

House Ways and Means Healthcare Subcommittee Fall Update

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Director

December 8, 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 participated 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

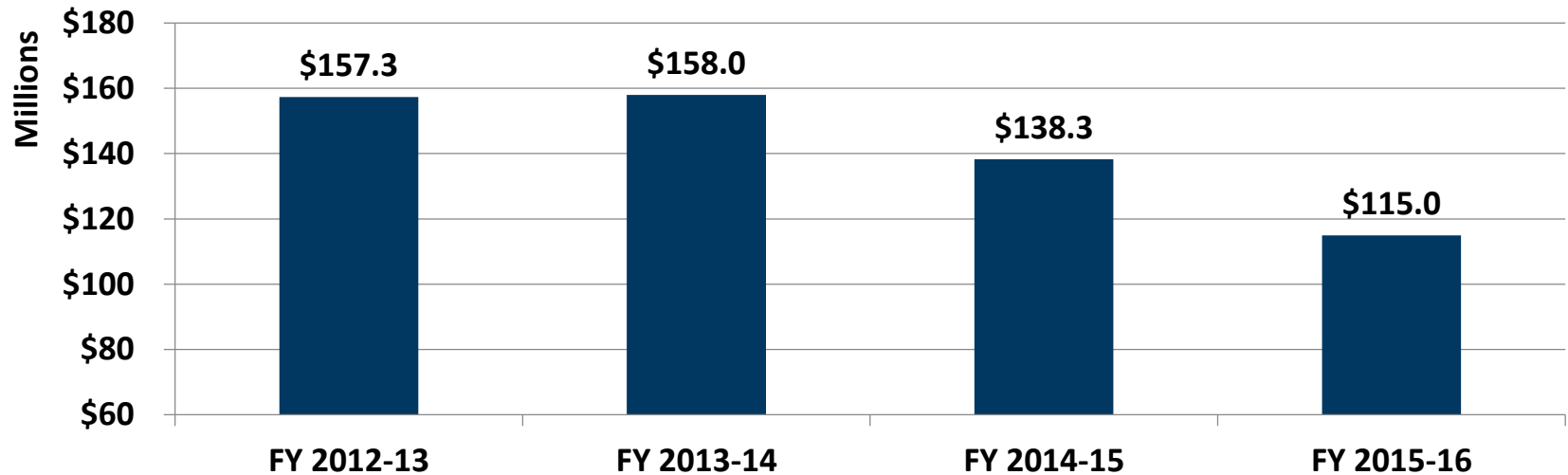
	FY 2015-16 Approp/Authorized	FY 2015-16 YTD (11/30/15)	% Spent
Medical Assistance	\$ 5,773,577,588	\$ 2,270,178,905	39%
State Agencies & Other Entities	\$ 868,974,936	\$ 326,584,460	38%
Personnel & Benefits	\$ 68,458,064	\$ 28,046,709	41%
Medical Contracts & Operating	\$ 310,805,167	\$ 54,591,966	18%
Total	\$ 7,021,815,755	\$ 2,679,402,040	38%

- Spent 38% of annual budget through November 30, 2015.
 - Typically under budget at beginning of fiscal year, as contracts take time to issue.
- Current forecast calls for spending \$105 million from reserves.
 - Slight improvement over October report – Part B “fix” is key driver

Revenue Changes and Fund Balances

Cigarette Tax Losses Offset General Fund Gains

Annual Cigarette Surcharge Proceeds for SCDHHS



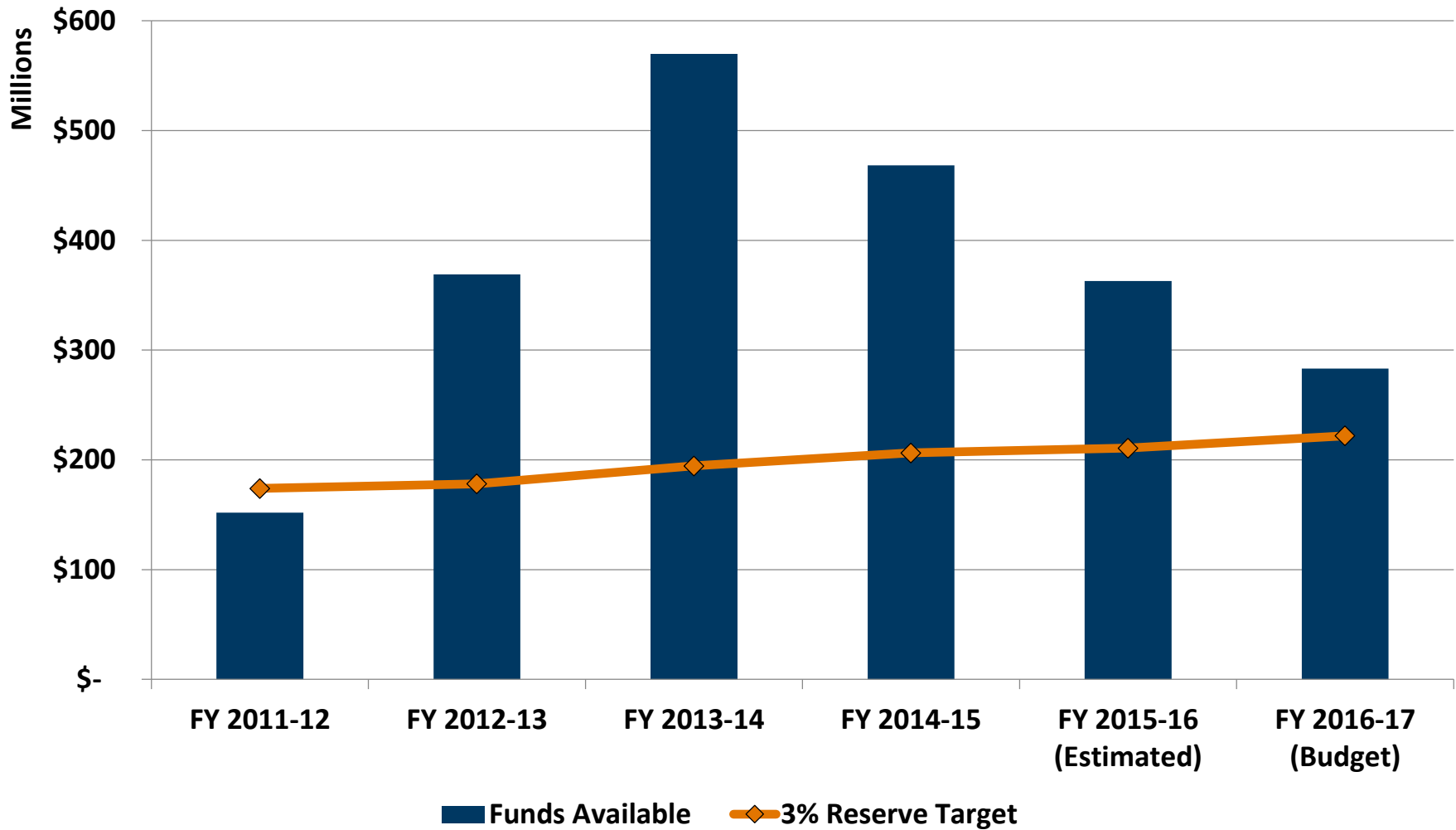
- Between FY 2012-13 and FY 2015-16:
 - General Fund revenues rose by \$42.7 million.
 - Cigarette surcharge revenues fell by \$42.3 million.
- Annualization problem has been noted each year by OSB/RFA.
- Governor has recommended the necessary recurring funds in each of her budgets.

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	\$ 68,927,420	\$ -
Earmarked	\$ 79,031,310	\$ 136,493,773	\$ 233,205,967	\$ 256,412,688	\$ 256,412,688	\$ 245,644,838
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	\$ 362,942,027	\$ 283,246,756
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.

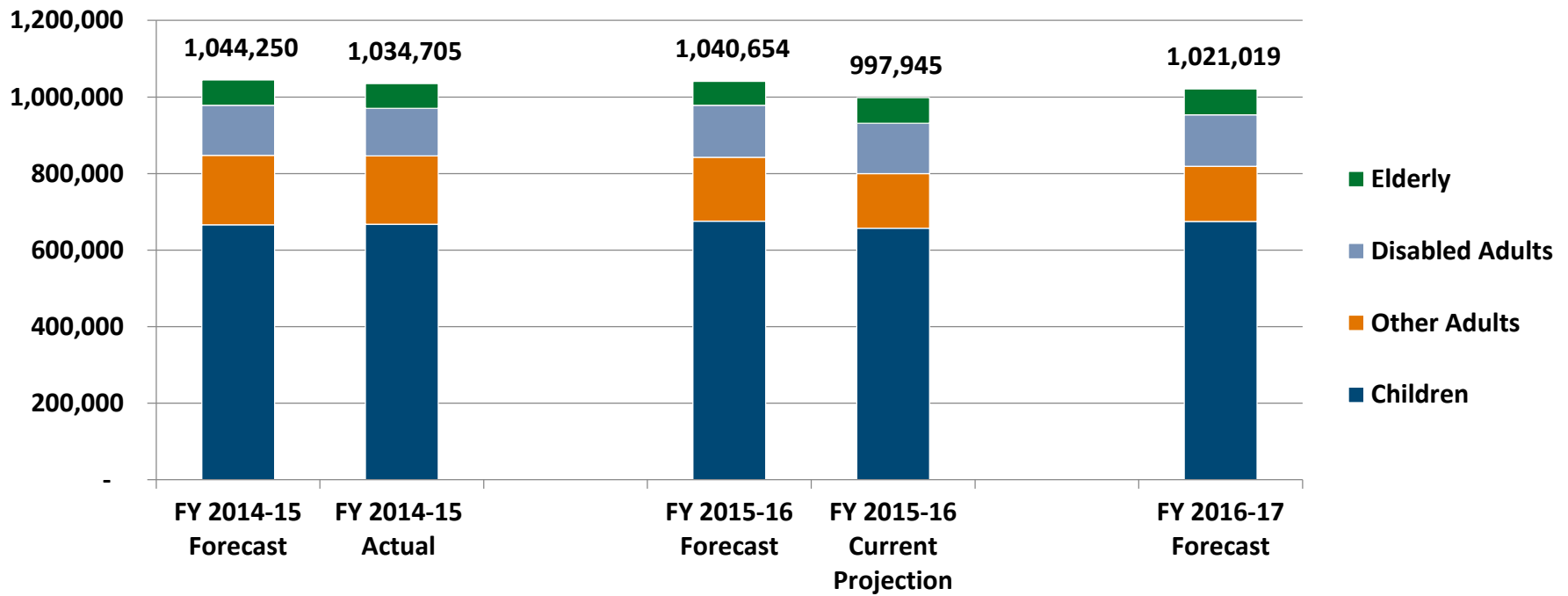
FY 2016-17 Budget Request

	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.
- 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 135 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

- **39 Staff**
- **Central Office – Jefferson Square**
- **Charleston**
- **Greenville (2 sites)**
- **Spartanburg**

2nd Shift: Now Open

- **75 Staff**
- **Central Office – Jefferson Square**
- **Oconee**
- **Richland (2 sites)**
- **Spartanburg**

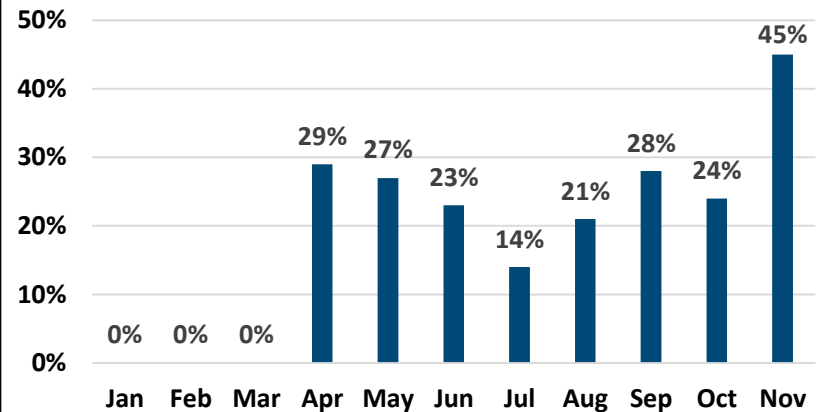
3rd Shift: Now Open

- **30 Staff**
- **Central Office – Jefferson Square**

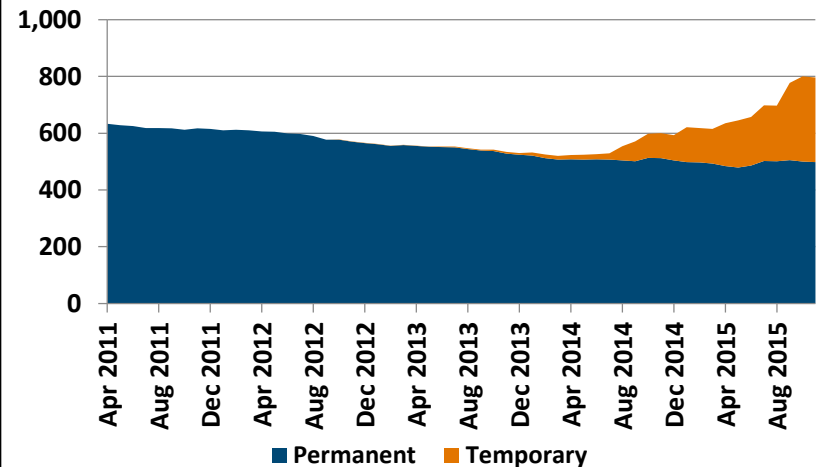
Coming Soon

- **45 Staff**
- **Charleston**
- **Horry**
- **Lancaster**

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 October 31, 2015:
 - 13,830 HOP participants, now exceeding the FY 2015-16 goal of 13,394
 - 85% 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>654</u>
<i>Approved</i>	148	384
<i>Pending – Awaiting SCDHHS Decision</i>	0	13
<i>Pending – Incomplete Document Set</i>	0	247
<i>Denied – Not Medicaid Members</i>	0	10

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.
 - 1,185 of 1,300 slots allocated: 1,135 ID/RD, 25 HASCI, 25 non-Medicaid (12/7/15)
 - Net enrollment increase of 388 (12/1/15)

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
 - 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 (HCB Settings Quality Review or “heightened scrutiny”)

<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

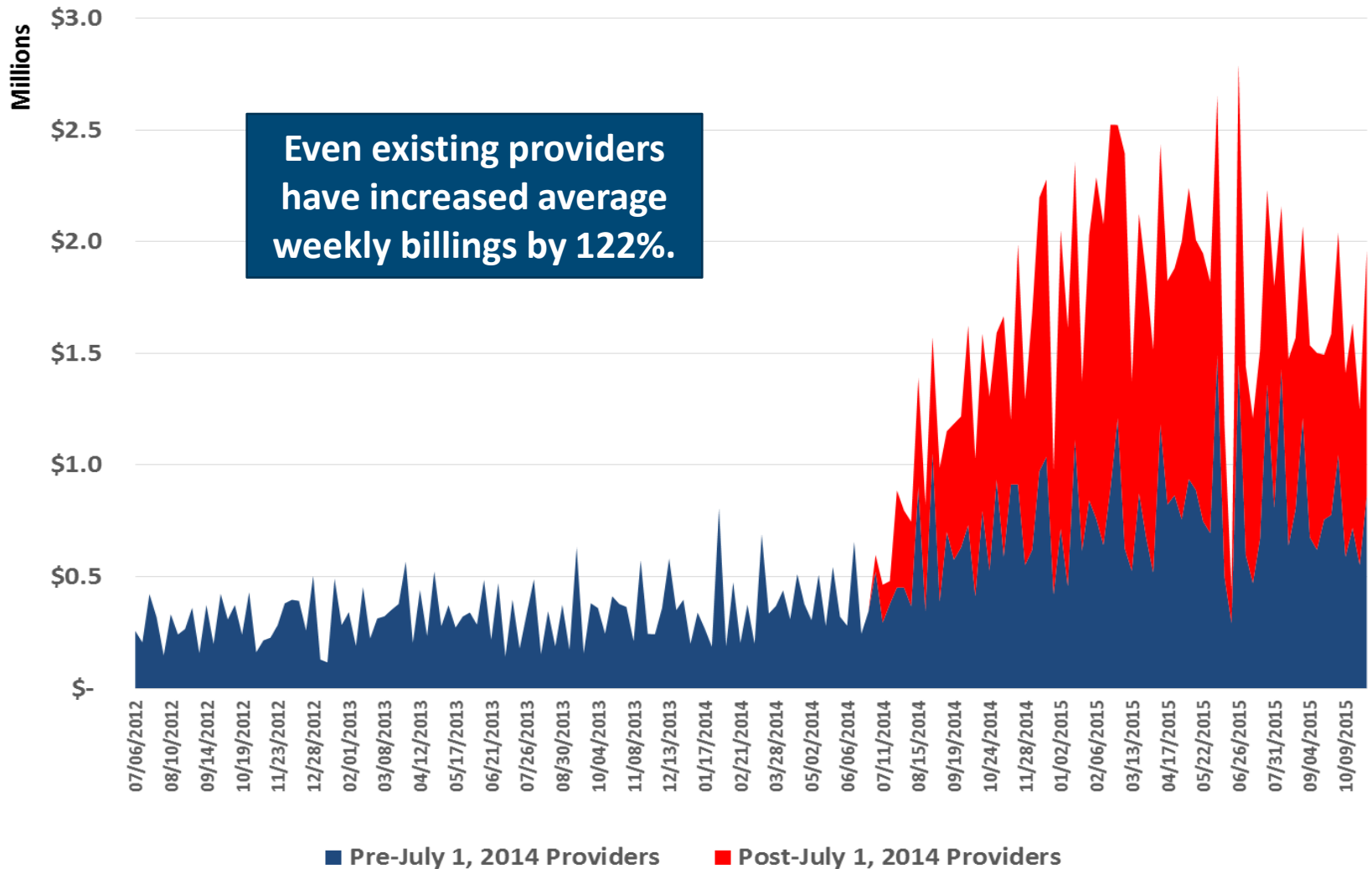
Rehabilitative Behavioral Health Services (RBHS)

- 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)

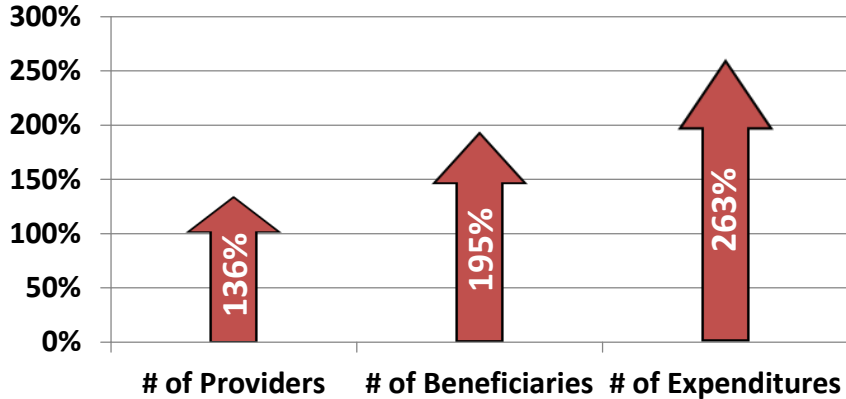
- Based upon several rounds of agency/provider comment and on research from independent behavioral health consultants, additional changes are being implemented.
- New administrative policies took effect November 1, 2015:
 - More stringent accreditation requirements (require SC licenses).
 - Tighter staff training and licensure requirements; background checks.
- New clinical policies taking effect January 1, 2016:
 - Required Parent/Guardian/Caregiver treatment agreement (to age 15).
 - Revised medical necessity requirements.
 - More specificity on non-reimbursable activities, places of service.
- Still under review:
 - Group ratios and rates, possible checkpoint on units, separate Community Integration Services and Therapeutic Childcare Center codes.

Rise and Fall of Weekly Spending on RBHS



Rehabilitative Behavioral Health Services

% Increases: July 2014 to October 2015



Program Integrity – Actions Against Providers

- Investigations: 63
- Referrals to the Attorney General: 13
- Payment Suspensions: 4
- Terminations for Failing to Provide Records: 2
- Identified Recoupments: \$6.57M

Average Weekly Expenditures, by Month

