



## Medical Care Advisory Council

### Minutes

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**Date:** Thursday, February 19, 2015

**Time:** 1:00 pm – 4:30 pm

**Where:** Michigan Public Health Institute (MPHI)  
2436 Woodlake Circle  
Okemos, MI

**Attendees:** **Council Members:** Katie Linehan (for Elan Nichols), Cindy Schnetzler, Robin Reynolds, Cheryl Bupp, David Lalumia, Pam Lupo, Rebecca Blake, Amy Hundley, April Stopczynski, Roger Anderson, David Herbel, Dianne Haas, Jan Hudson, Barry Cargill, Vickie Kuhns (for Marilyn Litka-Klein), Larry Wagenknecht, Alison Hirschel, Amy Zaagman, Priscilla Cheever, Kim Sibilisky, Mark McWilliams (for Elmer Cerano) Bill Mayer, Mike Vizena

**Staff:** Steve Fitton, Charles Overbey, Dick Miles, Kathy Stiffler, Jackie Prokop, Pam Diebolt, Cindy Linn, Monica Kwasnik, Erin Emerson, Marie LaPres, Lynda Zeller

#### Welcome and Introductions

Jan Hudson opened the meeting and introductions were made.

#### Managed Care Rebid

The Michigan Department of Community Health (MDCH) has issued three press releases regarding the Managed Care Rebid since the previous Medical Care Advisory Council (MCAC) meeting in November 2014. In the first press release, issued January 6, 2015, it was announced that the coverage regions for the Medicaid Health Plans (MHPs) will be re-structured into Governor Snyder's ten "Prosperity Regions." Currently, MHPs operating within a region are not required to cover all counties within that region, but will be required to do so under the new contract. The first press release also discussed the planned conversion of MIChild, Michigan's Children's Health Insurance Program (CHIP), to a Medicaid expansion program with all current Medicaid benefits. Beneficiaries enrolled in this program will still have the same cost-sharing responsibilities currently required under MIChild (\$10 per month per family). MDCH expects that this conversion will result in increased efficiency in the delivery of services to MIChild beneficiaries.

MDCH issued a second press release on January 26, 2015 to announce that the implementation date for the new MHP contracts would be delayed by a full quarter, to begin on January 1, 2016 instead of October 1, 2015. The Request for Proposal (RFP) is expected to be issued by May 1, 2015, and MHPs will have until early August to submit proposals.

The third press release, issued February 12, 2015, announced that pharmacy benefits would be carved out of the MHP benefit package. It was noted that many pharmaceuticals are currently carved-out of the existing MHP contracts. MDCH is also proposing a managed care adult dental benefit. An opportunity for public comment was given for each press release, and the questions and answers from the first two press releases have been posted to the MDCH website at [www.michigan.gov/mdch](http://www.michigan.gov/mdch). Interested parties were given until February 27, 2015 to comment on the most recent press release. No additional press releases on this topic are anticipated.

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### **Budget**

Charles Overbey provided the council with an update on MDCH budgets for Fiscal Year (FY) 2015 and FY 2016.

#### **FY 2015 Adjustments**

The State of Michigan has a \$450 million budget shortfall for FY 2015. Of this amount, \$250 million was due to tax credits awarded to businesses for job creation and job retention, and the future liability to the state for these tax credits is estimated at \$500 million per year for the next ten years. As a result of the budget shortfall, the state reduced expenditures in FY 2015, including a \$53 million reduction in MDCH spending. Some of the programs affected by the reduction include hospital Graduate Medical Education (GME), rural Disproportionate Share Hospital (DSH) payments, health and wellness initiatives, and local public health services. MDCH funding was reduced by \$100 million due to a recent but unexplained decline in Medicaid caseloads.

#### **FY 2016 Executive Budget**

Governor Snyder's executive budget recommendation for FY 2016 calls for \$260 million in total spending reductions and \$300 million in new investments. The budget recommendation for MDCH totaled \$19 billion gross, with \$3 billion in General Fund (GF). The GF recommendation was reduced by \$145 million from FY 2015, with \$24 million in new investments. Investments for FY 2016 include a Healthy Kids Dental expansion into Oakland, Kent, and Wayne counties to cover children up to the age of nine years, a phase-in of adult dental managed care coverage in the fourth quarter of FY 2016, and new funding for the Mental Health Commission and university autism programs. Proposed GF reductions for FY 2016 include cuts in payments to hospitals, the conversion of GME and rural hospital payments to provider taxes as the match for the federal funds from GF, and savings from the carve-out of the pharmacy benefit from the MHP benefit package.

Steve Fitton clarified that adult dental services are currently covered by Medicaid, but that access to providers is limited due to low reimbursement rates. MDCH hopes to phase in new funding for adult dental coverage in the last quarter of FY 2016, with the goal of annualizing the funding in subsequent years.

Jan Hudson added that there was a \$20 million increase to non-Medicaid mental health services from the GF for FY 2016, and that the FY 2015 costs to support primary care rates were annualized. (The FY 2015 primary care rates were set at 50% of the Affordable Care Act (ACA) mandated two year increase that expired.) Overall, the GF appropriation for Medicaid has remained relatively flat since 2001, despite a twofold increase in the caseload in that same time period.

The council discussed the potential impact of the FY 2016 budget proposal at length. Topics discussed include the proposed reduction of hospital payments, a potential GF shortfall in behavioral health programs, and legislation that is needed to implement various provisions of the MDCH budget. Among the needed legislation, the administration is requesting an increase in the Health Insurance Claims Assessment (HICA) tax from 0.75% to 1.3%. This increase is projected to preserve \$450 million in Medicaid payments.

#### **Merger of MDCH and DHS – Department of Health and Human Services**

Governor Snyder signed Executive Order 2015-4 to merge the Department of Human Services (DHS) with MDCH to form the Michigan Department of Health and Human Services (MDHHS) effective April 10, 2015. The executive budget recommendation included separate budgets for MDCH and DHS, but those will be combined once the creation of MDHHS is effective for a total estimated gross appropriation of \$25 billion, with \$4 billion to come from the GF. Work groups have been established to decide how the two departments can best be combined. No budget reductions for the two current departments are planned as a direct result of the merger; Steve stressed that recent layoffs are due to FY 2015 spending reductions and are not related to the planned creation of MDHHS.

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### Healthy Michigan Plan

#### Eligibility Issues and Fixes

Although the process of enrolling beneficiaries into the Healthy Michigan Plan using the new Modified Adjusted Gross Income (MAGI) application has been largely successful, there were issues with implementation that resulted from the systems changes, and MDCH is continuing to work to correct them. Some of these issues include:

- Parents were incorrectly denied Medicaid or Healthy Michigan Plan coverage when they did not include dependent children who were already enrolled in Medicaid on their application. In December, MDCH suspended the logic in the system that caused these individuals to be denied coverage, and a permanent fix is scheduled in a future release.
- New Healthy Michigan Plan beneficiaries were incorrectly denied retroactive coverage at the time of enrollment; MDCH corrected this problem in October 2014. The Department will review and correct cases going back to January 2014.
- The Centers for Medicare and Medicaid Services (CMS) requires that, for individuals who are granted presumptive Medicaid eligibility, Medicaid benefits must be discontinued immediately when the individual is subsequently found to be ineligible for Medicaid coverage based on a full MAGI application. Currently, if an individual were to submit a presumptive eligibility application in Michigan, they would be granted Medicaid eligibility automatically through the end of the following month. MDCH systems will not have the ability to discontinue Medicaid benefits prior to the end of a month until a system change is implemented in October, 2015. MDCH has submitted a formal letter to CMS requesting to continue to receive federal matching funds for services provided to presumptively eligible beneficiaries through the end of the month following the submission of their MAGI application until the system change is implemented.
- MDCH is working to incorporate logic into the Community Health Automated Medicaid Processing System (CHAMPS) to end copays for services for beneficiaries once they contribute 5% of their income in cost-sharing, in order to comply with CMS rules. The 5% cap on contribution responsibilities is calculated on a per-household basis, rather than per individual.
- MDCH has experienced problems transitioning beneficiaries to the Transitional Medical Assistance (TMA) program when their eligibility ends for Family Independence Program payments. The system was transferring cases to other Medicaid program categories. A fix for this problem is scheduled for mid-March.

#### Healthy Behaviors Update

Monica Kwasnik provided an update on the Healthy Behaviors Incentive Program. When new Healthy Michigan Plan beneficiaries enroll in a MHP, they are encouraged to visit their primary care physician as soon as possible and complete a Health Risk Assessment (HRA) to address healthy behaviors that the beneficiary would like to engage in. Once the beneficiary and their physician submit a signed attestation to MDCH indicating the healthy behaviors to be addressed, the beneficiary's monthly income-related contribution requirement will be reduced (for those with incomes above 100% FPL). First-time completion of the HRA process will result in a 50% reduction in monthly contribution requirements, and beneficiaries above 100% FPL who complete the HRA process with their primary care physician for a second time within 11-15 months will have their contribution requirement reduced by 100%. Additionally, copayments may be reduced for beneficiaries who have completed the HRA process once their annual accumulated copayments reach 2% of their income. MDCH will also review the HRA form annually to assess the need for any changes.

If an individual calls Michigan ENROLLS to enroll in a MHP, Michigan ENROLLS staff will ask the beneficiary the first nine questions found on the HRA. MDCH has found that 96% of individuals who call Michigan ENROLLS to select a health plan are responding to those questions. The data gathered during these calls is sent directly to the new member's health plan.

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To date, 35,000 Healthy Michigan Plan beneficiaries who enrolled in April, May and June of 2014 have completed the full HRA process. Many beneficiaries are selecting multiple behaviors to work on, such as weight loss, tobacco cessation, follow-up for a chronic illness, etc. Within five months of enrollment, 70% of new Healthy Michigan Plan beneficiaries were able to see their primary care physician. The HRA Report is available on the MDCH website at [www.michigan.gov/healthymichiganplan](http://www.michigan.gov/healthymichiganplan).

Steve Fitton reported that as of February 19, 2015, approximately 567,000 beneficiaries had enrolled in the Healthy Michigan Plan. Roughly 75% of these individuals are currently enrolled in a health plan.

### **Data on Utilization**

A handout was distributed to attendees containing data on Healthy Michigan Plan utilization, and key areas of interest were highlighted. A council member requested additional information on beneficiary utilization of dental benefits provided through the Healthy Michigan Plan, in order to assist with provider outreach and increase access to care for the newly-eligible Healthy Michigan Plan population.

### **MIHealth Account Statements and Payments**

MDCH issued 53,000 MIHealth account statements in December, and 69,000 were sent out in January. The call center is receiving 10,000 calls per day, many of which are related to MIHealth account statements. Since beneficiaries do not receive their first statement until they have been enrolled in a health plan for six months, there has been some confusion among beneficiaries, who, until they received their first statement, did not believe they were responsible for contributions during that period. MIHealth account statements are mailed to all beneficiaries, including those who were not required to contribute copayments. MDCH is working to clarify language on the MIHealth account statements to eliminate confusion. Most payments (70% - 80%) are by mail.

### **Second Waiver Development**

Public Act 107 of 2013 requires MDCH to submit a second waiver for the Healthy Michigan Plan to CMS by September 1, 2015. This waiver would require that beneficiaries who have had Healthy Michigan Plan coverage for 48 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 be required to 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%. If the new waiver is not approved by December 31, 2015, the law requires that the Healthy Michigan Plan be discontinued. Due to the uncertainty of such an increase in cost-sharing requirements receiving approval from CMS, Steve stressed the importance of educating Michigan legislators on the successes of the program. The Michigan House and Senate are scheduled to hear testimony on the Healthy Michigan Plan on March 3, 2015, and the council discussed coordinating a common message among providers and MDCH to share at the hearings.

### **High Emergency Room (ER) Utilizer Report**

The final ER High Utilizer Report that was discussed at the November MCAC meeting was submitted to the Michigan Legislature at the end of 2014. The legislature is working with MDCH on a joint press release that should be issued within a month. The report will be made available to the public at that time, and will be posted on the MDCH website. Discussions are ongoing about incorporating recommendations made as a result of the findings in the report.

### **Integrated Care for Dual Eligibles**

Services for beneficiaries enrolled in the MI Health Link program in Michigan's first two demonstration regions, Southwest Michigan and the Upper Peninsula, are scheduled to begin March 1, 2015 for those who opted into the program, while services for beneficiaries who are passively enrolled in MI Health Link will begin May 1, 2015. As of February 19, 2015, 63 individuals had already enrolled in these two regions. MDCH recently sent letters to 12,000 eligible individuals in the first two demonstration regions who can be passively enrolled May 1, 2015, and outreach efforts are ongoing to individuals in regions that are scheduled to begin MI Health Link at later dates.

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MDCH has been experiencing some issues with MI Health Link implementation, including long wait times and dropped calls for individuals who have been calling Maximus, the MI Health Link enrollment broker, and some calls to the Medicare/Medicaid Assistance Program (MMAP) are not being answered due to staffing issues. MDCH also needs to receive approval for a separate Ombudsman program specific to MI Health Link, and there have been some verification issues related to guardianship over MI Health Link beneficiaries. While Dick Miles acknowledged that these issues present some concerns for MDCH, he expressed optimism that they will be resolved soon. Comments and questions related to the MI Health Link Program may be emailed to [integratedcare@michigan.gov](mailto:integratedcare@michigan.gov).

### **Behavioral Health Initiatives**

MDCH is working to establish Health Homes to coordinate care for Medicaid beneficiaries with both behavioral health and physical health chronic conditions. The first of Michigan's planned Health Homes has been established in Grand Traverse, Manistee, and Washtenaw counties to address behavioral health needs. The local Community Mental Health (CMH) agencies are serving as providers, and are responsible for directing person-centered care and facilitating access to a full array of behavioral health and primary and acute physical health services. The target population for this health home demonstration is individuals with serious mental health conditions; they must also have chronic physical conditions as well (i.e., diabetes, congestive heart failure). Enrollment began July 1, 2014, and there are 361 beneficiaries currently being served in the three pilot counties. Within these three counties, it is expected that no more than 500 individuals will be enrolled in a Health Home at a single time. Additionally, funding has been allotted to begin another Health Home in Michigan to be run by the Federally Qualified Health Centers (FQHCs). MDCH is hoping to have the FQHC Health Home established by January 2016.

### **Policy Updates**

A policy handout was distributed to each attendee.

MSA 15-01 – This policy was issued on January 2, 2015. It delays the implementation of Bulletin MSA 14-58, which provided guidelines for Electronic Services Verification for Home Help providers.

MSA 14-66 – This policy was issued December 29, 2014, and discusses removing Medicaid and Healthy Michigan Plan beneficiaries with a diagnosis of inherited diseases of metabolism who receive metabolic formula from their MHP and transitioning them to FFS Medicaid. The policy also establishes payment guidelines for enteral nutrition.

MSA 14-61 – This policy was issued December 1, 2014, and discusses an update to the Practitioner Services fee schedule and implementation of a rate adjustment for specified primary care practitioner services effective for dates of service on or after January 1, 2015

MSA 14-60 – This policy was issued December 1, 2014, and discusses expanded Medicaid coverage of breast pumps.

MSA 14-57 – This policy was issued December 29, 2015, and provides the beginning framework for the MI Health Link Program; MDCH plans to add a chapter specific to MI Health Link to the Medicaid Provider Manual at a later date.

Proposed Policy 1462-Dental – This proposed policy discusses registering mobile dental providers in CHAMPS effective April 1, 2015, and is being issued in response to a legislative mandate set forth in PA 100 of 2014.

### **Medicaid Enactment 50<sup>th</sup> Anniversary July 30, 2015**

Jan discussed ideas for commemorating the 50<sup>th</sup> anniversary of Medicaid enactment, and recommended that the MCAC form a committee to plan activities for the occasion. Alison Hirschel, Priscilla Cheever, Cheryl Bupp, Dianne Haas and Katie Linehan/Elan Nichols volunteered to serve on the committee, and David Lalumia accepted the committee's nomination to serve as its chair.

4:30 – Adjourn

**Next Meeting: May 4, 2015**