

**Department of Community Health
Boilerplate Report - Section 1629(2), P.A. 60 of 2001
Second Quarter**

Persons Enrolled	14,786
Year-To-Date Expenditures	\$ 8,222,479
Projected Expenditures	\$24,000,000

Also attached is the department's quarterly report as required by the EPIC Legislation, Section 8 of PA 499 (2000).

DEPARTMENT OF COMMUNITY HEALTH

EPIC PROGRAM

FY02 SECOND QUARTER IMPLEMENTATION REPORT

Section 8 of PA 499 (2000) requires that quarterly reports be transmitted to the senate and house appropriations committees and the senate and house fiscal agencies. These reports are required to include the following:

- quantified data as to the number of program applicants and enrollees
- the amount of expenditures
- the number of enrollees subsequently found eligible for Medicaid
- an estimate as to whether the current rate of expenditures will exceed the existing amount of money appropriated for EPIC in the current fiscal year

The following report addresses each of these requirements.

Applications and Enrollment

The priority enrollment period for persons receiving a MEPPS voucher in FY01 and individuals who filed a senior prescription drug tax credit form for calendar year 2000 ended with applications postmarked January 31, 2002. At this time, general enrollment has not been opened for new EPIC participants . However, the 45-day coverage emergency program remains open and will enroll any eligible applicant.

Through April 20, 2002, total enrollment is 14,786 plus 34 applications in process. This includes 182 emergency applications.

As of April 20, 2002, 283 applications remain in a "pending" status. The pending status is used when the application is incomplete, if the required proof documents such as proof of residence or income are not submitted, or if other questions are identified in the application review process. At least one follow-up to the original request for information has been made and at least a second follow-up has occurred. First Health is currently reviewing all pending applications and will close out the application if the applicant cannot be contacted and does not respond with the requested information.

In April 2002, web site revisions were implemented. As a result, a password is now required in order to download the application. This is intended to limit, to the extent possible, the downloading and submission of enrollment applications when the program is not currently accepting applications. There is no waiting list for submitted applications and a \$25 non-refundable administrative fee is required with each application. So, if an application is submitted when enrollment is not open, the \$25 fee would not be returned to the applicant. Emergency applications are processed through Senior EPIC Centers.

They have been provided with a password so that the application remains available for emergencies. The department continues additional steps taken previously to preclude individuals from applying for the program when enrollment was not open to them by:

- C specific instructions for applicants to call the toll-free EPIC member services number before submitting an application to verify their eligibility;
- C maintaining a network of senior EPIC centers to provide information and assistance to individuals inquiring about the EPIC program;
- C informing all applicants that the application fee is non-refundable, regardless of the reason for denial.

Medicaid-eligible Enrollees

Applicants who are at or below 100% of the federal poverty level, when approved for enrollment, are told in their enrollment letter that:

- C they may be eligible for Medicaid
- C Medicaid provides a broader range of coverage/benefits
- C their local FIA office can provide additional information

Senior EPIC Centers may also refer individuals to the local Medicare Medicaid Assistance Program staff. In many instances, these are the same staff who assist seniors with EPIC matters. However, the EPIC legislation does not require Medicaid-eligible participants to enroll in Medicaid.

Of all applicants through April 20, 2002, 2,939 (19%) appear to be Medicaid-eligible based on the information submitted with the application. Note, however, that EPIC does not consider assets in determining eligibility. Of the emergency applications, approximately 23% may be eligible for Medicaid benefits.

The department's contract with First Health Services Corporation requires a "file match" between EPIC and Medicaid participant files. An initial test file match has been completed and is currently being reviewed to assure the report is accurate. Once the validity is confirmed, dis-enrollment will take place for EPIC participants enrolled in the regular Medicaid program.

Expenditures

The EPIC program is not projected to exceed the current appropriation.

On a full-year coverage basis, the current annual EPIC projected cost for enrolled participants filing pharmacy claims is projected at approximately \$2,060.00 at current prices. However, expenditure data indicates that not all EPIC participants utilize pharmacy benefits each month; thus far, participation is approximately 85% within a given month.

Note this information is tentative since enrollment processing continued through February 2002 and only one full month of claims information is currently available.

A. Claims

Through the pharmacy claims billing period ending April 14, 2002, there have been about 272,900 paid claims, which total \$9.9 million excluding administrative costs. The cost to EPIC was approximately \$8.7million. Within each biweekly claims period, the average EPIC participant utilizing benefits is filling 3.2 claims at an average cost per claim to EPIC of about \$31.73. The average participant co-pay is 12.6% of the cost of the claim and is approximately \$4.37.

B. Administrative Costs

Through March, administrative costs have been approximately \$1.8 million and include significant one-time amounts associated with the start-up of the program.

Attachments - additional statistical information is contained in the attachments

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DEPARTMENT OF COMMUNITY HEALTH

EPIC FACTS

APPLICATION DATA

- Applications were mailed to over 46,000 households.
- Approximately 15,500 applications have been received by First Health as of April 13, 2002.
- Thus far, approximately 16% of the applications have required additional information or follow-up to determine eligibility. The most common problem is related to proof of income.
- About 2.7% of applicants have been denied due to failure to meet eligibility criteria. The most frequent denial for individuals eligible to apply is due to income exceeding that established in the EPIC legislation (182 individuals). Additionally, 207 applications have been denied because the applicant was not a member of a priority enrollment group and regular enrollment is not yet open to the general public.
- Thus far, about 19% of applicants are likely to also be Medicaid-eligible. These individuals are notified of their possible eligibility. However, as required by the legislation, they are enrolled in EPIC if otherwise eligible and would be dis-enrolled if they become Medicaid beneficiaries.
- As of April 20, 2002, 182 emergency applicants have been approved and enrolled.

CLAIMS DATA

- As of April 14, 2002, about 272,900 pharmacy claims have been paid at a gross cost of \$9.9 million.
- The average cost per prescription to the EPIC program has been \$31.73, and the total cost, including participant co-pays as required by legislation, has been about \$36.09.
- The total average participant co-pay, per claim, has been about \$4.37 – about 12.5% of the cost of the prescription.
- In each bi-weekly claim period, the average number of prescriptions per participant with a prescription filled has been between 2.8 and 4.1 claims.
- Note: Because benefits began recently and enrollment continues, it is not certain that these costs are representative of a full year of utilization or of all enrollees.

PRESCRIPTION DATA

For October through March:

- Single-source brand drugs represented 41% of all claims and 75% of the total ingredient cost.
- Multi-source brand drugs represented 5% of the total claims and about 4% of the total ingredient cost.
- Generic drugs represented 55% of all claims and 21% of the total ingredient cost.

The average ingredient costs by drug type were:

- Single-source brands: \$63.38
- Multi-source brands: \$38.29
- Generic: \$13.47

Note: This information is limited to October-March claims only; it is not certain that these costs are representative of a full year of utilization or of all enrollees.

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DEPARTMENT OF COMMUNITY HEALTH

EPIC PROGRAM IMPLEMENTATION MAJOR EVENTS

- January 2001: The Elder Prescription Insurance Coverage Act (PA 499) of 2000 was enacted and became effective October 1, 2001.
- March 2001: The Request for Proposals (RFP) to provide both eligibility and enrollment and pharmacy benefits management for the EPIC program was issued by the Department of Management and Budget.
- June 2001: First Health Services Corporation, located in Richmond, Virginia, was selected as the EPIC vendor. This corporation is experienced with senior prescription plans and is the Michigan Department of Community Health (MDCH) Medicaid fee-for-service benefits manager as well.
- July 2001:
- 1) July 1, 2001 was the contract starting date for First Health.
 - 2) As the outcome of working with the Offices of Services to the Aging and the Senior Network, approximately 150 Senior Centers were offered small grants and invited to serve as Senior EPIC Centers. These centers are expected to assist seniors with information about the EPIC program, their completion of applications and to process emergency applications. All Area Agencies on Aging were also offered small grants for general information and referral services.
 - 3) A series of training sessions for Senior EPIC Centers were held across the state in late July/early August.
- August 2001:
- 1) The mailing of 12,952 applications to FY01 recipients of the Michigan Emergency Prescription Program for Seniors (MEPPS) began on August 15. Since MEPPS benefits continued through September, the department continued to receive names for the prior 12 months coverage into October.
 - 2) The toll-free EPIC member services call center (1-866-747-5844) and the MIEPIC web site were activated.
 - 3) First Health enrollment of pharmacies into the EPIC provider network began. Of the approximately 3,200 licensed pharmacies in Michigan, over 2,000 are currently accepting EPIC claims. Additional pharmacies continue to enroll. Nationwide access to pharmacies is in place primarily through the large pharmacy chains.
 - 4) On August 22, 2001, the EPIC Advisory Committee met to advise the department on the \$15 brand name co-pay policy, as required by the legislation. The Advisory Committee and the department's recommendation was that the \$15 brand name co-pay apply unless no generic equivalent exists or the brand name will be dispensed at the generic MAC price. This recommendation was subsequently forwarded to the House and Senate appropriations committees.
- September 2001:
- 1) A series of EPIC claims processing training sessions for pharmacies were held.
 - 2) Program implementation decisions were finalized and First Health prepared to process claims.
 - 3) EPIC participants began to receive membership cards in late September.
 - 4) The MEPPS program officially ended September 30, 2001, but was replaced by EPIC emergency enrollment and voucher policy.

- October 1, 2001:**
- 1) **Pharmacy claims began to be processed for enrolled epic participants (former MEPPS recipients) who presented prescriptions to enrolled pharmacies.**
 - 2) **The emergency component of the EPIC program became operational.** Through December, approximately 70 emergency applications had been approved.
- October 1, 2001:
- 1) Beginning October 3, a follow-up letter was mailed to MEPPS participants from whom applications were not received to assure they are aware of the EPIC program and to advise them as to how they can obtain another application form.
 - 2) Beginning October 3 and continuing into December, approximately 33,370 EPIC applications were mailed to households filing a Senior Prescription Drug Tax Credit (STC) form for 2000. Approximately 400 additional applications were mailed after receipt of late filing names/addresses from the Department of Treasury.
- November 2001:
- 1) As program implementation continued, MDCH EPIC staff coordinated with First Health to identify and resolve various problems in application review and claims processing.
- December 1, 2001: **Pharmacy claims were processed for enrolled EPIC participants who received Senior Prescription Drug Tax Credits for 2000 and who presented prescriptions to enrolled pharmacies.**
- December 31, 2001: The Senior Drug Prescription Tax Credit Program officially ended. Seniors may file a final tax credit for calendar year 2001.
- January 31, 2002: The priority enrollment period for MEPPS and Senior Tax Credit recipients ended.
- February 2002: Ongoing applications postmarked through this date were accepted for eligibility determination. The emergency component of the program continues and remains open for individuals who meet these criteria. A 45-day coverage is provided for enrolled emergency participants. An individual may receive up to two emergency enrollments depending on the availability of funds.
- Claims utilization information is under analysis with a decision regarding open enrollment to follow.