Medical Services Administration

Medical Care Advisory Council

Minutes

Date: Tuesday, May 5, 2015

Time: 1:00 pm – 4:30 pm

Where: Michigan Health and Hospital Association Headquarters
2112 University Park Dr.
Okemos, MI

Attendees: **Council Members:** Jan Hudson, Michael Vizena, Marilyn Litka-Klein, Cheryl Bupp, Kimberly Singh, Alison Hirschel, David Herbel, Priscilla Cheever, Amy Zaagman, Linda Vail, Robin Reynolds, Marion Owen, Barry Cargill, Warren White, Rebecca Blake, Kim Sibilsky

Staff: Steve Fitton, Tim Becker, Dick Miles, Kathy Stiffler, Jackie Prokop, Susan Yontz, Marie LaPres, Cindy Linn, Pam Diebolt, Eric Kurtz, Elizabeth Hertel, Christina Severin, Leslie Asman, Sarah Slocum, Farah Hanley

Other Attendees: Tori Johnson

Welcome and Introductions

Jan opened the meeting and introductions were made. Steve Fitton also announced that he will be retiring from his position as director of the Medical Services Administration in June 2015.

Healthy Michigan Plan

Eligibility Issues and Fixes – Schedule for Fixes

The Department has implemented two of the first three planned releases in Bridges to correct systems problems related to Healthy Michigan Plan eligibility. The third release is scheduled to begin June 20, 2015, and will address the issue of parents being denied Healthy Michigan Plan coverage when they do not include dependent children on their application who already have coverage, problems with shifting beneficiaries into the Transitional Medical Assistance (TMA) program when their eligibility ends for Family Independence Program payments, and the incorrect denials of retroactive coverage for new Healthy Michigan Plan beneficiaries at the time of enrollment. The release will be issued in multiple parts, with the goal of being completed within 6-8 weeks. The first two releases in R6 primarily included Bridges, Modified Adjusted Gross Income (MAGI) and HUB system updates related to technical changes, system fixes addressing previous work around issues, account transfers, and security enhancements.

The next release is planned for September 2015, and will focus on a long-term fix for Presumptive Eligibility (PE). Since it was last discussed at the February Medical Care Advisory Council (MCAC) meeting, MDHHS has received approval from the Centers for Medicare and Medicaid Services (CMS) to offer PE to beneficiaries through the end of the month if they are subsequently found to be ineligible for coverage based on the submission of a full MAGI application. MDHHS has also received CMS approval to make changes to the eligibility criteria for the Freedom to Work program, and the needed systems changes should be included in a release in Bridges no later than September 2015.

Second Waiver Development

Public Act 107 of 2013 requires MDHHS to submit a second waiver to CMS by September 1, 2015, with approval by December 30, 2015, in order to continue to provide benefits under the Healthy Michigan Plan. As discussed at the February MCAC meeting, the second waiver would require that beneficiaries who have had Healthy Michigan Plan coverage for 48 cumulative months and have incomes over 100% of the FPL to:

- Purchase insurance from the Federally Facilitated Marketplace (FFM) and receive a subsidy, or
- Remain on the Healthy Michigan Plan and contribute a higher rate for cost-sharing.

Contribution responsibilities for beneficiaries who choose to remain in the Healthy Michigan Plan would increase from 2% of income to 3.5%, and the total cap on cost-sharing would be increased from 5% of income to 7%. In order to implement these changes, the Department has been researching several different types of waivers to use, including a Section 1115 Demonstration waiver amendment, a 1916(f) cost-sharing waiver, and a Section 1332 waiver. The Section 1332 waiver is typically tied to the health care exchanges established by the Affordable Care Act (ACA), and MDHHS is exploring its potential applications for the Healthy Michigan Plan. MDHHS staff discussed details related to the 1115 waiver amendment and the requirements of the 1332 waiver, and how they apply to the Healthy Michigan Plan. The Department has been discussing the state-mandated waiver requirements with CMS and other stakeholders, and is working toward developing waivers that can be approved. MDHHS staff once again stressed the importance of educating lawmakers on the successes of the Healthy Michigan Plan, and noted that only a very small percentage of Healthy Michigan Plan beneficiaries would be affected by the cost-sharing requirements in the second waiver, and under current law, the program would be discontinued for all enrollees if the waiver is not approved, not just those with incomes above 100% FPL. Steve also noted that no one can meet the 48 months criteria until April 1, 2018 – two years after the program would be terminated if the waiver is not approved or the Healthy Michigan Plan law is not changed.

MIHealth Account Payments

To date, 250,000 MIHealth account statements have been mailed to Healthy Michigan Plan beneficiaries who have enrolled in a health plan. MDHHS is working with Maximus to compile an executive report to simplify data from these statements, and the report is expected to be available for distribution to the MCAC soon. The Department is also working with the University of Michigan to interview beneficiaries who have received a MIHealth account statement in order to assess the need for future changes.

High Utilizer Report

The Emergency Room (ER) High Utilizer report that was discussed at the February MCAC meeting is now available on the MDHHS website at www.michigan.gov/medicaidproviders >> High Utilizers. The report details 11 recommendations to the legislature for addressing the needs of high utilizer patients in Michigan, and implementation discussions have begun.

Integrated Care for Dual Eligibles (MI Health Link)

MI Health Link has now been implemented in each of the first four demonstration regions (Upper Peninsula, Southwest Michigan, Macomb County and Wayne County). Voluntary enrollment across all four regions totaled 1,144 beneficiaries as of May 4, 2015, while approximately 8,500 beneficiaries have been passively enrolled in the Upper Peninsula and Southwest Michigan as of May 1, 2015. Approximately 18,000 individuals have opted out of MI Health Link enrollment since February. MDHHS currently has contracts in place with seven health plans to provide benefits under the MI Health Link Program, including the Upper Peninsula Health Plan (UPHP), Meridian Health Plan, Aetna Better Health of Michigan, AmeriHealth Michigan, Fidelis SecureCare of Michigan, Molina Healthcare, and HAP Midwest Health Plan.

MDHHS has engaged in numerous outreach activities to promote the MI Health Link program, including provider webinars, conferences, informational forums, and beneficiary letters to provide information about MI Health Link to individuals who may not have other opportunities to learn about the program. Many third-party organizations and the health plans are also engaging in outreach on behalf of the Department. Attendees were invited to email integratedcare@michigan.gov with any comments or questions related to the MI Health Link program, and also visit www.michigan.gov/mihealthlink for additional information.

In addition to implementing MI Health Link, MDHHS has also opened new Program of All-Inclusive Care for the Elderly (PACE) organizations in Saginaw and Lansing, with several more planned in the near future.

Managed Care Rebid

Kathy Stiffler gave an update on the Managed Care rebid, announcing that the Request for Proposal (RFP) is on track to be released by May 8, 2015, with bids to be due in early August. Two bid meetings are planned following the release of the RFP, and questions and answers from these meetings will become an official part of the bid. Additionally, the council was provided with a progress report on the following items that were discussed at the February MCAC meeting:

- The conversion of MIChild, Michigan's Children's Health Insurance Program (CHIP), from a stand-alone program to a Medicaid expansion program is planned for January 1, 2016, but could possibly be delayed pending CMS approval of a Section 1115 waiver and systems changes in CHAMPS and Bridges.
- Pharmacy benefits will remain part of the Medicaid Health Plan (MHP) benefit package, but all MHPs will be required to use a common formulary and the same administrative rules for pharmacy services.
- In order to improve access and to provide more comprehensive care for all Medicaid Fee-for-Service and MHP beneficiaries, MDHHS plans to issue a separate RFP specific to dental benefits to provide improved access to all Medicaid beneficiaries, not just those enrolled in a health plan.

FY 2016 Budget

Discussions for both the Michigan Department of Community Health (MDCH) and Department of Human Services (DHS) budgets are now in the conference workgroup negotiation stage, and meetings among MDHHS staff, the State Budget Office, and legislators are scheduled for the week of May 11, 2015 to discuss Medicaid funding and caseload projections. The Revenue Estimating Conference is scheduled to take place on Friday, May 15, 2015. Projected revenue to fund the FY 2016 department budgets will be agreed upon as will the caseloads to be funded.

MDHHS staff noted several spending reductions in the legislature's version of the budget, including a $14 million reduction in General Fund (GF) appropriation for the Mental Health and Wellness Commission, to be replaced with money from the Michigan Health Endowment Fund, $3 million in GF reduction for MDHHS administration associated with the merger of MDCH and DHS, and several county office closures. Staff also reported that the proposed increase in the Health Insurance Claims Assessment (HICA) tax from 0.75% to 1.3% that was included in the Executive Budget Recommendation did not receive approval from the legislature, which created a budget shortfall of approximately $180 million in State GF or $540 million in program expenditures when federal funds are included.

The legislature also approved increases in funding for certain program areas, including an increase in actuarial soundness for the Prepaid Inpatient Health Plans (PIHPs) of 1.5% and a 2% increase for the MHPs, and an increase of $20 million for Community Mental Health (CMH) non-Medicaid services. The primary care rate adjustment that was implemented on January 1, 2015 was annualized, and was also approved by both chambers. The House of Representatives approved funding for an expansion of ***Healthy Kids Dental*** into Kent County, Oakland County, and Wayne County for children up to the age of 9, while the Senate proposal offered coverage to all children with an effective date of July 1, 2016. The House and Senate also offered different proposals for improving access to Medicaid adult dental coverage in the fourth quarter of FY 2016. The legislature rejected the proposed changes and reductions in hospital financing related to graduate medical education, small and rural hospital adjustor and the OB/GYN special payment to rural hospitals.

Approximately $100 million gross in managed care savings was identified among three program areas, including $54.5 million in savings by implementing a common formulary for pharmacy benefits, $15 million in savings from the new Medicaid RFP for three quarters, and $31.8 million in savings assumed by moving all MHP laboratory rates to Medicaid Fee-for-Service rates. Significant savings were also realized through a projected decline in Medicaid caseloads in FY 2015 and continued in FY 2016.

CHIP Extension

Steve Fitton reported that CHIP funding was extended with a federal match rate of approximately 98% in FY 2016, but the primary care rate increase for CHIP was not approved.

Merger of MDCH and DHS – Michigan Department of Health and Human Services

On April 10, 2015, Executive Order 2015-4 became effective to create MDHHS by merging MDCH and DHS. A revised budget proposal was submitted to the legislature to combine the MDCH and DHS budgets following the merger, totaling approximately $24 billion, nearly 46% of the state budget. No additional staffing reductions or other savings were proposed as a direct result of the creation of MDHHS; staff indicated that a main goal of the merger is to facilitate a more efficient delivery of services to Michigan citizens.

Eight guiding principles for the new department were also outlined, including treating a person as a whole person, delivering services in a smarter way with less fragmentation, supporting dignity in all stages of life, improving outcomes through integration and coordination, interrupting generational poverty and supporting self-sufficiency of those who are able, ensuring the safety, well-being and permanence of children in the State's care, ensuring the safety and wellness of vulnerable adults and the elderly, and improving the health of Michigan citizens in a cost-effective manner. A handout of the new organization chart for MDHHS was provided to meeting attendees, and several areas were discussed.

Council members expressed concern about issues related to non-emergency medical transportation. Tim Becker requested specific examples of transportation issues.

Jan Hudson invited meeting attendees to share any problems they encounter related to services being combined in MDHHS, as well as any proposed solutions, with herself or Tim Becker. If emailing Tim Becker, attendees were reminded to also copy his assistant, Patricia Ray.

State Implementation Model (SIM) Grant Implementation

MDHHS has started the assessments for both the Accountable Systems of Care capacity, which closed on May 4, 2015, and the Community Health Innovation Region Assessment, which will close on May 11, 2015. Once all assessments have closed, the Department will begin identifying which responses are possible to follow up on and begin scheduling site visits with respondents. The results from the assessments will be used to make decisions about where to start piloting the SIM Grant in Michigan. The State has received $70 million from the federal government for SIM Grant implementation over the next 4 years. The FY 2016 recommendation includes $20 million for the project. The current focus includes: payers, doctors and hospitals; who can/will become Accountable Care Organizations; and high users of services.

Consolidation of 1915B&C Waivers to 1115 Waiver

The Medicaid Managed Specialty Service System covers persons with substance use disorders, severe mental illnesses, intellectual and developmental disabilities, and children with serious emotional disturbances. The program operates under five different waivers, including three 1915(c) waivers for the habilitation support for persons with developmental disabilities, the Serious Emotional Disturbances Waiver (SEDW) and Children's Waiver Program, a 1915(i) autism waiver, and a 1915(b) waiver. MDHHS is exploring several options for consolidating these waivers, including using a section 1115 waiver or a combination of a section 1115 and 1915(i) waiver. Moving the system onto a single Section 1115 waiver would allow the system to maintain the Managed Care delivery system that is currently offered. CMS encouraged the use of a 1915(i) waiver, but it would impose an income limitation of 150% of the FPL for beneficiaries in the waiver program. All of the current waivers for the Behavioral Health and Developmental Disabilities Medicaid Managed Specialty Service System are tied together under the 1915(b) waiver, which will expire on December 31, 2015.

Policy Updates

A policy bulletin update handout was distributed to meeting attendees, and several bulletins were highlighted.

Medicaid Enactment 50th Anniversary July 30, 2015

Jan Hudson reviewed the list of individuals who volunteered in February to serve on a committee to plan events commemorating the 50th anniversary of Medicaid enactment, and also invited others present to participate.

4:30 – Adjourn

Next Meeting: August 12, 2015