



MICHIGAN DEPARTMENT OF HEALTH & HUMAN SERVICES

# Medicaid 101

*Presentation to the House Appropriations  
Subcommittee on Health and Human Services  
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*Putting people first, with the goal of helping all Michiganders lead healthier  
and more productive lives, no matter their stage in life.*


*“The Michigan Department of Health and Human Services' mission is to protect, preserve, and promote the health and safety of the people of Michigan”*

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MDHHS MISSION STATEMENT

# Medicaid and Michigan – Topics

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- Introduction to Medicaid
  - Medicaid and Michigan
  - Medicaid Delivery System
  - Major Medicaid Programs & Initiatives
  - Question and Answer
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# Introduction to Medicaid

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# Medicaid – Overview

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- Medicaid was authorized in 1965 by Title XIX of the Social Security Act
- It is a means-tested entitlement program providing comprehensive health coverage for eligible populations, including:
  - Low-income children and families
  - Elderly and disabled individuals
  - Pregnant women
- It is largest health insurance program in the United States
- Nationally, Medicaid provides health coverage to 67 million Americans




# Medicaid – Administration

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- Medicaid is a state and federal partnership
- States administer the program on a day-to-day basis within broad federal guidelines set by the Centers for Medicare & Medicaid Services (CMS)
- Policies & programs vary significantly from state to state
- Each state operates under a CMS approved State Plan, which describes how the state administers its Medicaid program, including:
  - Covered individuals
  - Services provided
  - Provider reimbursement methodologies
  - Administrative activities

# Medicaid – 10 Basic Services

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- Ambulatory patient services
  - Emergency Services
  - Hospitalization
  - Maternity and newborn care
  - Mental health and substance use disorder services
  - Prescription drugs
  - Rehabilitative and habilitative services
  - Laboratory services
  - Preventative and wellness chronic disease management
  - Pediatric services including oral and vision
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# Medicaid – State Plans and Waivers

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## STATE PLAN AMENDMENTS

- State Plan Amendments (SPAs) are the mechanism by which states change administrative aspects of their Medicaid plan
- SPA proposals must comply with federal Medicaid requirements
- SPAs do not have any cost or budget requirements
- SPAs do not expire once approved, but they can be altered through a subsequent SPA
- Specified period for CMS to approve/deny

## MEDICAID WAIVERS

- Waivers are the mechanism by which states can waive certain requirements to test new methods of payment or service delivery
- CMS has broad latitude around approval, but must be consistent with goals of Medicaid
- Waivers must be cost-effective or cost neutral, depending on the type of waiver
- Waivers are time limited (usually approved for three to five years), but can be renewed
- No required time frame for CMS review/decision



# Medicaid – Financing

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- Medicaid is jointly funded by the federal government and the states
  - Federal Medical Assistance Percentage (FMAP)
  - State share
- FMAP determined annually using a formula identified in federal statute
  - Higher FMAP for states with lower per capita incomes relative to the national average
  - Must be between 50% and 83% per statute
- There are exceptions to the FMAP formula for certain services and certain populations, including:
  - The Medicaid Expansion group authorized under the ACA (93% in 2019 & 90% in 2020+)
  - Medicaid IT systems (90% for design/development and 75% for operations)
  - Medicaid administration (50%)

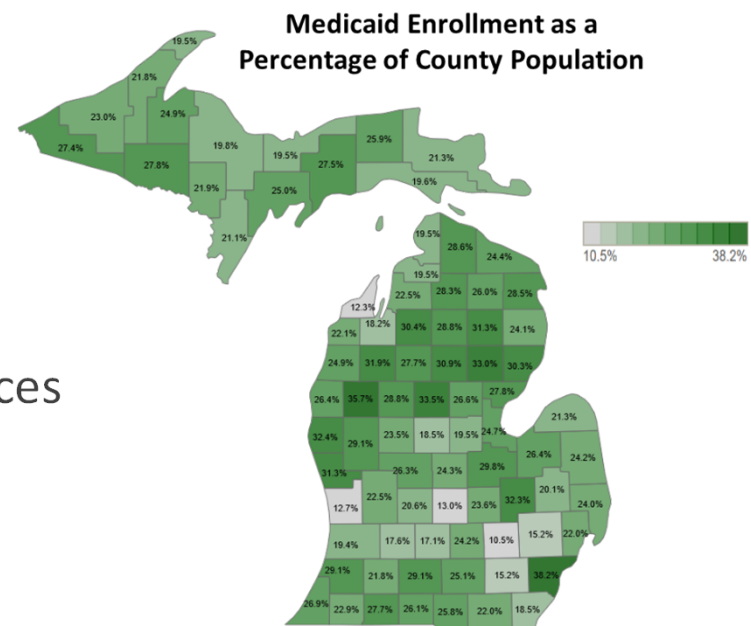
# Medicaid and Michigan

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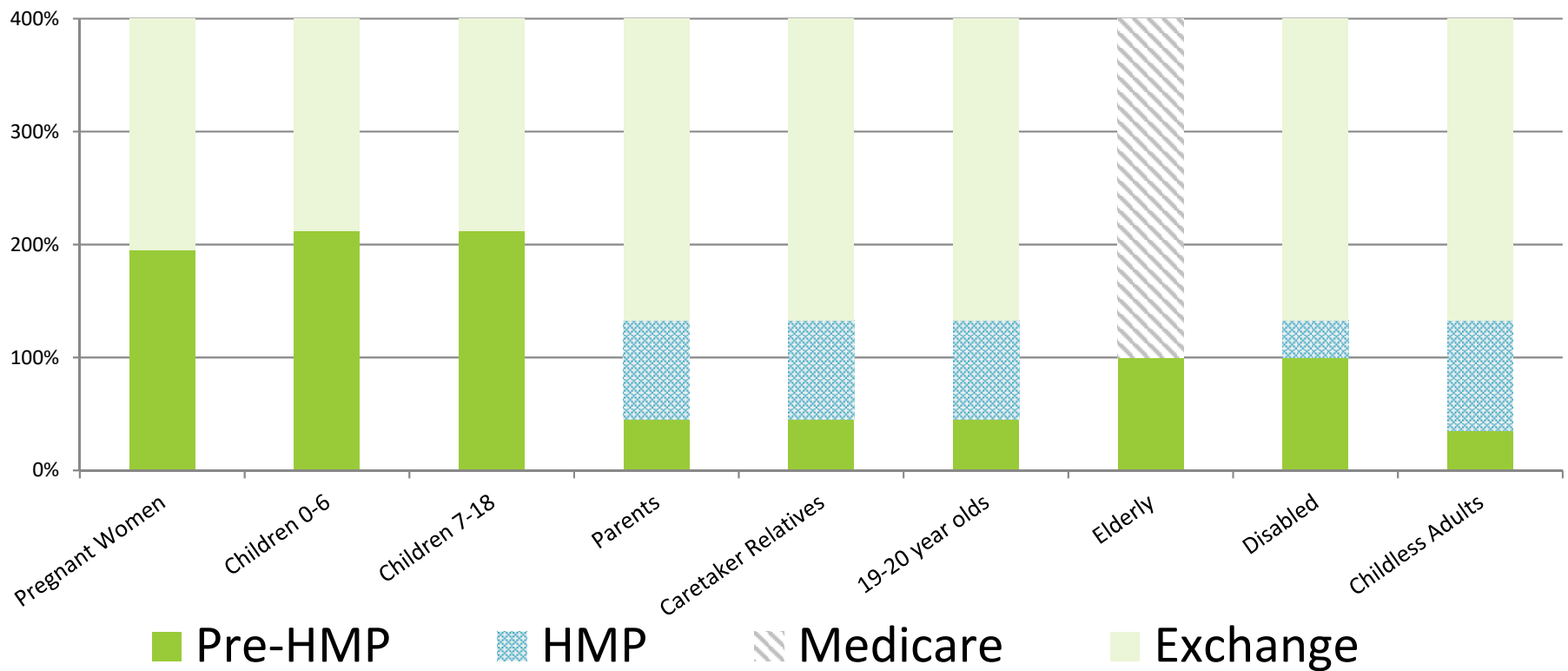
# Michigan Medicaid – Overview

- Covers nearly 1 in 4 Michigan residents (25%)
  - 1 in 5 Adults (ages 19-64)
  - 2 in 5 Children
  - 3 in 5 Nursing Home Residents
  - 1 in 2 Individuals With Disabilities
  - 1 in 7 Medicare Beneficiaries
- Medicaid coverage pays for a number of services
  - Almost half of all births in Michigan
  - 675,000 adults on the Healthy Michigan Plan
  - 165,000 senior citizens
  - 350,000 individuals with disabilities that can live independently



Graphic from: Michigan Health & Hospital Association

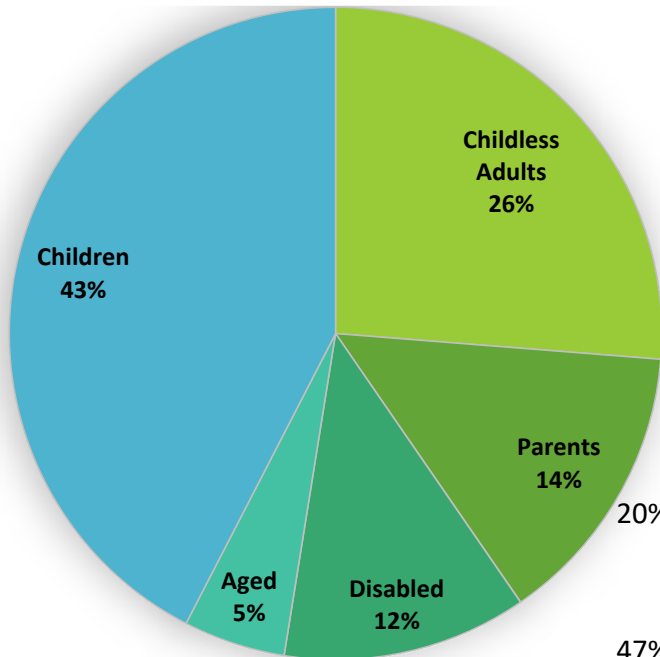
# Michigan Medicaid – Eligible Populations



# Michigan Medicaid – Consumers & Cost

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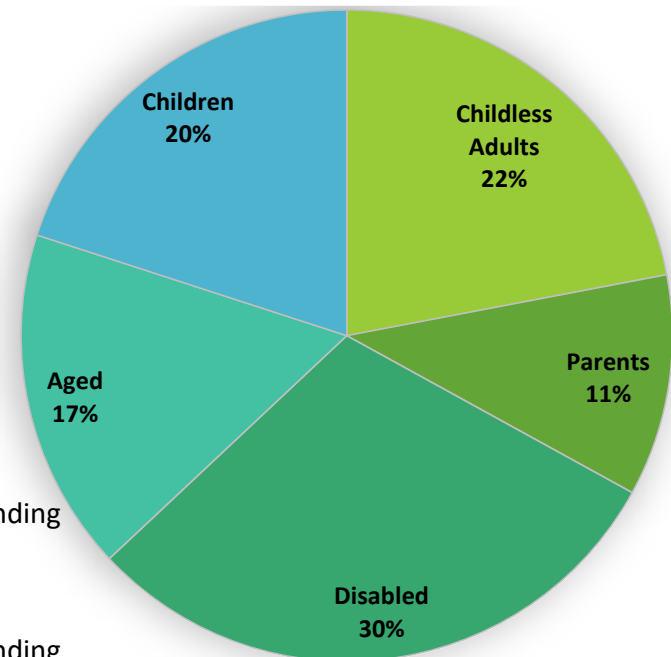
CONSUMERS



**Children:**  
43% of consumers  
20% of total Medicaid spending

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

COSTS



# Medicaid Delivery System

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# Managed Care – Overview

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- Most beneficiaries are enrolled in one of the state's 11 contracted Medicaid Health Plans (MHPs)
  - Full-risk contracts with a mix of profit and non-profit
  - National and local health coverage
- Medicaid Health Plan coverage responsibilities
  - Comprehensive physical health care (acute, primary, and specialty services), including care management
  - Transportation and prescription drugs
  - Outpatient mental health care for the mild-moderate population
- Focus on quality, cost-effectiveness, and improved health outcomes

# Fee for Service – Overview

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- Approximately 22 percent of Medicaid beneficiaries are covered through Fee for Service on an ongoing basis, meaning the state pays directly for all covered services
- Fee for service populations:
  - Dually Eligible Individuals (Medicaid/Medicare)
  - Migrant populations
  - Native Americans
  - Long Term Care
  - Spend Down
- Over 30 million FFS claims are processed annually—totaling approximately \$3.9 billion



# Major Medicaid Programs & Initiatives

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# Healthy Michigan Plan

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- Approved in 2014, the Healthy Michigan Plan extended access to comprehensive health coverage to around 680,000 previously uninsured or underinsured Michigan citizens between 100 and 133 percent of the Federal Poverty Level
- Innovative aspects such as required cost sharing and promotion of healthy behaviors
- Robust program evaluation has demonstrated gains for individuals, providers, and the state's economy
- Program changes required by PA 208 will go into effect January 1, 2020
  - Work Requirements
  - New Healthy Behavior and Premium Requirements for some enrollees

# Long-Term Supports & Services (LTSS)

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- Medicaid covers LTSS for those without other resources to pay for it
  - In FY17, individuals receiving Medicaid LTSS comprised 5 percent of the total Medicaid population, yet they accounted for 23 percent of total Medicaid expenditures
- Michigan Medicaid offers a variety of Long-Term Care Programs, including:
  - MI Health Link integrated care demonstration for people who are dually eligible for Medicare and Medicaid with 39,500 enrollees
  - Program of All-Inclusive Care for the Elderly (PACE) with 2,500 enrollees
  - MI Choice Home and Community-based Waiver serving 12,000 individuals
  - Home Help program providing in-home personal care services to 52,000 Medicaid beneficiaries
- Michigan Medicaid also covers care provided in Michigan's skilled nursing facilities, as well as home health, hospice and private duty nursing services

# Healthy Kids Dental

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- Launched in May 2000 in partnership with Delta Dental to improve dental access for Medicaid-eligible children
  - Started in 22 counties with expansion into additional counties in subsequent years until statewide phase was completed in FY17
- Today all Medicaid-eligible children under age 21 in Michigan have access to dental care through this program
- Contract was bid for the first time ever in 2017 and beginning October 2018 two plan choices are available for Healthy Kids Dental beneficiaries
  - Delta Dental of Michigan; and
  - Blue Cross Blue Shield of Michigan
- In addition to dental plan administration, these plans are working innovatively to coordinate care with partners, including the Medicaid Health Plans.

# Questions?

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