



Medical Services Administration

Fiscal Year 2017

Presentation to House Appropriations Subcommittee
on Health & Human Services

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Our Guiding Principles

Mission

The Michigan Department of Health and Human Services provides opportunities, services, and programs that promote a healthy, safe, and stable environment for residents to be self-sufficient.



Vision

Develop and encourage measurable health, safety and self-sufficiency outcomes that reduce and prevent risks, promote equity, foster healthy habits, and transform the health and human services system to improve the lives of Michigan families.



MEDICAID OVERVIEW

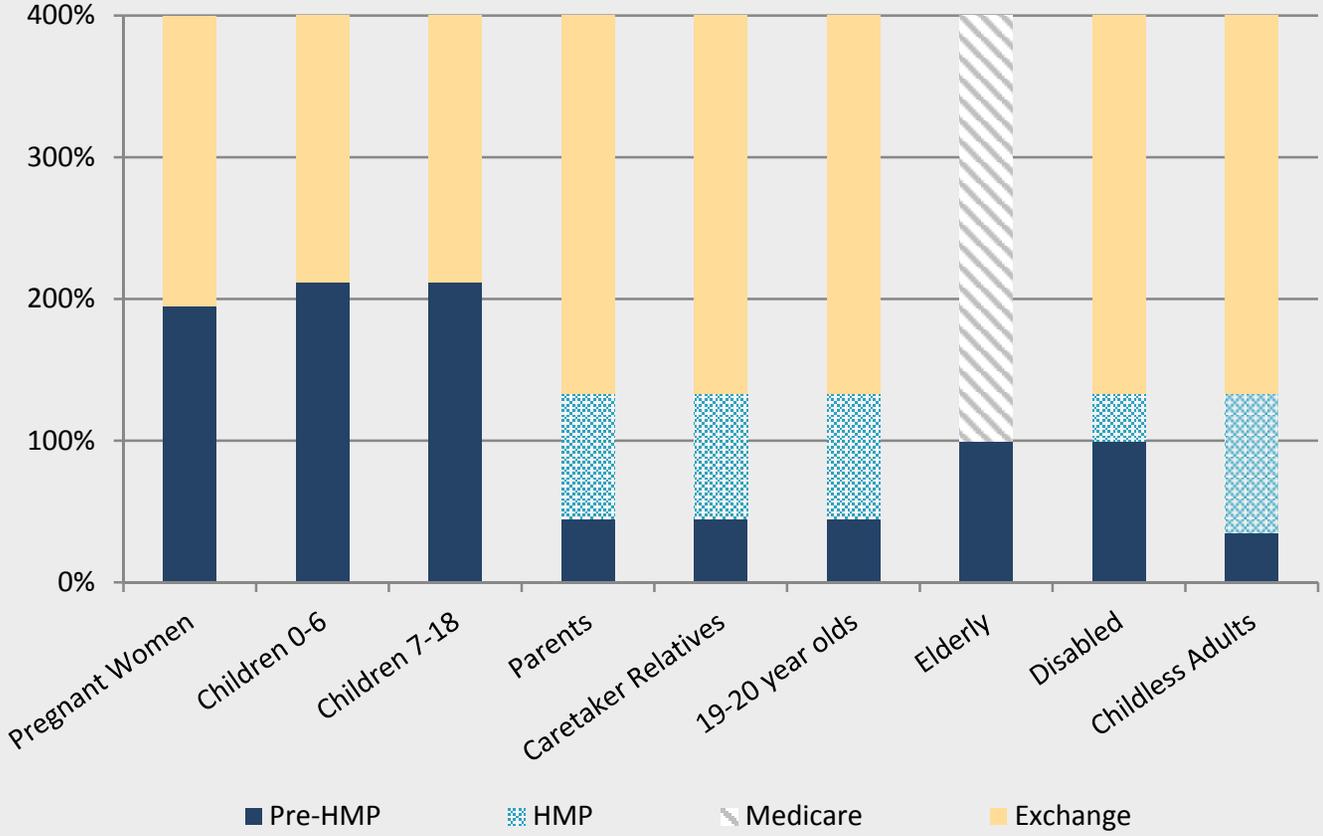


Medicaid Primer

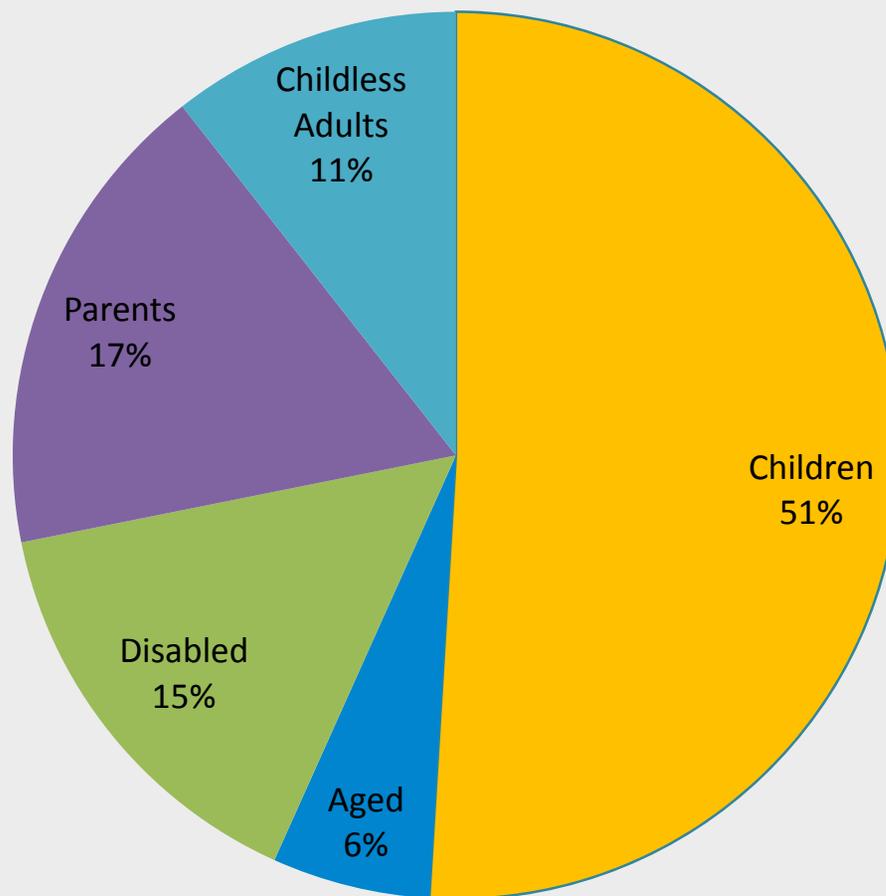
- Medicaid is the largest health insurance program in the U.S.
 - State and federal partnership
 - Mandatory services with state options for broader coverage
- Michigan Medicaid covers many different populations, including:
 - 1.2 million children
 - 600,000 who receive health care under the Healthy 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
- FY16 Medicaid Budget in Michigan: \$17,635,516,000



Eligible Populations



Medicaid Consumers





Examples of Medicaid's Impact on Michiganders

- 50% of Michigan's children 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
- 393,535 women were screened for cervical cancer
- Nearly 30 million unique prescriptions were filled
- Cancer treatment for 129,699 adults & 15,184 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:

- 435,769 enrollees received a primary care visit
- 276,479 preventive visits have been covered
- 229,745 enrollees received a dental visit
- 8,450 enrollees received an OB visit (Antepartum, Delivery, Postpartum)
- 160,102 mammograms have been covered
- 39,245 enrollees were screened for colon cancer
- Nearly 915,000 mental health encounters (through the MHPs/PIHPs)
- 67% of newly eligible enrollees received a visit with their Primary Care Provider within 150 days of enrollment
- 85% of enrollees received at least one primary or preventive care visit



DELIVERY SYSTEM



Michigan Medicaid Managed Care

- 76% of Medicaid beneficiaries are enrolled in one of the eleven contracted Medicaid Health Plans (MHPs)
 - Full-risk contracts with a mix of profit and non-profit; national and local health plans
- MHP coverage responsibilities include:
 - 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, and care coordination

Medicaid Health Plans-Effective January 1, 2016

Region 1 –  Upper Peninsula Health Plan

Region 2 –  McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, UnitedHealthcare Community Plan

Region 3 –  McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, UnitedHealthcare Community Plan

Region 4 –  Blue Cross Complete of Michigan, McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, Priority Health Choice, UnitedHealthcare Community Plan

Region 5 –  McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, UnitedHealthcare Community Plan

Region 6 –  Blue Cross Complete of Michigan, HAP Midwest Health Plan, McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, UnitedHealthcare Community Plan

Region 7 –  Blue Cross Complete of Michigan, McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan

Region 8 –  Aetna Better Health of Michigan, McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, Priority Health Choice, UnitedHealthcare Community Plan

Region 9 –  Aetna Better Health of Michigan, Blue Cross Complete of Michigan, McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, UnitedHealthcare Community Plan

Region 10 –  Aetna Better Health of Michigan, Blue Cross Complete of Michigan, Harbor Health Plan, McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, Total Health Care, UnitedHealthcare Community Plan





Michigan Medicaid Fee For Service (FFS)

- 24% of Medicaid beneficiaries are covered through FFS on an ongoing basis
 - Dual Eligibles (Medicaid/Medicare)
 - Migrant populations
 - Native Americans
 - Long Term Care
 - Spend Down
- 16.5 million FFS claims annually—totaling approximately \$2.6 billion



UPDATE ON MAJOR INITIATIVES



Flint Declaration of Emergency

- Federal waiver request includes:
 - Expanded Medicaid eligibility for all residents in the impacted areas up to age 21, regardless of income level;
 - Additional community-based resources to ensure all children have access to comprehensive medical treatment (targeted case management); and
 - Federal Medicaid match for lead abatement activities in the impacted areas.



Healthy Michigan Plan

- 602,183 individuals were enrolled in February 2016
- Key components of program:
 - Incentives for beneficiaries to promote personal responsibility
 - Beneficiary cost sharing
 - Healthy behavior incentives
 - Incentives for MHPs and providers to promote accountability around quality, cost, and utilization
 - Performance metrics/monitoring
 - Performance bonus incentive pool



Healthy Michigan Plan- Second Waiver

- Pursuant to Public Act 107 of 2013, Michigan was required to obtain a second waiver in order to maintain coverage for all beneficiaries enrolled in the Healthy Michigan Plan.
 - Waiver was submitted 9/1/15 and approved by CMS on 12/17/15
- Effective April 1, 2018, all individuals above 100% FPL, except those who are medically frail or newly enrolled, will have a choice:
 - Option 1 – Attest to a healthy behavior and choose to continue Healthy Michigan Plan coverage or receive subsidized coverage through the federal marketplace
 - Option 2 – Receive subsidized coverage through the Federal Marketplace



MI Health Link

- Three year demonstration to improve quality and access to care for dual eligible residents by aligning Medicare and Medicaid services, rules, and funding
- Program launched in March 2015 and is currently operating in four regions of the state (Upper Peninsula, Eight counties in Southwest Michigan, Wayne County and Macomb County)
- 33,312 individuals are currently enrolled in the demonstration



Healthy Kids Dental Expansion

- Funding was appropriated in FY16 to continue expansion of Healthy Kids Dental
- Over 250,000 children birth to 12 are now covered in Kent, Oakland, and Wayne Counties
 - 57% of continuously enrolled children are currently receiving an annual dental visit.



Specialty Pharmaceuticals

- 70% of the drugs currently in the FDA pipeline are specialty pharmaceuticals.
- In December, the MDHHS Pharmacy and Therapeutics (P&T) Committee recommended Medicaid coverage of specialty pharmaceuticals to treat Hepatitis C and Cystic Fibrosis.
- After a Legislative Transfer was approved in January, the Department began the development of coverage policies.
- Coverage of these medications will be in place by March 1, 2016.



Specialty Pharmaceuticals Examples

Medication*	Condition	Average Retail Price (Per Person)**
Praluent & Repatha	High Cholesterol	\$14,000/year
Mepolizumab & Cinqull	Severe Eosinophilic Asthma	\$45,000/year
Entinostat	Breast Cancer	\$120,000/year
Opdivo & Keytruda	Non-Small Cell Lung Cancer	\$120,000/year
Imbruvica & Ventoclax	Leukemia	\$130,000/year
Selexipag	Pulmonary Arterial Hypertension	\$150,000/year
Ataluren, Drisapersen & Eteplirsen	Duchenne Muscular Dystrophy	\$300,000/year, \$350,000/year & \$400,000/year, respectively

**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.*



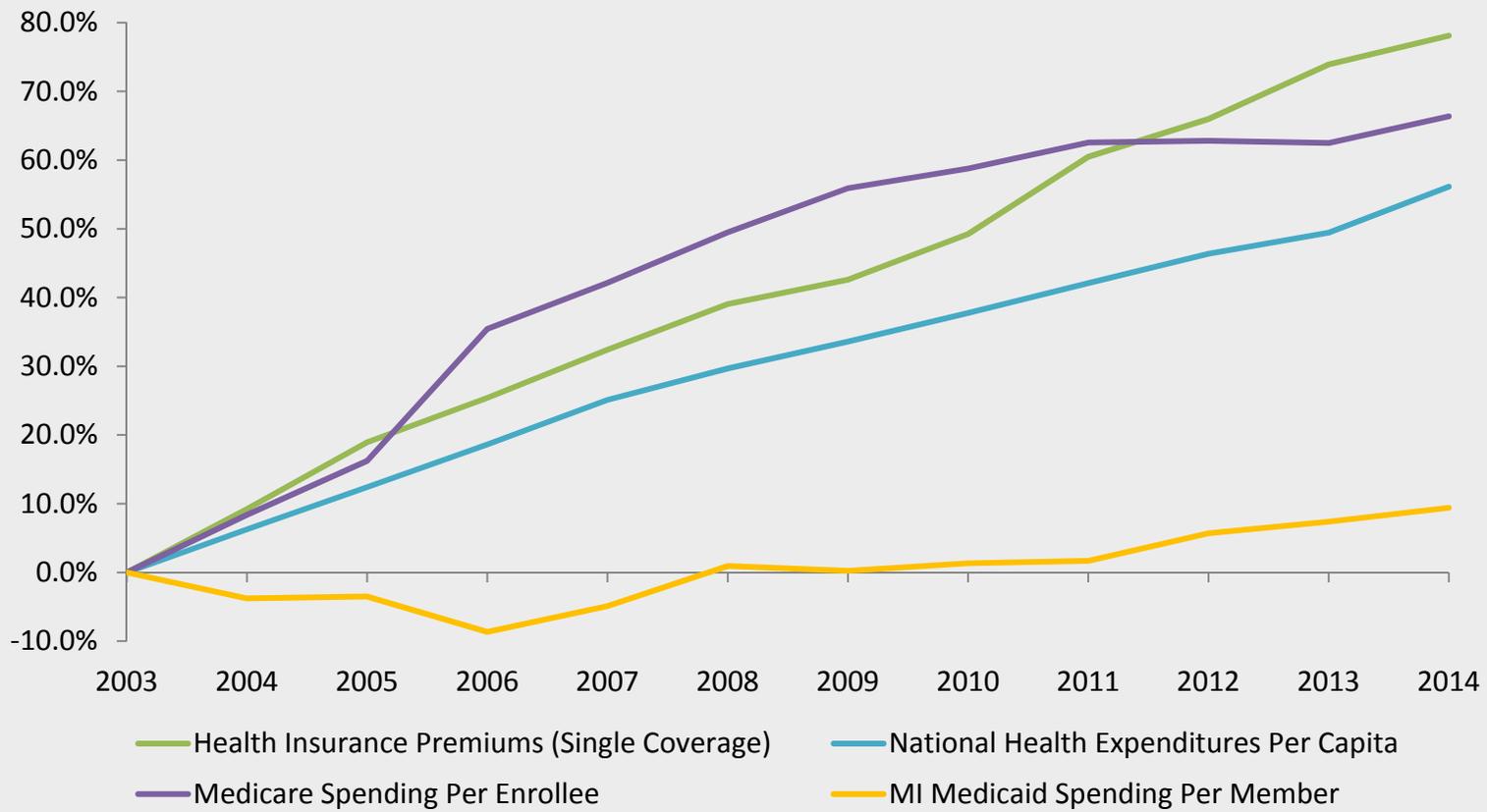
Other Key Initiatives

- State Innovation Model (SIM)
- Common Formulary implementation
- IMPACT (i.e. Cloud-based MMIS)
- Super-Utilizers- NGA Policy Academy

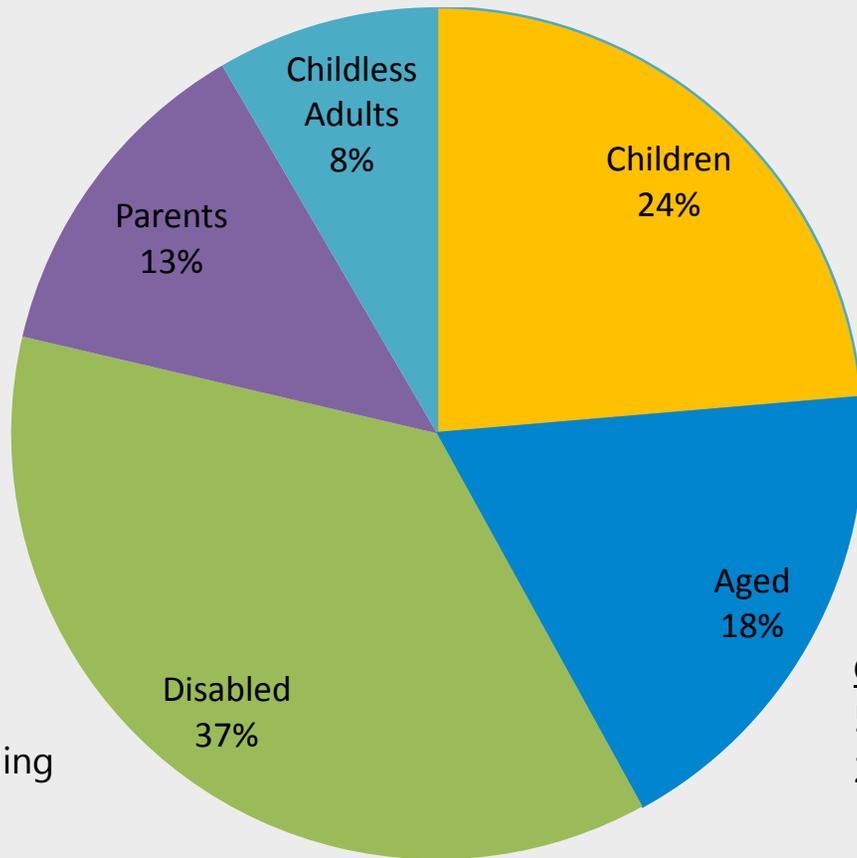


Governor Snyder's FY17 Recommendation

Historical Costs of Health Care



Medicaid Costs



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

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



FY 17 Investments

Healthy Kids Dental Expansion

- Expand coverage to youth ages 13-20 in Wayne, Oakland, and Kent counties.
- Completes phase-in of statewide coverage.
- All Michigan children under age 21 have access to dental care.
- \$25.6 M Gross, \$8.9 M GF/GP investment to cover an additional 130,000 children.

Medicaid Funding for Specialty Pharmacy

- Provides funding for the cost of specialty pharmacy products to treat:
 - Hepatitis C: \$327.8 M Gross, \$91.5 M GF/GP, to treat approximately 7,600 individuals
 - Cystic Fibrosis: \$66.3 M Gross, \$43.7 M GF/GP, to treat approximately 320 children
- Recommended by Pharmacy and Therapeutics Committee
- Establishes a one-time \$86.1 M Gross, \$30 M GF/GP Pharmacy Reserve Fund for future high-cost pharmaceuticals



FY 17 Adjustments

Other adjustments:

Recoup CHIP funds for CHIP kids previously financed with Medicaid dollars.

- Adjustment accounts for increased Federal matching funds for Title XXI enrolled children. Reduction of \$30.0 M GF/GP

Healthy Michigan Plan State Gainshare from Provider Tax Supplemental Payments

- Adjustment accounts for new formula for retaining funds related to MHP Hospital Provider Tax finance payments that offset GF. Reduction of \$105.0 M GF/GP



MDHHS Contact Info and Useful Links

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Legislative Service Bureau:

[http://www.legislature.mi.gov/\(S\(n4rbq4jwj2dfwz1qybtu01cu\)\)/mileg.aspx?page=home](http://www.legislature.mi.gov/(S(n4rbq4jwj2dfwz1qybtu01cu))/mileg.aspx?page=home)