

 Michigan Department of Community Health  
Director: Nick Lyon

**Medicaid Reform: Leading to a Healthier Michigan**

Presentation to House Health Policy Committee  
March 3, 2015

Steve Fitton  
Medicaid Director

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**Medicaid Elements**

Overview  
Delivery System  
Long Term Care Services & Supports  
Financing  
Healthy Michigan Plan (HMP)  
New Initiatives

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**OVERVIEW**

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## Medicaid History Condensed

- Federal legislation passed in 1965 (Title XIX of the Social Security Act)
- Financing and control are shared between federal and state governments – federal minimum financial support is 50%
- Bias toward children—Early and Periodic Screening, Diagnosis, and Treatment (EPSDT)
- Majority of spending on aged and disabled
- No two state Medicaid programs are the same



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## Recovery and Cost Avoidance

- By law, Medicaid is payer of last resort
- In order to assure adherence to this requirement, MDCH obtains third party health insurance information for Medicaid beneficiaries for recovery and cost avoidance activities
- Between FY12 and FY14:
  - \$283 million in Medicaid paid claims were recovered from other liable parties
  - \$5.3 billion in potential Medicaid costs were avoided



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## Michigan Waivers

- Federal government may grant waivers of federal Medicaid rules to states.
- There are many different types of waivers ranging widely in terms of scope and impact.
- Some of Michigan's current waivers include:
  - Comprehensive Health Care Program (Managed Care)
  - Healthy Michigan Waiver
  - Children's Waiver Program
  - Children with Serious Emotional Disturbance Waiver
  - Habilitation Supports Waiver
  - Healthy Kids Dental
  - Managed Specialty Services and Supports
  - MI Choice



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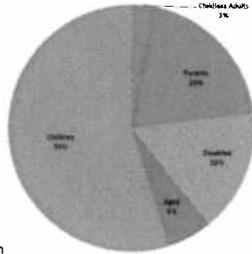
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## Eligible Populations- FY13



- 55% are Children
- 22% are Aged or Disabled

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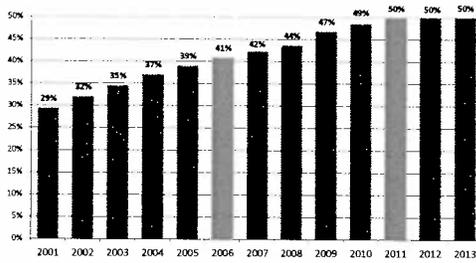
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## Medicaid Insures Children



Medicaid serves 50% of all children in Michigan

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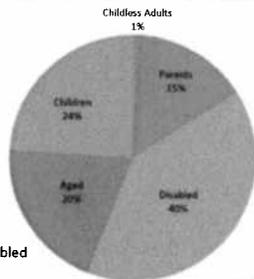
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## Medicaid Spending- FY13



- 60% for Aged or Disabled
- 24% for Children

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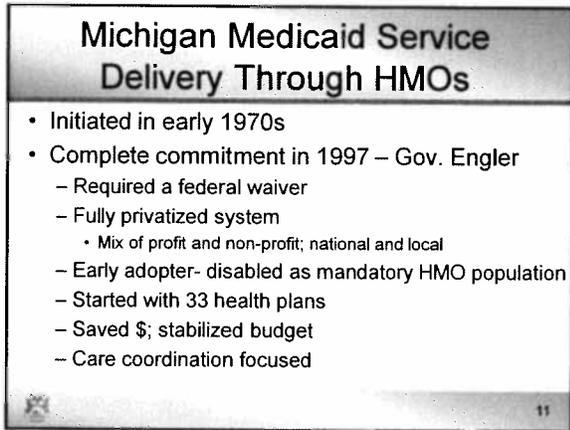
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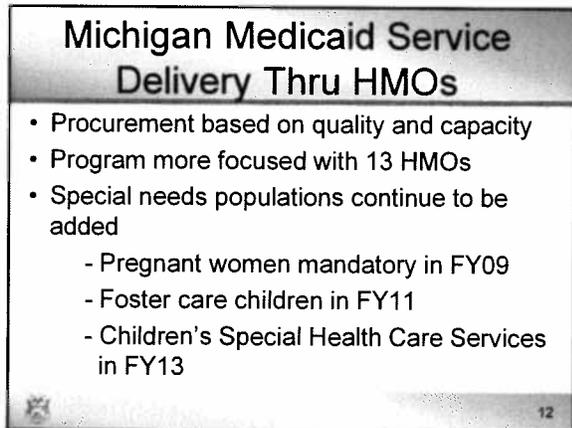
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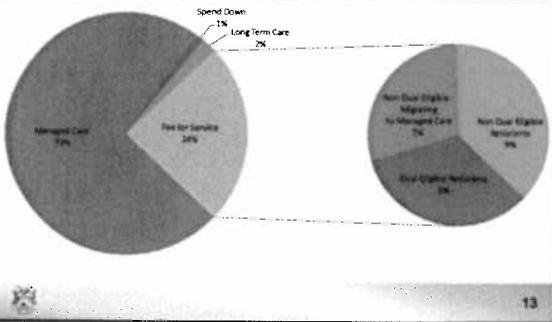
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## Michigan Medicaid Service Delivery System



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## Michigan Medicaid Works Access/Quality

- Michigan Medicaid provides access by requiring assignment of each HMO enrollee to a primary care physician
- Michigan Medicaid has adopted high standards of measurement and transparency on access and quality

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## Michigan Medicaid Works Access/Quality

- MHP performance requirements continued:**
- Public reporting required by Appropriation Section 1662
  - Consumer guide to assist beneficiaries in their in plan selection
  - Medicaid Health Plan Contractor performance bonus based on plan scores relative to national Medicaid benchmarks
  - Auto assignment preference based on performance

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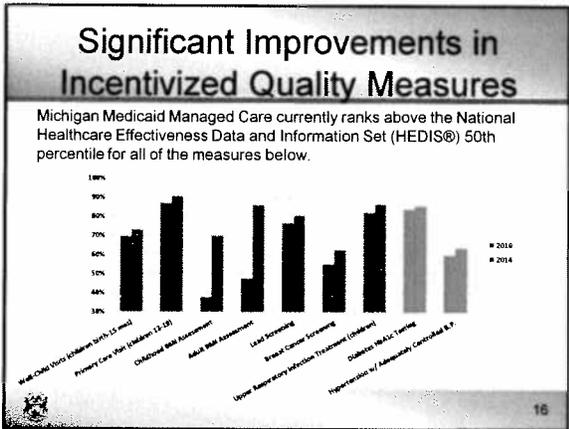
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### Michigan Medicaid Health Plans Excel

- The National Committee for Quality ranks 5 of Michigan's Medicaid Health Plans (MHPs) in the top 30 Medicaid Health Plans nationwide (2014)
  - Meridian Health Plan; Priority Health; Upper Peninsula Health; UnitedHealthcare Community; HealthPlus
- 8 MHPs are ranked in the top 50 nationwide
  - Includes Molina, McLaren and Coventry Cares
- Demonstrates commitment to provide high quality health care to our most vulnerable citizens

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## LONG TERM CARE SERVICES AND SUPPORTS

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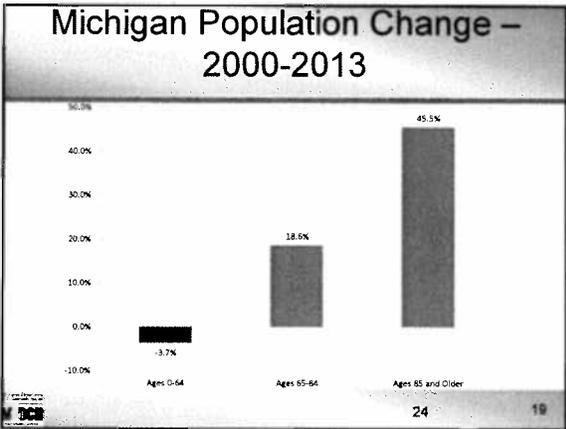
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### Medicaid Long Term Supports and Services

- Medicaid provides Long Term Supports and Services that cover a spectrum of programs and settings.
- Nearly one in five of Michigan's elderly or disabled citizens receives health care from Medicaid.
- Over 100,000 Medicaid beneficiaries receive long term supports and services over the course of a year.

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### Medicaid Long Term Supports and Services

- Nursing Facility
  - Skilled nursing care services
- Program for All Inclusive Care for the Elderly (PACE)
  - Acute and long term care services provided through a community center
- MI Choice
  - Wide ranging home and community-based supports and transition services
- Home Help
  - In-home Personal Care Services

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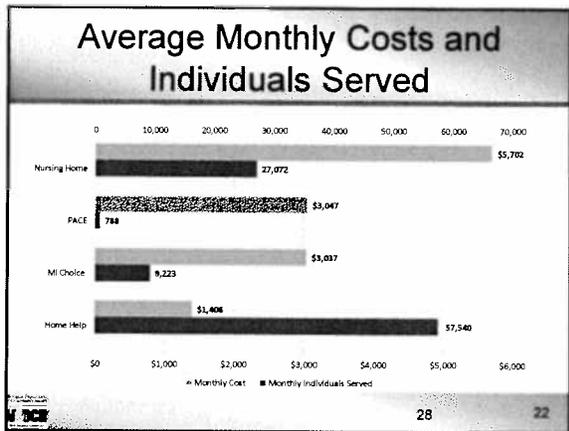
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## FINANCING

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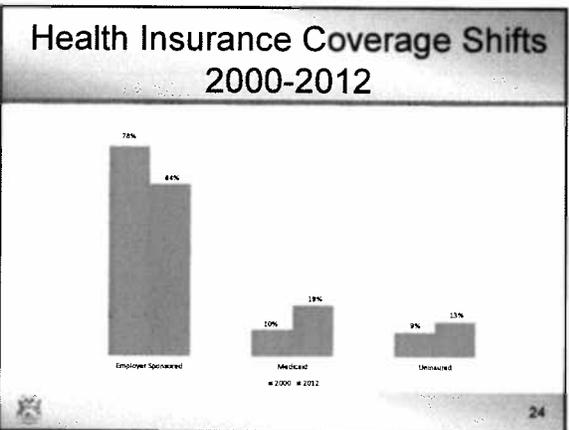
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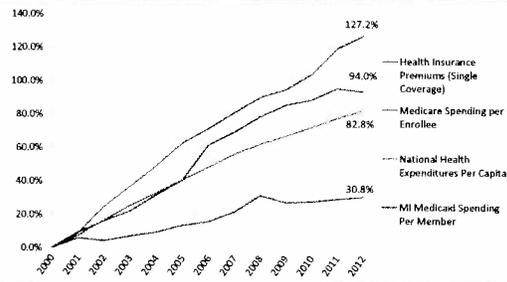
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## Historical Costs of Health Care 2000-2012



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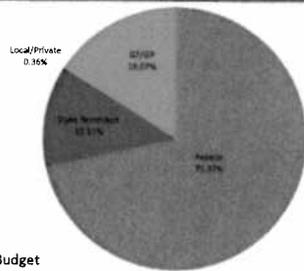
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## Medicaid Appropriation Revenue Sources



90% of MDCH Budget

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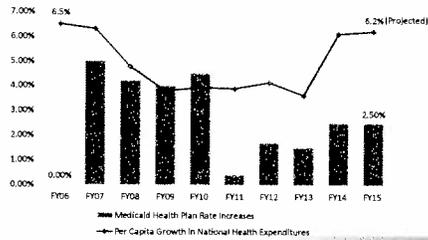
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## Medicaid Health Plan Rate Increases Over Time

- Federal regulations require that the rates paid to Medicaid health plans be actuarially sound.



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## Value Purchasing

- Michigan Medicaid is a value purchaser
- Selective contracting extends beyond our primary relationship with HMOs
- Selective contracting covers the following health care devices and supplies:
  - Multi-state pharmacy purchasing consortium
  - Eyeglasses
  - Incontinence supplies
  - Hearing aids

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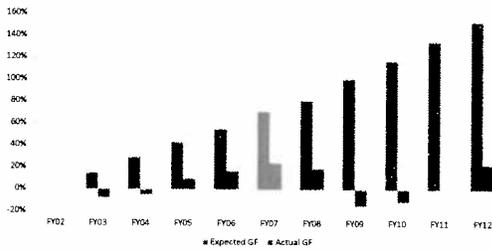
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## Michigan Medicaid General Fund Fiat in the Face of Caseload and Health Inflation Increases



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## Fraud, Waste and Abuse

- Fraud, waste, and abuse combines very different issues
- Medicaid employs many methods to prevent improper or fraudulent payments:
  - provider screening and verification of license, etc.
  - basic claims editing (eligibility, duplicates, other insurance)
  - more sophisticated claims editing (Correct Coding Initiative)
  - cutting edge claims editing (predictive modeling)
  - prior authorization of certain services
- Provider audits including Recovery Audit Contractor and other Office of Inspector General functions
- Michigan Medicaid's structure makes the program far less vulnerable to fraud than Medicare or Medicaid programs in some other states

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# HEALTHY MICHIGAN PLAN (HMP)

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- ## Healthy Michigan Plan Overview
- Major initiative of FY 2014
  - Extends access to health coverage to previously uninsured or underinsured Michigan citizens
    - Emphasis on prevention
  - Enrollment began in April 2014

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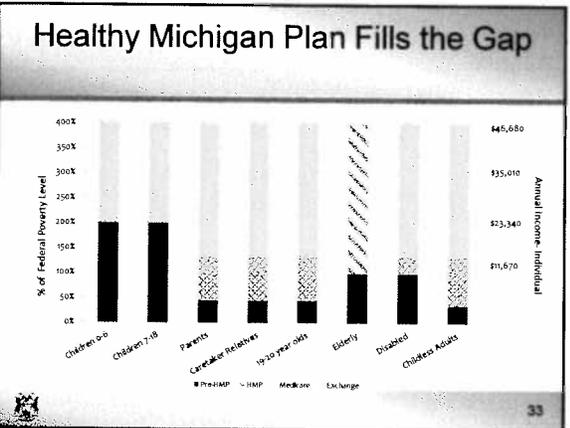
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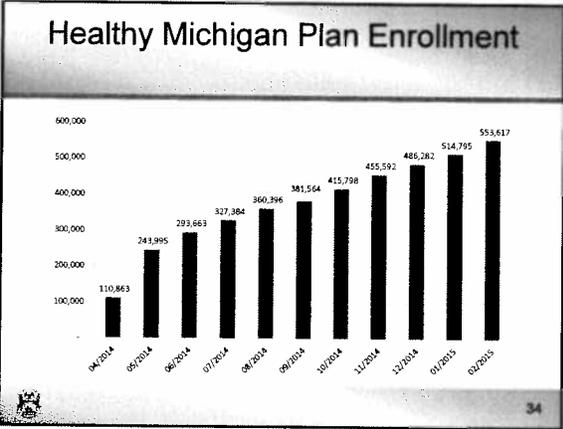
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- ### Healthy Michigan Plan Themes
- Legislation about program improvement broadly:
- Managed care approach
  - Structural incentives built around promoting personal responsibility
    - Beneficiary Cost Sharing
    - Healthy Behavior Incentives
  - Alignment of incentives – beneficiaries, providers, and health plans
  - Continued improvements to Medicaid with integrated care and value based design and purchasing
  - Accountability
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- ### Healthy Michigan Plan-Personal Responsibility Healthy Behaviors
- Identifying areas of improved health through Health Risk Assessment (HRA) and promoting engagement in healthy behaviors.
  - As of 1/21/2015, 96% of beneficiaries completed telephonic portion of Health Risk Assessment when choosing their health plan
    - 158,764 completed/165,294 enrollment calls
  - Beneficiary then completes the rest of the Health Risk Assessment with primary care provider at initial appointment
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**Healthy Michigan Plan Fiscal Impact**

- General Fund savings
- Reduction in uncompensated care
- Takes pressure off of private health insurance premiums for businesses and families
- Offsets planned cuts to DSH and Medicare

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**NEW INITIATIVES**

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**New Initiatives**

**Rebid for the Medicaid Health Plan program**

- New contract effective January 1, 2016
  - 5-year contract with three one-year options
- Procurement will focus on four pillars:
  - 1 Population health management
  - 2 Value-focused payment
  - 3 Integration of care
  - 4 Structural transformation
- Each pillar is supported by Health Information Technology and an overarching Quality Strategy

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## New Initiatives

**MI Health Link**

- Three year demonstration with Center for Medicare and Medicaid Services for people dually eligible for Medicare and Medicaid
  - Seeks 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
  - Enrollment began February 1
  - Program launched March 1

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## New Initiatives

- Michigan Primary Care Transformation (MiPCT)
- Primary Care Rate Increase
- Autism Coverage
- Streamlining Eligibility Systems
- CHAMPS- Model for Illinois Medicaid

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## Conclusion

- Michigan's Medicaid Program
  - Is a national leader in many areas while emphasizing sound fundamentals
  - Is setting a new trend with Healthy Michigan; incentivizing health behaviors and personal responsibility
  - Is cost effective while delivering access and quality services to beneficiaries
  - Tracks performance through a wide range of metrics
  - Will continue to pursue cutting edge policies that improve program performance

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