



Medical Care Advisory Council

Minutes

Date: Thursday, November 6, 2008

Time: 1:00 – 4:30 p.m.

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

Attendees: **Council Members:** Patricia Anderson, Priscilla Cheever, Celeste Davis, Jacqui Day, Jackie Doig, Andrew Farmer, Dave Herbel, Jan Hudson, Anita Liberman-Lampear, William Mayer, Peter Schonfeld, Paul Shaheen, Kim Sibilsky, Dean Sienko, Walt Stillner, Jocelyn Vanda, Harvey Zuckerberg
Staff: Lonnie Barnett, Billie Hargrove, Steve Fitton, Edmund Kemp, Neil Oppenheimer, Charles Overbey, Jackie Prokop, Paul Reinhart

Welcome and Introductions – Jan Hudson

Ms. Hudson began meeting by announcing that Paul Shaheen was retiring and this was his last meeting. Best wishes to Paul!

Budget/Revenue Update – Paul Reinhart/Chuck Overbey

FY09 Budget

Paul Reinhart: He stated that revenues were likely to be down. It is also highly likely there will be a federal stimulus package – he has heard plans that include 4% FMAP increase for Medicaid for about five quarters, and possibly 100% federal funding for certain eligible groups. The Governor has announced that she will issue an Executive Order after the University of Michigan economic meeting in late November.

The base appropriation for the department appears good as long as revenues hold up to support it.

Chuck Overbey: There is a projected \$400 million shortfall across the state government at this point. Part of it could be closed through an Executive Order, but we're not sure what the specific items will be in an Executive Order.

FY10 Budget

Chuck stated that the State is looking at cuts in FY09 that could be sustained through FY10.

The Department of Community Health is likely to be a target because of its size. The Departments of Community Health, Human Services and Corrections spend the bulk of the State's General Fund budget.

Jan Hudson mentioned that the CRC issued a fairly large report forecasting out to 2017. They forecast, if things are kept at the status quo, that there will be a \$9.6 billion shortfall (\$6 billion in GF and \$3 billion in the School Aid Fund) by 2017.

Chuck also observed that if GM and Chrysler were to merge it could result in the unemployment of approximately 115,000 workers.

Paul Reinhart: The current services baseline has been submitted. The department is looking at some non-waiver based eligibility enhancements including eligibility liberalizations for kids, and is hoping to address dental for all Medicaid kids in the Executive Budget.

Harvey Zuckerberg asked about the fee schedule for existing providers.

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Paul said this was one of the enhancement proposals he would like to see included in the budget.

Harvey asked what the timeline was for advocating for the budget proposals and Chuck said the real time to start advocating is when they are released in the Executive Budget (February 12th)

Paul also mentioned that MSA's budget recommendations will hopefully include eligibility enhancements inline with the thinking of the new administration. The next two years appear to be where exciting changes will take place, with once in a lifetime opportunities.

Legislative Commission on Governmental Efficiency – Chuck Overbey

Chuck: The commission's stated agenda is to achieve efficiency in government and they are looking at all levels of state government. Several meetings of the various efficiency committees are just beginning their work. Whatever proposals they come up with will have to pass through the legislature and be signed by the Governor.

Harvey Z. asked whether a list of commission members was public, and Jan Hudson said she'll ask Mitch Bean for the list of members if they are not posted on the website.

HMO Replacement Tax – Steve Fitton

Steve Fitton gave an overview of the status of the HMO Replacement Tax.

There was a drafting error in the Social Security Act which allowed only Medicaid HMOs to be taxed. This helps our financial system. The federal government figured out the mistake, but we were grandfathered in until September 2009. This tax is a significant amount of money. This is an enormous revenue problem if it isn't fixed. If there was no replacement tax, the GF for Medicaid would need to increase by \$190 million.

A possible solution may be to narrow the alternative tax to just tax HMOs. However, problems with this include: 1) we would be taxing the most efficient part of the system; and 2) there would be a competitive disadvantage w/HMOs and PPOs.

The HMO industry would like the tax to be as broad as possible.

Adult Benefit Waiver Update – Steve Fitton

The ABW expires January 31, 2009. Current activities in regard to the waiver include ongoing formal technical process with CMS and consultation with legal counsel. Legal counsel has assured us that we should be fine. Basically, what it currently comes down to is working with the new administration.

National Medicaid Perspective – Vern Smith, Health Management Associates

Vern Smith gave a presentation on Medicaid at the national level. The presentation covered: 1) Medicaid's current role, scope and impact; 2) U.S. Medicaid spending and enrollment trends; 3) Current state strategies and policy direction; and 4) Outlook for the future

Handout – PowerPoint presentation entitled "Medicaid Nationally in 2008: Current Trends, Issues and Policy Direction."

Federal Updates – Chris Priest

Federal Stimulus Package – There is tremendous interest in passing a stimulus package in lame duck. Relief to state and local governments is viewed as central to this effort. Governors and others have been clear about state needs. An FMAP increase of 4% or so has been suggested in the past and is a likely starting point for discussion. Obviously, the change in administration is an important factor in negotiations. Current advocacy would be welcomed. This issue is hot so efforts can begin right now to all of Michigan's congressional delegation.

New Administration's Health Care Plan – Health care reform was a priority during the campaign and continues to be a priority. However, with the new Administration being only two days into the transition, everything is very fluid, but healthcare reform is clearly a priority for many important groups. Already organizations are putting meetings together. The current economic situation will impact the decision.

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First up is SCHIP reauthorization. There has been some discussion of what form that would take (e.g., the previous bill) or perhaps a bill that calls for a shorter length of reauthorization. There is also concern about the tobacco tax revenue declining, as that funds the reauthorization.

In terms of the Seven Deadly Regulations, they are still scheduled to go into effect but Chris did not believe that adoption is likely; the new administration will appoint new CMS leadership.

Regarding ABW, there is a two-track process; working with CMS (where there isn't a lot of cooperation) and laying groundwork to work with the new Administration.

The MCAC will send a letter to the congressional delegation supporting the stimulus package.

Policy Update – Edmund Kemp & Staff

Jackie Prokop gave a general update. She mentioned the policy that mandated pregnant women be enrolled in health plans went into effect, and that there were some concerns around establishing a relationship with the physician and having women go into health plan. Since the policy has only been in affect for a short time, MSA has not experienced much feedback.

Ed Kemp addressed the policy that allows nursing home residents to use housing costs for six months to meet their patient pay amounts.

Allison Hirschel suggested that the department keep 'draft' policies up on the web site including consultation summaries. MSA staff will review the request and identify any obstacles.

Jackie Doig commented on the pharmacy co-pay bulletin that prohibits inducements including waiving co-pays. This seems contrary to policy that requires the pharmacy to waive a co-pay if they cannot afford it. MSA staff will review the wording of this policy.

MCAC Member Activities – All

Peter raised an issue concerning Calhoun County. The MHA is concerned that children are not gaining eligibility in the numbers and/or as quickly as expected/hoped. He suggested pursuing presumptive eligibility, and expressed concern that there maybe a backlog of beneficiary approvals due to Bridges implementation. After discussion, it was not clear if presumptive eligibility was an issue or if this was more of an outreach problem. Eligibility Policy staff indicated that they already have presumptive eligibility for MIChild.

Bill Mayer asked if there is an opportunity for promoting the visibility of Medicaid in order to draw in individuals who are eligible but haven't enrolled. Programs like Plan First! actually save money by enrolling more persons so this would not necessarily increase costs. Jan Hudson suggested that this issue should be addressed after the Executive Budget is released.

Membership Update/2009 Schedule – Jan Hudson

Jan announced that several members' terms are ending. Letters of invitation to continue as council members will be sent out by end of 2008. Suggested months for 2009 MCAC quarterly meetings will be February, May, August and November.

Other Issues/Assignments – Jan Hudson

Jan Hudson announced that the Michigan League for Human Services will be hosting a Policy Forum on December 12th featuring Jared Bernstein.