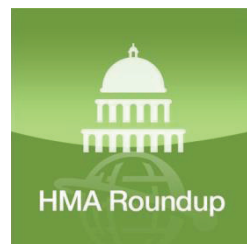
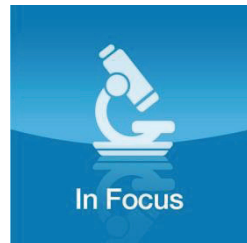


# HEALTH MANAGEMENT ASSOCIATES

# HMA Weekly Roundup

Trends in State Health Policy

..... May 13, 2015 .....



## THIS WEEK

- IN FOCUS: MICHIGAN RELEASES MEDICAID MANAGED CARE RFP
- ILLINOIS MANAGED CARE ENROLLMENT TOPS 2 MILLION
- MISSOURI BUDGET INCLUDES MEDICAID MANAGED CARE EXPANSION
- NEW JERSEY DHS PROJECTS 2016 MLTSS GROWTH
- NEW YORK DOH WORKING WITH CMS ON FIDA RATE INCREASE
- MOHR PETERSON APPOINTED HAWAII MEDICAID DIRECTOR
- IOWA SENATE BUDGET BILL IMPACTS MEDICAID MANAGED CARE
- MACPAC TO MEET MAY 14-15
- HMA UPCOMING WEBINAR: "NEW YORK STATE'S AMBITIOUS DSRIP PROGRAM: A CASE STUDY"

## IN FOCUS

### MICHIGAN RELEASES MEDICAID MANAGED CARE REQUEST FOR PROPOSALS (RFP)

This week, our *In Focus* section reviews the Medicaid managed care request for proposals (RFP) issued by the Michigan Department of Health and Human Services (MDHHS) on Friday, May 8, 2015. MDHHS is rebidding its Medicaid managed care contracts across all 10 regions of the state, covering more than 1.6 million Medicaid lives as of April 2015. While the RFP is built upon the existing managed care program, it represents a shift in bidder evaluation toward population health management, payment reform, and other goals of Michigan's State Innovation Model (SIM) initiative. These health reform goals are not only the basis of selecting successful bidders but are also reflected in many new requirements that bidders must meet, either at the time new contracts begin or within specified timeframes. Additionally, the RFP presents the possibility for a reduction in the number of contracted health plans. A total of 13 plans currently serve the Medicaid managed care population, with four plans holding around two-thirds of the market share. Bids are due to the state in August 2015, with an implementation date of January 1, 2016.

[RFP CALENDAR](#)

[DUAL ELIGIBLES CALENDAR](#)

[HMA NEWS](#)

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### RFP Overview

**Scope:** As of April 2015, there were just under 1.61 million individuals enrolled in a Medicaid health plan across 10 regions covering the entire state, which includes close to 450,000 Healthy Michigan Plan (HMP) enrollees in the state's Medicaid expansion plan. Also included in the 1.61 million are more than 55,000 dual eligibles enrolled in Medicaid health plans for their Medicaid services. Federal fiscal year 2014 Medicaid managed care spending in Michigan exceeded \$5.4 billion, with average per member per month spending of around \$335.

**Covered Populations:** Populations mandatorily enrolled in Medicaid managed care in Michigan include traditional populations of children, families, and pregnant women, as well as the aged, blind, and disabled (ABD) populations, children in foster care, the HMP population, and persons enrolled in the Children's Special Health Care Services (CSHCS) program. Migrants, Native Americans, and dual eligibles may voluntarily enroll in managed care.

Those populations excluded from managed care enrollment include individuals residing in a nursing facility, an intermediate care facility for individuals with intellectual disabilities, or state psychiatric hospital; individuals authorized to receive private duty nursing or being served under a home and community based services waiver; individuals enrolled in the Program of All-inclusive Care for the Elderly; individuals enrolled in the state's dual eligible financial alignment demonstration, MI Health Link; as well as select other populations detailed in the RFP.

**Behavioral Health Integration:** Under the RFP, awarded health plans must agree to work with MDHHS to develop initiatives to better integrate behavioral health services covered by either the health plan or the one of the ten managed mental health care plans (prepaid inpatient health plans (PIHPs)), including the provision of incentives to primary care providers to support behavioral health integration, facilitate the placement of PCPs in community mental health centers, and facilitate placement of behavioral health clinicians in primary care settings. Additionally, health plans are required to have provider agreements in place with all PIHPs in the regions they wish to serve.

**Contract Awards/Term of Contract:** The regional configuration for this RFP is new, based on Governor Snyder's "Prosperity Regions". This regional structure is significantly different than the current Medicaid managed care regional configuration. Bidders may bid on any combination of regions in the state (with the exception that plans wishing to bid on either Region 2 or Region 3 must bid on both of those regions), but must cover all counties in a region. This is a new requirement that has resulted in significant activity by the health plans to contract with providers in additional counties.

MDHHS has listed a proposed number of awards to be made in each region (detailed in table below). However, HMA notes that in past procurements, Michigan has awarded more than the proposed number of contracts per region and this should not be taken as a guarantee of a reduction of the number of health plan contracts awarded under this RFP.

Region	Proposed	
	Contract Awards	Current Contracts
1	1	1
2	2 to 3	4
3	2 to 3	3
4	3 to 5	6
5	2 to 3	6
6	3 to 5	8
7	2 to 3	4
8	3 to 5	6
9	3 to 5	7
10	5 to 7	9

All 13 incumbent plans are expected to bid on this RFP. In addition there is a strong possibility of bids from one or more national plans not currently serving Michigan Medicaid enrollees. Competition will likely be most intense in Region 10 where there are nine incumbent plans, a tenth plan that has already been approved to serve counties in the region and at least one more bidder expected to enter the market.

Contracts will go live on January 1, 2016, with a five-year contract term through December 31, 2020. Additionally, the state may optionally extend contracts for up to three additional years, taking the potential life of the contract out through December 31, 2023.

**Rate Setting and Risk Adjustment:** MDHHS will establish actuarially sound capitation rates and intends to post rate information for bidders on May 29, 2015. Capitation rates will be risk-adjusted based on case mix. Additionally, the state may implement risk-mitigation strategies for the HMP population.

**Quality Withhold:** The state will withhold 1 percent of capitation payments, which may be earned back through performance bonus awards. The criteria for awards is yet to be finalized, but will include assessment of performance in quality, access, enrollee satisfaction, and administrative functions.

### Evaluation Criteria

The technical evaluation criteria under this RFP lean heavily on the narrative responses worth 50 percent of the total possible points. Parts of the narrative address significant health reform goals, including some which are aligned with the state's SIM initiative. The five narrative submission sections address:

- I. **Population health management**, including quality assessment and performance improvement, care management, and behavioral health integration. This section also includes items related to social determinants of health, data analytics on population health management, and community collaboration.
- II. **Patient-Centered Medical Homes (PCMH)** including the approach to encouraging primary care providers to transition to PCMHs, as well as experience contracting with accountable systems of care, such as risk-bearing provider entities.
- III. **Health Information Exchange (HIE) and Health Information Technology (HIT).**

- IV. **Provider network**, including details on provider availability and enrollee access to culturally appropriate services.
- V. **Payment reform**, including details on current value-based payment arrangements and the bidder’s intentions to expand value-based reimbursement in Michigan if awarded a contract.

Technical Evaluation Criteria	Points	% of Total
Exhibit B – General Proposal Requirements	10	1.0%
Exhibit E – Narrative Submission	510	50.0%
Exhibit F – Contracted Primary Care Providers by Region	125	12.3%
Exhibit G – Contracted Specialist Providers by Region	25	2.5%
Exhibit H – Contracted Adult Specialists Statewide	25	2.5%
Exhibit I – Contracted Pediatric Subspecialists Statewide	25	2.5%
Exhibit J – Geo-Access Study Maps and Access to Services	100	9.8%
Exhibit K – Health Effectiveness Data and Information Set (HEDIS) Quality Measures	100	9.8%
Exhibit L – HIE and HIT Capabilities	90	8.8%
Exhibit M – Bidder Organizational Profile	10	1.0%
<b>Total Points Possible</b>	<b>1,020</b>	

In addition to the scored provisions there are many additional requirements that are pass/fail items to which the bidder must attest current or future compliance. Significant among the new requirements are working with the state on development of payment reform initiatives, behavioral health integration initiatives, and population healthy initiatives. Bidders are also required to provide or arrange for the provision of community health workers (CHWs) to enrollees who have significant behavioral health issues and complex physical co-morbidities. Each successful bidder must maintain a CHW to enrollee ratio of at least one CHW for every 20,000 Medicaid enrollees.

**RFP Timeline**

Bidders may submit written questions on the RFP this month, with questions on rate information due in early June; questions will be answered by MDHHS by the end of June. Proposals are due on August 3, 2015, with the date of contract award announcements to be determined. Contracts are scheduled to go live on January 1, 2016.

Timeline Event	Date
Deadline for Written Questions	May 26, 2015
Rate Information Posted	May 29, 2015
Deadline for Rate Questions	June 11, 2015
Anticipated Posting of Answers to Questions	June 29, 2015
Proposals Due	August 3, 2015
Contract Awards	TBD
Implementation	January 1, 2016

**Incumbent Market Landscape**

The Michigan Medicaid managed care program is currently served by 13 health plans. The Upper Peninsula Health Plan is the lone plan in Region 1, which covers the entirety of the Upper Peninsula. Two of the four largest health plans in the state – Meridian and McLaren – currently serve the majority of counties in all nine regions in the Lower Peninsula and each has recently been approved to serve the entire Lower Peninsula by the Insurance Commissioner. There is significant participation from a number of provider-owned health plans, with only three publicly traded health plans in the state (United, Molina, and Aetna), and one other large multi-state health plan (Meridian).

Health Plan	Region										Total (All Regions)
	1	2	3	4	5	6	7	8	9	10	
Meridian Health Plan		20,009	16,588	65,670	15,280	38,264	12,012	74,307	55,676	111,390	409,196
UnitedHealthcare				11,545	7,075	13,426		36,876	12,594	175,649	257,165
Molina Healthcare		5,816	7,037	39,531	23,561	7,106	2,137	916	3,359	143,932	233,395
McLaren Health Plan		8,401	14,092	10,723	23,385	41,167	31,358	13,022	1,234	21,920	165,302
Priority Health Choice		6,408		91,139				1,444	4,851		103,842
HAP Midwest						1,164			10,286	82,783	94,233
HealthPlus Partners					26,870	61,354					88,224
Blue Cross Complete									24,607	59,046	83,653
Total Health Care						5,407				59,614	65,021
CoventryCares (Aetna)								2,768		38,661	41,429
Upper Peninsula Health Plan	41,093										41,093
Sparrow PHP				651	210	686	18,729				20,276
Harbor Health Plan										6,683	6,683
<b>Total (All Plans)</b>	<b>41,093</b>	<b>40,634</b>	<b>37,717</b>	<b>219,259</b>	<b>96,381</b>	<b>168,574</b>	<b>64,236</b>	<b>129,333</b>	<b>112,607</b>	<b>699,678</b>	<b>1,609,512</b>

*Note: Enrollment by region in the table above is based on county specific enrollment applied to the new regional structure. Health plans may not be serving all counties within a given region currently.*

[Link to RFP, More Information](#)

The RFP and related documents are available on the Buy4Michigan.com web portal, available [here](#).

For more information on Medicaid and managed care in Michigan, please see the HMA Michigan Update, available [here](#).