

House Subcommittee on Department of Community Health Appropriations

March 9, 2009

Testimony of the Upper Peninsula Health Plan

Good Morning, Chairman McDowell and members of the Subcommittee. My name is Dennis Smith, President and CEO of the Upper Peninsula Health Plan.

UPHP coordinates with Upper Peninsula hospitals, physicians, and other providers to manage the health care services of 25,804 Upper Peninsula residents. In recognition of these efforts:

- *U.S. News and World Report* has ranked UPHP among the nation's top 20 plans, and UPHP ranks third in Michigan health plans.
- In 2008, UPHP won an **Rx Benefit Innovation Award** for the plan's role in implementing a regional drug-management system. The award was from the Pharmacy Benefit Management Institute. The project promotes safe and cost-effective pharmaceutical care through a collaboration of Upper Peninsula hospitals, physicians, and pharmacists.
- In 2007, UPHP won a **Pinnacle Award for Outstanding Business or Operational Performance** by a Medicaid health plan. The award was from the Michigan Association of Health Plans. The plan received this honor for its regional drug-management project.
- UPHP regularly scores well in annual quality checkups by the State of Michigan. In the state's 2009 *Guide to Michigan Medicaid Health Plans*, the Upper Peninsula Health Plan has the highest possible scores for *Getting Care* and *Taking Care of Women*.
- UPHP was the pilot program when the State of Michigan was looking to mandate that pregnant Medicaid members be part of a managed-care program to increase the potential for healthier mothers and babies. The program has since gone state-wide.

Of our 25,804 members, 65% are under the age of 18 and UPHP also has 450 MICHild members. UPHP believes that the youth of the Upper Peninsula hold the future of the U.P. As such, we need to make sure that they are afforded every opportunity to enter the educational system *healthy*—so that they can make the most of the educational system and so that they can be productive contributors to the U.P. society and economy.

UPHP believes that, as the legislature deals with the issue of those uninsured and underinsured, it should strongly consider adequate funding for adding MICHild and other children health programs to the *Managed-Care Health Plans*. We believe that, given the quality-of-care issues that managed care adheres to through HEDIS and NCQA, we are a perfect place for managing the health of these special—and potentially at-risk—populations. If the rates for these populations are actuarially sound, the state will gain a system that potentially provides cost savings in the overall expenditures as well as ensure consistent management of the needed health care.

As Steve Fitton, the acting Medicaid director from MDCH, pointed out a few weeks ago, the state saves 350 million dollars per year utilizing managed care for the Medicaid population. I would expect proportional savings with additional programs. In addition, Rick Murdock, from the Michigan Association of Health Plans, pointed out in the MAHP White Paper that “We can begin to make inroads for several targeted groups through expansion of additional groups into managed care....” UPHP believes that the principles and systems are in place to help make this possible.

As the state begins (this week) the federally required rebid of the Medicaid managed-care program, UPHP recommends that additional transparency regarding contract performance and oversight be incorporated in the state Medicaid contract. This will create more certainty of meeting performance measures. It will also give health plans the ability to plan more efficiently in meeting contract requirements. UPHP also recommends that there be increased transparency about the rate-development process by the state actuary to further enhance the understanding of this process. The state has made strides in this area in the past, and UPHP encourages further enhancement. Transparency will lead to better understanding of the contract and the overall process. It will also increase the “partnership” that the *Managed-Care Health Plans* have with the state.

UPHP believes that no Michigan citizen should fall through the cracks of health care. The Medicaid program is the foundation of the state’s health care program, and it should be used as the basis for health care reform. As we look to extend health care access to additional populations—whether it is through Medicaid or a “hybrid” of Medicaid—adequate funding is essential so that providers are able to participate and the systems required can be sustained.

UPHP Recommendations

1. The need to support managed care with a rate structure that complies with the federally required actuarial-soundness requirements is now well established. The Upper Peninsula Health Plan supports the Executive Budget Recommendations for continuing to provide this assurance.
2. UPHP believes that managed care is the most efficient and cost-effective delivery system for the State of Michigan to use to provide services to the Medicaid programs, as well as to additional programs that will be developed during the health care reform process.

3. The Upper Peninsula Health Plan supports policy, waiver, and contract changes that will enable additional Medicaid beneficiaries to be served by Medicaid health plans and will contribute further savings for Michigan and provide a medical home for more Medicaid and other “at-risk” beneficiaries.

I would like to thank you for this opportunity to provide comments on this year’s budget. I will be happy to respond to any questions you have and will be happy to follow-up with you or your staffs afterwards on any of the issues addressed in this testimony.