation of the program, MDCH would use strategies that have proven successful for other states to encourage participation. These strategies include eliminating the visible link between the family planning waiver program and the public assistance "welfare" system, including Medicaid. MDCH is sensitive to this issue through its experience with the State Children's Health Insurance Program (MIChild); when notified that their children qualified for and would be enrolled in the Medicaid expansion program rather than MIChild, a significant number of families chose to forego health care coverage for their children rather than receive "welfare."

MDCH's outreach strategy for its family planning waiver program would be to present it in a manner similar to other mainstream health insurance programs. All outreach materials would portray a mainstream image and emphasize the importance of enrolling in health coverage for family planning. MDCH would not use the word "Medicaid" in the program name or description. Terminology would be changed so women are "participants" rather than beneficiaries, clients or recipients; they would be "approved for

coverage" rather than determined eligible; and their continued participation in the program would be through "re-enrollment" or "renewal" rather than re-determination. These simple changes would help women view the program as more mainstream than public assistance.

Focus group testing would also be used to determine if the information regarding the program is getting to the target population, if the message regarding available services is clear, how the program is being perceived, and whether the "hard to reach" and "high-risk" populations are being reached. Promoting the benefits of family planning would be the primary focus of MDCH's outreach efforts.

Covered Services

Comprehensive family planning services would be available to Michigan women eligible under this waiver program. These women would be afforded the opportunity to voluntarily receive family planning services including education about reproductive health, abstinence, and methods of contraception. Michigan would, however, limit services under this program to approved family planning methods and products approved by the Food and Drug Administration (FDA).

Covered services under Michigan's family planning waiver program would be limited by their relationship to family planning as required in federal regulation and guidance.[7] The following medically necessary services and supplies are proposed for coverage in the family planning waiver program benefit package:

- Initial physical exam and health history, including patient education and counseling relating to reproductive health and family planning options;
- Annual physical examination for reproductive health/family planning purposes, including a pap smear and testing for sexually transmitted infections when indicated;
- Brief and intermediate follow up office visit related to family planning;
- Necessary family planning/reproductive health-related laboratory procedures and diagnostic tests;
- Contraceptive management including drugs, devices and supplies;
- Insertion, implant or injection of contraceptive drugs or devices;
- Removal of contraceptive devices;
- Sterilization services and related laboratory services (as long as a properly completed sterilization consent form has been submitted); and
- Medications required incidental to or as part of a procedure done for family planning purposes.

A list of professional services that would be covered under the program, with their respective common coding nomenclature, and diagnosis codes specific to family planning services are found in Attachment 1. A list of covered drugs and devices is also listed in this attachment. MDCH reserves the right to cover additional services and pharmaceuticals as necessary for women who may require certain tests, procedures or

medications not listed in the attachment to meet their family planning needs. Such additional services would be determined on a case-by-case basis and would be directly related to family planning.

This program would not cover sterilization reversals, infertility treatment or abortions.

Women receiving services under Michigan's family planning waiver program would have the same confidentiality protections afforded to all Medicaid beneficiaries. These protections are consistent with federal regulations at 42 CFR 431.300 through 431.307.

Service Delivery System

Professional services related to family planning would be available from and billed to MDCH by family planning clinics, primary care physicians (MDs and DOs) in public and private practice, and other Medicaid approved providers, i.e., certified Nurse Midwives and Nurse Practitioners. In addition, pharmacies, laboratories and outpatient departments of hospitals would be able to bill for services, as appropriate, and Federally Qualified Health Centers, School-Based/Linked Health Centers, Rural Health Clinics, Tribal Health Centers and the sub-grantees of the Title X publicly funded family planning agencies (including local health departments, Planned Parenthood clinics and private non-profit family planning agencies) would be able to provide and bill for services as well. Family planning services are and would continue to be available statewide.

Freedom of choice guarantees program participants the opportunity to select any provider who performs Medicaid covered reproductive health services. Providers would receive information about the Michigan family planning waiver program through provider notices, specialized education and outreach material and MDCH's website, where providers access up-to-date information detailing policies and procedures. Medical associations would be asked to include educational information in their member newsletters and ongoing training and information sharing with providers would occur. Provider notices would be sent, including notices to community agencies, about the availability of the program, scope of services, eligibility requirements, provider and beneficiary rights and responsibilities and resource information for referral to primary care. The MDCH is also the single Title X grantee agency in the state and would coordinate the development and distribution of information to the Title X-funded sub-grantee agencies about the program.

All family planning services would be provided to waiver program participants impartially, without regard for religion, race, color, national origin, handicapping condition, number of pregnancies or marital status, in accordance with applicable federal requirements. In addition, family planning providers would be required to assure meaningful access to services for program participants with limited English proficiency through language assistance provided at no cost to the waiver program participant.

Claims Submission and Reimbursement

The MDCH would, with one exception, utilize existing policy and reimbursement requirements for providers performing family planning services as set forth in the Medicaid State Plan and the department's provider manual. The one exception relates to Federally Qualified Health Centers and other publicly funded clinics that receive enhanced payment rates. Reimbursement to these clinics and to all other providers for covered services rendered to the target population enrolled in the family planning waiver program would be on a fee-for-service basis, within limitations established by MDCH.

Access to Primary Health Care Services

MDCH recognizes the need and the federal requirement to assure that family planning waiver program participants have access to primary health care services. Organizations representing publicly funded primary care clinics have expressed their willingness to accept referrals from family planning providers for primary care services determined medically necessary for waiver program participants.

Evaluation

As has been previously stated, the goal of this research and demonstration project is to provide family planning services for eligible women who do not currently have access to the services, in the hope that their availability will help to reduce the incidence of closely spaced pregnancies and decrease the number of unintended pregnancies. The desired objectives of the program are healthier pregnancies, better birth outcomes, and improved child health.

MDCH staff will conduct an evaluation of the waiver's ability to achieve the stated goal. The evaluation will investigate the following hypotheses.

Hypothesis 1: Increased Family Planning Services

By the end of the five-year demonstration period, the proportion of Michigan women of childbearing age (19 through 44) with incomes at or below 185 percent of the FPL that are receiving family planning services reimbursed through the Medicaid program, including through this waiver program, will be greater than during the period immediately prior to the demonstration.

Medicaid paid claims and managed care encounter data will be used for this analysis.

Hypothesis 2: Decreased Medicaid-Paid Deliveries

By the end of the five-year demonstration period, there will be a significant decline in the number of all Michigan births, relative to the size of the Medicaid caseload, that are paid by Medicaid; and total Medicaid expenditures for prenatal, delivery, newborn and infant care will be reduced, relative both to caseload and to changes in the cost of services.

Michigan Vital Records data and Medicaid paid claims and managed care encounter data will be used for this analysis.

Hypothesis 3: Decrease in Births per Thousand
By the end of the five-year demonstration period, there will be a significant decrease in the number of births per thousand among women age 19 through 44 with family income at or below 185 percent of the FPL.

Michigan Vital Records data and US Census data will be used for this analysis.

Hypothesis 4: Increased Inter-Birth Interval
By the end of the five-year demonstration period, the mean inter-birth interval for women who have Medicaid-paid births (excluding immigrant women with Emergency Services Only Medicaid coverage) will increase.

Michigan vital records data and Medicaid paid claims and managed care encounter data will be used for this analysis.

Hypothesis 5: Access to Primary Care
Women participating in the waiver program who do not have a source for primary care will receive referrals to accessible primary care, as needed.

MDCH staff, or their designees, will conduct a customer satisfaction survey of an appropriately sized sample of women participating in the waiver program. In addition, as part of the department's required review of Title X family planning clinics, MDCH staff will examine records at Title X family planning clinic agencies to assure that primary care referrals are being made when appropriate.

Cost Effectiveness – Budget and Cost Information

To achieve federal budget neutrality as required under a research and demonstration project, Michigan's family planning waiver program would need to generate a two percent reduction in Medicaid births during the first year of the program, increasing to 11 percent in the final two years. The program would utilize more federal reimbursement over the first two years than would have been the case without the waiver. For each of the final three years, the federal government would spend less money than would otherwise be the case. Over the five-year life of the waiver program, more than 19,400 unintended pregnancies would be avoided and the federal government would save $2.1 million, while the state, as the result of a 90 percent federal match rate on program dollars, would save as much as $88.5 million. Required budget neutrality tables are provided as required.

Without Waiver Program Costs

"Without Waiver" base year costs, presented as Attachment 2, are derived from fee for service maternity experience during state fiscal year 2002. Program categories are divided into pregnancy and delivery for the mother along with the cost for newborn services and first year of life for the child. Specific assumptions are as follows:

- Costs are trended based on data, established by the Medicaid Actuary for Michigan's managed care contract.
- Based on experience with the full-benefit Medicaid program, administration costs are factored in at 5.7 percent of program costs.
- Medicaid births are trended at one percent annually based on an assumption that the birth rate declines slightly and that the rate of increase in Medicaid enrollment declines as the economy improves.
- The federal match rate is known for fiscal years 2005 and 2006. For fiscal years 2007 through 2009, the rate in effect for 2006 is employed.

With Waiver Program Costs

"With Waiver" program costs (Attachment 3) are based on the logic of a program that tabulates claims for family planning services matched at 90 percent by the federal government. To establish base year costs, the logic of this program is applied to women in Medicaid who fall within parameters that are to be applied to Michigan's family planning waiver program. More specifically, family planning costs were identified for women served by Michigan's full benefit Medicaid program whose age was greater than 18 years, but who were not older than 44 years. The assumption was that the cost of services categorized as family planning, which were provided to women within these age parameters, would accurately reflect costs for similar services when provided to women who would be served under the waiver program.

A comparison of the "Without Waiver" and "With Waiver" program costs is provided at Attachment 4. Costs are calculated as a "per user per year" amount for inpatient, physician, outpatient, clinic and pharmacy services. The numerator for these calculations derives from actual paid claims reported and paid during state fiscal year 2003. The denominator reflects an unduplicated count of women in the fee for service Medicaid program between the ages of 19 and 44 who actually used family planning services during fiscal year 2003. As was done with the "Without Waiver" calculations, costs are trended based on data established by the Medicaid Actuary for Michigan's managed care contract.

Enrollment in the family planning waiver assumes that the program would add participants at a rate of 18,000 per month until a cap of 200,000 unduplicated women is reached. Based on total monthly enrollment, the average enrollment for demonstration year one is projected to be 116,000. The program is then maintained at an average enrollment of 200,000 unduplicated cases through the next four years. Because enrollment is based on an average number of unduplicated cases, the actual number of participating women at any given time would be lower than 200,000.

Program costs are calculated by multiplying the trended rate per user per year by the average number of program participants by fiscal year through all five years of the waiver. It is assumed that participants secure services and incur the bulk of their costs early on during each year of enrollment. Administration is based on the need for up to 45 staff, split between the state's Family Independence Agency and contracted staff, to

process enrollment applications and renewals. Amounts are also included for outreach, data processing and other basic administrative functions. Administration as a percent of the total budget amounts to 17 percent during the first year, decreasing to between 10 and 11 percent through the remaining four years. Federal match for the program service portion of the waiver is calculated at 90 percent, while the administrative component is calculated at 50 percent.

Federal Budget Neutrality

The "Federal Budget Neutrality" calculations compare the cost of services related to childbirth and the first year of life without a family planning waiver to the same costs with a waiver. The "with waiver" costs include savings that result from the diversion of unintended pregnancies, along with the added cost of services provided under the waiver. In order to achieve federal budget neutrality, the state must achieve a reduction in Medicaid births paid at the regular match rate sufficient to offset the costs of services provided under the waiver program funded at a 90 percent match rate. The cost of providing family planning services to beneficiaries in the full benefit Medicaid program has not been incorporated into this budget accept as a means to establish a baseline because the waiver would not impact the amount and cost of these services.

Diversions as a percent of total estimated Medicaid deliveries are estimated as being less during the early years of the waiver. This phase-in results in part from the nine-month lag time required to realize any impact. For waiver services, savings are assumed at 100 percent of the program cost for each diverted pregnancy and delivery. For administration, it is assumed fixed costs exist that would not be saved for each diversion. It is therefore assumed that savings of only 25 percent of the 5.7 percent administrative costs would be realized.

Summary

Michigan's experience as well as that of other states provides irrefutable evidence that an opportunity exists to significantly reduce the number of closely spaced and unintended pregnancies. Michigan data show that the rate of closely spaced pregnancies is considerably higher for low-income women than for women with higher incomes, that the low-income population has twice the unintended pregnancy rate, and that at least 200,000 women lack adequate access to family planning services. Approval of a waiver under the authority of Section 1115(a) and implementation of this proposed research and demonstration project would not only decrease the number of unintended pregnancies in the targeted population and reduce the number of Medicaid covered births and related expenditures, but such a program would also contribute to an improvement in the health of Michigan women and their children.

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[1] Edwards, J., Bronstein, J., and Adams, K., "Evaluation of Medicaid Family Planning Demonstrations," The CNA Corporation, CMS Contract No. 752-2-415921, November 2003.

[2] Gold, R. B., Richards, C. L., Ranji, U. and Salganicoff, A., "Medicaid: A Critical Source of Support for Family Planning in the United States," *Issue Brief, An Update on Women's Health Policy,* The Alan Guttmacher Institute and The Henry J. Kaiser Family Foundation, April 2004.
[3] Note that some of the data reported in this document is based on calendar year and some is based on the state's fiscal year (October through September).
[4] This number was calculated by simply subtracting the 301,454 women with Medicaid coverage from the total population of low-income women in the age group, i.e., 483,782.
[5] Title X of the Public Health Services Act, created by the Family Planning Services and Population Research Act of 1970 (PL 91-572). The number of women served is a three-year estimate as reported in Michigan Family Planning Annual Reports for 2001 through 2003.
[6] Michigan's Vital Records data showing the total number of live births in 2003 is not yet available. However, Medicaid data reflects payment for 45,095 live births in 2003.
[7] Centers for Medicare and Medicaid Services, *State Medicaid Manual, Part 4: Services*; and *Title XIX Financial Management Review Guide #20: Family Planning Services,* February 2002.