



Medical Care Advisory Council

Minutes

Date: January 6, 2005 (Thursday)

Time: 1:00 P.M. to 4:30 P.M.

Where: Michigan Public Health Institute
2436 Woodlake Circle, Suite 380
Okemos MI 48864

Attendees: Roger Anderson, Bruce Bragg, Edward Canfield, Priscilla Cheever, Christine Chesney, Steve Fitton, Alison Hirschel, Jan Hudson, Ed Kemp, Kathy Kendall, David LaLumia, Dave McLaury, Sue Moran, Neil Oppenheimer, Janet Olszewski, Karen Rothfuss, Walt Stillner, Jocelyn Vanda, Larry Wagenknecht and Kathy Whited

Conference Call Attendees: Vernice Davis-Anthony, John Barnas, Diane Haas, Herman Gray, Kathleen Kirschenheiter, Gary Ley, Anita Liberman-Lampear, Bob Russell and Warren White

Absent: Andrew Farmer, Jackie McLean, Carol Olthoff, Paul Shaheen and Daniel Wilhelm

The Director of the Department of Community Health, Janet Olszewski welcomed everyone to the first meeting of the reconstituted Medical Care Advisory Council.

General Comments

The Council's purpose is to provide advice and consultation to the Medicaid Director, his staff, and the Department as a whole on the overall direction for the Medicaid program. Medicaid now provides health care for 1 out of every 7 people in the State of Michigan. On a national basis, Medicaid is the largest health insurance program in the country. It is obviously a major program and budget issue for our state and Janet expressed her appreciation that the members have agreed to help us work through the challenges we face in the next few years.

The MCAC is required under the Federal Medicaid Statute and there are minimum requirements for composition of the membership, including board certified physicians or representatives who understand the needs of the Medicaid population, members of consumer groups, including Medicaid beneficiaries, and the director of the public welfare or public health department. In addition to the mandatory membership, MDCH included representation from many of the organizations it works with for a total membership of 27 (which has recently increased to 28.) The various entities brought together to form the group represents many different interests and will need to work together on the challenges ahead.

Member responsibilities include addressing access to care issues, quality of care issues, service delivery for both managed care and fee for service populations, and service delivery for long term care, acute care, and mental health services. Some additional functions are:

- Explore the challenges faced by the program and make specific recommendations about how they should be addressed.
- Contribute to the formulation of agency policy and standards.
- Provide general recommendations to the department.

Medical Care Advisory Council Minutes

January 6, 2005

Page 2 of 5

Ms. Olszewski explained Governor Granholm's four core values for state employees that she would like the Council to embrace:

- Integrity
- Excellence
- Inclusion
- Teamwork

A fifth value, Compassion, was added to the list by Department employees.

Mr. Reinhart explained the difficult budget times for Medicaid. Adjusting for inflation, the amount of revenue available to cover Medicaid costs is equal to the amount of money available in the early 1970's. Michigan has held the costs of Medicaid down very dramatically, even though the Medicaid program requires a growing portion of the state budget. Overall, in terms of medical care inflation, the growth of the program was held to 1½% last year although the caseload was up over 6%. Consequently, it is very difficult to further reduce costs without impacting services or eligibility categories. This year 30% of Michigan's general fund dollars will go towards Medicaid costs, and it continues to grow with the increases in caseloads.

Ms. Olszewski discussed two major initiatives that have a major impact on the Medicaid program. They are the Michigan Mental Health Commission and the Long Term Care Task Force. Ms. Olszewski shared that in December, 2003, Governor Granholm issued an Executive Order creating the Mental Health Commission and it was charged with making recommendations to her regarding improvement of services for persons with mental illness. The state's public mental health system serves two populations, the developmentally disabled and those with a mental illness, but this Commission's focus was on those with mental illness. They did, however, acknowledge that some of the recommendations would affect persons with disabilities. They presented their report to the Governor in October 2004 and the department is now working on an implementation plan related to those recommendations. Some require statute changes, or have budgetary implications, but others can be done by the department. There will be aspects of the implementation plan that will be brought to the Council. Dave LaLumia was very active in the Mental Health Commission, so he can explain the thinking behind some of the recommendations.

The Michigan Medicaid Long Term Care Task Force is underway, having been established in April 2004, and their report to the Governor is due in April 2005. Their charge is to set short-term goals for the next three to five years and develop some long-term solutions for the next two decades to make effective changes to the long-term care system in Michigan. The focus is on Medicaid, but their recommendations will go well beyond in terms of the long-term care system as a whole. This group is vitally important as the department thinks about how to rebalance its system to enhance community based care for seniors and persons with disabilities. There is also a desire to eliminate any regulatory barriers that currently exist and lessen the enormous pressure that long-term care services put on the budget. While the largest number of Medicaid beneficiaries are children, they are not the most expensive to care for. The long-term care population needs a great many resources.

A letter was recently forwarded to President Bush from all the governors through the National Governors Association stating their position on Medicaid. The letter transmits the governors' agreement that the dual eligibles and long-term care areas need to be renegotiated with the federal government. The federal-state partnership is not working. A Medicaid reform group was developed at the National Governors Association and will begin meeting this month to put together a reform proposal. Governor Granholm is Vice Chair of the reform group.

Introduction of the Council

Ms. Olszewski announced the appointment of Jan Hudson as the MCAC Chair. Ms. Hudson is a retired State of Michigan employee, having worked in what was then the Department of Social Services and became the Family Independence Agency. Currently, she is with the Michigan League for Human Services and works on Medicaid and school aid issues. The meeting was then turned over to Ms. Hudson.

Medical Care Advisory Council Minutes

January 6, 2005

Page 3 of 5

The members were asked to introduce themselves:

Priscilla Cheever is the Assistant State Long Term Care Ombudsman, who works with Sarah Slocum, the Ombudsman. Their focus is on nursing homes, homes for the aged and adult foster care.

Alison Hirschel is an elder law attorney at the Michigan Poverty Law Program.

Kathy Whited is with Medicaid Policy and is responsible for policy development and provider and beneficiary communications.

Ed Kemp is the Director of the Medicaid Policy Division, which includes policy development for coverage, reimbursement and eligibility.

Dave McLaury is the Director of the Bureau of Medicaid Financial Management.

Steve Fitton is the Director of the Bureau of Policy and Actuarial Services.

Jocelyn Vanda is a Special Assistant to the Director of FIA, and also the Director of Interagency Community Services, which includes refugee services, Native American affairs and migrant affairs.

Dr. Ed Canfield represents the Michigan Osteopathic Association and family doctors in general. He has a family practice with his wife in Sebawaing.

Sue Moran is the Director of the Bureau of Medicaid Program Operations, which includes oversight and administration of managed care quality assurance, pharmacy and the Office of Medical Affairs.

Christine Chesney is the President of the MidMichigan Visiting Nurses Association, which is a home health, hospice, and home medical equipment provider. She is representing the Michigan Home Health Association.

Dave LaLumia is the Executive Director of the Michigan Association of Community Mental Health Boards. His association works with the 46 county-based community mental health services programs, 18 of which are designated as pre-paid inpatient health plans.

Roger Anderson is a licensed physical therapist and represents the Michigan Physical Therapy Association. He also functions as the Administrative Director of Rehabilitation Services for St. John Hospital in Detroit.

Bruce Bragg is the Director of the Ingham County Health Department, and represents the Board of Directors of the Michigan Association for Local Public Health.

Kathy Kendall is the President and CEO of McLaren Health Plans, one of the 16 Medicaid HMOs.

Larry Wagenknecht is a pharmacist and represents the Michigan Pharmacists Association.

Walt Stillner works at the Michigan Protection and Advocacy Service. His agency works primarily with people with disabilities.

Neil Oppenheimer – Works for the Medical Services Administration and coordinates special projects for Paul Reinhart, Medicaid Director.

Individuals participating by phone are listed at the beginning of the minutes.

Budget Highlights

Paul Reinhart, Medicaid Director, presented a brief budget overview to the Council.

The department has only 280 people to run Medicaid, a \$7½ billion health insurance program.

Medical Care Advisory Council Minutes

January 6, 2005

Page 4 of 5

Medicaid began in 1967 and the program spent \$62 million. For fiscal 2005 the appropriation is for \$7.5 billion. As FIA caseloads increase, so does the Medicaid caseload. In December 2004, the Medicaid caseload was 1,423,700. Including the MICHild Program (35,000), and the Adult Benefit Waiver (62,000) brings the total number served to well over 1.5 million.

Cost containment measures implemented in fiscal year 2003 allowed the program to save approximately \$40 million that year, with a \$120 million savings in 2004 (in large part due to pharmacy savings.)

The Governor's 2006 budget comes out on February 10, 2005. Paul indicated the department is serious about soliciting advice and he welcomes calls and e-mails.

Issues of particular concern to Medicaid are:

- A reduction in the anticipated Michigan federal match rate (FMAP) for next fiscal year resulting from a \$16 billion GM pension fund contribution that counted as personal income in Michigan.
- The likelihood that the Bush administration and part of Congress will pursue "entitlement" reform in the form of a block grant for Medicaid or limiting the amount of federal funding via a per capita cap.

General Discussion

Ms. Hudson indicated that the implementation of Medicare Part D, the prescription drug program goes into effect during fiscal 2006, and should be a topic for discussion by the Council at a future meeting.

Because Medicaid is frequently viewed negatively, Ms. Hudson indicated it is important to convey a positive message about the program. It is no longer a program primarily serving beneficiaries receiving cash assistance. The majority of Medicaid beneficiaries are the working poor who receive only health care benefits.

Members were asked to indicate why they wanted to be on the Council. Some of the reasons offered were:

- Desire to be proactive in the Medicaid policy process--getting in on the front end of the process.
- A member of the previous Council indicated he saw the value of the Council providing input during the difficult times of the recession and other challenging situations. There is a great deal of value in having dialogue, especially ahead of time rather than after the fact.
- Concern that managed care continues as a part of the program.
- Concern about the health and well being of vulnerable populations, including outreach to those who do not know about the program.
- Desire to understand managed care issues, provide input on current standards of care and try to change program assumptions regarding how care is provided.
- Concern regarding the degree to which mental health has become a Medicaid program.
- To feel connected with what is going on in the program. Where are things coming from or why things are being done.
- To reduce the "hassle factor" that regular people trying to use the program run into, and to address access issues.
- To address access issues for special populations that may not traditionally live in cities and close to services (e.g., farm workers and Native Americans); the lack of dignity with which beneficiaries have been served; and enhancing the coordination between the TANF and Medicaid.
- Desire to see program issues addressed in a more effective way.
- To address the needs of kids and the needs of providers, along with the particular group of seniors they serve.

Medical Care Advisory Council Minutes

January 6, 2005

Page 5 of 5

- To promote oral health care as being health care rather than viewed as separate from the whole, and to address the impact lack of oral health care has on the Medicaid program.
- Concern regarding Medicaid's ability to survive.
- Concern with issues related to long-term care and absence of choice. Nursing home placement is commonly seen as the long-term care solution.
- Interest in services to children. Would like to hear the policies and perhaps be part of the policy development to avoid negative impact being felt in other states.

The consensus of the Council is that all want to be involved at the front end of the policy process. It was noted that the provider liaison meetings have also been reinstated and they are one of the major mechanisms the department has for getting input on policy even prior to issuing the draft policy bulletin. Mr. Kemp indicated that policies are often revised after the public comments have been received. In addition, agendas for future provider liaison meetings will be e-mailed to MCAC members as they become available.

Future Meetings

Council members will be submitting agenda suggestions for future meetings. Topics for the next meeting will be the budget, and Medicare Part D, which will have a huge impact on the dual eligibles as well as employers.

The date of the next meeting will be rescheduled from April 7 due to conflicts with member schedules. A new date will be established and forwarded to members via e-mail.

After discussion, it was decided a vice-chair was not needed for the Council. If the chair is unavailable, she will solicit a volunteer.

There was discussion about how often the Council should meet. It was decided to retain the quarterly schedule, with special meetings or conference calls arranged if necessary. It was also determined that the length of the meetings should be extended.

Basic meeting protocols were discussed and the following decisions made:

- The Council will operate on a consensus basis, particularly since they are an advisory group.
- Members will be courteous, and will not make personal attacks.
- The length of discussions will need to be monitored due to the size of the group and the time frames.
- Karen Rothfuss is the liaison to the Council and the contact person for meeting agenda items. Information forwarded to Karen should also be sent to Ms. Hudson.
- Members are welcome to bring information to share.

(Jan brought some recent League publications in defense of the Medicaid program. The League also has a public policy forum scheduled for February 18, 2005 with Mary Lannoye, Paul Hillegonds and Lynn Jondahl. Jan supplied some registration forms for those interested in attending.)

Policy Promulgation

Ed Kemp walked the members through the Medicaid policy development process. The members of the MCAC will receive electronic copies of the draft bulletins for comment. Final policy bulletins and the Medicaid Provider Manual are available on the MDCH website at www.michigan.gov/mdch >>Providers>>Information for Medicaid Providers. Paper copies of the final policy bulletins and/or consultation summaries (addressing comments received regarding the draft policy) may be obtained by sending an e-mail to Kathy Whited at whitedk@michigan.gov.

The MCAC web page was discussed as well as the type of information that will be posted in the future. The page is located at the website noted above.