

Progress Report on Implementation of Long-Term Managed Care Initiatives

(FY2011 Appropriation Bill – Public Act 187 of 2010)

June 1, 2011

Section 1775: The department shall provide a progress report on ongoing efforts to implement long-term managed care initiatives to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies by June 1 of the current fiscal year.

*Michigan Department
of Community Health*



**Rick Snyder, Governor
Olga Dazzo, Director**

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The Michigan Department of Community Health (MDCH) continues to explore opportunities to improve its Long Term Care (LTC) programs by implementing a variety of managed care reforms. Michigan's Program of All-Inclusive Care for the Elderly (PACE) is based on the national model for managed long-term care and continues to expand its enrollment. MDCH is also implementing managed care reforms in the MI Choice program through the renewal process. Finally, the department is pursuing a demonstration opportunity to integrate care for individuals dually eligible for Medicare and Medicaid through a capitated system with a new model of services and supports across all service domains including physical health, behavioral health, and long term care.

The PACE program continues to expand and produce successful outcomes through its innovative managed care model. The combination of an interdisciplinary team and capitated payment system for Medicare-Medicaid eligible individuals allows the program to cover the specific needs of each enrollee. A fifth PACE organization became operational in 2012 and enables Medicaid beneficiaries in certain counties of Southwest Michigan to access PACE services for the first time. The other four PACE organizations are also experiencing increased enrollment and strong demand from consumers to expand into new areas.

MDCH has begun the process of renewing the MI Choice waiver and aims to implement managed care reforms through its renewal. MDCH is planning to submit a Section 1915(b)(4) waiver application to the Centers for Medicare and Medicaid Services (CMS) to operate concurrently with the Section 1915(c) waiver. The Section 1915(b)(4) waiver will allow MDCH to selectively contract with waiver agencies to provide MI Choice supports and services either directly or through providers subcontracted with the waiver agency. The intention of introducing selective contracting into the MI Choice program is to eventually move towards a capitated payment system for the waiver providers.

The Integrated Care for Individuals Dually Eligible for Medicare and Medicaid demonstration offers another opportunity for MDCH to integrate and manage care across the health care service spectrum, including long term care. The department submitted a proposal for a capitated model to the CMS towards this end. The demonstration would employ a group of Pre-Paid Inpatient Health Plans and Integrated Care Organizations to more effectively coordinate care for the dual eligible population. These entities, linked by the Care Bridge model proposed to CMS, would receive a risk stratified capitated payment to provide for Medicaid and Medicare services and supports for all integrated care enrollees. The demonstration features the Care Bridge as a new supports coordination model to facilitate the delivery of the right services in the right setting at the right time. Finally, the demonstration would allow MDCH to reduce barriers to the provision of LTC services in the community and rebalance its LTC system. The department is currently engaging in negotiations with CMS with the goal of developing a Memorandum of Understanding that outlines the elements of the demonstration.