



MDHHS: FY21 Budget Executive Recommendation

Medical Services Administration

March 11, 2020

Kate Massey, Senior Deputy Director, Medical Services Administration
Farah A. Hanley, Senior Deputy Director, Financial Operations Administration

MEDICAID OVERVIEW



Michigan Medicaid Program

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

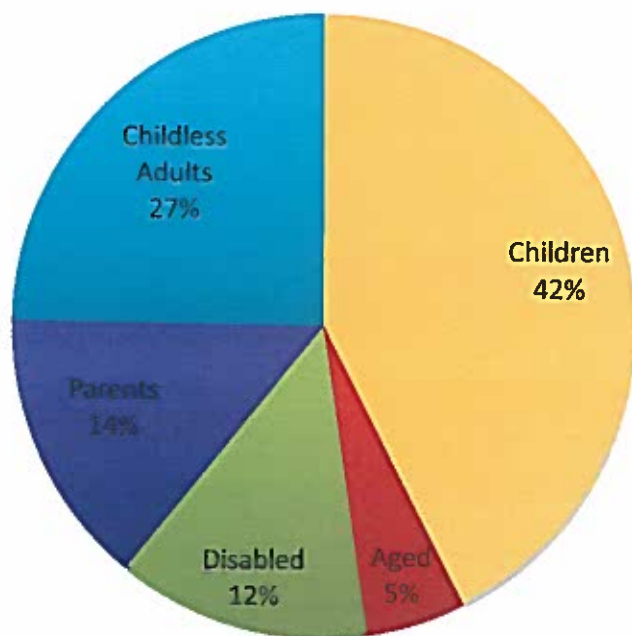
- State and federal partnership
- Mandatory services with state options for broader coverage

Michigan's Medicaid program affords health coverage to nearly 2.4 million Michiganders, including:

- 950,000 Children
- 320,000 People living with disabilities
- 134,000 Seniors
- 686,000 Adults in the Healthy Michigan Plan

Medicaid Consumers and Costs

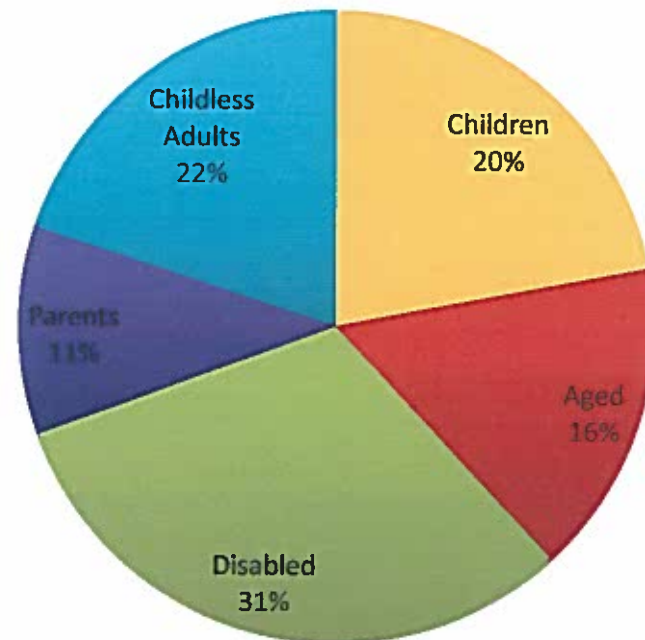
Consumers



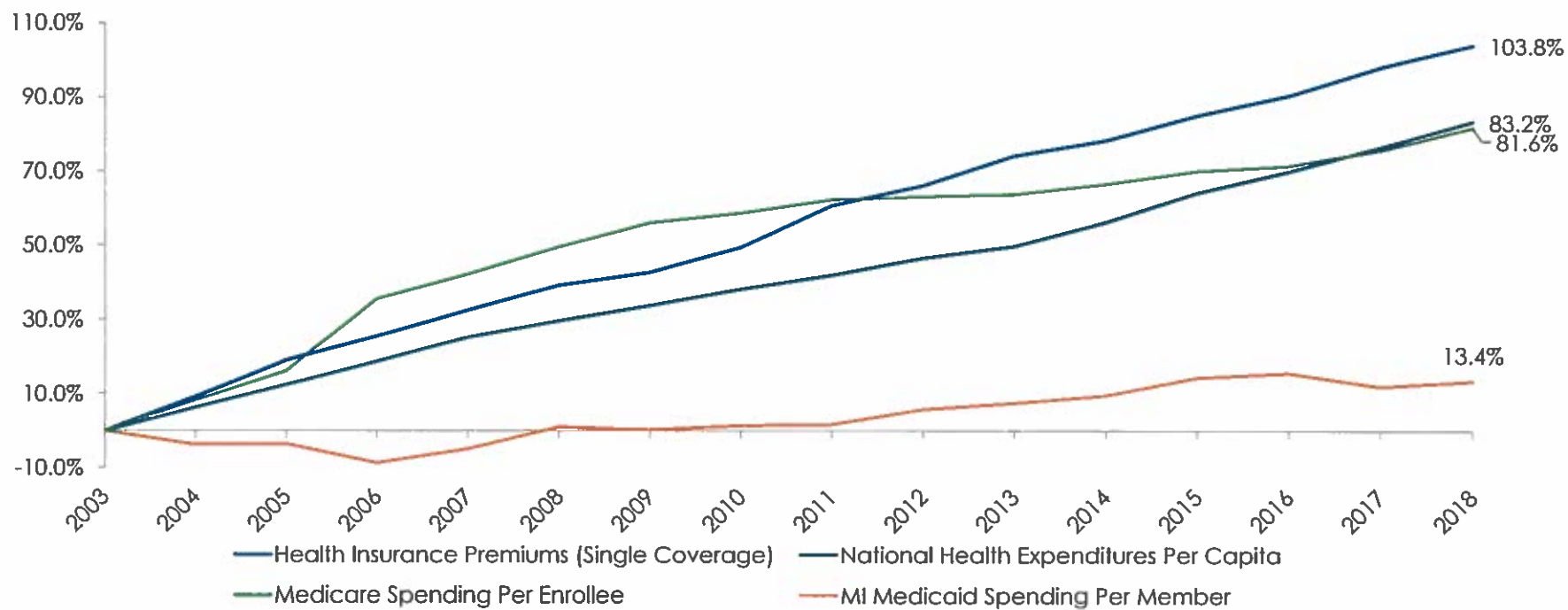
Children:
42% of the consumers
20% of total Medicaid spending

Aged and Disabled:
17% of the consumers
47% of total Medicaid spending

Costs



Growth in Healthcare Spending





INVESTMENTS & REDUCTIONS

\$37.5M Gross

\$17.3M GF

Healthy Moms & Healthy Babies

Context

- **Unacceptable levels of maternal and infant mortality, including racial disparities**
- **Limited access** to prevention, support services & home visiting
- More than 15% rate of postpartum depression, usually untreated
- Medicaid program has proven record of success

Response

- **Expand Medicaid coverage** from 60 days postpartum to 1 year
- **Increase access to preventive services**

Expected impact

- **Healthier births**
- **Lower maternal & infant mortality**
- **Better life outcomes across generations**

\$20.3M Gross

\$8.5M GF

Independent Options Counseling for Seniors

Context

- Seniors make long-term care decisions with **incomplete or one-sided information**
- They miss home-based services they want, and get costlier care than they need
- Michigan **ranks 45th** in share of long-term care expenses on home- and community-based services

Response

- **Provide eligible seniors with conflict-free counseling** around long-term care options

Expected impact

- **More seniors aging at home**
- **Significant long-term savings** per independent analysis conducted for MDHHS

\$5 Gross

\$2.5M GF

Better Value in Medicaid

Context

- While we have many strengths, **Michigan can invest in Medicaid innovation**, collaborating **with health plans and providers** to:
 - Leverage social determinants of health interventions
 - Deliver high-value care
 - Serve all populations effectively

Response

- **Fund a Medicaid transformation initiative, as states like Ohio have done**

Expected impact

- **Improved quality and beneficiary experience**

Other Investments

Investments	Description	Gross (\$M)	GF (\$M)
Medicaid Private Duty Nursing Rate Increases	Initiative to increase the number and quality of PDN service providers to address access to care concerns	8.7	3.1
MiDocs Consortium	5-year program to reduce student loans for newly-graduated doctors in exchange for serving medically underserved areas	86.5	21.6

FY21 Medicaid Reductions

<u>Reductions</u>	<u>Description</u>	<u>Gross (\$M)</u>	<u>GF (\$M)</u>
Single Preferred Drug List	Require Managed Care Plans to prefer the drugs where FFS Medicaid receives the largest rebates.	(182.9)	(45.8)
Third Party Liability	Reduce health plan rates to incentivize more aggressive pursuit of Medicaid program recoupment of uncollected third-party liabilities.	(49.7)	(17.9)
Nursing Facility Rate Redesign	Shift away from cost-based reimbursement to a patient and/or outcomes-based approach in nursing facility care.	(84.3)	(30.3)



Legislative Liaison: Emily Schwarzkopf
Phone: 517-241-1629
Website: www.michigan.gov/mdhhs