



MEDICAID 101+

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Executive Director
Michigan Association of Health Plans

MAHP: Who We Are

- The Michigan Association of Health Plans is a nonprofit corporation established to promote the interests of member health plans.
- MAHP's mission is "to provide leadership for the promotion and advocacy of high quality, accessible health care for the citizens of Michigan."
- Represents 13 health plans covering all of Michigan and more than 45 related business and affiliated organizations. Our member health plans employ about 8,000 persons throughout the state.
- Member health plans provide coverage for more than 3 million Michigan citizens – nearly one in every three Michiganders.
- Member health plans collect and use health care data, support the use of "evidence based medicine", and facilitate disease management and care coordination in order to provide cost-effective care.

MAHP: Who We Are

MAHP Member Health Plans:

Aetna Better Health of Michigan
1,2,3

Fidelis SecureCare 3

Harbor Health Plan 2

Health Alliance Plan 1,2,3

Molina Healthcare of Michigan
1,2,3

Physicians Health Plan 1

Total Health Care Plan 1,2,3

McLaren Health Plan 1,2,3

Meridian Health Plan 1,2,3

Paramount Care of Michigan 1

Priority Health 1,2,3

Upper Peninsula Health Plan 2,3

United Healthcare Community Plan
1,2,3

Key: 1 = Commercial Health Plan

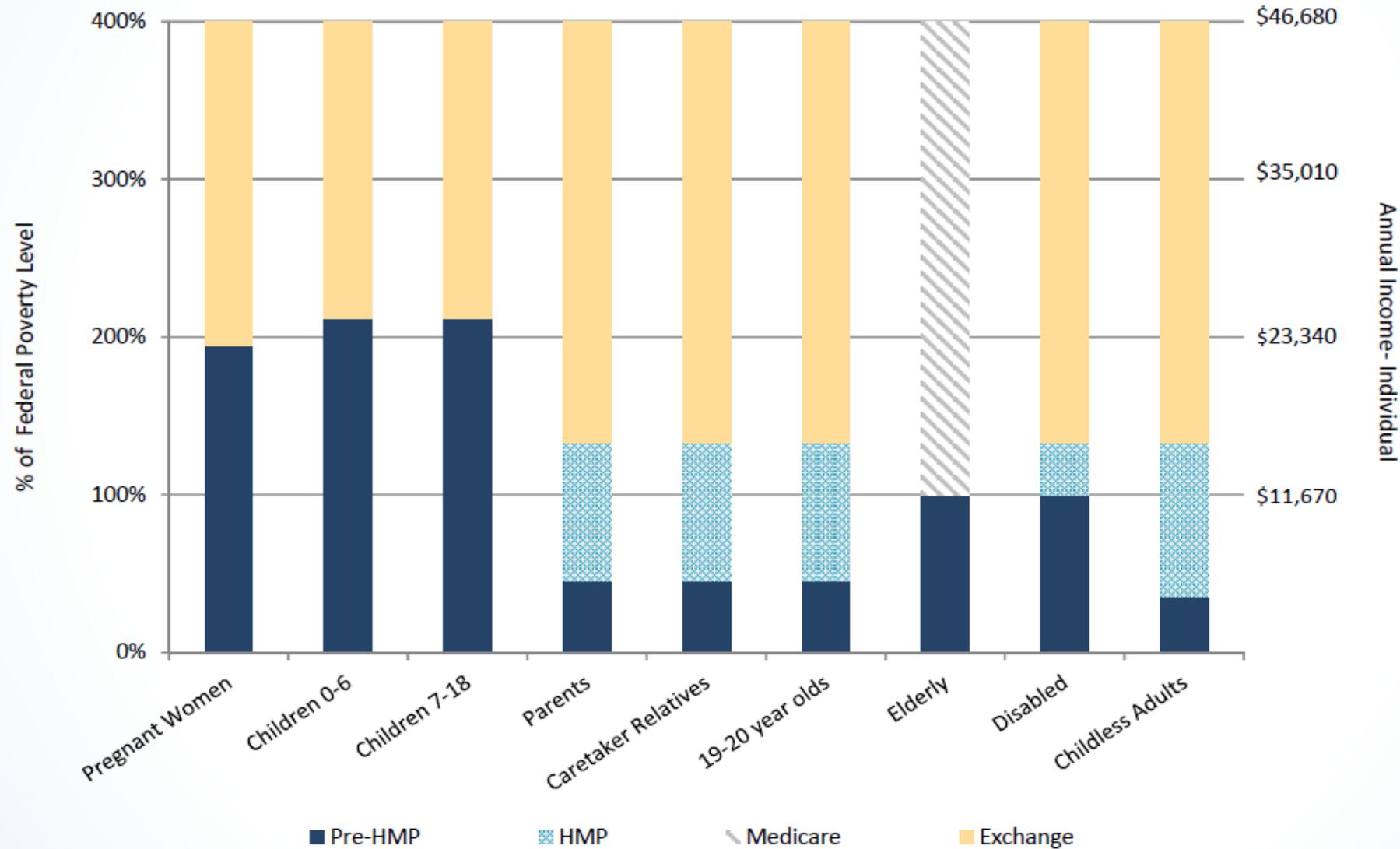
2 = Medicaid Health Plan

3 = Medicare Advantage or Medicare Special Needs Plan

MAHP VISION

- *By 2020, Michigan will provide health insurance coverage and options to more than 99% of the State's population.*
- *By fostering competition, by 2020 Michigan will become one of the top 25 competitive states for health insurance.*
- *Michigan's Health Plans will work with partners in government, the provider community, community organizations, and business to improve the health status of Michigan residents.*

Eligible Populations



Managed Care Beneficiaries have Choice of Plans

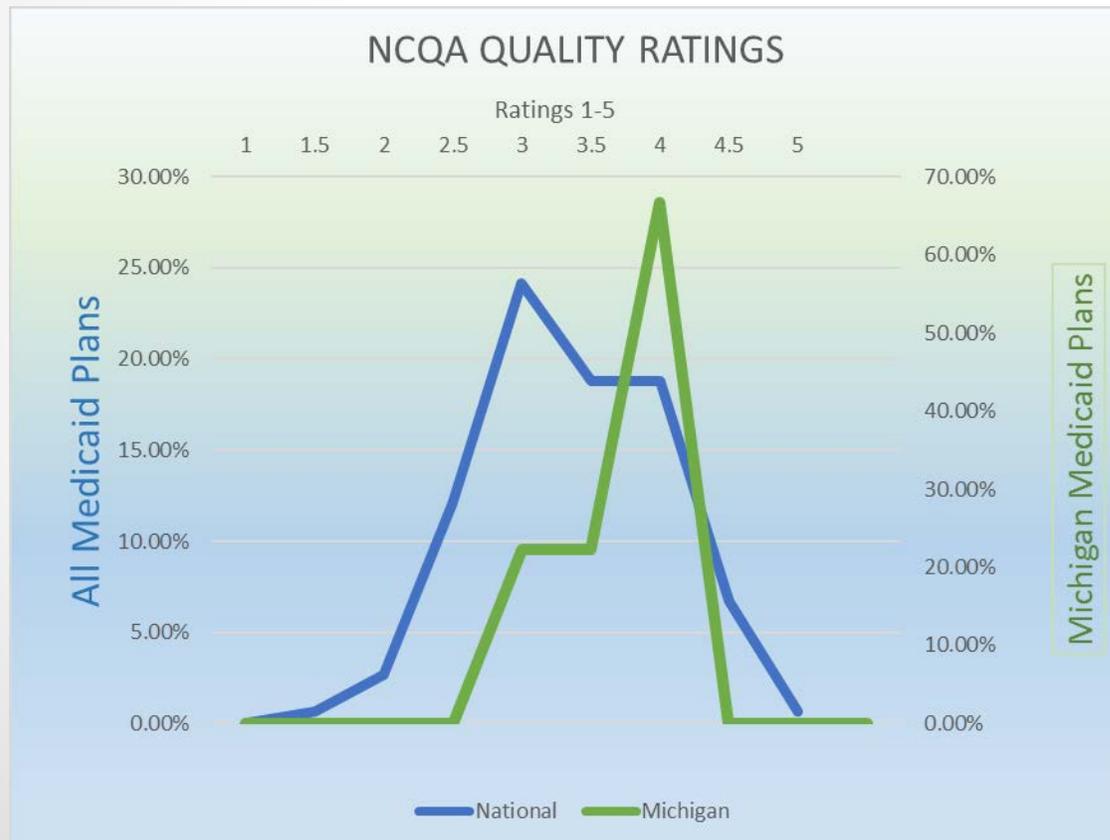
- Over 2/3 of new enrollees make a choice of their plan and about 1/3 of new monthly enrollment is due to Auto Assignments (when beneficiary does not make choice)
- Auto Assignment enrolls beneficiaries to health plans using performance based criteria
 - Quality Measures
 - Administrative measures
 -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

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.
- **Managed care provides greater access to care**
 - Primary care providers open to Medicaid
 - No wait list for Medically necessary and clinically appropriate services
- **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)

Medicaid Managed Care

- **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 and rating through NCQA, who compare the quality and services of more than 1,000 health plans that collectively cover 138 million people—more than 43% of the nation's population through stressing health outcomes and consumer satisfaction

Prescription Drug Spending Increasing at Fastest Rate in More than a Decade

U.S. spending on prescription medicines jumped 12% to \$425 billion in 2015, following a 13% increase the previous year

12%
increase

\$425 BILLION

Source: Medicines Use and Spending in the U.S. – A Review of 2015 and Outlook to 2020, IMS Institute

Medicaid FFS RX Expenditures		
Fiscal Year	Actual Expenditures	Change year to year
2013	\$248.4 million	
2014	\$263.7 million	5.8%
2015	\$268.0 million	1.6%
2016	\$319.4 million	16.0%
2017	\$537.5 million (allocated)*	40.0%

Prescription Drug Trends for Michigan Medicaid Managed Care Organizations			
Eligibility Category	FY14 / FY13	FY15 / FY14	Average FY15/FY13
TANF	16.4%	8.1%	12.3%
ABD	32.9%	5.5%	19.2%
CSHCS	31.5%	14.9%	23.2%

BLOCK GRANT FUNDING

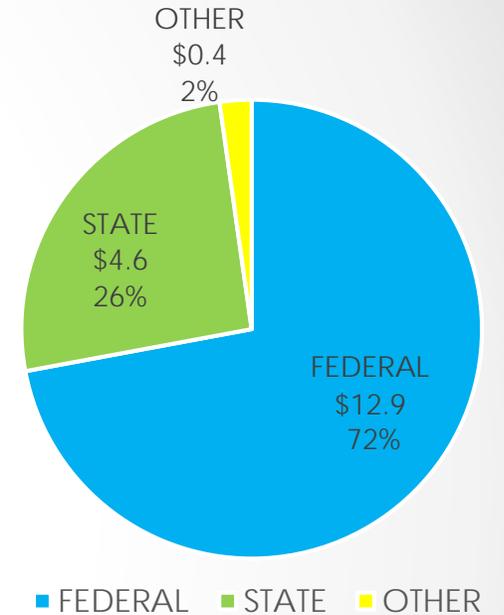
- **Current Medicaid Funding (FY 16-17)**

- Currently, states share the cost of Medicaid with the federal government
- 12.9 Billion Dollars from the Federal Government (estimated)
- 4.6 Billion Dollars from the State (estimated)

- **How would a block grant work?**

- The federal funding is open-ended, but in return, states must cover certain services and people — for instance, children, pregnant women who meet income criteria and parents with dependent children. Under a block grant, states would have more flexibility to decide who qualifies, for what services, provider payment cuts, and what taxes to raise to fill any gap.
- Today, funds follow the need. In exchange for program flexibility, the Federal Government places a cap on Federal Funding. Block grants differ “per capita caps” in that block grants don’t account for number of people in the State eligible for the program.

Medicaid Funding (in billions)



BLOCK GRANT FUNDING

- **Why should you care?**
 - Medicaid is a major government program (1 in 4 Michiganders use Medicaid)
 - Underfunding would have a fiscal impact on many economic sectors, by increased uncompensated care. Leading to higher premiums for others.
 - Reforming Medicaid could also effect what services clinics and hospitals provide. The Healthy Michigan Program is extremely helpful in economically strengthening clinics and hospitals in Michigan. If their budgets are reduced they will likely have to reduce levels of employment.
- **What are the odds this actually happens?**
 - Now that the GOP has control over Congress and the White House, Republicans have made health care a top priority, including provisions in the new budget to repeal Obamacare, for instance.
 - Large portions of a block grant proposal could be achieved through budgetary reconciliation, both Park and Miller said. That means it could pass without Democrat support, even in the Senate, since it would only require 51 votes.

Figure 1

A block grant or per capita cap would be a fundamental change to Medicaid financing.

	Current Medicaid Program	Block Grant	Per Capita Cap
Coverage	<ul style="list-style-type: none"> Guaranteed coverage, no waiting list or caps 	<ul style="list-style-type: none"> No guarantee (can use wait lists or caps) 	<ul style="list-style-type: none"> May be guaranteed for certain groups
Federal Funding	<ul style="list-style-type: none"> Guaranteed, no cap Responds to program needs (enrollment and health care costs) Can fluctuate 	<ul style="list-style-type: none"> Capped Not based on enrollment, costs or program needs Fixed with pre-set growth 	<ul style="list-style-type: none"> Capped per enrollee Not based on health care costs and needs Fixed with pre-set growth per enrollee
State Matching Payments	<ul style="list-style-type: none"> Required to draw down federal dollars Federal spending tied to state spending 	<ul style="list-style-type: none"> Unclear Federal spending not tied to state spending beyond cap 	<ul style="list-style-type: none"> Unclear Federal spending not tied to state spending beyond per enrollee cap
Core Federal Standards	<ul style="list-style-type: none"> Set in law with state flexibility to expand 	<ul style="list-style-type: none"> Uncertain what the requirements would be to obtain federal funds 	

Conclusion

- Michigan's Medicaid Program
 - Is a national leader in many areas while emphasizing sound fundamentals
 - Is setting a new trend with Healthy Michigan; incentivizing health behaviors and personal responsibility
 - Is cost effective while delivering access and quality services to beneficiaries
 - Tracks performance through a wide range of metrics
 - Will continue to pursue cutting edge policies that improve program performance





mahp
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