

**Department of Community Health
Boilerplate Report - Section 1629(2), P.A. 60 of 2001
First Quarter**

Persons Enrolled	13, 566
Year-To-Date Expenditures	\$ 3,191,706
Projected Expenditures	\$25,000,000

Also attached is the department's quarterly report as required by the EPIC Legislation, Section 8 of PA 499 (2000).

DEPARTMENT OF COMMUNITY HEALTH

EPIC PROGRAM

FY02 FIRST QUARTER IMPLEMENTATION REPORT

Section 8 of PA 499 (2000) requires that quarterly reports be transmitted to the senate and house appropriations committees and the senate and house fiscal agencies. These reports are required to include the following:

- quantified data as to the number of program applicants and enrollees
- the amount of expenditures
- the number of enrollees subsequently found eligible for Medicaid
- an estimate as to whether the current rate of expenditures will exceed the existing amount of money appropriated for EPIC in the current fiscal year

The following report addresses each of these requirements.

Applications and Enrollment

Applications were mailed to all individuals receiving a MEPPS voucher in FY01 and to all individuals who filed a senior prescription drug tax credit form for calendar year 2000. These totaled 46,322, and consisted of 12,952 MEPPS recipients and 33,370 persons filing for the senior prescription drug tax credit. The priority enrollment period for these two priority eligibility groups ends with applications postmarked by January 31, 2002. The emergency component of the EPIC program was made available beginning October 1, 2001 and will remain open throughout the fiscal year.

Of this total, First Health had received 14,535 applications as of January 18, 2002. Overall, this represents a response rate of approximately 31%, with the response rate from the MEPPS program currently estimated at 60%. The department expects that approximately 15,000 applications will be submitted by the two priority groups by the end of the priority enrollment period.

The emergency component of the EPIC program became operational on October 1, 2001 as well. Through January 14th, 83 emergency applications had been processed, of which 80 were approved. The income of two of these applicants exceeded the income limit; the third denial was the result of the applicant not meeting other emergency criteria.

As of January 14, 2002, enrollments total 13,486 plus the 80 emergency enrollments for a total of 13,566. A sizeable number of applications -- approximately 700 -- were in a "pending" status as of this date. The pending status is used when the application is incomplete, if the required proof documents such as proof of residence or income are not submitted, or if other questions are identified in the application review process. In these

situations, a letter is sent or a phone call is placed to the applicant requesting clarification or identifying the required information. When the needed information is received, the application processing is completed.

The denial rate, because the applicant does not meet the EPIC program eligibility criteria, is approximately 2.4%, representing a total of 371 to date. Of this total, the primary reasons for denial are income which exceeds program limits (169 applicants) and applications from individuals not in the currently eligible enrollment groups (170 applicants). While unfortunate, the department had taken steps to preclude individuals from applying for the program when enrollment was not open to them by:

- C specific instructions for applicants to call the toll-free EPIC member services number before submitting an application to verify their eligibility;
- C maintaining a network of senior EPIC centers to provide information and assistance to individuals inquiring about the EPIC program;
- C limiting the availability of the application form and instructions;
- C informing all applicants that the application fee is non-refundable, regardless of the reason for denial.

Medicaid-Eligible Enrollees

Applicants who are at or below 100% of the federal poverty level, when approved for enrollment, are told in their enrollment letter that:

- C they may be eligible for Medicaid
- C Medicaid provides a broader range of coverage/benefits
- C their local FIA office can provide additional information

Senior EPIC centers may also refer individuals to the local Medicare Medicaid Assistance Program staff. In many instances, these are the same staff who assist seniors with EPIC matters.

Of all applicants, 2,512 (17%) appear to be medicaid-eligible based on the information submitted with the application. Note, however, that EPIC does not consider assets in determining eligibility.

The department's contract with First Health Services Corporation requires a "file match" between EPIC and Medicaid participant files. Those EPIC participants for whom the file match indicates full Medicaid participation will be subsequently disenrolled from EPIC. These file matches are expected to begin in the second quarter of FY02.

Expenditures

The EPIC program is not projected to exceed the current appropriation. However, since enrollment continues through January 31, 2002 and limited expenditure information is available thus far, a decision on whether to open enrollment to additional participants is not being made at this time.

A. Claims

Through the pharmacy claims billing period ending January 20, 2002, there have been about 112,000 paid claims, which total \$3.5 million excluding administrative costs. Within each biweekly claims period, the average EPIC participant is filling 3.3 claims at an average cost per claim to EPIC of about \$31.57.

B. Administrative Costs

For this time period, administrative costs have been approximately \$1.3 million and include significant one-time amounts associated with the start-up of the program.

Attachments - additional statistical information is contained in the attachments

01/28/02

DEPARTMENT OF COMMUNITY HEALTH

EPIC FACTS

APPLICATION DATA

- Applications have been mailed to over 46,000 households.
- Approximately 14,400 applications were received by First Health as of January 12, 2002.
- Thus far, approximately 16% of the applications have required additional information or follow-up to determine eligibility. The most common problem is related to proof of income.
- About 2.4% of applicants have been denied due to failure to meet eligibility criteria. The most frequent denial is due to income exceeding that established in the EPIC legislation.
- About 80% of eligibility determinations where no follow-up is needed are processed for approval determination within 4 days or less. If additional information is needed, this is resolved in 2 additional weeks for 60% of applicants.
- Thus far, about 15% of applicants are likely to also be Medicaid-eligible. These individuals are notified of their possible eligibility. However, as required by the legislation, they are enrolled in EPIC and would be disenrolled if they become Medicaid beneficiaries.
- Approximately 60% of MEPPS participants have submitted applications by November 30, 2001.

CLAIMS DATA

- 79,000 pharmacy claims were processed at a total cost of \$3.2 million through December 30, 2001.
- The average cost, per prescription, to the EPIC program has been \$31.57 and the total cost, including participant co-pays as required by legislation, has been about \$35.67.
- The total average participant co-pay, per claim, has been \$4.40 -- about 12% of the cost of the prescription.
- In each bi-weekly claim period, the average number of prescriptions per participant with a prescription filled has been between 3.0 and 4.1 claims.
- Note: Because benefits began recently and enrollment continues, it is not certain that these costs are representative of a full year of utilization or of all enrollees.

PRESCRIPTION DATA

For October through December:

- Single-source brand drugs represented 41% of all claims and 71% of the total cost.
- Multi-source brand drugs represented 5% of the total claims and 5% of the total cost.
- Generic drugs represented 54% of all claims and 24% of the total cost.

The average ingredient costs by drug type were:

- Single-source brands: \$62.70
- Multi-source brands: \$35.40
- Generic: \$13.13

Note: This information is limited to first quarter claims only; it is not certain that these costs are representative of a full year of utilization or of all enrollees.

01/28/02

DEPARTMENT OF COMMUNITY HEALTH

EPIC PROGRAM IMPLEMENTATION MAJOR EVENTS

- January 2001: The Elder Prescription Insurance Coverage Act (PA 299) of 2000 was enacted and became effective October 1, 2001.
- March 2001: The Request for Proposals (RFP) to provide both eligibility and enrollment and pharmacy benefits management for the EPIC program was issued by the Department of Management and Budget.
- June 2001: First Health Services Corporation, located in Richmond, Virginia, was selected as the EPIC vendor. This corporation is experienced with senior prescription plans and is the Michigan Department of Community Health (MDCH) Medicaid fee-for-service benefits manager as well.
- July 2001:
- 1) July 1, 2001 was the contract starting date for First Health.
 - 2) As the outcome of working with the Offices of Services to the Aging and the Senior Network, approximately 150 Senior Centers were offered small grants and invited to serve as Senior EPIC Centers. These centers are expected to assist seniors with information about the EPIC program, their completion of applications and to process emergency applications. All Area Agencies on Aging were also offered small grants for general information and referral services.
 - 3) A series of training sessions for Senior EPIC Centers were held across the state in late July/early August.
- August 2001:
- 1) The mailing of 12,952 applications to FY01 recipients of the Michigan Emergency Prescription Program for Seniors (MEPPS) began on August 15. Since MEPPS benefits continued through September, the department continued to receive names for the prior 12 months coverage into October.
 - 2) The toll-free EPIC member services call center (1-866-747-5844) and the MIEPIC web site were activated.
 - 3) First Health enrollment of pharmacies into the EPIC provider network began. Of the approximately 3,200 licensed pharmacies in Michigan, over 2,000 are currently accepting EPIC claims. Additional pharmacies continue to enroll. Nationwide access to pharmacies is in place primarily through the large pharmacy chains.
 - 4) On August 22, 2001, the EPIC Advisory Committee met to advise the department on the \$15 brand name co-pay policy, as required by the legislation. The Advisory Committee and the department's recommendation was that the \$15 brand name co-pay apply unless no generic equivalent exists or the brand name will be dispensed at the generic MAC price. This recommendation was subsequently forwarded to the House and Senate appropriations committees.
- September 2001:
- 1) A series of EPIC claims processing training sessions for pharmacies were held.
 - 2) Program implementation decisions were finalized and First Health prepared to process claims.
 - 3) EPIC participants began to receive membership cards in late September.
 - 4) The MEPPS program officially ended September 30, 2001, but was replaced by EPIC emergency enrollment and voucher policy.

- October 1, 2001:**
- 1) **Pharmacy claims began to be processed for enrolled epic participants (former MEPPS recipients) who presented prescriptions to enrolled pharmacies.**
 - 2) **The emergency component of the EPIC program became operational.** Through December, approximately 70 emergency applications had been approved.
- October 1, 2001:
- 1) Beginning October 3, a follow-up letter was mailed to MEPPS participants from whom applications were not received to assure they are aware of the EPIC program and to advise them as to how they can obtain another application form.
 - 2) Beginning October 3 and continuing into December, approximately 33,370 EPIC applications were mailed to households filing a Senior Prescription Drug Tax Credit (STC) form for 2000. Approximately 400 additional applications were mailed after receipt of late filing names/addresses from the Department of Treasury.
- November 2001:
- 1) As program implementation continued, MDCH EPIC staff coordinated with First Health to identify and resolve various problems in application review and claims processing.
- December 1, 2001: **Pharmacy claims were processed for enrolled EPIC participants who received Senior Prescription Drug Tax Credits for 2000 and who presented prescriptions to enrolled pharmacies.**
- December 31, 2001: The Senior Drug Prescription Tax Credit Program officially ended. Seniors may file a final tax credit for calendar year 2001.
- January 31, 2002: The priority enrollment period for MEPPS and Senior Tax Credit recipients will end. Applications postmarked through this date will be accepted for eligibility determination. The emergency component of the program will continue and remains open for individuals who meet these criteria. A 45-day coverage will be provided for enrolled emergency participants. An individual may receive up to two emergency enrollments depending on the availability of funds.