



STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

RICK SNYDER
GOVERNOR

NICK LYON
DIRECTOR

February 27, 2017

Felix Milburn, Project Officer
Department of Health and Human Services
Center for Medicaid, CHIP & Survey & Certification
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Mailstop C5-11-24
Baltimore, Maryland 21244-1850

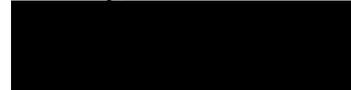
RE: Project Number 11-W-00215/5 – Michigan's Family Planning Waiver, Plan First!

Dear Mr. Milburn:

Enclosed is Michigan's Family Planning Waiver Annual Report. This document provides waiver program information covering the ninth year of the waiver, which encompasses July 1, 2015 through June 30, 2016. This report provides information for the Family Plan Waiver on operations, policy changes, and program enrollment as specified in the Special Terms and Conditions of the waiver.

Should you have any questions related to the information contained in this report, please contact Jacqueline Coleman. She may be reached by phone at (517) 284-1190 or by e-mail at colemanj@michigan.gov.

Sincerely,



Penny L. Rutledge, Director
Actuarial Division

cc: Keri Toback, Region V, CMS
Patricia Hansen, Central Office, CMS

Enclosure

PLAN FIRST!

State of Michigan

Michigan Department of Health and Human Services

PLAN FIRST! Family Planning Waiver

Project Number 11-W-00215/5

July 1, 2015 – June 30, 2016 Annual Report

**Michigan Department of Health and Human Services
PLAN FIRST! Family Planning Waiver
Section 1115 Demonstration**

**Annual Report
July 1, 2015 – June 30, 2016**

I. General Program Overview

The Michigan Department of Community Health, now the Michigan Department of Health and Human Services (MDHHS) submitted a Section 1115 Family Planning Waiver application to the Centers for Medicare and Medicaid Services (CMS) on October 20, 2004, and was approved March 1, 2006. This waiver enables the MDHHS to provide family planning services to women who otherwise would not have medical coverage for these services. "PLAN FIRST!", the official name of the program, was implemented July 1, 2006.

The MDHHS is submitting this annual program progress report for its Section 1115 Family Planning Waiver in compliance with the Special Terms and Conditions established for the program. This document provides waiver progress information occurring during the ninth year of program operations, which covers the time period of July 1, 2015 through June 30, 2016.

Assessment of Need

In the past, Michigan has enjoyed a historically high insurance rate, in large part due to the automotive industry. However, the decline and reorganization of that industry and the loss of manufacturing jobs changed the shape of Michigan's insurance landscape. High unemployment in the state, like the rest of the country, had left many residents without basic health insurance benefits. Even as the unemployment rate began to rebound, the uninsured rate remained problematic.

Further, family planning services were not always a covered benefit for those individuals with health insurance. Even in the past, when Michigan residents had health insurance coverage at a higher rate, this was true. As insurance became less comprehensive and more costly, the occurrence of having some form of health insurance without family planning coverage became more pronounced. A high percentage of childbearing age women in Michigan are uninsured or underinsured. On April 1, 2014, Michigan expanded its Medicaid program under the Affordable Care Act to include adults with income up to 133% of the FPL. This expansion has already had a positive impact on the uninsured rate throughout the state. Beginning January 1, 2014, many, if not all, of the remaining women were eligible for a low-cost coverage option on the federally facilitated marketplace under the Patient Protection and Affordable Care Act.

Because the cost of providing Medicaid-covered, pregnancy-related care far outstrips the cost of providing contraceptive services, giving women access to contraceptive

services generates significant state and federal savings.¹ Furthermore, providing family planning services is directly linked to longer inter-pregnancy intervals and improved maternal and infant health outcomes.²

In 2014 more than 114,000 live births occurred in Michigan. Approximately 48 percent of those births were paid for by Medicaid. This is a slightly lower rate compared to 2013.

Two important public health priorities in the state are improving family planning services to better meet the needs of all women of reproductive age, and reducing the infant mortality rate, particularly for minority populations. Southeast Michigan is an especially vulnerable area in the state as the infant mortality rate among black women is twice that of their white counterparts. Providing low-income women with contraceptive services contributes to meeting these goals.

Covered Services

Family planning services are defined as any medically approved means, including diagnostic evaluation, pharmaceuticals, and supplies, for voluntarily preventing or delaying pregnancy. Services covered under this program include: (a) office visits; (b) associated laboratory procedures; (c) contraceptive management, including drugs and supplies; and (d) sterilization services. The family planning service benefit does not include coverage of abortions or treatment of infertility.

Eligibility

Through this waiver, the MDHHS offers eligibility for family planning services to women who: (a) are 19 through 44 years of age; (b) are not currently Medicaid eligible; (c) do not have other creditable private insurance that covers family planning, including Medicare; and (d) have family income at or below 185 percent of the FPL. Coverage is limited to women who reside in Michigan and meet Medicaid citizenship requirements.

From the start of the waiver, through March of 2014, beneficiaries were eligible for a 12-month period before going through a redetermination process. Since new enrollments for PLAN FIRST! ended in April 2014, this 12-month redetermination has been suspended. MDHHS will allow beneficiaries to stay enrolled until the phase out of the waiver is complete. If a beneficiary is determined to be eligible for more comprehensive coverage, MDHHS will remove them from PLAN FIRST!, and move them into the more comprehensive benefit.

II. PLAN FIRST! Enrollment

This waiver period marks the tenth year the waiver has been operating. With the implementation of the Healthy Michigan Plan, many of the women previously enrolled

¹ Guttmacher Institute, Estimating the Impact of Expanding Medicaid Eligibility for Family Planning Services: 2011 Update

² Michigan Department of Community Health, Pregnancy Risk Assessment Monitoring System (2008)

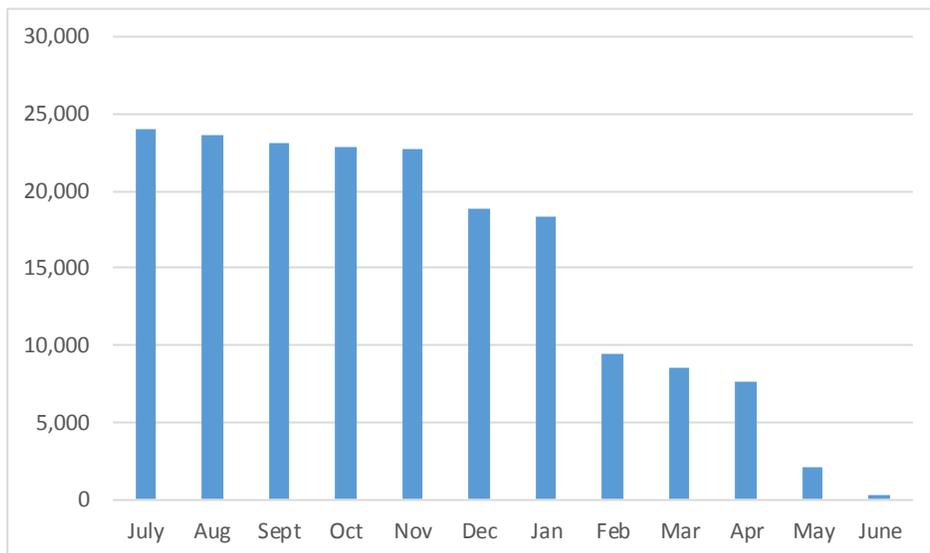
in the Plan First! Program now have more comprehensive health coverage, either through Medicaid, or through the federally facilitated marketplace (with the help of premium subsidies). Because of this, program enrollment has declined over the past year.

Table 1 and Figure 1 on the following page show monthly enrollment during the course of the waiver year.

**Table 1: Monthly Enrollment
July 2015 – June 2016**

Month	Enrollment
July 2015	24,015
August 2015	23,603
September 2015	23,159
October 2015	22,839
November 2015	22,768
December 2015	18,858
January 2016	18,396
February 2016	9,483
March 2016	8,531
April 2016	7,664
May 2016	2,031
June 2016	242
Unduplicated Enrollment	
July 2015 through June 2016	24,015

**Figure 1: Monthly Enrollment
July 2015 – June 2016**



III. Significant Program Changes

Eligibility Changes

There were no changes related to eligibility during the waiver year.

Covered Services

No new services have been added.

IV. Eligibility Verification Activities

MDHHS staff made eligibility determinations using the same programs and protocols applicable to the full benefit Medicaid program with appropriate coding configurations to represent this population. Applicants determined eligible for participation in the family planning waiver program were sent a plastic MI health card to show providers as verification of their eligibility.

Prior to the implementation of the Healthy Michigan Plan Waiver, beneficiaries were eligible for a 12-month period before a redetermination. Beginning April 2014, Michigan discontinued enrolling women into the waiver, and suspended the 12-month redetermination period. Those who remain on the program are able to keep their coverage until the waiver phase-out process is complete. If the state is able to determine a beneficiary is eligible for more comprehensive coverage, that beneficiary will be switched to that, and removed from Plan First!

Integrity of Eligibility Determinations

Family planning waiver beneficiaries are included in the State's current Medicaid quality control audit pool and are subject to the same random sample procedures as a full Medicaid case. Family planning waiver program beneficiaries are also subject to the same Income Verification System checks as full benefit Medicaid program beneficiaries. In an effort to ensure consistency of the review process, the State elected not to develop a separate, targeted, post-eligibility income validation process for family planning waiver beneficiaries.

The Medicaid Eligibility Quality Control (MEQC) process currently includes a universe of Medicaid and Healthy Michigan Plan Waiver cases. In Michigan, this universe is the total active number of cases in a given sample month. Audit samples are identified for MEQC review using a three-tier stratified random sampling method. For more information, please refer to the Michigan Medicaid Quality Control Sampling Plan document previously submitted to CMS on March 30, 2006. Family planning waiver beneficiary cases are included in the sample pool.

V. Quality Improvement Activities and Marketing

Marketing has played an important role in the success of the Plan First! program. Throughout the course of the waiver, the department has used a variety of media outlets, strategies, and partnerships to reach the target population in a culturally sensitive way. Because the waiver is being phased out, no marketing efforts were made during this waiver year.

Provider Outreach and Training

No provider outreach and training took place during the waiver year

VI. Demographics

The enrollment pattern shows the largest segment of women enrolled in the program are between 25 and 29 years of age. Over the course of the waiver year, 28 percent of beneficiaries fell in this age cohort. Women 30 to 34 years of age make up the next largest segment of the waiver population with 23 percent of beneficiaries. Figure 2 on the following page shows enrollment by age group.

Figure 3 shows program enrollment by race. Plan First! enrollment numbers closely resemble the racial makeup of Michigan as a whole. However, African American women, particularly in the Detroit area, make up a larger proportion of the low-income population the Plan First! program targets.

Greater access to family planning has the potential to positively impact the racial disparity in the infant mortality rate and improves child and maternal health. According to the Pregnancy Risk Assessment Monitoring Survey (PRAMS), women who have an unintended pregnancy have a higher prevalence of low birth weight infants than women with an intended pregnancy. Providing family planning services is directly linked to longer inter-pregnancy intervals and improved maternal and infant health outcomes.³

³ Michigan Department of Community Health, Pregnancy Risk Assessment Monitoring System (2008)

**Figure 2: Enrollment by Age Groups
July 2015 – June 2016**

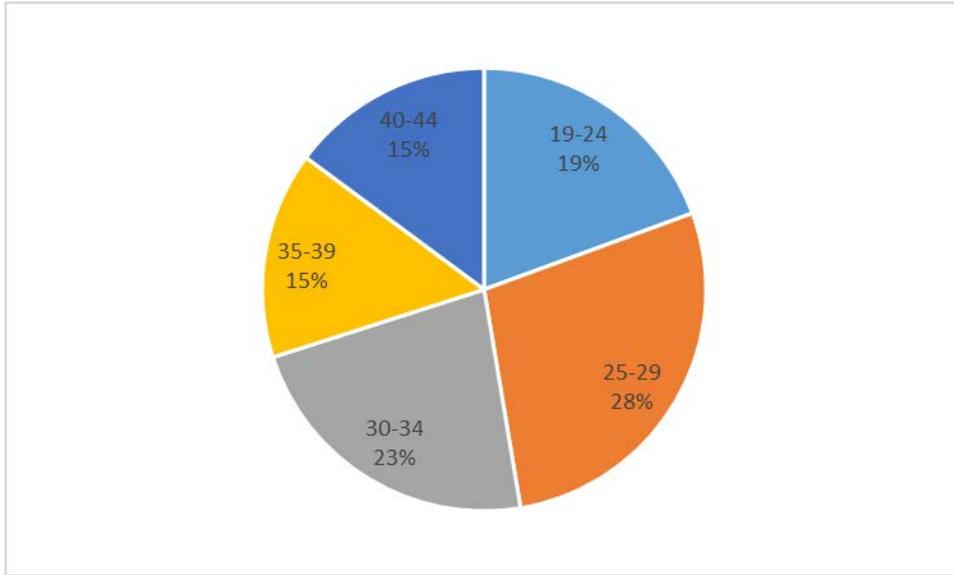
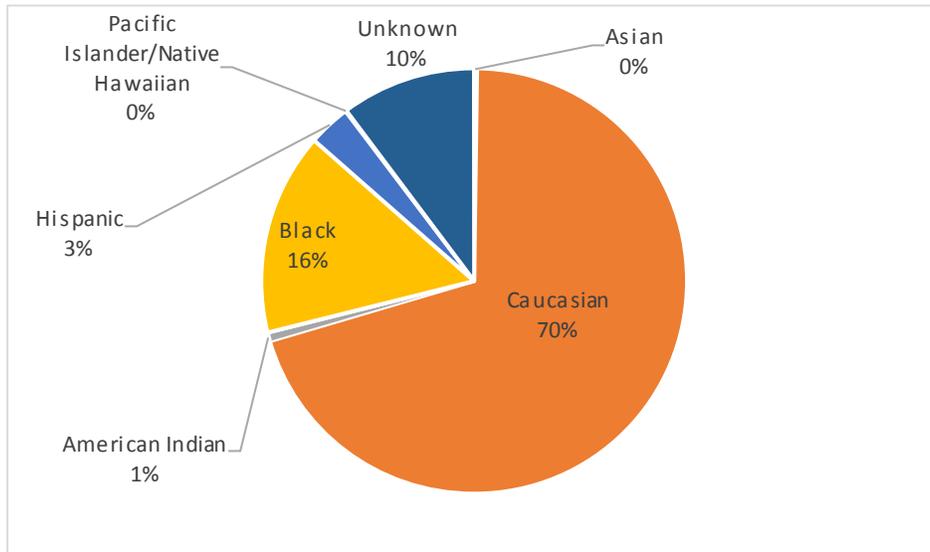


Figure 3: Enrollment by Race

June 2015



VII. Service Utilization

Current data show that the majority of beneficiaries enrolled throughout the year have not had a paid claim. This is expected, as it is likely that previous utilizers now have more comprehensive healthcare coverage. The claim information provides point-in-time data, and providers have up to one year to submit a claim. The goal of the department

has not only been to enroll women in the program, but also to connect beneficiaries with the services that best meet their needs.

VIII. Fertility Rate

As required in the Special Terms and Conditions, Michigan identified a 2003 base year fertility rate of 108.2 births per 1,000 women. In calculating the fertility rate, Michigan used a literature driven approach to adjust for age, race and income variables. Based on assumptions regarding prospective Plan First! enrollees, MDHHS estimates that the fertility rate of 108.2 is representative of Michigan’s Plan First! eligible population.

The MDHHS reviewed paid claims data from Michigan’s data warehouse to calculate the actual fertility rate of Plan First! beneficiaries. The fertility rate includes both fee-for-service (FFS) and managed care births. Due to the gestation period and some additional claim lag, the beneficiaries represented in the fertility rate include women who were enrolled in Plan First! during the ninth year of program operations but delivered during the tenth program year, as well as women who became pregnant in, and delivered during the current (tenth) program year.

Despite any concern about claim lag, Michigan’s demonstration fertility rate, expressed in births per 1,000 occurring during the demonstration year, is significantly lower than the calculated 2003 base year fertility rate. Table 2 shows the fertility rate of Plan First! beneficiaries.

Table 2: Demonstration Fertility Rate Based on FFS and Managed Care

Total Plan First! Beneficiaries in Program Year 10	Number of Births to Plan First! Beneficiaries in Program Year 10
24,015	809
Plan First! Fertility Rate	33.7
Total Population Fertility Rate	108.2

Furthermore, these numbers include women who enrolled in Plan First! and upon seeking family planning services, discovered they were pregnant. Although no family planning services were provided for these women, the program did help them to discover their pregnancy earlier and seek prenatal care services.

IX. Cost

Administrative costs for the year were used for staffing and ongoing program implementation procedures. The program cost information provided in Table 3 is consistent with cost information provided on the CMS 64.9 and CMS 64.10 reports. This cost information is based on date of payment and not date of service.

Table 3: Service Reimbursement

Provider	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	Total
Physician/Clinic Services	142,297	118,253	64,545	23,117	348,212
Outpatient/Sterilizations	16,514	4,168	5,587		26,269
Laboratory/Radiological	14,319	16,062	11,706	4,082	46,169
Pharmacy	138,506	122,336	53,210	8,054	322,106
Pharmacy Rebate	(92,619)	(21,870)	(56,039)	(75,171)	(245,699)
Total	219,017	238,949	79,009	(39,918)	497,057
Administrative Costs	46,503	30,878	921,302	37,372	1,036,055
Total + Administrative Costs	484,537	508,776	1,079,320	(42,464)	2,030,169

Table 4: Average Cost Per Enrollee

Total Number of PLAN FIRST! Beneficiaries in Program Year 10	Total Provider Services Cost	Average Cost Per Enrollee
24,015	\$497,057	\$20.70

Table 4 displays the average cost of providing healthcare services per person in the Plan First! program. This was calculated by dividing the total program cost by the total number of enrollees. The \$20.70 per program enrollee is less than the \$158 per person amount forecasted in the Plan First! budget, as stated in the waiver application. The large difference can likely be attributed to the fact that remaining enrollees are not frequently utilizing services.

Table 5: Average Cost Per Pregnancy

Average cost of pregnancy	Average cost for child's first year of life.	Average cost per case
\$8,727	\$6,556	\$15,282
Michigan's FMAP 2016	Federal share	State share
65.60%	\$10,025	\$5,257

Table 5 shows the cost of prenatal care, delivery, and post-partum care stated as the average cost of pregnancy. It also shows the cost of the child during the first year of life. On average, the Michigan Medicaid program pays \$15,282 per case when a woman

becomes eligible for Medicaid due to a pregnancy. For each pregnancy averted under the Plan First! program, the federal government saves \$10,025 and Michigan saves \$5,257 in general fund contribution.

X. Conclusion

Michigan's family planning waiver has been phased out. While it is still important to limit unwanted pregnancies, the implementation of the Healthy Michigan Plan under the Affordable Care Act has given low income women access to more comprehensive health coverage, which includes family planning services. There is very little need for the Plan First! Waiver going forward because of this.