Medicaid 101:
Michigan Association of Health Plans

February 12, 2015

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Medicaid Director
OVERVIEW
Medicaid History Condensed

- Federal legislation passed in 1965 (Title XIX of the Social Security Act)
- Financing and control are shared between federal and state governments – federal minimum financial support is 50%
- State Plan - Contract with federal government
- Bias toward children—Early and Periodic Screening, Diagnosis, and Treatment (EPSDT)
- Majority of spending on aged and disabled
- No two state Medicaid programs are the same
Medicaid Consumers- FY13

- Childless Adults: 3%
- Parents: 20%
- Disabled: 16%
- Aged: 6%

- 55% are Children
- 22% are Aged or Disabled
Medicaid Costs- FY13

- 60% for Aged or Disabled
- 24% for Children
DELIVERY SYSTEM
Michigan Medicaid Service Delivery 1973

• Managed Care movement initiated in 1973
  – First 3 Health Management Organization (HMO) contracts established
  – Two in Detroit and one in Benton Harbor

• In the first year of these contracts, services were provided through to 13,000 Medicaid enrollees on a voluntary basis
By 1995, Medicaid was being implemented through a variety of “managed care” options:

- HMOs
- Clinic plans
  - Physicians provided primary & most specialized care for a capitated rate. Hospital fees for inpatient care were paid directly by state
- Physician Sponsor Plan (PSP)
  - Physicians were paid a $3 capitation rate per enrolled client to serve as “gatekeepers”
Complete commitment to HMO system of managed care announced by Governor Engler in 1996.

Finalized in 1998

- PSP discontinued and HMO contracts established statewide
- Over 700,000 Medicaid beneficiaries moved to managed care in the span of less than two years
- 33 Qualified Health Plans—compared to 13 today
Michigan Medicaid Service Delivery 1996-1998

• Required a federal waiver
• Fully privatized system
  – Mix of profit and non-profit; national and local
• Early adopter in terms of making HMO enrollment mandatory for many populations (e.g. disabled)
• Saved $; stabilized a budget that had been increasing dramatically in previous years
Medicaid Health Plan Rate Increases Over Time

Medicaid Health Plan Rate Increases
Per Capita Growth in National Health Expenditures

FY06 FY07 FY08 FY09 FY10 FY11 FY12 FY13 FY14 FY15

0.00% 6.5% 6.2% (Projected)

Medicaid Health Plan Rate Increases
Per Capita Growth in National Health Expenditures
Growth in Health Care Spending

- Health Insurance Premiums (Single Coverage)
- Medicare Spending per Enrollee
- National Health Expenditures Per Capita
- MI Medicaid Spending Per Member
Michigan Medicaid Service Delivery – Post-1998

- Program became more focused—now with 13 HMOs
- Transition to quality and capacity-based procurement
- Focus on care coordination efforts intensified
- Inclusion of additional special needs populations
  - Pregnant women became mandatory in FY09
  - Foster care children in FY11
  - Children’s Special Health Care Services in FY13
Michigan Medicaid Service Delivery – FY14

- 13 accredited plans covering medically necessary services
  - Enhance access to needed services through required assignment of each HMO enrollee to a primary care physician
  - 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 integrated care
  - Receive performance bonuses based on plan scores relative to national Medicaid benchmarks
Michigan Medicaid Service Delivery-FY14

- Managed Care: 73%
- Fee for Service: 24%
- Spend Down: 1%
- Long Term Care: 2%
- Dual Eligible Recipients: 8%
- Non Dual Eligible Recipients: 9%
- Non Dual Eligible Migrating to Managed Care: 7%
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
HEALTHY MICHIGAN PLAN (HMP)
HMP Basics

• Extends access to health coverage to previously uninsured or underinsured Michigan citizens
• Legislation signed by Governor on 9/16/13
  – No immediate effect
• Enrollment began in April 2014
HMP Fills the Gap

Annual Income - Individual

- Children 0-6: $46,680
- Children 7-18: $35,010
- Parents: $23,340
- Caretaker Relatives: $11,670
- 19-20 year olds: $23,340
- Elderly: $11,670
- Disabled: $46,680
- Childless Adults: $35,010

% of Federal Poverty Level

- Pre-HMP
- HMP
- Medicare
- Exchange
HMP Enrollment

- 04/2014: 110,863
- 05/2014: 243,995
- 06/2014: 293,663
- 07/2014: 327,384
- 08/2014: 360,396
- 09/2014: 381,564
- 10/2014: 415,798
- 11/2014: 455,592
- 12/2014: 486,282
- 01/2015: 514,795
HMP 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
Personal Responsibility
Healthy Behaviors

• As of 12/17/2014:
  – 96% of beneficiaries completed telephonic portion of Health Risk Assessment (first 9 self-report questions) when choosing their health plan
  – Over 35,000 HMP members have completed the remainder of the Health Risk Assessment during their initial appointment with a Primary Care Provider
  – Most members are choosing at least one healthy behavior to address
Personal Responsibility
Healthy Behaviors

Health Risk Assessment Completion with Primary Care Provider

Figure 10-5. Representation of the overlapping nature of top 7 health risk behavior selections December 2014

- **Weight Loss (WL)**: 65.2% (19,872) of beneficiaries chose to address weight loss, either alone or in combination with other health behaviors.

- **Flu Vaccine (FLU)**: 42.9% (13,070) of beneficiaries chose to flu vaccine, either alone or in combination with other health behaviors.

- **Tobacco Cessation (TC)**: 42.3% (12,904) of beneficiaries chose tobacco cessation, either alone or in combination with other health behaviors.

- **Follow-up for Chronic Conditions (CC)**: 45.6% (13,893) of beneficiaries chose to follow-up for chronic conditions, either alone or in combination with other health behaviors.

- **1. Weight Loss only**: 16.0%
- **2. WL CC + FLU**: 8.7%
- **3. Tobacco Cessation only**: 9.2%
- **4. WL + CC**: 8.7%
- **5. WL + FLU**: 6.6%
- **6. WL, TC, CC + FLU**: 6.2%
- **7. Follow-up for chronic Conditions only**: 5.7%
As of December 17, 2014, nearly three-quarters of the HMP members have enrolled in the health plan of their choosing vs. being auto-assigned by the state.
# Personal Responsibility

## Preventive Care

### Healthy Michigan Plan Beneficiaries Accessing Care

(as of February 5, 2015)

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

- General Fund savings
  - $1.2 billion in savings anticipated through 2020
- Reduction in uncompensated care
  - $351 million in savings estimated in Michigan through 2022 related to uncompensated care costs

- Takes pressure off of private health insurance premiums for businesses and families
- Offsets planned DSH and Medicare cuts

1 Kaiser Family Foundation study on the “Cost of Not Expanding Medicaid”
Conclusion

• Michigan’s Medicaid Program
  – Is a national leader in many areas while emphasizing sound fundamentals
  – Is setting a new trend with Healthy Michigan; incentivizing health behaviors and personal responsibility
  – Is cost effective while delivering access and quality services to beneficiaries
  – Tracks performance through a wide range of metrics
  – Will continue to pursue cutting edge policies that improve program performance