

Henry McMaster GOVERNOR
Joshua D. Baker DIRECTOR
P.O. Box 8206 • Columbia, SC 29202
www.scdhhs.gov

Medical Care Advisory Committee (MCAC)
August 13, 2019
SCDHHS, 1801 Main Street, Columbia, South Carolina 29202
10:00AM-12:00PM

- I. Welcome by Director
- II. Advisements
 - Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID)
 - Nursing Facility Rate Update
Jeff Saxon, Program Manager, Finance and Administration
- III. SCDHHS Deputy Updates
 - Kelly Eifert, Program Manager, Long Term Care and Behavioral Health Services
 - Home and Community-Based Services (HCBS) Settings Rule- South Carolina Statewide Transition Plan
 - Joshua D. Baker, Agency Director, Eligibility, Enrollment, and Member Services
 - Eligibility, Enrollment, and Member Services (EEMS)
 - Erin Boyce, Chief of Staff
 - FY 2019 Year End Budget Update
 - Bryan Amick, Deputy Director, Health Programs
 - Agency Metrics
- IV. Public Comment
- V. Closing Comments
- VI. Adjournment



**South Carolina Department of Health and Human Services
Medical Care Advisory Committee
Item for Committee Advisement**

PREPARED BY: Jeff Saxon, Program Manager, Finance and Administration

PRESENTED BY: Jeff Saxon, Program Manager, Finance and Administration

DATE: July 22, 2019

SUBJECT: Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) rate update effective for service dates beginning on or after July 1, 2019.

OBJECTIVE: To update the April 1, 2019 SC Medicaid ICF/IID Medicaid reimbursement rates based upon the third and final direct care worker salary increase funded by the SC General Assembly during the state fiscal year 2019/2020 legislative session.

BACKGROUND: During the last three legislative sessions, the South Carolina General Assembly has provided the South Carolina Department of Disabilities and Special Needs (SCDDSN) with funding directed to address direct care worker salary increases within the SCDDSN service delivery system. Over the course of the past two years, the South Carolina Department of Health and Human Services (SCDHHS) has adjusted the ICF/IID rates to take this additional direct care salary costs into account since these new costs were not recognized in the base year cost reports used to establish the prospective ICF/IID rates effective July 1, 2017 and October 1, 2018. Therefore the third and final direct care worker salary increase will be recognized effective July 1, 2019 via an adjustment to the "Direct Care Worker Salary Add-Ons" reflected in the April 1, 2019 prospective ICF/IID rates.

BUDGETARY IMPACT: The projected increase in total ICF/IID expenditures is estimated at \$6.67 million (total dollars), which represents a projected 4.11% rate increase. However, because SCDDSN provides the state matching funds for these services, there is no state matching fund impact to the SCDHHS.

EXPECTED OUTCOMES: Medicaid recipient access to ICF/IID services will be maintained/may improve.

EXTERNAL GROUPS AFFECTED: Contracting Medicaid ICF/IID facilities and Medicaid eligibles.

RECOMMENDATION: Move to amend the current state plan to allow for the updated ICF/IID rates as described above.

EFFECTIVE DATE: For services provided on or after July 1, 2019.

**South Carolina Department of Health and Human Services
Medical Care Advisory Committee
Item for Committee Advisement**

PREPARED BY: Jeff Saxon, Program Manager, Office of Finance and Administration

PRESENTED BY: Jeff Saxon, Program Manager, Office of Finance and Administration

DATE: July 22, 2019

SUBJECT: Nursing Facility Rate Updates Effective October 1, 2019

OBJECTIVE: To update the Medicaid nursing facility rates based upon the most recent cost report information available and replace the aging nursing facility cost of capital reimbursement system with an updated fair rental value system.

BACKGROUND: The South Carolina Department of Health and Human Services intends to update the Medicaid nursing facility rates effective October 1, 2019 using the fiscal year ending September 30, 2018 cost report information. The Department will be:

- Providing payments to nursing facilities based on the most recent cost report data available (i.e., FYE September 30, 2018);
- Requiring nursing facilities to report costs associated with the operation of the Medicaid certified beds only;
- Updating the cost center standards based upon the FYE September 30, 2018 Medicaid cost reports;
- Applying a 2.70% inflation factor in the calculation of the October 1, 2019 payment rates;
- Annualizing the nine months of Non-Emergency Medical Transportation (NEMT) costs reported in the FYE September 30, 2018 cost reports to determine the preliminary October 1, 2019 NEMT add-on amount. Then, to account for outlier utilization shifts based upon the actual acuity and clinical need of the provider's beneficiary population observed during the agency's review of the January 1, 2018 through June 30, 2018 NEMT data, the agency will reimburse those impacted providers the lower of the October 1, 2018 NEMT add-on or the preliminary October 1, 2019 NEMT add-on. All other providers will receive their preliminary October 1, 2019 NEMT add-on amount;
- Replacing the former modified fair rental value system with an updated fair rental value system to reimburse contracting private and non-state owned governmental nursing facilities for capital related expenditures;
- Reimbursing impacted nursing facilities for Medicaid's share of Hurricane Florence related evacuation costs due to the mandatory evacuation issued by the Governor and;
- Authorizing 3,864,665 Medicaid Permit Days to be permitted by the SC Department of Health and Environmental Control for state fiscal year July 1, 2019 through June 30, 2020.

As a result of the above payment methodology changes, the weighted average rate effective October 1, 2019 is projected to be \$194.10 per patient day, which represents a 5.13% increase from the September 30, 2019 weighted average payment rate of \$184.62.

BUDGETARY IMPACT: Annual aggregate expenditures are expected to increase by approximately \$37 million (total dollars), of which \$20 million is due to the use of the FYE September 30, 2018 cost reports while the remaining \$17 million is associated with the new fair rental value reimbursement system being employed.

EXPECTED OUTCOMES: Nursing facility services provided to Medicaid recipients will be maintained/should improve.

EXTERNAL GROUPS AFFECTED: Contracting Medicaid nursing facilities, Hospice providers, hospitals, and Medicaid recipients.

RECOMMENDATION: Move to amend the current state plan to allow for the rebasing of nursing facility rates effective October 1, 2019 based upon the FYE September 30, 2018 Medicaid cost reports, reimburse impacted nursing facilities for Hurricane Florence related evacuation costs, and update Medicaid reimbursement policy for the changes noted above.

EFFECTIVE DATE: On or after October 1, 2019

Home and Community-Based Services (HCBS) Settings Rule – South Carolina Statewide Transition Plan Update

Kelly Eifert, Ph.D.

Project Manager, Long Term Care & Behavioral Health

Aug. 13, 2019



HCBS Settings Rule

- HCBS Settings Rule impacts all SCDHHS 1915(c) Home and Community Based Services waiver programs
- Centers for Medicare and Medicaid Services (CMS) announced the HCBS rule Jan. 16, 2014
- It was effective March 17, 2014
 - All states must be in compliance by **March 17, 2022** (for existing providers and programs)
- Purpose:
 - Focus on the quality of beneficiaries' experiences
 - Enhance the quality of HCB services
 - Ensure beneficiaries have full access to the benefits of community living

Independent • Integrated • Individual

South Carolina HCBS Statewide Transition Plan

- Statewide Transition Plan - Status Update
 - Plan received “Initial Approval” by CMS Nov. 4, 2016
 - Systemic Assessment process and changes approved by CMS (even with changes still pending)
 - Next step: “Final Approval” of plan by CMS
 - Release for public notice and comment period on Aug. 12, 2019
 - Upcoming public meetings and webinar
 - STP Revisions include:
 - Updates on systemic changes
 - Full details on settings assessment and outcomes
 - Fully described state level review for CMS Heightened Scrutiny
 - Goal to submit to CMS for review by Sept. 27, 2019

HCBS Settings Assessment Outcomes

Non-residential Setting types by HCBS Compliance Category

HCBS Compliance Category	ADHC	AAC ₁	WAC ₂	Unclassified	AAC/WAC	AAC/WAC/ Unclassified
Fully comply with federal requirements	1	0	0	0	0	0
Do not comply – will require modifications	77	42	19	11	6	3
Cannot meet requirements – will require removal from the program/relocation of individuals	1 ₃	0	0	0	0	0
Subject to State Review for possible Heightened Scrutiny Review by CMS	2 ₄	4	3	0	0	0

^[1] These numbers include settings that are licensed as “AAC” and as “AAC/Unclassified”

^[2] These numbers include settings that are licensed as “WAC” and as “WAC/Unclassified”

^[3] This number represents one adult day health care center located in an inpatient facility

^[4] This number represents two Adult Day Health care centers co-located in a CRCF. One ADHC voluntarily closed before beginning the State Review Process. The other ADHC went through the State Review Process

HCBS Settings Assessment Outcomes

Residential Setting types by HCBS Compliance Category

HCBS Compliance Category	SLP I	SLP II ₁	CTH I	CTH II	CLOUD	CRCF
Fully comply with federal requirements	0	0	0	0	0	0
Do not comply – will require modifications	239 ₂	28	138	674	6	31
Cannot meet requirements – will require removal from the program/relocation of individuals	0	0	0	0	0	0
Subject to State Review for possible Heightened Scrutiny Review by CMS	17	28	0	39	15	18

^[1] The numbers listed are apartment complexes

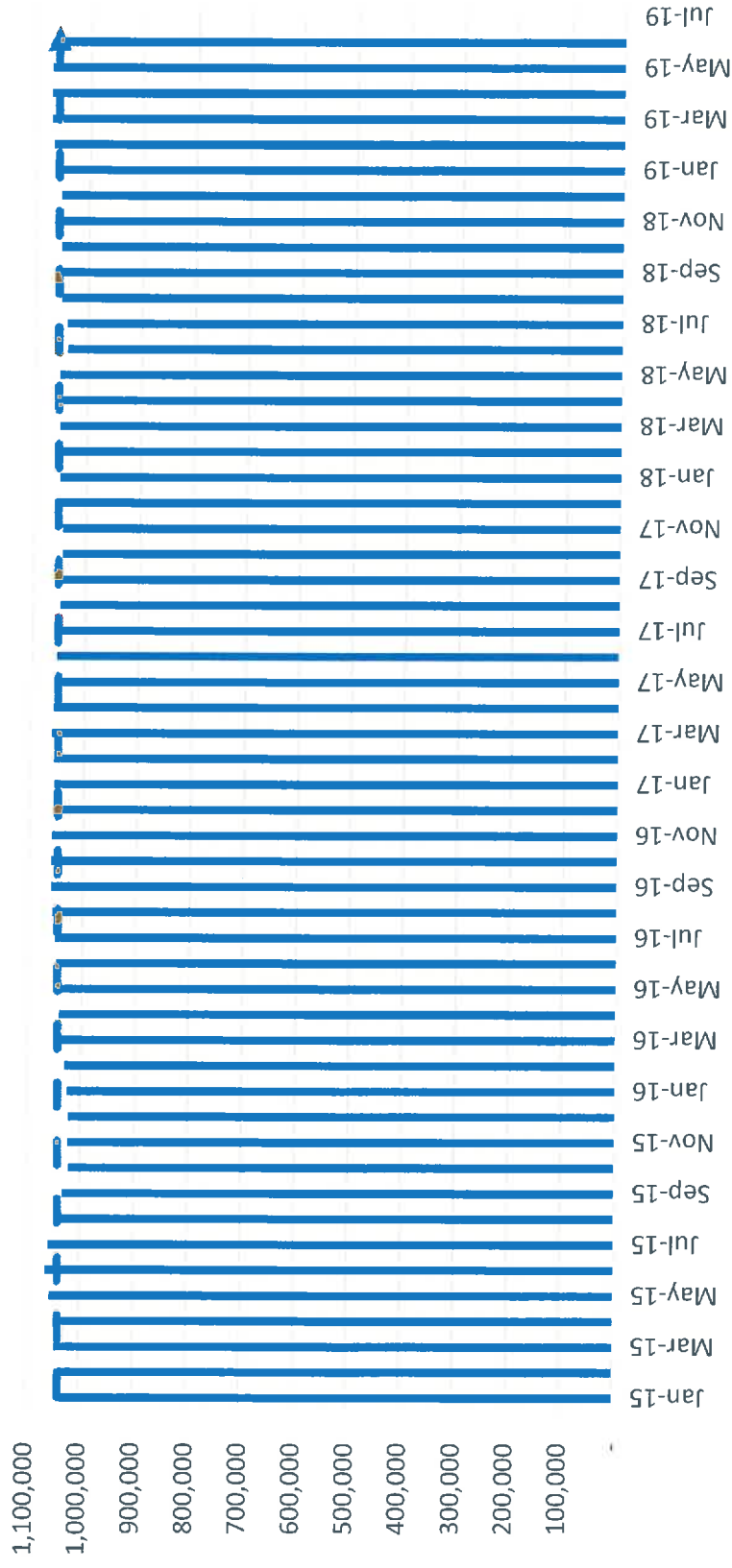
^[2] While only a sample of the total SLP I settings received a site visit (57, 20%), we are assuming that based on the sample assessment results, the remaining settings will need some level of remediation

Eligibility, Enrollment, & Member Services

Joshua Baker
Agency Director
August 13, 2019

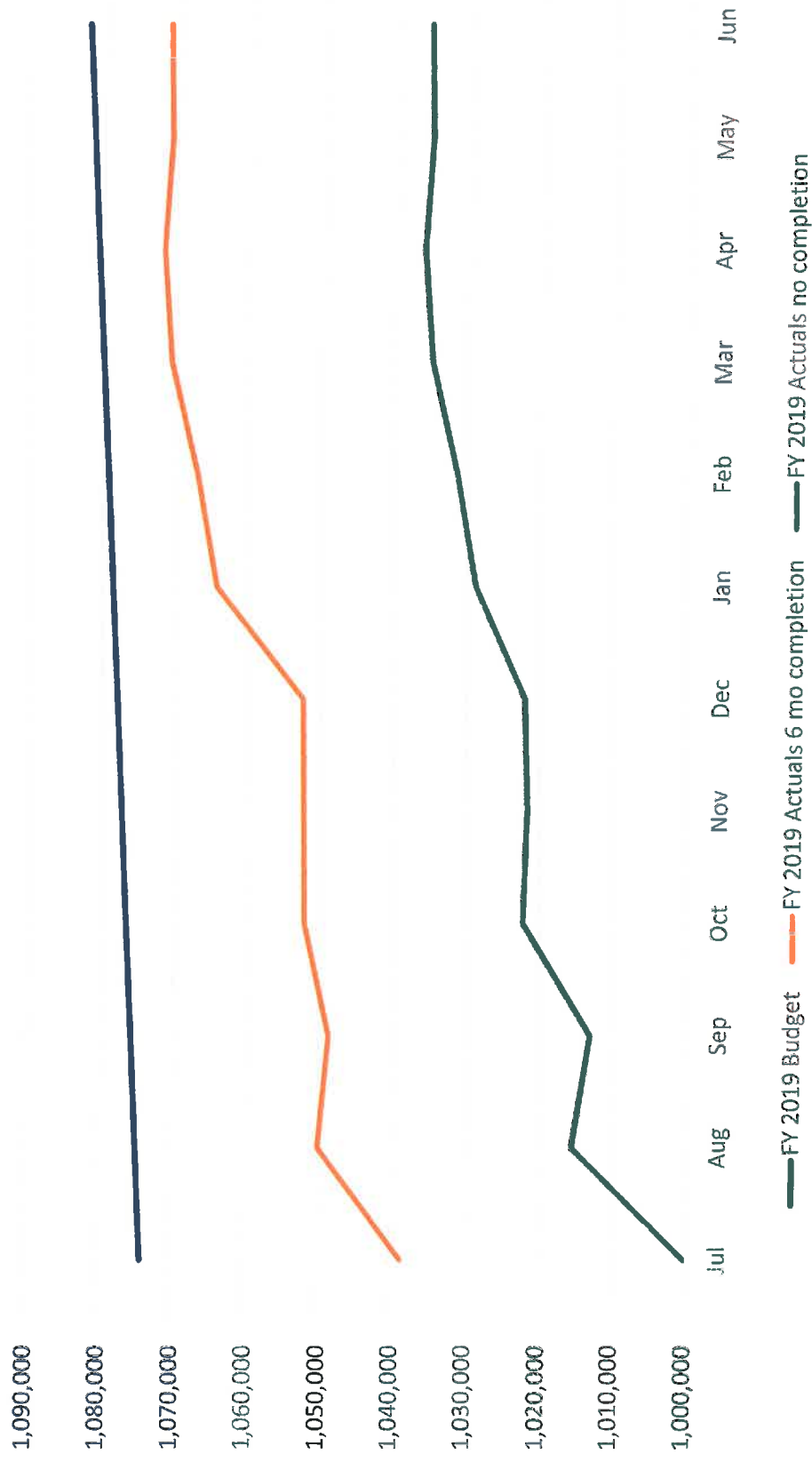


Full-Benefit Membership

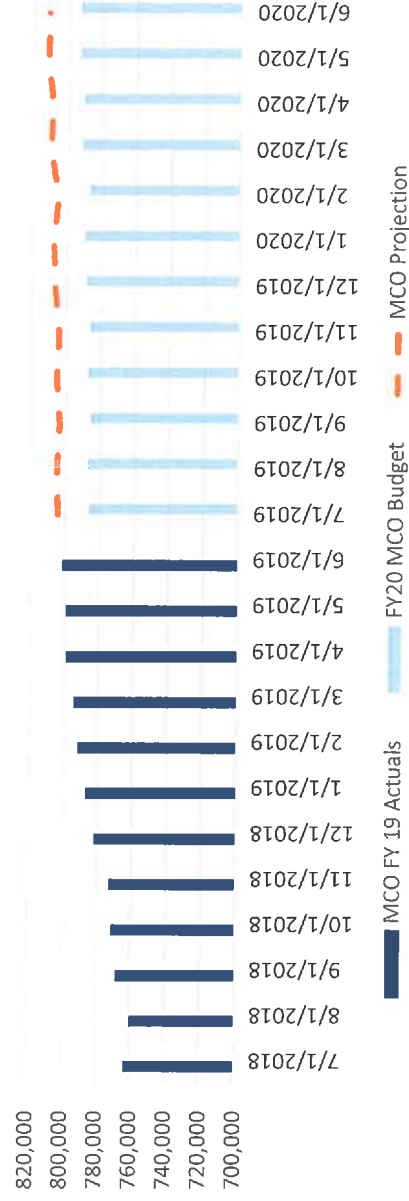


- Full-benefit membership continues to hold around 1 million.

FY 2019 Full-Benefit Enrollment



FY 2020 Full-Benefit Enrollment



FY 2019 Year End Budget Update

Erin Boyce
Chief of Staff
August 13, 2019



**Appropriation/Authorization to Year to Date Actual Spending
FY 2019 YTD (Through June-FINAL)**

Budget by Major Program and Spending Purpose	FY 2019 Realligned Appropriation	FY 2019 Expenditures	Remaining from Approp./Auth.	% Expended	Variance Notes
SCDHHS Medicaid Assistance					
Coordinated Care	3,134,944,135	3,013,856,050	121,088,085	96%	HIT moratorium of \$85M
Hospital Services	579,697,301	619,584,741	(39,887,440)	107%	Paid \$11M DSH Audit settlement; \$9M in old claims paid in July-Aug 2018; UPL payment higher than budgeted
Disproportionate Share	528,403,314	563,874,149	(35,470,835)	107%	DSH allotment higher than budgeted; Expenditures include two years of redistribution
Nursing Facilities	626,633,445	618,211,494	8,421,951	98%	
Pharmaceutical Services	214,971,179	134,108,034	80,863,145	62%	Slower ramp-up and lower cost drugs available for Hep-C; minimal pharmacy inflation
Physician Services	96,205,256	103,315,367	(7,110,111)	107%	FP Spend Rounding
Community Long-term Care (CLTC)	212,907,372	259,672,536	(46,765,164)	122%	Unbudgeted rate increase of 8% and routing of Prime expenditures
Dental Services	154,390,876	152,078,359	2,312,517	98%	
Clinical Services	46,500,711	38,197,044	8,303,667	82%	Expenditures for Opioid Outpatient Treatment Programs realized on various budget lines and Methadone clinics coverage began in January instead of July as budgeted
Transportation Services	96,122,827	85,525,269	10,597,558	89%	Contracted broker rate less than budget
Medical Professional Services	25,771,486	29,702,017	(3,930,531)	115%	Utilization higher than projected
Durable Medical Equipment	34,337,290	38,008,868	(3,671,578)	111%	Utilization higher than projected
Lab & X-Ray Services	12,700,165	14,963,106	(2,262,941)	118%	Utilization higher than projected
Hospice	14,419,396	16,803,663	(2,384,267)	117%	Recipients are higher than budgeted utilization
Program of All-Inclusive Care (PACE)	15,252,608	13,807,399	1,445,209	91%	Recipients are less than budgeted but in line with prior year
EP/SDT	3,922,054	3,824,284	97,770	98%	
Home Health Services	14,888,831	14,024,040	864,791	94%	
OSCAP	8,261,763	7,151,556	1,110,207	87%	Recipients are less than budgeted but in line with prior year
Optional State Supplement (OSS)	20,626,409	18,821,340	1,805,069	91%	Recipients are less than budgeted but in line with prior year
Premiums Matched	243,969,458	244,165,909	(196,451)	100%	
MMA Phased Down Contributions	108,699,243	107,082,005	1,617,238	98%	
Premiums 100% State	24,764,808	21,477,366	3,287,442	87%	Recipients are less than budgeted utilization but still up from prior years
Children's Community Care	23,643,410	19,936,635	3,706,775	84%	Private Duty Nursing utilization below projection but in line with prior year
Behavioral Health	89,459,474	57,402,398	32,057,076	64%	Budget alignment between Coordinated Care and FFS
Total SCDHHS Medicaid Assistance	\$ 6,331,462,811	\$ 6,195,593,629	\$ 135,869,182	98%	
Disabilities & Special Needs (DDSN)	687,625,354	692,967,197	(5,341,843)	101%	
Education (DOE)	39,551,414	44,021,787	(4,470,373)	111%	Utilization higher than projected
Health & Environmental Control (DHEC)	2,131,952	1,533,787	598,165	72%	Budget alignment between state plan and DHEC lines
Medical University of SC (MUSC)	24,569,375	519,820	24,049,555	2%	Timing of Supplemental Teaching Payments
Mental Health (DMH)	56,623,391	55,134,101	1,489,290	97%	
University of South Carolina (USC)	1,028,195	16,628	1,011,567	2%	Timing of Supplemental Teaching Payments
Other Entities Funding	11,886,126	15,854,297	(3,968,171)	133%	Timing of Supplemental Teaching Payments
State Agencies & Other Entities	\$ 823,425,807	\$ 810,067,617	\$ 13,358,190	98%	
SCDHHS Operating Expenditures					
Personnel & Benefits	83,618,651	76,057,379	7,561,272	91%	
Medical Contracts	431,126,450	328,963,479	102,162,971	76%	Delayed procurements and procurement protests
Other Operating Costs	61,411,978	46,616,077	14,795,901	76%	Travel and supply expenditures less than projected
Total SCDHHS Operating Expenditures	\$ 576,157,079	\$ 451,636,935	\$ 124,520,144	78%	
Total Budget - Annual Budget Appropriation	\$ 7,731,045,697	\$ 7,457,298,181	\$ 273,747,516	96.5%	

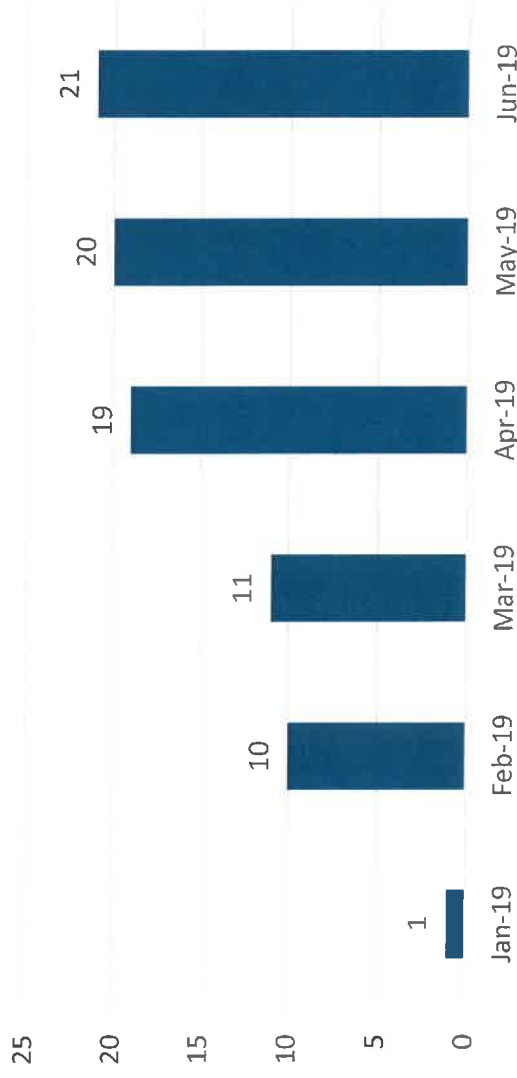
Agency Metrics

Bryan Amick
Deputy Director, Health Programs
August 13, 2019



Medication-Assisted Treatment (MAT)

Enrolled OTP Providers



MAT options available to Medicaid beneficiaries include:

- Outpatient treatment programs (OTP)
- DATA-waived outpatient medications

Beneficiaries Served	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
OTP	356	574	820	879	998	1,147
DATA waived	2,190	2,155	2,259	2,291	2,354	977
Total (Unduplicated)	2,545	2,725	3,075	3,166	3,346	2,118
Declines likely represent incomplete claim and encounter information						
Expenses	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
OTP	\$ 113,785	\$ 223,350	\$ 328,021	\$ 328,719	\$ 403,535	\$ 355,578
DATA waived	\$ 622,391	\$ 598,048	\$ 575,869	\$ 529,358	\$ 565,277	\$ 191,765
Total	\$ 736,176	\$ 821,398	\$ 903,890	\$ 858,077	\$ 968,812	\$ 547,343

