

MDHHS: FY22 Budget Executive Recommendation

Medical Services Administration (MSA)

March 9, 2021

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MEDICAID OVERVIEW



Michigan's Medicaid Program

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

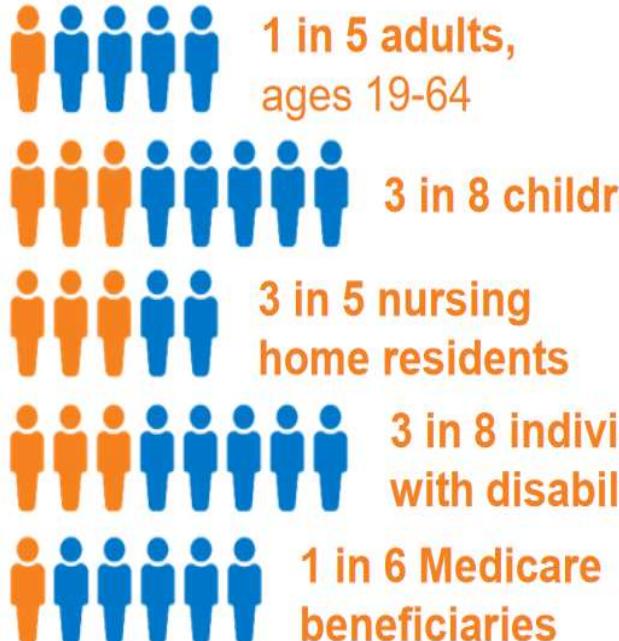
- State and federal partnership
- Mandatory services with state options for broader coverage

In FY20, Michigan's Medicaid program afforded health coverage to 2.5 million Michiganders each month, including:

- 1,000,000 Children;
- 320,000 People living with disabilities;
- 140,000 Seniors; and
- More than 700,000 Adults in the Healthy Michigan Plan

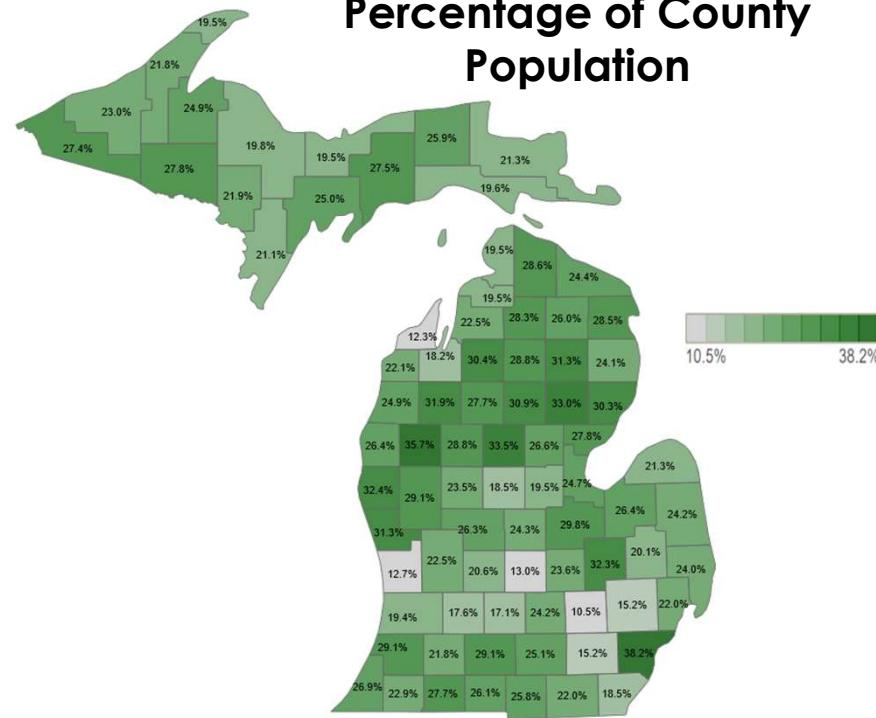
Populations Served

In MI, Medicaid Covers:



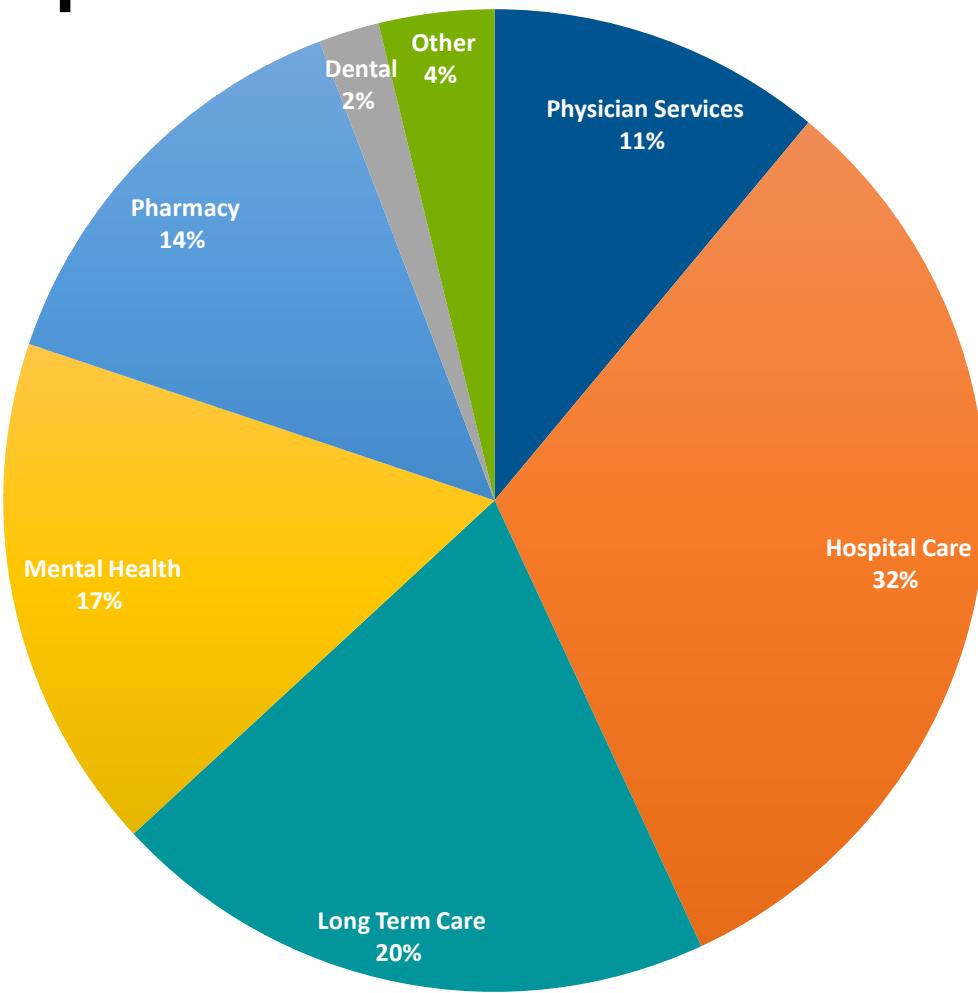
Graphic from: Kaiser Family Foundation

Medicaid Enrollment as a Percentage of County Population



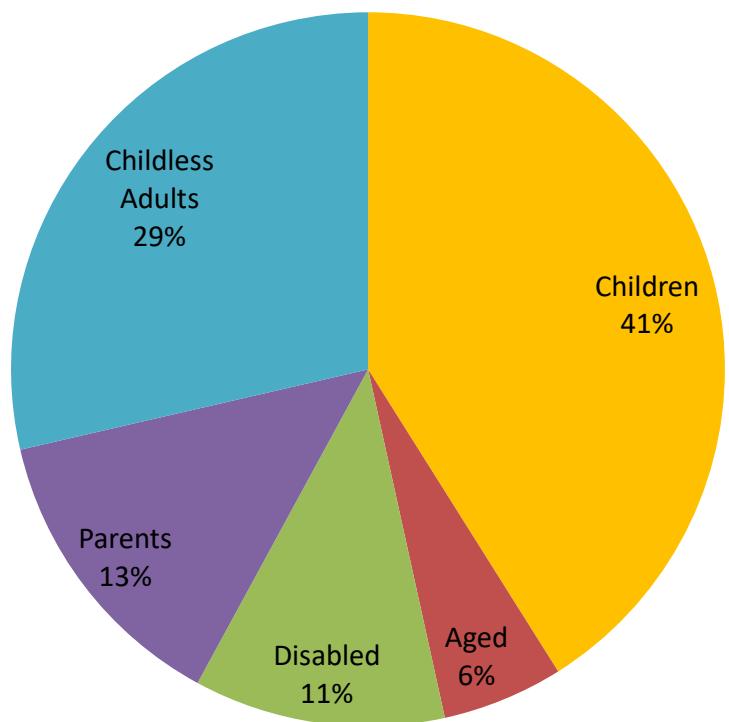
Graphic from: Michigan Health & Hospital Association

Medicaid Spend-FY19

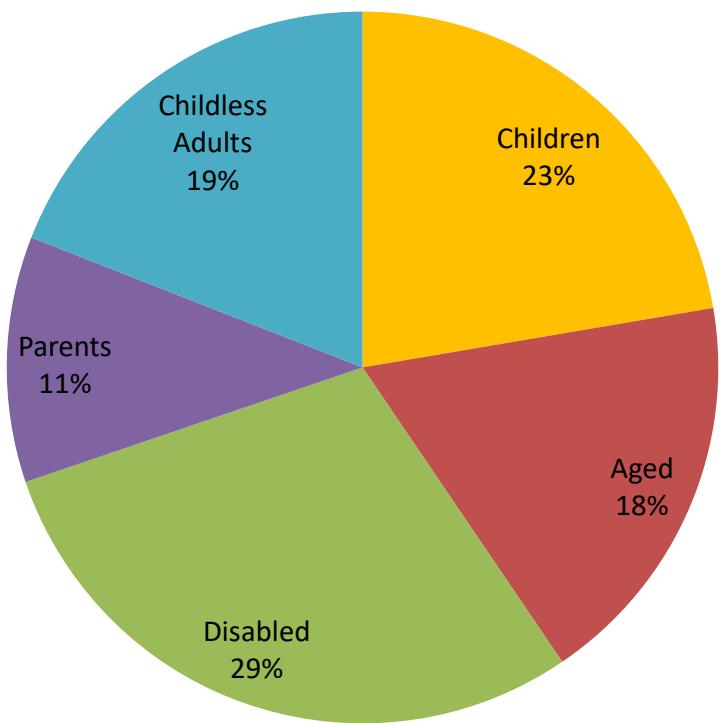


Medicaid Consumers and Costs-FY19

Consumers



Costs



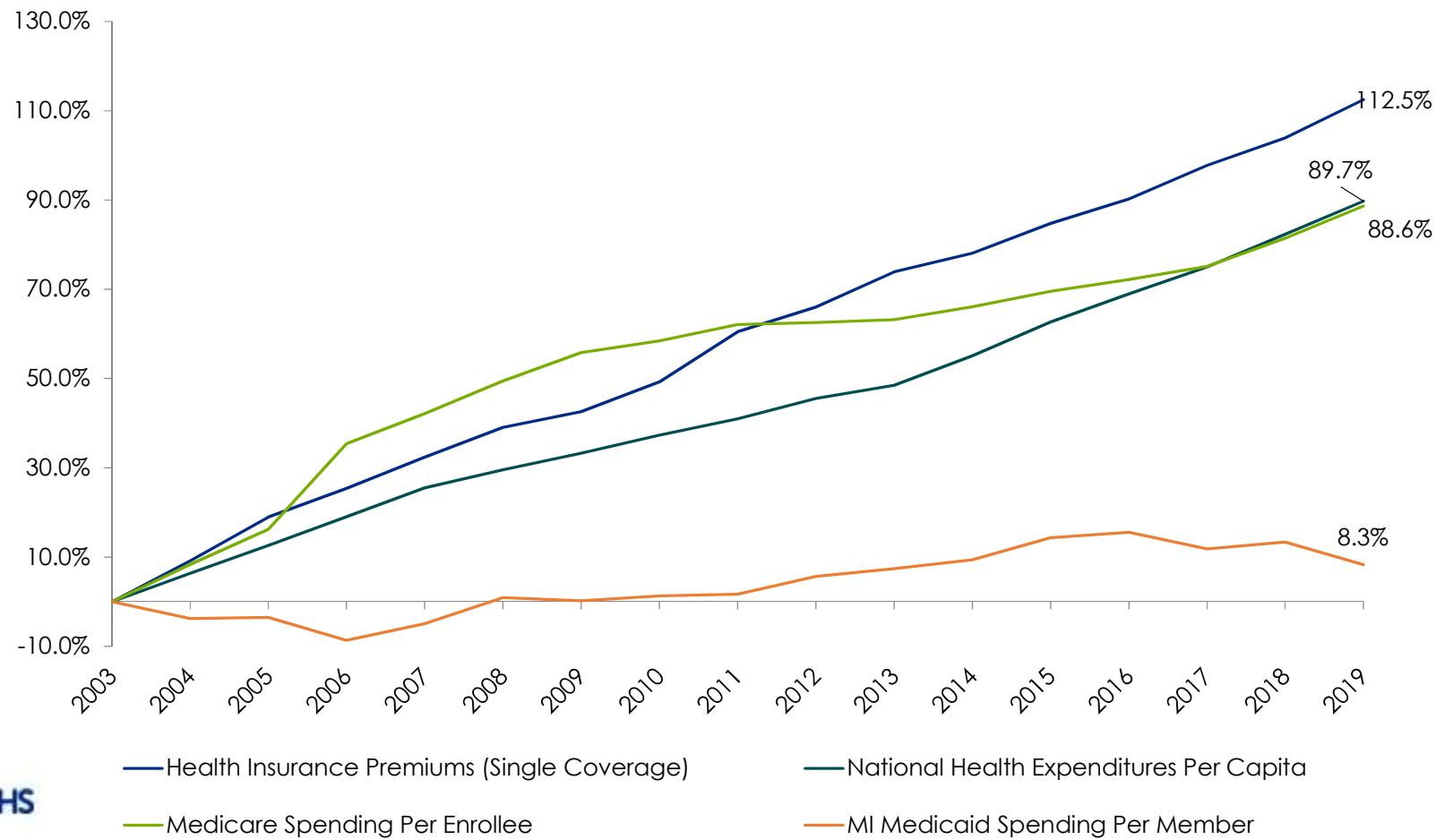
Children:

41% of the consumers
23% of total Medicaid spending

Aged and Disabled:

17% of the consumers
47% of total Medicaid spending

Growth in Healthcare Spending



COVID-19 RESPONSE EFFORTS



COVID Response

Promoting Access and Provider/Beneficiary Safety

- Issued 23 policy bulletins, numerous letters and other communications related to the Department's COVID-response
- Secured federal approval for multiple 1135 waivers, Appendix K, and Disaster Relief State Plan Amendments
- Expanded coverage to assure that all Medicaid enrollees had access to no-cost medically necessary COVID-19 testing and treatment services
- Implemented eligibility policies to prevent Medicaid closures and suspend Medicaid renewals due to the public health emergency
- Established foundational telemedicine policy changes and numerous temporary policies to address telemedicine needs and support access to care during COVID-19
- Responded to the needs of hospitals severely impacted by the COVID-19 public health emergency by relaxing the Medicaid hospital-to-hospital transfer policy and the policy for associated transportation needs of transferred beneficiaries
- Increased reimbursement for vaccine administration to support greater access to immunizations during the pandemic

COVID Response

Promoting
Innovation

- Implemented a direct care worker wage increase to help stabilize and support the HCBS and nursing facility workforce
- Enhance nursing facilities' capacity to combat COVID-19 by providing infection control grants to nearly 380 facilities
- Used CMP funds to support the purchase of iPads by nursing facilities to foster resident communication and reduce social isolation
- Provided incentive payments to promote the hiring and retention of direct care workers serving MI Choice beneficiaries
- Partnered with the IMPART Alliance at MSU's College of Osteopathic Medicine to develop infection control training for direct care workers
- Purchased and distribute PPE for home help providers
- Implemented a Community Transition Services marketing campaign to promote transition from nursing facilities to community
- Issued grants to nursing facilities to purchase PPE and support staff retention in nursing facilities that have been hardest hit by COVID-19

FY21 BUDGET IMPLEMENTATION



Healthy Moms & Healthy Babies

Expansion of Medicaid coverage from 60 days postpartum to 1 year

Expected Impact:

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

Status:

- COVID-19 related continuous coverage requirement assures that pregnant women enrolled in Medicaid during Public Health Emergency (PHE) will maintain postpartum eligibility through the duration of the PHE
- Concept paper laying groundwork for Section 1115 Demonstration Waiver has been submitted to CMS
- Congressional momentum around codifying state's ability to expand postpartum coverage- Would significantly streamline the federal approval process

Single Preferred Drug List (PDL) and Independent Pharmacy Dispensing Fee

Implementation of a single PDL designed to shift pharmacy utilization to drugs with the largest state rebate opportunity and increase Medicaid managed care independent pharmacy dispensing fees

Expected Impact:

- Align preferred drugs and reimbursement for independent pharmacies across all Medicaid Health Plans (MHPs), as well as the Fee For Service (FFS) program
- Capture additional pharmacy rebate savings
- Utilize a portion of the savings to alleviate solvency concerns identified by independent pharmacies and increase pharmacy options for beneficiaries

Status:

- Single Preferred Drug List implemented October 1, 2020
- MHP dispensing fees increased to \$3 on October 1, 2020. Further increased to \$10.64 (aligning with FFS dispensing fees) on February 1, 2021

Other Investments

Investments

Medicaid Private Duty Nursing Rate Increases

Description

Initiative to increase the number and quality of PDN service providers to address access to care concerns

Status

Implemented effective 10/1

MIDOCs Consortium

5-year program to reduce student loans for newly-graduated doctors in exchange for serving medically underserved areas

Year 3 of the
MIDOCs
Program began
10/1

FY22 INVESTMENTS & REDUCTIONS



\$19.1M Gross

\$6.3M GF

MI Choice Program Expansion

Context

- Through **MI Choice**, older or disabled persons who need help caring for themselves **can live independently**, while receiving nursing facility level of care.
- 70% of Michigan seniors would like to be in their homes, but only about 50% are in this setting.
- Michigan **ranks 45th** in share of long-term care expenses on home- and community-based services.
- Currently ~17,000 served through MI Choice.

Response

- **Provide funding for an additional 1,000 slots for Medicaid home- and community-based services to people who would otherwise require nursing home care.**

Expected impact

- **Improved health, welfare, and quality of life for elderly and disabled individuals.**
- **More Cost-effective.**

Sickle Cell Disease Initiative

Context

- Sickle Cell Disease (SCD) is the most common blood disorder in the United States, affecting an estimated 3,500 to 4,000 Michiganders.
- People with SCD are in desperate need of pain crisis prevention and management.
- Timely and accurate diagnoses are imperative to initiate preventative care measures, lifelong treatment, follow-up, and education.

Response

- Expand the CSHCS benefit to adults age 21 and older with SCD.
- Expand patient advocacy/outreach and referral services designed to improve quality of care.
- Offer additional clinics the resources to expand capacity.

Expected impact

- Improved access to quality specialty care for all adults with SCD enrolled in CSHCS
- Eligible children will have improved access to quality specialty care.

\$360M Gross

\$121.4M GF

Direct Care Worker Wages

Context

- Direct care workers have been on the front line of the COVID-19 public health crisis.
- A \$2.00 hourly wage increase was approved:
 - For April-June 2020 in 2020 PA 67
 - For July-September 2020 in 2020 PA 123
 - For October-December 2020 in 2020 PA 166
 - For January-February 2021 in 2020 PA 257

Response

- Address longstanding challenges related to worker retention and job quality by making the \$2.00 hourly rate increase permanent.

Expected impact

- Better attract and retain additional high-quality direct care workers.
- Improved health outcomes and quality of life for people served and cared for by direct care workers.

Other Investments

Investment	Description	Gross (\$M)	GF (\$M)
Nursing Home COVID Supplemental Payment	One-time supplemental increase in Medicaid payments to nursing facilities to provide support as they recover from COVID-19-influenced reductions in bed occupancy.	37.5	9.0
Medicaid Redetermination Compliance	Medicaid redeterminations have been paused during the COVID-19 pandemic. When they are resumed, funding for information technology changes and eligibility specialist worker overtime will be needed to process redeterminations in a timely and efficient manner.	23.2	11.5

FY22 Medicaid Reductions

Reductions	Description	Gross (\$M)	GF (\$M)
ClaimSure Contract Savings	System enhancement to support more effective monitoring and identification of inappropriate Medicaid claims.	(3.7)	(1.2)
MI Health Link - Non-Personal Emergency Response System (PERS) Service Requirement	Savings from better aligning the cost of services for individuals receiving only PERS support with the payments received by the MI Health Link Plan to provide these services.	(3.8)	(1.2)

QUESTIONS & DISCUSSION

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