

Implementation of the Direct Primary Care Pilot Program Quarterly Report 1

(FY2018 Appropriation Act - Public Act 158 of 2017)

January 19, 2018

Sec. 1407. (1) The department shall apply to CMS for a waiver to allow the department to bill CMS for direct primary care services for Medicaid enrollees. After the department receives a response from CMS regarding the waiver, the department shall do 1 of the following:

(a) If CMS approves the waiver, from the funds appropriated in part 1A for direct primary care pilot program, the department shall expend \$710,000.00 general fund/general purpose plus associated federal match for this program as part of a work project.

(b) If CMS does not approve the waiver, from the funds appropriated in part 1A for direct primary care pilot program, the department shall expend \$864,000.00 general fund/general purpose to fund a direct primary care pilot program as part of a work project.

(2) If the waiver in subsection (1) is approved, the department shall implement a direct primary care pilot program for Medicaid enrollees that shall run from October 1, 2017 to September 30, 2018. The pilot program shall include no more than 400 enrollees from each of the following Medicaid eligibility categories:

- (a) Childless adults.
- (b) Children ages 0 to 6 years.
- (c) Children ages 7 to 18 years.
- (d) Parents.
- (e) Elderly individuals.
- (f) Disabled individuals.

(3) If the waiver in subsection (1) is not approved, the department shall implement a direct primary care pilot program for Medicaid enrollees that shall run from October 1, 2017 to September 30, 2018. The pilot program shall include no more than 400 enrollees from each of the following Medicaid eligibility categories:

- (a) Childless adults.
- (b) Children ages 0 to 18 years.
- (c) Parents.

(4) The department shall open enrollment for the direct primary care pilot program to all Medicaid beneficiaries and shall keep enrollment open until the limits described in subsections (2) and (3) are reached. For the purposes of the pilot program, each enrollee, up to the limits described in subsections (2) and (3), that opts into the pilot program shall be enrolled in a single, eligible direct primary care service provider plan. The department shall maintain and publicly share a list of eligible direct primary care service providers with potential pilot program enrollees.

(5) An eligible direct primary care service provider must meet the following requirements:

(a) The direct primary care service provider must be a licensed physician in a primary care specialty.

(b) If the waiver in subsection (1) is approved, the monthly direct primary care enrollment fee shall not exceed a weighted average of \$70.00 per month across all eligibility categories. The average shall be weighted by the population makeup of the pilot program. If the waiver in

subsection (1) is not approved, the monthly direct primary care enrollment fee shall not exceed a weighted average of \$60.00 per month across all eligibility categories. The average shall be weighted by the population makeup of the pilot program.

(c) The direct primary care service provider will be contracted with the department and must not accept any other third-party payments for providing health care services to enrollees under this pilot program.

(d) The direct primary care service provider must only provide primary care services.

(e) The direct primary care service provider's services must include, but are not limited to, access to telemedicine and same or next business day appointments.

(6) Managed care organizations contracted by this state to provide Medicaid services within the county where a direct primary care pilot program enrollee lives shall authorize direct primary care service providers participating in the pilot program to serve as "gateway" service providers who are able to refer pilot enrollees to non-primary-care services within the managed care organization's provider network. The managed care provider is not liable for increased costs resulting from the implementation of the pilot program. The direct primary care service providers must do all of the following:

(a) Only refer pilot program enrollees to non-primary-care service providers within the managed care organization's provider network when making referrals for non-primary-care services.

(b) For pharmacy services not covered in the direct primary care services agreement, only authorize the use of pharmaceuticals covered under the managed care organization's formulary management system.

(c) Follow all prior authorization requirements mandated by the managed care organization.

(7) The department shall have access to the patient records of each enrollee in the pilot program for the sole purpose of aggregate data collection.

(8) On a quarterly basis, the department shall report to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies, the senate and house policy offices, and the state budget office on the implementation of the direct primary care pilot program. The report shall include, but is not limited to, the following performance metrics:

(a) The number of enrollees in the pilot program by eligibility category.

(b) The per-member-per-month rate paid in the previous fiscal year per eligibility category.

(c) The number of claims paid in the previous fiscal year per eligibility category.

(d) The number of claims per category weighted to reflect 400 enrollees.

(e) The dollar value of all claims per eligibility category.

(f) The per-member-per-month actual cost. As used in this subdivision, "per-member-per-month actual cost" means the direct primary care plan costs and any managed care costs not covered through the direct primary care plan, including managed care provider overhead costs.

(g) The average direct primary care cost per enrollee per eligibility category.

(h) The average number of actual claims per eligibility category.

(i) The average actual dollar value of claims per eligibility category.

(j) The number of enrollees in the pilot program during the previous quarter who are no longer eligible for Medicaid in the current quarter, broken down by eligibility category.

(k) The category savings subtotal. As used in this subdivision, “category savings subtotal” means the per-member-per-month rate paid in fiscal year 2016-2017 minus the per-member-per-month actual cost, times the number of enrollees in the eligibility category.

(l) The total savings. As used in this subdivision, “total savings” means the per-member-per-month rate paid in the previous fiscal year minus the per-member-per-month actual cost, times the total number of enrollees in the program.

(9) Unexpended and unencumbered funds up to a maximum of \$2,016,000.00 general fund/general purpose revenue plus any associated federal match remaining in accounts appropriated in part 1 for direct primary care pilot program are designated as work project appropriations, and any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditure for the direct primary care pilot program for Medicaid under this section until the work project has been completed. All of the following are in compliance with section 451a(1) of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the work project is to fund the cost of a direct primary care pilot program as provided by this section.

(b) The work project will be accomplished by contracting with a managed care organization under contract with the department to provide Medicaid services.

(c) The total estimated completion cost of the work project is \$6,048,000.00.

(d) The tentative completion date is September 30, 2020.

(10) The department may take out a stop loss policy to mitigate the potential cost impact if pilot program per-member-per-month costs exceed per-member-per-month costs for the program the enrollee would have been in had he or she not participated in the pilot program. The cost of the stop loss plan shall not be used in the assessment of the success of the pilot program.



Direct Primary Care Pilot- Implementation Status Report
Section 1407-PA 158 of 2017

The Michigan Department of Health and Human Services (MDHHS) is working in collaboration with the Medicaid Health Plans to implement an Alternative Payment Model (APM) that would facilitate piloting Direct Primary Care under current contracts and existing waiver authorities. This pilot has not yet been implemented, therefore the data requested is not available for the first quarter of Fiscal Year (FY) 2018.

MDHHS is currently targeting an April 1, 2018 implementation date with data available following the third quarter of FY2018, however this timeframe is dependent on negotiations between the Medicaid Health Plan(s) and any potential contracted providers. Further updates on the progress in meeting this target implementation date will be communicated as they become available.