



# Medical Services Administration

## Fiscal Year 2018

**Presentation to Appropriations Subcommittee  
on Health & Human Services**

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## ***Our Guiding Principles***

### **Mission**

The Michigan Department of Health and Human Services provides opportunities, services, and programs that promote a healthy, safe, and stable environment for residents to be self-sufficient.



### **Vision**

Develop and encourage measurable health, safety and self-sufficiency outcomes that reduce and prevent risks, promote equity, foster healthy habits, and transform the health and human services system to improve the lives of Michigan families.



# ***Medical Services Administration Leadership Team***

Chris Priest  
*Medicaid Director*

Erin Emerson  
*Chief of Staff to the Medicaid Director*

Laura Titus  
*Assistant to the Medicaid Director*

Crystal Kline  
*Financial Specialist for the Medicaid Director*

Brian Keisling  
*Director, Bureau of Medicaid Operations and Actuarial Services*

Dick Miles  
*Director, Bureau of Medicaid Policy and Health Systems Innovation*

Kathy Stiffler  
*Director, Bureau of Medicaid Care Management and Quality Assurance*

Dr. Catherine Reid  
*Acting Director, Office of Medical Affairs*



# ***MEDICAID OVERVIEW***

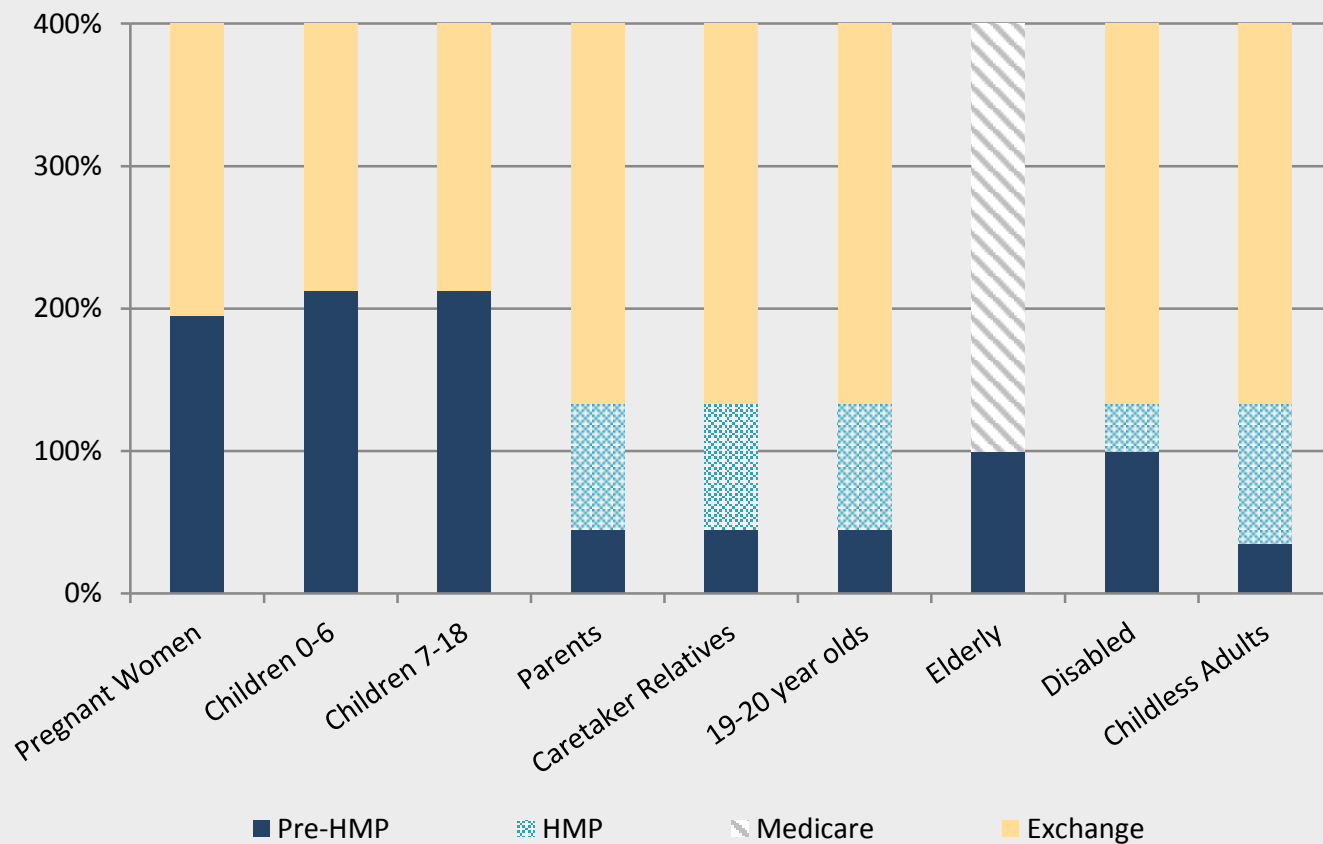


## ***Medicaid Primer***

- Medicaid is the largest health insurance program in the U.S.
  - State and federal partnership
  - Mandatory services with state options for broader coverage
- Michigan Medicaid covers many different populations, including:
  - 1.2 million children
  - 656,744 who receive health care under the Healthy Michigan Plan
  - 148,000 Michigan seniors get their health care through Medicaid
  - 380,000 people with disabilities who receive the care and support they need to live independently



## ***Eligible Populations***

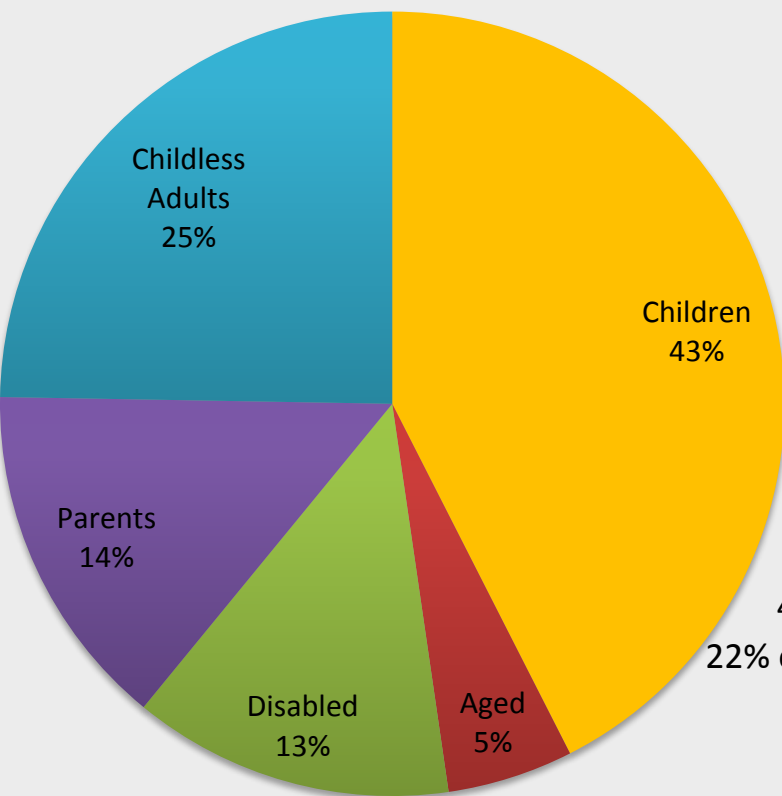




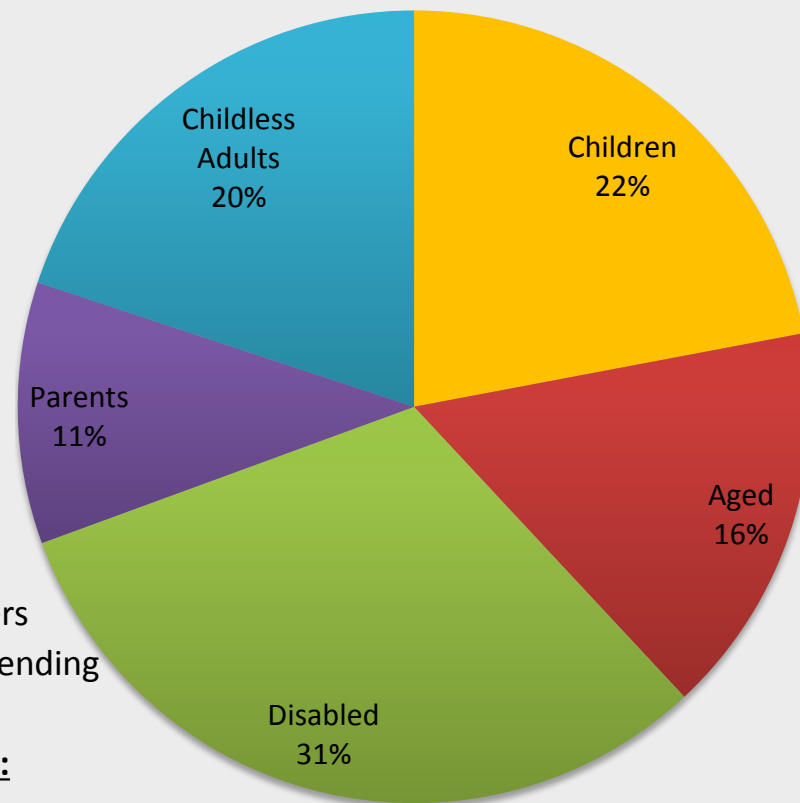


# Medicaid Consumers and Costs

Consumers



Costs



Children:

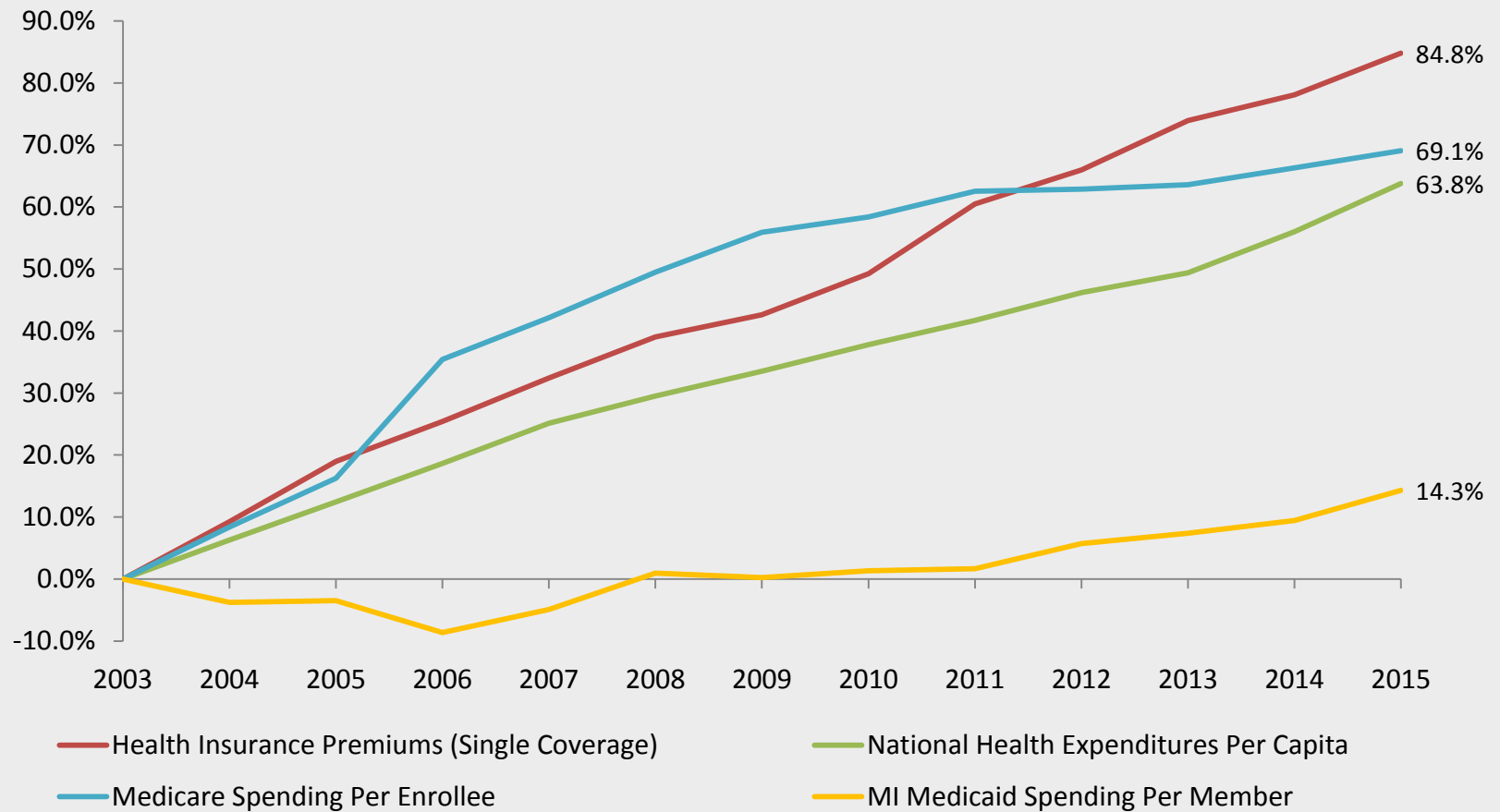
43% of the consumers  
22% of total Medicaid spending

Aged and Disabled:

18% of the consumers  
47% of total Medicaid spending



## ***Historical Costs of Health Care***







## ***Examples of Medicaid's Impact on Michiganders***

- 50% of Michigan's children received health coverage through Medicaid at some point in the last year
- 440,564 children had at least one dental visit
- 3,859 children were screened and approved for Autism Spectrum Disorder (ASD)-related services
- 53,314 babies were delivered to women on Medicaid
  - 46% of the births in the State
- Over 60% of women between the ages of 21 and 64 were screened for cervical cancer
- Over 32 million unique prescriptions were filled
- Cancer treatment was covered for 78,430 adults & 13,939 children
- 112,145 blood lead screenings were conducted for children under age 6
- 2/3 of all Michigan Nursing Home Beds were supported by Medicaid



## ***Examples of the Healthy Michigan Plan's Impact on Michiganders***

Since the program began in April 2014:

- 590,337 enrollees received a primary care visit
- 465,449 preventive visits have been covered
- 321,816 enrollees received a dental visit
- 15,477 enrollees received an OB visit (Antepartum, Delivery, Postpartum)
- 251,797 mammograms have been covered
- 55,762 enrollees were screened for colon cancer
- Over 9,000 individuals had access to Substance Use Disorder treatment that would not otherwise have been covered.
- 63% of newly eligible enrollees received a visit with their Primary Care Provider within 150 days of enrollment
- 83% of enrollees received at least one primary or preventive care visit



# ***DELIVERY SYSTEM***

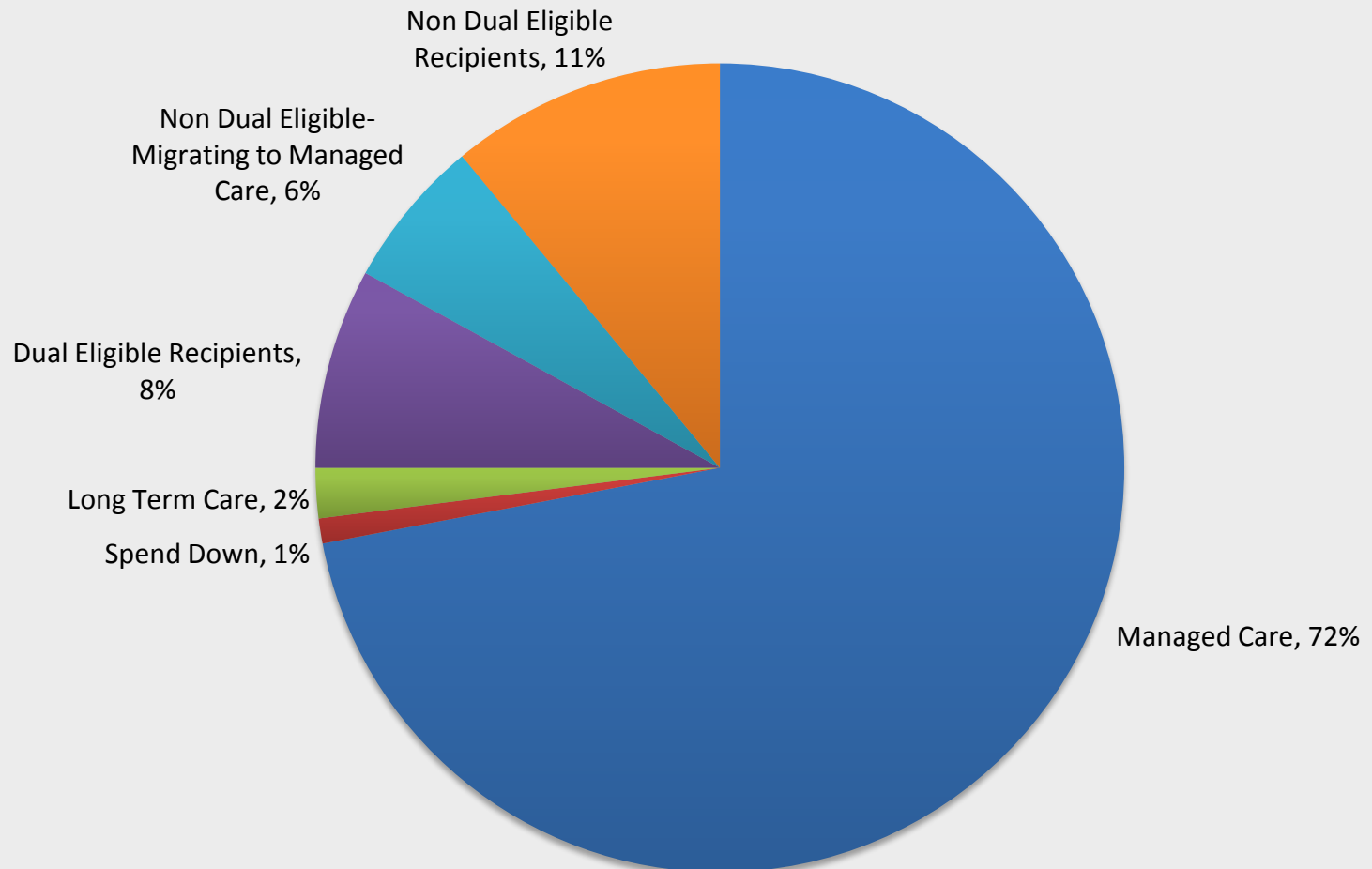


## ***Michigan Medicaid Managed Care***

- 78% of Medicaid beneficiaries are enrolled in one of the eleven contracted Medicaid Health Plans (MHPs)
  - Full-risk contracts with a mix of profit and non-profit; national and local health plans
- MHP coverage responsibilities include:
  - Comprehensive physical health care (acute, primary, and specialty services)
  - Most Prescription drugs
  - Outpatient mental health care for the mild-moderate population
  - Transportation
- Emphasis on high quality, low cost, and care coordination



# ***Michigan Medicaid Managed Care***





# Medicaid Health Plans

**Region 1 –**   
Upper Peninsula Health Plan

**Region 2 –**   
McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, UnitedHealthcare Community Plan

**Region 3 –**   
McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, UnitedHealthcare Community Plan


**Region 4 –**   
Blue Cross Complete of Michigan, McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, Priority Health Choice, UnitedHealthcare Community Plan


**Region 5 –**   
McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, UnitedHealthcare Community Plan

**Region 6 –**   
Blue Cross Complete of Michigan, HAP Midwest Health Plan, McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, UnitedHealthcare Community Plan

**Region 7 –**   
Blue Cross Complete of Michigan, McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan

**Region 8 –**   
Aetna Better Health of Michigan, McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, Priority Health Choice, UnitedHealthcare Community Plan

**Region 9 –**   
Aetna Better Health of Michigan, Blue Cross Complete of Michigan, McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, UnitedHealthcare Community Plan

**Region 10 –**   
Aetna Better Health of Michigan, Blue Cross Complete of Michigan, Harbor Health Plan, McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, Total Health Care, UnitedHealthcare Community Plan







## ***Michigan Medicaid Fee For Service (FFS)***

- 22% of Medicaid beneficiaries are covered through FFS on an ongoing basis
  - Dual Eligibles (Medicaid/Medicare)
  - Migrant populations
  - Native Americans
  - Long Term Care
  - Spend Down
- Over 19 million FFS claims are processed annually—totaling approximately \$2.5 billion



# ***UPDATE ON MAJOR INITIATIVES***



## ***Healthy Michigan Plan***

- 656,744 enrollees as of January 2017
- Key components of program:
  - Incentives for beneficiaries to promote personal responsibility
    - Beneficiary cost sharing
    - Healthy behavior incentives
  - Incentives for MHPs and providers to promote accountability around quality, cost, and utilization
    - Performance metrics/monitoring
    - Performance bonus incentive pool



## ***Healthy Michigan Plan- Second Waiver***

- Pursuant to Public Act 107 of 2013, Michigan was required to obtain a second waiver in order to maintain coverage for all beneficiaries enrolled in the Healthy Michigan Plan.
- Effective April 1, 2018, all individuals above 100% FPL, except those who are medically frail or newly enrolled, will have a choice:
  - Option 1 – Attest to a healthy behavior and choose to continue Healthy Michigan Plan coverage or receive subsidized coverage through the federal marketplace
  - Option 2 – Receive subsidized coverage through the Federal Marketplace



## ***Potential Federal Reforms to Medicaid***

- Potential for structural reforms to the Medicaid program as part of Federal “repeal and replace” efforts.
  - Per-Capita Cap or Block Grant model
- Medicaid Expansion programs may be impacted as well, but the extent varies across proposed replacement plans.
- Other state initiatives authorized through the Affordable Care Act:
  - MI Health Link
  - SIM/Patient Centered Medical Homes
  - MI Care Team (Section 2703 Health Home)



## ***Healthy Kids Dental Expansion***

- Funding was appropriated in FY17 to complete the phase-in of statewide coverage.
  - Coverage added for an additional 130,000 youth ages 13-20 in Wayne, Oakland, and Kent counties.
- With this expansion, all Medicaid-eligible children under age 21 in Michigan have access to dental care.
- 57% of continuously enrolled children are currently receiving an annual dental visit.
- Contract will be bid for the first time ever in 2017.





## ***MI Health Link***

- Five year demonstration to improve quality and access to care for dual eligible residents by aligning Medicare and Medicaid services, rules, and funding
- Program launched in March 2015 and is currently operating in four regions of the state
  - Upper Peninsula
  - Eight counties in Southwest Michigan
  - Wayne County
  - Macomb County
- 37,525 individuals are currently enrolled in the demonstration



## ***Flint Medicaid Waiver***

- Section 1115 Demonstration approved by CMS on March 9, 2016.
- Allows MDHHS to:
  - Extend Medicaid coverage and services to many Flint residents affected by the Flint water crisis; and
  - Expand the health resources available to residents by adding a new targeted case management benefit to the coverage package for eligible individuals.
- Enrollment began on May 9, 2016
  - Approximately 26,000 individuals are now enrolled.
  - 1,800 individuals enrolled in the waiver currently reside outside of Genesee County.



## ***Lead Abatement Health Services Initiative***

- Children's Health Insurance Program (CHIP) Health Services Initiative expands lead abatement activities in Flint and other targeted areas within the State.
  - Will complement other federal, state and local efforts to abate lead hazards from the homes of Medicaid and CHIP eligible individuals (children under age 19 and pregnant women).
  - Primary prevention program to help prevent negative long-term health effects associated with lead exposure.
  - Eligible properties in Flint will receive priority status, and MDHHS will identify other high-risk communities to engage later this year.
  - \$23.8 million available in FY17 (\$330,000 GF/GP).



## ***Opioid-Related Initiatives***

- Michigan Opioid Prescribing Engagement Network (Michigan-OPEN)
  - Partnership with University of Michigan to help medical teams across the state care for surgical patients' pain -- without setting those patients up for new chronic opioid use, misuse and addiction.
  - Creates network to link doctors & hospitals around the state for safer prescribing and drug take-back events.
- Office-Based Opioid Treatment
  - Medicaid coverage established for Physician, Physician's Assistant, and Nurse Practitioner services related to opioid dependence.
- Benefits Monitoring Program
  - Identifies beneficiaries who appear to be overusing and/or misusing Medicaid services;
  - Evaluates services to determine whether they are appropriate to a beneficiary's medical condition(s); and
  - Promotes beneficiary education regarding appropriate utilization of Medicaid services.



## ***Specialty Pharmaceuticals***

- Michigan Medicaid covers a variety of specialty drugs, including drugs treating Hepatitis C and Cystic Fibrosis.
- Hepatitis C Treatment for those with metavir scores of F4 and F3 began in March 2016. Expanded coverage to F2 population in February 2017.
- Report on coverage and success rates due to Legislature in March.
- High-cost drugs like these will continue to drive higher pharmacy costs for insurers nationwide, as 70% of the drugs currently in the FDA pipeline are specialty pharmaceuticals.



## ***Other Key Initiatives***

- MI Care Team
- Home and Community Based Services (HCBS) Rule implementation
- State Innovation Model (SIM)
- Common Formulary implementation
- IMPACT (i.e. Cloud-based MMIS)





## ***Governor Snyder's FY18 Recommendation***



# ***Budget Recommendation***

*(in millions)*

|  | <b>Gross</b>     | <b>GF/GP</b>   |
|--|------------------|----------------|
| <b>Elderly Services*</b>               | <b>\$2,854.4</b> | <b>\$633.3</b> |
| <b>Health Plan Services</b>            | <b>\$5,094.3</b> | <b>\$238.6</b> |
| <b>Healthy Michigan Plan</b>           | <b>\$3,813.7</b> | <b>\$169.4</b> |
| <b>Hospital Services &amp; Therapy</b> | <b>\$787.8</b>   | <b>\$23.2</b>  |
| <b>Pharmaceutical Services</b>         | <b>\$550.9</b>   | <b>\$191.0</b> |
| <b>Physician Services</b>              | <b>\$262.6</b>   | <b>\$90.0</b>  |

*\*Elderly Services reflects the sum of Adult Home Help Services, Home Health Services, Hospice Services, Integrated Care Organization Services, Long-Term Care Services, Home & Community Based Services, Personal Care Services, and Program of All Inclusive Care for the Elderly.*



# ***MDHHS 2018 Investments***

## **Statewide Non-Emergency Medical Transportation (NEMT) Expansion**

- Federal regulations require Medicaid programs to ensure transportation to all eligible beneficiaries, and to provide the service in a consistent and equitable manner
- Implementation of a broader NEMT program that will improve transportation access and quality of services. It will also better coordinate inconsistencies in the administration of this benefit
- \$12.0 M Gross and \$3.4 M GF/GP



## ***5 year history of major line item appropriations*** (in millions)

| <b>Appropriation</b>  | <b>FY 2014<br/>Expenditures</b> | <b>FY 2015<br/>Expenditures</b> | <b>FY 2016<br/>Expenditures</b> | <b>FY 2017<br/>Enacted</b> | <b>FY 2018 Executive<br/>Recommendation</b> |
|---|---------------------------------|---------------------------------|---------------------------------|----------------------------|---|
| Elderly Services*   | \$2,538.5                       | \$2,589.8                       | \$2,736.9                       | \$2,732.7                  | \$2,854.4                                   |
| Health Plan Services  | \$4,652.6                       | \$4,927.9                       | \$5,166.8                       | \$4,923.5                  | \$5,094.3                                   |
| Healthy Michigan Plan   | \$795.8                         | \$3,091.8                       | \$3,356.4                       | \$3,271.5                  | \$3,813.7                                   |
| Hospital Services & Therapy   | \$1,070.0                       | \$1,126.6                       | \$976.4                         | \$1,085.3                  | \$787.8                                     |
| Pharmaceutical Services   | \$263.7                         | \$268.0                         | \$412.4                         | \$537.5                    | \$550.9                                     |
| Physician Services  | \$343.2                         | \$296.5                         | \$303.8                         | \$321.0                    | \$262.6                                     |
| <i>* Elderly Services reflects the sum of Adult Home Help Services, Home Health Services, Hospice Services, Integrated Care Organization Services, Long-Term Care Services, Home &amp; Community Based Services, Personal Care Services, and Program of All Inclusive Care for the Elderly.</i> |                                 |                                 |                                 |                            |   |



## ***MDHHS Contact Info and Useful Links***

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