



University of Michigan Center for Value-
Based Insurance Design Symposium

Value-Based Insurance

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Governor Granholm's Plan

- Making Health Care affordable and Accessible in Michigan
 - Step 1...The Michigan First Healthcare Plan
 - Step 2...Advancing Health Information Technology
 - Step 3...Promoting Healthy Lifestyles

Overview

- MDCH – Value-based Purchasing
 - Medicaid Health Plan Quality Measures, Rewards and Results
 - Michigan First Health Care Plan
 - Goals
 - Population
 - Benefit Design
 - Value-based Concepts
 - Michigan Primary Care Initiative
- The Case for Prevention

Michigan Multi-State Prescription Drug Initiative

- First ever multi-state prescription drug purchasing pool
- States negotiate with drug companies using combined purchasing power of the pooled states' Medicaid drug programs
- Bargaining power helps lower prescription drug costs for more than 400,000 Michigan residents who receive Medicaid
- More than a dozen states participate in the program

Medicaid Health Plans: Quality Measures, Rewards & Results

- 14 Medicaid health plans
- In 1997, contracted with Medicaid Health Plans through competitive bid process
- 93% of Michigan's 1.5 million beneficiaries are in mandatory populations are enrolled in managed care
- Began Pay for Performance for Medicaid Health Plans began in Fiscal Year 2001

Performance Measures: HEDIS

- Women's Care
 - Cancer screening
 - STD screening
 - Pregnancy Care
- Pediatric Care
 - Well child visits
 - Immunizations
- Living With Illness
 - Diabetes care
 - Asthma medication
 - Advising smokers to quit

Other Performance Measures

- Access to Care
 - children and adults
- CAHPS Measures
 - Getting Needed Care
 - Getting Care Quickly
- Accreditation Status
 - NCQA or URAC
- Legislative Incentive Requirement
 - Blood lead screening rate

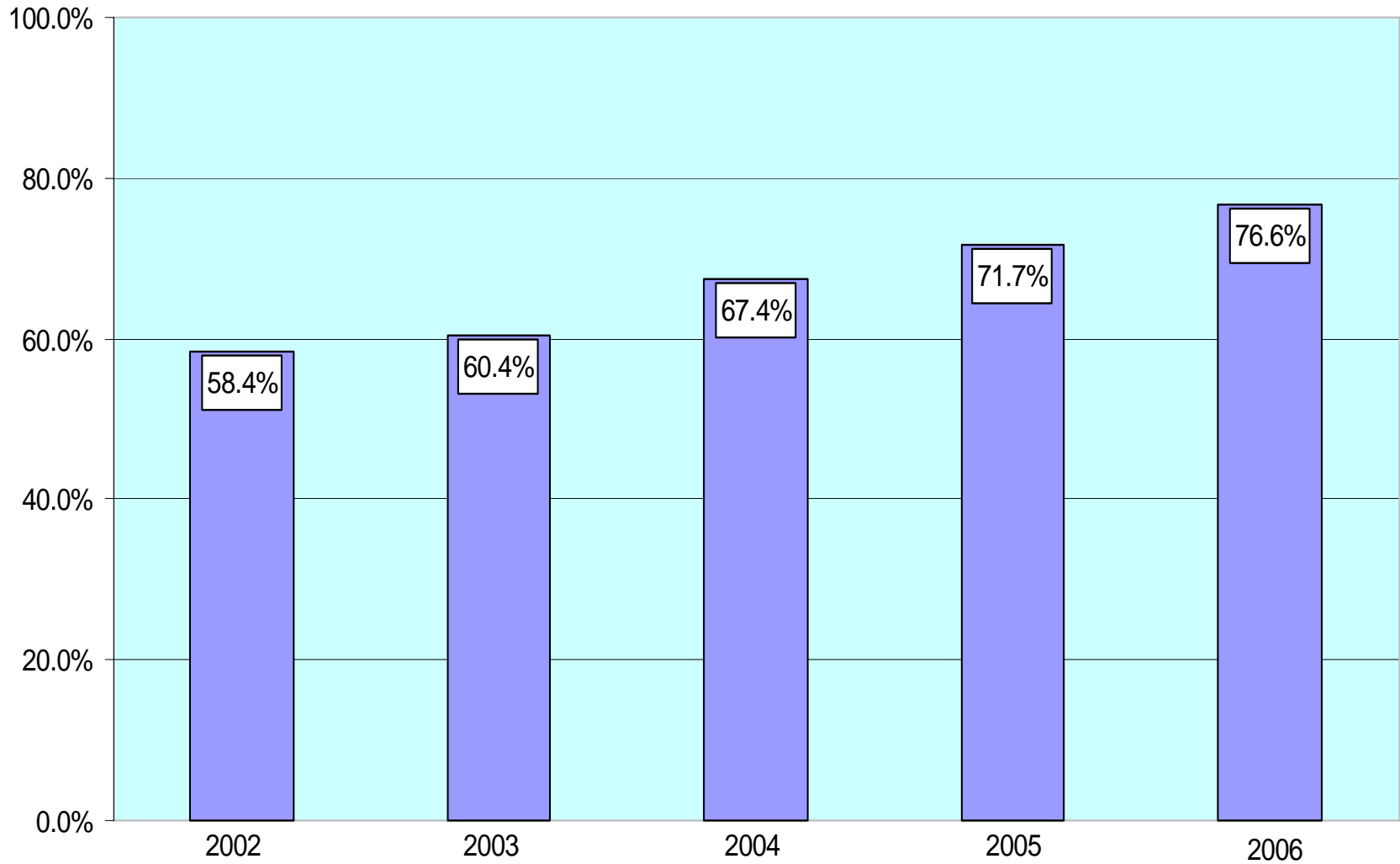
Pay for Performance Rewards

- For FY 06 measures, \$3 million in performance bonuses awarded
 - Funded through capitation withhold
 - All plans receive a portion of the pool based on performance

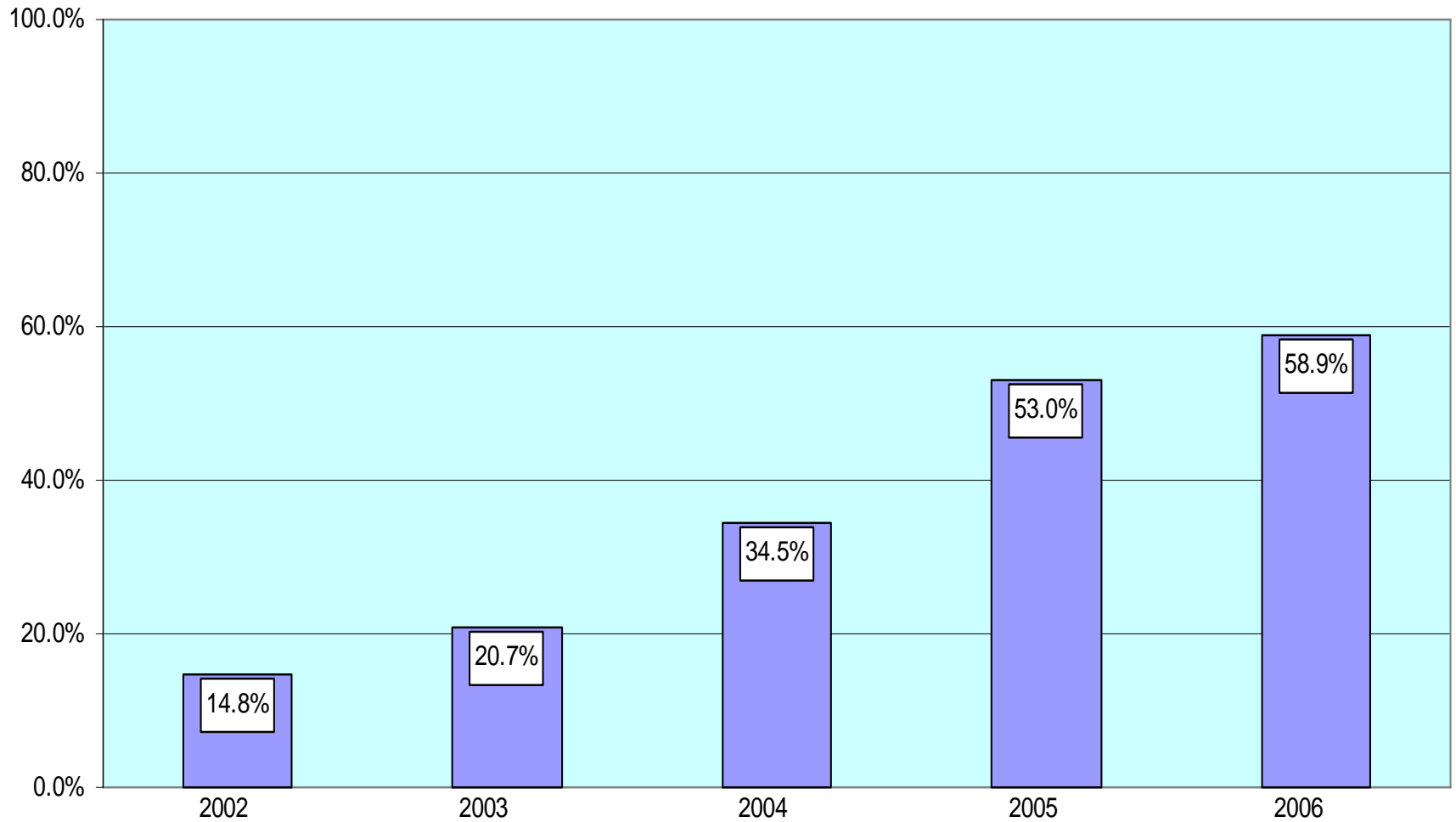
Pay for Performance Results

- Overall upward trend in performance improvement
- Significant performance improvement
 - Immunizations – Child & Adolescent
 - Well Child Visits
 - Diabetes Care
 - Asthma Control
- National Recognition

Michigan Medicaid HEDIS Immunizations for Children - Combo 2

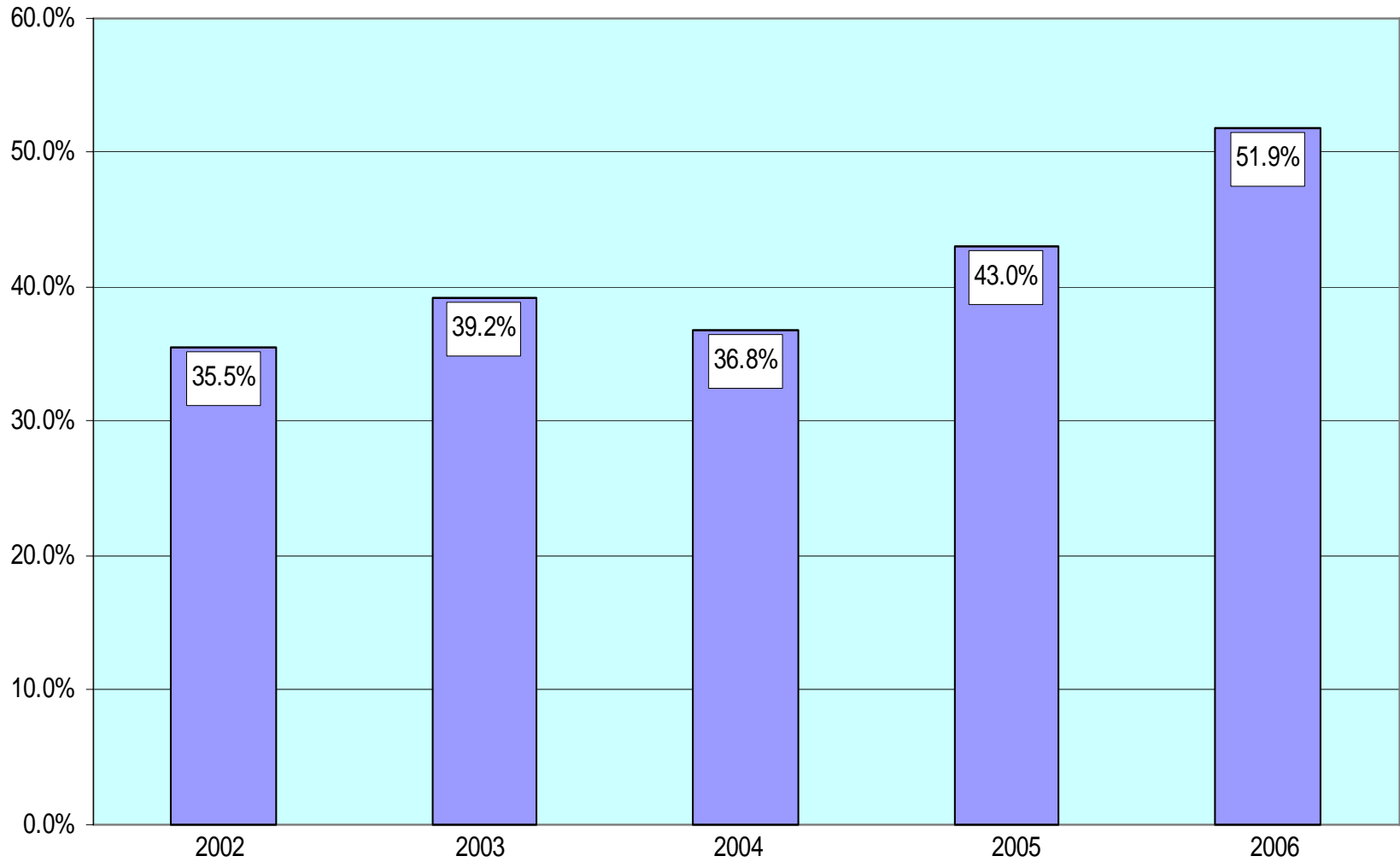


Michigan Medicaid HEDIS Immunizations for Adolescents - Combo 2

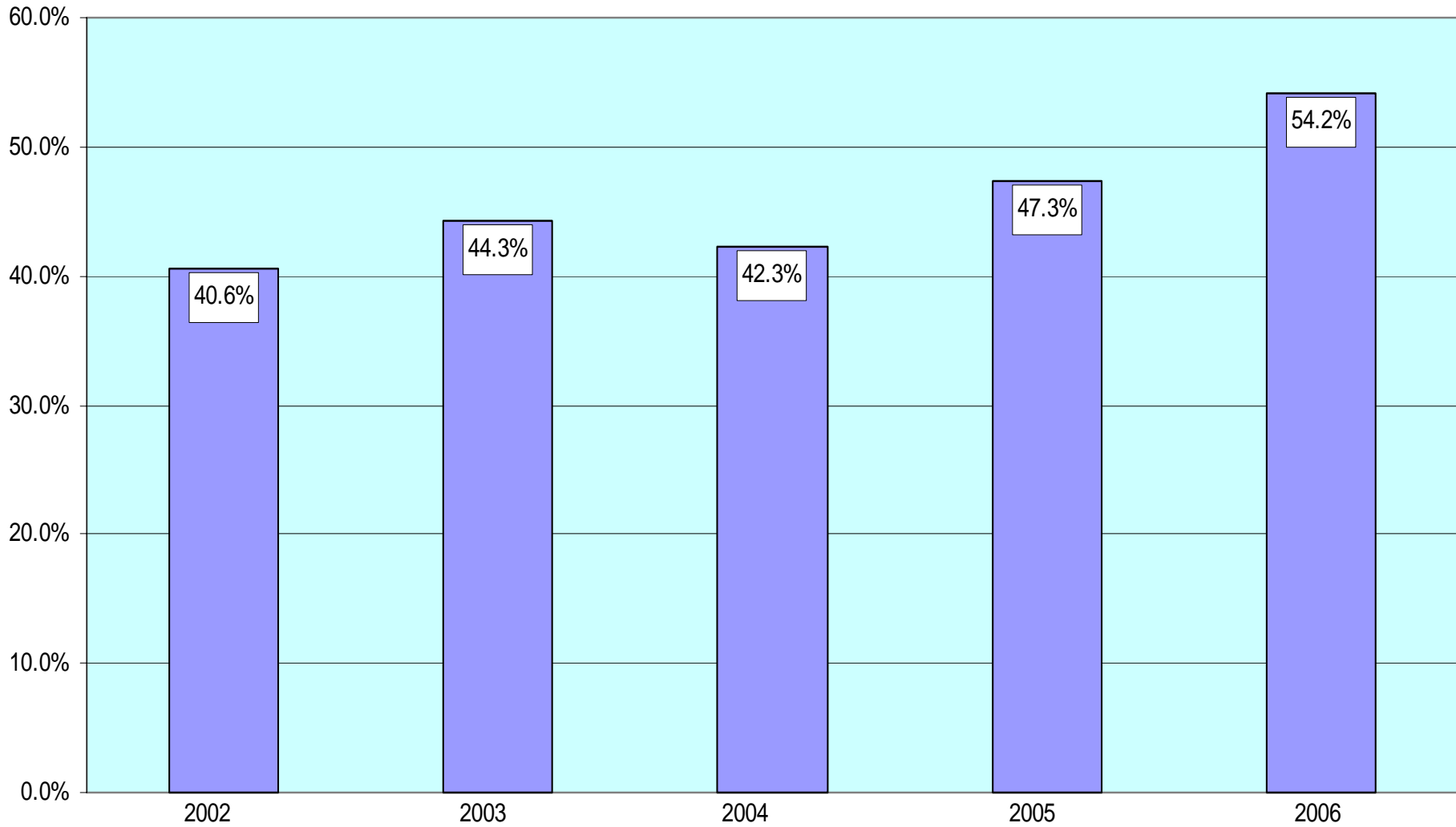


Michigan Medicaid HEDIS

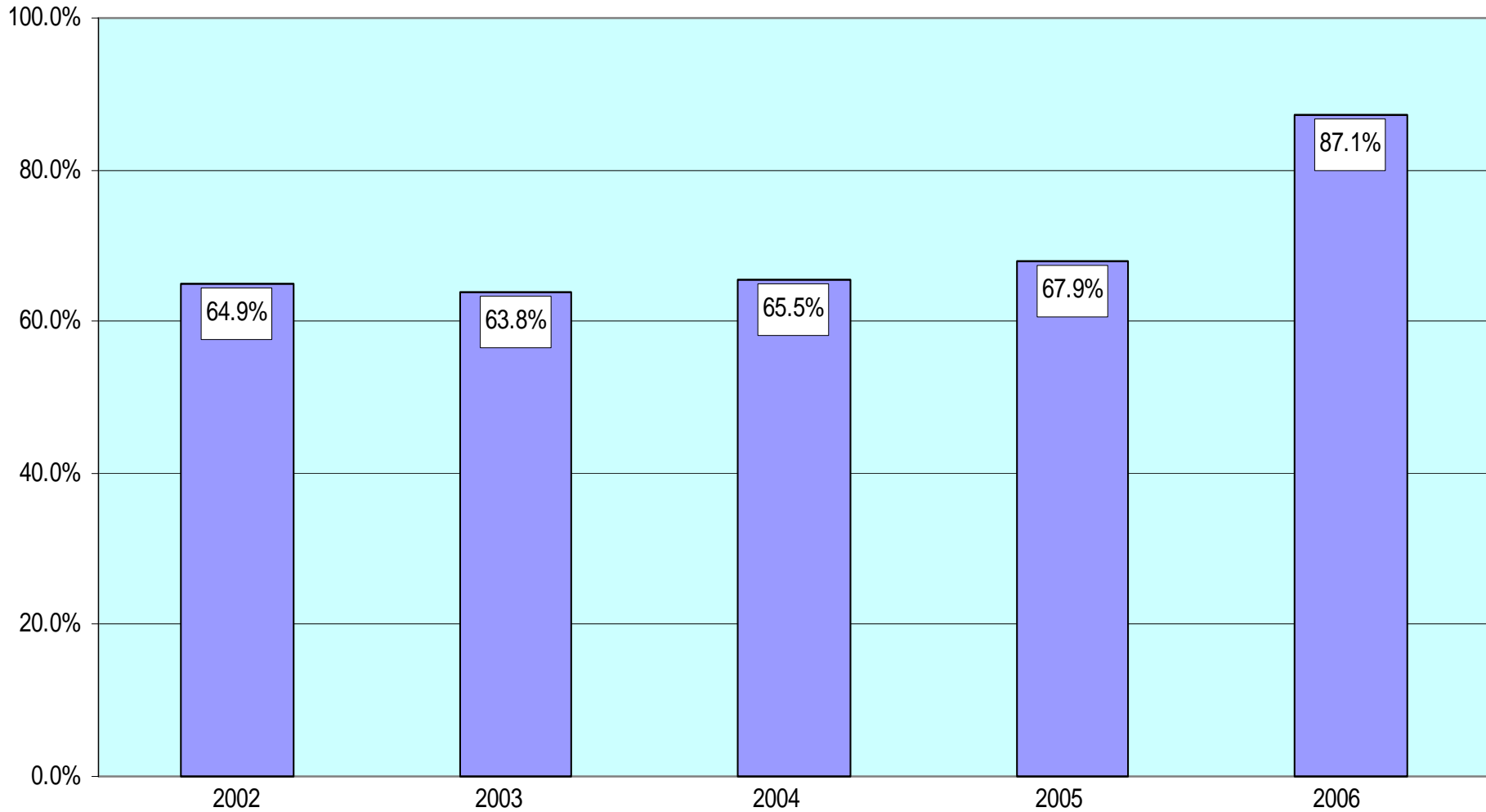
Well Child Visits in the First 15 Months - Six or more Visits



Michigan Medicaid HEDIS Diabetes Care - Eye Exam



Michigan Medicaid HEDIS Appropriate Medications for People With Asthma



U.S. News & World Report Best Health

- All of Michigan's Medicaid Health Plans were in top 70 Best Health Plans 2006

#10 Priority Health

#11 M-CARE

#16 Physicians Health Plan of Mid-MI

#17 Upper Peninsula Health Plan

#20 HealthPlus of Michigan

#26 McLaren Health Plan

#28 Health Plan of Michigan

#31 Physicians Health Plan of Southwest MI

#32 Molina health care of Michigan

#41 Midwest Health Plan

#43 Omnicare Health Plan

#52 Great Lakes Health Plan

#53 Total Health Care

#59 CAPE Health Plan

Michigan First Health Care Plan

- **Goals:**

- Protect and expand health care coverage
- Reduce trend in health care cost growth
- Improve business competitiveness
- Meet goals without increasing state spending



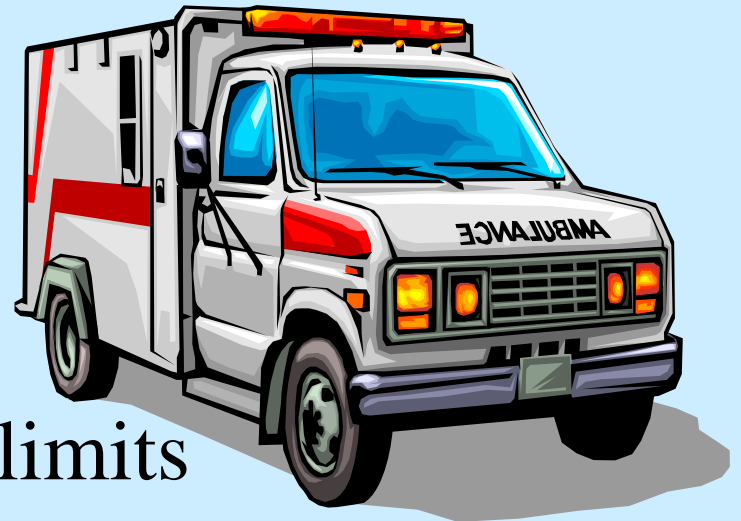
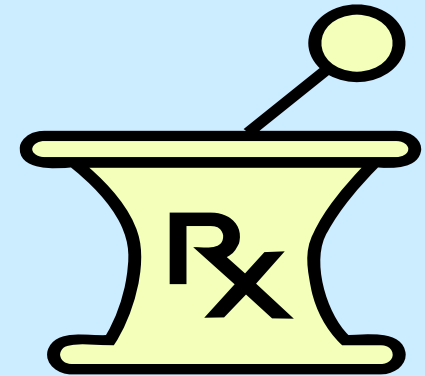
Michigan First Health Care Plan Population -Targets All Uninsured

- Under 200% FPL – 550,000, 50% of Uninsured
 - ✓ Uninsured parents and childless adults
 - Individuals with adequate access to insurance or government programs will be excluded
- Over 200% FPL – 550,000
 - ✓ Insurance Pool. Improved access to affordable insurance for small businesses – No subsidy

Michigan First Health Care Plan

Benefits

- Benefit package will include:
 - Preventive and primary care
 - Hospital care
 - Emergency room care
 - Mental health services
 - Prescription drugs
- Includes annual benefit limits



Michigan First Health Care Plan: Healthy Lifestyle Components and Value-based Concepts

- Intend to require health plans to incorporate education and support for lifestyle change including financial incentives.

This may include:

- Expect to ask enrollees to complete a health risk appraisal within 90 days of enrollment.
- Follow up with primary care physician.
- Waive co-pays on important maintenance drugs for chronic diseases.
- Incentives to use behavior change/wellness programs
- Set performance measures for participating health plans

Michigan First Healthcare Plan

“The Exchange”

- Select managed care plans to offer new affordable health insurance products for individuals and small businesses
- Assure that the plans selected offer products that comply with state set benefit guidelines, healthy lifestyle in values and other value purchasing requirements
- Responsible for enrollment function
- Administer Michigan First Premium subsidies for eligible enrollees
- Collect any voluntary employer contributions
- Work with small employers to sponsor insurance available through the Exchange for their employees

Michigan First Health Care Plan: Cost Effectiveness

- Require managed care plans to be a delivery mechanism
- Plans will compete for enrollees on benefit design, provider network, quality, access and price
- Value based purchasing principles embedded in benefit design and plan requirements
- Healthy lifestyle Initiatives

Primary Care Initiative for a Healthier Michigan

- Collaboration with a diverse set of Michigan's private/public primary care stakeholders
- Goals:
 - Resolve the major health system and practice barriers that impact delivery of quality primary care
 - Assure that high quality prevention and chronic disease management services are available in every primary care setting

Primary Care Initiative for a Healthier Michigan

Five Key Barriers:

1. Insufficient knowledge about community health resources that can assist patients
2. Limited use of health information technology
3. Payment/reimbursement systems that inadequately support prevention and chronic disease care
4. Multiple and inconsistent clinical practice guidelines
5. Delivery systems that focus on episodic and acute care

Primary Care Initiative for a Healthier Michigan

Initial focus areas

- Prevention
 - Physical Activity
 - Healthy Eating
 - Tobacco Prevention and Cessation
- Chronic Disease Care including Self-Management
 - Asthma
 - Diabetes

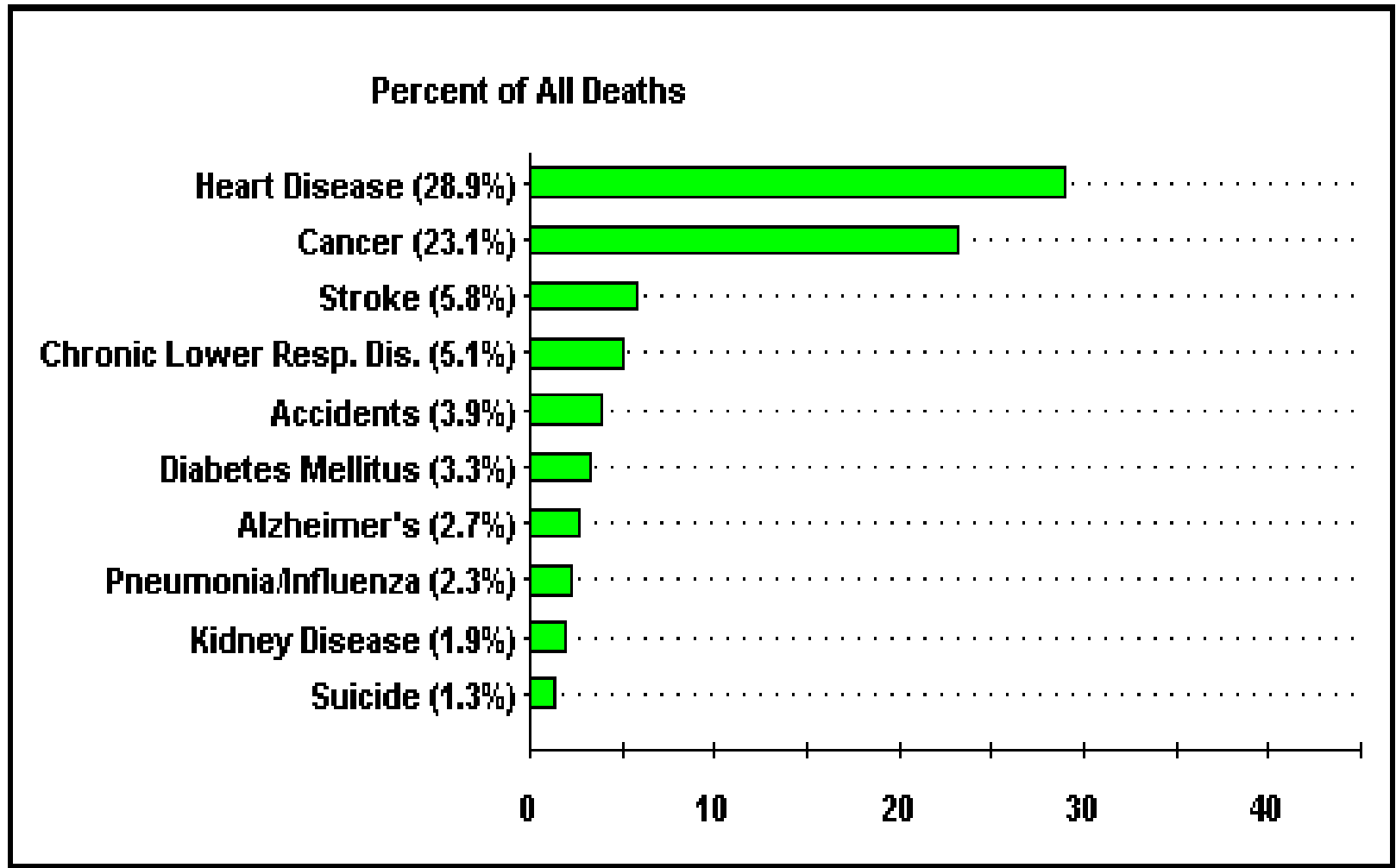
Primary Care Initiative for a Healthier Michigan

Accomplishments to date:

- PCI Report and Strategic Plan (Release TBA)
- PCI Website (www.mipci.org)
- PCI Toolkit
- Creation of a Primary Care Consortium (public and private partners) to Implement Strategic Plan

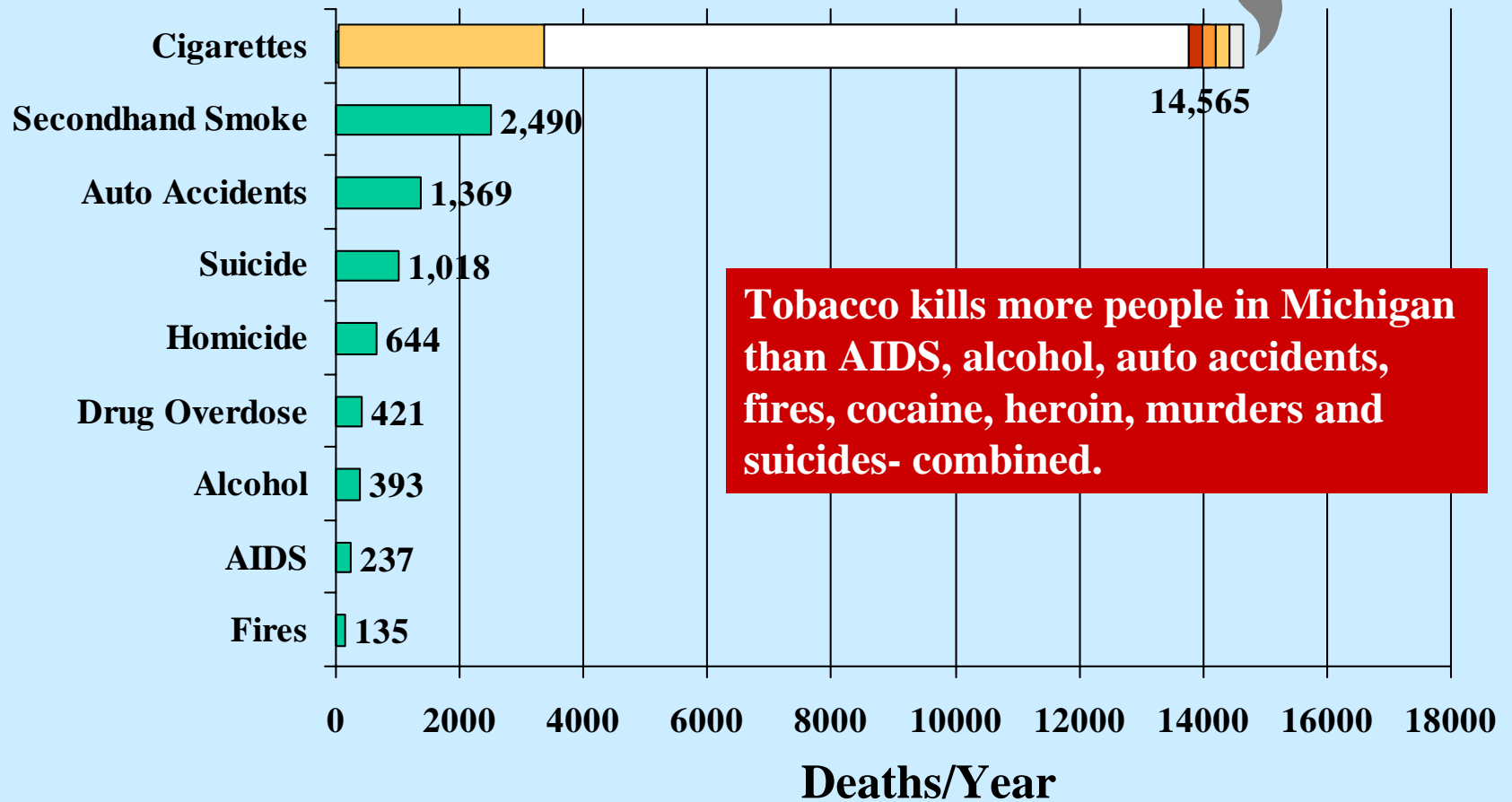
Leading Causes of Death, 2005

Michigan Residents



Causes of death are classified in accordance with the Tenth Revision of the International Classifications of Diseases (ICD-10)

Causes of Preventable Death Michigan Residents, 2003



Tobacco kills more people in Michigan than AIDS, alcohol, auto accidents, fires, cocaine, heroin, murders and suicides- combined.

Community Prevention Programs

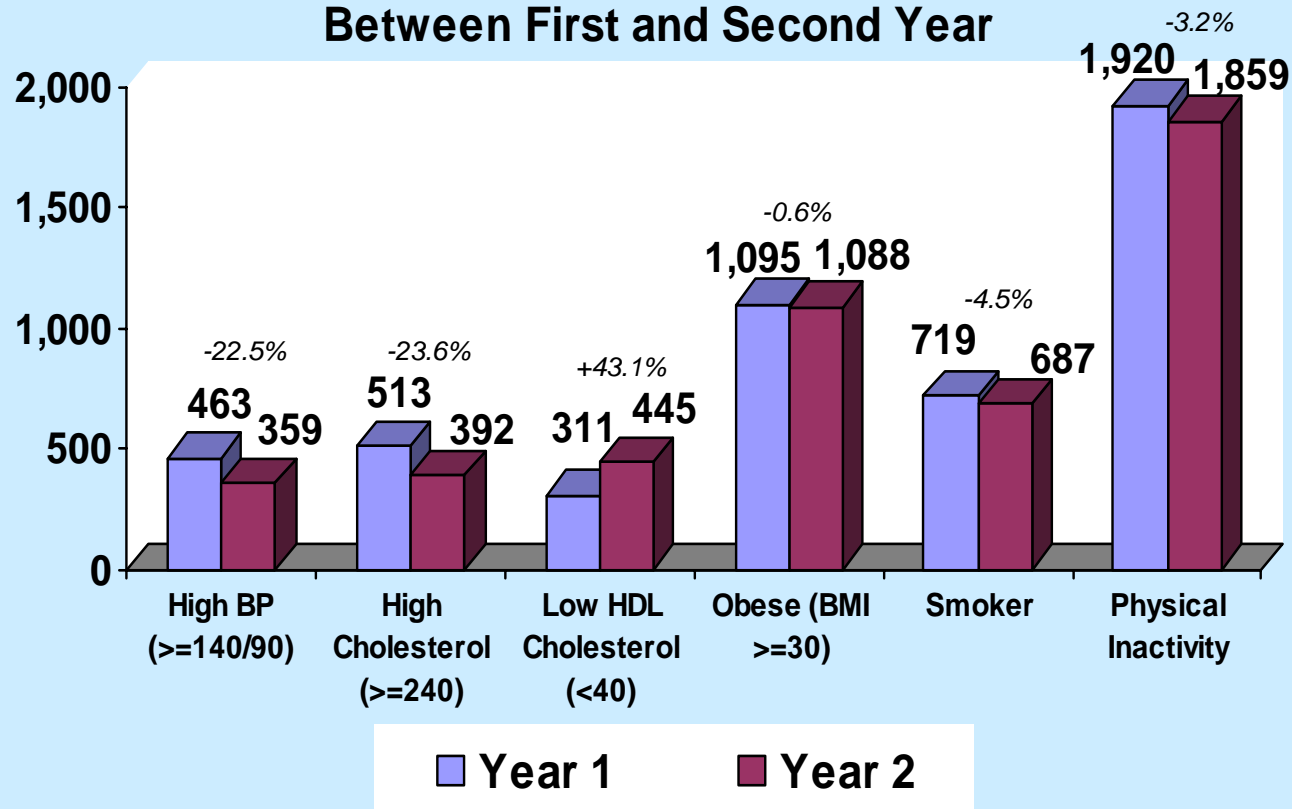
- Healthy Hair Starts with a Healthy Body” Program
 - The National Kidney Foundation of Michigan has trained more than 900 stylists since 1999 to talk to people about diabetes and its complications
 - Stylists have reached an estimated 20,000 African American and Hispanic clients in many of Michigan’s urban centers.
 - Nearly 50 percent of clients took a positive health behavior step (i.e., eating more nutritiously, increasing physical activity, or stopping smoking), and/or sought physician assistance about their health risks.

(Source: NKFM Annual Report to MDCH, 2006)

Community Prevention Programs

WISEWOMAN Program

Comparison of Modifiable Risk Factors
Between First and Second Year




MDCH-Certified Diabetes Self-Management Training Programs

- DSMTPs are having a positive impact on people with diabetes.
- Quick facts about diabetes in Michigan
 - Michigan has the 7th highest diabetes prevalence in the United States (1 in 13 people).
 - Diabetes is the 6th leading cause of death in Michigan.
 - Diabetes is the leading cause of kidney failure and blindness in Michigan.
 - Nearly a third of people in Michigan who have diabetes do not know they have the disease (230,000 people).
 - In 2002, the estimated direct and indirect costs of diabetes in Michigan were nearly \$6 billion.

Certified Diabetes Self-Management Training Programs

- Prepared over 26,000 people to self-manage their diabetes in 2005, 18% of whom were from racial or ethnic minority groups
- Have increased in number from three programs in 1986 to 91 programs in 2006.



Things alter for the worse spontaneously, if they be not altered for the better designedly.

- Sir Francis Bacon