CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICARE & MEDICAID INNOVATION

Findings at a Glance

Financial Alignment Initiative (FAI): Michigan MI Health Link Demonstration

Second Evaluation Report

MODEL OVERVIEW

The Financial Alignment Initiative (FAI) aims to provide individuals dually enrolled in Medicare and Medicaid with a better care experience and better align the financial incentives of the Medicare and Medicaid programs. CMS is working with States to test two integrated care delivery models: a capitated model and a managed fee-for-service model.

Michigan and CMS launched the MI Health Link demonstration in March 2015. The demonstration has been extended through December 31, 2023.

Key Features of the Michigan Demonstration

- Uses the capitated model based on a three-way contract between each Integrated Care Organization (ICO), CMS, and the State to finance all Medicare and most Medicaid services.
- ICOs provide care coordination, supplemental home- and community-based services (HCBS), and flexible benefits that vary by ICO.
- Medicaid behavioral health services are carved out of MI Health Link and are provided by the Prepaid Inpatient Health Plan (PIHP) serving each region.

PARTICIPANTS

MEDICARE-MEDICAID PLANS

- Seven ICOs participate in the demonstration: five in Wayne County and Macomb County, two in the 8-county Southwest Michigan region, and one in the 15-county Upper Peninsula region.
- ICOs contract with networks of Medicare and Medicaid providers to meet enrollees' needs.
- Enrollees receive a health risk assessment and engage with care coordinators on care plan development. Care coordinators help enrollees obtain needed services.
- ICOs and PIHPs coordinate enrollees' behavioral and physical health care through in-person meetings, calls, and electronic health information exchange.

BENEFICIARIES

As of December 2020,

36.7%

were enrolled in an Integrated Care Organization.

40,164 of the total 109,548 eligible Medicare-Medicaid beneficiaries were participating in the Michigan demonstration.

FINDINGS

IMPLEMENTATION

- State leaders sought a **multi-year extension of the demonstration**, with support from ICOs, beneficiaries, and other stakeholders. An extension of the demonstration **through December 31, 2023 was approved**.
- **Efforts to build enrollment and reach new enrollees were challenging** in this time period. **Passive enrollment was suspended** for 12 months **due to IT system challenges**.
- According to the State and PIHP representatives, **access to behavioral health services and coordination of behavioral and physical health have improved** under the demonstration, although the **carve-out continues to pose challenges** for the ICOs and PIHPs.
- Access to HCBS improved during the 2018–2020 period. However, according to advocates, the demonstration has **not improved care coordination for nursing facility residents** particularly during the public health emergency (PHE).
- Enrollees who participated in Consumer Assessment of Healthcare Providers & Systems surveys during 2018–2020 reported **high levels of satisfaction** with their MI Health Link plans and care coordination.

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FINDINGS *(continued)*

MEDICARE EXPENDITURES

Regression analyses of the demonstration impact on Medicare Parts A and B costs found **statistically significant increases in gross costs** for all eligible beneficiaries (including those enrolled in ICOs and those who are eligible but not enrolled), relative to their counterparts in a comparison group.

Monthly demonstration effect on Medicare Parts A and B costs, by demonstration year

Demonstration Period	Average Demonstration Effect on Medicare Expenditures, PMPM
DY 1 (March 2015–December 2016)	$98.89*
DY 2 (2017)	$122.63*
DY 3 (2018)	$155.20*
Demonstration period (Years 1–3, cumulative)	$118.05*

DY = demonstration year; PMPM = per member per month

*p<0.05.

Note: Estimates for demonstration effect on Medicaid total cost of care (TCOC) were not calculated in this report due data quality issues in the payment data in the Transformed Medicaid Statistical Information System (T-MSIS) for the comparison states of California and Pennsylvania during the reporting period.

SERVICE UTILIZATION AND QUALITY OF CARE: Demonstration Years 1 through 3 (2015–2018)

Favorable Results	Unfavorable Results
↑ Increased number of physician evaluation and management visits	↑ Increased long-stay nursing facility use

- There was no demonstration effect on inpatient admissions, emergency department visits, skilled nursing facility admissions, preventable emergency department visits, ambulatory care sensitive condition admissions, 30-day all-cause readmissions, or 30-day follow-up after mental health discharge.

KEY TAKEAWAYS

In the first 3 demonstration years, Medicare costs for the eligible population increased, and results for service utilization were mixed. The State and ICOs addressed numerous challenges, including challenges with enrollment systems, reaching new enrollees, behavioral health integration, and navigating the Public Health Emergency. Care coordination for nursing facility residents emerged as a challenge during the PHE. Successes included improved access to HCBS and progress on quality management. The State and CMS agreed to extend the demonstration through December 31, 2023.