

# Local Health Department Experiences with the State Innovation Model Initiative: Michigan

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## Introduction

Through the State Innovation Models (SIM) Initiative, the Centers for Medicare and Medicaid Services (CMS) has provided up to \$300 million since early 2013 to support the design, development, and testing of state-based models for multi-payer payment and healthcare delivery system transformation to improve health system performance for residents of participating states. The CMS has funded 25 states to develop or implement State Health Care Innovation Plans for improving health and reducing healthcare costs:

- Six states were designated **Model Testing Award** states and received \$250 million to implement their already developed State Health Care Innovation Plans.
- Three states were designated **Model Pre-Testing** states and received funding to continue to develop comprehensive State Health Care Innovation Plans within six months of receiving funding.
- Sixteen states, including Michigan, were designated **Model Design** states and received funding to develop a new State Health Care Innovation Plan.<sup>1</sup>

The National Association of County and City Health Officials (NACCHO), with funding from the Centers for Disease Control and Prevention, is producing a series of reports to educate local health departments (LHDs) about SIM-related activities in their states. As states reframe and redesign their financing and delivery structures, LHDs must ensure that their local perspective is represented.

This document outlines the experiences of LHDs in Michigan and their involvement in State Health Care Innovation Plan activities during the past year.

## Implementation

Michigan received waiver approval to expand Medicaid eligibility under the Affordable Care Act and began doing so in April 2014. During this year's inaugural open enrollment period, the state ran its health insurance exchange in a partnership



with the federal government. Michigan's innovation plan encourages Patient Centered Medical Homes in a "hub" model. The "spokes" of the hub model will be provider networks in accountable systems of care. Overall, these plans are designed to achieve better health and better care at lower costs.

The team working on the plan included two local public health officers, a broad representation of Michigan health providers and payers (from hospitals, primary care, private plans, and Medicaid health insurance plans), and state health department staff. The LHD representatives wanted to articulate that many principles guiding Michigan's plan were core public health functions and that LHDs could contribute expertise in those areas.

## Challenges

Perhaps the biggest challenge that Michigan faces with its innovation plan is developing specific actions for the ambitious goals set forth. For example, the plan emphasizes cross-sector partnerships that incorporate public health, community health,

<sup>1</sup> Centers for Medicare and Medicaid Services. State Innovation Models Initiative Fact Sheet. Retrieved April 2, 2014, from <http://go.cms.gov/1jBoKbX>

payers, governmental entities, faith-based organizations, and schools, but forming and maintaining such partnerships can be difficult. Another challenge relates to how to use public health principles to build a healthcare system to keep people healthy, but the healthcare field has limited experience in achieving true population health.

LHDs are also concerned with how traditional public health functions such as coordination and assessment can be sustained outside the public health infrastructure and without local leadership. LHDs have the capacity to engage communities to improve population health and to identify areas for both cost reduction and additional funding sources.

## Opportunities

Under the Michigan plan, health insurance companies are expected to recognize the importance of community linkages and use tools to support population health management. LHDs can provide that essential linkage and help to develop population health management tools. LHDs can also engage in mutually beneficial relationships with payers; payers have much more bargaining power with providers in obtaining services such as preventive services and diabetes programs, so LHDs can collaborate with payers to leverage that power to maximize dollars spent. Additionally, LHDs can facilitate relationships between healthcare and non-traditional partners.

## Recommendations

### Participate in Planning

LHDs should participate in state planning and learn more about potential plans; knowing what the state's intentions are can help LHDs modify services to meet health system changes and better ensure that the needs of relevant populations are addressed.

### Determine the LHD's Value to the Process and Implementation

LHDs have different capacities to work on SIM-based initiatives and activities. As health systems change, LHDs should identify the value of evidence-based practice, communicate public health principles, and position themselves for collaborative priorities and outcomes.

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## ADDITIONAL RESOURCES

### NACCHO'S HEALTH REFORM PROJECT WEBPAGE

[www.naccho.org/topics/healthreform/](http://www.naccho.org/topics/healthreform/)

### SIM INITIATIVE WEBPAGE

<http://innovation.cms.gov/initiatives/state-innovations/>

### GLOSSARY OF AFFORDABLE CARE ACT TERMS

<https://www.healthcare.gov/glossary/>

**NACCHO**

National Association of County & City Health Officials

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[www.naccho.org](http://www.naccho.org)



The mission of the National Association of County and City Health Officials (NACCHO) is to be a leader, partner, catalyst, and voice for local health departments.

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