
**Medical Care Advisory Committee
May 13, 2014 Meeting Minutes****Present**

John Barber
William Bilton
Dr. Tom Gailey
Bill Lindsey
J.T. McLawhorn
Melanie Matney
Dr. Kashyap Patel
Gloria Prevost
Dr. Lynn Wilson

Not Present

Sue Berkowitz
Richard D'Alberto
Dr. Charles Darby
Diane Flashnick
Dr. Greta Harper
Chief Bill Harris
Lea Kerrison
Dr. Amy Picklesimer
Crystal Ray
Jackie Richards
Timothy Stuart
Nathan Todd
Rhonda L. Johnson-White, Ph.D
Lathran Woodard

The Director welcomed members and announced the following changes: Ms. Beth Hutto is the Deputy Director of Eligibility and Member Services, John Supra is the Deputy Director of Information Management and Adriana Day is the new Chief Financial Officer.

Advisements presented by Jeff Saxon:**Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID)**

Payment Rates Effective May 1, 2014: The South Carolina Department of Health and Human Services (SCDHHS) will update the SC Medicaid ICF/IID reimbursement rates effective May 1, 2014 based upon the most recent cost report data available and the Center for Medicare and Medicaid Services (CMS) updated skilled nursing facility market basket trend rates. Because the South Carolina Department of Disabilities and Special Needs (SCDDSN) has agreed to change the state matching funds arrangement from certified public expenditures (CPEs) to intergovernmental transfers (IGTs) which will improve overall transparency and provide for better financial flexibility for SCDDSN as compared to the current financing arrangement, SCDHHS has agreed to update the SCDDSN ICF/IID provider reimbursement rates based upon the state fiscal year 2011 cost report data. Further, SCDHHS will also prepare a letter to SCDDSN by the end of the week advising them of the fact that the May 1, 2014 ICF/IID rates are subject to change prospectively based upon the finalization of the Waiver and Targeted Case Management administrative contracts as well as changes relating to those DDSN Boards that will enroll and bill SCDHHS directly for the services they provide. The state matching funds for these providers will be provided by SCDDSN via intergovernmental transfers. It is anticipated that the rate updates will increase annual expenditures by approximately \$4.38 million (total dollars), which represents a 2.99% increase.

Inpatient Hospital Rate Updates and Outpatient Hospital Multiplier Updates Effective

July 1, 2014: The objective is to normalize South Carolina hospitals and qualifying out of state boarder hospitals' SC Medicaid hospital specific per discharge rates and hospital specific outpatient multipliers effective for services provided on or after July 1, 2014. Currently, SCDHHS calculates hospital specific Medicaid per discharge rates as well as hospital specific Medicaid outpatient multipliers for South Carolina general acute care hospitals, SC short term psychiatric hospitals, SC long term acute care hospitals and

qualifying out of state border hospitals. During this process, individual hospital cost targets are established based upon each individual hospital's cost and corresponding hospital specific per discharge rates and hospital specific outpatient multipliers are developed without regard to other hospital cost structures. Under the current system, the SC Medicaid program is paying for inefficiencies incurred by certain hospitals. Therefore, in order to discontinue the payment of inefficiencies incurred by certain hospitals, SCDHHS will normalize hospital specific per discharge rates and hospital specific outpatient hospital multipliers by making changes to the inpatient and outpatient hospital payment methodologies for services provided on or after July 1, 2014. Annual aggregate expenditures are expected to decrease by approximately \$27 million (total dollars) for both Medicaid fee for service and Medicaid managed care enrollees. Members were concerned about the implementation date and stated it was not adequate notification. The Director stated that SCDHHS has been talking with hospitals for two years about this upcoming change. Jeff stated that a public notice will be published with a comment period. The Director stated all comments will be taken into consideration.

Advisement presented by Valeria Williams:

Sickle Cell: Currently Sickle Cell disease management services are being delivered through contracts based on funding allocated through the legislative process. This State Plan change will recognize Sickle Cell as a chronic disease that is covered under the Preventative Service for Primary Care Enhancement section of the plan. This will clearly define the services and promote quality care for individuals that are engaged in symptom control and management of disease complications. There will be no budgetary impact with this change.

Advisement presented by Amanda Q. Williams:

Hospital Acquired Conditions (HACs): SCDHHS will amend the State Plan to add the following eight Other Provider Preventable Conditions (OPPCs) to the non-payment policy for provider preventable conditions (PPCs): Post-operative death in normal healthy patient; Death/Disability associated with use of contaminated drugs, devices or biologics; Death/disability associated with use of device other than intended; Death/disability associated to medication error; Maternal death/disability with low-risk delivery; Death/disability associated with hypoglycemia; Death/disability associated with hyperbilirubinemia in neonates and Death/disability due to wrong oxygen or gas. SCDHHS researched other state Medicaid programs and commercial insurance carriers and their PPC policies. In comparison to those programs, SCDHHS found that its current PPC policy needed clarification, and the list of OPPCs/Never Events needed refinement. SCDHHS projects that upon implementation of this action, Medicaid fee for service rates will not be impacted as this change results in an addition of OPPCs to the current list, but not a change in the payment rates to providers. Member asked what this means for providers and Amanda explained if a patient had a fall which is the fault of the provider and not the patient, Medicaid would not pay. Member asked if there was an appeals process and the Director stated there would be an appeals process in this situation.

Advisement presented by Stephen Boucher:

Adult Preventative Dental Services: This will provide adults with more than emergency dental benefits. This benefit allows adults to receive a cleaning, extractions and fillings annually, up to a maximum amount of \$750 per state fiscal year (July to June). SCDHHS reinstated the adult emergency dental benefit on April 1, 2014. The dental benefit available to adult beneficiaries was limited to treatment for trauma or services required in preparation for transplants or oncology treatments. SCDHHS is trying to offer sedation services to special needs and working closely with the Dental Association to help think through this process. \$35 million total dollars has been budgeted for state fiscal year 2015. Member asked how this benefit compares to State Dental Plan and Steve answered the State Dental Plan offers more than the Medicaid dental plan. Member also asked if there was a cap amount on the State Dental Plan; the answer to this question was unknown.

Advisements presented by Deirdra Singleton:

High Value Pharmacy Co-Pay Tier: The objective is to update the system of pharmacy benefit cost sharing to create a “high value” tier of medications that is available at \$0 co-pay. The co-payment for the remaining medications would increase from \$3.40 to \$4.00. 42 CFR 447.53, as promulgated based on the Affordable Care Act, alters the beneficiary cost sharing parameters available to Medicaid programs. In response to this, and the efforts to incorporate value-based principles into the Medicaid benefit design, this policy change will allow SCDHHS to expand access for high-value medications. Medications for co-pay exempt groups (e.g. children) and services (e.g. contraceptives) will continue to be exempt from co-payments. High-Value medication classes will be defined by the SCDHHS Pharmacy & Therapeutics Committee. There will be an initial budget impact of about \$600,000 annually from lost co-pay dollars. Member asked if testing strips were included and Deirdra stated it is through pharmacy and DME. Member asked if ADD medication is covered and Deirdra answered yes. Member asked if a list of medications without co-pay will be published and Deirdra answered yes. Member stated pharmacy needs to understand that a child or pregnant woman does not have a co-pay. Valeria Williams stated this would be programmed in at point of sale. Deirdra stated SCDHHS will make sure we are clear on this process.

Eligibility Groups Excluded from Mandatory Enrollment in Managed Care: Currently, the Coordinated Care section of the State Plan lists excluded populations, one of which is the Family Planning Only eligibility category. Through a State Plan Amendment, this population would be carved into Coordinated Care. Currently, the Medicaid Managed Care Organization (MCO) contract stipulates coverage of Family Planning Services for all MCO enrollees. This population will continue to receive coverage of Family Planning Services only. There will be no budget impact.

Erica Brown, Office of Project Management, presented on Enhanced Screening for Family Planning Benefit Category: Overview of changes being made to Family Planning Benefit is enhanced preventative health screenings for beneficiaries in the Family Planning eligibility category. The goal is to enable providers to make informed decisions regarding the selection of an appropriate contraceptive method for both men and women and promote the utilization of preventative healthcare in order to improve health outcomes of families in South Carolina. The changes to the benefit structure are coverage of Biennial physical examination and screenings/labs recommended by the USPSTF. The expected outcomes are receiving regular preventative screening of beneficiaries and identification of health problems that may negatively impact beneficiaries in this eligibility category.

John Supra, Deputy Director and CIO, Office of Information Management presented on the following:

Trends in Medicaid Enrollment: FY 2014 June 2014 enrollment updated projection is 1,095,320. March 2014 preliminary enrollment 1,066,413 and projected enrollment was 1,076,896 (1% under projection). FY 2014 member months updated projection is 12,594,815 (771,669 reduction). March 2014 preliminary member months 9,224,542 and projected member months was 9,326,919 (1.10% under). SCDHHS received 36,000 applications where the individuals started at the Federal Exchange. Of these 36,000 applications, 11,000 were received in March. SCDHHS received the bulk of these applications in March and December.

Enrollment Policy: The FPL for children was raised to 200% in April 2008. There is a minimum FPL of 133% after MOE until 1/1/2019. For Low Income Adults the FPL matches TANF program with required adjustments for Medicaid policy. The FPL was adjusted to 62% for MAGI on 1/1/2014 and a minimum FPL of 17% for mandated MOE effective 1/1/2014. The FPL for Pregnant Women was raised to 185% in June 1989. The FPL has been adjusted to 194% for MAGI on 1/1/2014. There is a minimum FPL of 185% for mandated MOE effective 1/1/2014. The task is to look for people who are currently eligible but unenrolled.

Policy and Systems: The ICD-10 has a federal delay of one year to October 2015. There is a dedicated website www.scdhhs.gov/icd10 where updates and information is posted.

SCDHHS' primary goal is to improve the eventual release. SCDHHS has been engaged with CMS for guidance and assessing various options. Provider Password changes were implemented in March/April 2014. Some initial problems were recognized quickly and addressed. SCDHHS is proceeding with password resets. Paper checks will be discontinued (EFT). There are still over 1,000 providers and SCDHHS is determining the next steps. SCDHHS is still sending out paper checks; however SCDHHS is disenrolling providers July 1 to handle final transition. The new 1500 claim form was implemented April 1st. Early compliance is over 85% and after June 1st old claims will reject. Member asked how people are being notified of this and John stated there is a recurring soft edit. Provider Services: Major gains in provider operations are the following: reduction in number of pending claims by 55% from a year ago and reduced average time to resolve claims by 75%. SCDHHS went from over 45 days to under 20 days.

Deirdra Singleton, Deputy Director, Office of Health Programs presented on the following:

Medical Home Network Transitions: Deirdra discussed the member transfers during MHN to MCO transition and a slide that shows which plans members were transferring from. Member asked what was going on with Molina and Deirdra explained some providers are not a part of this network. Deirdra stated SCDHHS will continue to monitor this situation. Deirdra also discussed slide on Managed care enrollment as of April 1, 2014.

2014 MCO Contract: The draft 2014 MCO contract was published on agency's website on May 8th for public comments/feedback. MCO plans have until May 22nd to give any feedback. The 2014 MCO contract will be submitted to CMS the middle of May or June. The effective date of the contract is July 1st.

Peter Liggett, Deputy Director, Office of Long Term and Behavioral Health Services presented on the following:

Coordinated System of Care: The Palmetto Coordinated System of Care (PCSC) is taking an evidence-based approach that is part of a national movement to develop family driven and youth guided care, keep children at home, in school, and out of the child welfare and juvenile justice system. A system of care incorporates a broad, flexible array of effective services and supports for a defined population that is organized into a coordinated network, integrates care planning and management across multiple levels, is culturally and linguistically competent, builds meaningful partnerships with families and youth at service delivery, management, and policy levels, and has supportive policy and management infrastructure.

HCBS Final Rule: SCDHHS has to alter philosophy about HCBS Final Rule. SCDHHS created a system convenient for providers and payors but now we have to focus on the beneficiaries. CMS has indicated that states submitting waiver renewals must have a transition plan. This has to be submitted 90 days in advance. The deadline is September 30th. 120 days later the state has to submit a global plan. Kelly Eifert leads the work group and has been dividing the work into several work groups.

Adriana Day, Fiscal Manager, Finance and Administration presented on the following:
FY14 Budget Year to Date and FY15 Governor's Budget. Adriana gave an overview of the FY14 Year to Date budget.

Meeting Adjourned

Next meeting scheduled for Tuesday, July 8, 2014 10:00AM to 12:00 PM