MSHN
Mid-State Health Network

Council, Committee or Workgroup Meeting Snapshot

Meeting: Finance Council

Date: August 14, 2017
***Phone Meeting**

☒MSHN – Leslie Thomas
☒MSHN – Amy Keinath
☐Bay – Marci Rozek
☒CEI – Stacia Chick
☒Central – LeeAnn Sloan
☒Gratiot – Shad Stroh
☒Huron – Anthony Ferzo
☒Lifeways – Alison Magda
☒Montcalm – Jim Wise
☒Newaygo – Carol Mills
☒Saginaw – Delores Ford-Heinrich
☒Shiawassee – Kevin Hartley
☒The Right Door – Kerry Possehn
☒Tuscola – Ann Marie Schneider

KEY DISCUSSION TOPICS

- Welcome and Attendance
- Review and Approval of Agenda
- Approval of Snapshot from July 2017 (on Box)
- Policy and Procedure Review
- Withholds
- Service Use and Analysis Reports
- Rate Review
- FY18 MSHN Budget
- Rate Setting Update
- Finance Council Dashboard
- Other updates: PIHP CFO, Contract Negotiation Committee, EDIT
- Sharing "things that we have learned that could be helpful to others"
- Next Meeting

✓ KEY DECISIONS

- Welcome and Attendance
- Review and Approval of Agenda – Agenda approved as presented.
- Approval of Snapshot from July 2017 (on Box) – Approved as presented.
- Policy and Procedure Review – There were no policies or procedures for review.
- Withholds – This item was discussed at the July meeting. *Effective with the FY17 contract, payment of the Medicaid withholds can be treated as local funding. The group discussed and decided that distribution of funding should be proportional to Medicaid funding, including SUD for MSHN.*
- Service Use and Analysis Reports – Amy presented the reports as distributed. Additional codes have been added to the Medicaid report from those presented at the July meeting. The HMP report includes the top 10 costing codes. Operations Council is requesting input from Finance Council as to how to proceed. Involvement will be required from Clinical and UM staff to define what services, direct and indirect, are included in each code. The CFOs agreed to review the data further for discussion at the September meeting.
- Rate Review – Operations Council requested internal and contractual rates for autism and the dashboard codes. Amy will develop an autism encounter report to show the reported cost by code so that further review can be done on the higher utilized codes. At this time, the rates are being presented to Operations Council as informational.

	• FY18 MSHN Budget – Amy presented the draft FY18 budget. If a CMHSP wants to update the numbers that were previously submitted, those updates should be sent by the end of the week at the latest. • Rate Setting Update – Carol sent the notes from the latest rate setting meeting. Those notes are attached for reference. • Finance Council Dashboard – Should the codes be updated from the current codes? The CFOs agreed to review the existing codes for further discussion at an upcoming meeting. • Other updates: PIHP CFO, Contract Negotiation Committee, EDIT – Leslie provided the PIHP CFO update. There was discussion related to the interchangeable use of Medicaid and HMP to cover cost overruns between both funding sources. There was also discussion on the movement of DAB eligibles to TANF and HMP. • Sharing "things that we have learned that could be helpful to others" – No discussion.
✓ **ACTION/INPUT REQUIRED**	• CFOs to review the service use and analysis reports for further discussion at the September meeting • Amy will develop a report from the reported autism encounters for the September meeting • CFOs to review current codes on the dashboard to determine if changes are needed.
✓ **DATES**	✓ Next Meeting: Phone meeting September 18th beginning at 10:00am

Rate Setting Meeting

July 17, 2017

1:00 PM – 3:00 PM

Cass 1st Floor North

Notes

I. Milliman Presentation on FY18 Capitation Rates

a. Development of Autism Rates

Revenues for providing Autism services are targeted to be $153.9 million for FY2018 based on an average of 2,310 people enrolled in services each month. Milliman looked at the month of February of 2017 for "U5" modifier services to determine this level and added a projected 90-person average increase per month in FY2018. The rate development uses the screen rates applied to utilization without any adjustment from FY 17, even though PIHP/CMHSP's indicate they are incurring higher cost to obtain workers. Current Autism revenues are arrived at based on service rates multiplied by units provided. As a comparison, $79 million was spent on autism services in FY16, although only 9 months had the full population eligible for services. The funding advances related to autism for FY2017 are based on enrolled people who received services multiplied by a monthly rate with an Actuarial estimate of $77 million annually as another way of comparing. It won't be known for a number of months how much was provided in services in FY2017, but all indications are that the new level for FY2018 will accommodate more services then were provided in FY2017. In FY2018, funding will also arrive through a capitation process and as long as the covered population estimates are consistent with actual counts, the $153.9 million should be available for services. There will be additional age rate cells in the DAB and TANF population then there were historically to reflect this (net of 3 age groupings addition). A small addition will also be made to the under 25-year-old HMP population for the handful of Autism service recipients with that coverage.

At this point, autism services will continue to be monitored and future rate changes will be based on service costs specific to this population. While the document shared by Milliman indicates this change would be related to the 1115 waiver, MDHHS indicated it would be rolled out on October 1, 2017.

MACMHB analysis and action: The representatives of MACMHB, CMHs, and PIHPs in attendance voiced the concern (a longstanding concern) that the unit/encounter rates for ABA services, being used to set the FY 2018 autism payments are too low and do not reflect Michigan's labor market BCBA nor related clinicians. This underpricing of the service, in the rates, causes the PIHPs, CMHs ,and providers to use Medicaid funds intended for other populations to subsidize the real cost of providing autism services. The lead for the MDHHS autism office agreed to meet with MACMHB representatives to discuss this issue. MACMHB will be calling together MACMHB members to meet with the staff of this office.

b. Development of Mental Health Rates

Rates for services to the DAB, TANF and HMP populations were developed based on FY15 and FY16 expenditures for these populations, Morbidity of the person served, provider shortage area, Managed Care Adjustment (1 to 2%), and IMD usage (item C below). From this information a trend increase ranging from 1.5% to 3.5% was added to each service type and population. Comparing the results to current FY17 funding levels on an overall statewide basis the DAB capitation rates increased by .1%, TANF rates increased by 6.3%, HMP increased by 5.1% and HSW decreased by 2%.

c. IMD Methodology for rates

The previous certification methodology was used to create an adjustment for services in excess of 15 days provided in an IMD setting. Per Tom's Memo, "A Medicaid enrollee, with an IMD stay beyond 15 days in a given month, retains their Medicaid eligibility, but loses their ability to participate in Medicaid managed care for that month", as a result the PIHP's may use their capitated funding to cover the IMD and other service.

MACMHB analysis and action: The IMD issue is resolved for a segment of PIHP/CMHSP concerns (that Medicaid and HMP dollars can be used to pay for the full IMD stay, beyond 15 days, and for all other Medicaid/HMP services provided to the enrollee during the month of the longer than 15 day IMD stay) but is still to be resolved for the last segment of concerns (the need for those Medicaid/HMP expenditures to be reflected in the costs of services that are used in the future year's rebasing). Note that while this would have been a localized problem in the past, now that past utilization is not part of the geographic factor for any PIHP, the loss of these expenses, in the future year's rate-setting, will have statewide, rather than just local implications. Ideally this issue needs to be resolved in a way that captures those expenses in the future year's rate-base.

MACMHB will continue to advocate with MDHHS for the inclusion of these legitimate Medicaid expenditures (those made in providing services to persons with IMD stays beyond 15 days) in the future year's rate based

Development of Substance Abuse Rates

Substance Used Disorder rates were arrived at using FY16 expenditures, Morbidity of the person served, provider shortage area, and a trend increase of 2.5% for DAB's, 3.5% for TANF's and 1.5% for HMP's. Comparing the results to current FY17 funding levels on an overall statewide basis the DAB capitation rates increased by 13.1%, TANF rates increased by 40%, and HMP increased by 8.9%.

d. PIHP Revenue Impact

Individual PIHP's experienced between a 2% reduction (Detroit/Wayne) to a 3.3% increase (Region 10) in funding for traditional Medicaid Mental Services between FY17 and FY18 averaging a .4% increase overall. For SUD traditional Medicaid, the average was 25% with the range between a 12.7% increase (Northcare) and a 54.7% increase (Southeast). Healthy Michigan's PIHP's change in available funding for Mental Health Services ranged from a 6.9% reduction (Southeast) to a 21.5% increase (Macomb). While Healthy Michigan SUD PIHP funding changed between a 7.2% reduction (Oakland) to a 32.3% increase for Southeast.

e. SFY 18 Capitation Payment Methodology

There will be a continuation of the 1 month retro-capitation payment with eligibility assumptions being 95% or higher - slightly higher than the previous year for all populations.

II. Other Additional Items:

a. Revenue loss due to inappropriate movement of DAB enrollees to TANF or HMP: The impact of the inappropriate movement of Medicaid enrollees from DAB to TANF or HMP status, costing the CMH/PIHP/Provider system approximately $20 million per year in lost revenue was raised by the representatives of MACMHB, CMHs, and PIHPs.

MACMHB analysis and action: The impact of the inappropriate movement of Medicaid enrollees from DAB to TANF or HMP status, costing the CMH/PIHP/Provider system approximately $20 million per year in lost revenue was raised by the representatives of MACMHB, CMHs, and PIHPs.

The theories behind these inappropriate moves include: enrollees desire to retain Medicaid coverage through HMP without having to engage in the lengthy and complex Medicaid disability determination process; the desire by Medicaid spend down enrollees to avoid the spend down process by moving to HMP; the ease, for MDHHS enrollment staff, in enrolling persons for TANF or HMP rather than DAB.

In discussions with Milliman staff and others, the Medicaid Health Plans (MHP) do not experience the same revenue loss related to this inappropriate movement for several reasons:

1. The inappropriate movement from DAB to HMP represents a 90% rate reduction per enrollee; the inappropriate movement from DAB to TANF represents at 95% rate reduction per enrollee. The loss for the MHPs is far lower, approximating a 40% loss.

2, While the DAB enrollees, involved in this inappropriate enrollment change, are enrolled with the PIHPs/CMHs, many of the DAB enrollees are not enrolled with the MHPs while in DAB status (excluded from physical health managed care). They do, however, move to the MHP rolls when the enrollment change from DAB to HMP occurs. This results in a revenue increase, not a decrease, for the MHPs.

As a result of advocacy by MACMHB and its members, Milliman agreed to run the analysis, across the system, to examine the impact of these inappropriate enrollment changes. MDHHS's Field Operations (headed up by Terry Beurer) is pursuing this issue, with this pursuit being led by Michelle Best in Terry's office.

MACMHB will advocate, in follow up to this meeting, for two actions by MDHHs:

1. Address the causes of these inappropriate enrollment changes rate adjustments in the current year and FY 18 to reflect, in higher HMP and TANF rates, the fact that the DAB enrollees moved to HMP or TANF have costs higher than traditional HMP and TANF enrollee

2. Address, in the DHHS field offices and the enrollment system, the need for retain the entitlement rights of DAB enrollees - rights that are not protected under HMP enrollment status

b. 50 cent per Hour Direct Care Wage Adjustment: The $45 million increase for Direct Care workers is not included in the rate setting process and will not be part of the certification letter. A separate process will be developed by MDHHS to accommodate the State of Michigan budget objective and PIHP/CMHSP funding for it.

MACMHB analysis and action: MACMHB will promote the prompt analysis of the supplemental FY 18 rate certification letter, by MIlliman and MDHHS, that will reflect the costs of the $0.50 per hour direct care wage increase.

c. Hab waiver, b and b(3) rates and HCBS: The need to reflect the increased costs related to compliance with HCBS standards, related to the movement of consumers to less congregate residential and day settings, was underscored by the by the representatives of MACMHB, CMHs, and PIHPs.

MACMHB analysis and action: The need to reflect the increased costs related to compliance with HCBS standards, related to the movement of consumers to less congregate residential and day settings, was underscored by the by the representatives of MACMHB, CMHs, and PIHPs.

In support of this concern, MACMHB will advocate for the development of projections of the increased costs related to compliance with HCBS standards, related to the movement of consumers to less congregate residential and day settings; and that those projections be used to increase the Hab waiver, b, and b(3) rates to reflect these costs.

Follow-up Letter

Tom,

The discussion and set of proposed next steps, below, are in follow up to several items raised during last week's Medicaid Ratesetting Workgroup. Your leadership of this effort and your grasp of the myriad issues that come before that group, as we have said in the past, have been tremendous.

1. Autism rates: Part of the discussion of the FY 2018 autism rates centered around the concerns raised, by representatives of MACMHB, CMHs, and PIHPs in attendance, regarding the fact that the encounter/unit rates for ABA services, being used to set the FY 2018 autism payments, are below the actual cost of

providing those services and do not reflect Michigan's labor market for BCBA nor related clinicians. This underpricing of the service, in the rates, causes the PIHPs, CMHs ,and providers to use Medicaid funds intended for other populations to subsidize the real cost of providing autism services.

Next steps: Lisa Grost indicated that she would like to meet, outside of the Medicaid ratesetting group, with MACMHB representatives to discuss this issue.

We will contact Lisa to schedule such a meeting.

2. Medicaid expenses, related to IMD stays beyond 15 days, reflected in Medicaid ratesetting for future years: Your recent letter goes far in resolving the IMD issue for a significant segment of PIHP/CMHSP concerns (that Medicaid and HMP dollars can be used to pay for the full IMD stay, beyond 15 days, and for all other Medicaid/HMP services provided to the enrollee during the month of the longer than 15 day IMD stay). Remaining to be resolved is the need for the expenditures for Medicaid/HMP services provided to Medicaid enrollees with stays over 15 days to be reflected in the costs of services that are used in the future year's rebasing.

Next steps: Let us know how we can support your efforts to have Milliman reflect these legitimate Medicaid costs in the ratesetting for future years. As we have discussed, these costs are legitimate Medicaid expenditures, made on behalf of persons who retain their Medicaid eligibility, that would covered via a FFS system if such a system existed for Medicaid behavioral health in Michigan.

3. Inappropriate movement of enrollees from DAB to HMP and TANF: The impact of the inappropriate movement of Medicaid enrollees from DAB to TANF or HMP status, costing the CMH/PIHP/Provider system approximately $20 million per year in lost revenue was raised by the representatives of MACMHB, CMHs, and PIHPs.

The theories behind these inappropriate moves include: enrollees desire to retain Medicaid coverage through HMP without having to engage in the lengthy and complex Medicaid disability determination process; the desire by Medicaid spend down enrollees to avoid the spend down process, and the barrier to Medicaid coverage posed by spenddown, by moving to HMP; the ease, for MDHHS enrollment staff, in enrolling persons for TANF or HMP rather than DAB.

In discussions with Milliman staff and others, the Medicaid Health Plans (MHP) do not experience the same revenue loss related to this inappropriate movement for several reasons:

1. The inappropriate movement from DAB to HMP represents a 90% rate reduction per enrollee; the inappropriate movement from DAB to TANF represents at 95% rate reduction per enrollee. The loss for the MHPs is far lower, approximating a 40% loss.

2. While the DAB enrollees, involved in this inappropriate enrollment change, are enrolled with the PIHPs/CMHs, many of the DAB enrollees are not enrolled with the MHPs while in DAB status (excluded from physical health managed care). They do, however, move to the MHP rolls when the enrollment change from DAB to HMP occurs. This results in a revenue increase, not a decrease, for the MHPs.

Next steps: During the most recent Medicaid ratesetting group meeting, Milliman agreed to run an analysis, of each of the state's PIHP regions, to examine the revenue impact of these inappropriate enrollment changes. We look forward to this analysis and the rate changes (see below) that will come from that analysis.

Parallel to this analysis, the Field Operations Office is pursuing this issue, with this pursuit being led by Michelle Best in Terry's office.

MACMHB is recommending that:

1. Rate adjustments be made in the current year and FY 18 to reflect, in higher HMP and TANF rates, the fact that the DAB enrollees moved to HMP or TANF have costs higher than traditional HMP and TANF enrollee

2. As the Field Operations office carries out its problem solving work in this area, information on the causes. action steps, and progress of this effort be shared with MACMHB, which will, in turn, keep its membership informed.

4. 50 cent per Hour Direct Care Wage Adjustment: The $45 million increase for Direct Care workers is not included in the rate setting process and will not be part of the certification letter. A separate ratesetting addendum will be developed by MDHHS and Milliman to accommodate the State of Michigan budget objective and PIHP/CMHSP funding for it.

Next steps: MACMHB looks forward to the development of the supplemental FY 18 rate certification letter, by MIlliman and MDHHS, that will reflect the costs of the $0.50 per hour direct care wage increase.

Do not hesitate to contact MACMHB as the mechanics of this process are developed – mechanics which, once determined, will help to define the actual cost, in FY 2018, by region, of such a wage increase.

5. Hab waiver, b and b(3) rates and HCBS: The need to reflect the increased costs related to compliance with HCBS standards, related to the movement of consumers to less congregate residential and day settings, was underscored by the by the representatives of MACMHB, CMHs, and PIHPs.

Next steps: MACMHB recommends the development of projections of the increased costs related to compliance with HCBS standards, required for the movement of consumers to less congregate residential and day settings; and that those projections be used to increase the Hab waiver, b, and b(3) rates to reflect these costs.

Robert Sheehan

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Tom Renwick follow up

Below is an excerpt of a summary of the issues that Tom Renwick, from MDHHS, provided to the MACMHB Executive Board during the regular Communications agenda item discussion with MDHHS at its August 4 meeting. The excerpt relates to the Direct Care Wage increase and the Autism rates discussion that we had at the recent Medicaid Ratesetting Meeting.

DIRECT CARE WAGE INCREASE: The Medicaid funds to fuel the direct care worker wage increase ($0.50/hour) are not reflected in the initial Medicaid BHDD rates for FY 2018. Milliman will be developing a set of rates for this wage increase and will be requesting information from the Association's members in order to build those rates. MDHHS will also be developing the methods for the distribution and reporting of these wage increases. The fact that, at this point, no Medicaid funds have been allocated for the FICA and FUTA costs associated with these wage increases nor GF dollars to fund the GF portion of the direct care staff (to cover their work with non-Medicaid consumers) was greeted, by the Executive Board members, with disappointment. MACMHB will continue to work to address this oversight.

AUTISM RATES: MDHHS has instructed Milliman to revise the FY 18 autism rates to more accurately reflect the actual cost of autism/ABA services (more accurately reflecting the market rate at which CMHs can purchase and provide ABA services). This change will add approximately $30 million to the Medicaid autism line item for FY 18 – a change that will involve a FY 18 MDHHS budget supplemental. This is good news and is the result of considerable advocacy by MACMHB and its members.