



Michigan Department of  
Health & Human Services

RICK SNYDER, GOVERNOR  
NICK LYON, DIRECTOR

Michigan Department of Health and Human Services  
Medical Services Administration

## Medical Care Advisory Council

### Meeting Minutes

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**Date:** Thursday, February 22, 2018

**Time:** 1:00 p.m. – 4:30 p.m.

**Where:** Michigan Public Health Institute (MPHI)  
2436 Woodlake Circle, Suite 380  
Okemos, MI 48864

**Attendees:** **Council Members:** Emily Schwarzkopf, Deb Brinson, Barry Cargill, Mark Klammer, Alison Hirschel, Amy Zaagman, Bill Mayer, Meghan Swain, Jeff Towns, April Stopczynski, Dan Thompson, Michelle Best (on behalf of Amy Hundley), Travar Pettway, Marion Owen, Dianne Haas, Linda Vail, Vicki Kunz (on behalf of Marilyn Litka-Klein), Melissa Samuel, Karlene Ketola, Lisa Dedden Cooper, Kim Singh, Jane Phillips (on behalf of Jim Milanowski), Bobbi Kuyers (on behalf of Dave Herbel), Stacie Saylor (on behalf of Rebecca Blake)

**Staff:** Kathy Stiffler, Farah Hanley, Lynda Zeller, Erin Emerson, Dick Miles, Brian Keisling, Jackie Prokop, Marie LaPres, Dave Schneider, Philip Bergquist, Phil Kurdunowicz

**Other Attendees:** Jane Pilditch, Salli Pung, Mario Azzi, Kelly Bidelman

### **Welcome, Introductions, Announcements**

Emily Schwarzkopf opened the meeting and introductions were made.

### **Federal Update**

#### **Children's Health Insurance Program (CHIP) Reauthorization**

Kathy Stiffler announced that congress has reauthorized CHIP for an additional 10 years.

### **Federal Budget**

President Trump has released his FY19 federal budget recommendation, which includes a proposed 22.5% reduction in funding for Medicaid and the provisions of the Affordable Care Act (ACA) by 2028 and a proposed 28% reduction in funding for the Supplemental Nutrition Assistance Program (SNAP), as well as several other proposed reductions in non-defense discretionary spending. Meeting attendees were advised that approval for the proposed budget is a lengthy process, and that the Michigan Department of Health and Human Services (MDHHS) will not take any action on proposed funding levels until they are finalized.

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### **Centers for Medicare & Medicaid Services (CMS) State Medicaid Director Letter – Opportunities to Promote Work and Community Engagement Among Medicaid Beneficiaries**

CMS has issued a letter to State Medicaid Directors to indicate that states now have the option to submit Section 1115 waiver requests to implement work requirements as a condition of Medicaid eligibility, a copy of which was distributed to meeting attendees. Ten states have submitted Section 1115 waiver requests under this guidance to date, though MDHHS has no plans to do so at this time pending further direction from department leadership and the state legislature. MDHHS staff and meeting attendees discussed at length the many potential implications of implementing Medicaid work requirements, including concerns about the large staff and resource commitment that would be needed to monitor the employment status of Medicaid beneficiaries.

### **Budget Update**

#### **2019 Budget Update**

The FY 2019 executive budget recommendation was released on February 7, 2018 and reflects a 0.6% increase in total statewide spending from FY 2018, including a 0.1% increase in general fund (GF) expenditures. The FY19 executive budget recommendation for MDHHS includes \$177 million GF, most of which is allocated to existing programs. The FY19 executive budget recommendation for MDHHS includes:

- \$72 million to address Federal Matching Assistance Percentage (FMAP) costs departmentwide;
- \$42 million for departmentwide caseload costs;
- \$63 million for actuarial soundness costs;
- \$29 million for fund shifts;
- \$20 million for various Department investments;
- An actuarial soundness increase of 2% for the Prepaid Inpatient Health Plans (PIHPs);
- \$1.4 million to increase base salaries for psychiatrists at state psychiatric hospitals;
- Actuarial soundness increases of 1.5% for Medicaid;
- \$56 million to account for an FMAP change that reflects a Healthy Michigan Plan adjustment of \$30 million GF;
- \$7 million GF to support rural hospitals;
- Funding for additional Medical Services Administration support staff;
- \$8 million in additional funding for the Department's per- and polyfluoroalkyl substances (PFAS) initiative;
- \$4.8 million ongoing funding for local public health departments to address emerging public health threats;
- \$2 per person per month increase (1.2%) in the family independence program cash allowance;

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- \$4.6 million in funding for information technology in support of the Integrated Service Delivery (ISD) initiative; and
- Funding to support MDHHS' Flint initiatives.

Overall, the FY19 executive budget recommendation for MDHHS includes \$19 million in new funding, and \$55 million in proposed reductions. In response to a question from a meeting attendee asking how the Medical Care Advisory Council (MCAC) can best show support for the proposed budget, Farah Hanley encouraged council members to contact their legislators to indicate their organization's support for the proposal and emphasize the importance of maintaining proposed funding levels to support the department's programs.

### **Provider Enrollment Requirements**

Kathy Stiffler provided an update on Medicaid provider enrollment requirements by noting that while all providers who render services to Michigan Medicaid fee-for-service (FFS) beneficiaries were required to enroll in CHAMPS beginning in 2009, in May 2016 CMS issued a rule requiring all Managed Care Organization (MCO) providers to enroll with Medicaid beginning for rating periods on or after July 1, 2018. While MDHHS was working to implement this rule by the start of Michigan's fiscal year on October 1, 2018, the federal government enacted the 21<sup>st</sup> Century Cures Act, which requires that MCO providers be enrolled with their states' Medicaid programs by January 1, 2018. However, CMS has indicated that states may apply the 120-day grace period allowed by the Managed Care Rule for this change, which would extend Michigan's deadline for compliance with the 21<sup>st</sup> Century Cures Act to May 1, 2018. In addition, MDHHS is also working to require all prescribing providers to enroll with Medicaid.

The department had planned to begin denying claims for non-enrolled MCO providers on March 1, 2018, and for non-enrolled prescribing providers on May 1, 2018. However, due to many providers submitting enrollment applications as these dates approach, MDHHS has decided to indefinitely postpone these actions to allow staff the time to process the new applications. The department is also working to release communication to providers regarding this change, although staff emphasized that while the deadlines for enrollment have been postponed indefinitely, providers should still enroll as soon as possible. MDHHS staff and meeting attendees discussed this issue at length.

### **Integrated Service Delivery**

MDHHS staff provided the following updates on the implementation of ISD:

- On January 22, 2018, the department began using a new paper public benefits application for individuals to apply for multiple MDHHS program benefits with a single form.
- Following a pilot demonstration of the new MI Bridges Self-Service Portal in Muskegon county, MDHHS has expanded the new system to Jackson, Genesee, Clinton and Eaton counties to further test its functionality before beginning to make it available statewide on March 19, 2018. The statewide rollout process is expected to be

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completed by April 6, 2018.

- The universal caseload pilot in Gratiot and Shiawassee counties that was discussed at the previous MCAC meeting began on February 20, 2018.

### **Medicaid Managed Care**

#### **Healthy Kids Dental Bid Update**

MDHHS has completed the process for selecting new vendors to provide services under the **Healthy Kids Dental** program, and has awarded statewide contracts to Blue Cross Blue Shield of Michigan, which will work with DentaQuest to provide dental benefits, and Delta Dental. As part of the new contract, MDHHS has included quality metrics to measure each plan's performance and is working to develop an algorithm to auto-assign new beneficiaries to a plan based on these quality measures. The new contracts will begin on October 1, 2018, and the plans may begin drafting marketing materials for MDHHS approval on April 1, 2018. In response to an inquiry regarding reimbursement rates for dental services, MDHHS staff indicated that no changes have been made, and that the department expects to finalize rates for FY19 by July 1, 2018.

#### **Pregnancy Dental Benefit**

MDHHS has received funding to provide dental services for pregnant women through the Medicaid Health Plans (MHPs) and is continuing to work on developing a process to identify Medicaid beneficiaries who are pregnant.

### **Healthy Michigan Plan**

#### **Transition to Marketplace for Healthy Michigan Plan Members**

##### **Letters sent out February 16, 2018**

On February 16, 2018, MDHHS sent letters to approximately 13,500 Healthy Michigan Plan beneficiaries to inform them that they meet the criteria to transition to health coverage in the Marketplace beginning April 1, 2018 under the terms of the second waiver for the Healthy Michigan Plan. As outlined in the letter, MDHHS staff explained that beneficiaries who receive the letter have the right to appeal the decision and may also stay enrolled in the Healthy Michigan Plan if they attest to being medically frail, are pregnant, or complete a Health Risk Assessment (HRA) and engage in a healthy behavior. Beneficiaries who do not follow these steps and are required to transition to the Marketplace will receive an enrollment packet with information about each Marketplace health plan by early April 2018, and will be required to enroll by May 1, 2018. Those who do not choose a health plan will be auto-assigned. Copies of the letter were distributed to meeting attendees, and MDHHS staff and meeting attendees discussed at length the process for transitioning Healthy Michigan Plan beneficiaries to the Marketplace. Additional information about this process is available on the web at [www.michigan.gov/mimarketplaceoption](http://www.michigan.gov/mimarketplaceoption). MDHHS staff also indicated that the department worked with the University of Michigan Institute for Health Policy & Innovation to conduct surveys of beneficiaries and providers involved with the Healthy Michigan Plan. The reports from these surveys can be accessed on the web at [www.michigan.gov/healthymichiganplan](http://www.michigan.gov/healthymichiganplan) >>

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Healthy Michigan Plan Program Information and History, under “CMS Correspondence.”

### Pregnant Women

Under the terms of the second waiver for the Healthy Michigan Plan, women who become pregnant after transitioning to the Marketplace from the Healthy Michigan Plan may either choose to stay in the Marketplace or receive coverage through regular Medicaid. MDHHS staff and meeting attendees discussed at length ideas for improving this process, including a suggestion for the department to consider allowing pregnant women to enroll directly into an MHP from the Marketplace.

### Aged, Blind and Disabled Eligibility Category

Kathy Stiffler shared that MDHHS is continuing to investigate reports that individuals eligible for coverage under the Aged, Blind and Disabled category are being incorrectly classified for coverage by the department, and as a result, the Prepaid Inpatient Health Plans (PIHPs) do not receive the higher capitation rate for providing services to these beneficiaries. However, data indicate that these beneficiaries are instead voluntarily applying for Healthy Michigan Plan coverage, which is a beneficiary decision. Many are also losing coverage completely.

### **Healthy MI Waiver Renewal Update**

On December 12, 2017, MDHHS submitted a renewal application for the Section 1115 Demonstration Waiver for the Healthy Michigan Plan to CMS, which has been posted on the CMS website at [www.medicaid.gov](http://www.medicaid.gov) for public comment.

### Behavioral Health Updates

#### **Section 298 Update**

The Michigan legislature directed MDHHS to conduct up to three pilots to test publicly integrated behavioral health and physical health services, which will focus on financial integration. The department issued a Request for Information (RFI) in December 2017 to select the pilot sites and has received responses from five Community Mental Health Services Programs (CMHSPs) wishing to participate. MDHHS is currently working to evaluate the responses to the RFI with the goal of selecting the location of the three pilot sites by March 9, 2018. To be considered for inclusion in the pilot, a CMHSP must have letters of support from 50% of the MHPs in their region and demonstrate full financial integration of behavioral health and physical health services in their application. MDHHS is also exploring options for how best to serve those with specialty behavioral health needs. The targeted implementation date for the pilot programs is October 1, 2018.

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The demonstration model for the Stakeholder 298 Initiative will maintain the current funding mechanism in which physical health services are funded through the Medicaid Health Plans and behavioral health services are funded through the PIHPs. The demonstration will be established in Kent County through the local CMHSP, Network180, in partnership with Priority Health. MDHHS has been actively engaged in discussions with Network180 and Priority Health on the implementation of the demonstration model and expects to receive a detailed project plan from the two entities in mid-March.

Additionally, the University of Michigan Institute for Health Policy & Innovation IHPI is in the process of developing a plan to put together an evaluation of the demonstration model, and will identify comparison sites for their study once the pilot begins. MDHHS is also continuing to work toward implementing the 76 policy recommendations for the integration of behavioral health and physical health services proposed by the Section 298 work group. Updates on this process will be posted on the web at [www.michigan.gov/stakeholder298](http://www.michigan.gov/stakeholder298) as they become available.

### **1115 Waiver Update**

MDHHS is continuing to communicate with CMS regarding the Section 1115 waiver application to provide all behavioral health services under a single waiver authority. No action has been taken by CMS on the waiver application since the previous MCAC meeting in December, although MDHHS staff have a call scheduled with CMS on Monday, February 26 to further discuss the waiver.

### **Other**

The Behavioral Health and Developmental Disabilities Administration (BHDDA) is also working with other areas of MDHHS to implement the federal Home and Community Based Services (HCBS) Final Rule and the Electronic Visit Verification (EVV) system for personal care service providers.

### **Mental Health Parity Update**

MDHHS staff provided an update on the department's efforts to comply with the Mental Health Parity and Addiction Equity Act of 2008, which requires that states place no more restrictions on behavioral health/substance use disorder benefits than on medical/surgical benefits. To comply with the law, MDHHS will require that, on a statewide basis, PIHPs can place no greater restrictions in any classification of behavioral health/substance use disorder services than the least restrictive restriction in that classification for medical/surgical benefits. Following the last update on mental health parity at the June 2017 MCAC meeting, MDHHS distributed surveys to all Medicaid Health Plans and PIHPs operating in the State of Michigan to gather data on their coverage standards and is in the process of compiling their findings into an assessment and developing a plan for corrective action. The issues the department will seek to address include: prescription drug copays; inpatient and outpatient prior authorization for behavioral health/substance use disorder services; and services for beneficiaries with intellectual and developmental disabilities. MDHHS plans to complete the assessment and

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plan for corrective action by the end of April 2018, at which time it will be submitted to CMS and be made publicly available. In response to an inquiry, MDHHS staff indicated that the state does not anticipate a significant increase in costs as a result of compliance with the Mental Health Parity and Addictions Act of 2008.

### **Long Term Care Updates**

Dick Miles provided an update on the following items related to Long Term Care:

- MDHHS is working to submit a renewal application for the MI Choice Waiver to CMS by October 1, 2018.
- Approximately 39,300 individuals are currently enrolled in the MI Health Link demonstration program for individuals who are dually eligible for Medicare and Medicaid. Enrollment in the demonstration has stabilized, and MDHHS is working to secure approval from CMS for waiver applications related to MI Health Link.
- The department is working to implement an EVV system for providers of in-home personal care services, which must be in place by January 1, 2019 per the 21<sup>st</sup> Century Cures Act.

### **Managed Long Term Care Services and Supports**

A report containing data on long term care services and supports programs in Michigan and other states was distributed to meeting attendees and the document was discussed.

### **Policy Updates**

A policy bulletin handout was distributed to attendees and several updates were discussed.

**4:30 – Adjourn**