

# Fiscal Year 2024 Executive Budget Recommendation

Behavioral and Physical Health and  
Aging Services Administration  
(BPHASA)

March 8, 2023

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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.*

# Agenda

- Michigan's Medicaid Program Overview
- BPHASA Service Delivery System
- Current Initiatives
- Fiscal Year 2024 Budget Investments



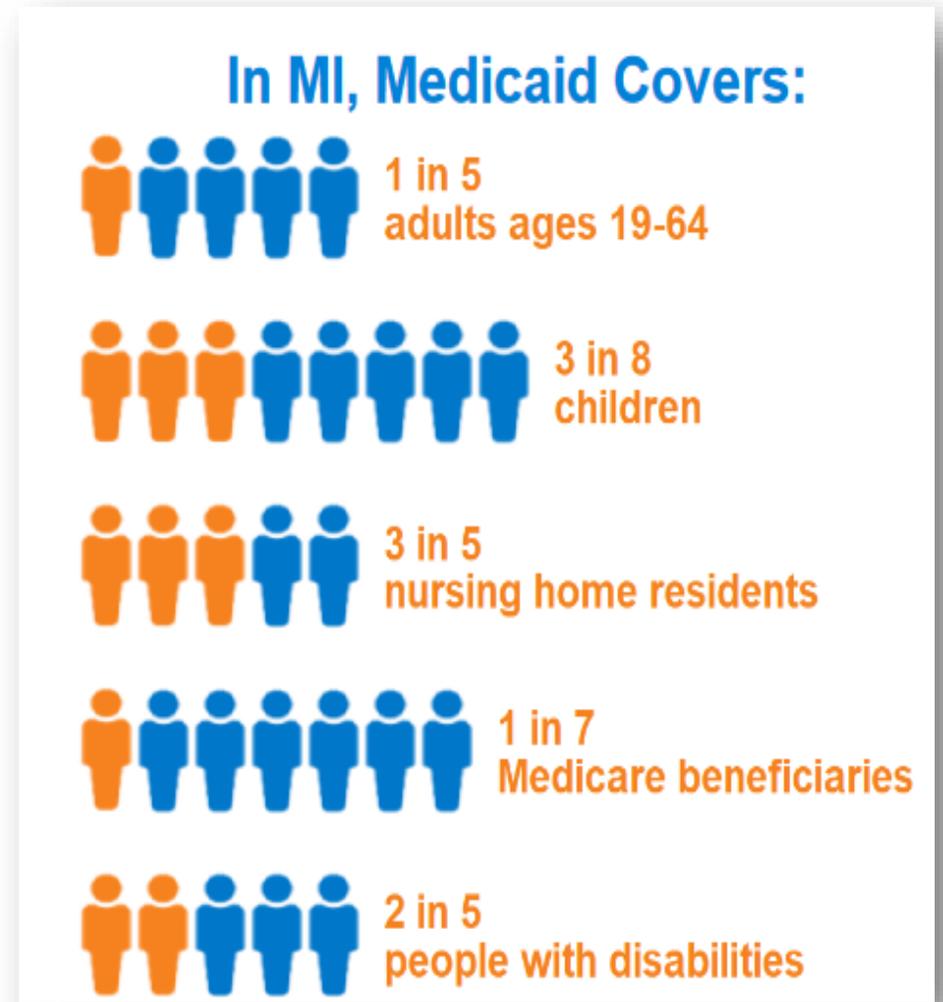
# Michigan's Medicaid Program

Medicaid is the **largest health insurance program** in the U.S.

- State and federal partnership.
- Mandatory services with state options for broader coverage.

In FY22, Michigan's Medicaid program afforded health coverage to over **3 million Michiganders** each month, including:

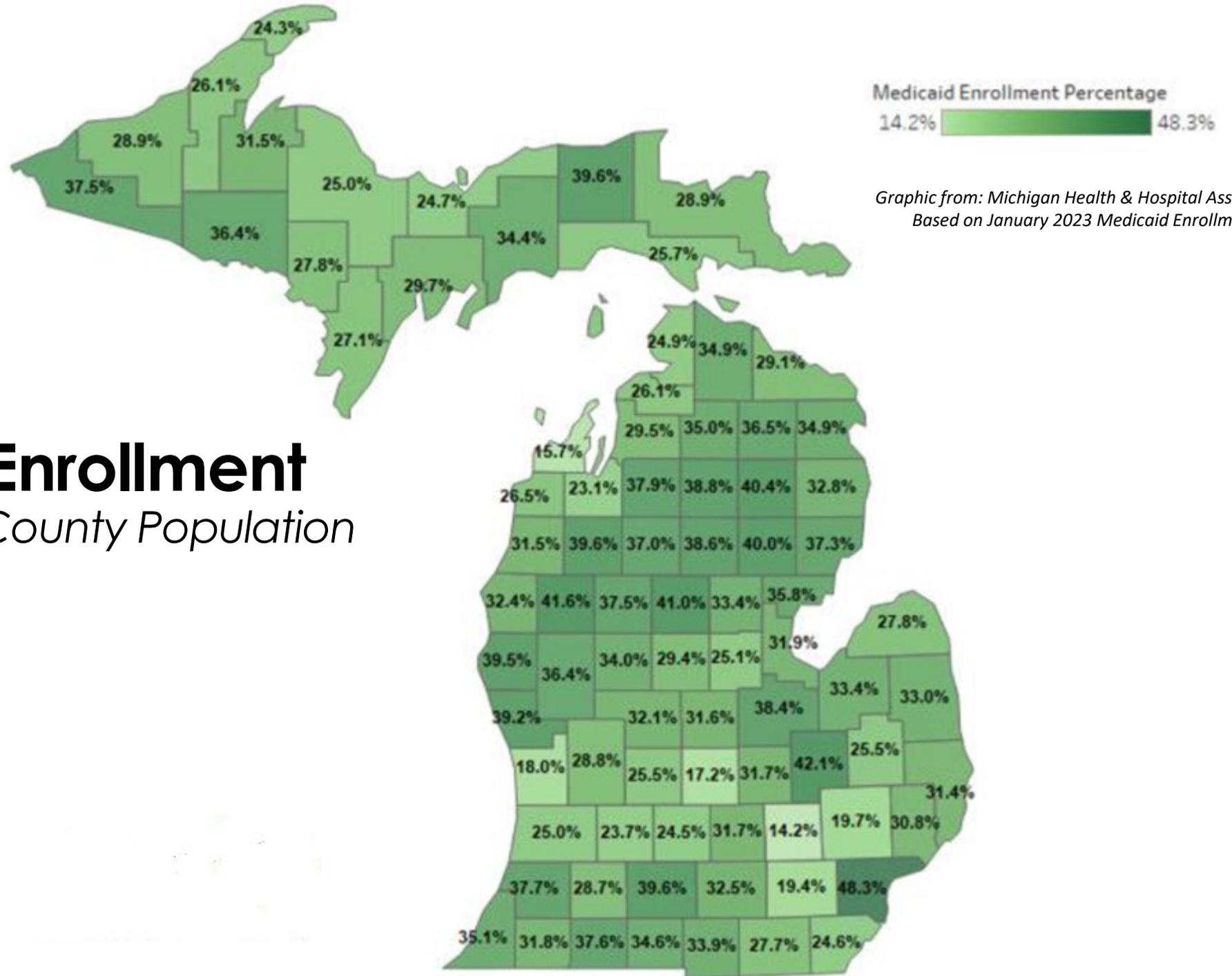
- **1.02 million children;**
- **326,000 people** living with **disabilities;**
- **157,000 seniors;** and
- More than **1 million adults** in the **Healthy Michigan Plan.**



Graphic from: Kaiser Family Foundation  
2022 Michigan Fact Sheet

# Medicaid Enrollment

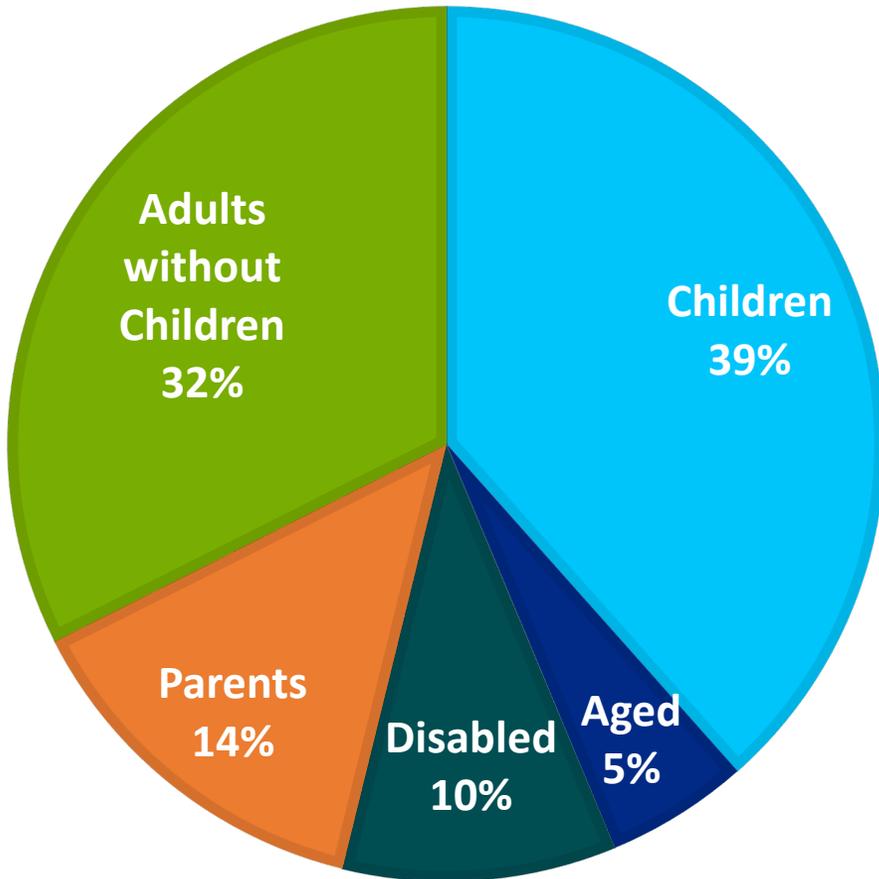
Percentage of County Population



# Medicaid Consumers and Costs

*Fiscal Year 2021*

*Consumers*



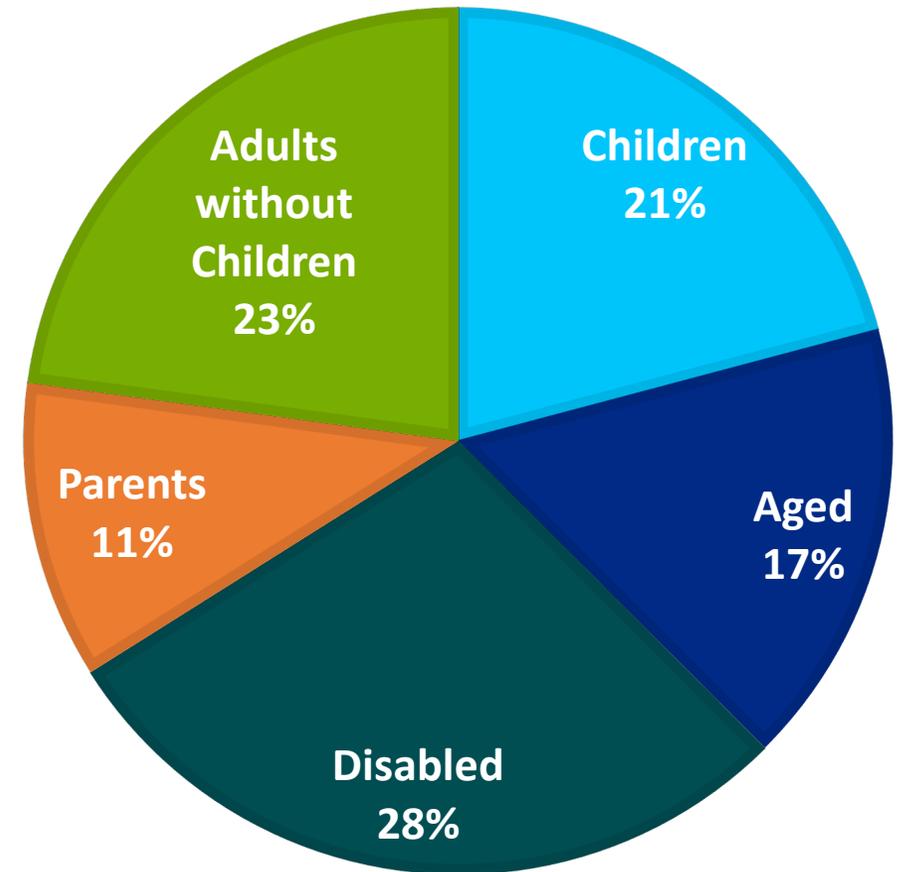
**Children:**

39% of the enrollees  
21% of total Medicaid spending

**Aging Michiganders and People Living with Disabilities:**

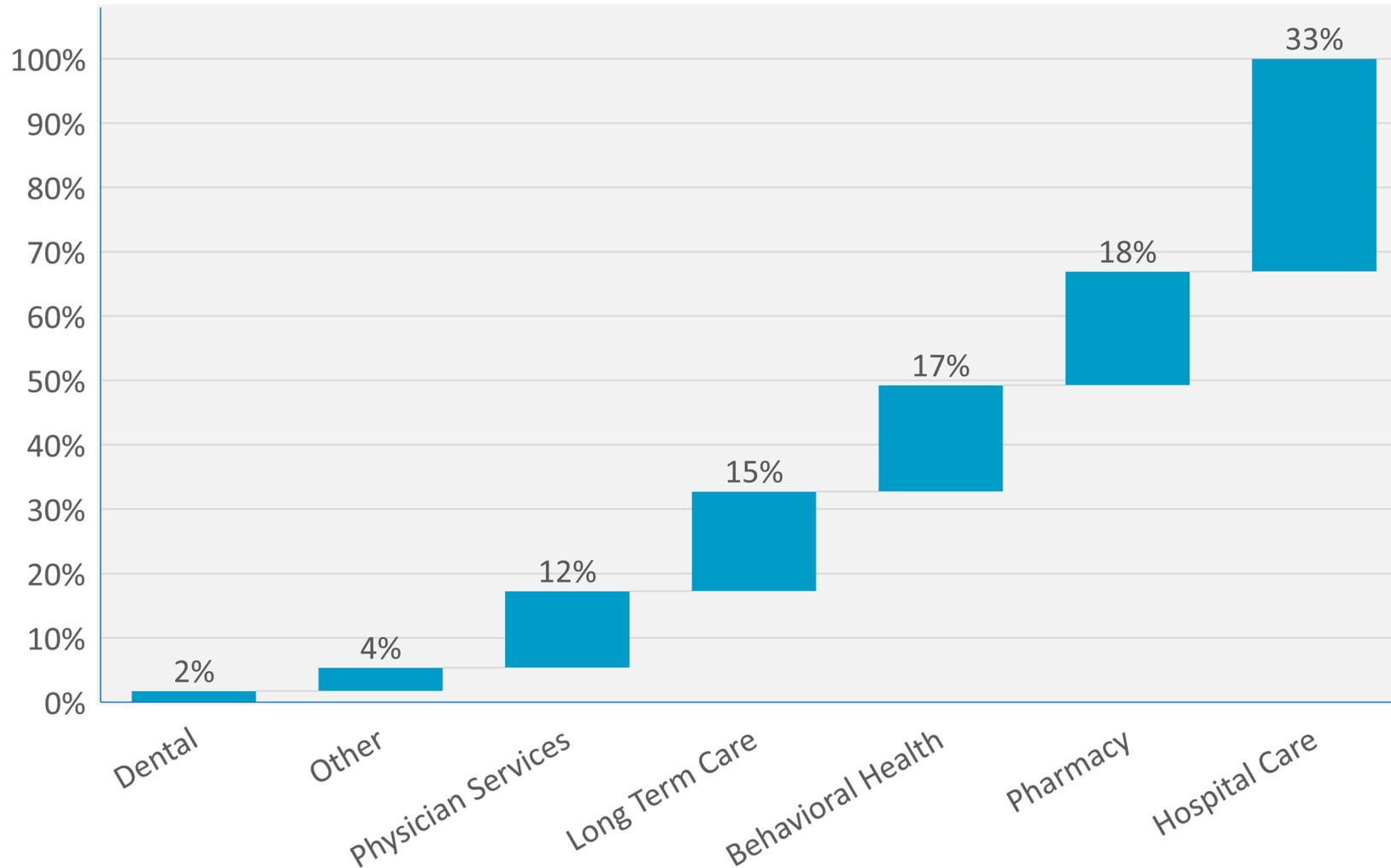
15% of the enrollees  
45% of total Medicaid spending

*Costs*

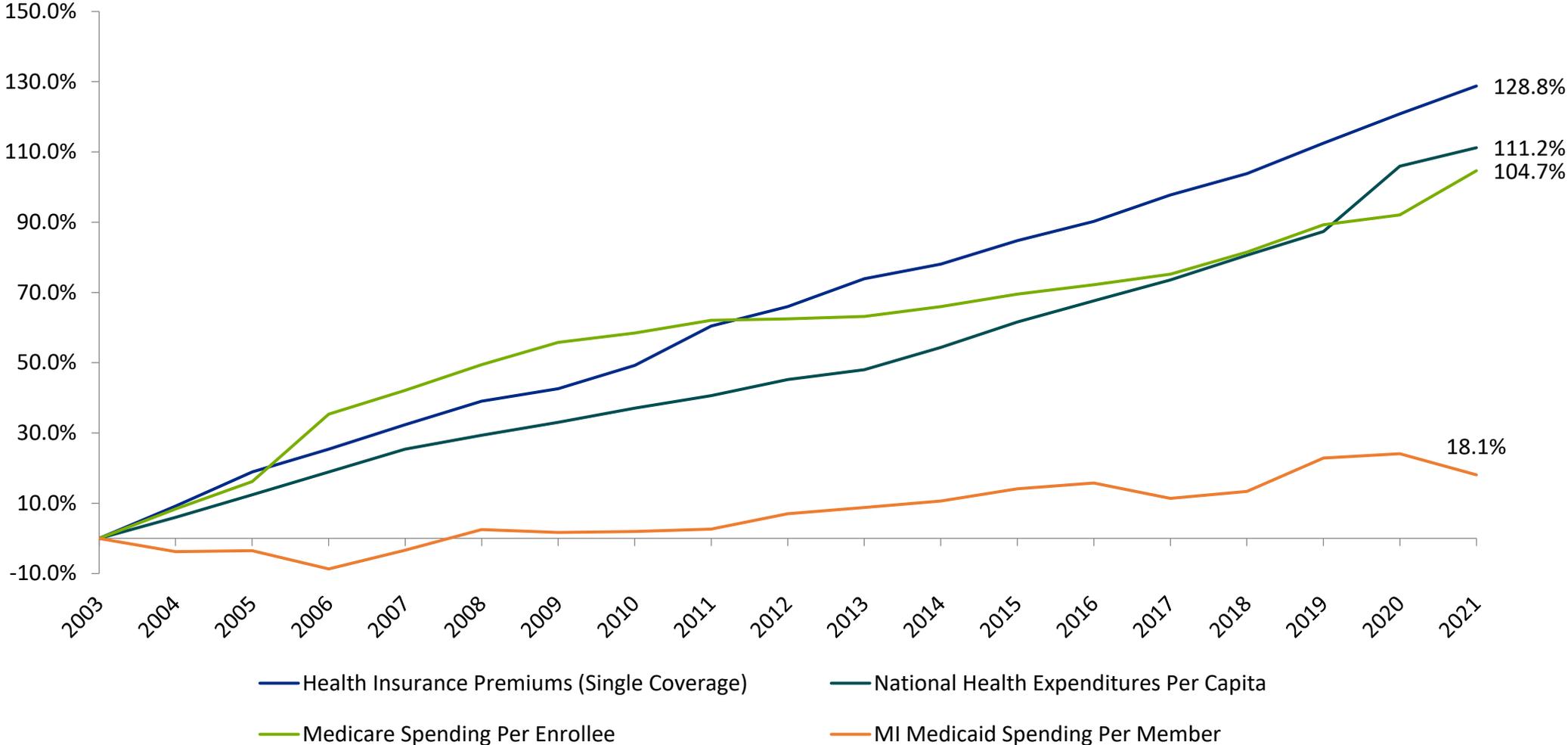


# Medicaid Spending by Service

*Fiscal Year 2021*



# Growth in Health Care Spending





# **BPHASA Service Delivery System**

# Medicaid Health Plans

- **76%** of Medicaid beneficiaries are enrolled in one of the Department's nine contracted **Medicaid Health Plans** (MHPs).
  - Full-risk contracts with a mix of profit and non-profit; national and local health plans.
- Emphasis on **high quality**, **low cost**, and **care coordination**.

## MHP coverage responsibilities include:



Comprehensive physical health care (acute, primary and specialty services).



Dental care (effective 4/1).



Most prescription drugs.



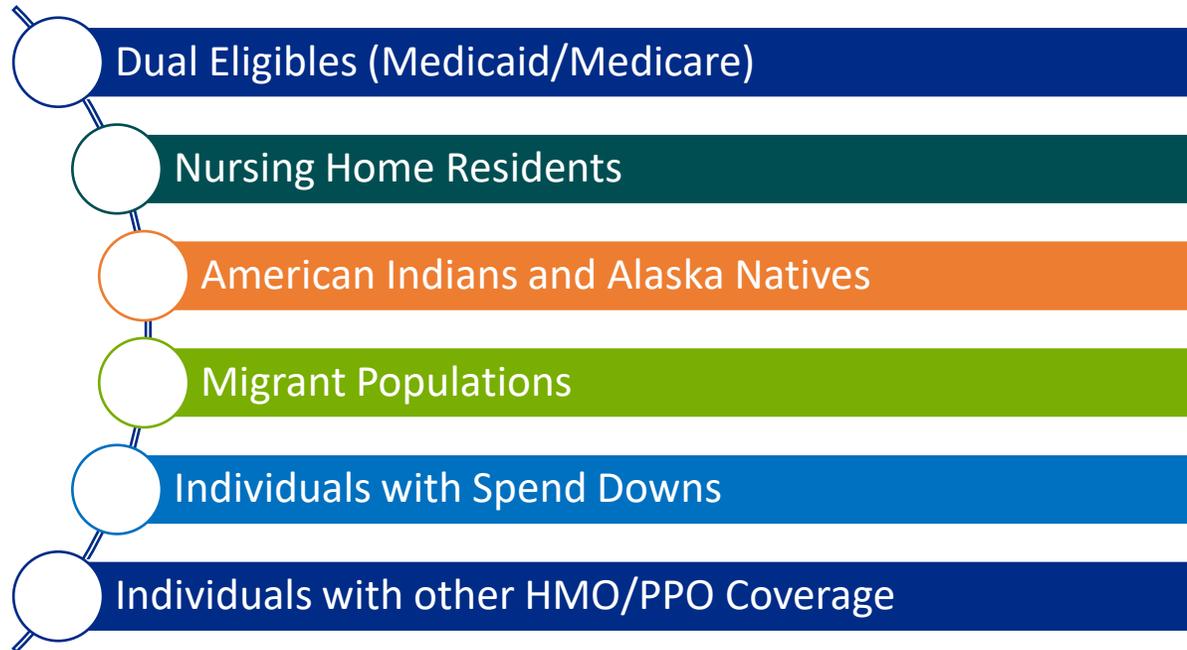
Outpatient mental health care for the mild-moderate population.



Transportation.

# Medicaid Fee For Service (FFS)

- 24% of Medicaid beneficiaries are covered through FFS on an ongoing basis

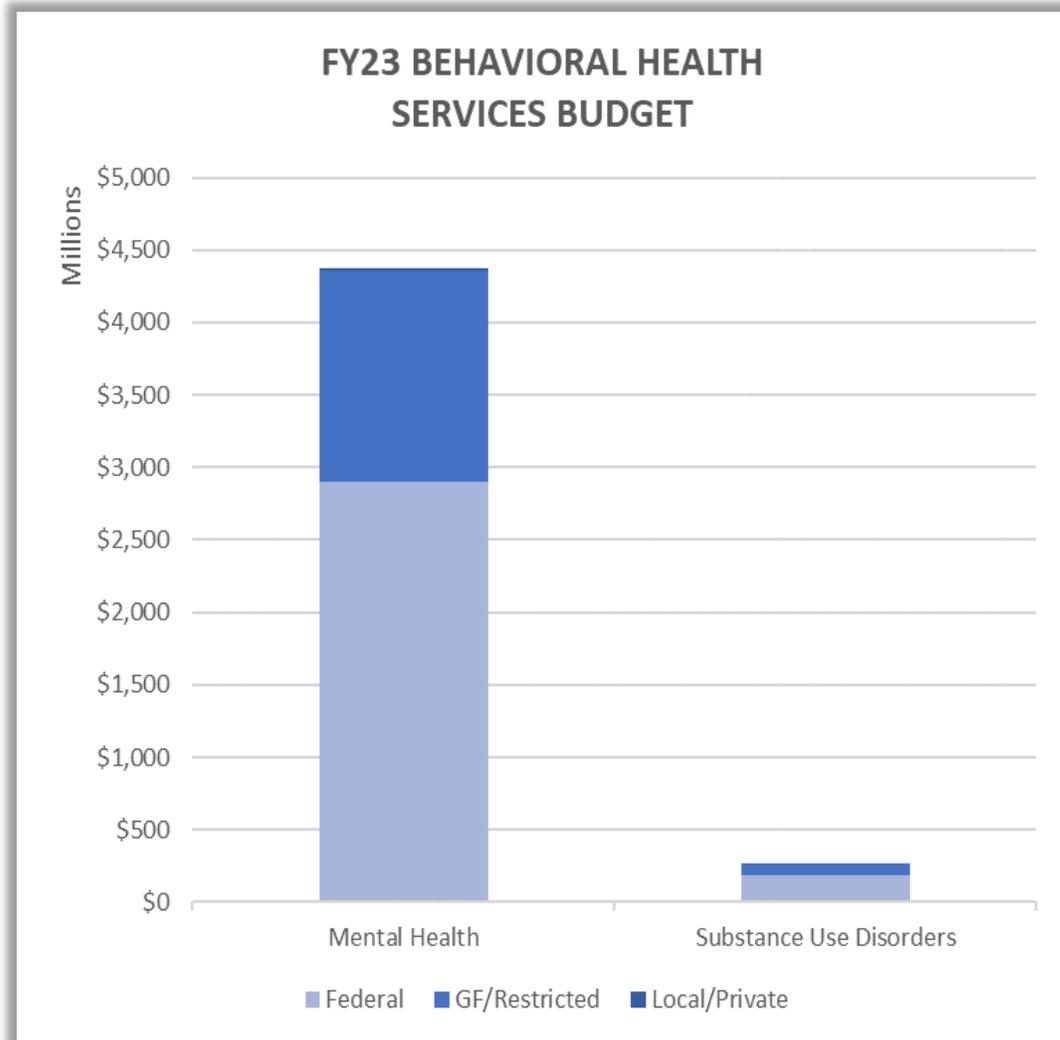


- 16.9 million FFS claims annually—totaling approximately \$2.8 billion

# Michigan's Behavioral Health System

- Approximately **297,000** Medicaid beneficiaries received **specialty behavioral health services** through one of the Department's 10 contracted Prepaid Inpatient Health Plans (PIHPs) in FY22.
- The PIHPs are required to contract with the **Community Mental Health Services Programs (CMHSPs)** in their region.
  - Wayne, Oakland and Macomb County CMHSPs are **both** the PIHP and the CMHSP.
- The CMHSPs provide the Medicaid services and/or contract with **other providers** for the delivery of services.
- Contrary to the full-risk capitated managed care arrangement with the Medicaid Health Plans, the PIHPs have a **shared-risk arrangement** with the State.

# Michigan's Behavioral Health System



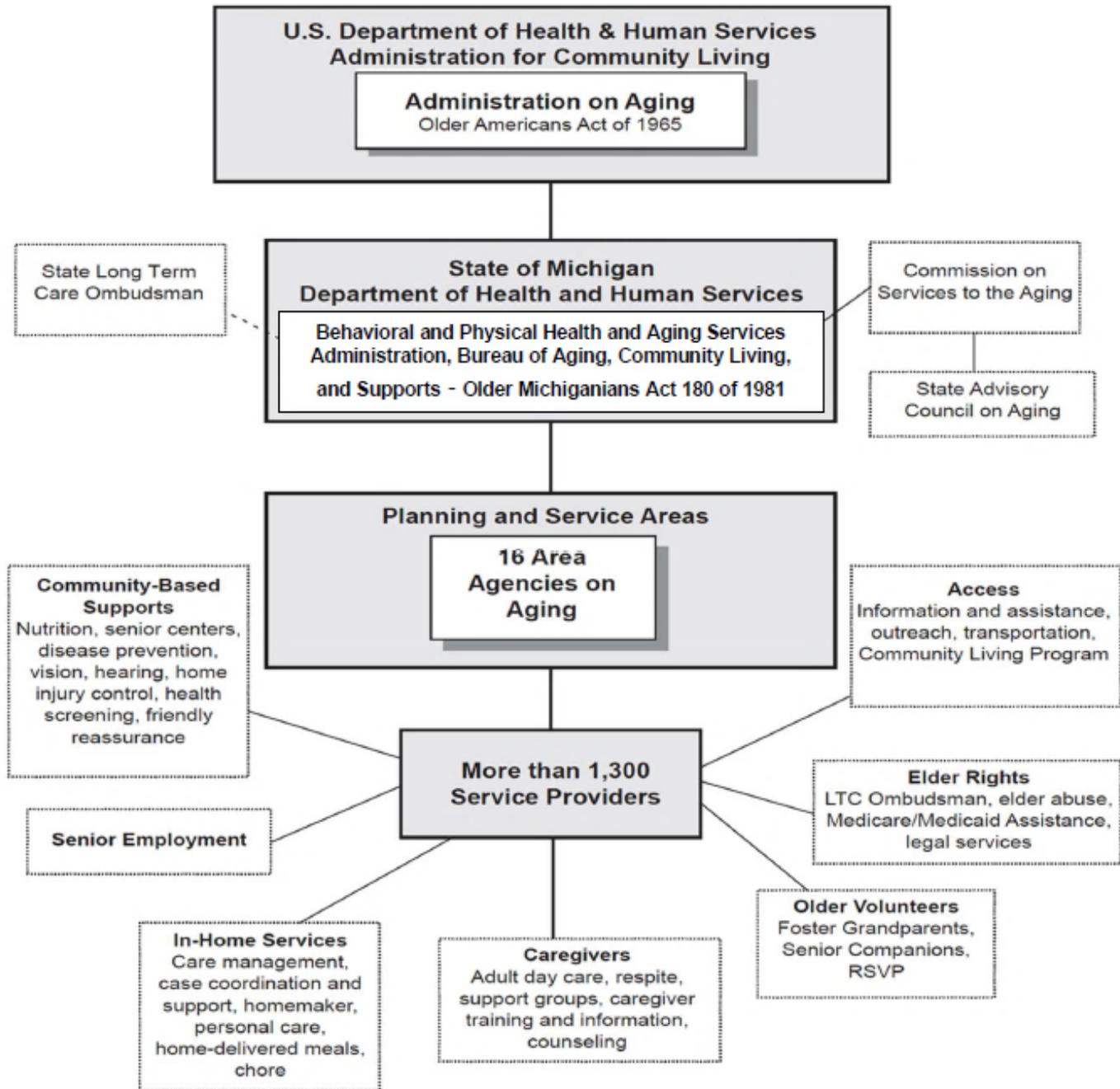
- The scope of **responsibilities** for Michigan's **46 Community Mental Health Services Programs (CMHSPs)** is **broader than Medicaid**.
- **Populations Served:**
  - People in crisis.
  - Persons with:
    - Adults - serious mental illness (SMI).
    - Children - serious emotional disturbance (SED).
    - Adults & Children - intellectual/developmental disabilities (I/DD).
    - Substance use disorders (SUD).
- **Total Served:** over **302,000** people in **2022**.

# Medicaid Long-Term Supports and Services

Program	Service Delivery Model	Program Description	Program Enrollment
<b>MI Health Link*</b>	Managed Care via Integrated Care Organizations	Medical, behavioral health and long-term care services for MI Health Link program enrollees.	~42,000
<b>MI Choice</b>	Managed Care via MI Choice Waiver Agencies	Home and community-based services for Medicaid-enrolled individuals who qualify for nursing home-level care.	~16,000
<b>PACE</b>	Managed Care via PACE Organizations	Community-based, all-inclusive care for individuals age 55+ who qualify for nursing home-level care.	~4,500
<b>Home Help</b>	Fee for Service via Individual and Agency Providers	Personal care services to individuals who need hands-on assistance in order to live independently in their home.	~60,000
<b>Nursing Homes</b>	Fee for Service	Skilled nursing care for individuals needing full-time custodial care or rehabilitation services.	~33,500

*\*Federal regulations require the state to convert the MI Health Link program to an “integrated” Dual Eligible Special Needs Plan (D-SNP) by 2026. MDHHS is currently working on this transition.*

# Michigan's Aging Network



# Current Initiatives



# Supporting the Behavioral Health Workforce

## *Recruitment and Retention Efforts*



- ✓ Utilizing \$2.8M to provide **expanded training** to the direct care workforce.
- ✓ Working with Wayne State University and Michigan State University to **expand cohorts** for psychiatric mental health nurse practitioners to **increase access** in underserved communities.
- ✓ Launched a \$3M **Student Loan Repayment Program**, supporting **146** behavioral health licensed professionals.
- ✓ Updated Medicaid policy to allow **payment for practitioners** that have completed credentialing but are **awaiting licensure**.
- ✓ **Streamlining** our behavioral health provider credentialing process.
- ✓ Expanded our public awareness marketing campaign to **recruit staff/reduce stigma** around behavioral health careers.
- ✓ Implemented a **20% wage increase** for certain Civil Service classifications, including **psychiatrists, physicians, psychologists and nurses**.

# Expanding Behavioral Health Access and Capacity

## *Intensive Community Treatment Services*

### Background

- Increased volume of patients **awaiting** behavioral health **treatment** in local **emergency departments** or other inappropriate settings.
- Experiencing **high readmission rates** to state inpatient care for some individuals.

### Program

- Designed to **strengthen** our **continuum** of **care** for individuals with severe and challenging behaviors.
- **Step Down** - Assist patients transitioning to community placement after state inpatient care.
- **Step Up** – For those in a community setting in need of an intensive treatment setting but unable to secure placement.

### Implementation

- **Short-term** (90 days).
- For **youth** and **adults**.
- 24-hour **supervised, monitored** and **focused** treatment.
- MDHHS and the responsible CMHSP will work with the individual and family of the individual being served to coordinate care with an MDHHS-contracted provider specializing in these services.

# Unwinding the Public Health Emergency

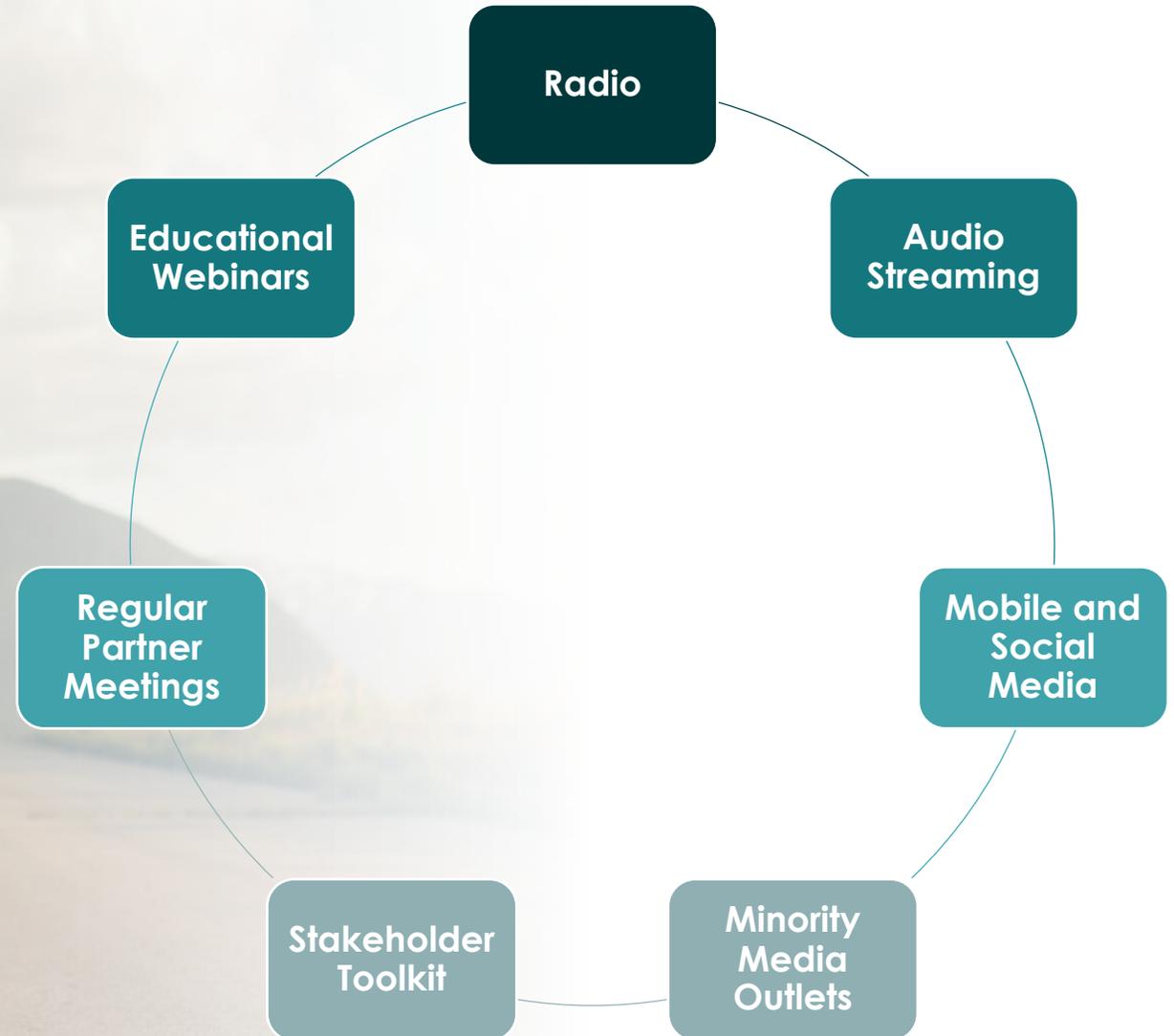
## Medicaid Redeterminations

- During the **Public Health Emergency (PHE)**, Medicaid redeterminations were paused in March 2020 in compliance with federal law.
- Since this time, the Medicaid caseload has grown by over **750,000 beneficiaries**.
- The Consolidated Appropriations Act of 2023 **ended** the **continuous Medicaid coverage** provisions – decoupling this requirement from the PHE.
- This means that Medicaid beneficiaries will have their eligibility **reviewed** and **reassessed** for the first time since the beginning of the PHE.
- The first cohort of Medicaid beneficiaries impacted by this change will have their **eligibility reviewed** in **June 2023**.



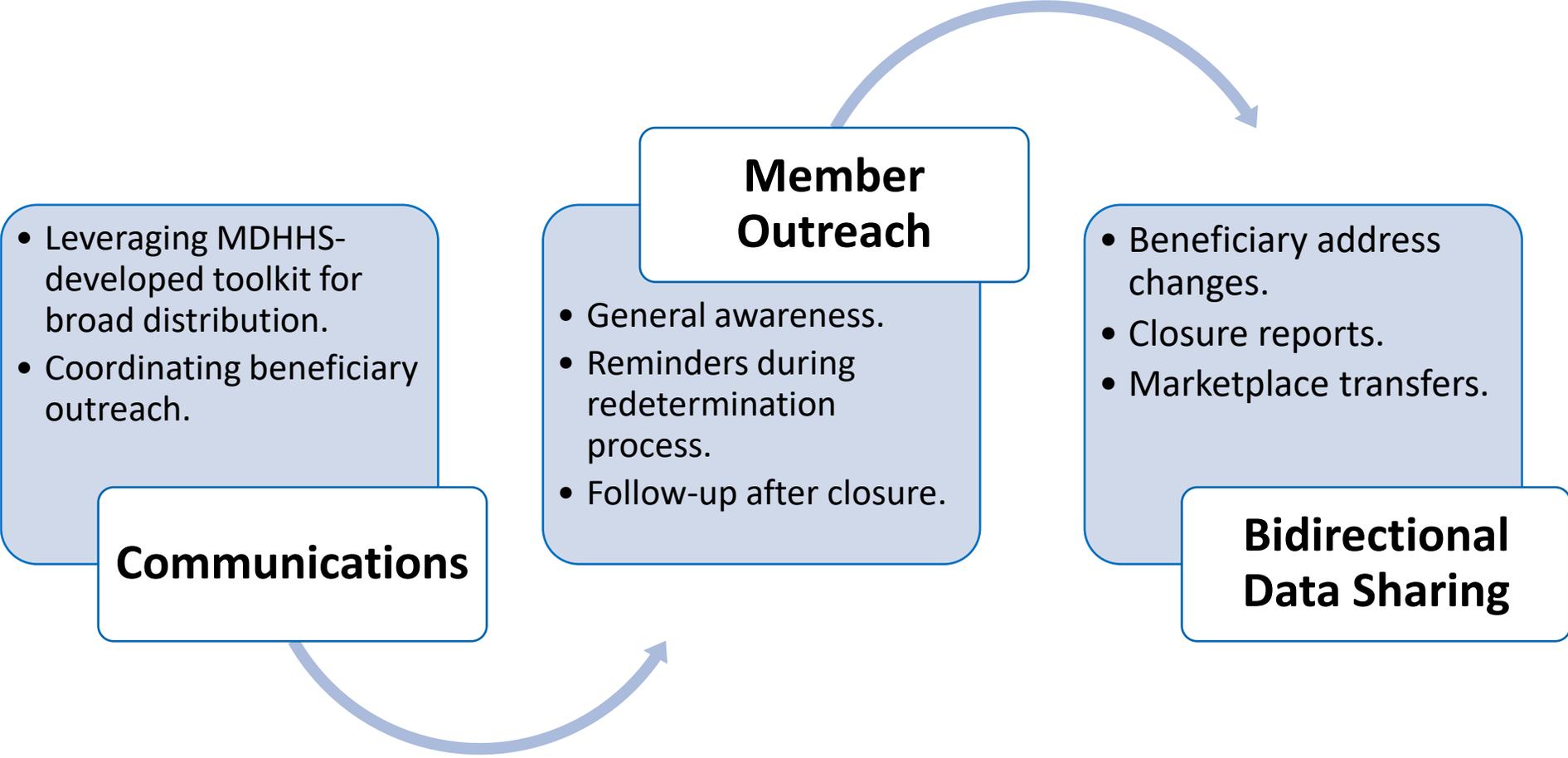
# Unwinding the Public Health Emergency

## *Robust Communications Strategy*



# Unwinding the Public Health Emergency

*Partnering with our Managed Care Plans*



# Unwinding the Public Health Emergency

## *Building Staff and Partner Capacity*

- Converting internal positions.
- Rehiring retirees.
- Hiring additional staff.
- Adding MI Bridges capacity.



# Unwinding the Public Health Emergency

*Assuring Smooth Transitions to the Marketplace*



Working in close partnership with the Department of Insurance and Financial Services.



Implementing outreach strategy to those transitioning from Medicaid coverage.



Marketplace education and referrals to navigators.

**HealthCare**.gov

# Addressing Social Determinants of Health

## MIHealthyLife Initiative

### Background

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- The Medicaid Health Plans provide health care coverage to approximately **2.2 million Michiganders**, including low-income adults, children, pregnant women, elderly adults and people with disabilities.
- MDHHS will **rebid** its Medicaid Health Plan contracts in **fall 2023** with new contracts effective **October 1, 2024**.

### Response

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- Identify opportunities for **innovation and improvement** in the services and supports provided by the Medicaid Health Plans through **inclusive public input** via online survey
- MDHHS sought **feedback** on principles that will **guide the state's policy and program areas** to assist in determining where the state should **focus** its efforts.
- Public **announcement** of **strategic pillars** for the procurement will be made shortly.

# Addressing Social Determinants of Health

*Supporting the Whole Person, Increasing Access*



## **Background**

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- Health inequities are often linked to unmet social needs. **Addressing these unmet needs is an MDHHS priority.**
- Community health workers are catalysts for **promoting health equity, improving outcomes and expanding opportunities for care.**

## **Response**

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- **Expand Medicaid coverage and reimbursement to include community health worker services** for both managed care and fee-for-service beneficiaries.
- Seek federal approval to **introduce targeted case management services for previously justice-involved individuals** to expand delivery of transitional support services.

# Building Upon Successes

## *MI Health Link Program Transition*

### **Background**

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- The **MI Health Link demonstration** was launched by Michigan and CMS on March 1, 2015, to **integrate care for dually eligible individuals ages 21 and above.**
- **Three-way contract** between CMS, Michigan and the Integrated Care Organizations.
- CMS released a **final rule**, CMS 4192-F, that will terminate all State Medicare-Medicaid Plans, like MI Health Link, unless a state chooses to convert program into an **integrated Dual Eligible Special Needs Plan (D-SNP).**

### **Response**

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- Michigan has submitted a plan to transition MI Health Link into a **highly integrated** dual eligible special needs plan (**HIDE D-SNP**).
- Contracted managed care plans will **provide most covered benefits** for their dual-eligible enrollees.
- Building off the **successes of MI Health Link**, MDHHS will work to provide as much **continuity and coordination** into the HIDE D-SNP as possible.

# BPHASA Budget Investments Fiscal Year 2024



Health Care Workforce



Health Care Access and Equity



# Strengthening the Health Care Workforce

# Strengthening the Health Care Workforce

## Background

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- **Low wages, staffing shortages**, mandatory **overtime**, and **burnout** continue to plague the health care and direct care workforce.
- Hospital and health systems have over **50,000 vacancies**.
- Average **turnover rate** for health care professionals is **27%** and for direct care staff is **45%**.

## Proposed Response

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- **\$210.1 million gross** (\$74.5 million GF) to support a \$1.50/hour increase in wages for direct care workers providing: Medicaid behavioral health services; care at skilled nursing facilities; community-based supports through MI Choice, MI Health Link, and Home Help programs; care at homes for the aged and adult foster care facilities and in-home services funded through Area Agencies on Aging.
  - Direct care workers include registered professional nurses, licensed practical nurses, competency-evaluated nursing assistants, and respiratory therapists.
- **\$90 million gross** (\$31.7 million GF) to increase wages for non-direct care staff employed in institutional long-term care facilities.
  - Non-direct care workers include but are not limited to the following categories: housekeeping, maintenance, plant operations, laundry, dining room assistants, dietary workers, medical records, social services, and other diversional therapy staff.
- Establish a **\$5 million gross/GF** annual **scholarship program** for students pursuing careers in behavioral health, counseling, psychology, psychiatric nursing, or social work.

## Expected Impact

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- Scholarship program will help **support students** pursuing careers in health care.
- Addressing staffing concerns allows **better quality** and more consistent **patient care**, leading to **better health outcomes** for the populations we serve.



# Expanding Health Care Access and Equity

# Building on the Healthy Moms, Healthy Babies Initiative

## Background

**Healthy Moms, Healthy Babies** is an initiative that began in 2021 and includes the expansion of postpartum Medicaid coverage, the addition of Medicaid doula services and the implementation and expansion of evidence-based home visiting programs. This proposal builds on those investments by **expanding evidence-based services** to **at-risk populations** in order to **improve outcomes**.

Proposed Response	Impact
<b>\$32.1 million gross</b> (\$6.4 million GF) to remove the <b>5-year waiting period</b> for children and pregnant women legally residing in Michigan to <b>access Medicaid</b> .	<b>Consistent coverage</b> for those with presumed eligibility. Allows more mothers and children <b>access to lifesaving medical coverage</b> .
<b>\$6.2 million gross</b> (\$1.0 million GF) to reinstate the <b>Medicaid Plan First!</b> Benefit for <b>family planning</b> services.	<b>Fills a coverage gap</b> for people who exceed the income limit for the Healthy Michigan Plan but lack insurance for family planning through their employer or other means.
<b>\$10 million gross</b> (\$5 million GF) to expand and strengthen services provided by <b>centering pregnancy</b> sites.	Mothers receiving this type of prenatal care have <b>reduced risk</b> of pre-term births and low birthweight babies.
<b>\$10 million gross/GF</b> to <b>support birthing hospitals</b> .	Severe <b>maternal morbidity decreased</b> 10.5% since Michigan hospitals began participating in evidence-based models.
<b>\$10 million gross/GF</b> to increase investment in <b>Michigan Perinatal Quality Collaborative (M-PQC)</b> by providing grants to local collaboratives, growing their ability to coordinate to improve maternal and infant health outcomes.	M-PQC efforts led to <b>increased screening and treatment</b> for perinatal substance use disorder.

# Enhancing Medicaid Rates and Benefits

## Background

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- Low Medicaid reimbursement rates **decrease provider participation**, resulting in **decreased access to services** for Medicaid patients.
- Young adults receiving Children’s Special Health Care Services (CSHCS) face **tremendous barriers to access health care coverage** once CSHCS eligibility ends at age 21. CSHCS provides coverage to young adults with chronic conditions like sickle cell disease, hemophilia and cystic fibrosis.
- Medicaid beneficiaries experiencing **homelessness** are typically **discharged from a hospital to a shelter** not equipped to address health issues, resulting in **readmission**.

## Proposed Response

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- **\$120.7 million gross** (\$32.8 million GF) to increase reimbursement rates for Medicaid services, such as **primary care, dental, vision, laboratory services, anesthesia, durable medical equipment**, and many more.
- **\$4 million gross** (\$3.2 million GF) to expand **Children’s Special Health Care Services to age 26**.
- **\$5 million gross** (\$2.2 million GF) to add a **recuperative care benefit** to assist Medicaid beneficiaries experiencing homelessness who need short-term transitional services upon discharge from hospital care.

## Expected Impact

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- Increasing Medicaid reimbursement rates will provide **financial relief**.
- Young adults with special health care needs will be able to **continue receiving care** for their chronic conditions.
- Studies have shown **readmission rates reduce by 24%** with recuperative care programs.

# Reforming Nursing Facility Medicaid Rates

## Background

- Nursing facility Medicaid reimbursement **varies widely** by provider and does not incorporate the **severity** of the resident's **medical issues and individualized care needs**.
- A November 2019 Michigan Office of the Auditor General report described Michigan's nursing facility Medicaid rate setting and reimbursement process to be "**complicated, labor intensive, ineffective, and inefficient.**"

## Proposed Response

- **\$110 million gross** (\$102 million GF) to support nursing facilities over a two-year timeframe as the **new reimbursement model** is phased in.

## Expected Impact

- More **equitable access to quality services**.
- **Simpler** model to provide funding needed to support people in nursing facilities.

# QUESTIONS & DISCUSSION

## MDHHS Contact Information

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