

Senate Finance Committee / HHS Subcommittee Fall Update

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Director

October 21, 2015

Agenda

- Storm Impact
- Fiscal Overview
 - FY 2014-15 Year-End
 - FY 2015-16 Year-to-Date
- Revenue Changes and Fund Balances
 - Cigarette Tax Update
 - Changes in Fund Balances
- FY 2016-17 Budget Request
- Eligibility and Enrollment Update
- Program Update

Storm Impact

- Our statewide role during a disaster is to support DSS in the following areas:
 - ESF 6 (Mass Care), ESF 18 (Donated Goods and Volunteer Services)
- Our role for our beneficiaries during a disaster is to ensure their safety and continued care:
 - Remain in contact with 15,000 CLTC participants
 - Work with facilities and providers as conditions demand
- We suffered some losses and setbacks:
 - The homes of several employees
 - Calhoun County office
 - Week-long closure of Jefferson Square, call center
- We are participating in the “Team South Carolina” events to support our community’s recovery.

FY 2014-15 Year-End & FY 2015-16 Year-to-Date

FY 2014-15 Year-End

	FY 2014-15 Approp/Authorized	FY 2014-15 Actual Expend	Variance Over/(Under)	% Spent
Medical Assistance	\$ 5,609,214,756	\$ 5,592,025,602	\$ (17,189,154)	100%
State Agencies & Other Entities	\$ 928,876,243	\$ 829,842,539	\$ (99,033,704)	89%
Personnel & Benefits *	\$ 66,911,816	\$ 65,095,018	\$ (1,816,798)	97%
Medical Contracts & Operating	\$ 273,167,948	\$ 239,794,349	\$ (33,373,599)	88%
TOTAL	\$ 6,878,170,763	\$ 6,726,757,508	\$ (151,413,255)	98%

* Reflects the allocation of the 2% FY 2014-15 pay increase.

- Final FY 2014-15 expenditures were 2% below total appropriation/authorization levels.
- Gap closed with over \$100 million from reserves.

FY 2015-16 Year-to-Date

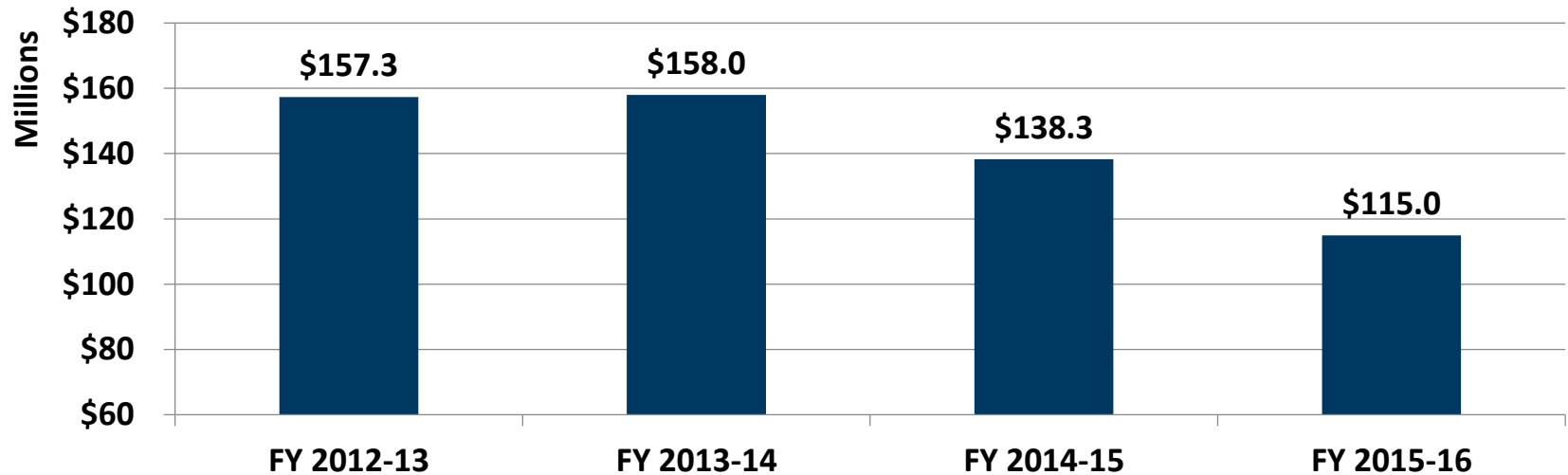
	FY 2015-16 Approp/Authorized	FY 2015-16 YTD (9/30/15)	% Spent
Medical Assistance	\$ 5,773,577,588	\$ 1,332,358,520	23%
State Agencies & Other Entities	\$ 868,974,936	\$ 187,334,536	22%
Personnel & Benefits	\$ 68,458,064	\$ 16,435,084	24%
Medical Contracts & Operating	\$ 310,805,167	\$ 23,298,067	7%
Total	\$ 7,021,815,755	\$ 1,559,426,206	22%

- Department spent 22% of its annual budget during the first quarter.
 - Typically under budget in the first quarter, as contracts take time to issue.
- Current forecast calls for spending \$127 million from reserves.

Revenue Changes and Fund Balances

Cigarette Tax Losses Offset General Fund Gains

Annual Cigarette Surcharge Proceeds for SCDHHS



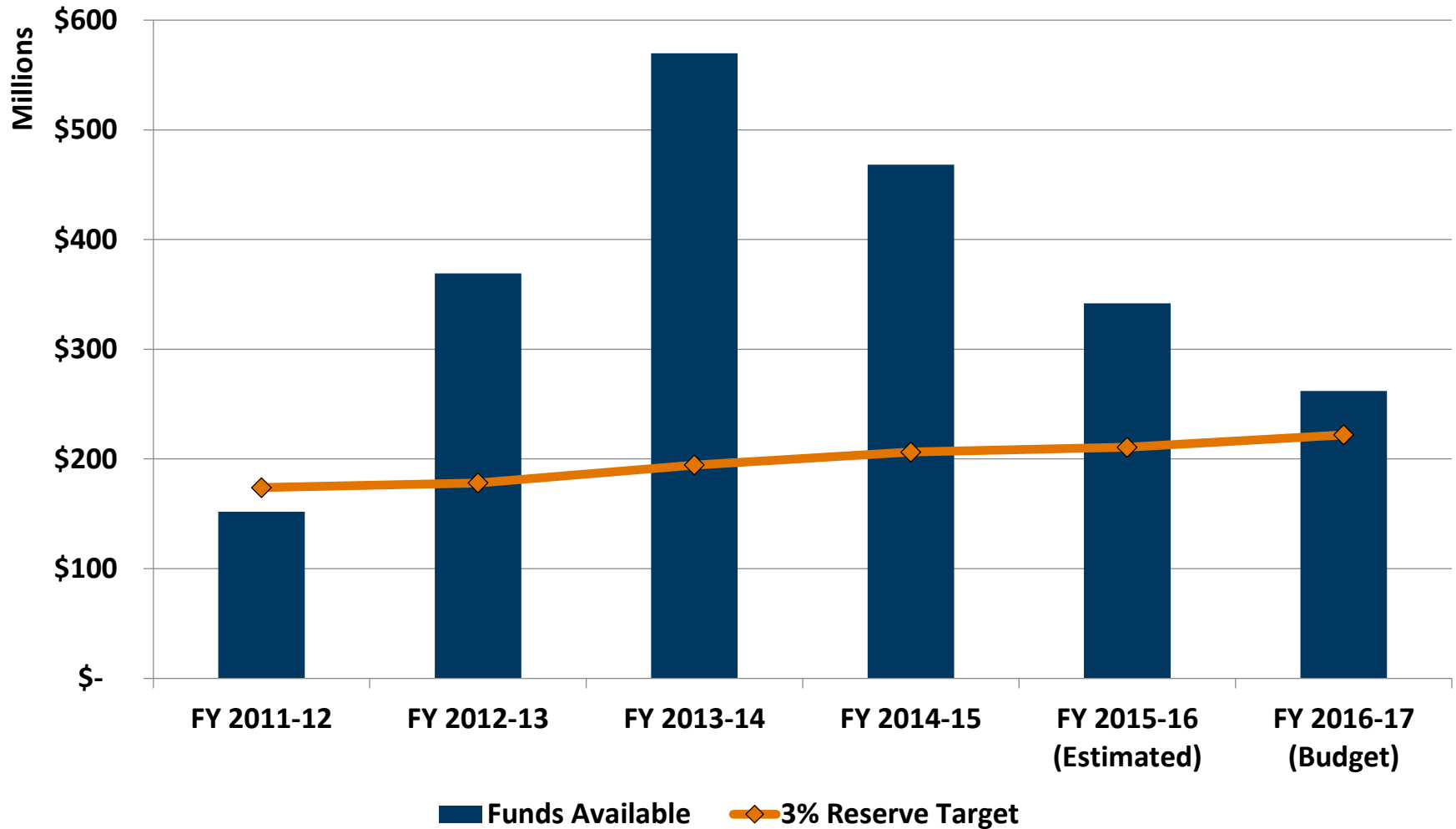
- Between FY 2012-13 and FY 2015-16:
 - General Fund revenues rose by \$42.7 million.
 - Cigarette surcharge revenues fell by \$42.3 million.
- Annualization problem has been noted each year by OSB/RFA.
- Governor has recommended the necessary recurring funds in each of her budgets.

Changes in Fund Balances

<i>Fund Type</i>	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Estimated	FY 2016-17 Budget
General	\$ 62,860,131	\$ 232,565,532	\$ 280,258,725	\$ 174,307,600	\$ 47,724,189	\$ -
Earmarked	\$ 79,031,310	\$ 136,493,773	\$ 33,205,967	\$ 256,412,688	\$ 256,412,688	\$ 224,441,607
Restricted	\$ 10,002,755	\$ -	\$ 56,266,587	\$ 37,601,918	\$ 37,601,918	\$ 37,601,918
Net Available	\$ 151,894,196	\$ 369,059,305	\$ 569,731,279	\$ 468,322,207	\$ 341,738,796	\$ 262,043,525
3% Reserve Target	\$ 173,896,300	\$ 178,149,160	\$ 194,476,335	\$ 206,288,440	\$ 210,654,473	\$ 221,944,507

- The 3% reserve target is roughly equivalent to six weeks of cash reserves.
- Reserves peaked two years ago.
- Projections above assume the agency's FY 2016-17 budget is approved as submitted.

Changes in Fund Balances



* FY 2016-17 assumes the agency's request is approved as submitted.

FY 2016-17 Budget Request

FY 2016-17 Budget Request

- Guiding principles for the request:
 - Keep reserves above 3% through the planning horizon.
 - Address annualizations primarily in FY 2016-17, with some overhang into FY 2017-18.
 - Cut spending growth to about half of recent levels in ways that minimize the impact on the health system.
 - Increase transparency by reflecting “off-budget” spending within the agency’s financials.

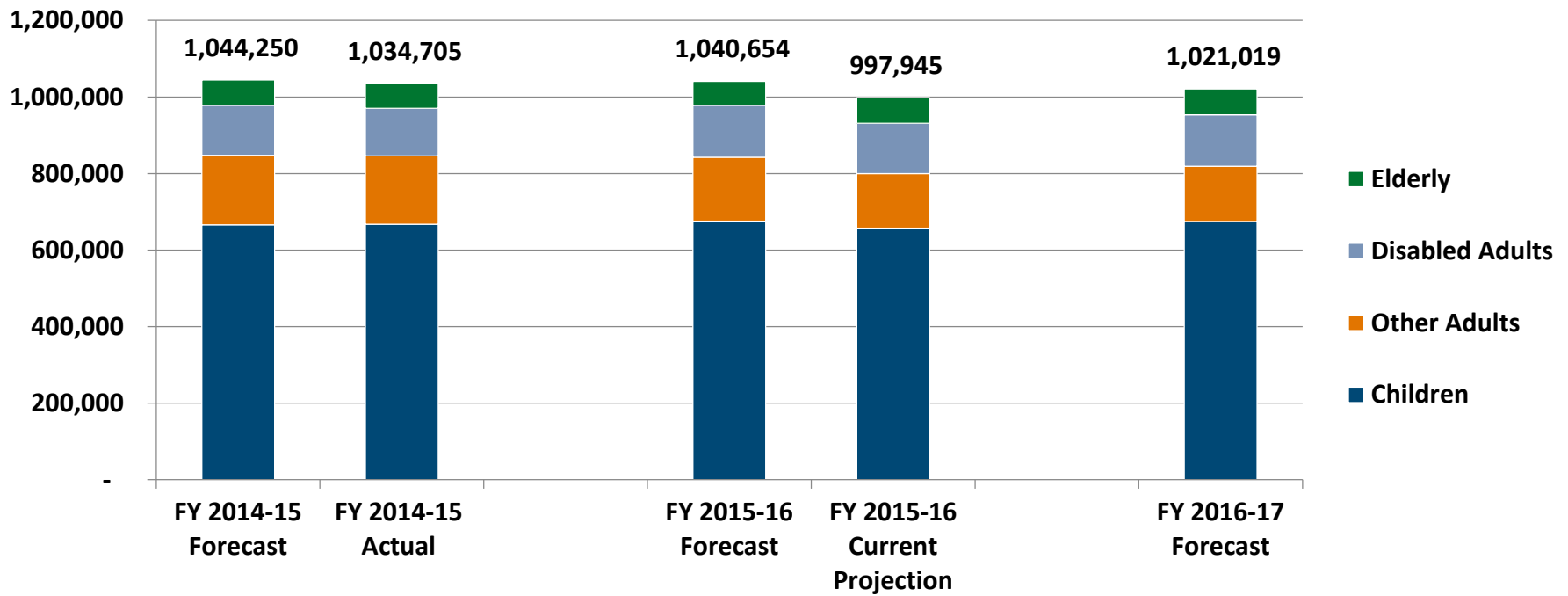
FY 2016-17 Budget Request

	General Fund	All Funds
Recurring Requests		
1. Partial Annualization (#7594)	\$ 149,416,874	\$ 382,491,600
2. Cost Reductions (#7409)	\$ (20,261,796)	\$ (55,442,868)
3. Personnel Base Realignment (#7372)	\$ -	\$ -
4. Health Insurance Allocation (#7283)	\$ 144,919	\$ 399,336
<i>FY 2016-17 Recurring Changes</i>	<i>\$ 129,299,997</i>	<i>\$ 327,448,068</i>
Non-Recurring Request		
5. Non-Recurring: MMIS (#7247)	\$ 8,474,579	\$ 8,474,579

- Net request is for \$129 million from the General Fund.
- Still requires using about \$79 million from reserves.
 - \$36+ million impact from 52% Part B increase and a “53rd week.”
- Allows for funds to be shifted off operating lines to hire program integrity staff and eligibility workers.
- No funding requested for new initiatives.

Eligibility and Enrollment Update

Full-Benefit Membership



- Full-benefit membership continues to hold around 1 million, even with required restart of annual reviews.
 - Added an additional month of prior notice of reviews.
 - Sharing better reports with managed care plans, earlier than in the past.
 - Authorized plans to outreach to members to complete annual review forms.

Eligibility and Enrollment – Continuing Efforts

- **Systems**

- Negotiated a three-year extension of the legacy eligibility system with CMS.
- Planning a phased, careful transition for remaining eligibility categories.
- Increased data-matching, to send continuation notices instead of review forms.
- Weekly “data fixes”, monthly patches/upgrades, bi-weekly IBM meetings.

- **Staffing**

- 57% fewer Eligibility Workers/Member in November 2014 than Spring 2011.
- Restarted annual reviews at the same time as the new eligibility system.
- Posted 99 eligibility slots since July 1st; have also used state and vendor temps.
- Created dedicated processing centers, launched 2nd and 3rd shifts at key sites.

- **Policies**

- Streamlined documentation requirements for long-term care applications.
- Implemented Business Process Redesign to increase first-touch resolution, cut processing time.

Eligibility and Enrollment – Continuing Efforts

New Processing Centers in 2015

1st Shift: Now Open

- 42 Workers
- Central Office – Jefferson Square
- Charleston
- Greenville (2 sites)
- Spartanburg

2nd Shift: Now Open

- 77 Workers
- Central Office – Jefferson Square
- Lee
- Richland (2 sites)
- Spartanburg

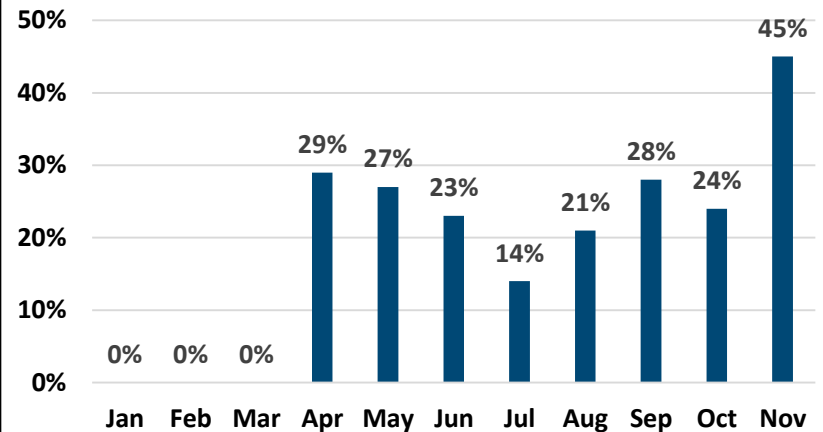
2nd Shift: Coming Soon

- 35 Workers
- Charleston
- Horry
- Oconee

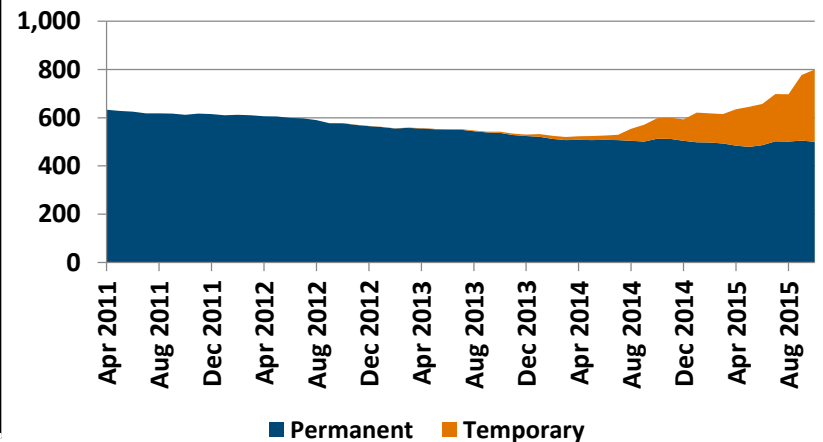
3rd Shift: Now Open

- 24 Workers
- Central Office – Jefferson Square

Auto-Match Rate: No Review Form Needed



Filled Eligibility Worker Positions



Program Updates

Healthy Outcome Plans (HOP)

- HOP focuses on high-utilizers of emergency rooms and/or inpatient services
 - HOPs are paid for each enrollee under care plan management
 - 58% of enrollees screened are in high need of further evaluation for behavioral health intervention
 - 8% reduction in preventable ER visits, 11% for those with care plans
 - 9% reduction in chronic disease-related preventable inpatient stays
- Enrollment update, as of August 30, 2015:
 - 13,249 HOP participants towards a FY 2015-16 goal of 13,394
 - 84% of enrollees have a developed care plan so far

45 HOPs, including all 57 Medicaid-designated hospitals

70 primary care safety net providers
(FQHC, RHC, Free Clinic)

30 participating behavioral health clinics
(DMH, DAODAS)

Autism

- In July 2014, CMS directed states to offer Autism Spectrum Disorder (ASD) services through EPSDT authority or the State Plan.
- SCDHHS has been handling service requests through EPSDT while working on policy development, rate-setting, and IT system changes:
 - Multiple events, webinars, etc. to receive and react to public comments.
 - Working with DDSN to provide administrative / authorization services.
 - EPSDT requests are typically resolved within two weeks of receiving a complete document set.

	FY 2014-15	FY 2015-16
<u>Requests Received</u>	<u>148</u>	<u>400</u>
<i>Approved</i>	148	158
<i>Pending – Awaiting SCDHHS Decision</i>	0	4
<i>Pending – Incomplete Document Set</i>	0	238

Waiting List Reduction Efforts

- Collaborative effort with DDSN and providers to reduce waiver waiting lists for state's most vulnerable populations.
- FY 2014-15: \$13M increase in state funding.
 - All 1,400 slots allocated to Intellectual & Related Disabilities (ID/RD) and Community Supports (CS) Waivers – 725 ID/RD, 675 CS
 - Net enrollment increase of 883 (as of 6/30/15)
- FY 2015-16: \$6.4M increase in state funding.
 - 842 of 1,300 slots allocated so far to ID/RD (as of 10/12/15)
 - Net enrollment increase of 248 (as of 10/19/15)

Home & Community Based Services – Final Rule

- CMS established new standards for waiver services and settings in a 2014 “final rule” – compliance is required by March 2019.
- Our Statewide Transition Plan was submitted in February 2015 and revised in September 2015 based upon initial federal comments.
 - Providers have “self-assessed” their day and residential facilities; those failing to participate will be subject to “heightened scrutiny.”
 - In-depth site visits begin in early 2016 and will identify more settings that will require modifications or which will be unable to meet settings requirements.

<i>Compliance Status</i>	<i># of Settings</i>
Fully Compliant with Federal Requirements	201
Modifications Required to Achieve Compliance	1,010
Subject to Heightened Scrutiny	112
Unable to Meet Requirements	2

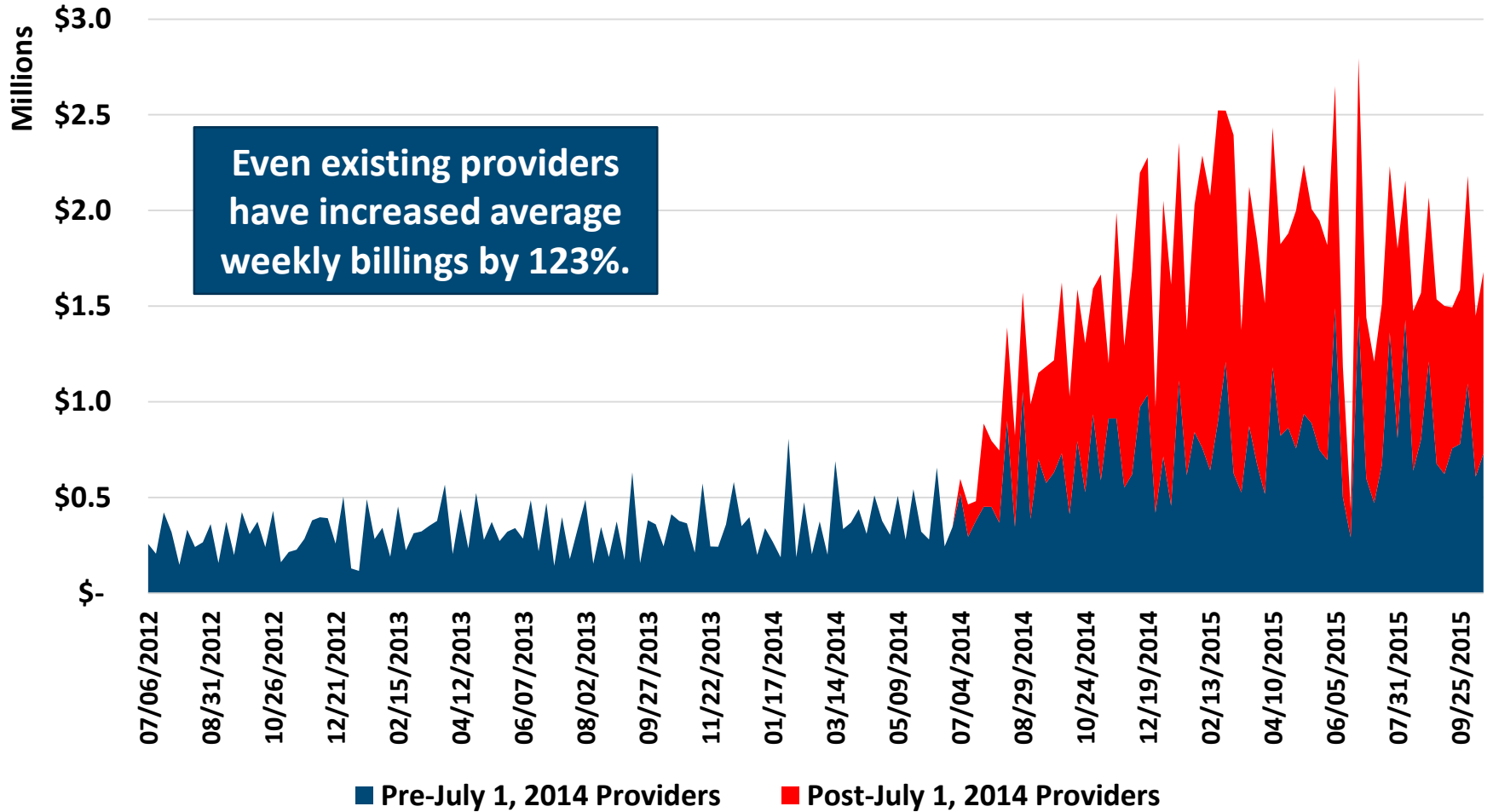
Rehabilitative Behavioral Health Services (RBHS)

- In July 2014, the Department eliminated prior authorizations for RBHS and assumed responsibility for supplying state match in most cases.
 - Goal was to increase access to services, eliminate the problem that the authorizing agency had been responsible for supplying state match.
 - Result was a dramatic increase in enrolled providers, beneficiaries, and claims – and fraud.
- Since November 2014, the following actions have been taken:
 - Terminated 46 providers for failure to demonstrate appropriate accreditation.
 - Obtained CMS approval to impose a moratorium on enrolling new RBHS providers.
 - Reinstated prior authorizations through an external quality improvement organization.
 - Tightened treatment ratios and increased provider credentialing standards.
 - Raised the individual provider rate and established a new group rate.

Rehabilitative Behavioral Health Services (RBHS)

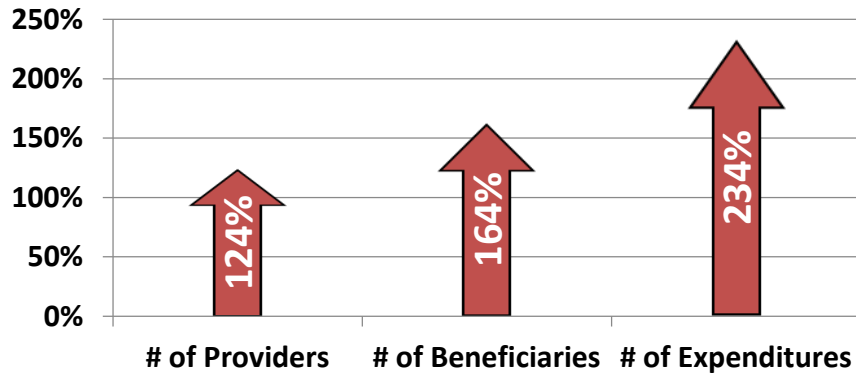
- Based upon several rounds of agency/provider comment and on research from independent behavioral health consultants, additional changes are on the way.
- New administrative policies taking effect November 1, 2015:
 - More stringent accreditation requirements (require SC licenses).
 - Tighter staff training and licensure requirements; background checks.
- New clinical policies taking effect January 1, 2016:
 - State Plan Amendment to separate RBHS into three distinct services – separate codes for Community Integration Services and Therapeutic Childcare Centers.
 - Revised medical necessity requirements.
 - Smaller group ratios, with rates revised accordingly.
 - Lower cap on billable units, with an exception process.

Rise and Fall of Weekly Spending on RBHS



Rehabilitative Behavioral Health Services

% Increases: July 2014 – Sept. 2015



Program Integrity – Actions Against Providers

- Investigations: 57
- Referrals to the Attorney General: 10
- Payment Suspensions: 3
- Identified Recoupments: \$6.57M

Average Weekly Expenditures, by Month

