

**Michigan House of Representatives
Committee on Competitiveness**

House Bill HB 4714

May 14, 2013

Rick Murdock

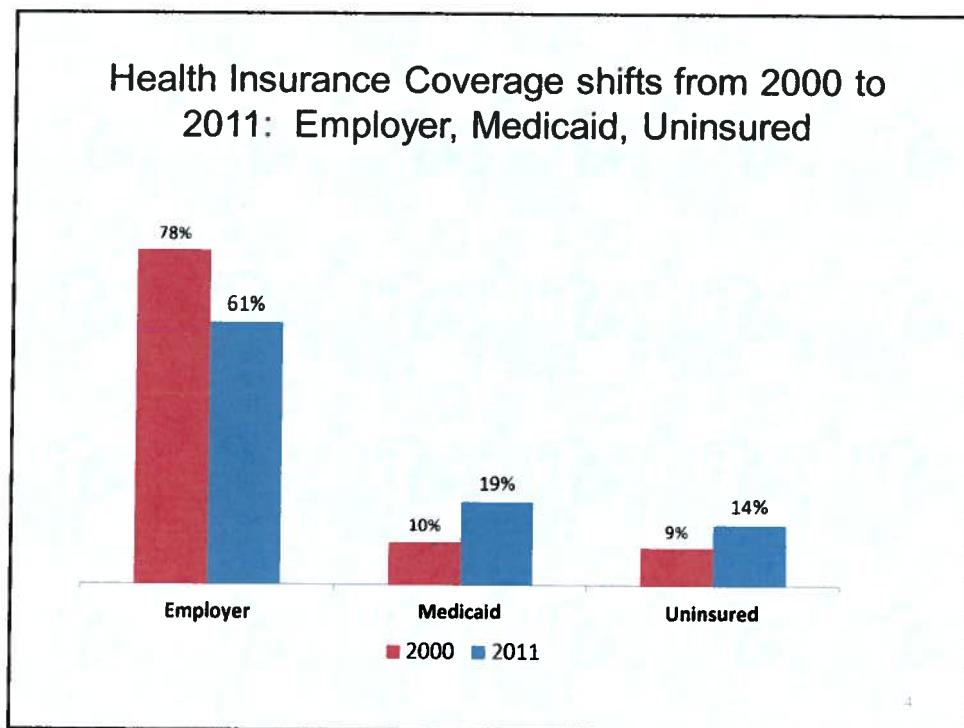
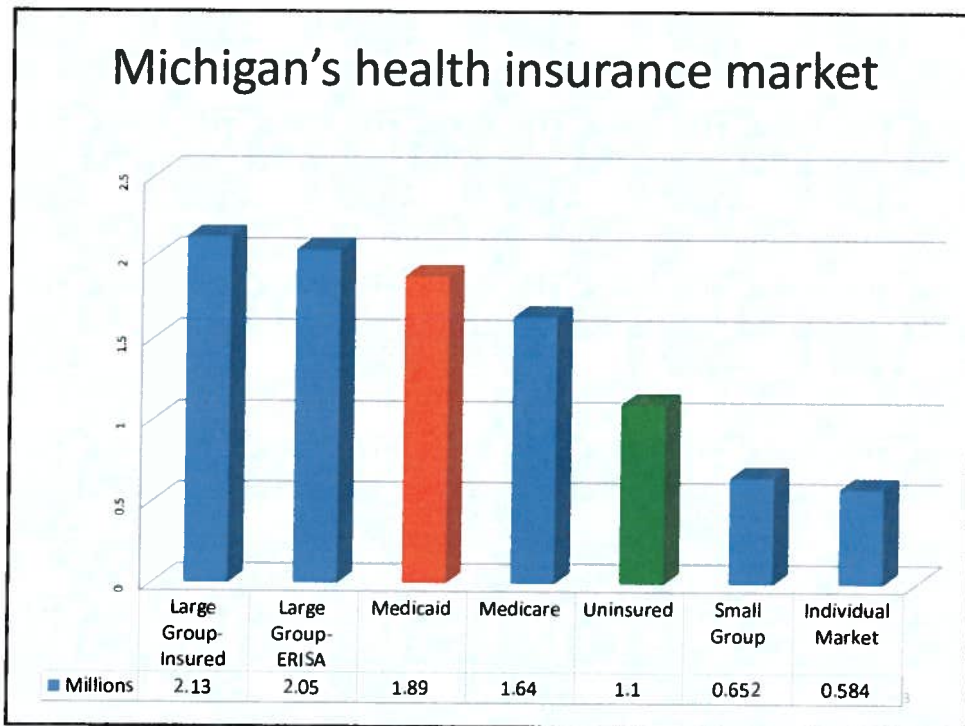
1

**Overview Of Medicaid and Medicaid
Managed Care**

Presentation Topics

- Coverage for Michigan Population
- Medicaid Eligibility Categories
- Mandatory vs. Optional
- Managed Care
- Costs of Medicaid in Michigan
- Waivers

2



Medicaid Eligibility: Federal Minimum and Michigan Federal Poverty Level (FPL)

Category	Infants (% FPL)	Children 1-5 % FPL	Children 6-19% FPL	Pregnant Women % FPL	Parents of Medicaid Eligible Kids % FPL	Childless Adults % FPL
Federally Mandated Minimum Level FPL	133%	133%	100%	133%	N.A.	N.A.
Michigan Category	185% 200% (MICHILD)	150% 200% (MICHILD)	150% 200% (MICHILD)	185%	64%	--

Source NCSL

5

Eligibility Categories

- **Categorically Eligible**
 - Pregnant Women (133% FPL)
 - Infants under age one (if Mother is on Medicaid) up to 133% FPL
 - Parents/guardian below 1996 AFDC level about 40% FPL
 - People who receive SSI due to disability
 - Children who are adopted or in foster care
 - Low Income recipients of Medicare (Duals)

6

Eligibility Categories-Optional

- **Optional Populations**
 - Infants and Pregnant Women (up to 185% of FPL)
 - Parents of eligible children
 - Medicare recipients at higher income levels
 - Persons with high medical expense relative to their income (Spend down)
 - Persons with disabilities, who would lose eligibility based on income
 - Low income/uninsured women diagnosed with breast or cervical cancer (covered for cancer related treatment)

7

Medicaid Managed Care

- Medicaid services are managed and costs are predictable—savings over \$400 million/year (compared to FFS)—Nearly \$5 billion in savings to Taxpayers since 2000.
- Medicaid services under managed care are accountable
 - Audited data related to clinical quality of care measures (HEDIS)
 - Use of external measures to determine customer satisfaction (CAHPS)
 - Contract performance standards (Status improvement, access measures, etc)
 - Reporting requirements as licensed HMOs and Contracted Medicaid Plans
 - National Accreditation through NCQA or URAC
(Michigan's Medicaid Plans are recognized as having 10 of top 50 in the United States)
- Managed care provides greater access to care
 - Primary care providers open to Medicaid
- Smart Incentives built into Medicaid Contracts with Private health plans
 - Provides the structure that generates state savings
 - Return on Investment (improved health status, access and costs savings)

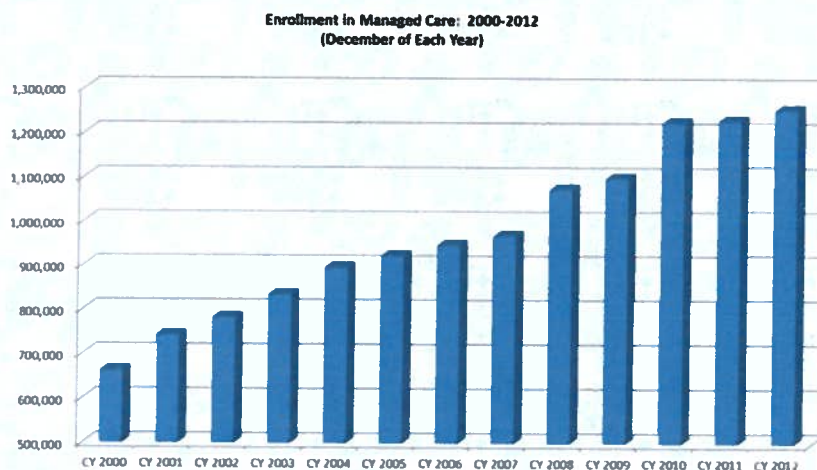
8

Medicaid Health Plan Populations

- **Covered Populations**
 - Low income families and children (including foster care)
 - Pregnant moms
 - Caretaker relatives
 - Disabled population
 - Full dual eligible persons (voluntary)
 - Children’s Special Health Care Service beneficiaries
- **Excluded Populations**
 - Duals eligible persons in long term care
 - Spend down clients
 - Persons with commercial HMO coverage

9

Medicaid Managed Care Enrollment



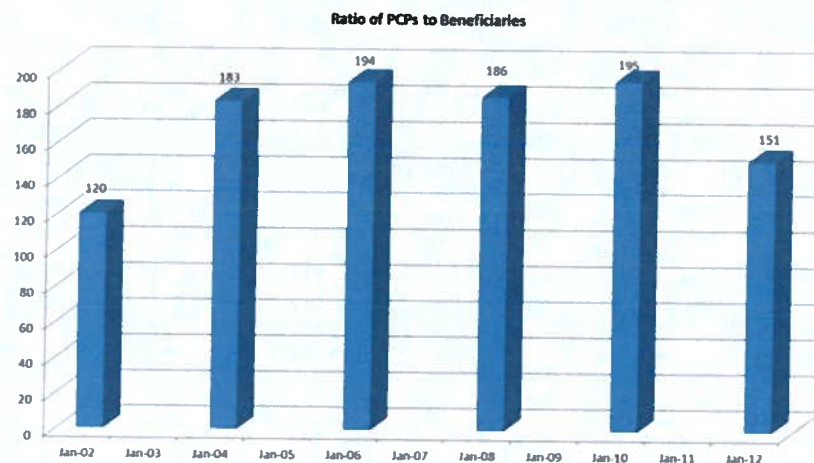
10

Managed Care Beneficiaries have Choice of Plans

- Over 2/3 of new enrollees make a choice of their plan and about 1/3 of new monthly enrollment is due to Auto Assignments (when beneficiary does not make choice)
- Auto Assignment enrolls beneficiaries to health plans using performance based criteria
 - Quality Measures
 - Administrative measures
 - Access to Care measures

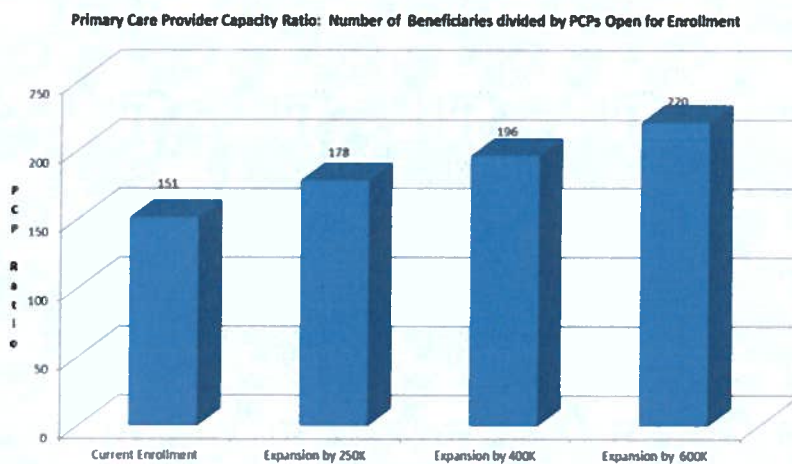
11

Primary Care Access: Primary Care Providers (PCPs) Open to New Medicaid Enrollment



12

Provider Access: Future Projection



13

Managed Care Getting Better Results in Health Status

- Diabetes Care Rates Increasing
- Asthma Medication use rates increasing
- More Beneficiaries getting BMI assessment and help with weight and obesity
- Access to care and appropriate Prescriptions
- Access to physician offices and outpatient clinics (helping to hold down ER use)

14

Fraud, Waste and Abuse

- Fraud, waste, and abuse combines very different issues
- Medicaid employs many methods to prevent improper or fraudulent payments:
 - provider screening and verification of license, etc.
 - basic claims editing (eligibility, duplicates, other insurance)
 - more sophisticated claims editing (Correct Coding Initiative)
 - cutting edge claims editing (predictive modeling)
 - prior authorization of certain services
- Provider audits including Recovery Audit Contractor and other Office of Inspector General functions
- Michigan Medicaid vulnerability to fraud far less than Medicare or Medicaid programs in some other states

15

Ambulatory Care Sensitive Hospitalizations and Rates per 10,000 Population For Patients of All Ages--Michigan Residents, 2005-2010

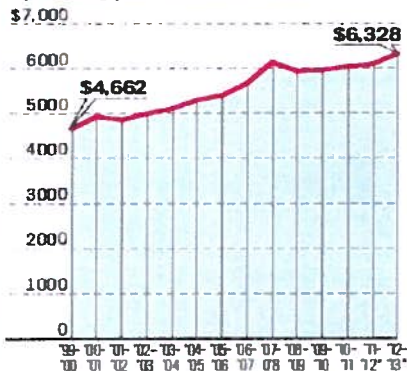
AMBULATORY CARE SENSITIVE CONDITIONS <i>ICD-9-CM Codes</i>	HOSPITALIZATIONS		RATE PER 10,000 POPULATION	
	Average Annual Number for 2005-2009	2010	Average Annual Rate for 2005-2009	2010
ALL AMBULATORY CARE SENSITIVE CONDITIONS	267,482	265,255	265.5±0.4	268.4±1.0
Congestive Heart Failure	40,044	36,655	39.7±0.2	37.1±0.4
Bacterial Pneumonia	34,620	30,495	34.6±0.2	30.9±0.3
Chronic Obstructive Pulmonary	24,028	26,076	23.9±0.1	26.4±0.3
Kidney/Urinary Infections	16,141	17,949	16.0±0.1	18.2±0.3
Cellulitis	14,997	16,284	14.9±0.1	16.5±0.3
Asthma	16,402	15,471	16.3±0.1	15.7±0.2
Diabetes	12,336	13,646	12.2±0.1	13.8±0.2
Grand Mal & Other Epileptic Conditions	4,834	7,601	4.8±0.1	7.7±0.2
Dehydration	9,044	6,414	9.0±0.1	6.5±0.2
Gastroenteritis	4,001	3,964	4.0±0.1	4.0±0.1
All Other Ambulatory Care Sensitive Conditions	90,835	90,700	90.2±0.3	91.8±0.6

Ambulatory Care Sensitive Hospitalizations are hospitalizations for conditions where timely and effective ambulatory care can decrease hospitalizations by preventing the onset of an illness or condition, controlling an acute episode of an illness or managing a chronic disease or condition. Hospitalizations are inpatient hospital stays as measured by stays that were completed during the specified year. The number of hospitalizations is often greater than the number of persons hospitalized since some persons are hospitalized more than once.

16

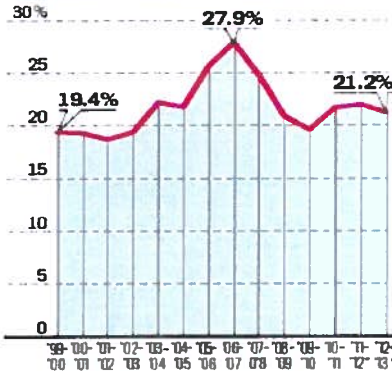
Medicaid Costs

Spending per Medicaid case



*Appropriated
Source: Michigan Senate Fiscal Agency

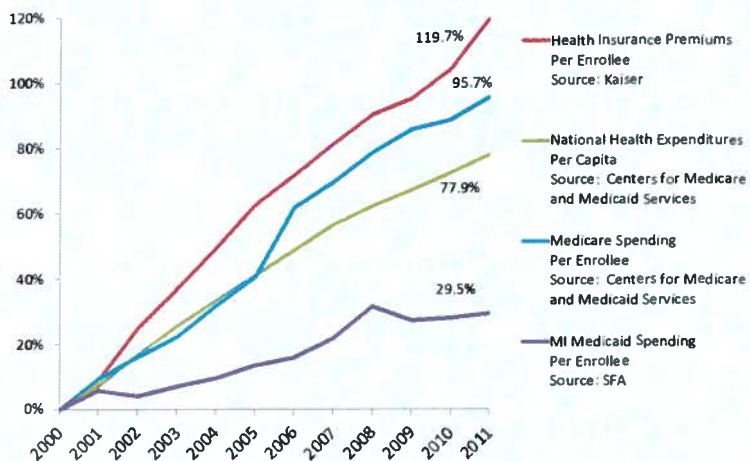
Medicaid as share of state budget

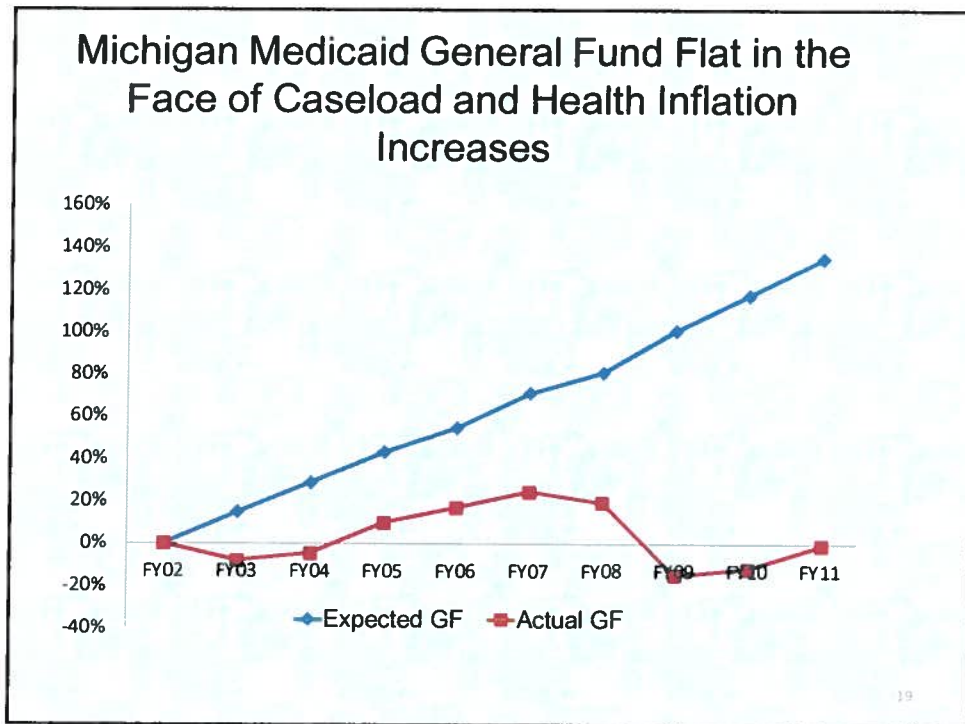


The Detroit News



Historical Costs of Health Care 2000-2011





Michigan Waivers

- Waivers are where federal government gives permission to disregard federal Medicaid rules
- Michigan's Waivers currently include:
 - Comprehensive Health Care Program (HMOs)
 - Adult Benefits Waiver
 - Children's Waiver Program
 - Children w Serious Emotional Disturbance Waiver
 - Habilitation Supports Waiver
 - Healthy Kids Dental
 - Managed Specialty Services and Supports
 - MI Choice
 - Plan First!
 - Traumatic Brain Injury Program

Summary

- Privatization has and is working in Michigan Medicaid
- Contrary to some views—Medicaid is not “Broken” in Michigan—in fact, largely due to Michigan’s privately operated managed care Medicaid program, it is one of the best in the nation saving Michigan taxpayers hundreds of millions of dollars each year and providing better care to Beneficiaries.

Questions?

Rmurdock@mahp.org

517-371-3181

www.mahp.org