



# Medical Services Administration

## Fiscal Year 2019

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

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# ***Medical Services Administration Leadership Team***

Kathy Stiffler  
*Acting Medicaid Director*

Erin Emerson  
*Chief of Staff to the Medicaid Director*

Crystal Kline  
*Financial Specialist for the Medicaid Director*

Dr. David Neff  
*Director, Office of Medical Affairs*

Brian Keisling  
*Director, Bureau of Medicaid Operations and Actuarial Services*

Dick Miles  
*Director, Bureau of Medicaid Policy and Health Systems Innovation*

Kathy Stiffler  
*Director, Bureau of Medicaid Care Management and Quality Assurance*



# ***MEDICAID OVERVIEW***



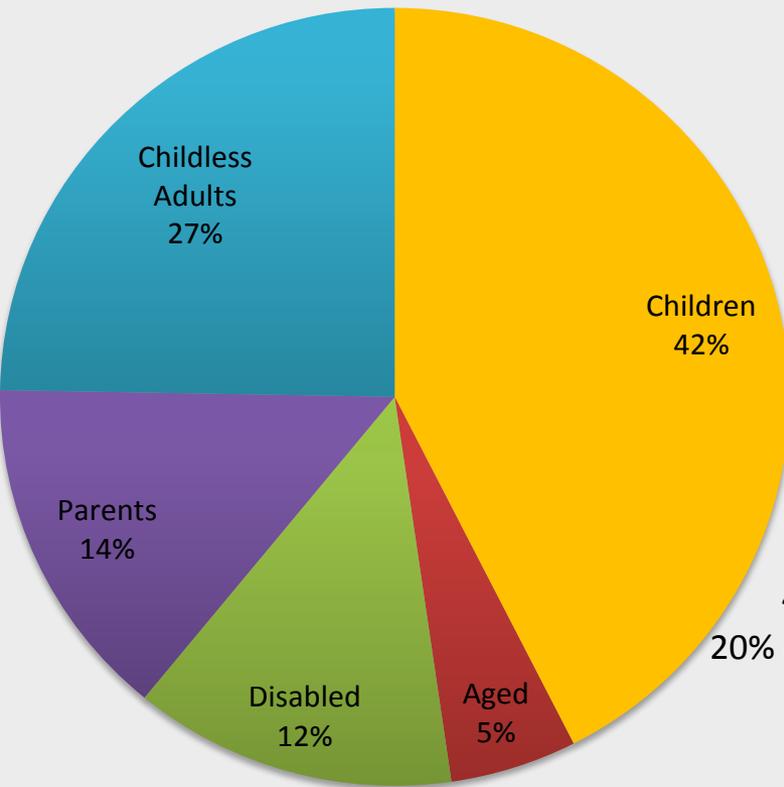
## ***Medicaid Facts***

- 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

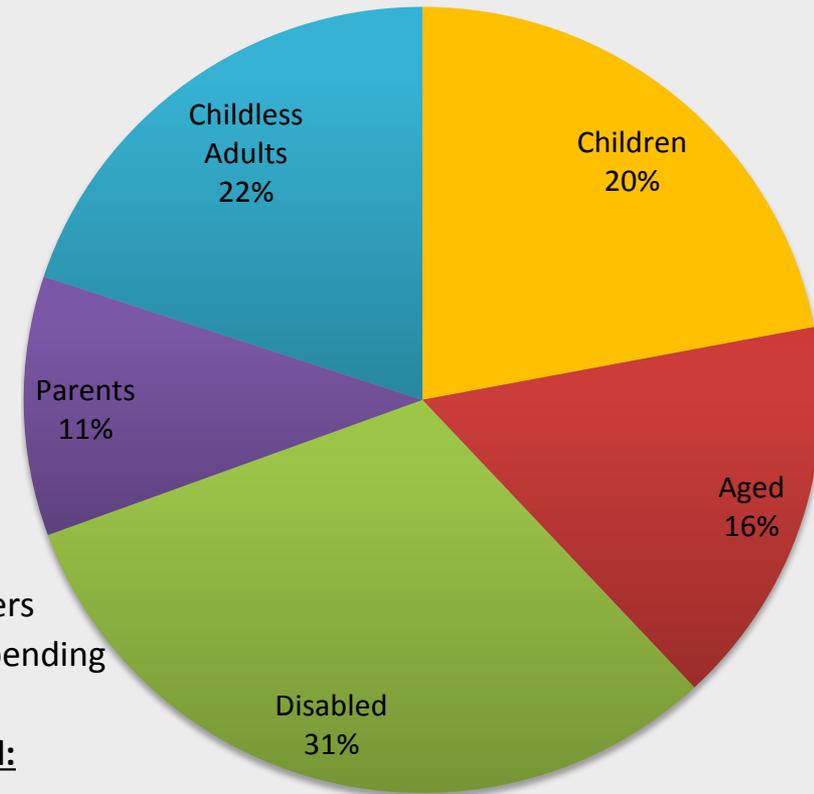


# Medicaid Consumers and Costs

Consumers



Costs

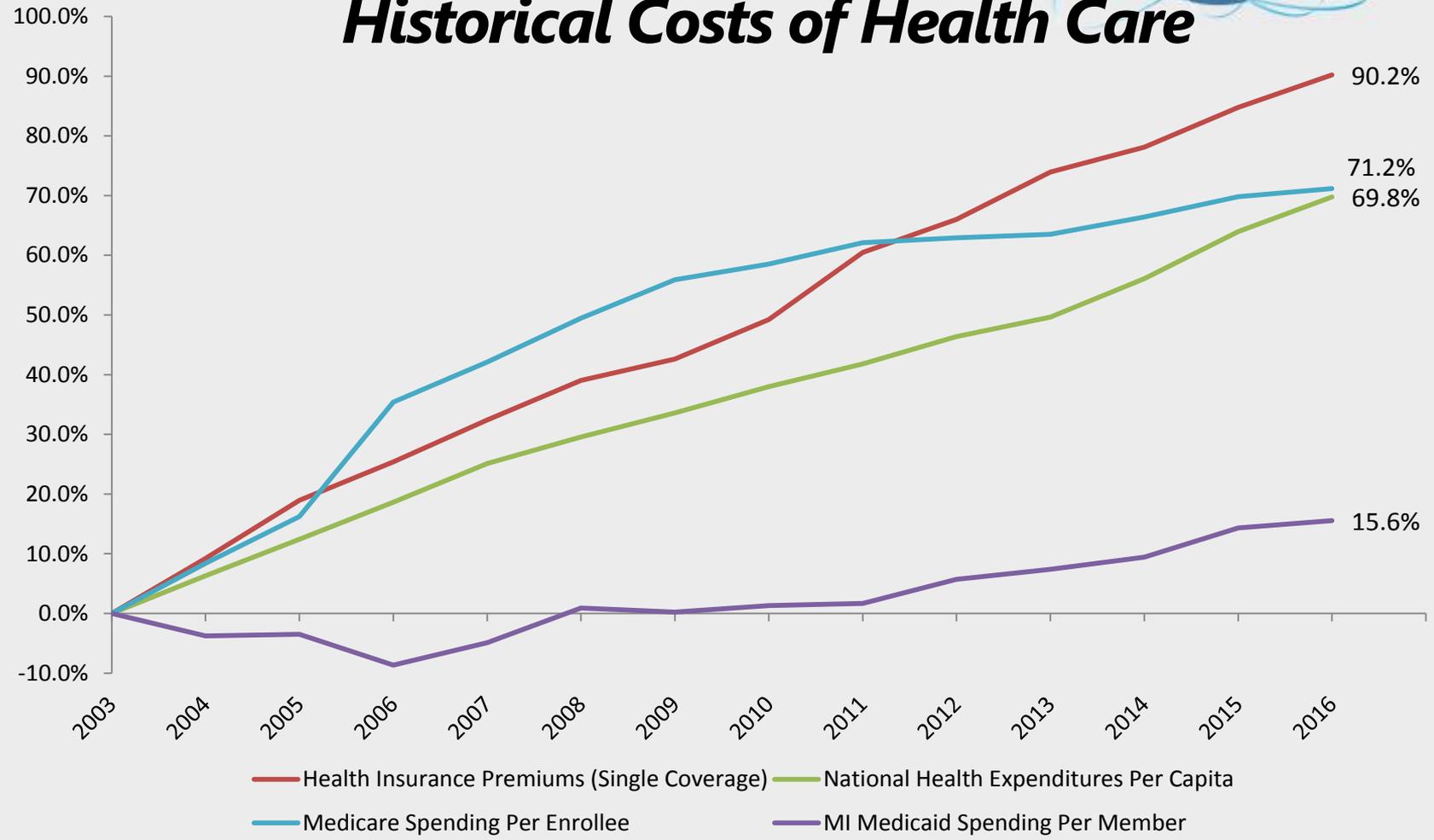


**Children:**  
42% of the consumers  
20% of total Medicaid spending

**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)***

| <b>Appropriation</b>        | <b>FY 2015<br/>Expenditures</b> | <b>FY 2016<br/>Expenditures</b> | <b>FY 2017<br/>Expenditures</b> | <b>FY 2018<br/>Enacted</b> | <b>FY 2019 Executive<br/>Recommendation</b> |
|-----------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------|---|
| 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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