

# Senate Finance Committee / HHS Subcommittee FY 2019-20 Budget Request

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**Joshua Baker**  
**Director**

**Dec. 12, 2018**

# **FY 2017-18 Year-End & FY 2018-19 Year-to-Date**

# FY 2017-18 Year-End

	FY 2018 State General/Other Funds	FY 2018 Total Funds Incl. Federal
Medicaid Assistance	\$ 1,772,615,471	\$ 6,064,268,074
State Agencies	\$ 213,053,730	\$ 749,479,804
Personnel & Benefits	\$ 26,585,076	\$ 72,902,687
Medical Contracts & Operating	\$ 136,567,595	\$ 339,391,696
<b>Total Expenditures</b>	<b>\$ 2,148,821,872</b>	<b>\$ 7,226,042,261</b>
Revenues Received	\$ 2,217,729,770	\$ 7,278,618,298
Percent Expended	97%	99%

- Department ended FY 2018 close to target, cash surplus was approximately 3% of state funds, 1% of total appropriation
- Much of the gap is associated with the following events:
  - Lower than expected expenditures for Hepatitis C medications
  - Expected expenditures for rural hospitals did not occur
  - CMS certified coordinated care rates below initial budget projection

# FY 2018-19 1<sup>st</sup> Quarter

	FY 2019 Appropriation	FY 2019 Actuals (Thru 9.30.18)	%
<b>Medicaid Assistance</b>	\$ 6,331,462,811	\$ 1,504,571,782	23.8%
<b>State Agencies &amp; Other Entities</b>	\$ 823,425,807	\$ 183,649,630	22.3%
<b>Personnel &amp; Benefits</b>	\$ 83,618,651	\$ 18,776,707	22.5%
<b>Medical Contracts &amp; Operating</b>	\$ 492,538,428	\$ 35,945,274	7.3%
<b>Total</b>	\$ 7,731,045,697	\$ 1,742,943,393	22.5%

- Department spent 23% of its annual budget during the first three months of the fiscal year
  - “Medical Contracts & Operating” is typically under budget until late in the year
  - Large annual events such as supplemental teaching payments will occur later in the fiscal year
  - Lower than expected expenditures for Hepatitis C medications
  - Health insurer tax moratorium

# FY 2019-20 Budget Request

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## *Guiding principles for the request:*

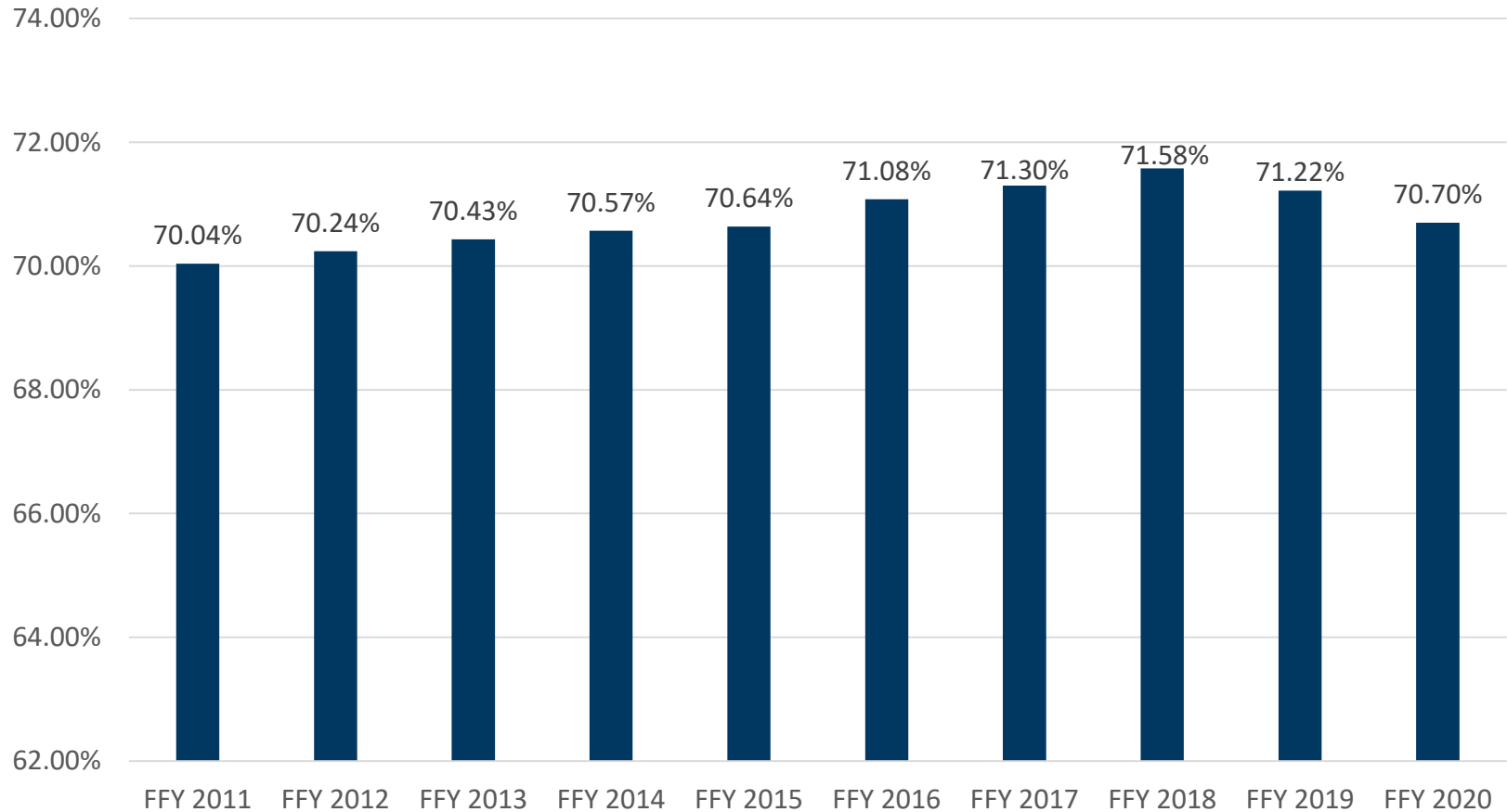
- Preserves the same general principles as last year
  - Keep reserves above 3% through the planning horizon
  - Fund annualizations
- Updates financial baselines to reflect agency experience
  - Anticipates lower and decreasing Federal Medical Assistance Percentage (FMAP) as South Carolina economy improves
  - Monitoring enrollment activity for “peak” enrollment
- Limited proposals for targeted rate and program changes

# FY 2019-20 Budget Request

	General Fund	Total Funds
<b>Recurring Requests</b>		
Total Annualization/MOE	\$ 64,772,444	\$ 92,411,687
Provider Reimbursement Rate and Benefit Remediation	\$ 6,788,747	\$ 21,324,984
CHIP Funding	\$ 5,500,000	\$ -
DDSN Appropriation Transfer	\$ (2,249,478)	\$ (2,249,478)
<b><i>FY 2019-20 Recurring Changes</i></b>	<b><i>\$ 74,811,713</i></b>	<b><i>\$ 111,487,193</i></b>
<b>Non-Recurring Request</b>		
Non-Recurring: MMIS	\$ 7,409,009	\$ 54,090,091

- Two-thirds of all recurring requests result from FMAP change
- FMAP annualizations requested in their entirety
- CHIP FMAP reduction is not effective until SFY 2021

# 10 Year FMAP History





# FY 2019-20 Budget Request

*Most funding is for annualizations, but these would be new items:*

- CHIP funding (\$5.5M general funds)
  - Historically, CHIP match is 80% federal but has been 100% since FFY 2016
  - FMAP rate projected to decrease to 90% in FFY 2020 with decrease to 80% in FFY 2021
  - Full phase-down of CHIP FMAP will cost the state \$33M annually in SFY 2022
  - State FY 2020 is first of 3 requests to phase-in FMAP change
- Appropriation transfers (net neutral)
  - South Carolina Department of Health and Human Services (SCDHHS) to South Carolina Department of Disabilities and Special Needs (SCDDSN)
  - Newly filled waiver slots and state match to cover 8% rate increase (effective 7/1/18) for PCI, PCII, adult day and attendant care

# FY 2019-20 Budget Request

*Most funding is for annualizations, but these would be new items (cont.):*

- Provider reimbursement rate and benefit remediation (\$5.3M general funds)
  - Update to the professional fee schedules to modernize, consolidate and rationalize SCDHHS payments to professional service providers
  - Impacted groups include Primary Care, Specialty Care, Other Physicians and Other Medical Professionals
- Additional Medicaid service benefits (\$1.5M general funds)
  - Continuous Glucose Monitoring – Type 1 diabetes or insulin-dependent pregnant women
  - BRCA Genetic Testing - Women ages 18-45
  - Same Day Sick & Well Visits - Ages 21 and under

# FY 2019-20 Proviso Changes

## Amend four provisos:

- **117.142 – GP: Opioid Abuse Prevention and Treatment Plan**
  - SCDHHS has executed on IMD ‘in-lieu-of’ and waiver language
- **117.129 – GP: BabyNet**
  - Technical amendment to update the reporting date
- **33.20 – Medicaid Accountability and QI Initiative**
  - Although this proviso directs a variety of expenditures, it does not provide or specifically identify a source of funding for this work
  - The proposed revisions to this proviso would reduce expenditures by approximately \$5.2 million (100% state funds) compared to FY 2018-19 levels
- **33.23 – SCDHHS: BabyNet Compliance**
  - Technical amendment to update the reporting date

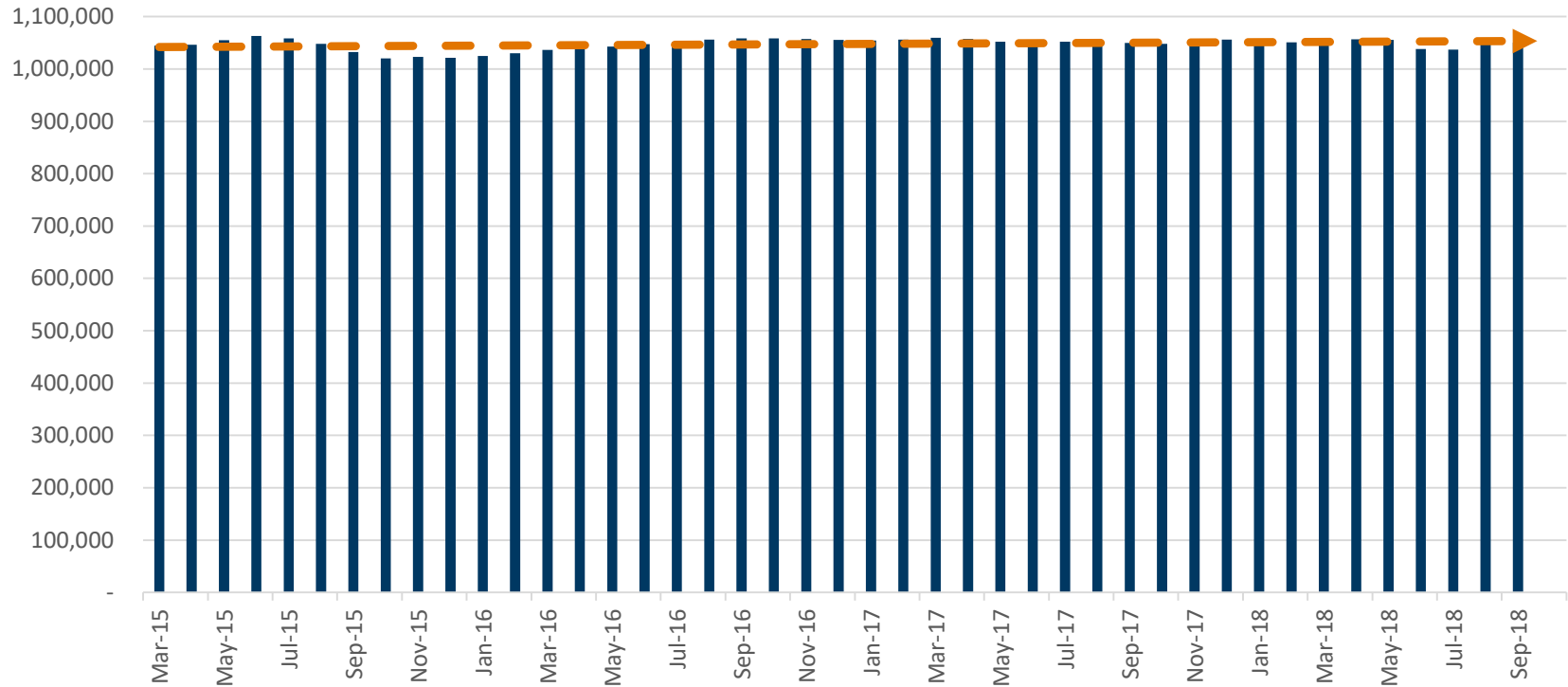
# FY 2019-20 Proviso Changes

## Delete:

- 33.22 – SCDHHS: Rural Health Initiative
  - The Department proposes striking language related to capital projects resulting from the consolidation of two or more rural facilities
  - The Department expects to receive all such proposals in FY 2019 and will not require the enabling language in FY 2020

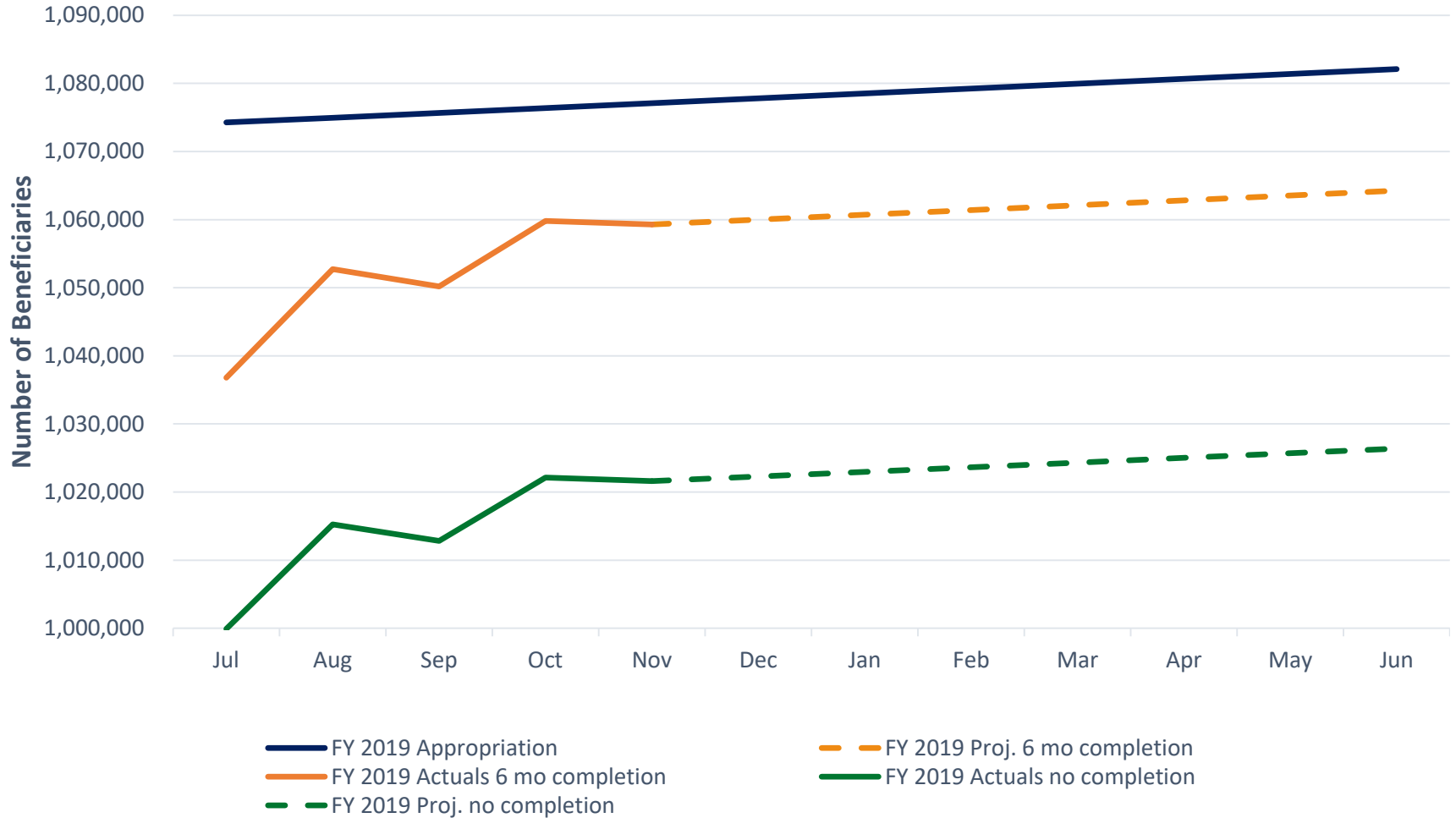
# Eligibility and Enrollment Update

# Full-Benefit Enrollment



- Full-benefit membership continues to hold just above 1 million

# SFY 2019 Full-Benefit Enrollment



# Eligibility and Enrollment

- **Systems**
  - Income-based eligibility system replacement complete October 2018
  - Disabled and other special populations system implementation late 2019
  - One income-based application older than 90 days
- **Staffing and processing**
  - Doubled long-term care staff over the past year
  - Continued implementation of processing centers – operational in 2019
- **County offices**
  - Continued focus on minimum adequacy of county-issued offices



# Proviso 33.9 – County Offices

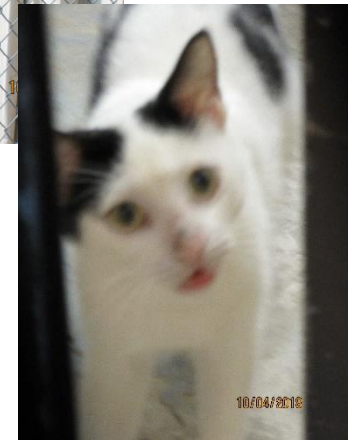
## County Office A - Midlands

- Office closed due to snakes in Sept 2018
- Security and privacy risk from gap in doors unremedied since 2015
- Director ordered door fixed by SCDHHS



## County Office B - Midlands

- Occasional visits from feral cats
- It is believed cats are entering through hole in drop down door in business warehouse next to county office



# Proviso 33.9 – County Offices

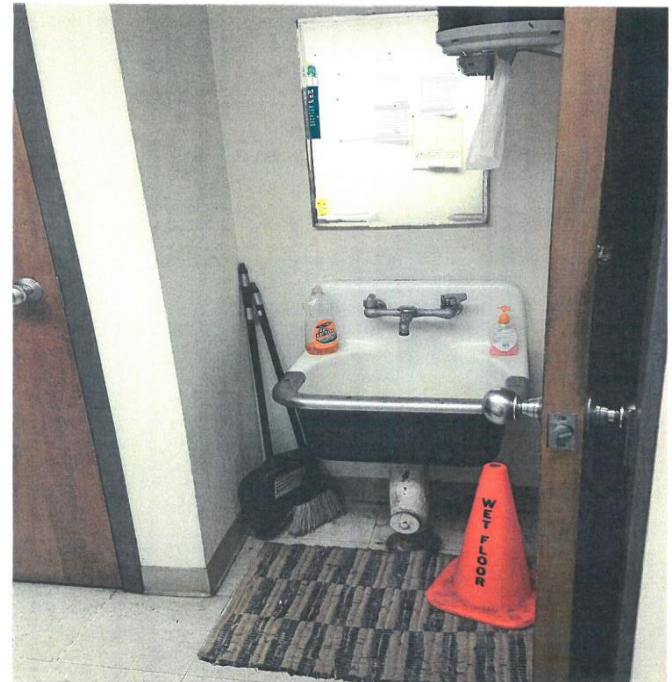
- County Office C - Midlands

- September 2018 – Mold and mildew; staff displaced for several weeks before county remediated



- County Office D - Pee Dee

- Custodial sink is the only sink for staff restroom.
- SCDHHS replaced with a working sink



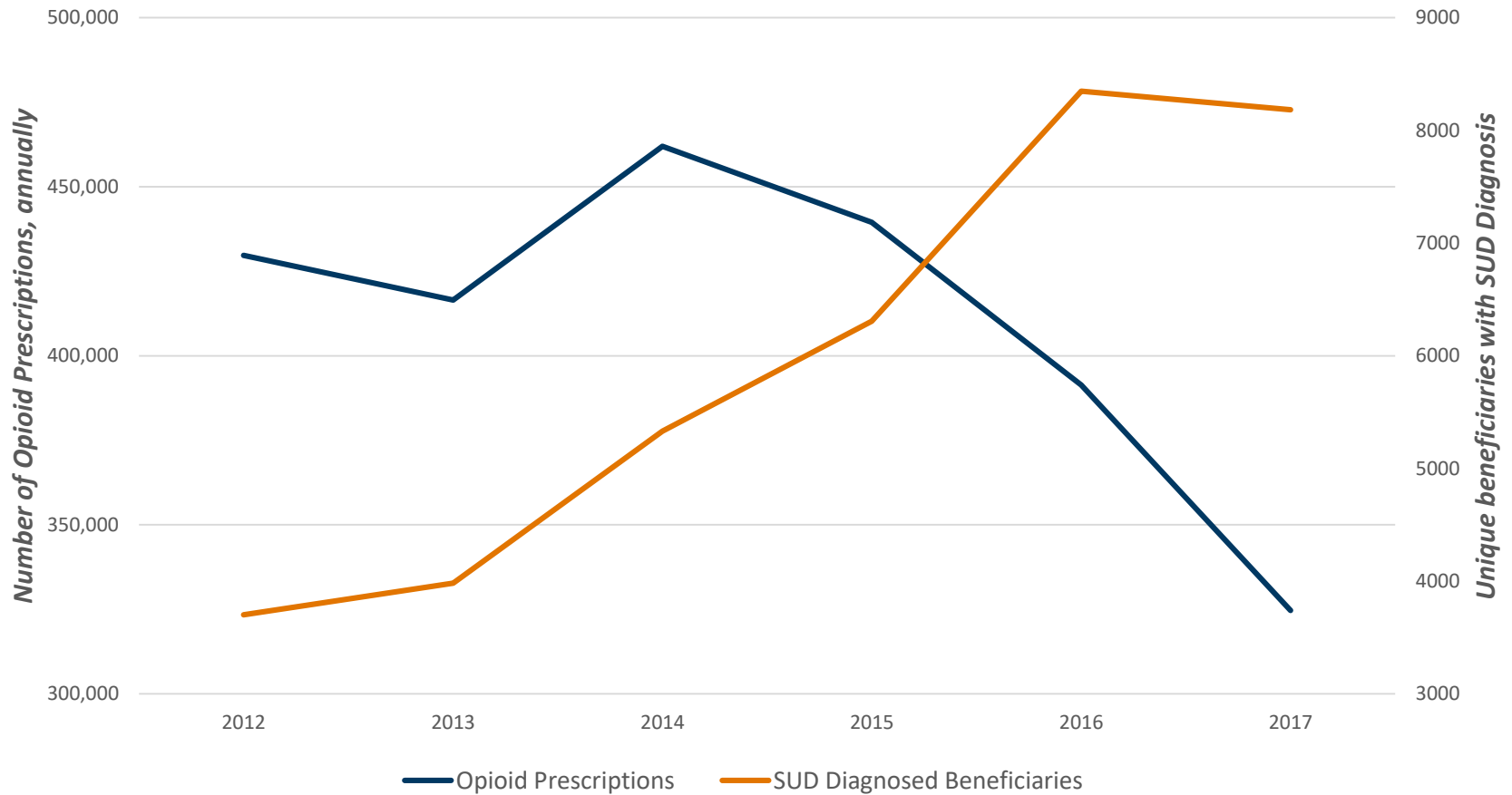
# Program Updates

# Opioid Use Disorder (OUD)

- Limiting payment for inappropriately prescribed opioids
  - Mandatory use of prescription drug monitoring program (PDMP)
  - Day supply limit for initial opioid prescription
  
- Expanding access to treatment for OUD
  - Managed care "in lieu of" allowance for IMD
  - Telemedicine in Act 301 Centers
  - Initiation of medication-assisted treatment (MAT) in emergency departments
  - Support for the MAiN Model for neonatal abstinence syndrome (NAS)
  - Medicaid benefit for opioid treatment programs

# Opioid Dependence

SC Medicaid Opioid Prescriptions  
Excludes oncology, hospice, sickle cell



# 1115 Waivers

- Preconception Care Model – Submitted August 2018
  - Adopts the preconception care (PCC) model to improve health, reduce or remove risk factors and identify disease as early as possible during reproductive years
  - Additional qualifications for family planning providers
  - Benefit enhancements for chronic disease management and opioid use disorders
- Community Engagement
  - Requires Medicaid members to be employed, enrolled in a qualified educational program or participating in a qualified community engagement activity
  - Provides for exemptions for health, caregivers, disability, and other good cause reasons
  - Currently in public notice period, with submission planned for February 2019

# BabyNet Transition

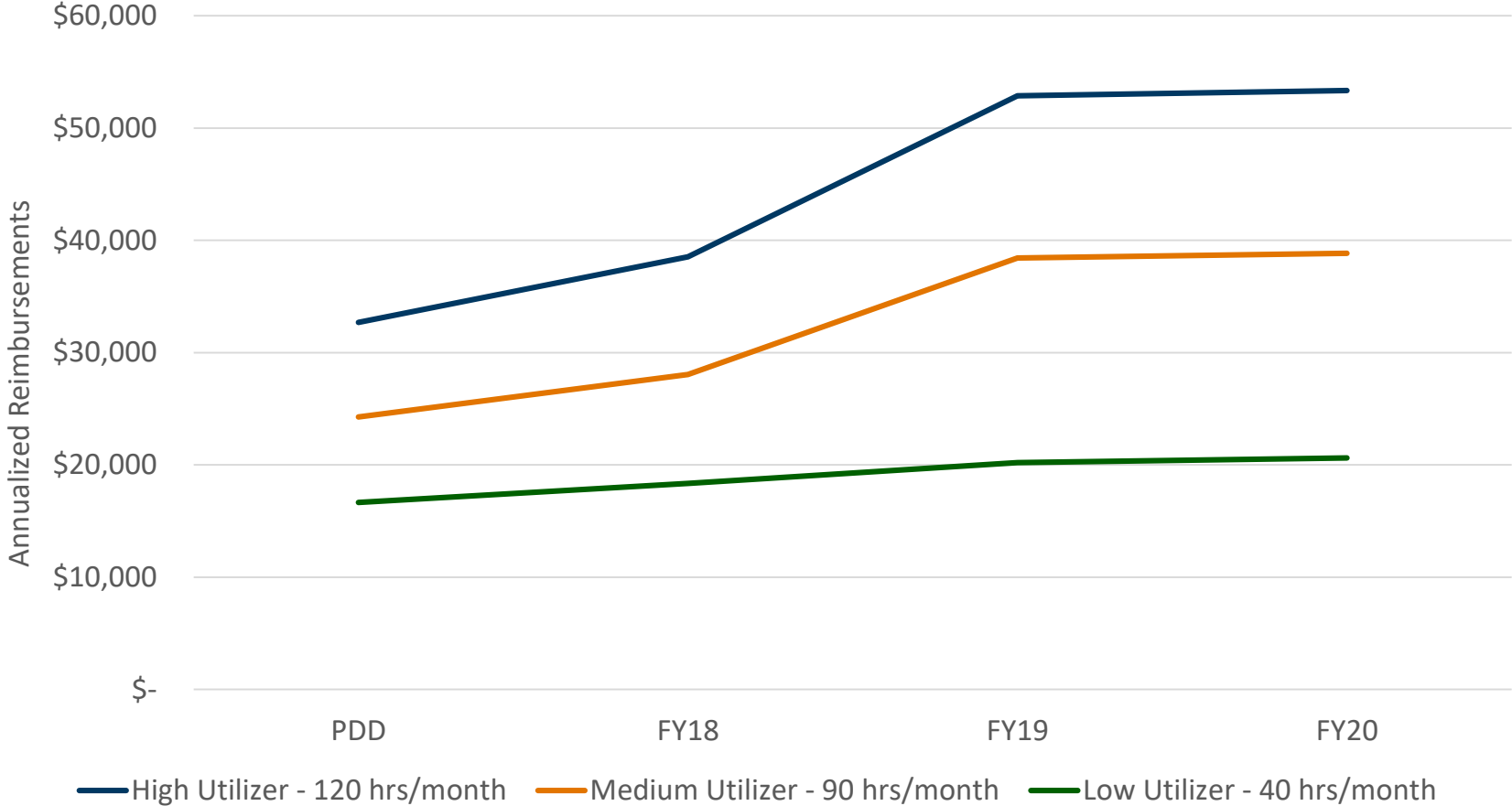
- BabyNet transition occurred FY 2018
- Improved communication and relationships with partnering agencies and community stakeholders
- Payment systems have transitioned from Jasper DDSN Board to SCDHHS
  - Systems development underway to migrate from BRIDGES to MMIS and eventually ICMIS
  - Payment delays are resolved; efficiencies being developed to speed up payments to providers
- SC selected for “intensive” technical assistance by US Department of Education
  - Deficiencies are known and longstanding – data lags 1 to 2 years
  - Timeliness of service, timeliness of determination and financial controls

# Applied Behavior Analysis (ABA) Therapy

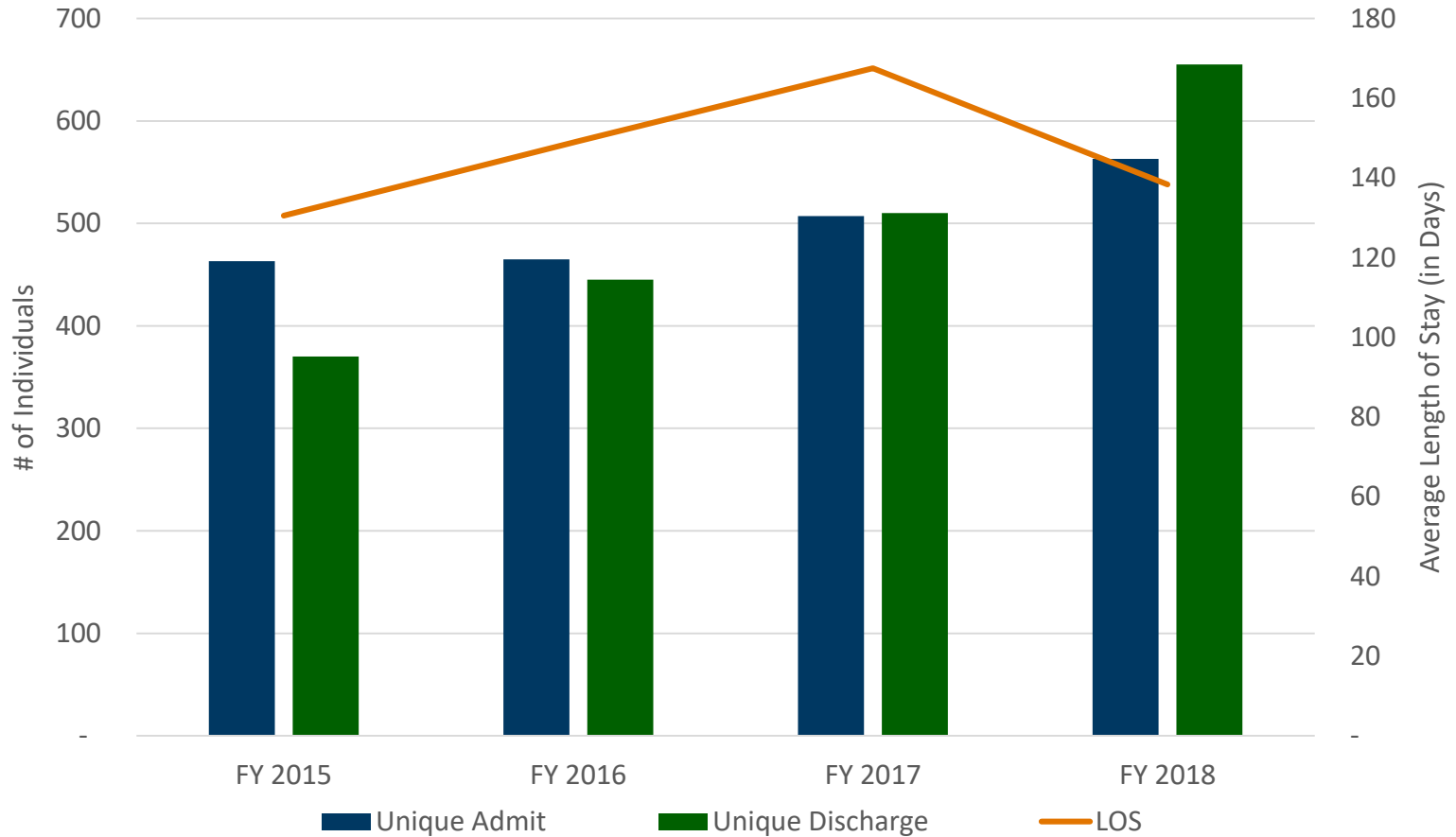
- As of November 30, 2018, there are 199 autism providers within 31 provider groups enrolled in SC Medicaid
  - Survey in the field to obtain updated cost and practice information
  - Response rate to last survey was low; SCDHHS is encouraging practices to share
  - Two large practices holding current clients, smaller practices accepting new
- Line therapy rate increased to \$31.00 per hour unit effective July 1, 2018
  - CMS approved new rate setting methodology on November 29, 2018
  - SCDHHS considering BCBA supervisory rate increase between 6% - 12%
- USC Program to train BCBA's with SCDHHS-subsidized tuition to begin in 2019
- ABA funding scenarios



# ABA Funding Scenarios



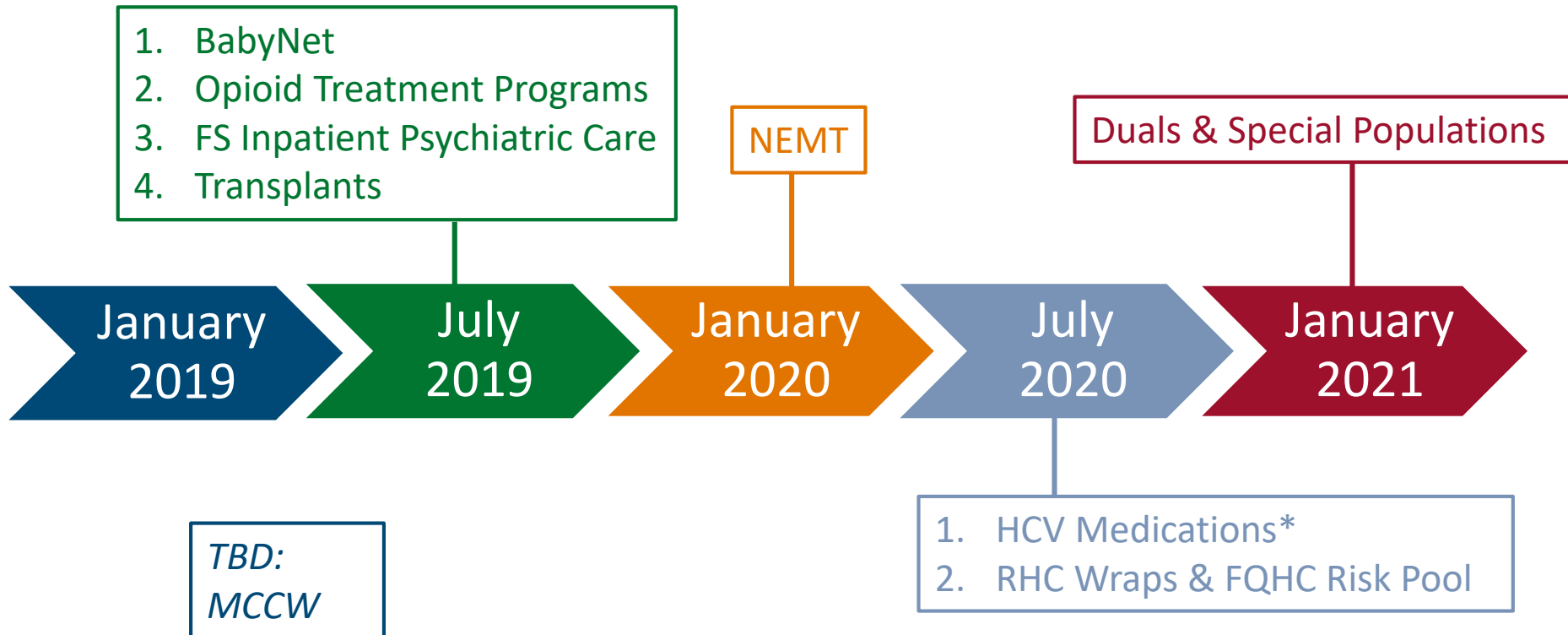
# Psychiatric Residential Treatment Facilities (PRTFs)



# Outpatient Behavioral Health

- On July 1, 2016, the Department carved Rehabilitative Behavioral Health Services (RBHS) into the managed care service array
- Actions against RBHS practices are continuing
  - 55 group providers terminated or excluded
  - 43 individuals referred to Attorney General
  - 4 convictions, 3 under indictment
  - Over \$15.6M identified recoupments to date
- Moratorium to continue into 2019, with exception for SCDSS-approved child-placing agencies

# Carve-In Timeline



*\* SCDHHS is developing alternative mechanisms of risk transfer*

# Replacement MMIS and MMRP

MMRP: Member  
Management  
Replacement  
Project

MES: Medicaid  
Enterprise  
System

RMMIS: Replacement  
Medicaid  
Management  
Information  
System

Project	Module	Status (Completion)
MMRP	Curam HCR	Operational (Oct 2018)
	Curam CGIS	In Development (Feb 2020)
MES	NoSQL	Operational (Dec 2018)
	ePortal	In Development (July 2019)
	MESI	Procurement Cancelled
	SMMP	Operational (Dec 2018)
	Integration Hub	Operational (Dec 2018)
RMMIS	PBA	Operational (Nov 2017)
	BIS	Operational (Dec 2018)
	TPL	Operational (Aug 2018)
	Dental	Development on hold
	ASO	Procurement in Protest
	EVV	RFP Posted - Due Jan 2019
	APD Mgmt.	IFB in draft
	MVI	Contract Started (April 2018)
	ICMIS	IFFR in draft
	LASRAI	In Development (Aug 2019)

