



Medical Services Administration Fiscal Year 2016

Presentation to House and Senate Appropriations Subcommittees
on Community Health
March 3, 2015

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Our Guiding Principles

Mission

The Michigan Department of Community Health will protect, preserve, and promote the health and safety of the people of Michigan with particular attention to providing for the needs of vulnerable and under-served populations.



Vision

Improving the experience of care, improving the health of populations, and reducing costs of health care.

Leadership, Excellence, Teamwork

Strategic Priorities

- Promote and Protect Health, Wellness, and Safety
- Improve Outcomes for Children
- Transform the Healthcare System
- Strengthen Workforce and Economic Development

Topics

- Michigan Medical Services
 - Overview
 - Financing
 - Managed Care & Health Plan Rebid
 - Long Term Care Supports and Services & Integrated Care for Dual Eligibles
 - Healthy Michigan Plan (HMP)
- FY16 Executive Budget Recommendation

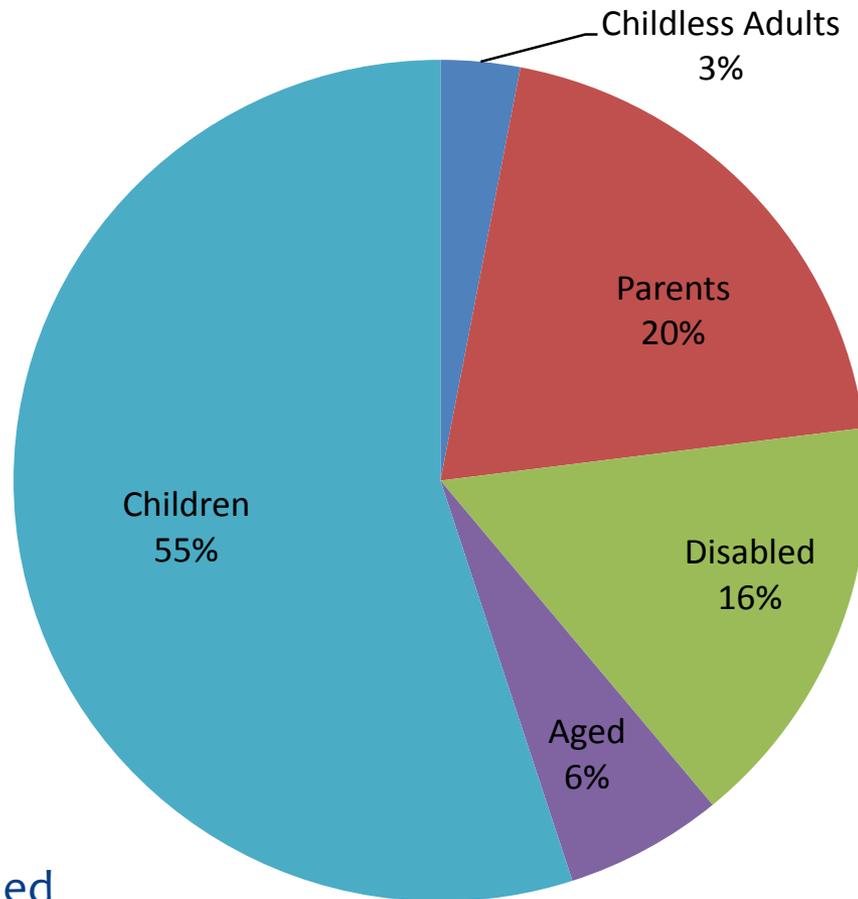


Overview

Service Statistics

- 1,842,955 total average eligibles-traditional Medicaid
- 1,139,625 children served
- 348,045 disabled adults served
- 583,752 individuals enrolled in Healthy Michigan
- 13 Managed Care Plans
- 1,863,525 school-based direct service procedures
- 95,000,000 payments processed last year
- 1,627,138 calls handled annually by Michigan Enrolls
- 3,026 women using Maternal Outpatient Medical Services program each month
- 29,145 nursing home residents
- 541,781 children enrolled in Healthy Kids Dental
- 35,075 enrolled in MI Child

Medicaid Consumers

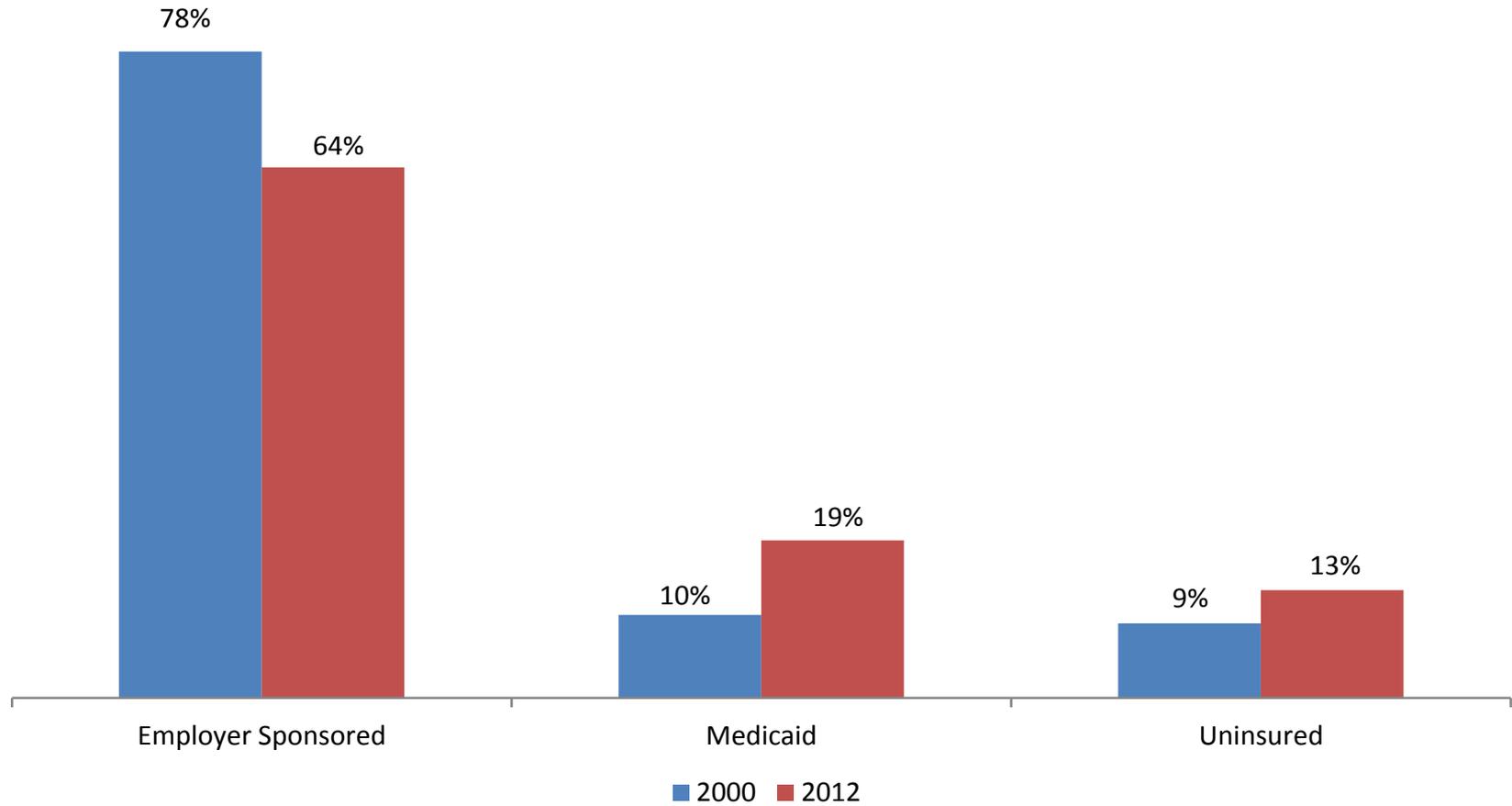


- 55% are Children
- 22% are Aged or Disabled

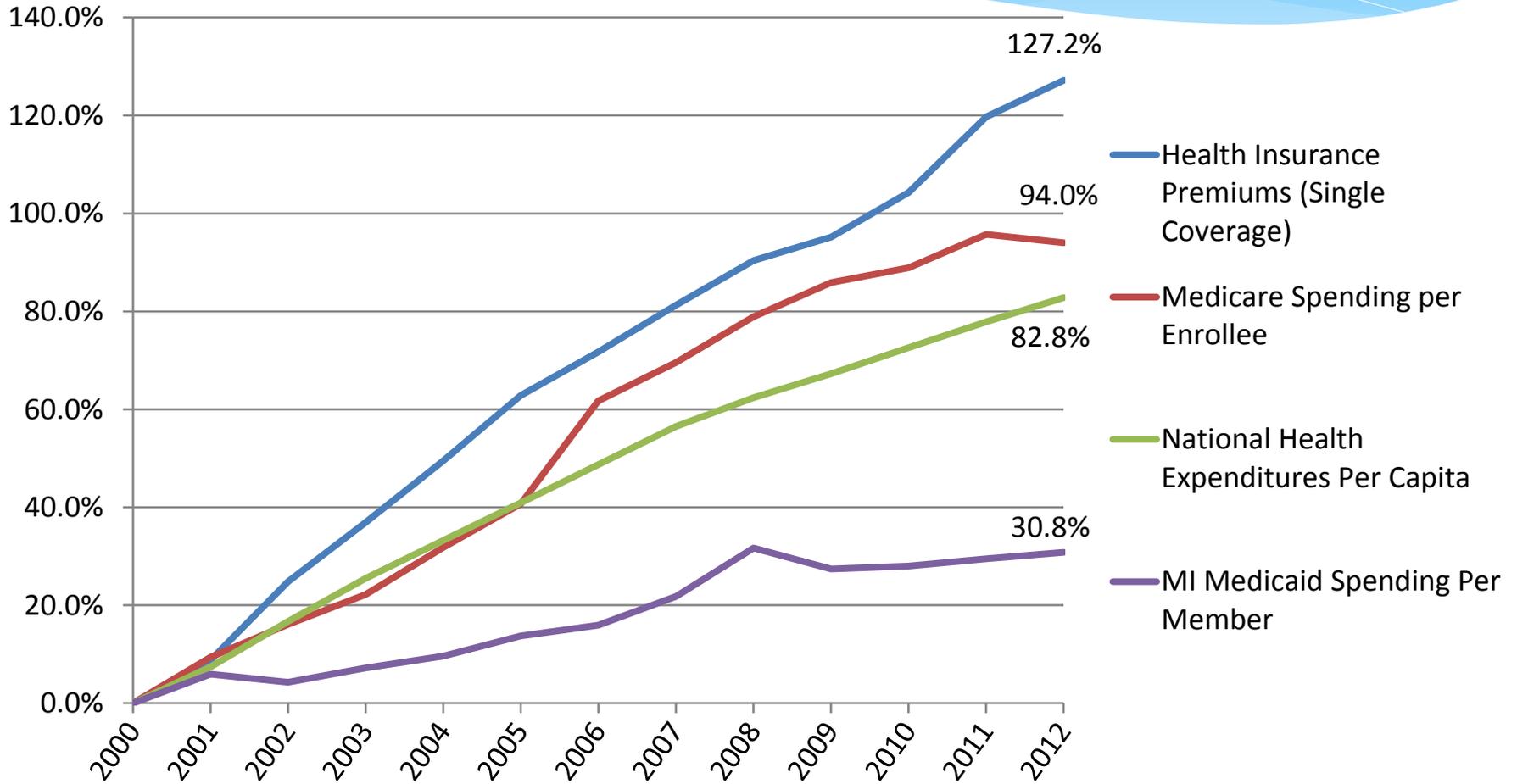
Partnerships

- Hospitals, Physicians, Pharmacies, Long Term Care Community Providers, Nursing Homes, Dentists, Many Other Professional Practitioners, Durable Medical Equipment and Suppliers
- Health Maintenance Organizations – for-profit and non-profit
- Federally Qualified Health Centers, Rural Health Clinics and Look-a-Likes
- Community Mental Health Agencies
- Local Health Departments
- University Medical Schools
- Various Community and Advocacy Organizations
- Private sector contractors – Maximus, CNSI, Optum

Health Insurance Coverage Shifts



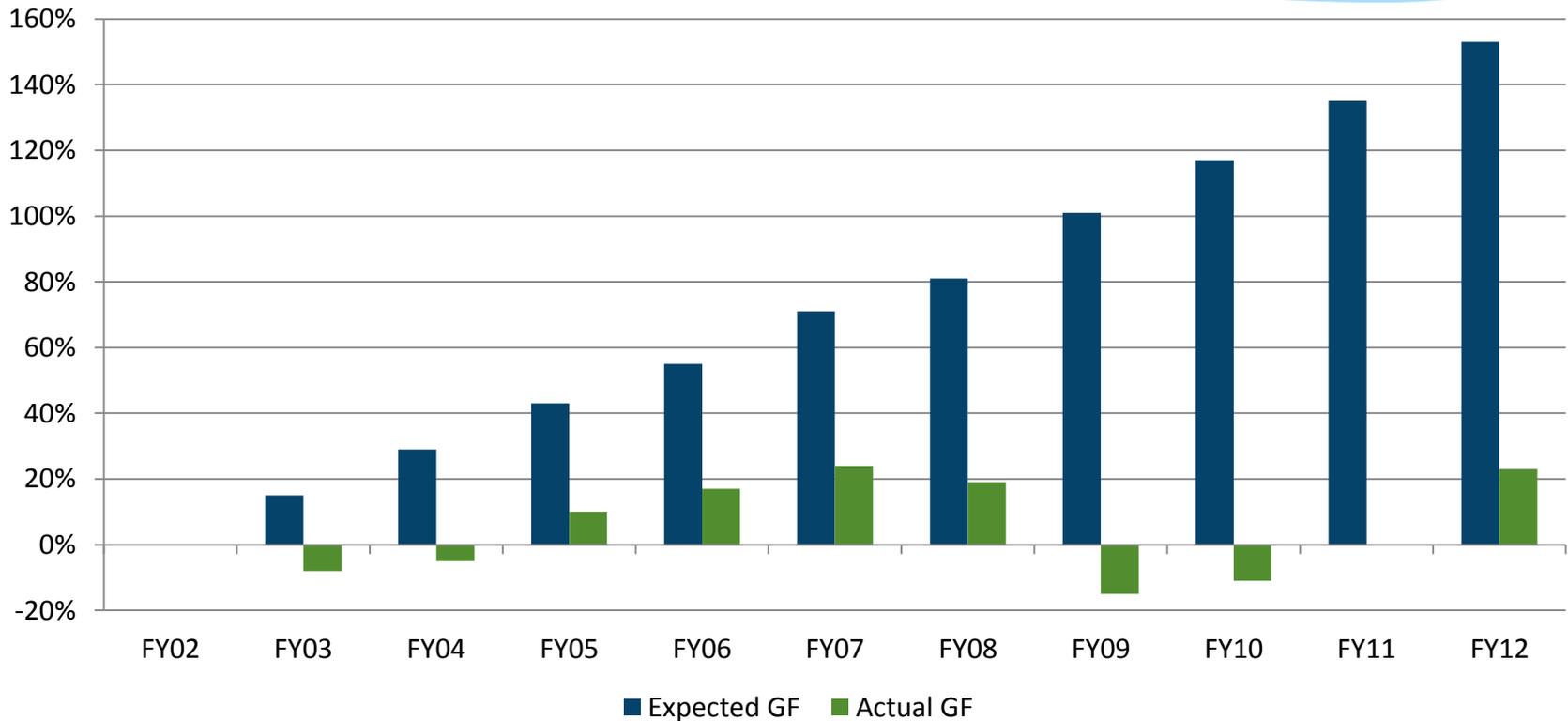
Historical Costs of Health Care 2000-2012



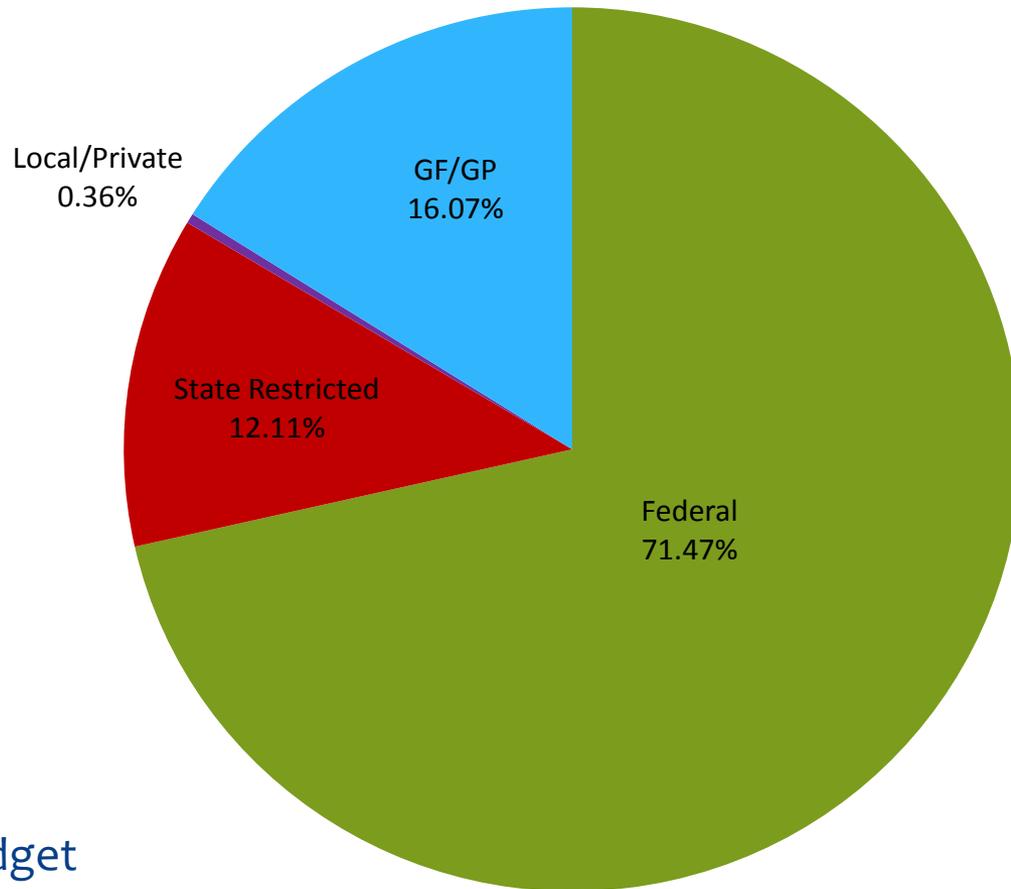


Financing

General Fund Support for Medicaid Remains Flat in the Face of Caseload & Health Inflation Increases



Medicaid Appropriation Revenue Sources



90% of MDCH Budget

Recovery and Cost Avoidance

- Medicaid is payer of last resort
- 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

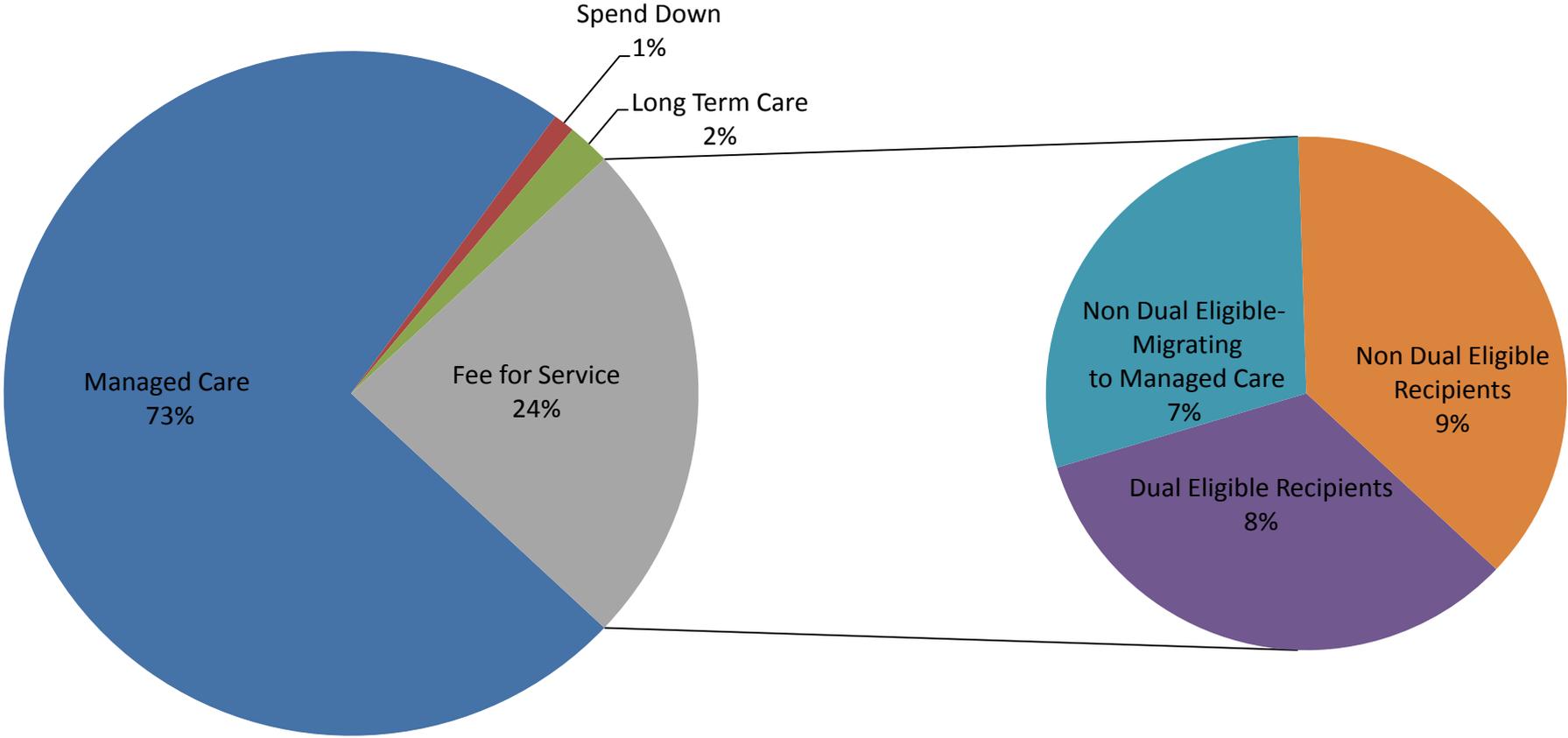
Accountability in Medicaid

- Numerous Audit Agencies
 - Office of the Inspector General - federal agency
 - MDCH Office of Health Services Inspector General- state agency
 - Office of the Auditor General - state agency
 - Office of Internal Audit Services - state agency
 - Centers for Medicaid/Medicare Services - federal agency
 - Government Accountability Office - federal agency
- Fifteen simultaneous audits on average
- Community Health Automated Medicaid Processing System (CHAMPS) paying dividends in performance audits



Managed Care & Health Plan Rebid

Medicaid Delivery System



Managed Care Plans- Quality and Access

- 13 accredited plans covering medically necessary services
 - Assignment of each HMO enrollee to a primary care physician is required to enhance access to needed services
 - Conform with the high standards of measurement and transparency on access and quality that have been adopted by Michigan Medicaid
 - Serve as the foundation for healthy behaviors and care management
 - Receive performance bonuses and auto-assignment preference based on plan scores relative to national Medicaid benchmarks

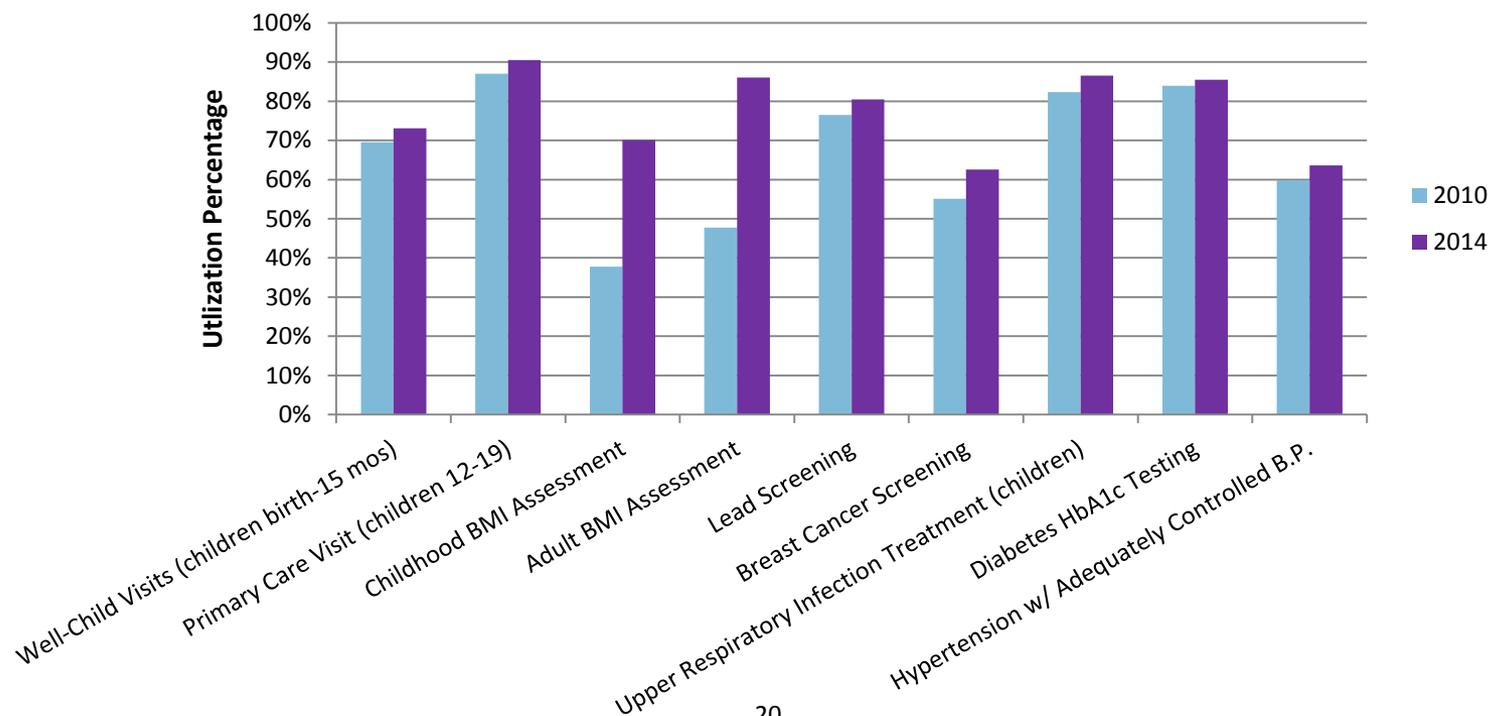
Michigan Medicaid Health Plans Excel

- 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

Significant Improvement in Incentivized Quality Measures

Michigan Medicaid Managed Care currently ranks above the National Healthcare Effectiveness Data and Information Set (HEDIS®) 50th percentile for all of the measures below and improvements continue to be made.

Michigan Medicaid Statewide Performance



Medicaid Health Plan Rebid

- 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

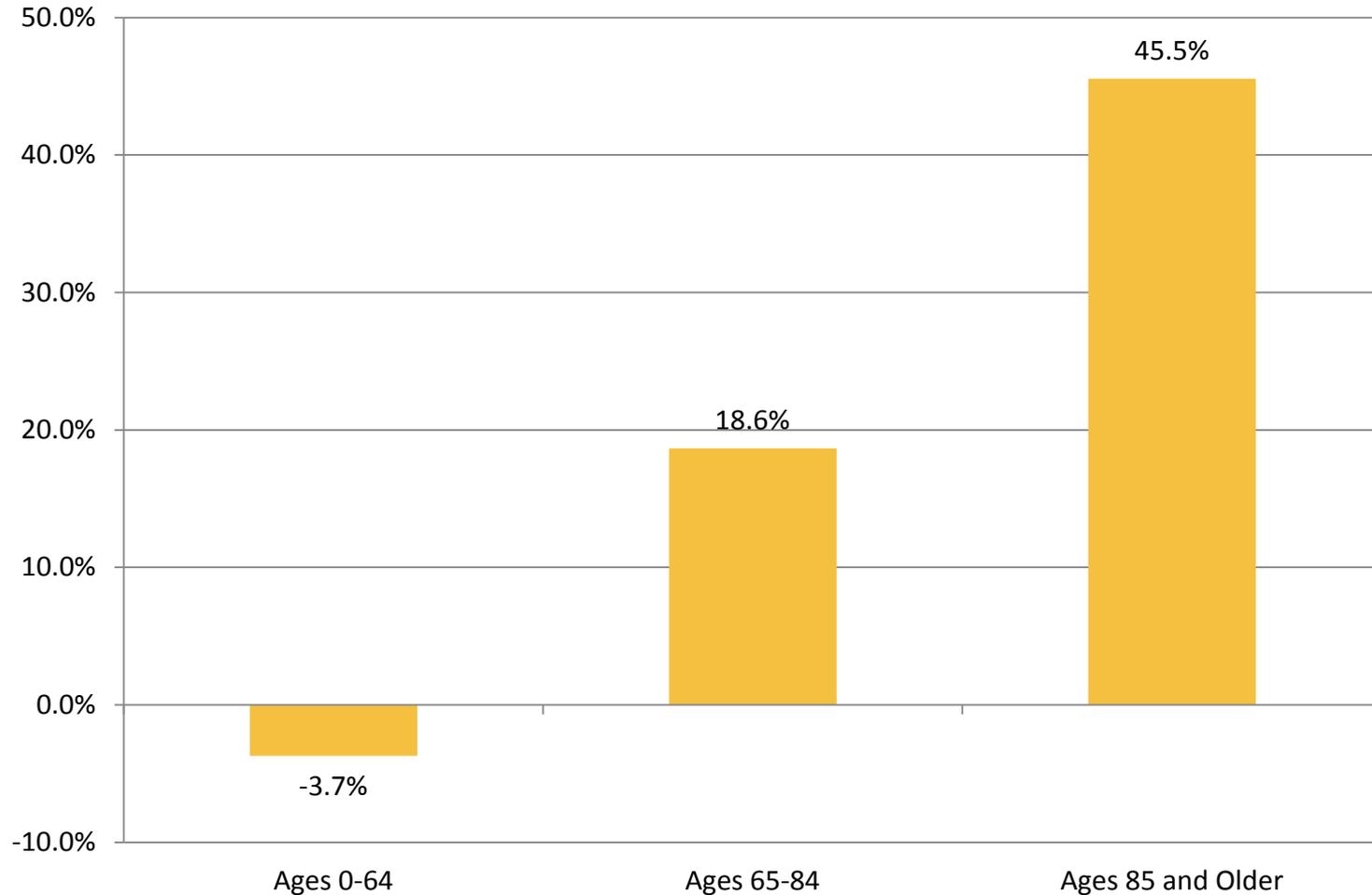
Medicaid Health Plan Rebid

- Major changes:
 - Governor's Prosperity Regions will be used
 - Bidders will be required to cover all counties in a region
 - Pay for value (rather than volume)
 - Greater emphasis on shared information and care coordination
 - Carved-out pharmacy benefits

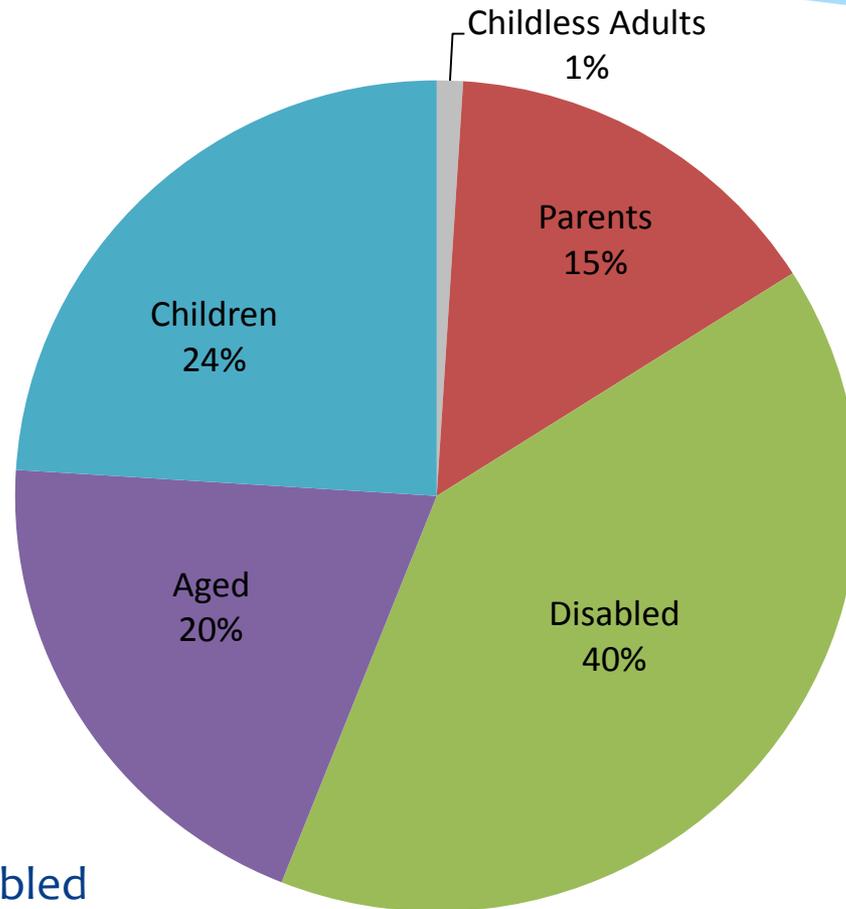


Long Term Care Supports and Services & Integrated Care for Dual Eligibles

Michigan Population Change – 2000-2013



Medicaid Costs



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

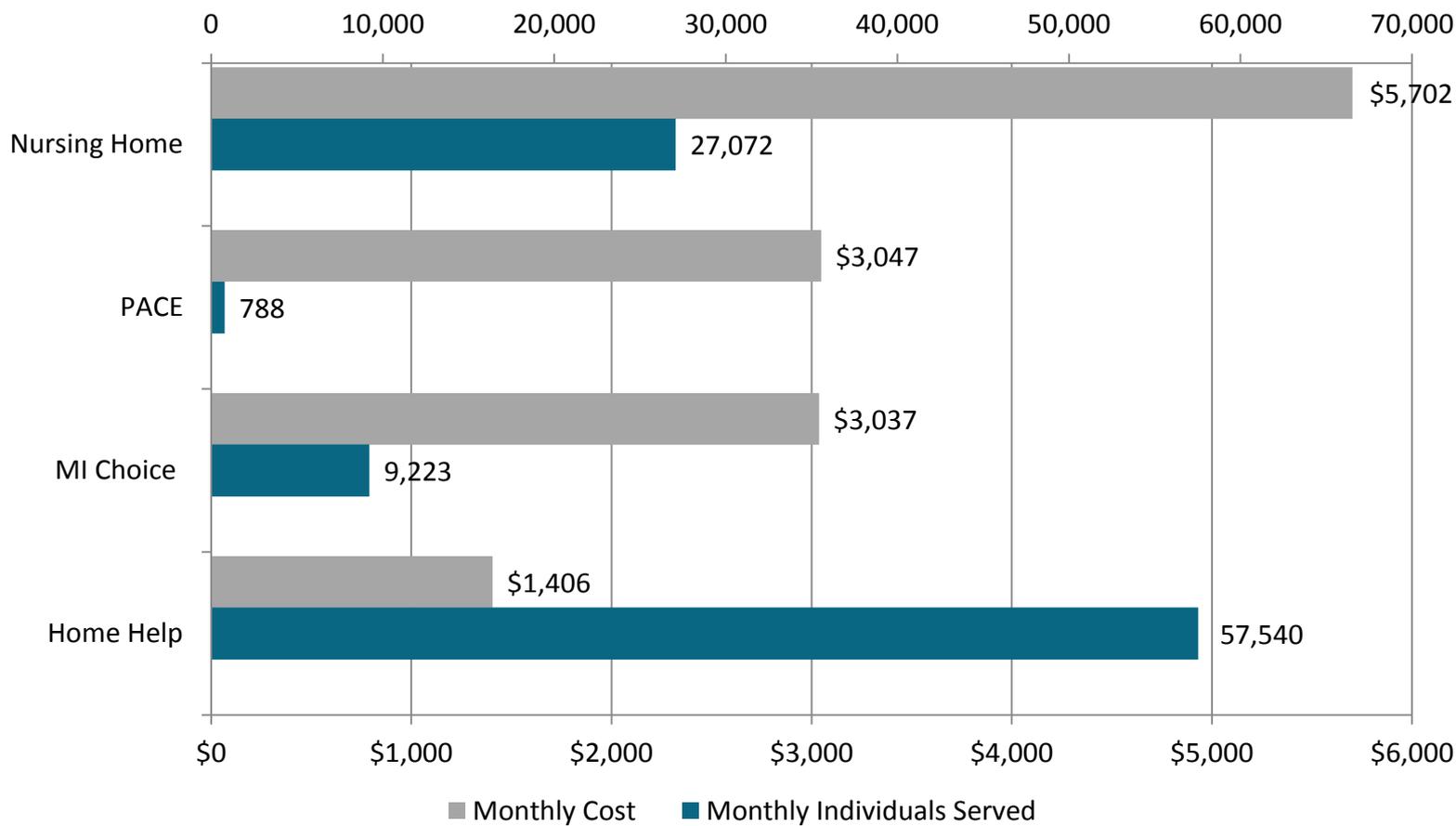
Medicaid Long Term Supports and Services

- 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.

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

Average Monthly Costs and Individuals Served



Integrated Care – 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
- Seven Integrated Care Organizations selected to implement across four regions:
 - Upper Peninsula
 - Southwest (eight counties)
 - Macomb County
 - Wayne County

Integrated Care – MI Health Link

- Program goals include:
 - Providing seamless access to all Medicare and Medicaid services and supports
 - Offering a person-centered care coordination model
 - Streamlining administrative processes
 - Eliminating barriers to home and community based services
 - Providing quality services focusing on enrollee satisfaction
 - Realigning financial incentives
- Enrollment began—February 2015
- Program launched—March 1, 2015

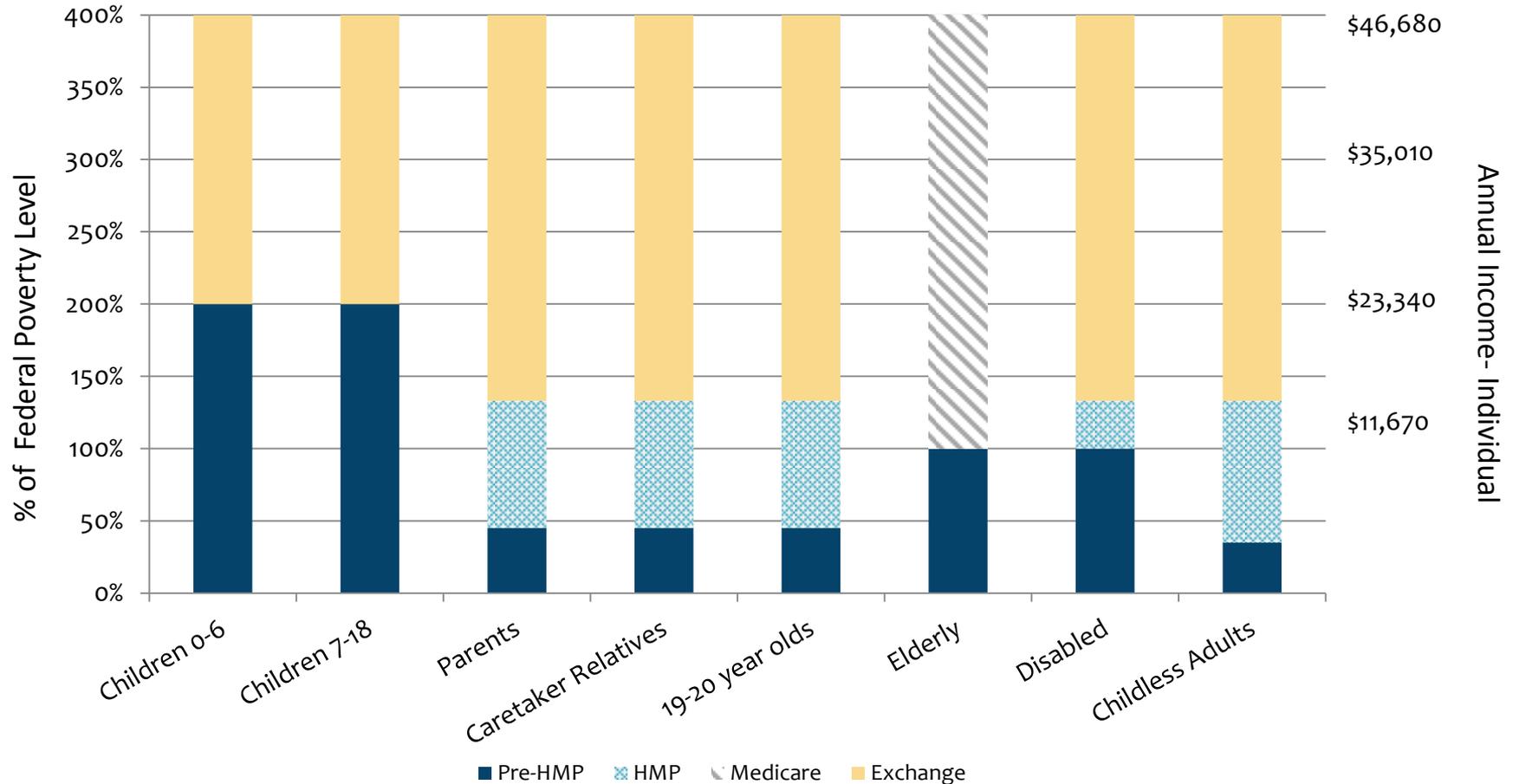


Healthy Michigan Plan (HMP)

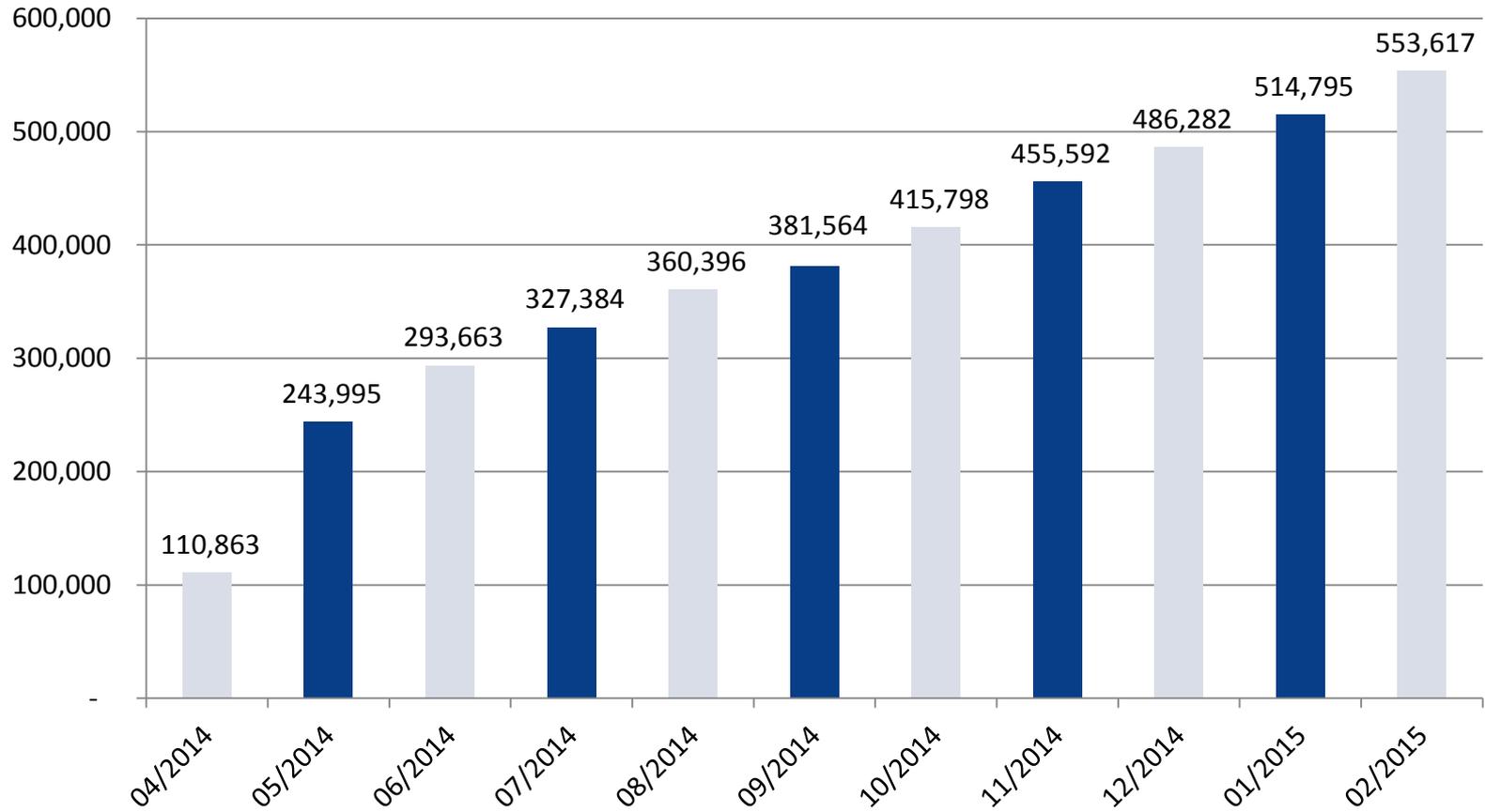
Healthy Michigan Plan Overview

- 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

Healthy Michigan Plan Fills the Gap



Healthy Michigan Plan Enrollment



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

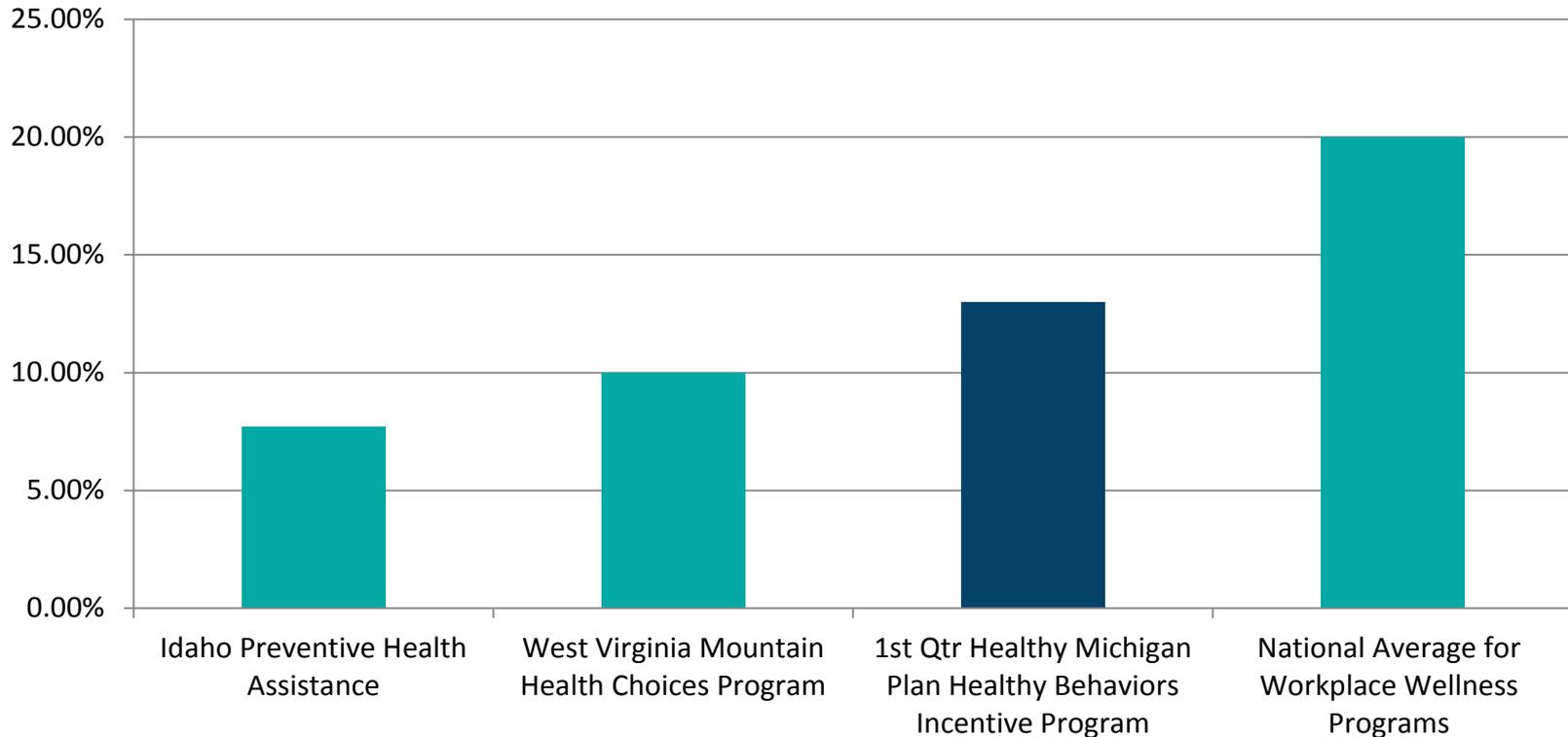
Healthy Michigan Plan-Personal Responsibility

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

Healthy Michigan Plan-Personal Responsibility Healthy Behaviors

Wellness Program Participation Rates^{1, 2}



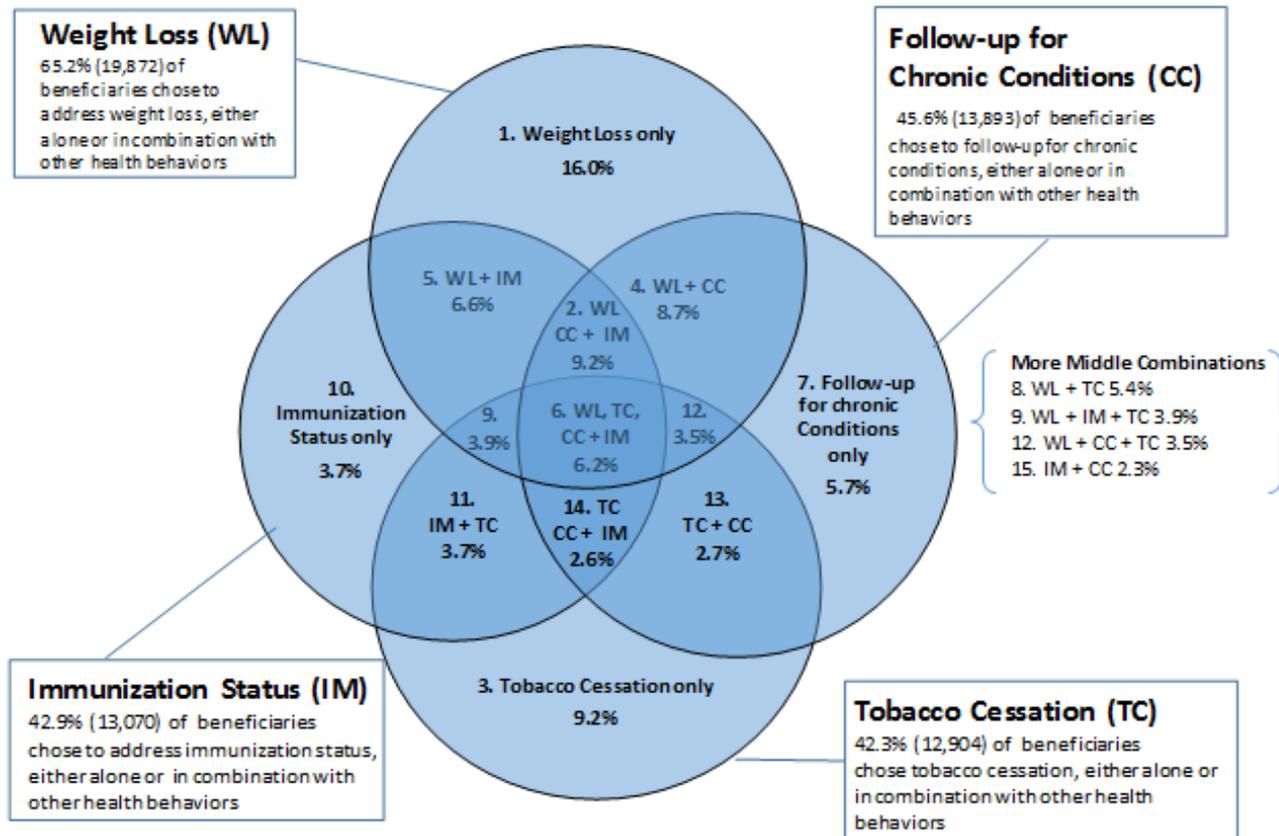
¹ Source for participation rates in Medicaid programs: Blumenthal K.A. et al. Medicaid Incentive Programs to Encourage Healthy Behavior Show Mixed Results To Date and Should be Studied and Improved. Health Affairs, 32, no. 3 (2013): 497-507.

² Source for national average for workplace wellness programs: Mattke, S. et.al. ;Workplace Wellness Programs Study – Final Report. RAND Health. Sponsored by the U.S. Department of labor and U.S. Department of Health and Human Services. 2013: RAND Corporation.

Healthy Michigan Plan—Personal Responsibility Healthy Behaviors

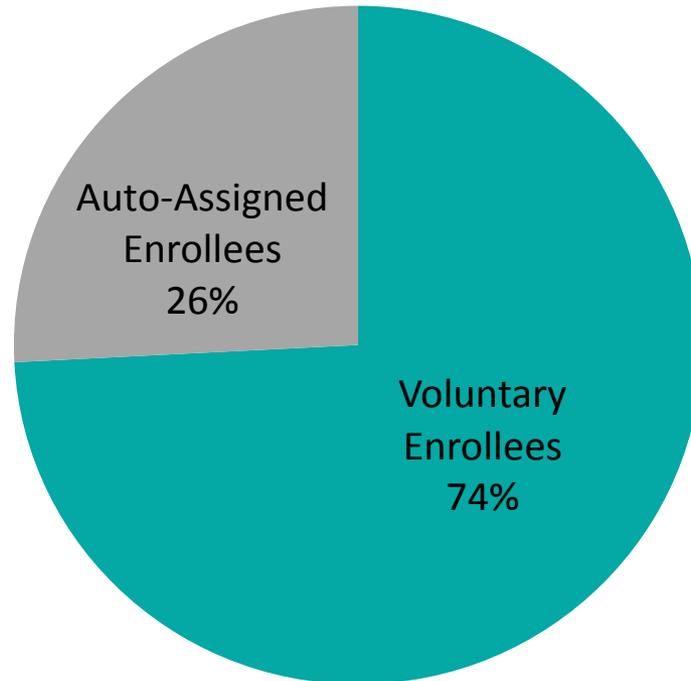
Health Risk Assessment Completion with Primary Care Provider

Representation of the overlapping nature of top 15 health risk behavior selections December 2014



Healthy Michigan Plan-Personal Responsibility Health Plan Enrollment

- As of January 1, 2015, nearly three-quarters of the HMP members have enrolled in the health plan of their choosing vs. being auto-assigned by the state.



Healthy Michigan Plan-Personal Responsibility Preventive Care

Healthy Michigan Plan Beneficiaries Accessing Care (as of February 5, 2015)

Type of Visit	Males	Females	Total
Primary Care	121,440	168,435	289,875
Preventive Visit	32,260	61,072	93,332
Colonoscopies/Colon Cancer Screening	6,172	7,959	14,131
OB (Antepartum, Delivery, Postpartum)	-	-	1,980
Mammograms	-	-	28,899

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



Governor Snyder's FY 16 Recommendation

MDCH 2016 Budget Recommendation

(in millions)

Other Investments	GF/GP	All Funds
Medicaid Adult Dental	\$ 7.9	\$ 23.0
Healthy Kids Dental Phase-In	\$ 7.5	\$ 21.8

Reductions	GF/GP	All Funds
Enhance Federal Revenue with State Psychiatric Hospital DSH	\$ (15.8)	\$ 24.1
Graduate Medical Education funding change	\$ (63.5)	\$ -
Rural and Sole Community Hospital funding change	\$ (13.6)	\$ -
Eliminate Medicaid OB/GYN Hospital lump sum payments	\$ (3.8)	\$ (11.0)
Increased pharmacy rebates and HMO contract care coordination savings	\$ (22.1)	\$ (64.1)
HMO Hospital Capital payment policy change	\$ (12.0)	\$ (34.8)
HMO laboratory reimbursement rate change	\$ (10.9)	\$ (31.8)
Eliminate Graduate Medical Education MiDocs Consortium funding	\$ (0.5)	\$ (0.5)

Other Adjustments	GF/GP	All Funds
Actuarial Soundness - 2%		
Traditional Medicaid	\$ 25.9	\$ 75.2
Healthy Michigan Plan	\$ -	\$ 55.0
Continue Primary Care Rate Increase	\$ 8.3	\$ 24.2
Health Insurance Claims Tax Revenue	\$ (186.6)	\$ -

FY16 Initiatives

Integrate Health and Wellness

Healthy Kids Dental Expansion

- Continue phase in plan for statewide coverage
- Expand into Kent, Oakland, and Wayne Counties
- Cover children under age 9
- \$21.8M Gross/\$7.5M GF investment to cover an additional 210,000 children

FY16 Initiatives

Integrate Health and Wellness

Medicaid Adult Dental Services

- Improve access
- Reduce more costly and inadequate care
- Improve health
- FY2016 investment = \$23M Gross/\$7.9M GF

MDCH Contact Info and Useful Links

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Email: Ruestk@michigan.gov

Website: <http://www.michigan.gov/mdch>

Facebook: <http://www.facebook.com/michigandch>

Twitter: [@MIHealth](https://twitter.com/mihealth), <https://twitter.com/mihealth>

Useful Links:

Executive Budget: <http://www.michigan.gov/mibudget>

MI Healthier Tomorrow: www.michigan.gov/mihealthiertomorrow

Healthy Michigan Plan: www.michigan.gov/healthymichiganplan

MiChild: www.michigan.gov/michild

Member Success Story



Case manager's initials	DN
Date story submitted	10/17/14
Date release sent to member	10/17/14
Date release received by leadership	11/05/14

Stroke victim gains hope in her recovery and inspires other

This 50-year-old member enrolled with the Blue Cross Complete Healthy Michigan Plan on 6/01/2014. She was opened to case management in August. The member had a stroke with right-sided arm and leg weakness at the end of July, and has a history of high blood pressure, migraines, eczema, anxiety, fibromyalgia, and inner ear problems.

The Blue Cross Complete nurse case manager called the member on a weekly basis to discuss the rehabilitation process after a stroke. The case manager educated her on ambulation, daily activity safety, and new medications. She also encouraged the member to set short-term goals and celebrate their completion. The case manager also helped the member set up an appointment to get an ankle foot orthotic to support her knee.

The member is now ambulating with a four-pronged cane. She is going to occupational therapy and physical therapy twice a week. The physical therapist is working on balancing and mobility. The occupational therapist is working with her on right shoulder exercises and fine motor skills like writing and grasping. For one activity, the occupational therapist had her cut vegetables and make a grilled cheese sandwich. The member was excited to report that it was "the best sandwich ever."

The member is now completing household duties on her own, including laundry and cooking. She is washing, drying, and folding per the occupational therapist's instructions.

The case manager encouraged the member to keep working hard and acknowledged her accomplishments. The member is now considering speaking to a college class and at the rehabilitation facility where she received treatment. With the education she received from her Blue Cross Complete case manager and her therapists, the member wants to share this knowledge with others to prevent strokes. The case manager told the member that this was a great idea not only for the students and other patients, but also for herself. The case member noted, "She will be able to see how far she has come, and it will help build up her confidence and self-esteem.

The member completed the Health Risk Assessment with her primary care physician, and will be receiving an incentive. She currently receives calls from case management on a monthly basis. She has completed outpatient therapy, and is following up with her physical medicine and rehabilitation doctor every three months. The member has changed her eating habits and is going to the gym every week with her sister. Furthermore, she has stopped smoking. Her new goal is to get back to driving. If the member continues to do well and doesn't have any other needs, she will be closed to case management next month.

Member Success Story



Case manager's initials	DN
Date story submitted	10/01/2014
Date release sent to member	8/08/2014
Date release received by leadership	10/01/2014

Father of the Year

This 40-year-old Blue Cross Complete Healthy Michigan Plan member was referred for medical case management by the Rapid Response and Outreach team. He has a history of hypertension, diabetes, and heart failure, and needed assistance in better understanding his health conditions and medications. The member had been diagnosed with heart failure over a year ago, and didn't really understand the diagnosis or how to treat it. He was excited for case management services because his goal was to get his health under control and return to work.

During their first phone call, the member told the nurse case manager that Blue Cross Complete made him "feel like a king". He said she was the third person from Blue Cross Complete to contact him about his health conditions. He said everyone had been "nice and attentive", and seemed to genuinely care about him.

In addition to providing health education, the case manager helped the member find a new primary care physician. She sent him information on heart failure as well as

referrals to dental and vision providers. The case manager also informed him about Blue Cross Complete benefits like transportation and the 24-hour nurse line.

The member created a folder where he kept all of his health information. He tracked his appointments, and stored visit summaries from his primary care doctor as well as educational materials on heart failure. He also pasted labels from his medication bottles to keep track of his prescriptions and any changes to his medication regimen. The member began to actively participate in physical therapy, and through lifestyle changes, was able to lose 75 pounds.

Since engaging in case management and making healthy changes, the member now had the energy to be more involved with his children's school. He started volunteering at the school on a regularly basis, and was awarded "Father of the Year" for his contributions.

The member is still enrolled with case management and continues to thrive. He makes regular follow up appointments with his physicians, and is currently working on smoking cessation. He also completed his Health Risk Assessment and received an incentive for doing so.



Beneficiary Success Stories

December 2014

Antonio, age 40
Detroit, Michigan

After enrolling in the Healthy Michigan Plan and contacting care management for help, Antonio was referred to a nurse for disease education and medication support. He has a history of chronic disease including heart failure and bilateral/shoulder pain. Prior to his Healthy Michigan Plan coverage, after receiving his heart failure diagnoses years ago, he has not known how to control it.

Antonio made it a point to tell all of the providers that he encountered during his care that the support and attentiveness show to him through this new coverage is that unlike anything he has experienced before. In the past, he has had little, if any, support from previous healthcare, including finding providers and getting treatment.

He has desperately wanted and needed the benefits provided to him through the Healthy Michigan Plan so that he can get his health under control in order to get back to work and support his children. He has already attained and visited a new primary care provider, and is pursuing dental and vision treatment as well. While he has greatly appreciates the outreach from his health plan, he has made it a point to call them with any questions he has as he works through his new coverage.

As a result of addressing his health, Antonio had made it a point to step up in his life through attending therapy, losing 75 pounds already, and becoming much more involved in his children's life. As such, he was named 'Father of the Year' at his child's school and has made volunteering an active part of his efforts.

Clarence, age 45
Grand Rapids, Michigan

At the end of May, Clarence was contacted by a community health worker to review his new Healthy Michigan Plan benefits. Not only was he thrilled to have his new coverage, but he was overjoyed that his new health plan took the time to contact him and assist him with his healthcare needs. As a Michigan resident who had not had healthcare coverage in years, he is committed to getting on top of addressing his healthcare needs and visiting his provider.

Chuck, age 60
Fenville, Michigan

Chuck, an entrepreneur for more than 30 years, recently gained Healthy Michigan Plan coverage. Since 2001, he has been unable to work due to crippling arthritis and has also been unable to qualify for healthcare programs in the past.

Prior to his Healthy Michigan Plan coverage, Chuck utilized the former Adults Benefits Waiver limited services to establish a relationship with a primary care provider. This provider conducted an x-ray of him and he was referred to a spinal surgeon. And while the surgeon recommended surgery, it was not a covered benefit under his previous program.

Once his Healthy Michigan Plan coverage kicked in however, Chuck is now able to pursue the medical treatment he needs to improve his condition, including recent surgery for a double hernia. Additionally, his provider has helped him learn new techniques that should provide some relief to address his arthritis, as well as issues with blackouts and seizures that he has been suffering with for years.

Lastly, he has taken his Healthy Michigan Plan coverage a step further and has had a sleep study that determined he has issues while sleeping. With these new diagnoses and recent medical attention, Chuck is optimistic that with his medical needs addressed, he will be able to seek new employment and rejoin the Michigan workforce.

Tina, age 57
Grand Rapids, Michigan

Previously served by the Kent County Health Plan, Tina moved to Michigan to establish a new life but found it hard to find stable employment. Her coverage through Kent County provided some relief though not everything she needed as a Type 1 diabetic. On April 1, when her coverage for the Healthy Michigan Plan kicked in, she assumed her benefits would be the same.

As a new member of Priority Health through the Healthy Michigan Plan, she was contacted by a Priority Health community health worker to review all of her new benefits. After working with the community health worker, a diabetic specialist from Priority Health reached out to her to assist her further with her healthcare needs. Tina was referred to the Spectrum Health Center for Diabetes and Endocrinology for a whole diabetic support team to help her address her needs. Tina is now able to access the care she requires, with the support of a new healthcare team trained in her specific needs. The peace of mind having this specialized support provides her is something that she needs as she works to establish her new life here in Michigan.



Joy, age 53

Grand Rapids, Michigan

Prior to her enrollment in the Healthy Michigan Plan, Joy was a member of her county's health plan. As soon as she was actively enrolled in the Healthy Michigan Plan however, she immediately took the opportunity to meet with her primary care provider and pulmonologist.

With her new benefits, Joy can now get the medication needs as well as new diagnoses. For instance, she was recently diagnosed with an inherited condition and is able to receive the treatment she needs for managing this disease. As part of her healthy goals established with her primary care provider, Joy has made the commitment to quitting smoking and gaining some much needed weight.

Further, Joy has opted to begin pulmonary rehabilitation by walking in her local park, as well as pursuing additional medical attention such as getting her mammograms consistently moving forward.

So far, Joy has closely followed her physician's orders and her healthy goals, taking all of her medication and staying on top of getting her lab work done. Through the Healthy Michigan Plan, Joy has been able to greatly improve her medical status as well as her activity level and overall happiness with her life.