



Presentation to the House Appropriations
Medicaid Subcommittee of Health and Human Services

December 1, 2015

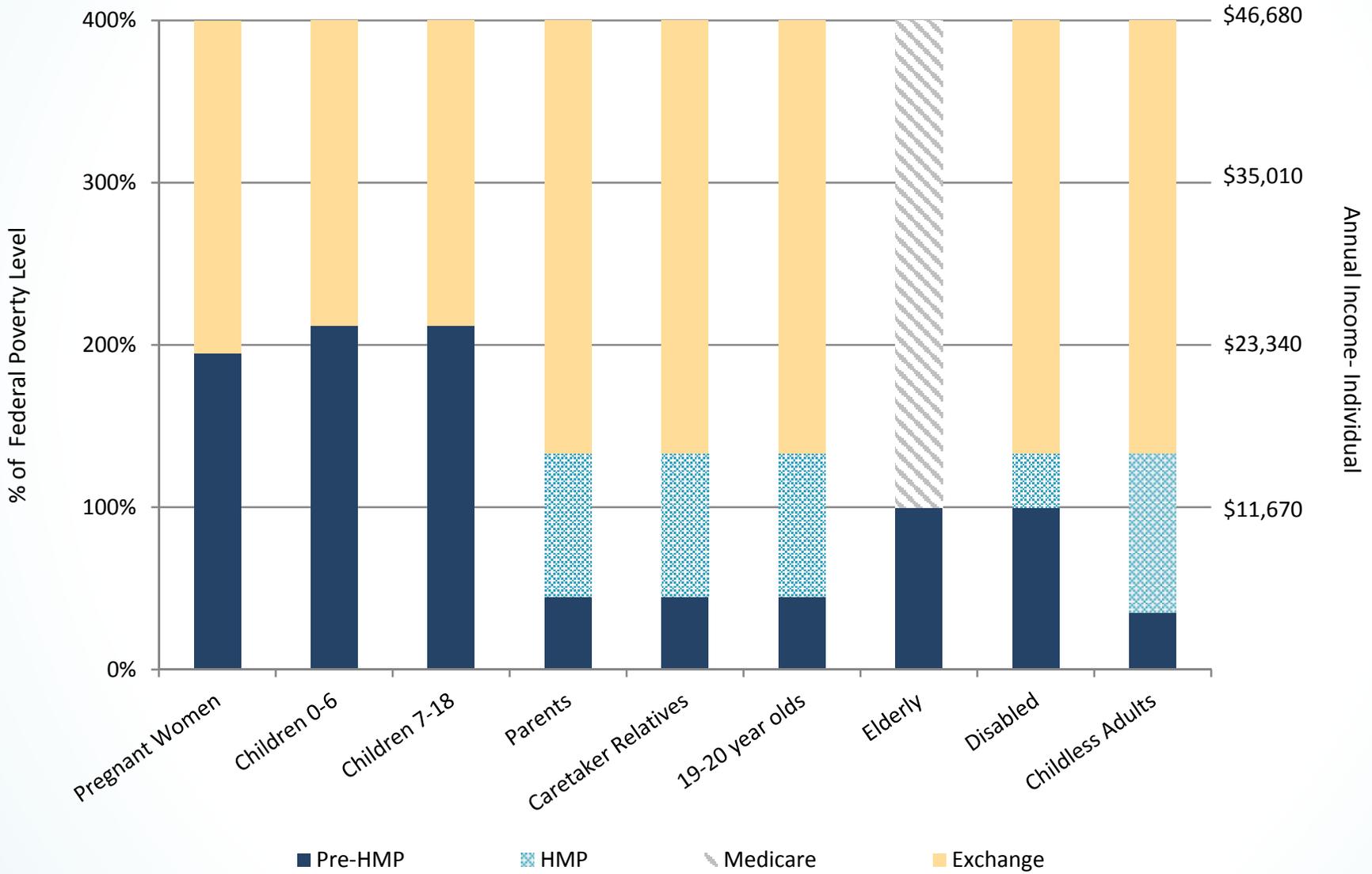
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OVERVIEW

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
- Over 2.3 million Michiganders are enrolled in Medicaid including:
 - 1.2 million children
 - 600,000 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
- Current Medicaid Budget in Michigan: \$17,635,516,000

Eligible Populations



Examples of Medicaid's Impact on Michiganders

- 50% of Michigan children's received health coverage through Medicaid at some point in the last year
- 216,583 children had at least one dental visit
- 1,404 children were screened for Autism Spectrum Disorder (ASD)
- 55,365 babies were delivered to women on Medicaid
 - Nearly 50% of the births in the state
- 393,535 women were screened for cervical cancer
- 10,000,000 unique prescriptions were filled in Fee for Service alone
- Cancer treatment for 124,698 adults & 15,667 children
- 140,097 adults with Type 1 or Type 2 Diabetes
- 2/3 of all Michigan Nursing Home Beds are supported by Medicaid

Examples of the Healthy Michigan Plan's Impact on Michiganders

Since the program began in April 2014:

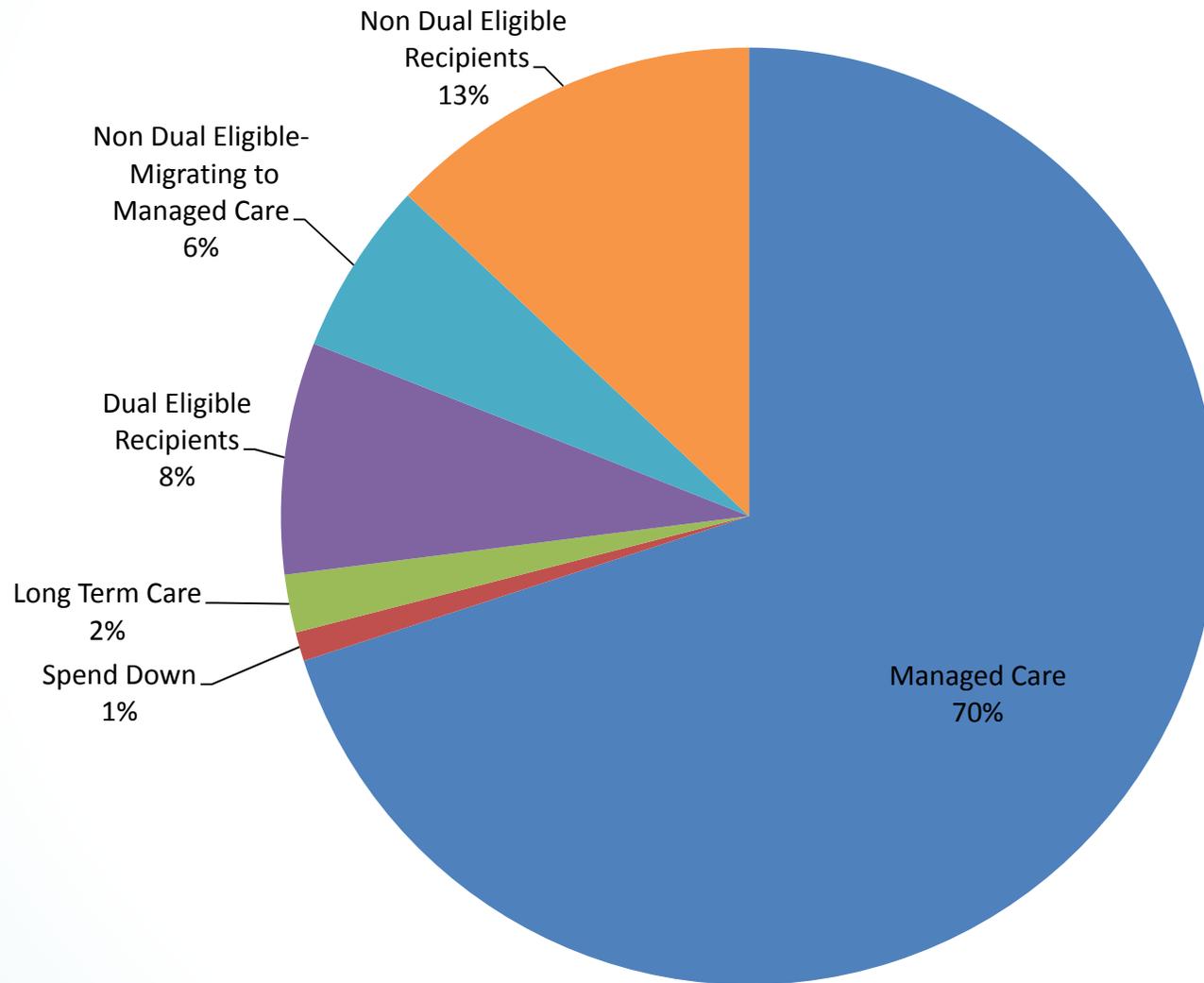
- 499,149 enrollees received a primary care visit
- 252,851 preventive visits have been covered
- 6,887 enrollees received a OB visit (Antepartum, Delivery, Postpartum)
- 133,530 mammograms have been covered
- Colon cancer screenings were covered for 31,944 enrollees
- 58,805 enrollees received mental health services
 - Nearly 850,000 mental health encounters (through the MHPs/PIHPs)
- 71% of newly eligible enrollees receive a visit with their Primary Care Provider within 150 days of enrollment.

DELIVERY SYSTEM

Michigan Medicaid Managed Care

- Full-risk contracts with a mix of profit and non-profit; national and local health plans
- Medicaid Health Plan (MHP) coverage responsibilities:
 - 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
 - Care Coordination

Michigan Medicaid Service Delivery System



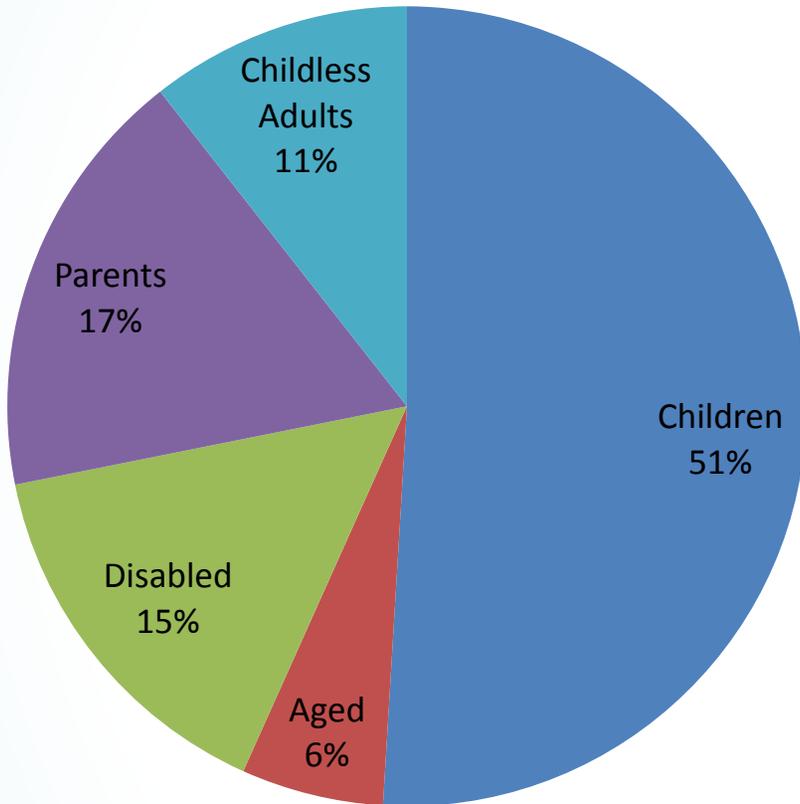
Medicaid Health Plans

- In May 2015, a comprehensive rebid for Medicaid Health Plans was released.
 - Successful bidders were announced November 13th after protest period
 - Ad board approval- November 17th
- Procurement focused on four pillars:
 1. Population health management
 2. Value-focused payment
 3. Integration of care
 4. Structural transformation
- Plans were selected in alignment with Michigan's ten Prosperity Regions
- New contracts effective January 1, 2016
 - 5-year contract with three one-year options

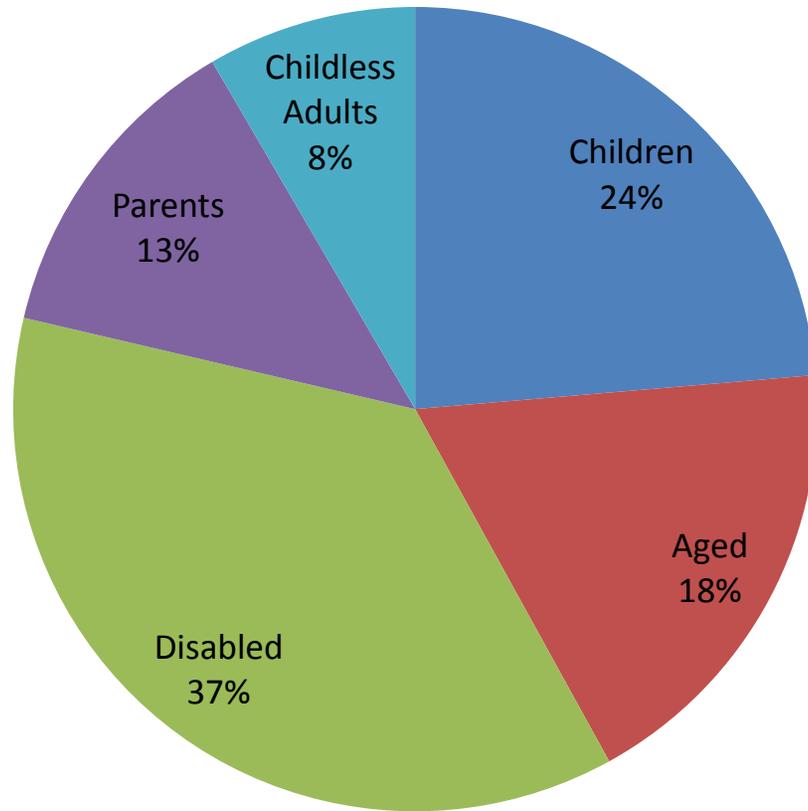
FINANCING

Medicaid Consumers & Costs

Consumers



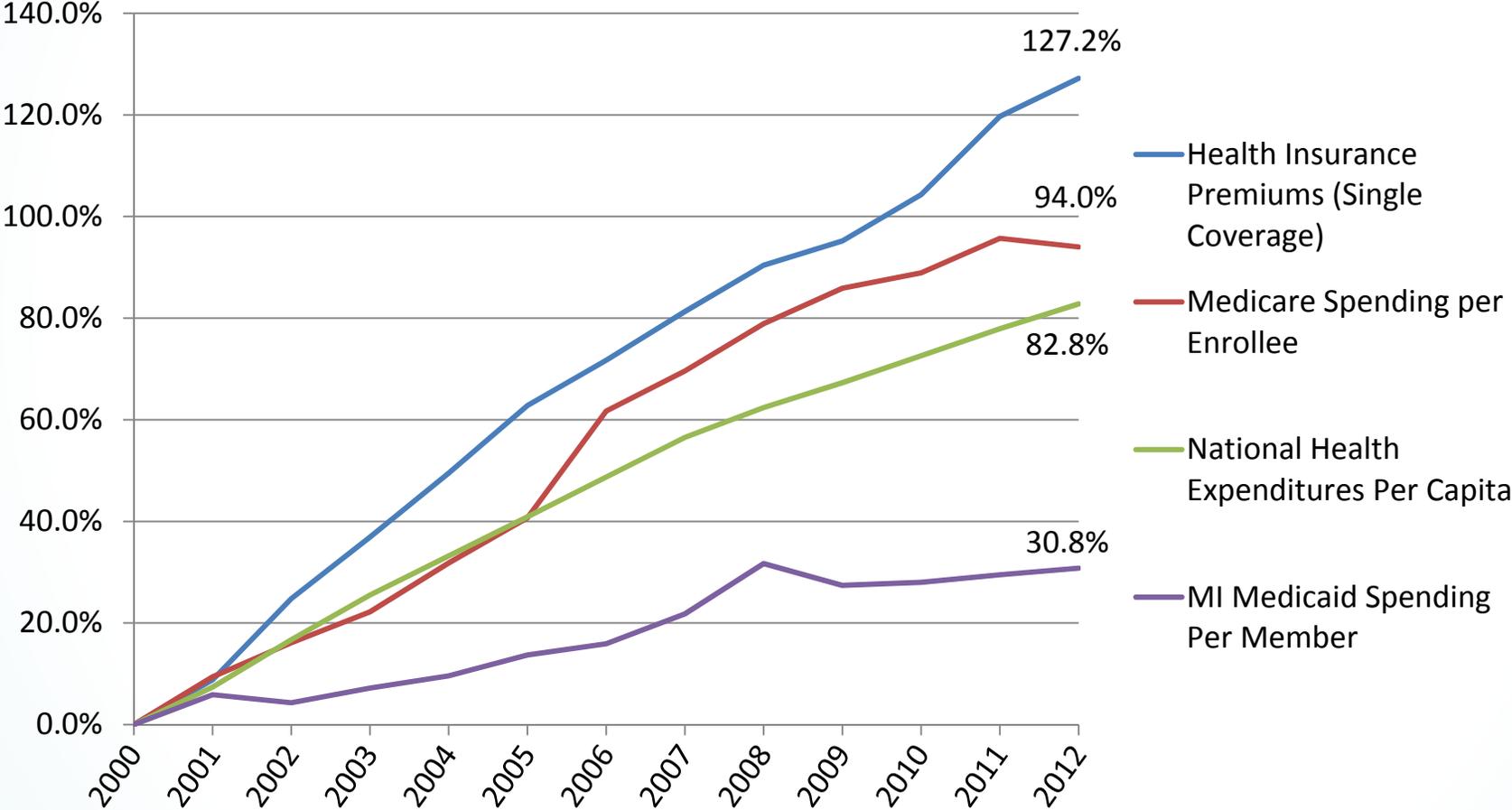
Costs



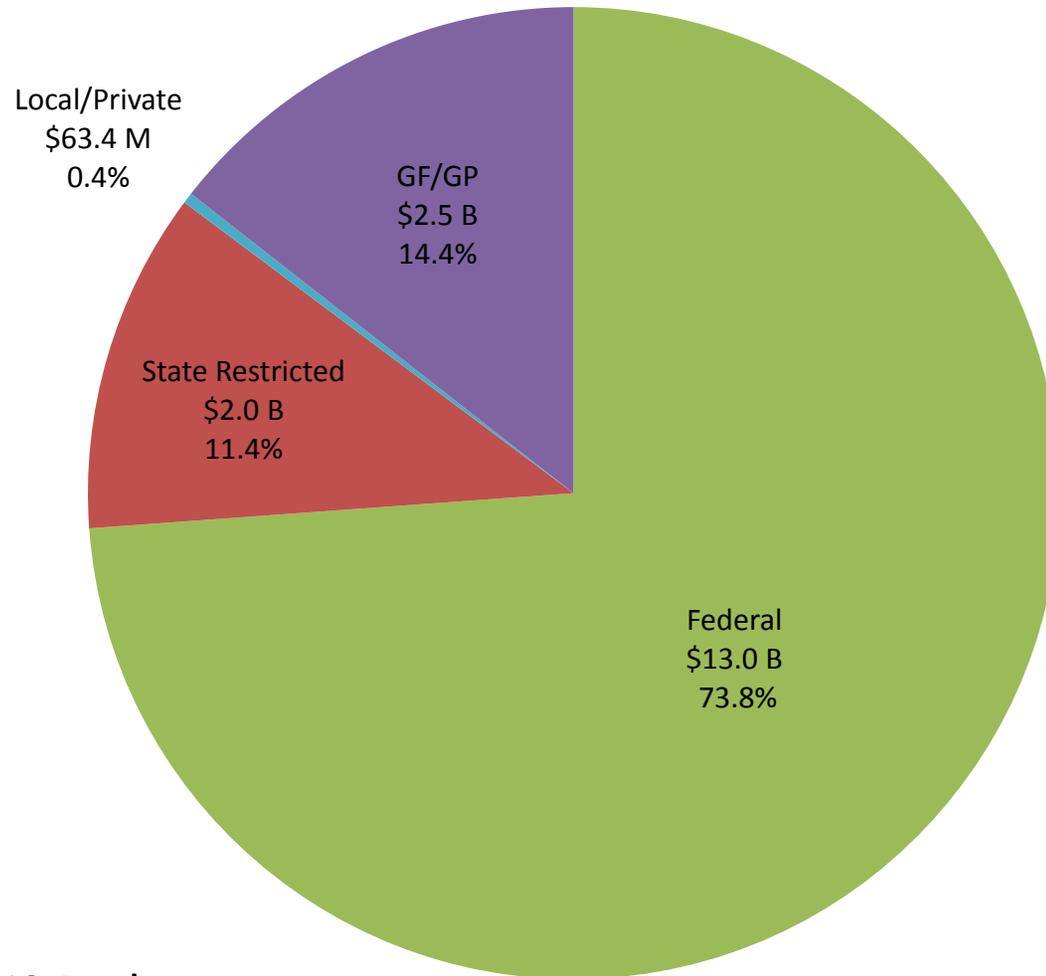
Children: 51% of the consumers, 24% of total Medicaid spending

Aged and Disabled: 21% of the consumers, 55% of total Medicaid spending

Historical Costs of Health Care 2000-2012

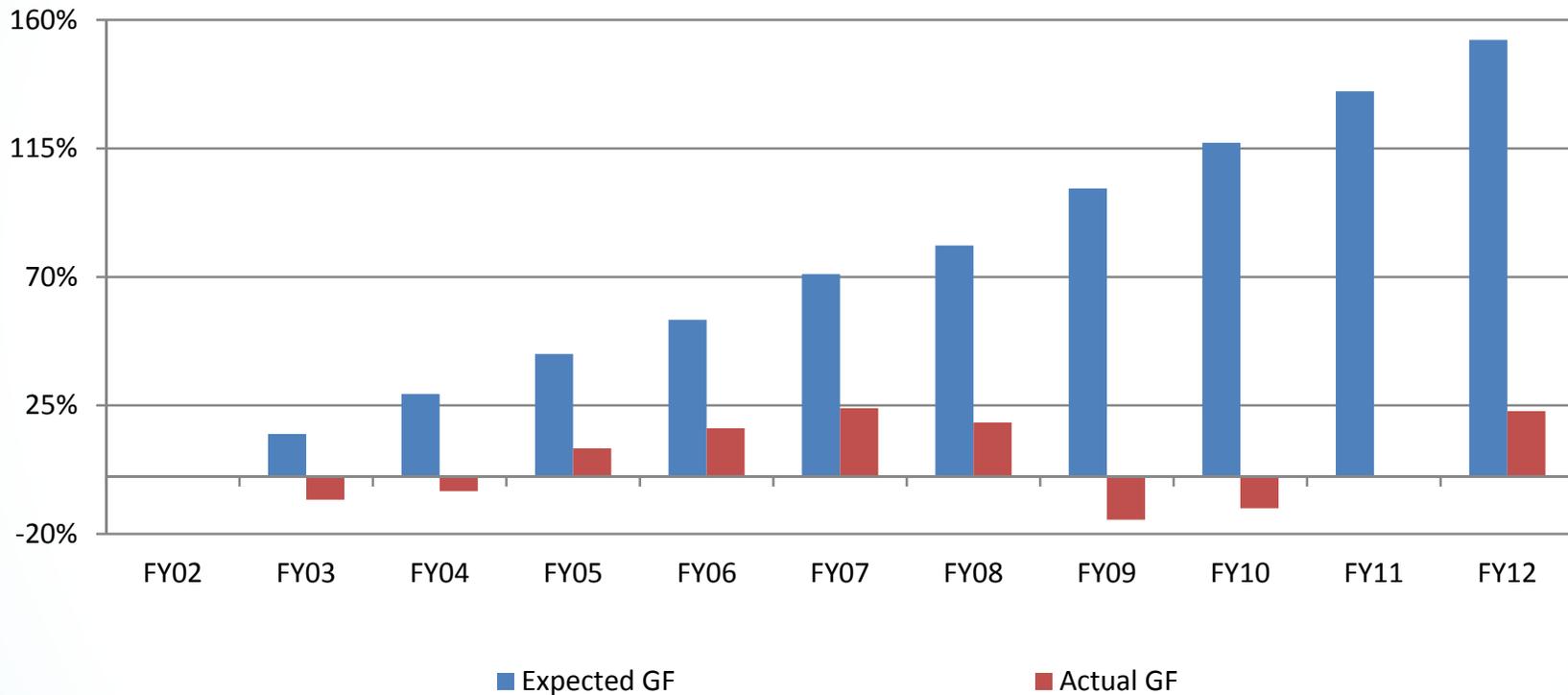


Medicaid Appropriation Revenue Sources



70% of MDHHS Budget

General Fund Remains Relatively Flat, Despite Caseload and Health Inflation Increases



Major Initiatives Currently Being Implemented

Healthy Michigan Plan

- Program launched in April 2014 after the passage of authorizing state legislation (PA 107 of 2013) and initial federal waiver approval
- Extends access to health coverage to 592,264 previously uninsured or underinsured Michigan citizens
- PA 107 included structural incentives for health plans, providers and beneficiaries
- Incentives for MHPs and providers to promote accountability around quality, cost, and utilization
 - Performance metrics/monitoring
 - Performance bonus incentive pool

Healthy Michigan Plan

- Incentives for beneficiaries to promote personal responsibility
 - Beneficiary cost sharing
 - Healthy behavior incentives
- Beneficiary cost sharing
 - MI Health Account
 - Copayments
 - Contributions (for beneficiaries above 100% FPL)
 - Garnishment
- Healthy behavior incentives
 - Health Risk Assessment
 - 50% reduction in contributions or \$50 gift card if the beneficiary agrees to address or maintain healthy behaviors

Healthy Michigan Plan

Second waiver

- Requires beneficiaries who are between 100% and 133% FPL and have had HMP coverage for 48 cumulative months to either:
 1. Purchase federally subsidized private insurance through the federal Marketplace; or
 2. Remain in the Healthy Michigan Plan with increased cost-sharing up to 7% of income
- Required for program continuation
- Submitted to CMS on September 1, 2015 with approval needed by December 31, 2015

MI Health Link

- Three year demonstration with Center for Medicare and Medicaid Services for people dually eligible for Medicare and Medicaid
- Demonstration Purpose:
 - To improve quality and access to care for residents by aligning Medicare and Medicaid services, rules, and funding
- One plan and one card for the full array of services

MI Health Link

- Program launched in March 2015
- Currently operating in four regions of the state
 - All counties in the Upper Peninsula
 - Eight counties in southwest Michigan
 - Wayne County
 - Macomb County
- 7 participating Integrated Care Organizations (ICOs)
- 36,260 individuals are currently enrolled in the demonstration.

Other Key Initiatives

- State Innovation Model (SIM)
- Common Formulary implementation
- MIChild conversion to Medicaid Expansion Program
- Healthy Kids Dental
- Autism coverage for children up to age 21 (January 1, 2016)
- IMPACT (i.e. Cloud-based MMIS)
- Super Utilizers

CHALLENGES & OPPORTUNITIES

Challenges

- Changes in Medicine
 - Specialty Pharmaceuticals
 - Hepatitis C
 - FDA Pipeline
- Evolving Federal Guidelines
- Demands on Workforce
- Converging fiscal issues
 - Overall Cost of Health Care
 - Use Tax and HICA
 - FMAP rate decrease for traditional Medicaid
 - Healthy Michigan Plan- Initiation of state share
 - Medicare Part D Clawback Increase

Specialty Pharmaceuticals

Medication*	Average Retail Price (Per Person)**	Condition	Approval Date & Notes
Orkambi	\$260,000/year	Cystic Fibrosis	7/2015
Praluent & Repatha	\$14,000/year	High Cholesterol	7/2015 & 8/2015, respectively
Keveyis	\$120,000/year	Primary hypokalemic & hyperkalemic periodic paralysis	8/2015
Opdivo & Keytruda	\$120,000/year	Non-Small Cell Lung Cancer	8/2015 There will be at least 4 new drugs for Non-Small Cell Lung Cancer approved over the next 3 months.
Ataluren, Drisapersen & Eterplirsen	\$300,000/year, \$350,000/year & \$400,000/year, respectively	Duchenne Muscular Dystrophy	First quarter of 2016
Mepolizumab & Cinquil	\$45,000/year	Severe Eosinophilic Asthma	First Quarter of 2016
Imbruvica	\$130,000/year	Chronic lymphocytic Leukemia	2016

*The chart above reflects a small subset of specialty pharmaceuticals and is provided for example purposes only.

**The average retail prices listed do not take Medicaid best pricing/potential rebates into account.

Opportunities

- Improve Population Health
 - MDHHS provides opportunity for increased collaboration and cooperation within State government (e.g. Foster Care)
- Integration of Physical & Behavioral Health
 - Performance bonus withhold for MHPs and PIHPs tied to shared metrics
 - Health Homes
 - SIM
- Improve Health Literacy
 - Appropriate utilization/care settings
 - Medication adherence
 - Healthy behaviors
- Openness to Change

MDHHS Contact Info and Useful Links

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Twitter: @MichiganHHS, <https://twitter.com/michiganhhs>

Useful Links:

- Healthy Michigan Plan:
www.michigan.gov/healthymichiganplan
- MI Health Link:
www.michigan.gov/mihealthlink