



November 16, 2015

State of Michigan Administrative Board
P.O. Box 30013
Lansing, Michigan 48909

RE: Medicaid Program Health Plan Bid 2015

Dear Members of the State Administrative Board:

We write today to request that you allow Henry Ford Health System's Medicaid Plan, HAP Midwest Health Plan, to be added as an approved contractor for the State's Medicaid Program, at your Administrative Board meeting on Tuesday. We are not asking for you to replace another plan but to add HAP Midwest in Regions 9 and 10, which would be fully consistent with your authority to weigh various factors beyond the sourcing recommendations. Please consider the following key factors that provide compelling evidence as to why the State should allow HAP Midwest to continue to serve the 88,000 Medicaid beneficiaries:

This very important contract, which will affect the health of Medicaid members, as well as the financial viability of local, Michigan based companies, was based on the RFP response only, not an excellent track record or a site visit. The large, national players in Medicaid have expansive departments dedicated to churning out RFP responses. Local plans do not. As a result, a contract that is at least five years (and may be up to eight years) was primarily influenced by how well a company responded to an RFP. If, as in the past, our track record of serving the State of Michigan and our member satisfaction and quality scores been taken into consideration, HAP Midwest would have certainly been approved.

HAP Midwest was awarded, and will continue to administer a contract by the State of Michigan and CMS to participate in the MI Health Link demonstration project for Michiganders who are dually eligible for Medicare and Medicaid. This contract serves two of the counties that we have been eliminated from in this rebid for Medicaid. HAP Midwest was viewed by the State and CMS as an effective and reliable contractor to serve this population, which is the most vulnerable and costly people receiving care. It makes a great deal of sense that HAP Midwest would be just as qualified to serve those people who have Medicaid only.

We are a provider-based health plan. Provider-based health plans have been continually cited as allowing for better quality and service, and more continuity of care for members/patients, which is the direction that population health experts are recommending for Medicaid beneficiaries across the country. Integrated care promotes coordinated treatment and expedited, highly effective delivery of the services and access that this very vulnerable population needs and deserves. Abruptly ending our contract results in the opposite effect the state hopes to achieve with its pledge for coordinated, integrated care for the beneficiaries

We are a Michigan-based health plan. HAP Midwest, unlike most of the contract awardees, is a local, provider-based health plan. As a result, our entire focus is on the health of our residents in Detroit and Michigan. Henry Ford Health System has been one of the key economic engines in Southeast Michigan since 1915, investing hundreds of millions of dollars during the last decade to improve health care in the city of Detroit and the entire region.

We are a not-for-profit health plan and system. The investor-owned plans that have won bids are not reinvesting in Michigan and its residents to the extent of HAP Midwest. Henry Ford Health System has reinvested and will continue to reinvest income from HAP Midwest and all of Henry Ford Health System into the people we serve. Every dollar is used to strengthen our care to the community instead of being distributed to shareholders.

HAP Midwest is one of the largest and oldest Medicaid Plans based in Michigan; excluding HAP Midwest will disrupt the lives and continuity of care of 88,000 beneficiaries. Our members in Regions 9 and 10 have greatly benefited from our high quality, consistent and coordinated services that we have provided to beneficiaries for the past 35 years. If HAP Midwest is left out, it will disrupt the lives of 88,000 Michiganders, all who will be forced to find a new insurer or be assigned one. Some of these members will also need to find new physicians, which is contrary to the quality goals stated in the bid. Many of these patients face language, cultural, racial and economic barriers to care. The strategies HAP Midwest and Henry Ford have developed to help patients overcome these barriers will be diffused or lost.

Eliminating HAP Midwest as an option for Medicaid beneficiaries in Regions 9 and 10, which includes the City of Detroit and other areas where many Medicaid-eligible City retirees reside, also poses an unintended risk of jeopardizing a key component of the turnaround plan negotiated with the civil service retirees who voted for the plan to save Detroit. A key component for the City of Detroit and retirees was moving health care benefits into a VEBA and giving the retirees as many options as possible to choose from, including exchange coverage under the Affordable Care Act, Medicare and Medicaid. The limitation of that choice by removing one of the most trusted names in the Medicaid field in Michigan—HAP Midwest and its association with Henry Ford—may inadvertently impact the cost projections on which the plan was based, and more importantly, harm Detroit's Medicaid-eligible retirees, who essentially gave up their health insurance protection from the City to allow it to obtain a fresh start. This is a crucial time in which Detroit's civil service retirees need more health care options not less. We urge the SAB to avoid the disruption to Medicaid beneficiaries and the unintended consequences of adversely affecting the health care choices of Detroit's civil service retirees.

The goal of the bidding this year was to focus on health plans most capable of providing care coordination, prevention services and demonstrating a host of metrics designed to assure access, better quality and cost effective care. Henry Ford Health System has served the Medicaid population for more than 50 years, and has been a staunch advocate for Medicaid with the Legislature and Congress. We have developed a network of 30 clinics to provide primary care and other access to patients and our services are open to all patients, regardless of insurance. Our Population Health initiatives are comprehensive and effective.

In 2011, Henry Ford Health System purchased HAP Midwest in an effort to enhance and focus our nationally-recognized care coordination and quality improvement programs to better benefit our Medicaid patients.

Reservations in the original solicitation expressly reserves the State's right to consider an offeror's past performance on State contracts. In addition, Page 6 of the Instructions for the RFP also expressly stated that "The State reserves the right to adjust the number of Contractors needed in a region during the RFP process as well as during the term of the Contract. Adjustments will be made at the sole discretion of MDHHS." We are hopeful that the long and distinguished history of HAP Midwest service to the Medicaid population and strong reputation for quality care at HAP Midwest and Henry Ford will be taken into account. We are also hopeful that the strong history and performance of Henry Ford Health System in serving residents in the City of Detroit and Southeast Michigan would translate into an effort to preserve as many health care provider options as possible for the Medicaid population.

We thank you for your attention to these concerns and respectfully ask that you use your discretion to consider a broader set of facts and circumstances than that of the procurement process to allow HAP Midwest to continue serving Regions 9 and 10.

Sincerely,



James M. Connelly
Chair of the Board of Directors
HAP Midwest Health Plan, Inc.



Mary Ann Tournoux
Interim President and CEO
HAP Midwest Health Plan, Inc.

cc: Paul Smith
Shelby Troub, Secretary, SAB
Nancy Schlichting