



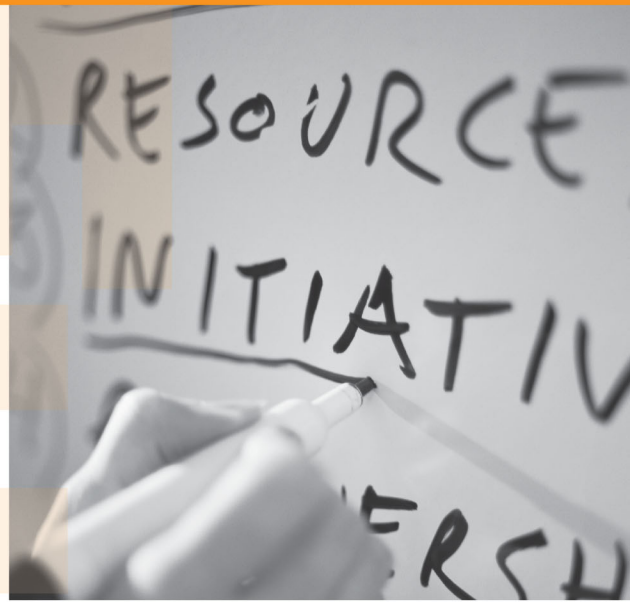
Effective Practices

Michigan's Medicaid Matching Initiative

While many states across the country are experiencing budget shortfalls, Michigan, with the highest unemployment rate in the United States, is facing a severe deficit. The potential impact of reduced or eliminated services is being keenly felt in many state agencies, including the Medicaid Office, and by the social-services community.

Heading off this crisis continues to be a top concern of the School Community Health Alliance of Michigan (SCHA-MI), which represents the state's school-based and school-linked health centers (SBHCs). In Michigan, as in other states, child and adolescent health centers and programs based in or closely associated with schools are an effective way to increase access to preventive and routine health care and interventions for both Medicaid and Medicaid-eligible children and youth – often reaching students who otherwise would not see a doctor on any sort of regular basis.





Challenge:

To ensure ongoing funding of school-based or school-linked health centers (SBHCs) in the area of outreach and education services, in the face of a protracted and worsening state budget crisis.

Creative solution:

To maximize the federal matching dollars by leveraging appropriated state K-12 budget dollars, with the additional funds going to increase the capitated payment to Medicaid managed care plans.

Primary purpose:

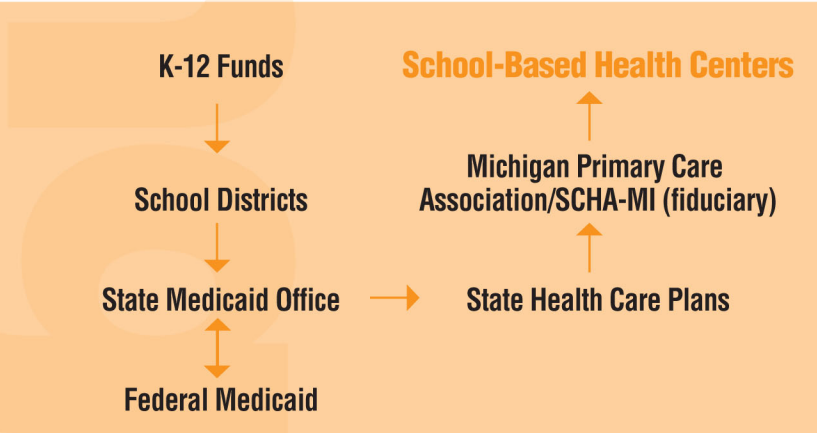
To restore health education outreach services to the Medicaid population in such venues as SBHCs and to improve health outcomes and indicators, including EPSDT (Early and Periodic Screening, Diagnostic, and Treatment) rates, immunizations, and well-child visits.

Secondary benefits:

To increase enrollment in Medicaid of eligible students and to create mutual trust between managed care health plans and SBHCs.

Coalition of Aligned Interests Formed

Like other states, Michigan has traditionally subsidized these centers, but a reliable flow of funds is never guaranteed. SCHA-MI was determined to secure funding that would make SBHCs less vulnerable to politic flux. And so, a coalition of aligned interests began to take shape, spearheaded by the newly appointed Medicaid Director and SCHA-MI's Executive Director. They set about exploring how to leverage the nearly \$4 million appropriated for child and adolescent centers under the state K-12 budget, with the goal of increasing the flow of dollars to the centers.



A Strategy Emerges

A number of strategies were considered and rejected – until the discussion turned on an approach that involved using Medicaid managed care dollars to qualify for federal funds that would then be used to finance outreach and education services delivered by SBHCs.

The approach was founded on two concepts; the first being that funds appropriated in the state K-12 budget for SBHCs could be leveraged to acquire federal dollars. The idea was to combine the \$3.74 million that had been appropriated for SBHCs with another half a million that had been appropriated for the Michigan Model (the health-education curriculum offered in most of Michigan’s public and private schools). These state funds, then, would be used as a match to drawdown approximately \$5.5 million in federal dollars to support expanded outreach services, with the ultimate goal of improving health outcomes among the at-risk student population.

The second concept was that the infusion of funds would first travel through the state’s Medicaid managed care plans before arriving at SBHCs. Michigan pays managed care plans a per-member-per-month fixed (or capitated) payment to deliver health care services to Medicaid beneficiaries. In order for this to happen, the state Medicaid Office needed to get a slight modification of its comprehensive managed care waiver from the federal government.

That meant getting permission from the federal agency that oversees Medicaid policy and pricing – the Centers for Medicare and Medicaid Services (CMS) – to increase the capitated payment rate that Medicaid managed care plans receive for providing health care services to eligible Medicaid populations in Michigan. This additional amount of money would come out of federal coffers, but most of it would be, in effect, turned over by the managed care plans to SBHCs for the purposes of delivering outreach and health-education services to Medicaid-eligible or Medicaid-enrolled students.

Concept Arrived by Consensus

Besides being a creative solution to a significant challenge, this approach has the distinction of being considered and crafted every step of the way by a consensus of stakeholders.

Key stakeholders were invited to a series of meetings facilitated by the Michigan Public Health Institute, a nonprofit health policy and research organization. At the table were the Medicaid Office, SCHA-MI, the Public Health side of the Department of Community Health (the umbrella agency that also includes the Medicaid Office), the Department of Education, supporters of the Michigan Model, the Council for Maternal and Child Health, and the Michigan Association of Health Plans (MAHP).

Steady progress to a solution relied on early coalition building. For example, SCHA-MI and MAHP held general get-to-know-each-other discussions between managed care plan providers and school health centers staffs, reinforcing the notion that plans and centers can effectively collaborate in addressing the health care needs of students enrolled in Medicaid. As a result of the coalition and consensus building process, SCHA-MI and MAHP now are more keenly aware of, and able to act on, their mutual interests on a number of matters, including the state budget.



Concept Transformed and Delivered

Arriving at a consensus and a workable concept was necessary for the next step: developing a concept paper to get an early reading from CMS on how the federal agency would judge Michigan's request for an adjustment to its Medicaid managed care waiver. At this point, the state's Medicaid Office took up the task, drafting and delivering to CMS a concept paper that set forth the health goals that the matching initiative would address and how the federal funds would be used.

The concept paper emphasized that Michigan wanted to: (1) restore outreach services to Medicaid-eligible students; (2) improve EPSDT (Early and Periodic Screening, Diagnostic, and Treatment) rates, immunizations, lead screenings and well-child visits; and (3) focus on at-risk youth. Moreover, all of the federal funds would be used for outreach and education services within the Medicaid population.

CMS was especially impressed by the fact that the Medicaid Office had in place reporting requirements for SBHCs. This meant that CMS would be able to see how outreach and education efforts were affecting such health indicators as immunization rates.

After an encouraging nod from CMS, the state's Medicaid Office submitted a request in December 2003 to the agency formally seeking an adjustment to its Medicaid managed care plan payment rate. In spring of 2004, CMS informed the Medicaid Office that the request would be approved. Most significantly, CMS had determined that Michigan's matching initiative was an appropriate use of federal funds. Approval came in the early summer of 2004, followed by a site visit in the fall.

Funds Start to Flow

When fine-tuning the matching initiative concept, the coalition of key stakeholders made the decision that the funding of outreach services would not interfere with the normal billing process between managed care plans and centers. In fact, the argument made to CMS was that the Medicaid managed care plans would pass along both the responsibility and the funding for outreach and education services to the SBHCs. The outreach function is, in effect, carved out from the health care services provided by Medicaid managed care plans.

Every month, the state's 15 Medicaid managed care plans contribute to a fiduciary intermediary an amount close to the increase they receive in their capitated payment. (In this case, the fiduciary intermediary is the Michigan Primary Care Association, a 501(c)3 organization.) Use of the funds is dispersed by the fiduciary intermediary only to school-based health centers and programs that are approved by the state. SBHCs also must get state approval for the outreach and education/prevention services they will be providing to their young clients. This is the kind of accountability that CMS looked for when considering Michigan capitated rate-adjustment request.

Ripple Effects Produced

The most obvious beneficiaries of the infusion of funding are the SBHCs. Because Michigan was able to more than double funding to SBHCs, through the matching initiative, the number of state-supported school-based or school-linked centers likewise increased. The two-fold increase in the number of SBHCs, to approximately 60, was made possible by the federal money coming in, as well as increases from school districts and other sources.

The process of collaborating on a creative solution and securing additional funding also helped improve relations between managed care plan providers and SBHCs. Now, for example, some SBHCs are contracting directly with Medicaid managed care plans, which helps alleviate the plans' fears that they could be paying twice for health care service provided to students.

In addition, if increased outreach to Medicaid-eligible students results in increased enrollment in Medicaid, then SBHCs will be in a position to provide more direct health care services, for which they can bill Medicaid managed care plans.

The outcomes potentially are positive for all stakeholders. SBHCs are able to fulfill their mandate of addressing the health care needs of their students; Medicaid managed care plans may be in the position to get a better handle on health care costs and outcomes; and the Medicaid Office has a possible model for leveraging federal funds in other important health care areas.

A Brighter Future

Even if other states face less severe budget shortfalls, they can certainly learn from Michigan's example. Michigan has demonstrated that it is possible to craft a matching initiative that constitutes a legitimate use of state funds to fairly earn federal funds. The key is to use actual appropriated taxpayer money as a match for federal dollars.

The matching initiative also is a testament to the power of coalition and consensus building. At this point, SBHCs have better relations with managed care plan providers, closer communication with the Medicaid Office, and the support of the Governor. Due to determination on part of both SBHCs and managed care plans to arrive at a workable solution, Michigan's at-risk young people have a chance at a better future.

What State SBHC Directors Can Do

- **Initiate and maintain an ongoing dialogue with your state's Medicaid Office.**
- **Develop partnerships with other organizations with mutual interests and goals, such as community-service nonprofits, the managed care association, and local health care provider groups.**
- **Educate managed care plan providers familiar with the SBHCs and vice versa**
- **Bring key stakeholders into problem-solving discussions as soon as possible and infuse discussions with the spirit of collaboration.**
- **Keep your governor and legislative leadership abreast of SBHC issues and developments.**
- **Cultivate a broad understanding of the challenges associated with securing a steady flow of funds to SBHCs and explore as many creative solutions as possible.**
- **Ensure that a strategy that involves leveraging state Medicaid dollars to qualify for federal matching is based on local funds that have been appropriated through the legislative process.**
- **Encourage your centers to be accountable, which includes being responsive to the state Medicaid Office's reporting requests.**

Michigan's Medicaid Matching

At A Glance

Contributors

Debbie Brinson

School-Community Health Alliance of Michigan

Rick Murdock

Michigan Association of Health Plans

Paul Reinhart

Michigan Medicaid Office



One Michigan

Avenue East

Battle Creek, MI

49017-4058

USA

269-968-1611

TDD on site

Telex: 4953028

Facsimile: 269-968-0413

Internet: <http://www.wkkf.org>

SBHC 4341

Item #548

1M STA

Key Processes or Meetings

- Determined that a Medicaid match was a legitimate strategy
- Identified and brought together key stakeholders early in the process
- Created a collaborative work environment for completing tasks, leading up to development of a concept paper
- Developed a concept paper in order to get an initial indication of whether the approach would be deemed valid
- Presented a formal request to CMS for approval of a slight modification of the state's Medicaid managed care waiver (i.e., increased capitation rate for health plans)

Stakeholders

- Michigan's Medicaid Director and staff
- School Community Health Alliance of Michigan (SCHA-MI)
- Michigan Primary Care Association
- Michigan Association of Health Plans (MAHP)
- State departments of Community Health and of Education
- Public Health unit
- Michigan Model representatives
- Council for Maternal and Child Health
- Michigan Public Health Institute

Early Political Current - Favorable

- Broad political and community support of school-based health centers
- Mutual understanding between SBHCs and managed care plan providers about the value of Medicaid managed care to both enterprises

Interim Political Current - Favorable

- Strong support of SBHCs and the Medicaid match from the Executive Branch, the Medicaid Office, and MAHP
- Mutual interests of SBHCs and MAHP reinforced

Implementing Political Current - Remains Favorable

- Concerns about which government entity would provide oversight for the funds resolved
- Regular reporting requirements mean that outcomes of SBHC outreach and education services can be tracked

Desired Policy Outcome

- Solution to threat of drastically reduced or eliminated funding for SBHCs
- Expansion of outreach services, with the goal of improving health indicators for at-risk youth
- Increase in the number of sustainable SBHCs, with the goal of providing both more outreach services and more direct health care services
- Improved relationships between SBHCs and managed care plan providers and mutual appreciation of shared interests and goals

Policy Vehicle

- Legitimate use of state funds to fairly earn federal dollars
- Increased capitation rate for managed care plans, with most of the increase going to SBHCs for the purposes of outreach and education

Actual Outcome - Favorable

- Approval of waiver request in a timely fashion
- \$5.5 million dollars in federal funds, which helped trigger increased funding from school districts
- Double the number of SBHCs operating in the state

Timeline

- Less than 12 months from consensus-building to concept-approval
- Less than 6 months from concept-approval to funding

Resources involved

- \$3.74 million appropriated for SBHCs in the K-12 budget
- \$0.5 million appropriated for the Michigan Model's health education curriculum
- Total of \$4.2 million leveraging \$5.5 million in federal funds