



Medical Services Administration

Fiscal Year 2019

**Presentation to Appropriations Subcommittee
on Health & Human Services**

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Medical Services Administration Leadership Team

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Director, Bureau of Medicaid Care Management and Quality Assurance



MEDICAID OVERVIEW



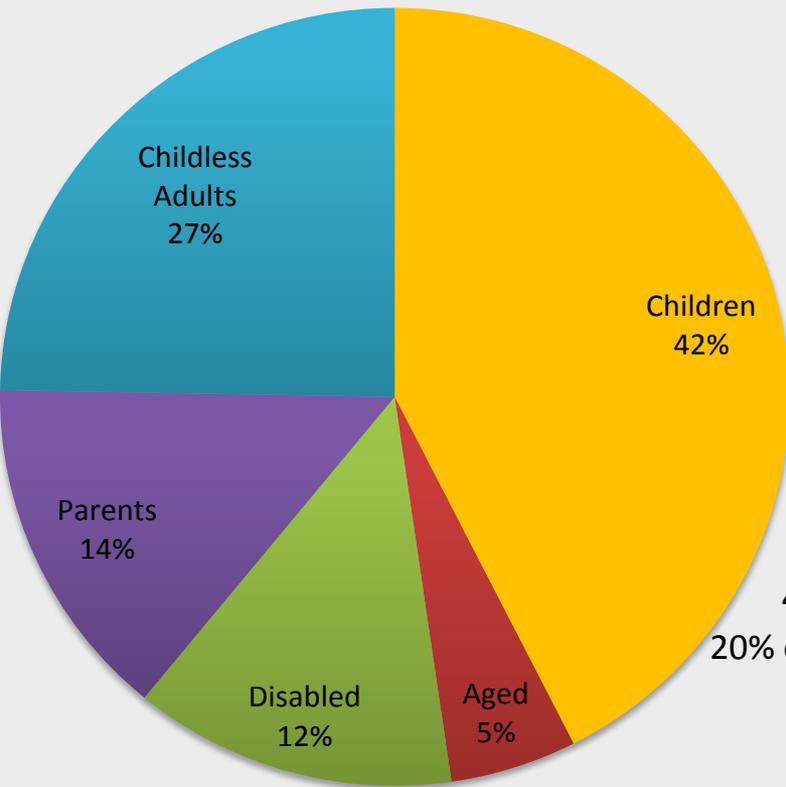
Medicaid Facts

- 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 2.5 million Michiganders, including:
 - 1.2 million children
 - 340,000 individuals with disabilities
 - 150,000 seniors
 - 680,000 individuals in Healthy Michigan Plan

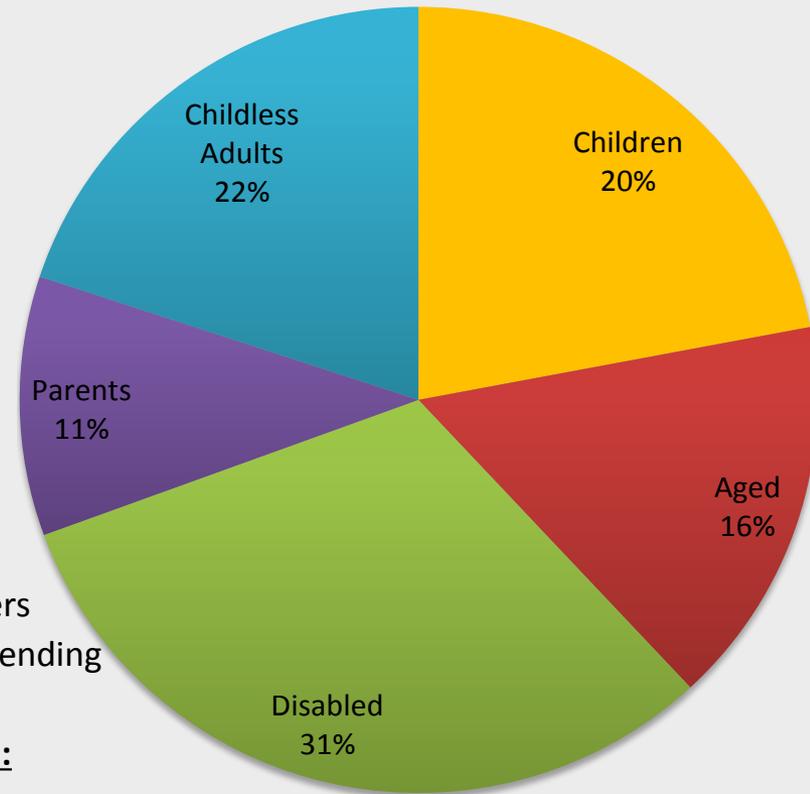


Medicaid Consumers and Costs

Consumers



Costs

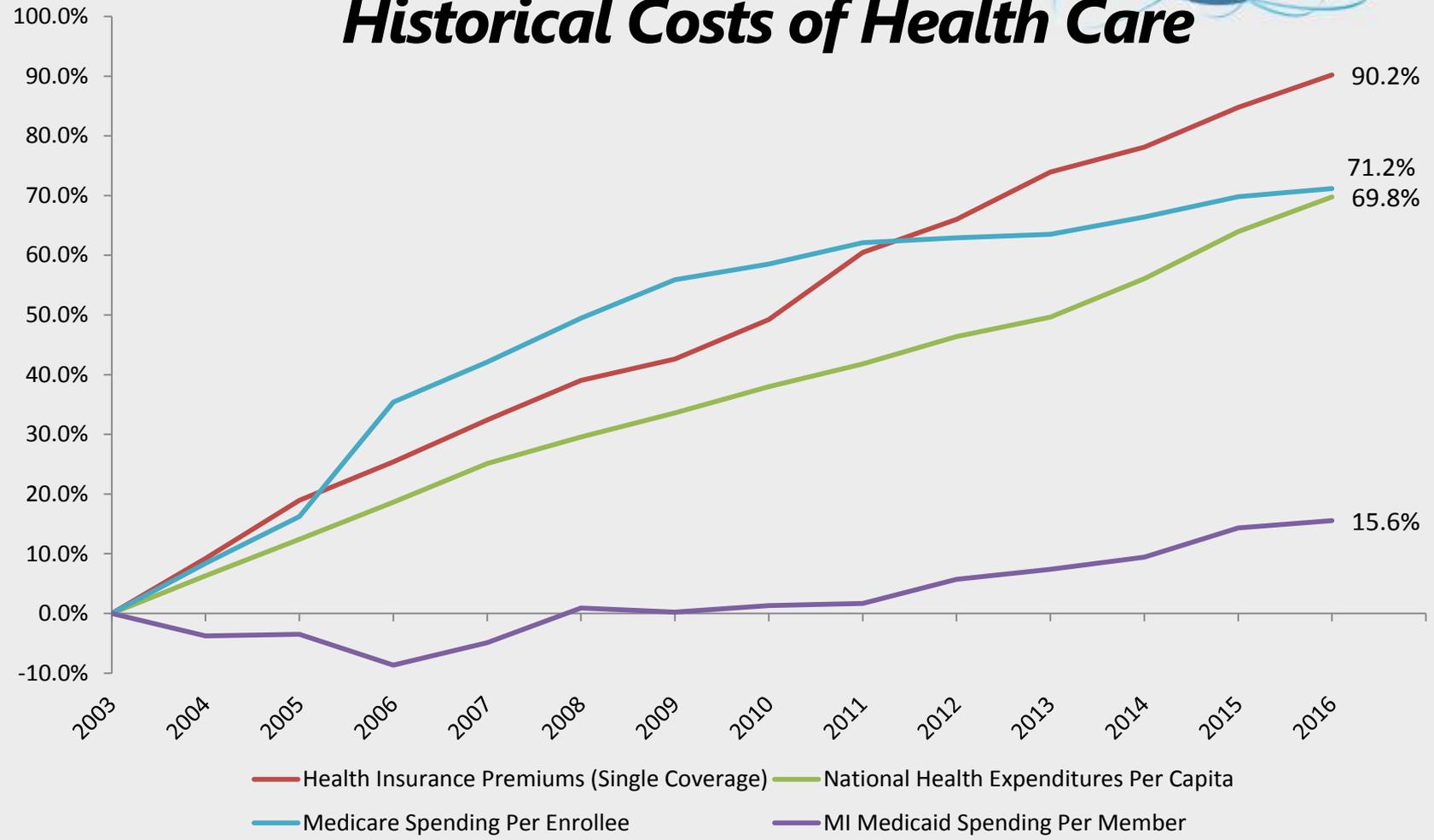


Children:
42% of the consumers
20% of total Medicaid spending

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



Historical Costs of Health Care





UPDATE ON MAJOR INITIATIVES



Successes of Healthy Michigan Plan

For beneficiaries:

- 80% of enrollees are now receiving an annual primary or preventive care visit
- The number of enrollees utilizing the Emergency Department as their regular source of care dropped from 16% to 1.7% after enrolling in HMP
- 60% of newly eligible enrollees received a visit with their Primary Care Provider within 150 days of enrollment

For providers:

- Over 50% providers reported an increase in new patients and the majority of practices reporting hiring additional clinicians and/or staff
- The cost of uncompensated care provided by Michigan hospitals has decreased by more than 50 percent

For the state's economy:

- Generates more than 30,000 new jobs every year, yielding ~\$2.3 billion more in personal spending power each year for Michigan residents
- Generates ~\$150 million in income and sales tax revenue annually for the state



“Katherine’s” Healthy Michigan Plan Success Story

“I was in hell. I was clinically depressed with a broken arm...depressed from what was happening to me financially with the loss of my husband, with the loss of my job, with the amount of money that I was in debt because of the surgery...Everything fell on top of me at one time. It was like I was buried.”

“I couldn’t believe that my life had gone from a professional environment with two good incomes down to being on Medicaid...I swallowed my pride. I went down and applied.”

“Healthy Michigan came in, and it enabled me to see my doctor and have a physical...I started working with a behavioral therapist, another first in my life....I got involved with physical therapy...for my arm. [Health Plan] also included Weight Watchers...I’ve lost almost 35 pounds. I feel like I’m a brand new person. I feel like Healthy Michigan helped to save my life.”

“I also don’t take it for granted. In my perfect world, I will have my life back together... I will be able to reclaim it, and I will be working for the money I used to make. You know, that’s my goal. I don’t look at this as something that I want to use forever. I don’t want to do this, but I sure am grateful for it.”



Healthy Michigan Plan- Second Waiver Implementation

- Program launched in April 2014
- 675,483 enrollees as of January 2018
- Pursuant to PA 107 of 2013, effective April 1, 2018, all individuals above 100% FPL, except those who are medically frail or newly enrolled, will choose between two delivery system options:
 - Healthy Michigan Plan, available with the completion of a healthy behavior, OR
 - MI Marketplace Option, whereby beneficiaries receive coverage through a product on the individual market
- Newly enrolled individuals will have a 12-month grace period in which they can choose to attest to a healthy behavior and remain in Healthy Michigan Plan



Healthy Michigan Plan- Second Waiver Implementation

- MI Marketplace Option Issuers:
 - Blue Cross Blue Shield of Michigan
 - McLaren Health Plan
 - Meridian Health Plan
 - Priority Health
 - Total Health Care
- At least two products will be available in all counties in the Lower Peninsula.
- One product will be available in the Upper Peninsula, which qualifies for a rural exception.



Healthy Kids Dental Expansion

- Program now provides dental coverage to all Medicaid-eligible children under age 21 across the state
- Contract was bid in Summer 2017 and Blue Cross Blue Shield of Michigan and Delta Dental of Michigan, Inc. were selected to serve as statewide dental plans
- In addition to dental plan administration, the recommended dental plans will be working innovatively to coordinate care with partners such as the Michigan Medicaid Health Plans



Flint Waiver

- Approximately 27,500 individuals living across the state are now enrolled in the Flint Waiver
 - This waiver, which was approved in 2016, broadened Medicaid access and coverage for children and pregnant women affected by the Flint water crisis
- Case managers are available to assist waiver enrollees with a variety of activities known to combat the effects of lead exposure, including coordinating care, identifying lead hazard in the family's home, and linking families with necessary resources and supports.

Expanded Medicaid Coverage Enrollment

27.6 thousand
Medicaid enrollees

Owner: DHHS | Target: 28,000 | Prior: 27,799 (Nov 17)

Needs Improvement

Primary Care Visits

4 thousand primary care visits

Owner: DHHS | Target: 2,000/month | Prior: 3,999 (Aug 17)

On Track

Developmental and Behavioral Screenings

431 screenings

Owner: DHHS | Target: 275/month | Prior: 450 (Aug 17)

On Track

Family Supports Coordination

134 family supports coordination enrollees

Owner: DHHS | Target: 225 | Prior: 196 (Oct 17)

On Track



Lead Abatement Health Services Initiative

- The Children's Health Insurance Program (CHIP) Health Services Initiative, which began in 2017, expands lead abatement activities in Flint and other targeted areas within the State
- Approximately \$24 million available annually to abate lead hazards from the homes of Medicaid and CHIP eligible individuals (children under age 19 and pregnant women)
- Work is now ongoing in the cities of Flint (priority community), Detroit, Battle Creek, Grand Rapids, and Huron, Lapeer, Sanilac, and Tuscola counties
- To date, these funds have supported:
 - Lead investigations of 341 units
 - Abatement of lead hazards in 160 units
 - Lead training and certification for 113 individuals
 - Replacement of approximately 1,000 lead service lines in Flint



Direct Primary Care Pilot

- MDHHS is working in collaboration with the Medicaid Health Plans (MHPs) to pursue implementation of the Direct Primary Care pilot authorized in the FY18 Budget
 - Implementation through one or more Medicaid Health Plans, as an Alternative Payment Model (APM), would expedite implementation by allowing the Department to leverage current contracts and existing waiver authorities
- An April 1, 2018 start date is being targeted, however this timeframe is dependent on negotiations between the Medicaid Health Plan(s) and any potential contracted providers



The Challenge of Specialty Drugs

- Specialty drugs continue to be a significant driver of health care costs
 - In FY17, these products made up about 1% of Fee-For-Service paid pharmacy claims, but accounted 41% of expenditures.
- These high-cost drugs will continue to drive higher pharmacy costs for insurers nationwide, as 70% of the drugs currently in the FDA pipeline are specialty pharmaceuticals
- Experts estimate that, by 2020, half of the money spent on the pharmacy benefit will be on specialty drugs for fewer than 2% of patients



Governor Snyder's FY19 Recommendation



MDHHS 2019 Highlights

FMAP Decrease

- FMAP Adjustments total \$71.5 M GF/GP department wide; \$59.3 M GF/GP in Medicaid
- Of that, Healthy Michigan Plan reflects \$33 M GF/GP and an FMAP decrease from 94.25% in FY18 to 93.25% in FY19

Actuarial Soundness

- Adjustments for Physical Health Medicaid-Traditional and HMP include a 1.5% increase \$146 M Gross and \$36.1 M GF/GP

Increase Rural Hospital OB Payment

- Provides GF to offset lost Federal match for the existing payment \$7 M Gross and GF/GP



5 year history of major line item appropriations ***(in millions)***

| Appropriation | FY 2015 Expenditures | FY 2016 Expenditures | FY 2017 Expenditures | FY 2018 Enacted | FY 2019 Executive Recommendation |
|-----------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------|---|
| Aging and Adult Services* | \$2,589.8 | \$2,718.6 | \$2,779.4 | \$2,882.9 | \$2,960.2 |
| Health Plan Services | \$4,927.9 | \$5,166.8 | \$4,731.6 | \$5,071.9 | \$5,086.7 |
| Healthy Michigan Plan | \$3,091.8 | \$3,346.4 | \$3,368.5 | \$3,884.7 | \$3,827.2 |
| Hospital Services & Therapy | \$1,125.8 | \$835.4 | \$727.1 | \$770.0 | \$751.0 |
| Pharmaceutical Services | \$268.0 | \$319.4 | \$305.1 | \$366.0 | \$325.7 |
| Physician Services | \$296.5 | \$254.1 | \$264.3 | \$287.6 | \$272.2 |

* Aging and Adult Services reflects the sum of Adult Home Help Services, Home Health Services, Hospice Services, Integrated Care Organization Services, Long-Term Care Services, Home & Community Based Services, Personal Care Services, and Program of All Inclusive Care for the Elderly.



MDHHS Contact Info and Useful Links

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