

PUBLIC NOTICE

Michigan Department of Health and Human Services Medical Services Administration

Healthy Michigan Plan §1115 Demonstration Waiver Extension Application

The Michigan Department of Health and Human Services (MDHHS) is hereby providing notice that it will be holding a public hearing and comment period seeking public input on the submission of its demonstration waiver extension application to the Centers for Medicare & Medicaid Services (CMS). MDHHS is seeking a 3-year extension of the Medicaid Expansion §1115 Demonstration Waiver, known as the Healthy Michigan Plan (HMP) which expires December 31, 2018.

HMP Demonstration Description and Objectives

MDHHS implemented HMP, administered under the §1115 Demonstration Waiver authority (Project No. 11-W-00245/5), on April 1, 2014. Through HMP, MDHHS has extended health care coverage to over 650,000 low-income Michigan residents who were previously either uninsured or underinsured. It is anticipated that annual enrollment will remain consistent. HMP is built upon systemic innovations that improve quality and stabilize health care costs. Other key program elements include: the advancement of health information technology; structural incentives for healthy behaviors and personal responsibility; encouraging use of high value services; and promoting the overall health and well-being of Michigan residents.

HMP Demonstration Program Overview

Michigan residents between the ages of 19-64 with incomes at or below 133% of the federal poverty level, and who do not qualify or are enrolled in Medicare or another Medicaid program are eligible for comprehensive healthcare coverage through HMP. Beneficiaries have the opportunity to participate in the Healthy Behaviors Incentives Program which rewards beneficiaries for their conscientious use of health care services. Applicable beneficiary cost-sharing provisions, including co-payments and contributions are outlined in the HMP waiver protocols.

The HMP Marketplace Option will be effective as of April 1, 2018, with monthly rolling enrollment thereafter. HMP beneficiaries who have incomes above 100% of the FPL and have not completed the healthy behavior requirements of the Healthy Behaviors Incentive Program will transition to the Marketplace Option, absent an applicable exception such as being medically frail, or exempt from premiums or cost-sharing pursuant to

42 CFR 447.56, as outlined in the Marketplace protocol. Additionally, beneficiary cost-sharing obligations are outlined in the Marketplace protocol.

HMP Demonstration Evaluation

The HMP Demonstration's program objectives and hypotheses, as identified in the waiver Special Terms and Conditions, are being assessed consistent with the CMS-approved evaluation plan. The evaluation examines multiple hypotheses associated with the following seven specific domains:

1. The extent to which the increased availability of health insurance reduces the costs of uncompensated care borne by hospitals;
2. The extent to which availability of affordable health insurance results in a reduction in the number of uninsured/underinsured individuals who reside in Michigan;
3. Whether the availability of affordable health insurance, which provides coverage for preventive and health and wellness activities, will increase healthy behaviors and improve health outcomes;
4. The extent to which beneficiaries believe that HMP has a positive impact on personal health outcomes and financial well-being;
5. Whether requiring beneficiaries to make contributions toward the cost of their health care has an impact on the continuity of their coverage, and whether collecting an average co-pay from beneficiaries in lieu of copayments at the point of service, and increasing communication to beneficiaries about their required contributions (through quarterly statements) affects beneficiaries' propensity to use services; and
6. Whether providing an MIHA into which beneficiaries' contributions are deposited, that provides quarterly statements that include explanation of benefits (EOB) information and details utilization and contributions, and allows for reductions in future contribution requirements, deters beneficiaries from receiving needed health services or encourages beneficiaries to be more cost-conscious.
7. Whether the preponderance of the evidence about the costs and effectiveness of the Marketplace Option when considered in its totality demonstrates cost effectiveness taking into account both initial and longer-term costs and other impacts such as improvements in service delivery and health outcomes.

HMP Demonstration Waiver and Expenditure Authorities

MDHHS seeks the continuation of the following waivers of state plan requirements contained in §1902 of the Social Security Act, subject to the Special Terms & Conditions for the HMP §1115 Demonstration:

- *Premiums, § 1092(a)(14), insofar as it incorporates §§ 1916 and 1916A* - To the extent necessary to enable the state to require monthly premiums for individuals eligible in the adult population described in section 1902(a)(10)(A)(i)(VIII) of the Act, who have incomes between 100 and 133 percent of the federal poverty level (FPL).
- *State-wideness § 1902(a)(1)* - To the extent necessary to enable the state to require enrollment in managed care plans only in certain geographical areas for

those eligible in the adult population described in section 1902(a)(10)(A)(i)(VIII) of the Act.

- *Freedom of Choice § 1902(a)(23)(A)* - To the extent necessary to enable the state to restrict freedom of choice of provider for those eligible in the adult population described in section 1902(a)(10)(A)(i)(VIII) of the Act . No waiver of freedom of choice is authorized for family planning providers.
- *Proper and Efficient Administration § 1902(a)(4)* - To enable the State to limit beneficiaries to enrollment in a single prepaid inpatient health plan or prepaid ambulatory health plan in a region or region(s) and restrict disenrollment from them.
- *Comparability § 1902(a)(17)* - To the extent necessary to enable the state to vary the premiums, cost-sharing and healthy behavior reduction options as described in these terms and conditions.
- *Payment of Providers §§ 1902(a)(13) and 1902 (a)(30)* - To the extent necessary to permit the state to limit payment to providers for individuals enrolled in the Marketplace Option to amounts equal to the market-based rates determined by the Qualified Health Plan providing primary coverage for services under the Marketplace Option.
- *Prior Authorization § 1902(a)(54), as it incorporates §1927(d)(5)* - To permit the state to require that requests for prior authorization for drugs in the Marketplace Option be addressed within 72 hours, rather than 24 hours. A 72-hour supply of the requested medication will be provided in the event of an emergency.

Additionally, MDHHS seeks the continuation of the CMS-approved expenditure authorities:

- Expenditures for Healthy Behaviors Program incentives that offset beneficiary cost sharing liability.
- Expenditures for part or all of the cost of private insurance premiums, and for payments to reduce cost sharing, for individuals enrolled in a Marketplace issuer health plan through the Marketplace Option, to the extent that such expenditures do not meet cost effectiveness requirements or include amounts for benefits that are not otherwise covered under the approved state plan (but are incidental to coverage of state plan benefits).
- To the extent necessary to permit the state to offer premium assistance and cost sharing reduction payments that are determined to be cost effective using state developed tests of cost effectiveness that differ from otherwise permissible tests for cost effectiveness.

Public Hearing, Review of Documents, and Comment Submission

A public hearing for this demonstration extension application is scheduled for 2:00 p.m. on October 19, 2017, at the Michigan Public Health Institute, Interactive Learning & Conference Center, 2436 Woodlake Circle, Suite 380, Okemos, MI. This public hearing will provide an overview and discussion of the demonstration waiver extension. All

interested parties will be provided the opportunity to provide comments on the HMP demonstration waiver extension application.

Copies of information related to the proposed demonstration waiver extension application, as well as written comments regarding the proposed demonstration waiver extension may be reviewed by the public at Capital Commons Center, 400 South Pine Street, Lansing, Michigan. Additionally, copies of information related to the demonstration waiver extension are available on the Healthy Michigan Plan webpage: <http://www.michigan.gov/healthymichiganplan>. The webpage will be updated as appropriate.

Any comments on this notice and the application may be submitted in writing to: Michigan Department of Health and Human Services, Program Policy Division, Bureau of Medicaid Policy and Health System Innovation, Attention: Medicaid Policy, P.O. Box 30479, Lansing, MI 48909-7979, or via email at healthymichiganplan@michigan.gov. All comments should include a "Demonstration Waiver Extension" reference somewhere in the written submission, or in the subject line, if email is used. Comments will be accepted until October 30, 2017.