Michigan Department of Community Health
MDCH
Jennifer M. Granholm, Governor
Janet Olszewski, Director

Medical Services Administration

Medical Care Advisory Council

Minutes

Date: July 13, 2005 (Tuesday)

Time: 1:00 P.M. to 4:00 P.M.

Where: Michigan Public Health Institute
2436 Woodlake Circle, Suite 380
Okemos MI 48864

Attendees: Jocelyn Vanda, Larry Wagenknecht, Priscilla Cheever, Jason Fournier (representing Bruce Bragg), Christine Chesny, Dianne Haas, Jan Hudson, Sandra Kilde, Kathleen Kirschenheiter, Gary Ley, Anita Liberman-Lampear, Paul Shaheen, Dan Briskie, Walt Stilner, William Mayer, Pat Anderson, Kim Ringlever, Jackie Doig, Reg Carter, Pat Anderson, Ed Canfield, Priscilla Cheever, Ed Kemp, Kathy Whited, Neil Oppenheimer, Karen Rothfuss, Steve Fitton, Paul Reinhart, Logan Dreasky, Deanna Mitchell, Steve Bachleda, Sue Moran

Absent: Roger Anderson, John Barnas, Vernice Davis-Anthony, Andrew Farmer, Herman Gray, Alison Hirschel, Kathy Kendall, Dave LaLumia, Jackie McLean, Warren White, Dan Wilhelm

General Comments

All attendees introduced themselves and indicated their areas of interest with regard to the MCAC. An overview of the meeting materials and the agenda followed. Although the agenda for this meeting was quite full, Mr. Reinhart wanted the Council members to know that it only represents a small part of what the agency has been doing since the May 2005 MCAC meeting. Some of these issues are listed below:

- Medicaid Simplification – A joint effort with DHS (Department of Human Services) to simply Medicaid rules to reduce the burden on eligibility workers
- Provider Taxes Interactions – How these taxes can be utilized to reduce the negative impact of cuts in provider reimbursement
- Healthy Kids Dental Program - Expansion to additional counties
- Medicare Part D – How to reduce the negative impact of the pharmacy “clawback” (by approximately $12 million per year)
- MMIS – A much needed replacement of the present system
- Federally Qualified Health Centers – Foundation funds will now be federally matched to increase financing for these centers
- Budget – A consensus was reached that the fiscal 2005 shortage amount is approximately $100 million gross
- Discontinued Programs - Both the U of D dental and Wayne State Morris Hood Clinic subsidies were discontinued and MDCH is trying to obtain funding to support these programs
- Mental Health - CMS has approved a mental health provider tax
- School-Based Services – Medicaid helps subsidize the delivery of health care in schools and recently there has been a great deal of activity in this area
- Actuarial Soundness – Interactions with CMS and our actuaries to justify our continuation of the current level of payments into 2006

- Physician Provider Tax – Mr. Reinhart and Mr. Fitton have continued to travel around the state to present this Executive Budget recommendation to the physician community
- Nursing Home Capital Issues – Support for a $5 per day additional payment to those homes willing to remodel, and the policies necessary for implementation

Although Mr. Reinhart had many additional items on the list, he wanted to emphasize that the Department is working very hard to address a myriad of issues on a daily basis.

Policy Simplification Update

Logan Dreasky, Manager of the Eligibility Policy Section, presented an update on policy simplification efforts. The original purpose of the MDCH/DHS simplification project was to streamline procedures for workers, but in the process, ideas were presented that would not only benefit the workers, but would benefit beneficiaries as well. Some highlights are listed below:

- Freedom to Work Program – Coding changes have been made to the Local Office Automated System to accommodate this new program and a direct mailing is going to be done to notify those who might be eligible for this program.
- Spend Down Simplification – The term "spend down" was changed to "deductible" effective 7-1-05. There has been a proposal to change the way in which spend down is set up. Currently it is calculated on a monthly basis, but the proposal is to use a single spend down calculation to cover a three month period (unless the spend down amount goes down). Research is also taking place on how the process can be automated in the future.
- Redetermination Simplification – MDCH is working with DHS to develop a simplified, pre-populated prototype for the redetermination process. The food stamps program mid-certification process has already been simplified.
- Single Manual – At the present time DHS has two separate manuals that contain eligibility information, and MDCH has one. Meetings will begin shortly to discuss a single eligibility manual.

MiCAFE, is a federally funded research project available in Genesee and Cass Counties being administered by Elder Law of Michigan. They teach volunteers how to assist seniors in applying for food assistance programs benefits. MiCAFE was referenced by one of the meeting participants as an example of a simplification process that is also very user friendly.

Mr. Dreasky indicated that DHS is working on a project called "Bridges" to solicit bids for a new eligibility system. A screening tool has been discussed as part of a second or third phase of the project. A suggestion was made to include the Bridges project presentation as a future agenda topic.

Response to MCAC Letter on the Budget

Ms. Hudson thanked the members for their comments and participation in submitting a letter as a group to Paul Reinhart and key legislators. She also asked members if the letter had been shared with others. The Michigan Home Health Association Board is going to use the letter to advocate for budget changes. Vernice Davis-Anthony was going to present the letter to the Detroit Health Council at their July 2005 meeting. Ms. Hudson encouraged the members to share the letter with others.

1115 Waiver

The Modernizing Michigan Medicaid Initiative includes components that require an 1115 Waiver, which was submitted to CMS on June 1, 2005. Components labeled sustainability initiatives, which do not require a waiver, were also included. The sustainability initiatives include:

- $40 million for the physician assessment
- $43 million for rate reductions
- $4.3 million for estate recovery
- $8 million for asset loopholes
- $7.8 million for the Family Planning Waiver

The rate reductions appear to be on track. The physician assessment is not included in the House or Senate budget. Estate recovery is awaiting sponsorship. The Family Planning Waiver is actually an 1115 Waiver, which was sent to CMS a few months ago. CMS sent back several questions, and the answers will be submitted to CMS shortly.

Other cost savings proposals submitted for federal approval are:

- Waive actuarial soundness
- Eligibility changes including freezing enrollment in the 19 and 20 year old population
- Waive requirement for retroactive eligibility
- Benefit limitations to Caretaker Relative and 19 and 20 year old categories – 20 inpatient hospital days per year, 4 prescriptions per month, a $10 co-pay on ER visits and elimination of some therapies

There has only been one informal conversation with the Federal government. The Department is awaiting their questions.

Long Term Care Update

Deanna Mitchell and Steve Bachleda from the Bureau of Policy and Actuarial Services attended the meeting to provide the long-term care update. In the fall of 2002, Governor Engler closed the MIChoice Waiver to enrollment. As a response to that a lawsuit was filed. When Governor Granholm took office, she helped facilitate an out-of-court settlement that included the creation of a Long Term Care Task Force. The Task Force recently completed its final report and it is available on the Michigan Department of Community Health website. Recommendations include the following:

- The formation of the Long Term Care Commission
- The establishment of the Office of Long Term Care Supports and Services within MDCH
- Access to Long Term Care, Service Planning and Education – Education and guidance would be available through a single point of entry. Person Centered Planning would be utilized, and long-term care service options and information would be expanded.
- Changes in how long term care is financed – Medicaid is presently spending approximately $1.8 billion per year on long-term care services. The concept of “Money Follows the Person”, means that money would be available to a person in whatever setting they end up choosing. Pursuit of case mix reimbursement was also recommended, which means that reimbursement would depend on a person’s acuity level. An example of case mix reimbursement is the RUGS system, which is used by Medicare for nursing homes. A different per diem rate is assigned to each acuity level. The availability of managed care as an option for consumers was also recommended.

- Preventing or Delaying the Need for Long Term Care – Providing health education to the public, caregiver support, injury control, chronic care management, and palliative care
- Quality of Care – Establish a Quality Management System and improve and sustain the long-term care workforce.
- Resource Maximization – Methods to maximize resources include estate recovery, estate preservation and prevention of divestment of assets, promotion of long term care insurance or other self funding of care, increasing the federal responsibility for dual eligibles, and maximization of Medicare funds.

The MCAC agreed to send a letter to Janet Olszlewski in support of the process and open-mindedness of the Long Term Care Task Force. Additional suggestions for inclusion in the letter were:

- The critical need for Inclusion of an Advance Directive
- Atmosphere of cooperation and open-mindedness in implementing the Task Force recommendations
- Obtaining an increased federal response for dual eligibles and long term care as a whole

The letter will be drafted and by Christine Chesny.

According to one of the MCAC members who participated on The Long Term Care Task Force, the number one item for the National Governors' Association is long- term care.

Budget and Revenue Issues

2005 Update and Federal Reform – There is a continuing fiscal problem in the Medicaid budget, which will probably be resolved as the 2006 budget nears completion.

Governor Granholm is one of ten governors involved in various Medicaid reform proposals at the federal level. The report was issued approximately 2 weeks ago. One of the recommendations would save Michigan nearly $100 million by requiring manufacturers to offer rebates on managed care pharmacy expenditures. Currently we receive rebates on our fee for service pharmacy expenditures only. Although the (NGA) National Governors' Association feels the federal government should take responsibility for low-income Medicare beneficiaries, including their long-term care needs, there is no support for this in Washington. A commission has been formed to look at how to cut Medicaid funding by $ten billion in the next five years. The Democrats in Congress and on the NGA declined to participate because although they feel Medicaid reform is an important issue, they don't feel it should be budget based.

2006 Budget – The MCAC members agreed to send a letter to the Legislature regarding their grave concerns about the proposed Medicaid cuts in the House and Senate budgets. The letter would also advocate for obtaining additional revenue as an alternative to the cuts. Ms. Hudson mentioned a survey that had recently been done by Michigan State University. One question asked was whether people would approve of a tax increase so Medicaid beneficiaries would not lose their prescription drug coverage. The overwhelming response was a positive one. National surveys seem to have similar results.

2007 Budget Process – The structural deficits for 2006 have not been corrected. Ms. Hudson spoke with Chuck Overbey of the State Budget Office and he told her the 2007 budget process had not gotten underway but suggested that the Council be proactive rather than reactive.

When Representative Bruce Caswell joined the meeting, Mr. Reinhart gave him an overview of the MCAC. Mr. Caswell gave the members the opportunity to ask questions. The members expressed their displeasure regarding the House budget recommendations and the legislative cuts as a whole. Representative Caswell defended the House budget indicating it protected the same groups the Governor vowed to protect. Mr. Caswell felt that the people who would no longer qualify for Medicaid due to cuts would probably qualify for "Plan B" (Indigent Care Plans.) He felt the Plan B plans should be expanded throughout Michigan because he feels they have been very effective. He indicated that additional counties are interested in implementing these plans. He does understand that these plans have limited coverage compared to Medicaid but feels they are better than no coverage at all. He did not feel "Plan C" (Third Share Plans) have been successful in the past. He indicated that the people in his district do not want tax increases and he does not see it as an option at this time.

The discussion did include the disadvantages of Indigent Care Plans and the possibility that removing groups from Medicaid coverage could actually increase costs to the state in the long run and split up families.

Representative Caswell identified Workers' Compensation and Unemployment Compensation as the two biggest concerns of business. Electricity was third on the list of concerns, followed by the inability to find good technical people (e.g. welders), and property tax law changes that hamper entrepreneurs. He did not cite health care costs in his list of top business concerns.

He also indicated he was looking at serious fundamental changes in the way health care is delivered. He indicated that he was not ready to provide any details or specifics.

When asked about long-term care and duel eligibles, Mr. Caswell responded that he had not had time to study the issue.

When asked about proposed cuts in the MIChoice Home and Community Based Waiver, he indicated that he was "continuing to dig".

The meeting adjourned at 4:40 p.m. with 2 agenda items remaining.