



DEPARTMENT OF COMMUNITY HEALTH

Overview of the Executive Budget Recommendation for Medicaid

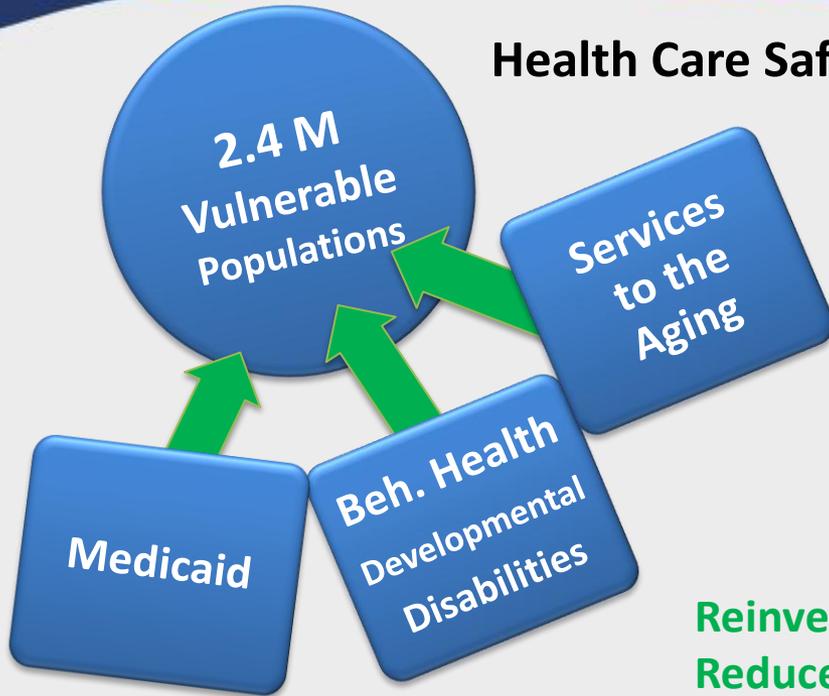
Olga Dazzo, Director

Stephen Fitton, Medicaid Director

Presentation to
House Appropriations Subcommittee on Community Health
February 28, 2012



Health Care Safety Net*



Key Issues

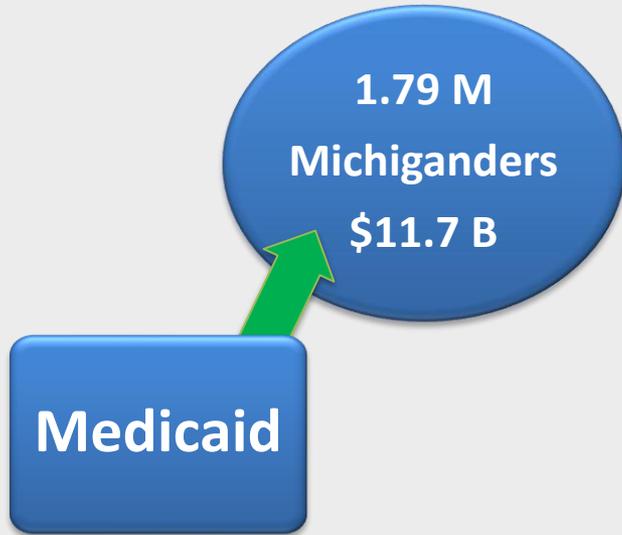
- Fragmented and costly.
- Aging population will require more services.
- Promote community-based system of care.

Reinvent our health care system.
Reduce health costs per person served.

- Achieve Person-centered care by integrating clinical, long-term and support services.
- Ensure access to excellent and compassionate behavioral and DD services.
- Continue to build community-based system of care for our aging population.

*Children With Special Needs Program and WIC are also part of the Michigan Health Care Safety Net.

Medicaid – Strategic Priorities



- 1. Achieve-person centered care by integrating clinical, long-term and support services.**
 - a. Implement person-centered medical home demo.
 - b. Implement Medicare/Medicaid dual eligible integration plan.
 - c. Promote use of electronic health record.
 - d. Increase nursing home transition, decrease MiChoice wait list.
 - e. Expand PACE system to Berrien County.
 - f. Increase healthy kids dental.
 - g. Implement autism coverage in Medicaid.

- 2. Plan for implementation of federal health care reform law.**
 - a. Medicaid expansion to 133% of FPL.
 - b. Implement 2013 and 2014 primary care fee increase to 100% Medicare.
 - c. Develop MAGI-based eligibility policies.
 - d. Evaluate Basic Health Plan Option.



MEDICAID TOPICS

- Impact – Human and Financial
- Value – An Enduring Commitment
- Governor's FY13 Budget Recommendation

Michigan Medicaid Legacy

- Tribute to Paul Reinhart
- Opening in 2012, the Hurley Medical Center's, Paul F. Reinhart Emergency Trauma Center will provide the highest level of specialized care to the sick and injured, further establishing Hurley's status as a premier public teaching hospital delivering world class patient care and safety.

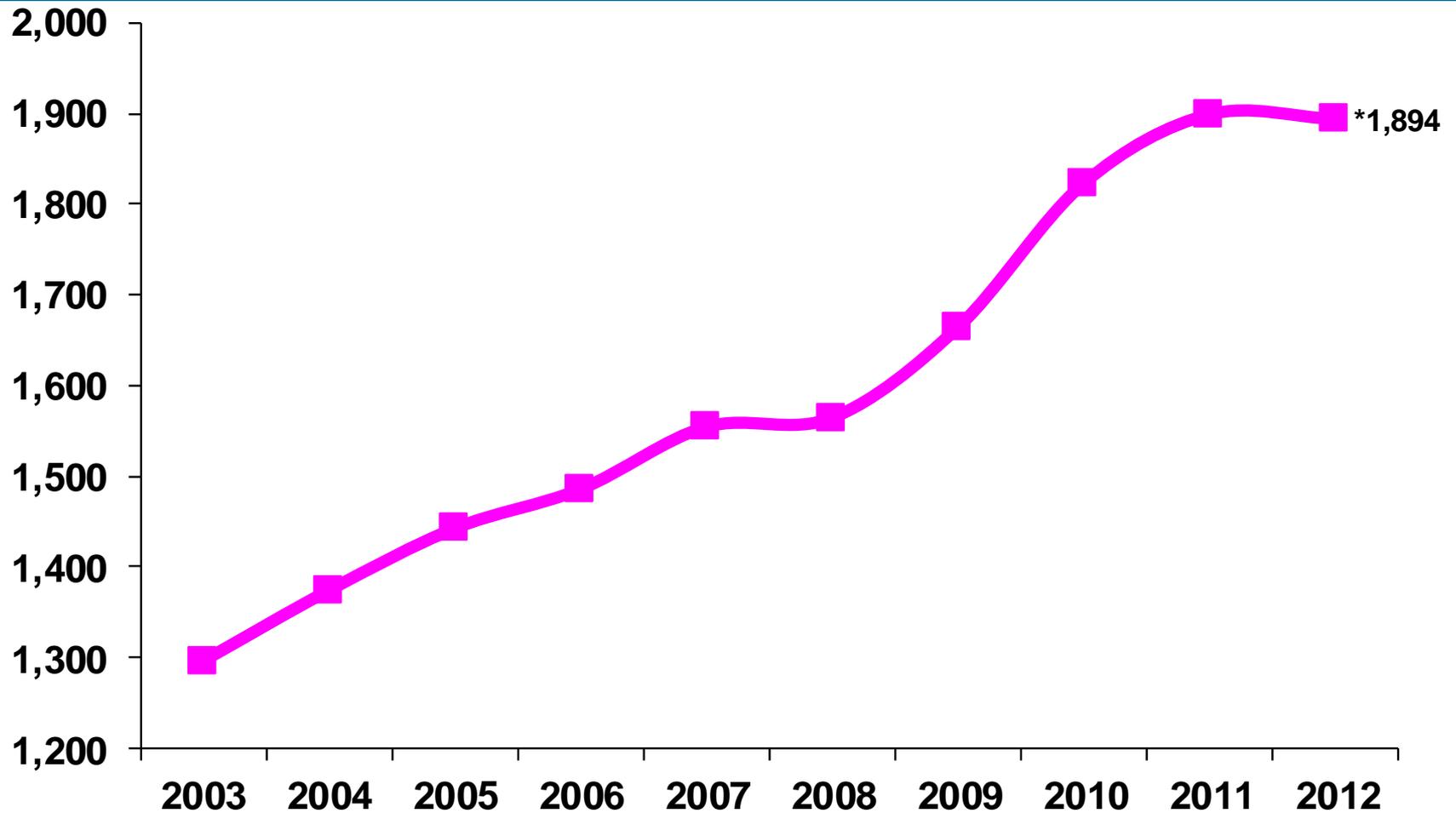


Impact

- Number of Michigan citizens covered by MA
- Disproportionate impact on vulnerable groups like children, especially newborns, and the aged and disabled
- Cost and percentage of budget
- Source of federal revenue



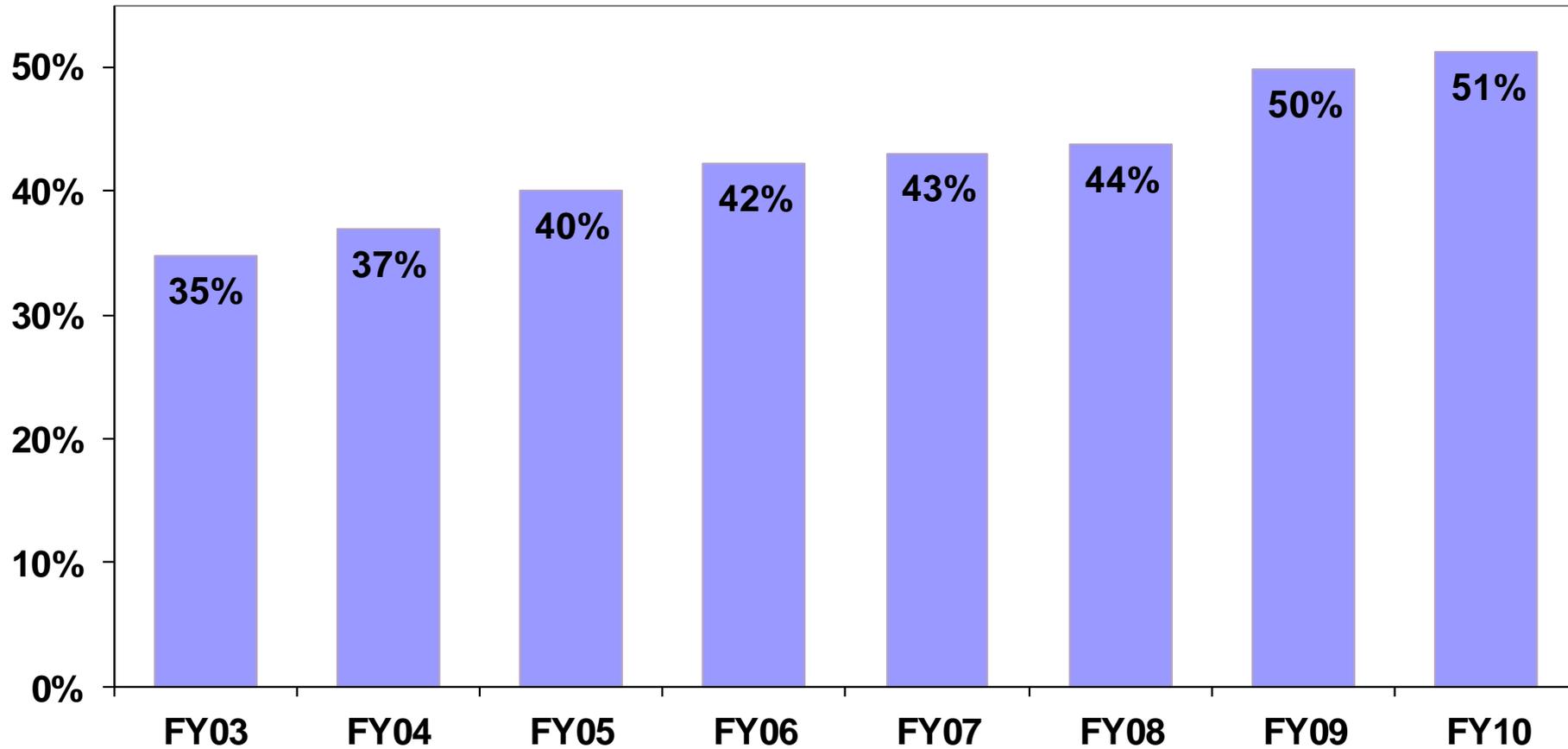
Michigan Medicaid Caseload



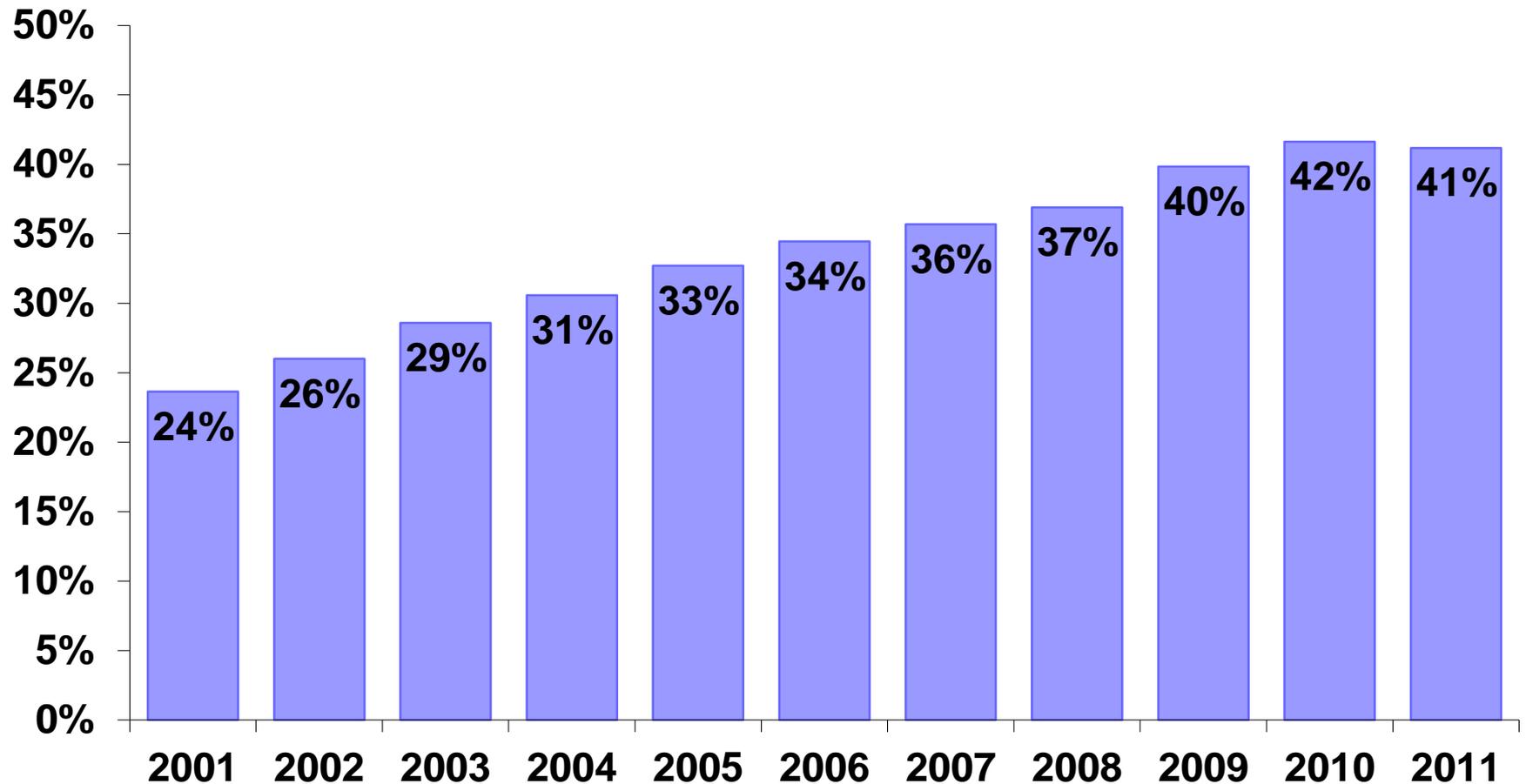
*December 2011



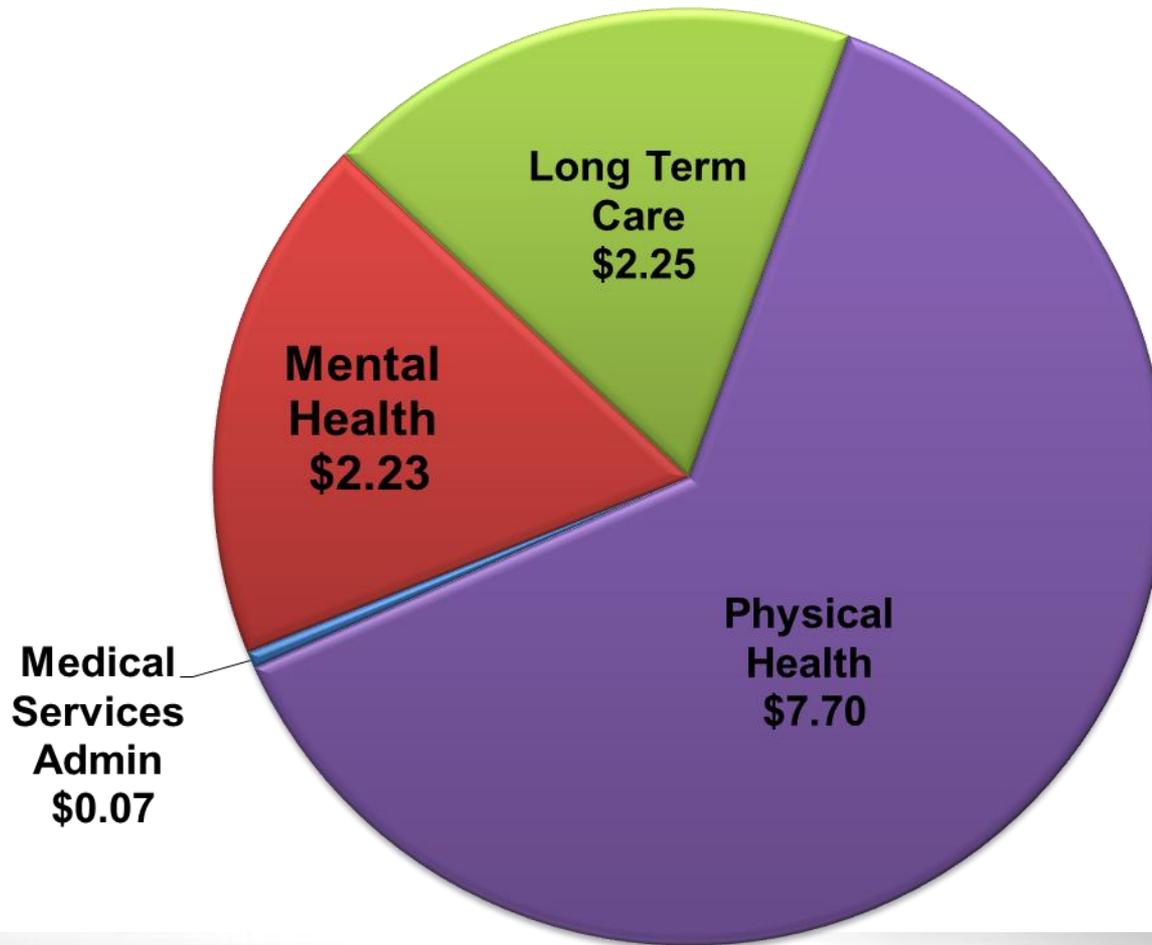
Michigan Medicaid Births as Percent of Total Michigan Births



% of Michigan Children on Medicaid

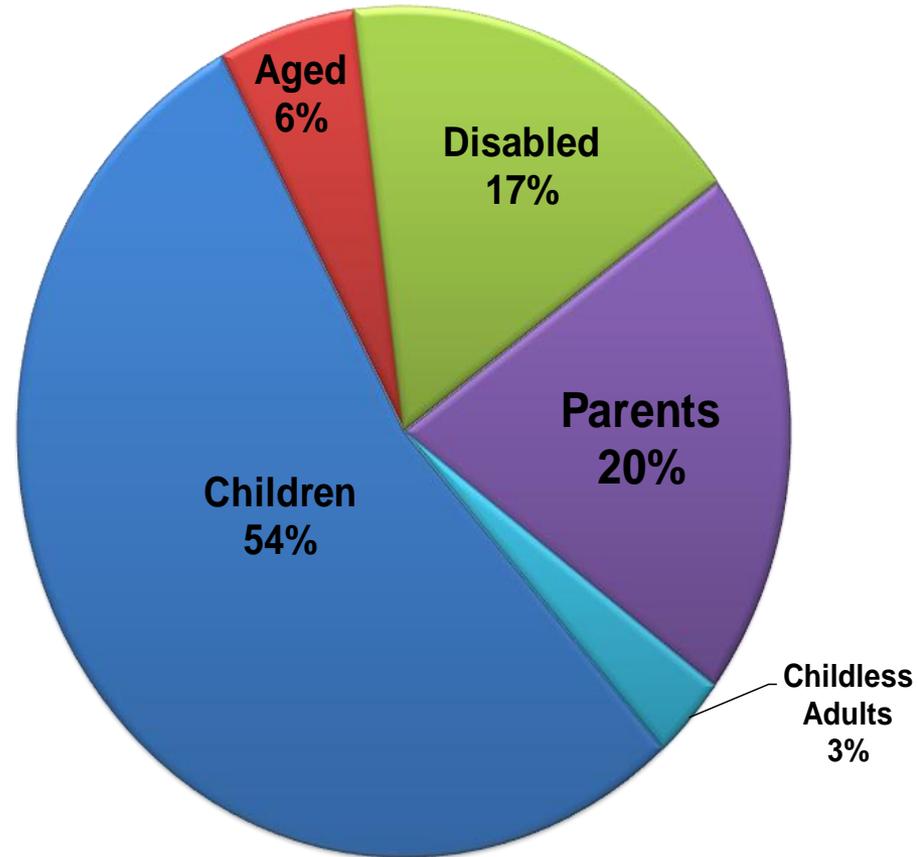
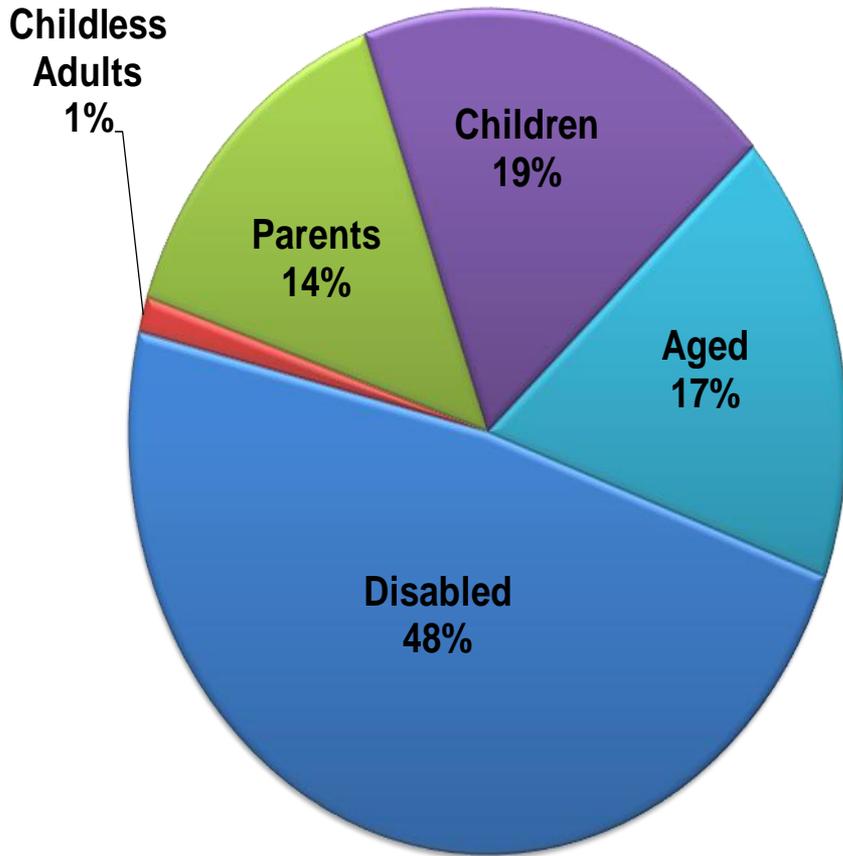


FY 12 \$12.25 Billion Medicaid Appropriation

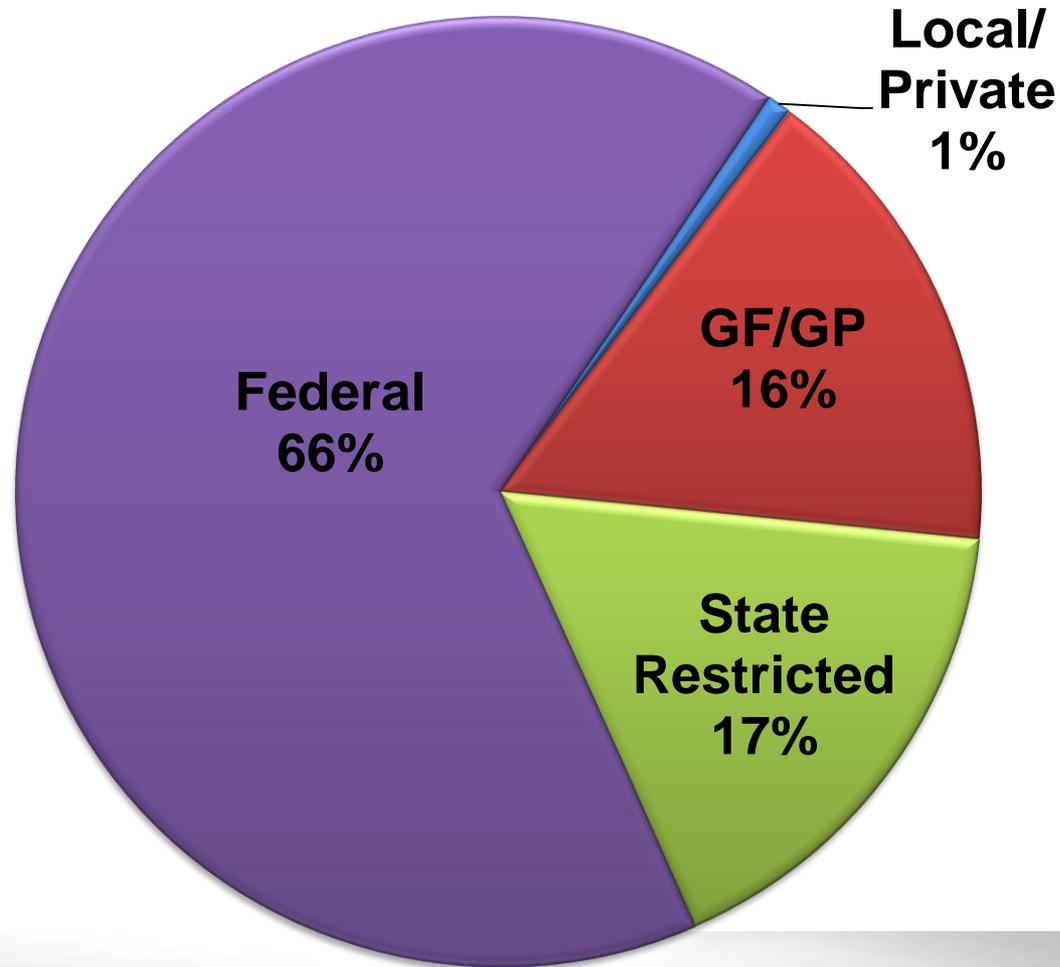


Michigan Medicaid Expenditures by Eligible Group – FY 10

Michigan Medicaid Eligibles Served – FY 10



FY 12 Medicaid Appropriation Revenue Sources by Percentage



Value

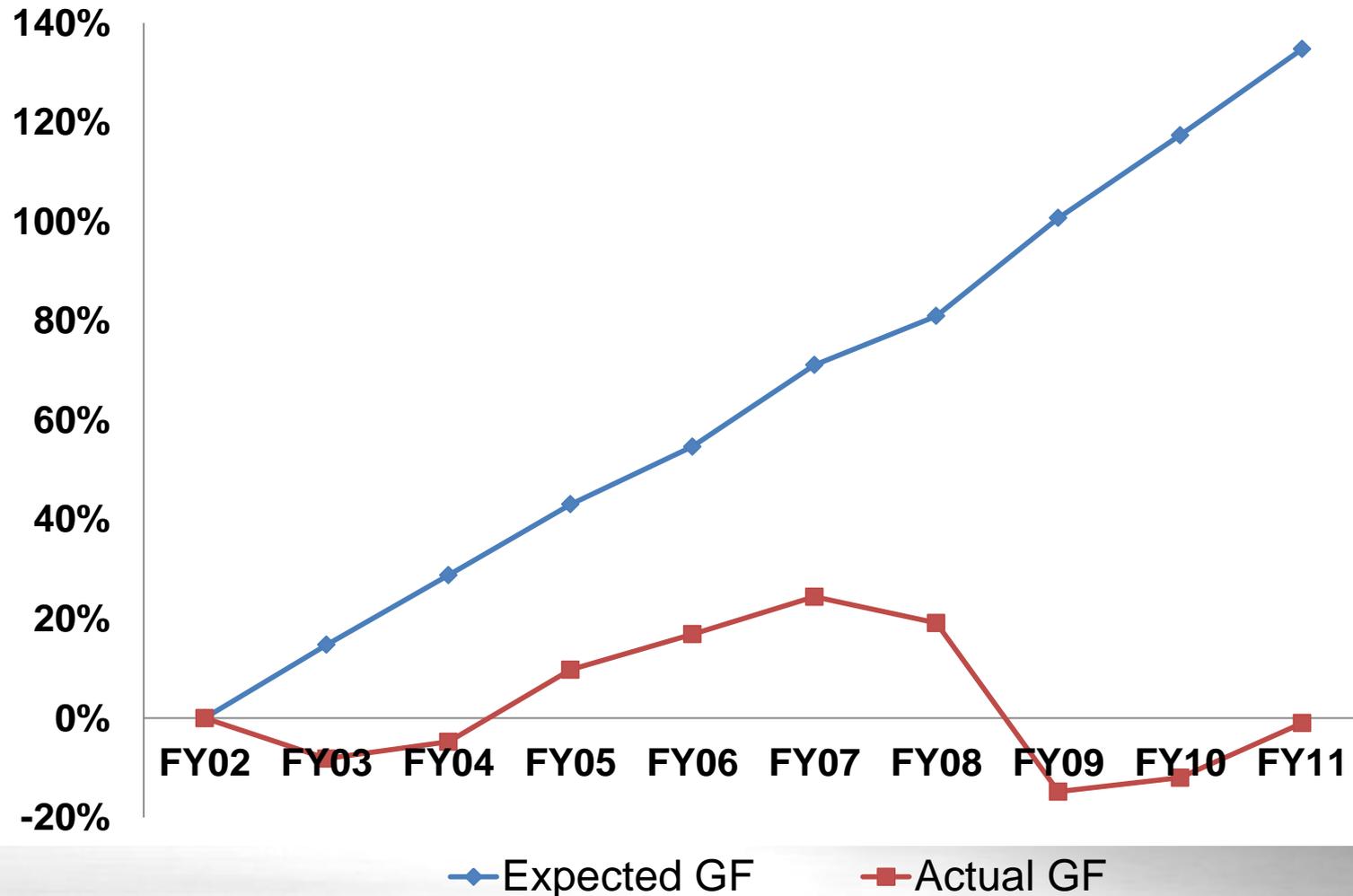
Medicaid Modernization Opportunities

- Manage Costs
- Implement Managed and Coordinated Care
- Improve Long Term Care
- Modernize Administrative Processes

From United Health Working Paper 3 – “Options for Modernizing Medicaid”

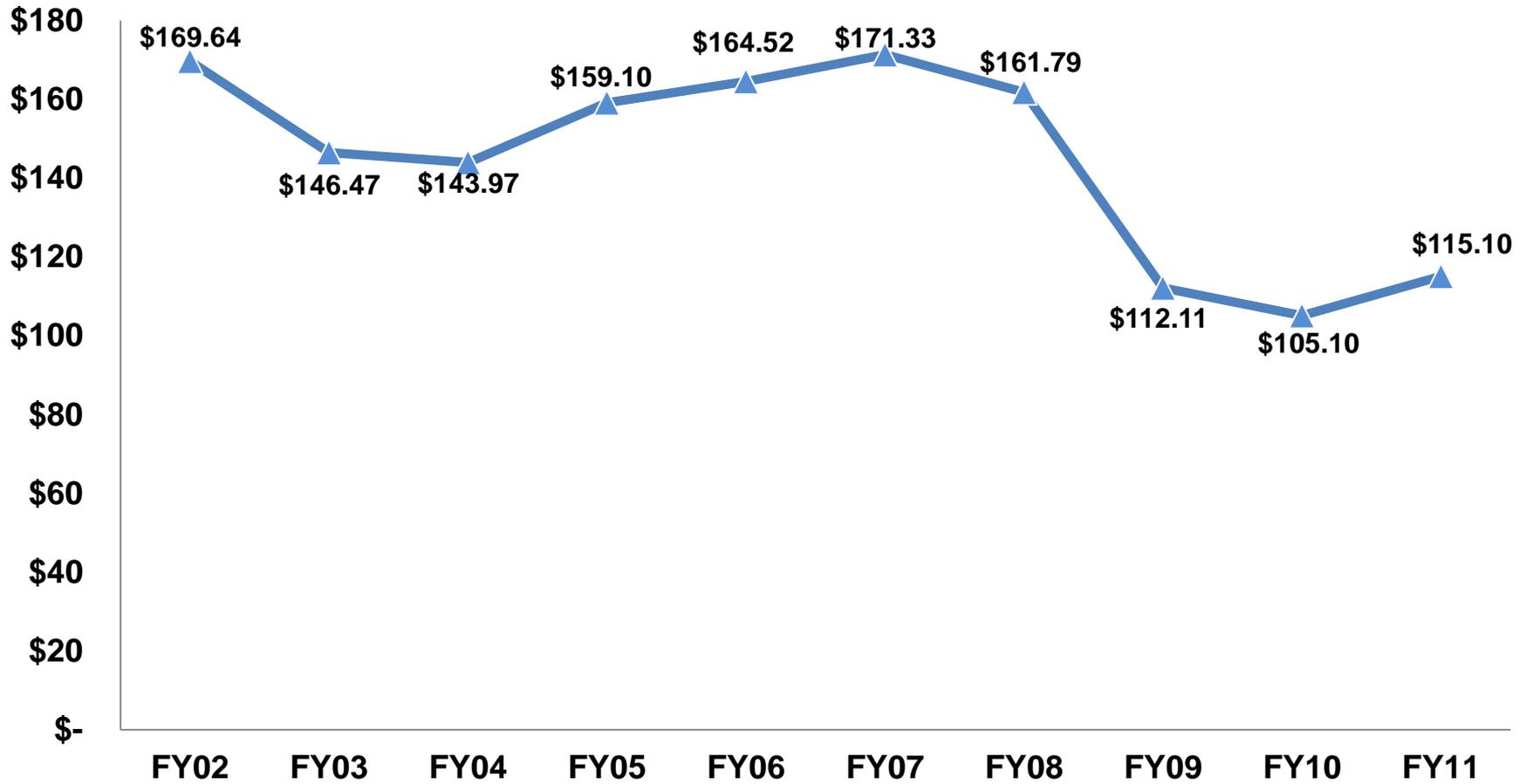


Michigan Medicaid GF Expenditures Actual vs Expected



Michigan Medicaid Monthly Expenditure per Enrollee

(General Fund \$'s)



Managed and Coordinated Care

- History
- Cost effective
- Increasing form of service delivery
- High and ever improving quality

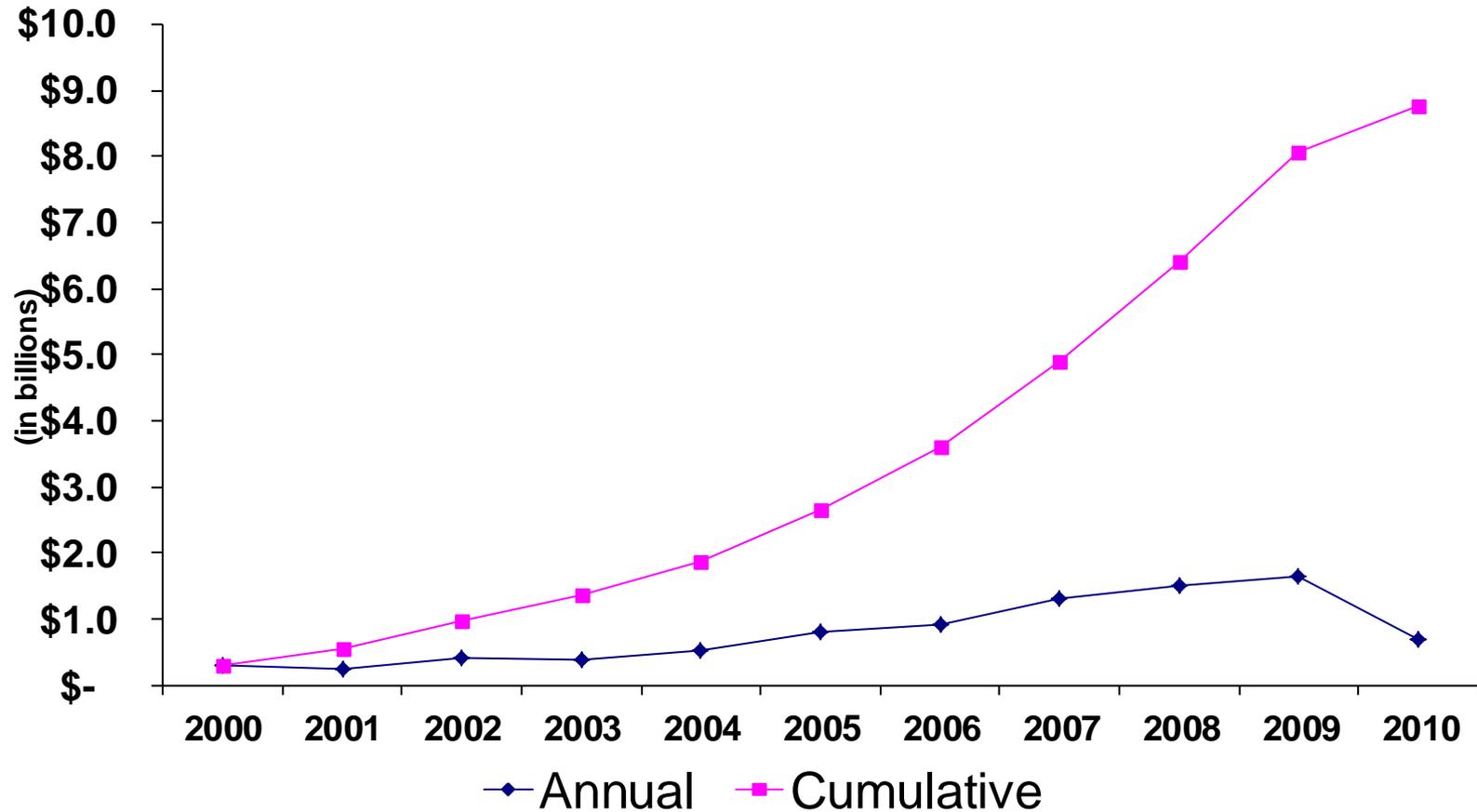


HMO History

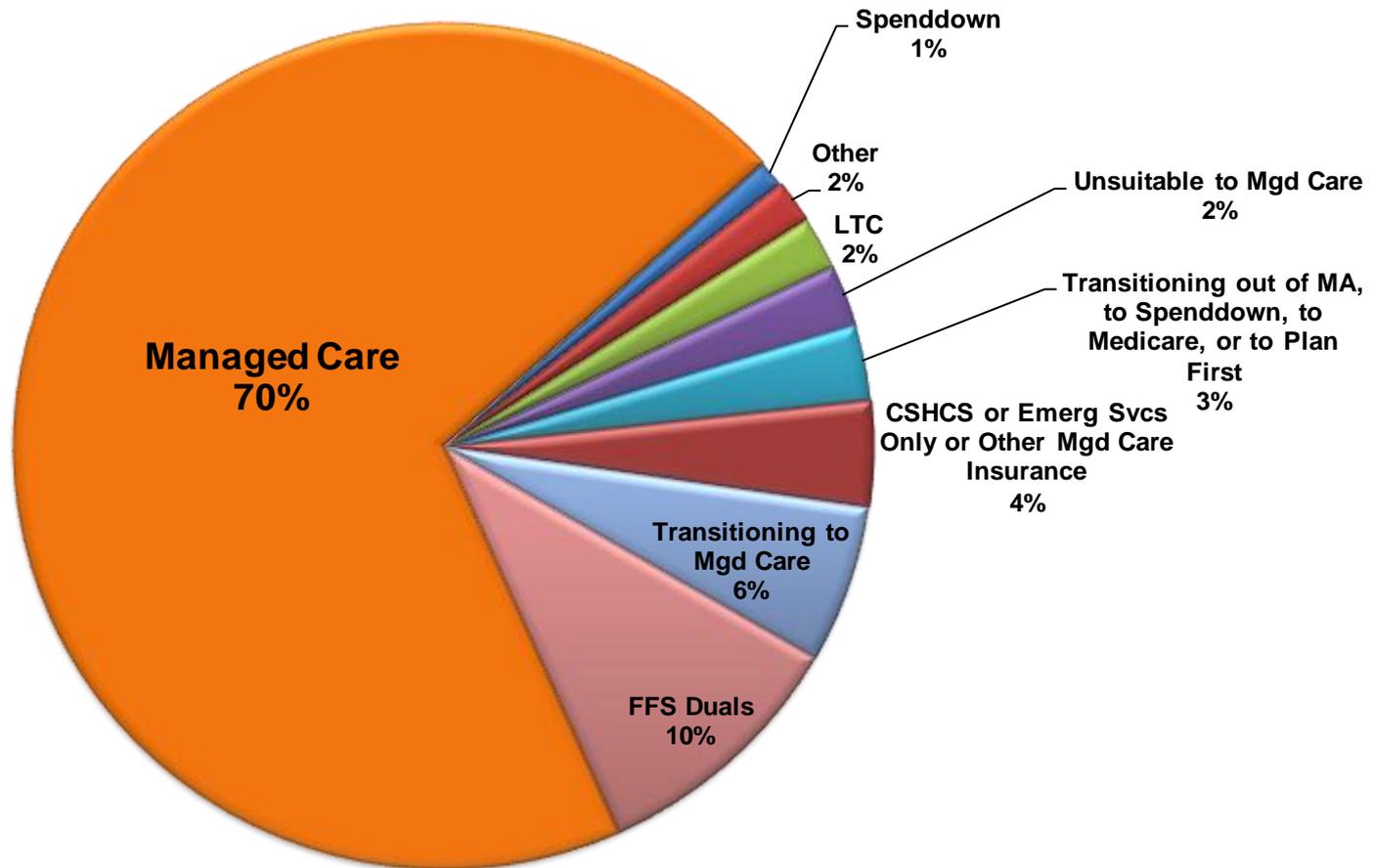
- Initiated in early '70s
- Complete commitment 1997
 - Early adopter for disabled as mandatory
 - Public behavioral health to managed care
- Big initial savings - changed cost curve
- 6 of 14 health plans in top 20 nationally
- 10 of the 14 in the top 40
- Mix of profit and non-profit; national and local
- Pregnant women mandatory in FY 09; foster care children on 12/1/10
- Voluntary duals – FY 2012
- CSHCS mandatory in FY 2013
- Integrated Care for Duals – FY 2013



Michigan Medicaid Managed Care Total Savings



Michigan Medicaid Service Delivery System FY 11



National Comparisons Managed Care

Managed Care – Satisfaction Scores Weighted Average of 14 health plans

Measure	25 th Percentile	50 th Percentile	75 th Percentile	90 th Percentile
Rating of health plan	2.31	2.38	★ 2.46	2.54
Rating of all health care	2.23	2.27	★ 2.33	2.39
Rating of Personal doctor	2.38	2.42	★ 2.48	2.54
Rating of specialist seen most	2.39	2.44	★ 2.49	2.53
Getting needed care	2.10	2.24	2.32	★ 2.40
Getting care quickly	2.26	2.35	2.41	★ 2.46
How well doctors communicate	2.48	2.54	★ 2.58	2.64
Customer Service	2.31	2.40	★ 2.47	2.53



Source: 2011 MDCH Adult Medicaid Health Plan CAHPS Report.

National Comparisons

Fee for Service

Fee for Service – Satisfaction Scores

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Source: 2011 MDCH Adult Medicaid Health Plan CAHPS Report.



National Comparisons Managed Care

Pediatric and Adolescent Care Clinical Measures

Measure	25th Percentile	50th Percentile	75th Percentile	90th Percentile
Childhood Immunization Status – Combination 2	68.8%	76.6%	81.6%	85.6%
Childhood Immunization Status – Combination 3	 63.5	71.0	 76.6	82.0
Immunizations For Adolescents– Combination 1	31.2 	42.4	 53.9	65.9
Lead Screening in Children	57.6	71.6	 81.0	88.4
Well-Child Visits First 15 Months of Life - 6+ Visits	 52.2	60.1	 69.7	76.3
Well-Child Visits Years 3-6	 65.9	71.8	77.3	82.5
Adolescent Well-Care Visits	 38.8	46.8	56.0	63.2
Weight Assessment and Counseling – BMI – Total	 13.0	29.3	45.2	63.0
Approp. Treatment for Upper Respiratory Inf.	 82.1	 85.8	90.6	94.9
Appropriate Testing for Children With Pharyngitis	 54.3	65.5	73.5	80.9

 2004 Managed Care Weighted Average

 2011 Managed Care Weighted Average



National Comparisons Managed Care

Women's and Adult Care – Clinical Measures

Measure	25 th Percentile	50 th Percentile	75 th Percentile	90 th Percentile
Breast Cancer Screening	46.2%	52.0%  	59.6%	63.8%
Cervical Cancer Screening	61.0 	67.8	72.9 	78.9
Chlamydia Screening in Women Combined	50.6 	55.7	 63.7	69.5
Timeliness of Prenatal Care	 80.3	86.0	 90.0	92.7
Postpartum Care		58.7	70.3 	74.4
Adult BMI Assessment	22.4	35.3	48.7	60.8 

 2004 Managed Care Weighted Average

 2011 Managed Care Weighted Average



National Comparisons Managed Care

Living With Illness – Clinical Measures

Measure	25 th Percentile	50 th Percentile	75 th Percentile	90 th Percentile
Diabetes care:				
Blood sugar Tested	 76.0%	81.1% 	86.4%	90.2%
Blood Sugar - Poor Control	33.8 	43.2 	53.4	63.5
Eye Exam completed	41.4 	54.0 	63.7	70.1
Bad Cholesterol Screened	69.3	 75.4	80.1 	84.0
Bad cholesterol in control <100 mg/dL	27.2 	33.6	40.9 	45.5
Right medication for Asthmatics – Combo Rate**	86.7	88.6	90.8 	92.8
Controlling High Blood Pressure	49.4	57.1 	63.3	67.2

** Due to changes for these measures , results are not comparable to national percentiles.

 2004 Managed Care Weighted Average

 2011 Managed Care Weighted Average



National Comparisons Managed Care

Access to Clinical Care

Measure	25 th Percentile	50 th Percentile	75 th Percentile	90 th Percentile
Children's and Adolescents' Access to Primary Care Practitioners - Ages 12-24 Months	 95.1%	 96.8%	97.9%	98.5%
Children's and Adolescents' Access to Primary Care Practitioners - Ages 25 Months to 6 Years	 87.1	 89.8	92.2	94.1
Children's and Adolescents' Access to Primary Care Practitioners - Ages 7-11 Years	 87.7	 91.3	93.4	95.6
Children's and Adolescents' Access to Primary Care Practitioners - Ages 12-19 Years	 85.4	88.9	 91.8	93.7
Adults' Access to Prevent/Ambulatory Health Tot.	79.9 	84.4	 87.5	89.7
Outpatient Visits per 1,000 Member Months	 317.6	365.9	416.7	470.5
Emergency Room Visits per 1,000 Member Mos.	58.5	67.7	 77.2	84.7

 2004 Managed Care Weighted Average

 2011 Managed Care Weighted Average



Progress Being Made Managed Care

	2006 Managed Care MWA	2011 Managed Care MWA
Advising smokers and tobacco users to quit	69.7%	78.2%
Discussing cessation medications	Not reported	48.8%
Discussing cessation strategies	Not reported	41.3%

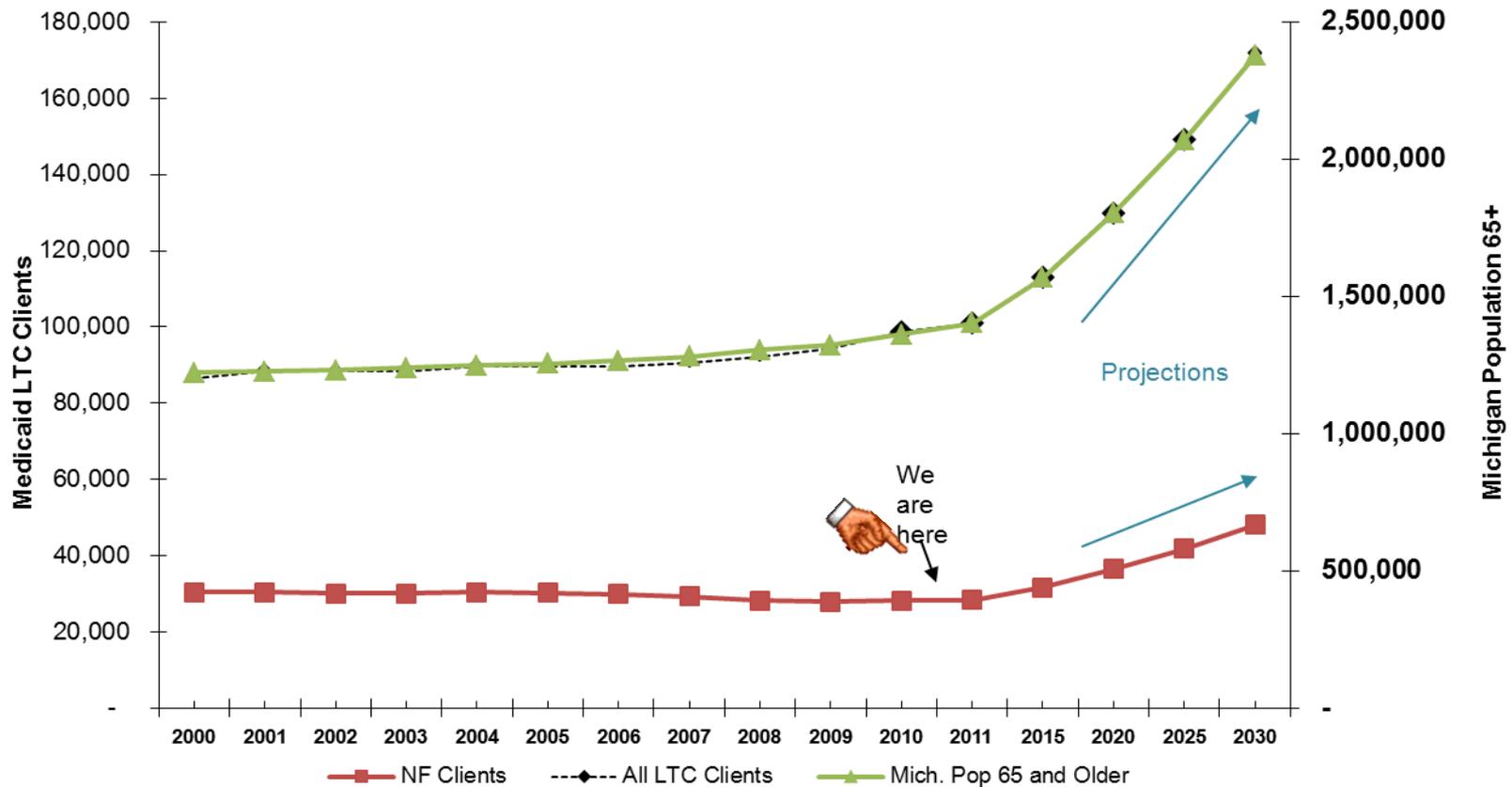


Improve Long Term Care

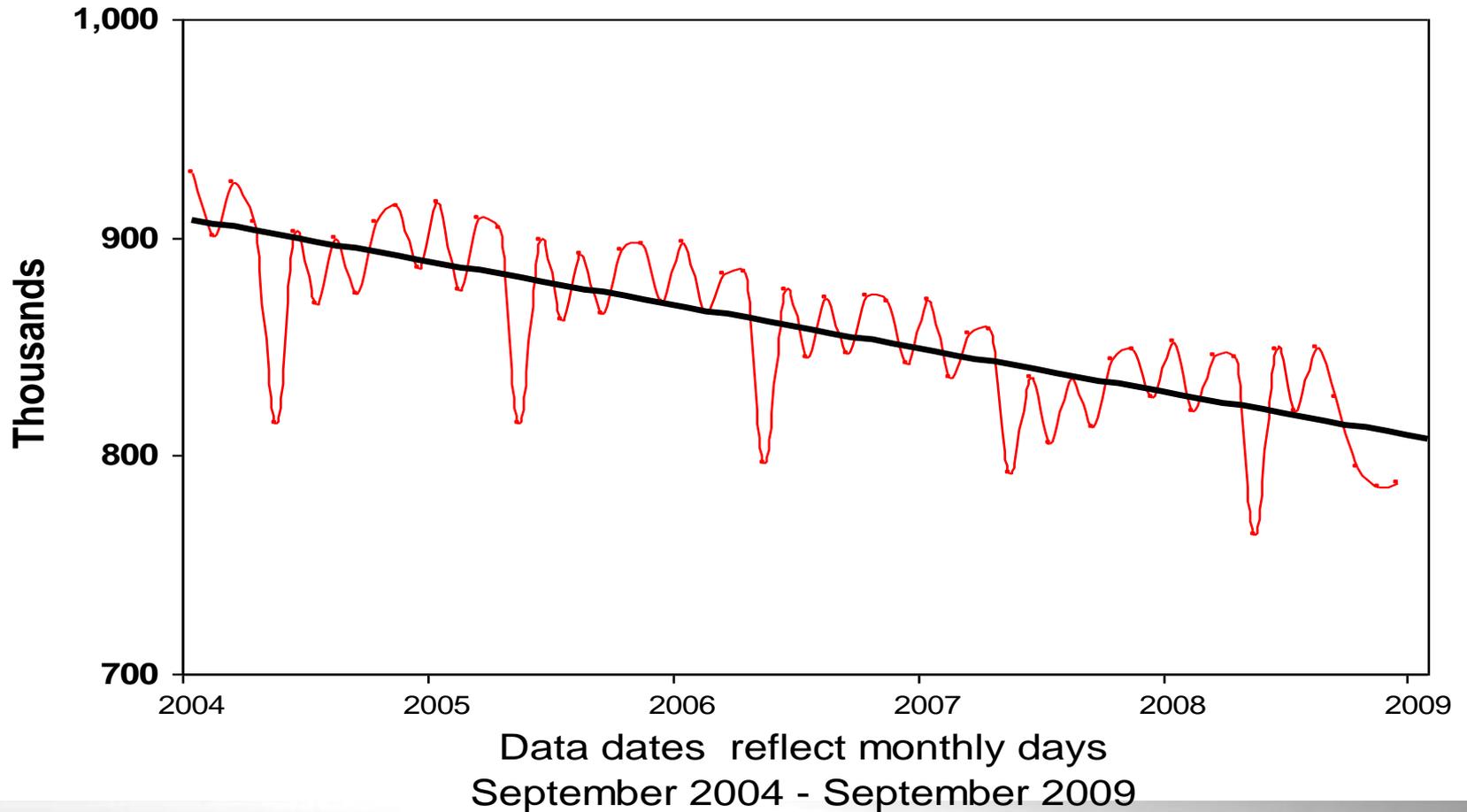
- Increasing demand
- Reduction in institutional care
- Cost effective compared to national norms
- Increasing community based services



Medicaid Long Term Care Client Count Projections to 2030



Nursing Home Days - Monthly

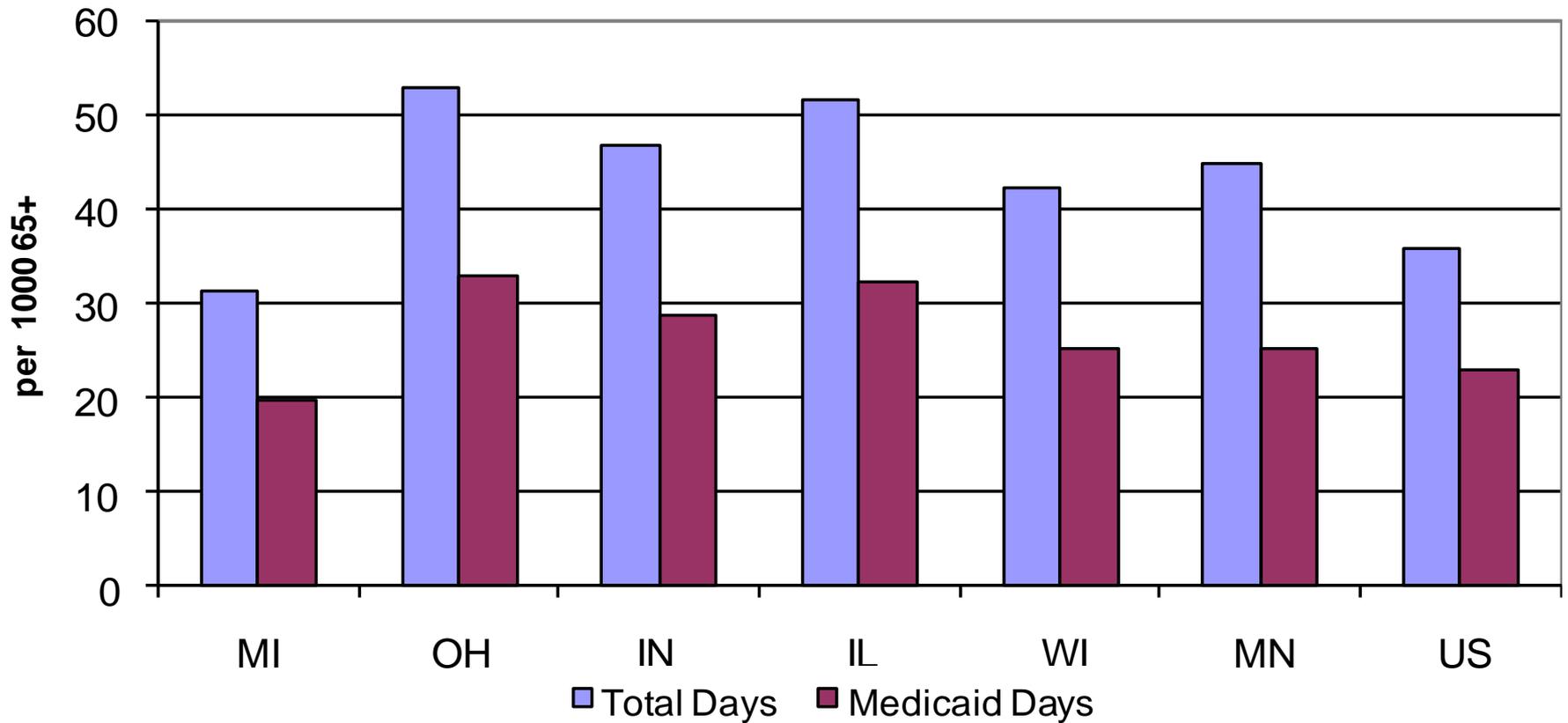


Nursing Facility Transitions

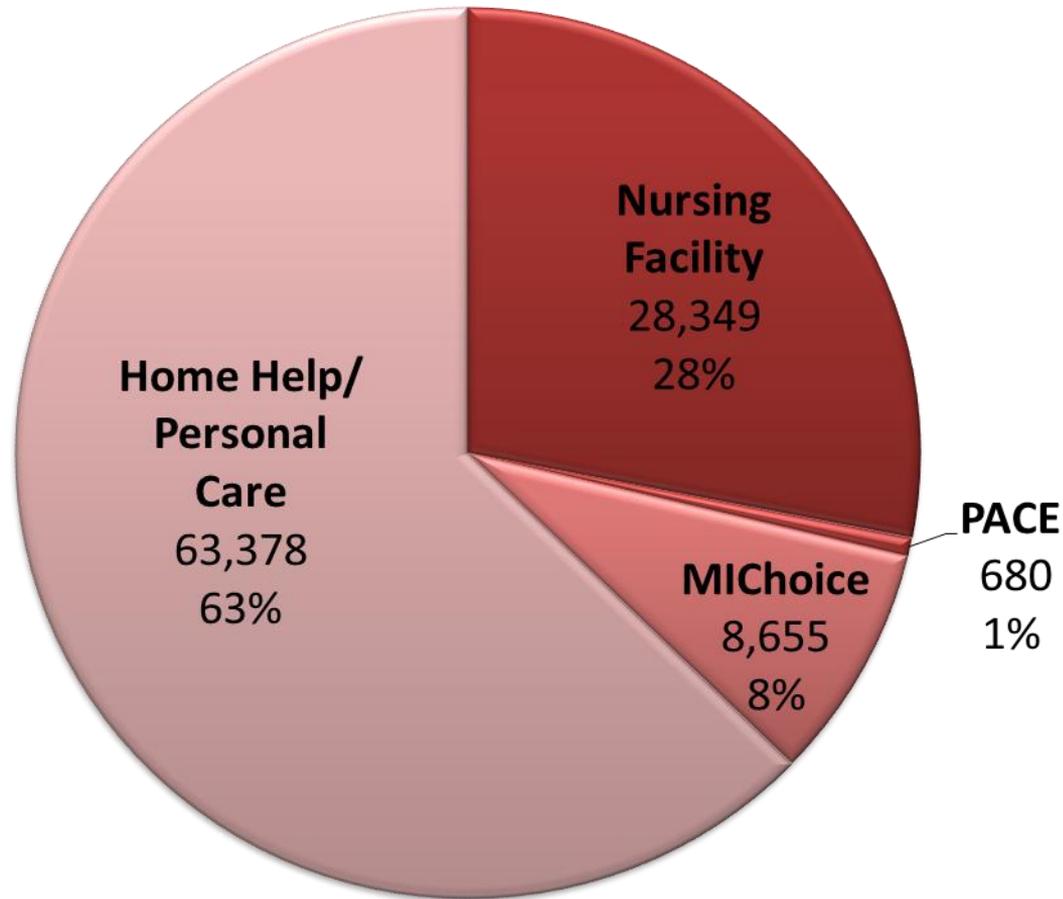
	MI Choice	Adult Home Help	Non-Medicaid Supports	Totals
FY 05	37		7	44
FY 06	223		57	280
FY 07	310		104	414
FY 08	374	30	137	541
FY 09	573	72	142	787
FY 10	1,014	102	186	1,302
FY 11	1,105	247	274	1,626



Nursing Facility Utilization FY 08



Michigan Medicaid Institutional and Home Based Long Term Care Fiscal Year 2011 (Average Monthly Clients)



Modernizing Administrative Processes

- Technological Advances
 - CHAMPS
 - Operational efficiencies both State and providers (e.g., fewer paper claims)
 - Data warehouse upgrade
 - MITA
 - EHR
 - 5010 HIPAA Transaction Implementation
 - Implemented on time, 1/1/2012
 - ICD-10 Code set Implementation- Future Date





Governor Snyder's FY 13 Recommendation



Safety Net

Key Budget Assumptions

	FY 13 GF/GP	FY 13 All Funds
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<ul style="list-style-type: none"> • Medicaid and Mental Health Caseload, Trend <ul style="list-style-type: none"> - Medicaid inflation and utilization, 3% CPI - Medicaid Caseload projected to increase by 2.4% - CSHCS Caseload to increase by 4.7% - Mental Health caseload to increase by 2.4% 	\$45.8 M	\$115.3 M
<ul style="list-style-type: none"> • HMO/PIHP Actuarial Soundness <ul style="list-style-type: none"> - HMO increase 1.50% - PIHP increase 1.25% 	\$25.3 M	\$75.2 M
<ul style="list-style-type: none"> • Regular FMAP Adjustment for Medicaid, Mental Health and CSHCS, and QAAP programs <ul style="list-style-type: none"> - Increase from 66.14% to 66.39% 	-\$25.7 M	\$0 M

Medicaid



Program Enhancements

	FY 13 GF/GP	FY 13 All Funds
• Recognize primary care rate increases to Medicare level	\$0	\$281.8 M
• Cover Autism in Medicaid and MiChild	10.1 M	34.1 M
• Expand healthy kids dental	8.4 M	25.0 M
• Increase nursing home transition and reduce wait list for MIChoice program	3.4 M	7.5 M
• Expand PACE program to Berrien County	0	0
• Non-emergency transportation rate increase	.9 M	1.9M
• Provide 6 FTE's for dual eligible integration	.3 M	.6 M

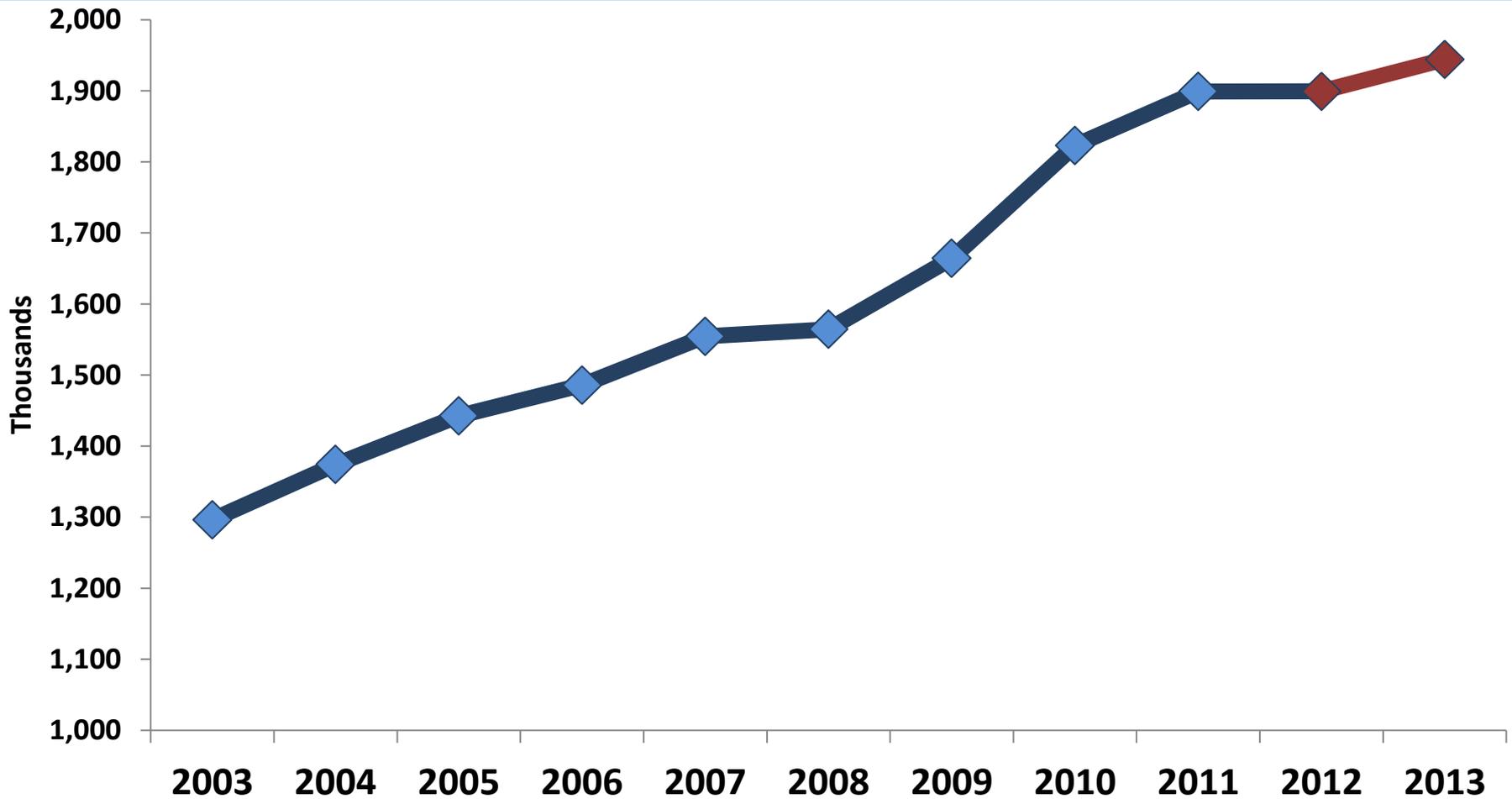
Medicaid



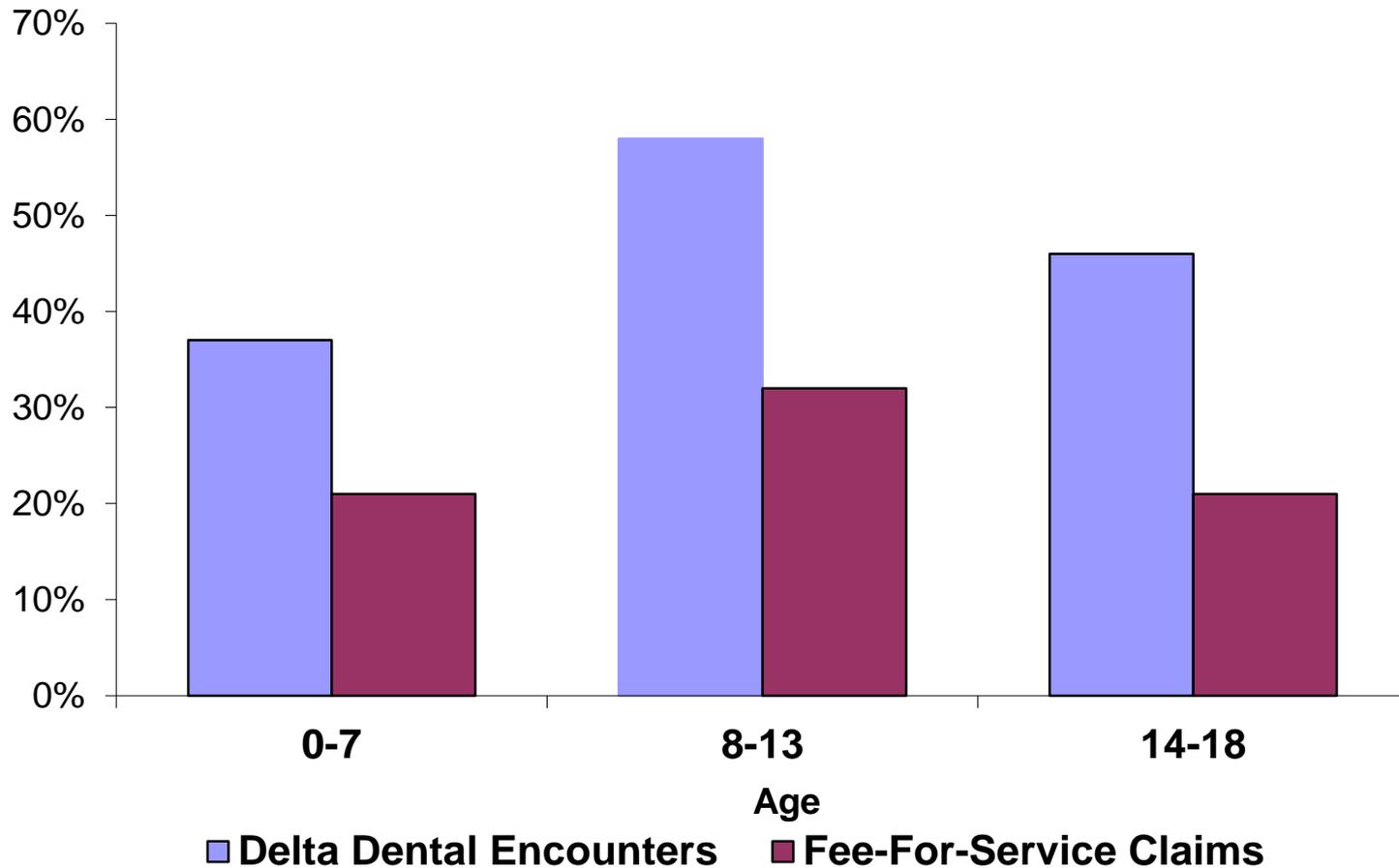
Cost Reductions

	FY 13 GF/GP	FY 13 All Funds
Recognize savings for estate recovery	-\$5.6 M	-\$16.6 M
Recognize savings from Medicaid/Medicare Integration	-10.0 M	-29.8 M
Recognize savings for PDL legislation	-6.3 M	-18.7 M
Credit balance resolutions	-1.0 M	-3.0 M
Third party liability data match	-1.7 M	-5.0 M
Prospective overpayment detection	-6.7 M	-20.0 M
Coverage for urgent care centers	-.3 M	-.9 M
Inspector General staffing and fraud detection & prevention	-1.3 M	-4.8 M
Enhanced prescribing pharmacy program	-1.5 M	-4.5 M
Pharmacy proposal for generic injectable drugs	-.7 M	-2.0 M

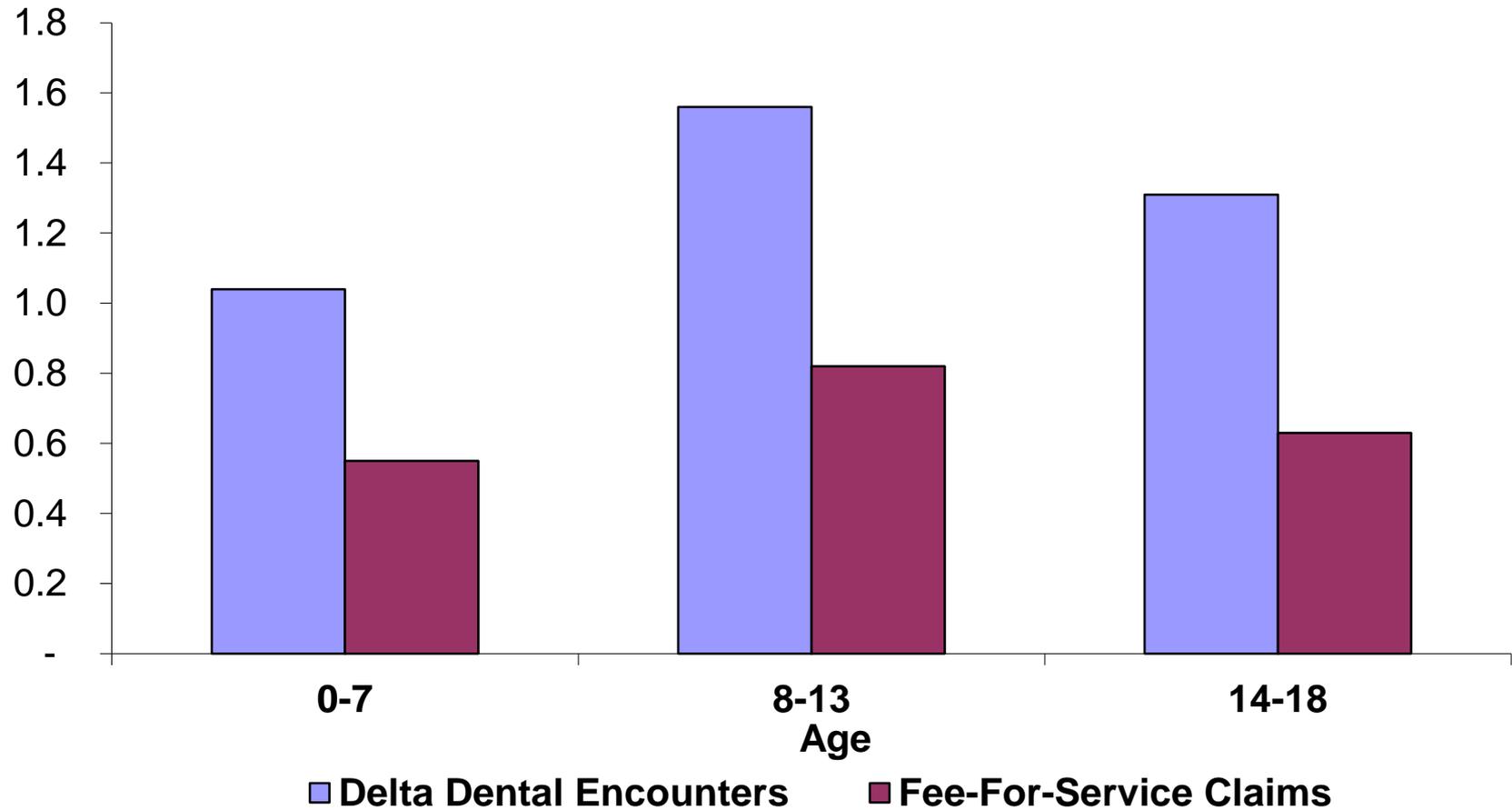
Michigan Medicaid Caseload Projections



% of Unique Medicaid Children With At Least One Dental Claim or Encounter FY2010 Dates of Service



Medicaid Dental Claims Per Year FY10 Dates of Service



Autism Spectrum Disorders (ASD)

- ASDs are a group of neurological developmental disorders that can cause significant challenges in behavior, communication, and social interaction
- In the US, approximately 1 in 110 children have an ASD
 - Michigan's 2010 population ages 2 to 5: 489,174
 - Approximate number with ASD: 4,447
- Rate of diagnosis has increased rapidly



Coverage for ASDs

- Early diagnosis and treatment can lead to extensive savings and better quality of life
 - Studies by PA, TX, and VA regarding Early Intensive Behavioral Intervention (EIBI)
 - Savings to state, up to age 22, range from \$137,400 to \$208,500 per person (after cost of EIBI)
 - To age 55, PA estimates saving \$656,000 to \$1.1 million
 - Multiple studies show treatment leads to higher average IQ scores, less special education, and less need for future assistance



Integrated Care for Dual Eligibles

Stakeholder Process

- Informant Interviews
- Regional Forums
- Request for Input
- Topic-Driven Workgroups
- E-mail box
- Public Comment on Proposal



The Goal of Integration

- Goal:
 - Organized and coordinated service delivery system across all service domains.
 - Seamless delivery of services
 - Reduce fragmentation
 - Reduce barriers to home and community-based services
 - Improve quality of services
 - Simplify administration for beneficiaries & providers
 - Cost effectiveness aligning financial incentives



Medicaid & Medicare Expenditures Michigan Dual Eligibles - 2008

2008 Annual Spending on Dual Eligibles (198,644 Enrollees)			
	Medicare	Medicaid	Both
Long Term Care	\$764,883,909	\$2,317,330,874	\$3,082,214,783
Inpatient Hospital*	\$1,709,795,363	\$38,573,636	\$1,748,368,999
Outpatient Physical Health Care*	\$1,516,682,325	\$147,058,863	\$1,663,741,188
Pharmacy	\$534,878,292	\$15,769,962	\$550,648,254
Behavioral Health		\$843,551,051	\$843,551,051
Grand Total	\$4,526,239,890	\$3,362,284,386	\$7,888,524,276

*Includes inpatient and outpatient mental health services paid by Medicare.



Questions

