



Michigan Association of Health Plans

Testimony before Senate Committee on Government Operations H.B. 4714

July 30, 2013

Good afternoon Mr. Chairman and members of the Committee. My name is Rick Murdock I am Executive Director of the Michigan Association of Health Plans. Our association supports the substitute bill for HB 4714 as prepared by the Senate Workgroup, (HB 4714, (S-7, Draft 3).

You have heard (and will hear) from my colleagues regarding key provisions of the substitute bill HB 4714 that instills reform into the Medicaid program. We have analyzed HB 4714 substitute from the perspective of changes from the House passed version and comparison to the current Medicaid Contract with Medicaid Health Plans. The latter point is important as it is Medicaid Health Plans who will be in the spotlight for organizing and paying for delivery the care under the reform legislation. It is the Medicaid Health Plans who will be at financial risk if they are not successful. So we view such changes very carefully to assure that we are not placing our members at financial risk.

Fortunately the experience with Medicaid Managed care has been a good experience in Michigan. Michigan's Medicaid health plans are among the highest ranked health plans in the country as evaluated by the National Committee on Quality Assurance, NCQA and our health plans continue to save taxpayers over

\$400 million each year compared to similar services provided in a fee for service environment.

From an operational point of view, all of the reforms are doable and by virtue of the partnership that exists today with the Department of Community Health with Medicaid Health Plans, the reforms can be implemented using many of the existing systems procedures. In that sense, we are “shovel ready” once legislation is passed and federal waivers are approved.

As we well know, this legislation creates incentives at all levels. Incentives for enrollees to change or sustain healthful behavioral; incentives for providers to provide services that will demonstrate change in health status; incentives for carriers to have increasing accountability to arrange services and assist enrollees in achieving new benchmarks and reduce the overall administrative costs. All of these to take place in the most transparent way possible.

More importantly, however is the overall incentive placed on all of us who partner with the Department of Community Health. It will be our challenge to identify, establish and implement changes that will create savings that will not only reduce the costs that those who pay premiums are absorbing—the so called cost-shifting issue, but also to create the state budget savings that will enable the program to continue. We believe the implementation of this reforms contained within the legislation will enable those savings to be achieved.

Because this legislation represents the greatest opportunity to reform Medicaid in our recent memory our association and others support the Substitute Bill that is before us today. Thank you for this opportunity to present before this Committee.