



STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

RICK SNYDER
GOVERNOR

NICK LYON
DIRECTOR

August 30, 2016

Jennifer Kostasich, Project Officer
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Mail Stop S2-01-16
Baltimore, Maryland 21244-1850

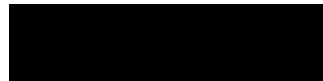
Dear Ms. Kostasich,

Re: Project Number 11-W-00302/5 – Flint Michigan Section 1115 Demonstration

Enclosed is the quarterly report for the Flint Michigan Section 1115 Demonstration. It covers the second quarter of calendar year 2016. The report provides operational information, program enrollment, and policy changes related to the waiver as specified in the Special Terms and Conditions.

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) 241-7172, or by e-mail at colemanj@michigan.gov.

Sincerely,



Penny Rutledge, Director
Actuarial Division

cc: Ruth Hughes
Angela Garner

Enclosure (2)

Flint Michigan Section 1115 Demonstration
Quarterly Report

Demonstration Year: 1 (03/01/2016 – 02/28/2017)
Calendar Year Quarter: 2 (04/01/2016 – 06/30/2016)

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Introduction

On March 3, 2016 the Centers for Medicare and Medicaid Services (CMS) approved Michigan Department of Health and Human Services' (MDHHS) application to expand Medicaid coverage for individuals impacted by lead exposure in the Flint water system through February 28, 2021. Through the demonstration, entitled "Flint Michigan Section 1115 Demonstration" and the associated state plan amendments, State Medicaid eligibility expanded to low-income children and pregnant women who were served by the Flint water system during a specified period of time and who would not otherwise be eligible for Medicaid. This population consists of children in households with incomes from 212 percent of the federal poverty level (FPL) up to and including 400 percent of the FPL and pregnant women in households with incomes from 195 percent up to and including 400 percent of the FPL.

The demonstration population receives care primarily through Medicaid managed care plans and receives all state plan benefits including, for children, Early and Periodic Screening, Diagnostic and Treatment (EPSDT). Individuals receiving benefits under the demonstration are exempt from cost sharing and premiums. Targeted Case Management and home lead investigation services are available to children and pregnant women served by the Flint water system during the defined period who have been determined eligible for Medicaid. The provision of specialized services are limited to certain providers as allowable under the approved demonstration. The State has submitted this quarterly report at the request of CMS as they continue internal discussions regarding quarterly reporting requirements.

Enrollment and Benefits Information

Enrollment into the Flint Medicaid waiver program began May 9, 2016. Beneficiaries already eligible for Medicaid were contacted by mail with information on expanded services provided by the waiver. Potential enrollees can apply for the program via the MDHHS website, by calling a toll-free number or by visiting any MDHHS County office or an area navigator site. Healthcare coverage and application information for people impacted by the Flint water system can be found on the [MDHHS website](#).

The following table shows enrollment in the demonstration by month.

	April 2016	May 2016	June 2016
Pregnant Women	-	408	500
Children ¹	-	14,828	16,367
Total	-	15,236	16,867

Outreach/Innovation Activities to Assure Access

MDHHS and community partners work together to coordinate and implement outreach for those affected by the Flint water system. Activities have included press conferences, public service announcements, community events, advertisements on radio and television, social media posts,

¹ To avoid duplication, this figure does not include pregnant women under the age of 21.

and letters to providers and potential enrollees. The public can access the [MDHHS website](#) for information regarding Medicaid eligibility under the Flint demonstration. A variety of information and resources are available on the [State's Flint water website](#).

MDHHS provides progress reports to the Medical Care Advisory Council (MCAC) as its post award forum at regularly scheduled quarterly meetings. These meetings offer an opportunity for attendees to provide program comments and suggestions. The May 2016 MCAC minutes have been attached as an enclosure. MCAC meeting agendas and minutes are also available on the [MDHHS website](#).

Operational and Policy Development

This and future quarterly reports will address policy, administrative or budget issues identified during the demonstration. MDHHS successfully expanded coverage to 17,382 individuals during the first quarter of the Flint demonstration. Application processing procedures and systems enhancements implemented to enroll Flint demonstration participants functioned appropriately. Applications that were missing information were given temporary extensions to accommodate the demonstration population. Call volumes associated with the demonstration has been manageable.

The following policies and provider letters with Flint demonstration impact were issued by MDHHS during the quarter covered by this report:

Issue Date	Subject	Link
05/04/2016	Coverage of Targeted Case Management Services for Beneficiaries Who Were Served by the Flint Water System	MSA 16-10
05/04/2016	Flint Water Group Medical Assistance	MSA 16-11
08/01/2016	Blood Lead Poisoning Environmental Investigations	MSA 16-24
08/12/2016	Waiver Update: All Genesee County Providers	L 16-46
08/12/2016	Waiver Update: All Providers Outside of Genesee County	L 16-47

Budget Neutrality Monitoring

In accordance with the demonstration special terms and conditions, MDHHS will provide a completed budget neutrality monitoring spreadsheet with future quarterly reports.

Consumer Issues

MDHHS utilizes the Beneficiary Helpline as a central point of contact for members to ask questions, report complaints and resolve issues. Information on beneficiary complaints and health plan grievances and appeals are currently collected for other Medicaid programs. MDHHS is refining existing reporting mechanisms to measure Flint demonstration member contacts. Future quarterly reports will include information regarding member complaints.

Quality Assurance/Monitoring Activity

MDHHS completes Performance Monitoring Reports for the Medicaid Health Plans that are licensed and approved to provide coverage to Michigan's Medicaid beneficiaries. These reports are based on data submitted by the health plans. Information for the Flint demonstration will be included in future reports. The program will also be part of any other current monitoring or quality assurance activities. The measures for the Flint demonstration population will mirror those used for the traditional Medicaid population. In addition, MDHHS will monitor trends specific to this new population over time. Future quarterly reports will include available quality assurance and monitoring reports specific to the Flint demonstration.

Demonstration Evaluation

MDHHS has commissioned the Michigan State University Institute for Health Policy (MSU-IHP) to serve as the Flint demonstration independent evaluator. In accordance with the demonstration special terms and conditions, MDHHS and MSU-IHP submitted an evaluation proposal to CMS. MDHHS continues to engage in discussion with CMS regarding the evaluation design for the Flint demonstration.

Enclosures/Attachments

1. May 2016 MCAC Meeting Minutes

State Contacts

If there are any questions about the contents of this report, please contact one of the following people listed below.

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Date Submitted to CMS

August 30, 2016



Michigan Department of
Health & Human Services
RICK SNYDER, GOVERNOR
NICK LYON, DIRECTOR

Michigan Department of Health and Human Services
Medical Services Administration

Medical Care Advisory Council

Minutes

Date: Tuesday, May 10, 2016

Time: 1:00 pm – 4:30 pm

Where: Michigan Public Health Institute (MPHI)
2436 Woodlake Circle
Okemos, MI

Attendees: **Council Members:** Robin Reynolds, David Herbel, Cheryl Bupp, Cindy Schnetzler, Amy Zaagman, Marie DeFer, Dave LaLumia, Barry Cargill, Kimberly Singh, Marilyn Litka-Klein, Elmer Cerano, Alison Hirschel, Dianne Haas, Lisa Braddix (for Kate Kohn-Parrott), Eric Roath, Warren White, Rebecca Blake, April Stopczynski, Pam Lupo, Mark Klammer

Staff: Chris Priest, Kathy Stiffler, Dick Miles, Brian Keisling, Jackie Prokop, Pam Diebolt, Cindy Linn, Marie LaPres, Erin Emerson

Other Attendees: Dominic Pallone

Welcome and Introductions

Robin Reynolds opened the meeting and introductions were made.

Update on Flint

The Michigan Department of Health and Human Services (MDHHS) has received approval from the Centers for Medicare and Medicaid Services (CMS) to implement a waiver to provide coverage for children and pregnant women with incomes up to 400 percent of the federal poverty level (FPL) who were impacted by Flint water. The waiver became effective on May 9, 2016, and 94 people applied for coverage in the first day of implementation. All systems are operating smoothly, and MDHHS is focusing on outreach now that the waiver is operational. Eligible individuals may apply for coverage online at www.michigan.gov/mibridges, over the phone, or in person at any MDHHS County office. MDHHS is also working to implement a system for children and pregnant women over 400 percent of the FPL to buy unsubsidized coverage under the waiver by fall 2016.

Budget Update/Boilerplate

Chris Priest reported that the House of Representatives and the Senate have each passed a budget for fiscal year (FY) 2017, and the two bills are awaiting reconciliation in a conference committee before a final version is submitted to the governor for signature. Several differences in the two budgets were discussed, including the increase in the Private Duty Nursing (PDN)

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rate (10 percent increase provided in the House budget, 20 percent increase in the Senate), and the expansion of the Healthy Kids Dental program (the Senate also allocated funds for expansion of adult dental services). The Senate also allocated funds for long-term care housing and outreach specialists in response to a reduction in the federal Money Follows the Person grant.

Healthy Michigan Plan

MDHHS has received CMS approval for a second waiver related to the Healthy Michigan Plan, and is now working to implement its provisions. Under the terms of the waiver beginning April 1, 2018, which is 48 months after the initial implementation of the Healthy Michigan Plan, individuals who have been enrolled in the Healthy Michigan Plan for at least 12 months and have incomes above 100 percent FPL may either:

- Complete a Health Risk Assessment (HRA) and choose to engage in one or more healthy behaviors, and remain on the Healthy Michigan Plan, or
- Leave the Healthy Michigan Plan and receive insurance from the Federally Facilitated Marketplace (FFM).

To implement the waiver, the Department will need to seek approval from CMS for revised Healthy Behavior Protocols, define “medically frail” for purposes of the demonstration, and provide plan guidance to the health plans on the FFM. The health plans must receive guidance by no later than fall 2016 in order to develop products to offer on the FFM beginning April 1, 2018. CMS also requires that at least two plans must be offered in each county. Approximately 120,000 Healthy Michigan Plan beneficiaries currently have incomes above 100 percent FPL, though MDHHS staff noted that the number of individuals who may move to the FFM after April 1, 2018 is difficult to project. A meeting attendee requested that Healthy Michigan Plan beneficiaries be permitted to submit their own paperwork related to Health Risk Assessments to the health plans instead of relying on the physician’s office.

Behavioral Health Updates

Integration of Behavioral Health and Physical Health

Since release of the governor’s FY 2017 executive budget recommendation in February 2016, which called for the integration of behavioral health and physical health services, the Lieutenant Governor has convened a stakeholder group to discuss the issue. The stakeholder group has met three times to date, with two additional meetings scheduled through June 2016. The group has defined a set of core concepts to make up the framework for a new system to integrate behavioral health and physical health services, and will discuss critical design elements for a new system and core concepts for boilerplate language at future meetings. The House and Senate budgets also propose language related to the integration of behavioral health and physical health services, and call for ongoing workgroups, as well. The stakeholder group has indicated a preference for the language proposed by the House. Additional information related

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to the stakeholder group is available on the MDHHS website at www.michigan.gov/stakeholder298.

Certified Community Behavioral Health Clinics (CCBHCs)

In October 2015, Michigan became one of 25 states to receive a planning grant from the Substance Abuse and Mental Health Services Administration (SAMHSA) to establish CCBHCs. The planning grant will allow the State of Michigan to certify at least two clinics to provide intensive person-centered multi-disciplinary evidence-based screening, assessment, and diagnostic treatment and prevention services for individuals with mental health concerns. MDHHS released a request for certification in March 2016 for non-profit and government organizations, tribal health centers and federally qualified health centers to apply for certification as a CCBHC. Responses were due on May 5, 2016, and MDHHS received 28 requests for certification. The Department is now in the process of reviewing the applications to select the potential sites to participate in the planning grant, which it hopes to complete within three to four weeks. Once the sites are selected, MDHHS must conduct site visits and develop a prospective payment system. The Department must also submit an application by October 23, 2016 to be selected as one of eight states to participate in the SAMHSA demonstration grant for CCBHCs.

Eligibility Redetermination Update

MDHHS is in the process of implementing a system for passive redetermination of Medicaid eligibility for beneficiaries with a systems release scheduled in June 2016 for the Modified Adjusted Gross Income (MAGI) group. Passive redetermination for non-MAGI groups will be included in future Bridges releases. Beneficiaries who wish to be part of the passive redetermination process may provide their consent when applying for coverage. Once consent is given the Department will examine federal and state tax returns to determine subsequent eligibility for Medicaid programs without the need for additional action by the caseworker or beneficiary. In response to an inquiry, MDHHS staff and meeting attendees also discussed the income and asset limitations for Medicaid eligibility.

Federal Regulatory Guidance

Chris Priest reported on several pieces of federal regulatory guidance that have been issued by CMS recently, including:

- New rules related to Medicaid managed care with implications for MDHHS payment mechanisms, Prepaid Inpatient Health Plans (PIHPs), and many other areas;
- A new access regulation that requires MDHHS to develop a process by the end of 2016 to determine that access to care would not be harmed if Medicaid Fee-for-Service (FFS) rates are reduced;
- A new outpatient drug regulation that changes the reimbursement methodology for pharmacists as it relates to dispensing fees and ingredient costs; and
- New regulations related to mental health parity.

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Chris encouraged meeting attendees to contact MDHHS with any concerns related to any new guidance from CMS, and noted that all federal rules for Medicaid are available on the CMS website at www.medicaid.gov >> Federal Policy Guidance.

Managed Care

Common RX Formulary Update

Kathy Stiffler reported that two stakeholder meetings have been held related to the implementation of a common formulary among all health plans to discuss coding changes that will need to be made as a result of the transition. The transition to a common formulary began on April 1, 2016, with a planned completion date of October 1, 2016.

Provider Surveys

MDHHS is working to develop a survey for primary care providers to give input to MDHHS related to their experience in working with the Medicaid health plans. When the survey is released, providers will be randomly assigned a health plan to evaluate, but may complete additional health plan evaluations as well.

Maternal Infant Health Program (MIHP) Transition

MDHHS has released project #1611-MIHP for public comment, which discusses the planned transition of MIHP services to the Medicaid health plans. This change will be effective October 1, 2016. In addition to accepting written comments on the proposed policy change, MDHHS has also planned meetings with MIHP providers, both in-person and through a webinar, to discuss its impact and help to ensure a smooth transition.

Long Term Care Services and Supports Updates

MI Health Link

Dick Miles announced that Pamela Gourwitz has been hired as the new director of the Integrated Care Division, which oversees the MI Health Link program for individuals who are dually eligible for Medicare and Medicaid, and provided an update on the program. Currently, 30,800 individuals total are enrolled in MI Health Link, including 1,800 individuals in nursing homes. Dick noted that enrollment has declined from 42,500 beneficiaries in September 2015, which is a result in part from beneficiaries losing Medicaid eligibility. As a solution to this problem, he reported that MDHHS is working to implement a new process known as deeming, in which MI Health Link beneficiaries who lose Medicaid eligibility may remain enrolled in MI Health Link for up to 90 days while their eligibility status is resolved. The next passive enrollment period for MI Health Link begins in June 2016, in which all individuals in the four demonstration regions (Upper Peninsula, Southwest Michigan, Wayne County and Macomb County) who are dually eligible for Medicare and Medicaid will be enrolled into MI Health Link if

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they have not chosen to opt out. MDHHS is also working with its integrated care organization partners and provider groups to update its marketing strategy for the demonstration in order to encourage more eligible individuals to enroll voluntarily. A stakeholder meeting is planned for fall 2016.

A meeting attendee asked how the process of deeming within MI Health Link would affect PIHPs. In response, Dick noted that the Medical Services Administration has discussed the issue with the Behavioral Health and Developmental Disabilities Administration and determined that the PIHPs who participate with MI Health Link would continue use their own discretion regarding whether to provide services to an individual who has lost Medicaid eligibility. Unlike Integrated Care Organizations, PIHPs are not entitled to retroactive reimbursement for services rendered in the event that a beneficiary's Medicaid eligibility is restored.

A meeting attendee also requested information on why the individuals currently enrolled in MI Health Link chose to remain in the program while others disenrolled. In response, Dick reported that MDHHS is working with Michigan State University (MSU) to conduct a survey of MI Health Link beneficiaries regarding their experience with the demonstration.

Policy Updates

Revised Organizational Chart for MDHHS

MDHHS staff reported on organizational changes within the Department, including the migration of Children's Special Health Care Services (CSHCS) to the Medical Services Administration within the Bureau of Medicaid Care Management and Quality Assurance.

Health Homes/MI Care Team

MDHHS will implement a health home model known as MI Care Team for individuals with certain chronic conditions on July 1, 2016, with the goal of better integrating physical health and behavioral health treatment services. The Department has selected 10 federally qualified health centers in 18 counties throughout the State of Michigan to help implement the program, and expects to serve approximately 10,000-12,000 individuals per year based on available funding.

Other

MDHHS staff also discussed bulletin MSA 16-10, regarding targeted case management services for beneficiaries who were served by the Flint water system, and bulletin MSA 16-11, regarding Flint Water Group medical assistance. The public comment portion of the policy promulgation process for both bulletins is being conducted concurrently with their implementation, and interested parties may submit comments until June 8, 2016. A policy bulletin handout was also distributed to attendees.

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A meeting attendee also requested clarification on eligibility requirements for the Women, Infants and Children (WIC) program. In response, MDHHS staff reported that women who are pregnant or nursing, infants and children under the age of five who are eligible for Medicaid are also eligible for WIC. The Department is also preparing to issue a press release to clarify WIC eligibility requirements.

The meeting was adjourned at 3:45 p.m.

Next Meeting: August 9, 2016