

Fiscal Year 2024 Executive Budget Recommendation

Behavioral and Physical Health and
Aging Services Administration
(BPHASA)

March 8, 2023

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Health

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*Putting people first, with the goal of helping all
Michiganders lead healthier and more
productive lives, no matter their stage in life.*

Agenda

- Michigan's Medicaid Program Overview
- BPHASA Service Delivery System
- Current Initiatives
- Fiscal Year 2024 Budget Investments



Michigan's Medicaid Program

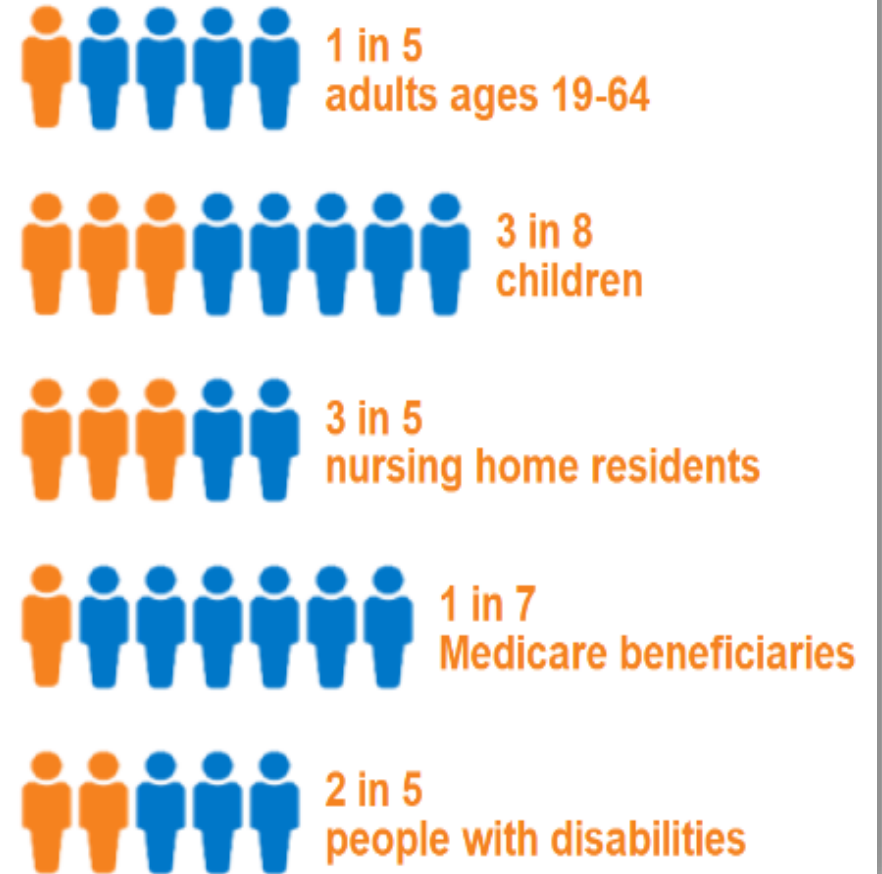
Medicaid is the **largest health insurance program** in the U.S.

- State and federal partnership.
- Mandatory services with state options for broader coverage.

In FY22, Michigan's Medicaid program afforded health coverage to over **3 million Michiganders** each month, including:

- **1.02 million children**;
- **326,000 people** living with **disabilities**;
- **157,000 seniors**; and
- More than **1 million adults** in the **Healthy Michigan Plan**.

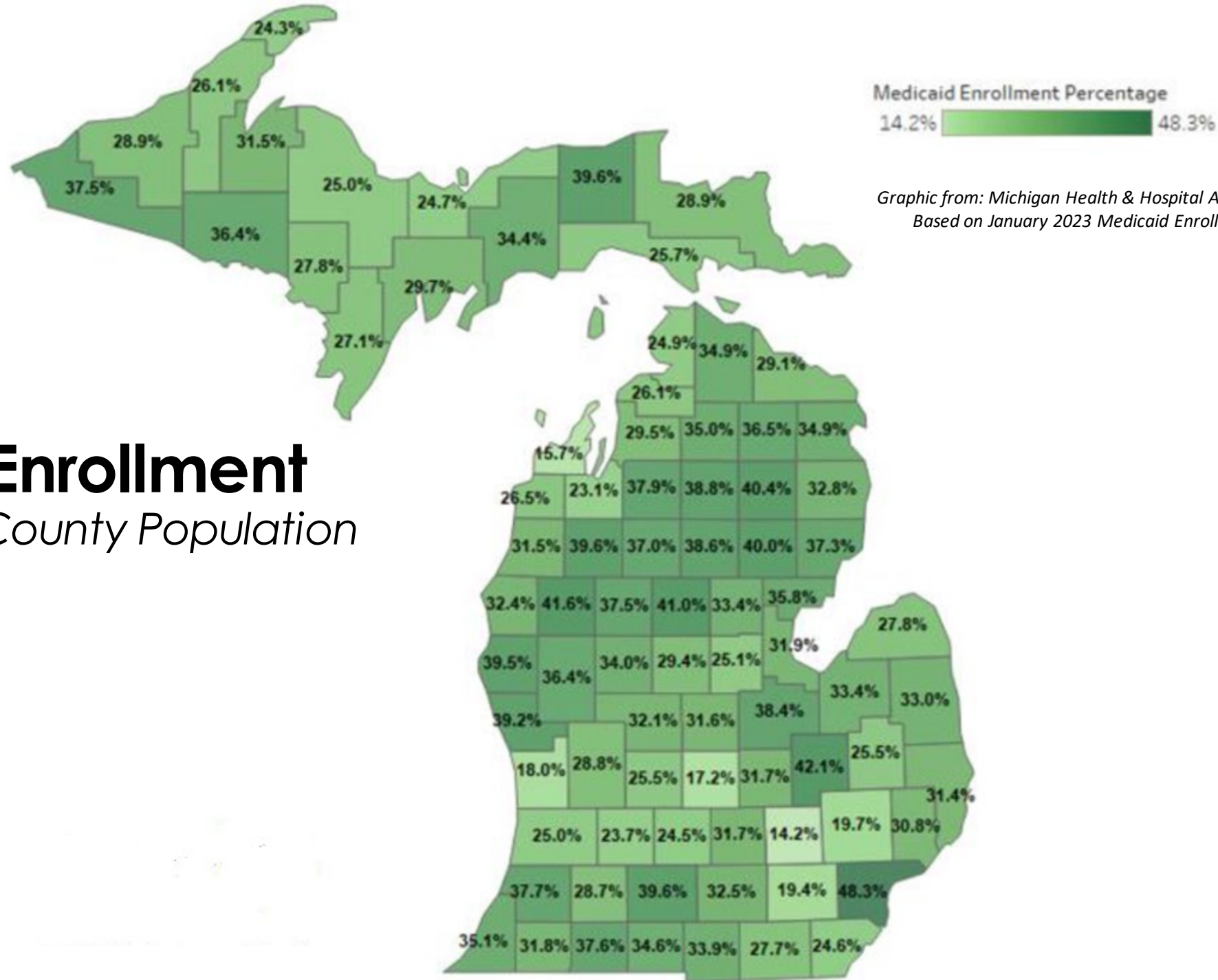
In MI, Medicaid Covers:



Graphic from: Kaiser Family Foundation
2022 Michigan Fact Sheet

Medicaid Enrollment

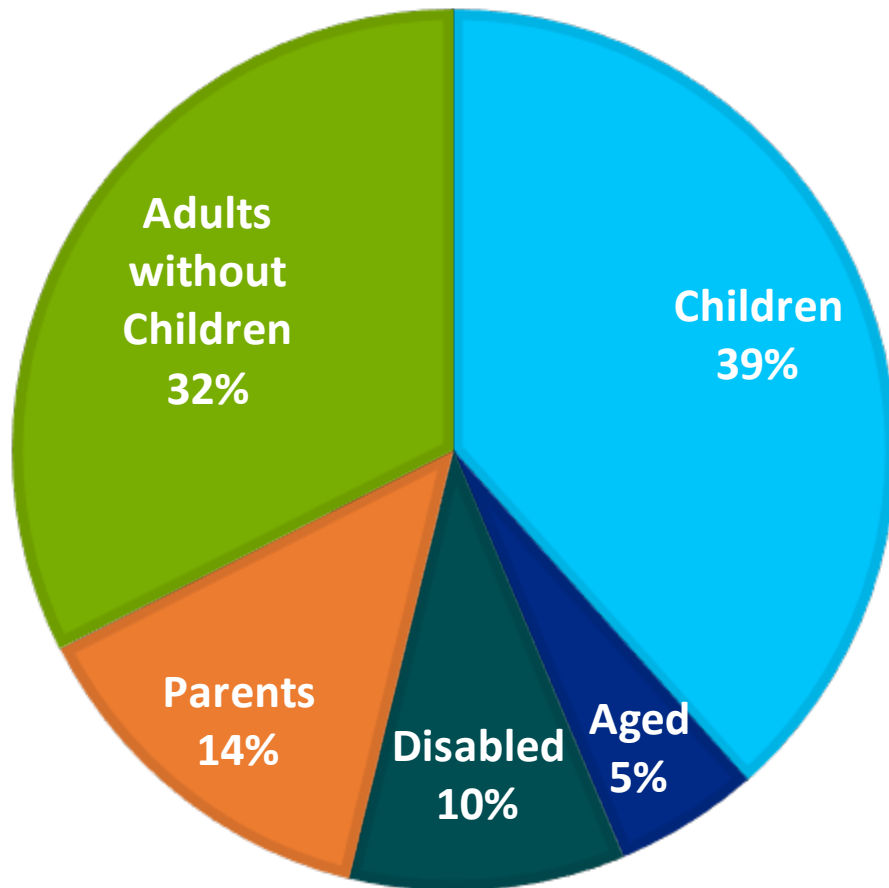
Percentage of County Population



Medicaid Consumers and Costs

Fiscal Year 2021

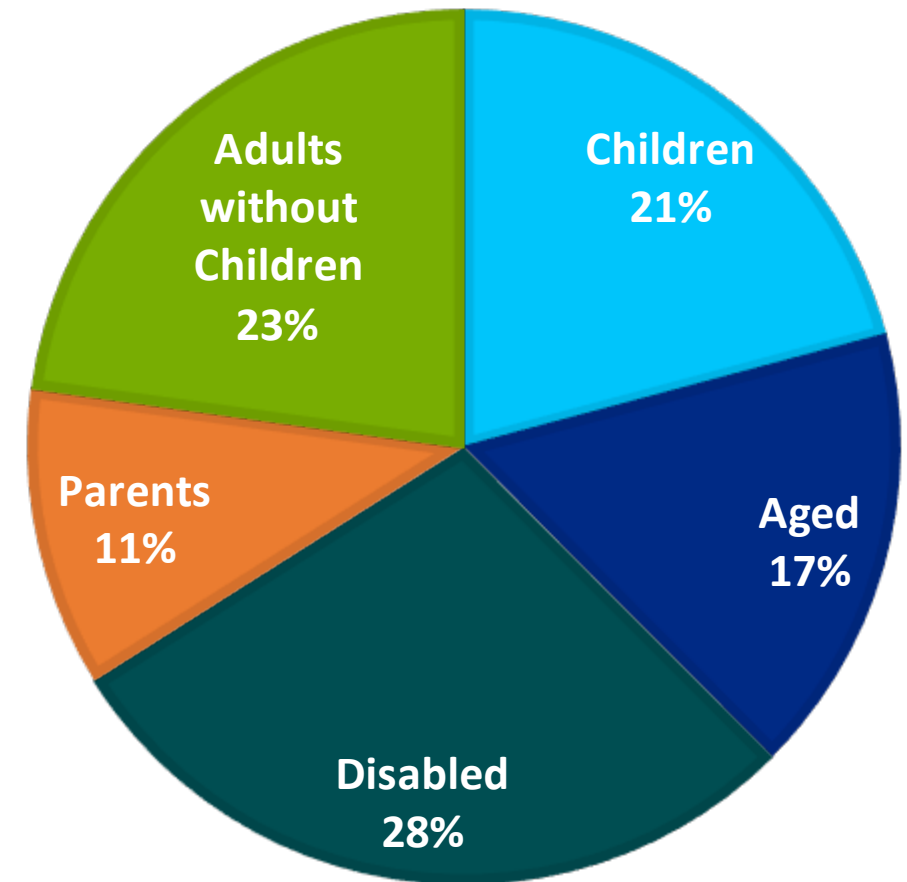
Consumers



Children:
39% of the enrollees
21% of total Medicaid spending

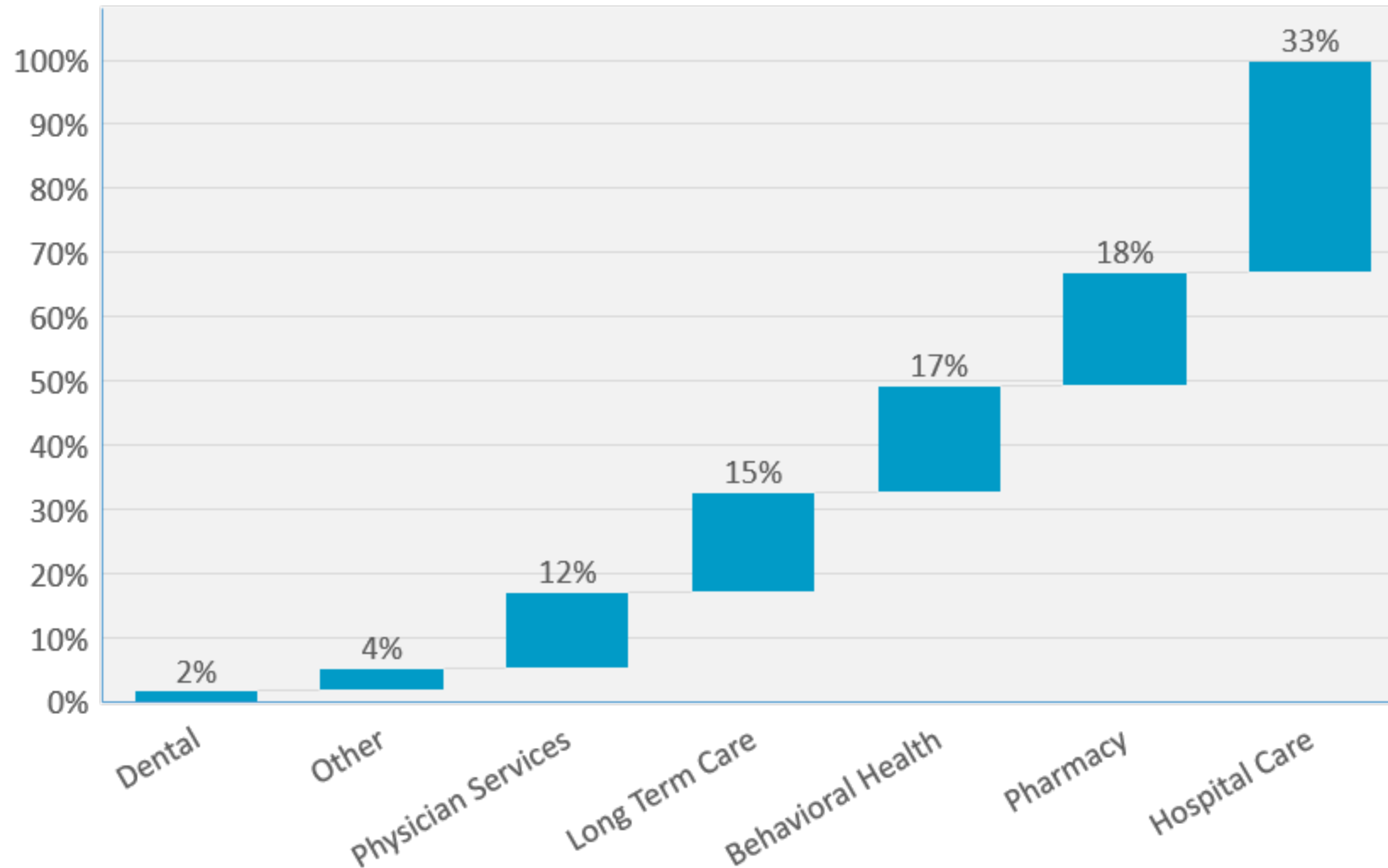
Aging Michiganders and People Living with Disabilities:
15% of the enrollees
45% of total Medicaid spending

Costs

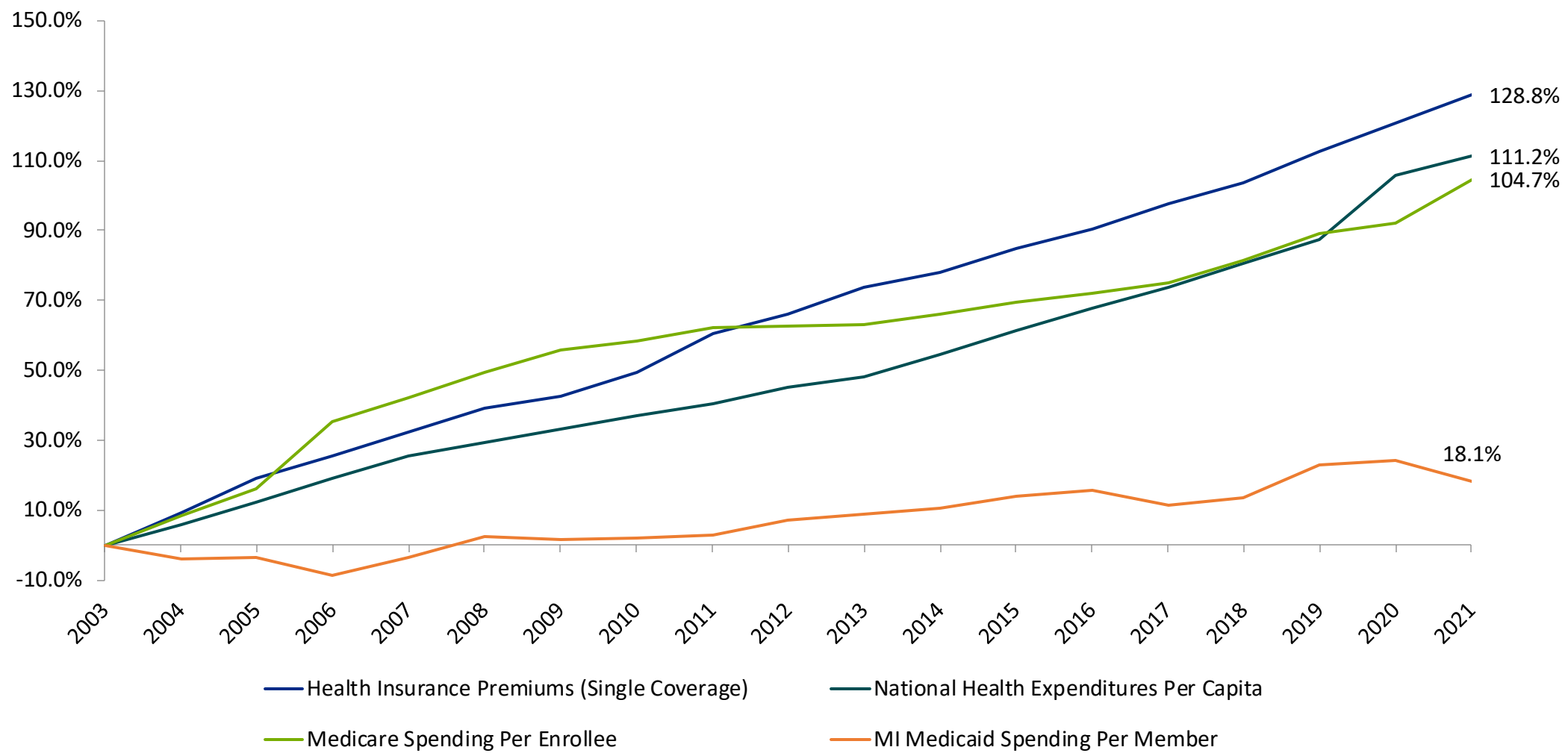


Medicaid Spending by Service

Fiscal Year 2021



Growth in Health Care Spending





BPHASA **Service Delivery System**

Medicaid Health Plans

- **76%** of Medicaid beneficiaries are enrolled in one of the Department's nine contracted **Medicaid Health Plans** (MHPs).
 - Full-risk contracts with a mix of profit and non-profit; national and local health plans.
- Emphasis on **high quality**, **low cost**, and **care coordination**.

MHP coverage responsibilities include:



Comprehensive physical health care (acute, primary and specialty services).



Dental care (effective 4/1).



Most prescription drugs.



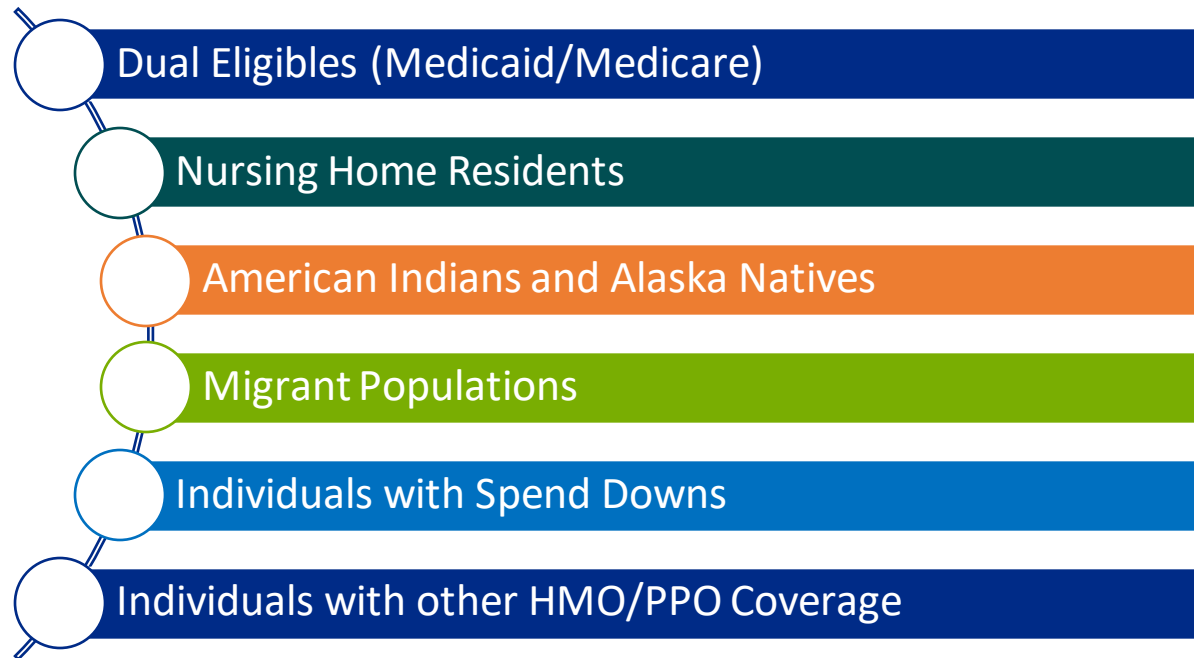
Outpatient mental health care for the mild-moderate population.



Transportation.

Medicaid Fee For Service (FFS)

- 24% of Medicaid beneficiaries are covered through FFS on an ongoing basis

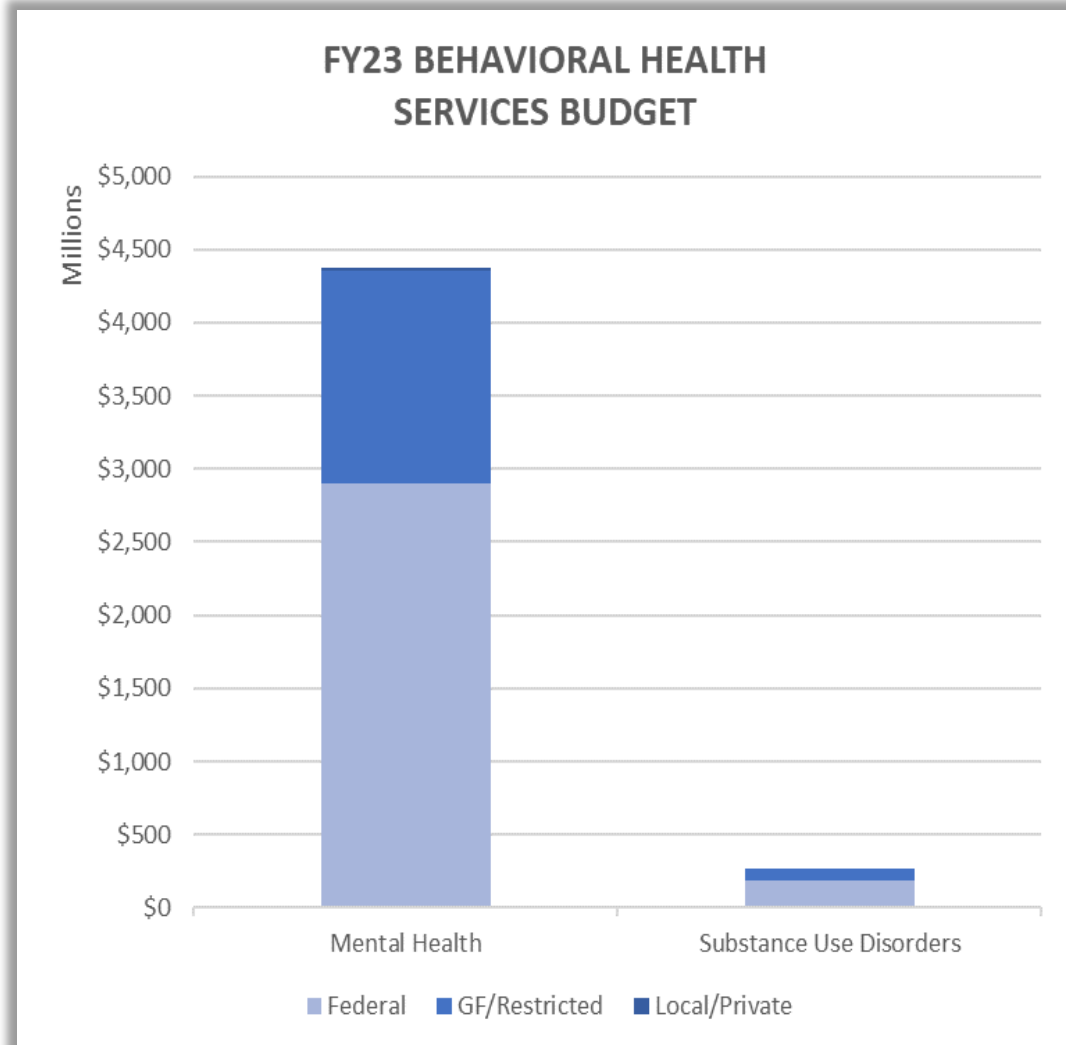


- 16.9 million FFS claims annually—totaling approximately \$2.8 billion

Michigan's Behavioral Health System

- Approximately **297,000** Medicaid beneficiaries received **specialty behavioral health services** through one of the Department's 10 contracted Prepaid Inpatient Health Plans (PIHPs) in FY22.
- The PIHPs are required to contract with the **Community Mental Health Services Programs (CMHSPs)** in their region.
 - Wayne, Oakland and Macomb County CMHSPs are **both** the PIHP and the CMHSP.
- The CMHSPs provide the Medicaid services and/or contract with **other providers** for the delivery of services.
- Contrary to the full-risk capitated managed care arrangement with the Medicaid Health Plans, the PIHPs have a **shared-risk arrangement** with the State.

Michigan's Behavioral Health System



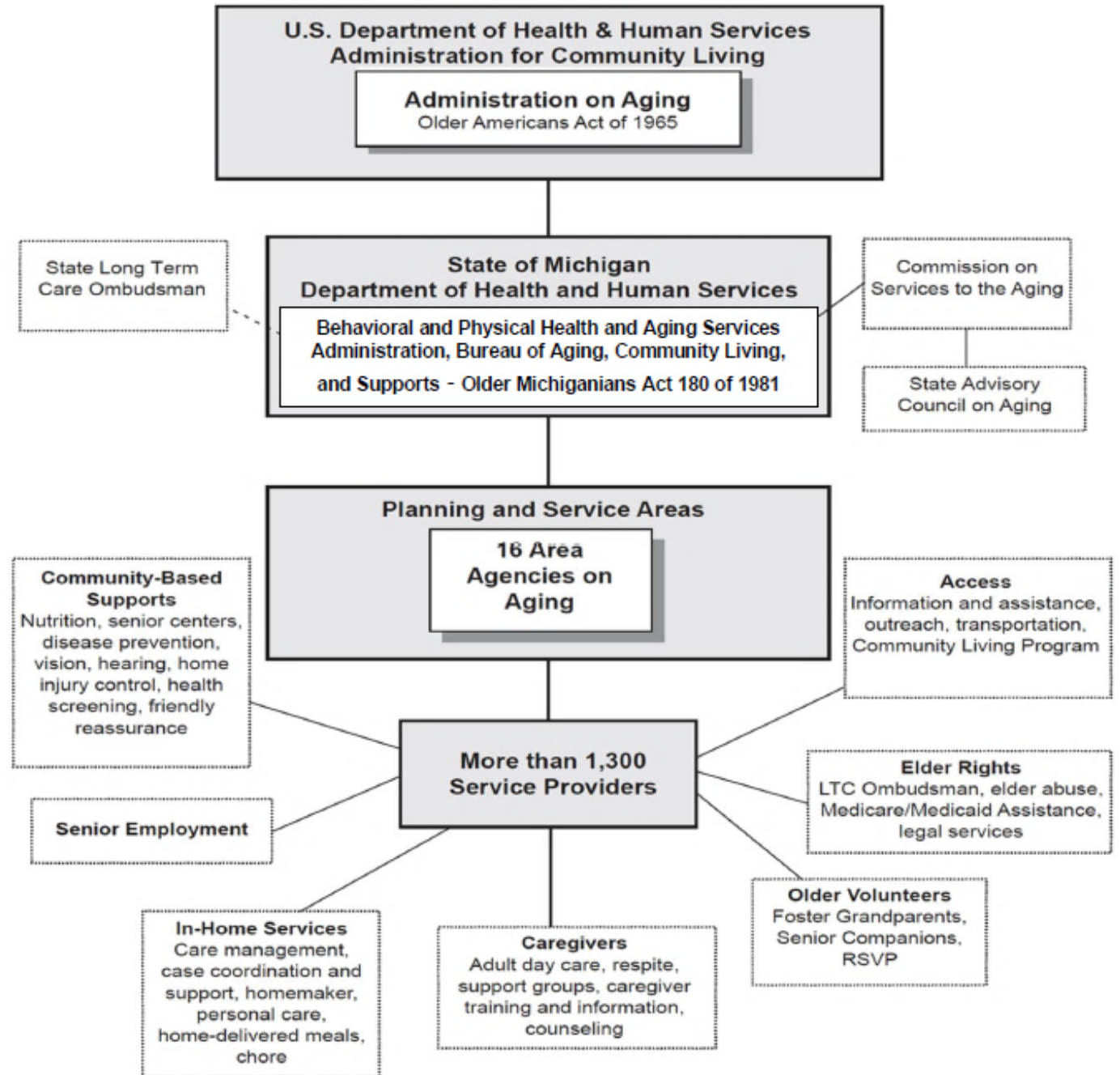
- The scope of **responsibilities** for Michigan's **46 Community Mental Health Services Programs (CMHSPs)** is **broader than Medicaid**.
- **Populations Served:**
 - People in crisis.
 - Persons with:
 - Adults - serious mental illness (SMI).
 - Children - serious emotional disturbance (SED).
 - Adults & Children - intellectual/developmental disabilities (I/DD).
 - Substance use disorders (SUD).
- **Total Served:** over **302,000** people in **2022**.

Medicaid Long-Term Supports and Services

Program	Service Delivery Model	Program Description	Program Enrollment
MI Health Link*	Managed Care via Integrated Care Organizations	Medical, behavioral health and long-term care services for MI Health Link program enrollees.	~42,000
MI Choice	Managed Care via MI Choice Waiver Agencies	Home and community-based services for Medicaid-enrolled individuals who qualify for nursing home-level care.	~16,000
PACE	Managed Care via PACE Organizations	Community-based, all-inclusive care for individuals age 55+ who qualify for nursing home-level care.	~4,500
Home Help	Fee for Service via Individual and Agency Providers	Personal care services to individuals who need hands-on assistance in order to live independently in their home.	~60,000
Nursing Homes	Fee for Service	Skilled nursing care for individuals needing full-time custodial care or rehabilitation services.	~33,500

**Federal regulations require the state to convert the MI Health Link program to an “integrated” Dual Eligible Special Needs Plan (D-SNP) by 2026. MDHHS is currently working on this transition.*

Michigan's Aging Network



Current Initiatives



Supporting the Behavioral Health Workforce

Recruitment and Retention Efforts



- ✓ Utilizing \$2.8M to provide **expanded training** to the direct care workforce.
- ✓ Working with Wayne State University and Michigan State University to **expand cohorts** for psychiatric mental health nurse practitioners to **increase access** in underserved communities.
- ✓ Launched a \$3M **Student Loan Repayment Program**, supporting **146** behavioral health licensed professionals.
- ✓ Updated Medicaid policy to allow **payment for practitioners** that have completed credentialing but are **awaiting licensure**.
- ✓ **Streamlining** our behavioral health provider credentialing process.
- ✓ Expanded our public awareness marketing campaign to **recruit staff/reduce stigma** around behavioral health careers.
- ✓ Implemented a **20% wage increase** for certain Civil Service classifications, including **psychiatrists, physicians, psychologists and nurses**.

Expanding Behavioral Health Access and Capacity

Intensive Community Treatment Services

Background

- Increased volume of patients **awaiting** behavioral health **treatment** in local **emergency departments** or other inappropriate settings.
- Experiencing **high readmission rates** to state inpatient care for some individuals.

Program

- Designed to **strengthen** our **continuum** of **care** for individuals with severe and challenging behaviors.
- **Step Down** - Assist patients transitioning to community placement after state inpatient care.
- **Step Up** – For those in a community setting in need of an intensive treatment setting but unable to secure placement.

Implementation

- **Short-term** (90 days).
- For **youth** and **adults**.
- 24-hour **supervised, monitored** and **focused** treatment.
- MDHHS and the responsible CMHSP will work with the individual and family of the individual being served to coordinate care with an MDHHS-contracted provider specializing in these services.

Unwinding the Public Health Emergency

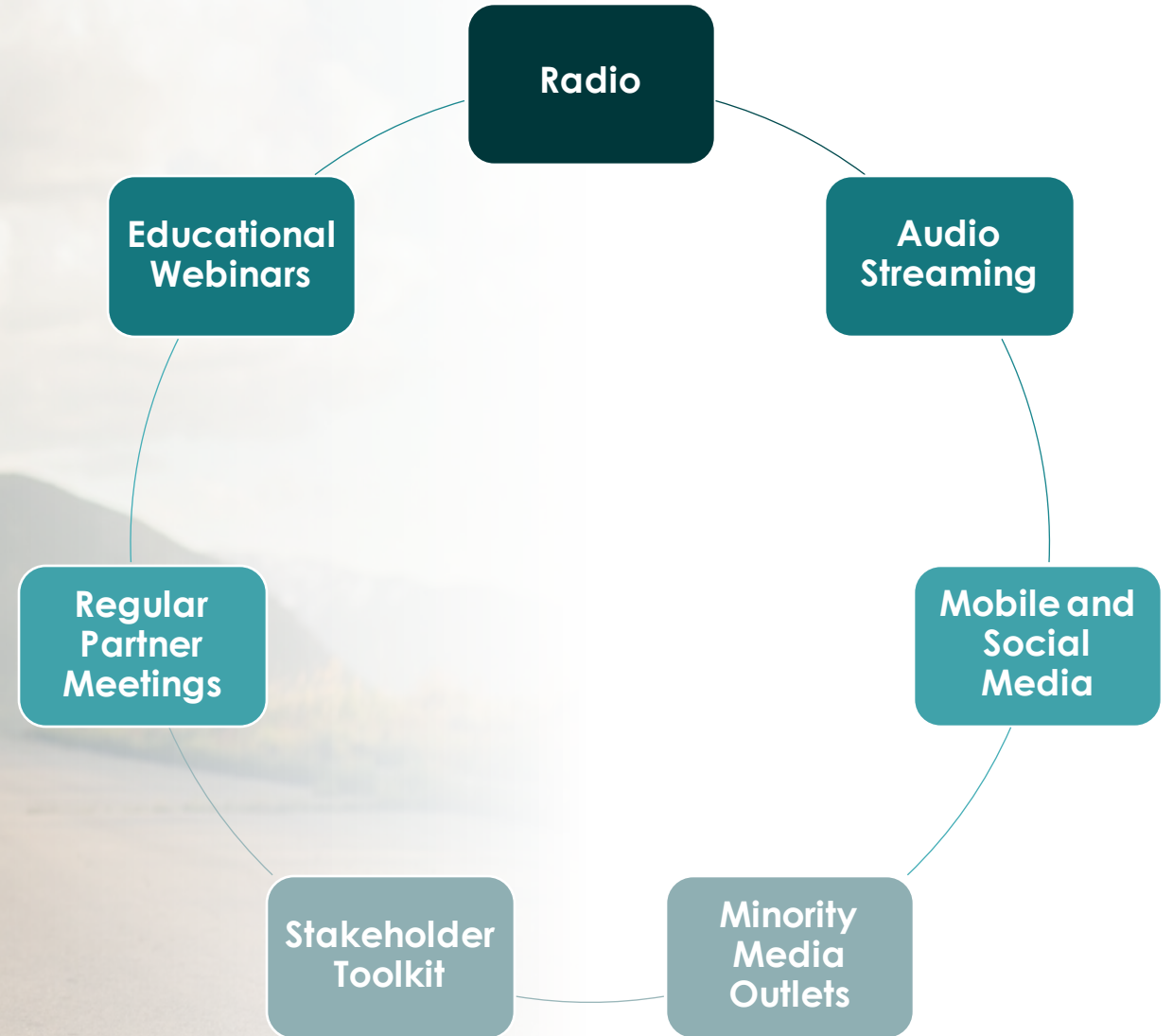
Medicaid Redeterminations

- During the **Public Health Emergency (PHE)**, Medicaid redeterminations were paused in March 2020 in compliance with federal law.
- Since this time, the Medicaid caseload has grown by over **750,000 beneficiaries**.
- The Consolidated Appropriations Act of 2023 **ended** the **continuous Medicaid coverage** provisions – decoupling this requirement from the PHE.
- This means that Medicaid beneficiaries will have their eligibility **reviewed** and **reassessed** for the first time since the beginning of the PHE.
- The first cohort of Medicaid beneficiaries impacted by this change will have their **eligibility reviewed** in **June 2023**.



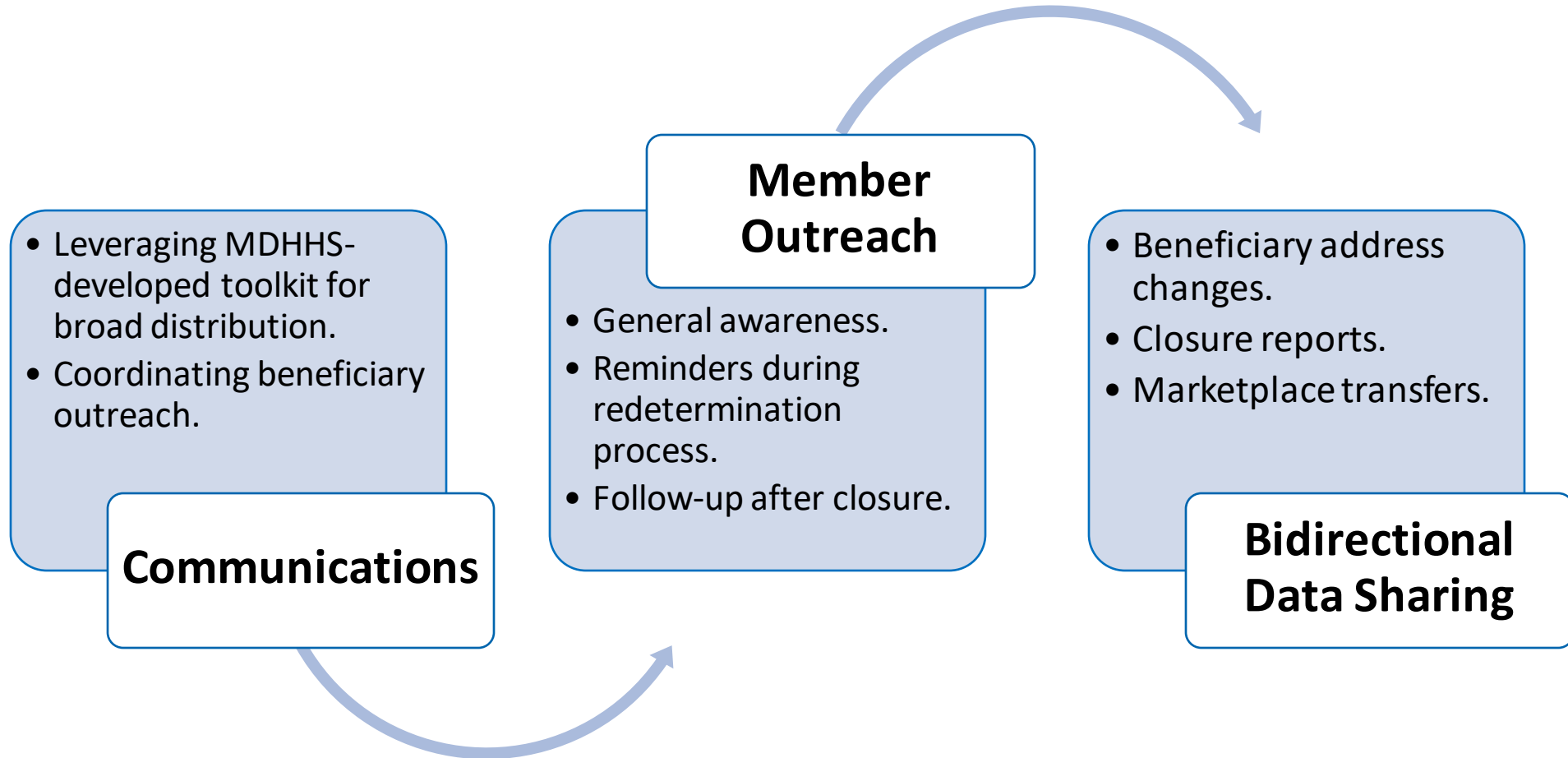
Unwinding the Public Health Emergency

Robust Communications Strategy



Unwinding the Public Health Emergency

Partnering with our Managed Care Plans



Unwinding the Public Health Emergency

Building Staff and Partner Capacity

- Converting internal positions.
- Rehiring retirees.
- Hiring additional staff.
- Adding MI Bridges capacity.



Unwinding the Public Health Emergency

Assuring Smooth Transitions to the Marketplace



Working in close partnership with the Department of Insurance and Financial Services.



Implementing outreach strategy to those transitioning from Medicaid coverage.



Marketplace education and referrals to navigators.

HealthCare.gov

Addressing Social Determinants of Health

MIHealthyLife Initiative

Background

- The Medicaid Health Plans provide health care coverage to approximately **2.2 million Michiganders**, including low-income adults, children, pregnant women, elderly adults and people with disabilities.
- MDHHS will **rebid** its Medicaid Health Plan contracts in **fall 2023** with new contracts effective **October 1, 2024**.

Response

- Identify opportunities for **innovation and improvement** in the services and supports provided by the Medicaid Health Plans through **inclusive public input** via online survey
- MDHHS sought **feedback** on principles that will **guide the state's policy and program areas** to assist in determining where the state should **focus** its efforts.
- Public **announcement** of **strategic pillars** for the procurement will be made shortly.

Addressing Social Determinants of Health

Supporting the Whole Person, Increasing Access



Background

- Health inequities are often linked to unmet social needs. **Addressing these unmet needs is an MDHHS priority.**
- Community health workers are catalysts for **promoting health equity, improving outcomes** and **expanding opportunities for care.**

Response

- Expand Medicaid coverage and reimbursement to include community health worker services** for both managed care and fee-for-service beneficiaries.
- Seek federal approval to **introduce targeted case management services for previously justice-involved individuals** to expand delivery of transitional support services.

Building Upon Successes

MI Health Link Program Transition

Background

- The **MI Health Link demonstration** was launched by Michigan and CMS on March 1, 2015, to **integrate care for dually eligible individuals ages 21 and above**.
- **Three-way contract** between CMS, Michigan and the Integrated Care Organizations.
- CMS released a **final rule**, CMS 4192-F, that will terminate all State Medicare-Medicaid Plans, like MI Health Link, unless a state chooses to convert program into an **integrated Dual Eligible Special Needs Plan (D-SNP)**.

Response

- Michigan has submitted a plan to transition MI Health Link into a **highly integrated** dual eligible special needs plan (**HIDE D-SNP**).
- Contracted managed care plans will **provide most covered benefits** for their dual-eligible enrollees.
- Building off the **successes of MI Health Link**, MDHHS will work to provide as much **continuity and coordination** into the HIDE D-SNP as possible.

BPHASA Budget Investments Fiscal Year 2024



Health Care Workforce



Health Care Access and Equity



Strengthening the Health Care Workforce

Strengthening the Health Care Workforce

Background

- **Low wages, staffing shortages**, mandatory **overtime**, and **burnout** continue to plague the health care and direct care workforce.
- Hospital and health systems have over **50,000 vacancies**.
- Average **turnover rate** for health care professionals is **27%** and for direct care staff is **45%**.

Proposed Response

- **\$210.1 million gross** (\$74.5 million GF) to support a \$1.50/hour increase in wages for direct care workers providing: Medicaid behavioral health services; care at skilled nursing facilities; community-based supports through MI Choice, MI Health Link, and Home Help programs; care at homes for the aged and adult foster care facilities and in-home services funded through Area Agencies on Aging.
 - Direct care workers include registered professional nurses, licensed practical nurses, competency-evaluated nursing assistants, and respiratory therapists.
- **\$90 million gross** (\$31.7 million GF) to increase wages for non-direct care staff employed in institutional long-term care facilities.
 - Non-direct care workers include but are not limited to the following categories: housekeeping, maintenance, plant operations, laundry, dining room assistants, dietary workers, medical records, social services, and other diversional therapy staff.
- Establish a **\$5 million gross/GF** annual **scholarship program** for students pursuing careers in behavioral health, counseling, psychology, psychiatric nursing, or social work.

Expected Impact

- Scholarship program will help **support students** pursuing careers in health care.
- Addressing staffing concerns allows **better quality** and more consistent **patient care**, leading to **better health outcomes** for the populations we serve.



Expanding Health Care Access and Equity

Building on the Healthy Moms, Healthy Babies Initiative

Background

Healthy Moms, Healthy Babies is an initiative that began in 2021 and includes the expansion of postpartum Medicaid coverage, the addition of Medicaid doula services and the implementation and expansion of evidence-based home visiting programs. This proposal builds on those investments by **expanding evidence-based services** to **at-risk populations** in order to **improve outcomes**.

Proposed Response	Impact
\$32.1 million gross (\$6.4 million GF) to remove the 5-year waiting period for children and pregnant women legally residing in Michigan to access Medicaid .	Consistent coverage for those with presumed eligibility. Allows more mothers and children access to lifesaving medical coverage .
\$6.2 million gross (\$1.0 million GF) to reinstate the Medicaid Plan First! Benefit for family planning services.	Fills a coverage gap for people who exceed the income limit for the Healthy Michigan Plan but lack insurance for family planning through their employer or other means.
\$10 million gross (\$5 million GF) to expand and strengthen services provided by centering pregnancy sites.	Mothers receiving this type of prenatal care have reduced risk of pre-term births and low birthweight babies.
\$10 million gross/GF to support birthing hospitals .	Severe maternal morbidity decreased 10.5% since Michigan hospitals began participating in evidence-based models.
\$10 million gross/GF to increase investment in Michigan Perinatal Quality Collaborative (M-PQC) by providing grants to local collaboratives, growing their ability to coordinate to improve maternal and infant health outcomes.	M-PQC efforts led to increased screening and treatment for perinatal substance use disorder.

Enhancing Medicaid Rates and Benefits

Background

- Low Medicaid reimbursement rates **decrease provider participation**, resulting in **decreased access to services** for Medicaid patients.
- Young adults receiving Children's Special Health Care Services (CSHCS) face **tremendous barriers** to **access health care coverage** once CSHCS eligibility ends at age 21. CSHCS provides coverage to young adults with chronic conditions like sickle cell disease, hemophilia and cystic fibrosis.
- Medicaid beneficiaries experiencing **homelessness** are typically **discharged from a hospital to a shelter** not equipped to address health issues, resulting in **readmission**.

Proposed Response

- **\$120.7 million gross** (\$32.8 million GF) to increase reimbursement rates for Medicaid services, such as **primary care, dental, vision, laboratory services, anesthesia, durable medical equipment**, and many more.
- **\$4 million gross** (\$3.2 million GF) to expand **Children's Special Health Care Services** to **age 26**.
- **\$5 million gross** (\$2.2 million GF) to add a **recuperative care benefit** to assist Medicaid beneficiaries experiencing homelessness who need short-term transitional services upon discharge from hospital care.

Expected Impact

- Increasing Medicaid reimbursement rates will provide **financial relief**.
- Young adults with special health care needs will be able to **continue receiving care** for their chronic conditions.
- Studies have shown **readmission rates reduce** by **24%** with recuperative care programs.

Reforming Nursing Facility Medicaid Rates

Background

- Nursing facility Medicaid reimbursement **varies widely** by provider and does not incorporate the **severity** of the resident's **medical issues and individualized care needs**.
- A November 2019 Michigan Office of the Auditor General report described Michigan's nursing facility Medicaid rate setting and reimbursement process to be "**complicated, labor intensive, ineffective, and inefficient.**"

Proposed Response

- **\$110 million gross** (\$102 million GF) to support nursing facilities over a two-year timeframe as the **new reimbursement model** is phased in.

Expected Impact

- More **equitable access** to **quality services**.
- **Simpler** model to provide funding needed to support people in nursing facilities.

QUESTIONS & DISCUSSION

MDHHS Contact Information

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