

# Senate Finance Committee / HHS Subcommittee FY 2020-21 Budget Request

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Agency Director

**December 11, 2019**

# **FY 2018-19 Year-End & FY 2019-20 Year-to-Date**

# FY 2018-19 Year-End

	FY 2019 State General/Other Funds	FY 2019 Total Funds Incl. Federal
Medicaid Assistance	\$ 1,834,627,774	\$ 6,195,593,629
State Agencies	\$ 259,888,442	\$ 810,067,617
Personnel & Benefits	\$ 28,694,886	\$ 76,057,379
Medical Contracts & Operating	\$ 153,077,386	\$ 375,579,556
Total Expenditures	\$ 2,276,288,488	\$ 7,457,298,181
Revenues Received	\$ 2,299,341,317	\$ 7,452,158,702
Percent Expended	99%	100%

- Agency ended FY 2019 close to target, cash surplus was 1% of general/other funds revenue and 0.1% over total funds revenue
- Much of the gap is associated with the following events:
  - One-year moratorium on Health Insurer Tax (HIT)
  - Pharmaceutical Hep-C expenditures did not increase as projected. Reduced federal and other funds authority by \$53M in FY2020

# FY 2019-20 1<sup>st</sup> Quarter

	Total Appropriation	Q1 Appropriation	% of Total Appropriation	Q1 Expenditures	% of Total Appropriation
Medicaid Assistance	\$ 6,379,803,761	\$ 1,531,377,413	24.0%	\$ 1,570,124,266	24.6%
State Agencies	\$ 835,914,336	\$ 202,736,168	24.3%	\$ 193,120,018	23.1%
Personnel	\$ 86,409,229	\$ 21,602,307	25.0%	\$ 20,500,285	23.7%
Medical Contracts	\$ 489,604,044	\$ 48,960,404	10.0%	\$ 53,160,583	10.9%
	<b>\$ 7,791,731,370</b>	<b>\$ 1,804,676,293</b>	<b>23.2%</b>	<b>\$ 1,836,905,152</b>	<b>23.6%</b>

- Agency spent approximately 24% of its annual budget during the first three months of the fiscal year
  - “Medical Contracts & Operating” expenditures in Q1 are traditionally lower than in other quarters
  - Large annual events such as supplemental teaching physician (STP) payments and Health Insurer Tax (HIT) will occur later in the fiscal year

# FY 2020-21 Budget Request

# FY 2020-21 Budget Request

## *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
- Limited proposals for targeted rate and program changes

# FY 2020-21 Budget Request

	General Funds	Total Funds
<b>Recurring Requests</b>		
Total Annualization/MOE	\$ 47,384,662	\$ 382,124,901
Decreased Federal Participation	\$ 51,659,015	\$ -
Community Long Term Care (CLTC) Census	\$ 13,925,644	\$ 53,791,991
Provider Reimbursement Rate	\$ 7,852,502	\$ 39,870,674
Disproportionate Share Hospital (DSH) Allotment Increase	\$ 6,715,820	\$ 26,740,000
DDSN Appropriation Transfer	\$ (762,665)	\$ (762,665)
<b>FY 2020-21 Recurring Changes</b>	<b>\$ 126,774,978</b>	<b>\$ 501,764,901</b>
<b>Non-Recurring Request</b>		
Non-Recurring: MMIS	\$ 7,409,009	\$ 148,583,766

- 89% of recurring request is to maintain current level of services
- FMAP annualizations requested in the entirety
- Full CHIP FMAP reduction effective October 2020
- Annualization includes \$14.2M (General Funds) in Medicare premiums
  - From FY 2016 to FY 2021, the General Fund spend on Medicare premiums is projected to increase approximately 30%

# FY 2020-21 Budget Request

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

- SSA Title XXI - Children's Health Insurance Program (CHIP) FMAP funding (\$33.7M general funds)
  - Historically, CHIP match is 80% federal but has been 100% since FFY 2016
  - FMAP rate decreased to 91% in FFY 2020 with projected decrease to 80% in FFY 2021
- Federal Medical Assistance Percentage (FMAP) funding (\$17.9M general funds)
  - Agency has been notified of a decrease in the Federal participation rate in FY 2021
- Community Long-Term Care (CLTC) funding (\$13.9M general funds)
  - CLTC waivers have realized a 24% growth in census over the last 5 years
  - Requesting \$13.9M in general funds to continue to provide current services to CLTC waiver eligible beneficiaries



# FY 2020-21 Budget Request

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

- Provider reimbursement rate increase – Year 2 (\$7.8M general funds)
  - Impacted groups include Anesthesia, Vision, Ambulatory Surgical Centers, Pediatric Day Care and Private Duty Nursing (RN's & LPN's)
- Disproportionate Share Hospital (DSH) allotment increase (\$6.7M general funds)
  - Represents the aggregate limit on the Federal share amount of the State's DSH payments to DSH hospitals in the state set by Center for Medicare and Medicaid (CMS).
- SC Department of Disabilities and Special Needs (SCDDSN) Appropriation Transfer – (\$762,665 general funds)
  - SCDHHS will transfer appropriations to SCDDSN in accordance with interagency contracts, executed pursuant to three §1915 (c) home and community-based service waivers, the recurring state match associated with non-waiver services provided by SCDDSN.

# FY 2020-21 Proviso Changes

- **Amend five provisos:**

- **33.15 – CHIP Enrollment and Recertification – Amend – **AGENCY WITHDRAWN****

This proviso was amended in FY 2020 to direct the Agency to seek waivers or plan amendments necessary to increase the income threshold for CHIP eligibility from 213% of the current federal poverty limit to an amount at least at the Southeastern average. The Agency has submitted this request to CMS and anticipates waiver approval in FY 2020, rendering this provision unnecessary in FY 2021.

- **33.20 – Medicaid Accountability and Quality Improvement Initiative – Amend**

SCDHHS is requesting to strike a provision that allocated \$3.6 million in state funded contracts to Hospitals that provide services for certain uninsured, high-need beneficiaries as the Agency intends to provide hospitals an additional \$12 million for the provision of uncompensated care for individuals in FY 2021

- **33.22 – Rural Health Initiative – Amend**

SCDHHS recommends striking a one-year provision directing funding to a graduate medical education project cooperatively operated by three state institutions. The plan will be received and funded in FY 2020. SCDHHS also proposes striking obsolete rural hospital transformation language. The requested change is a technical amendment to update the reporting date.

- **33.23 – DHHS: BabyNet Compliance – Amend**

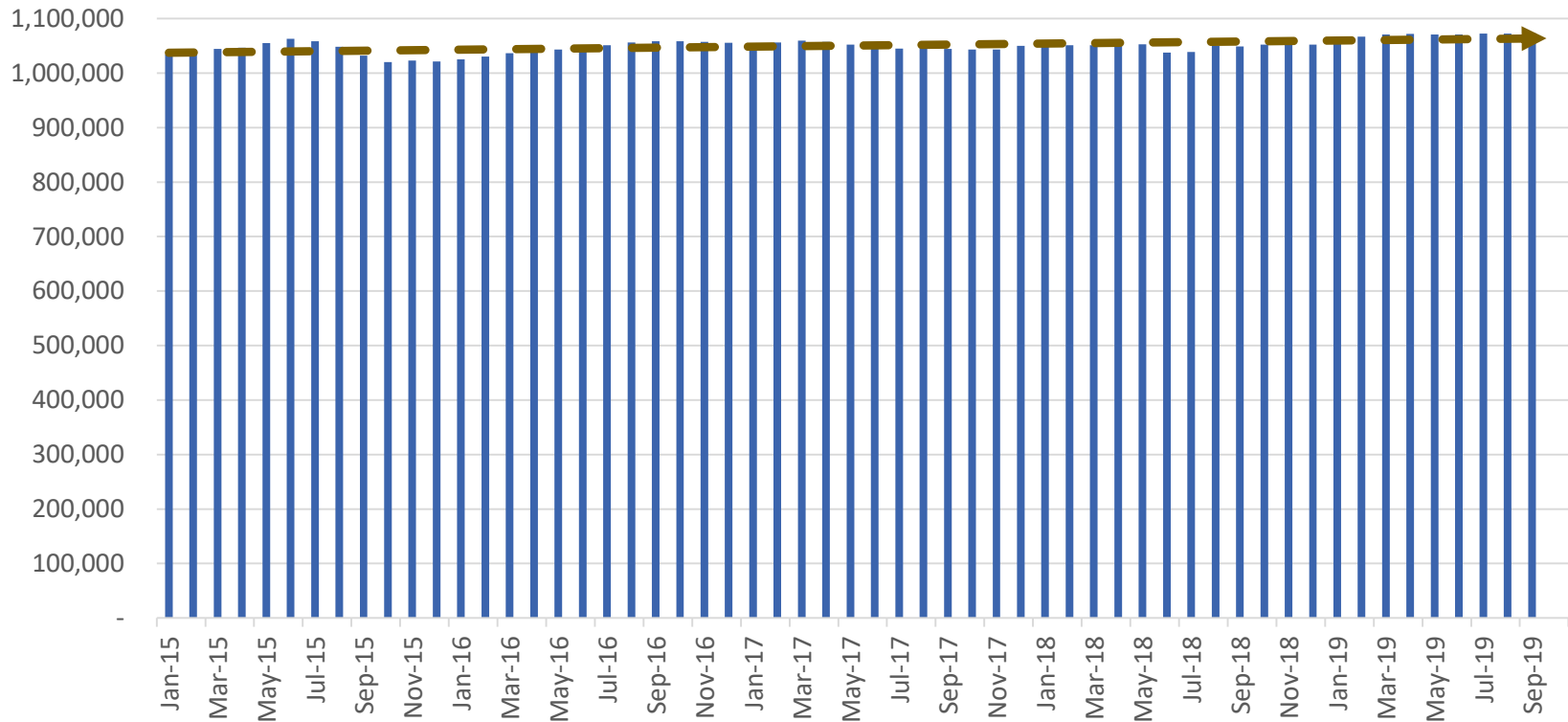
The requested change is a technical amendment to update the reporting date.

- **117.120 – South Carolina Telemedicine Network – Amend**

Delete reference to report as it will be completed in the current fiscal year.

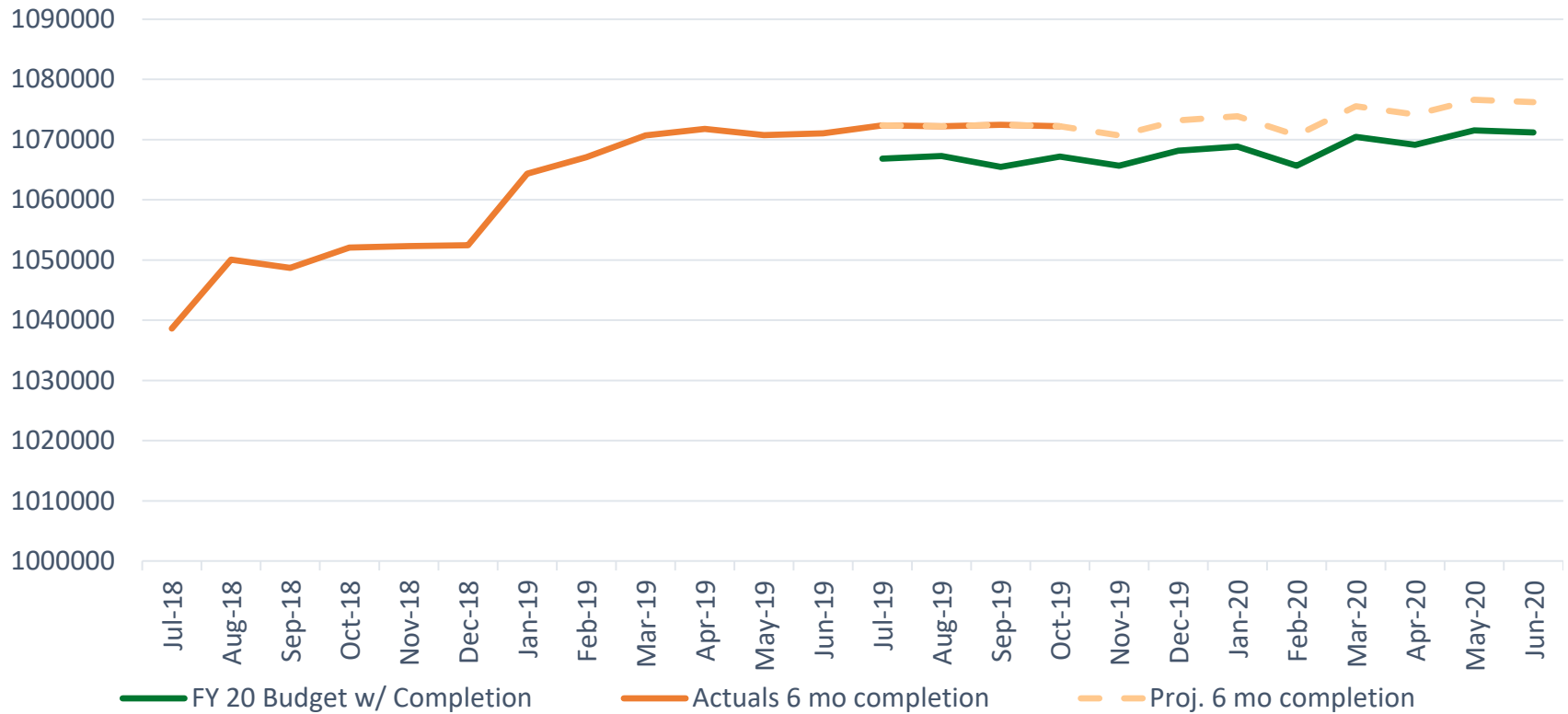
# Eligibility and Enrollment Update

# Full-Benefit Membership



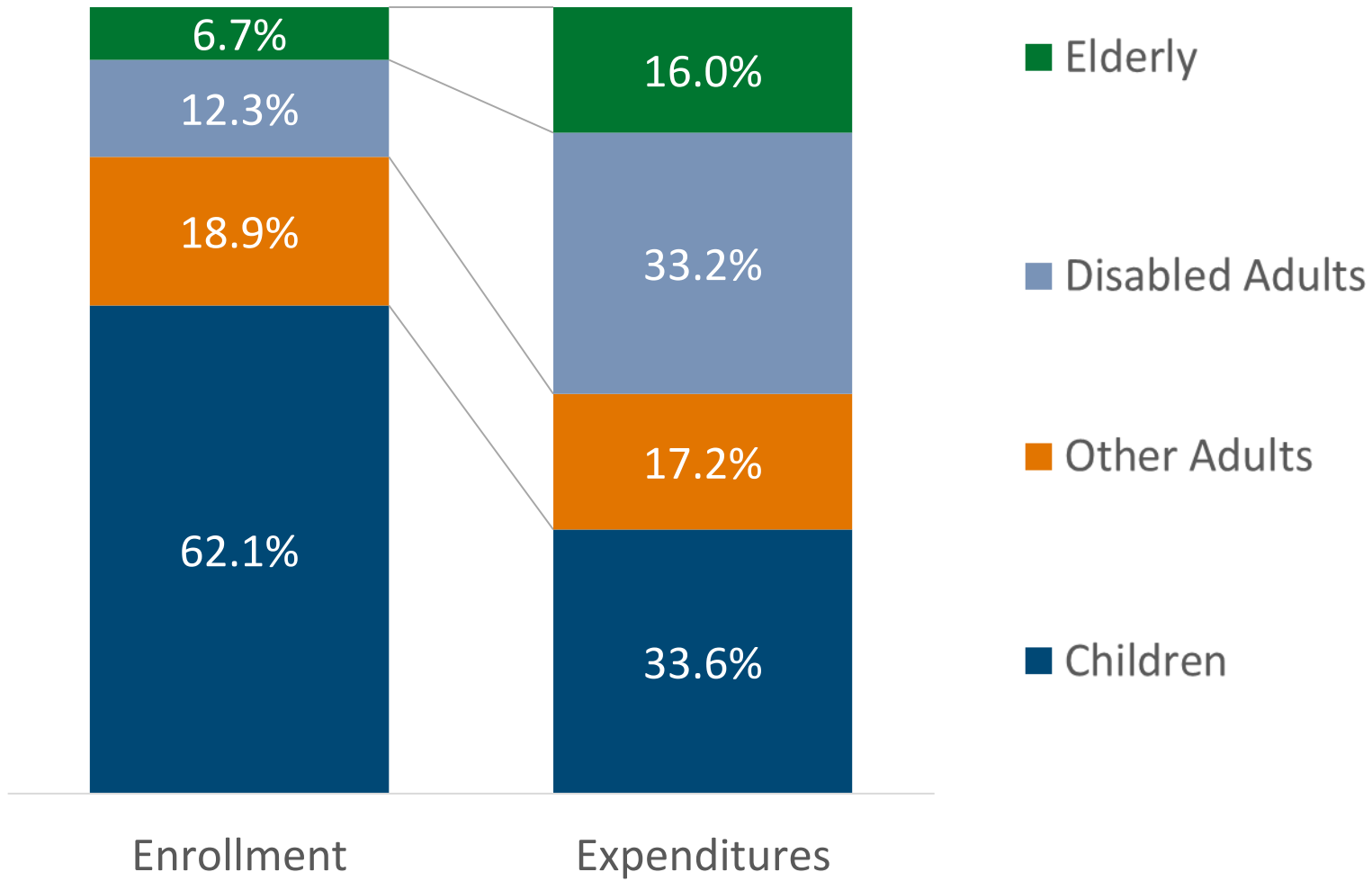
- Full-benefit membership continues to hold around 1 million.

# Full-Benefit Membership



- FY 2020 enrollment trending over budget.

# Asymmetric Resource Utilization



# Budgeting for Aging... on the Margins

Cat	Child	Parent	Elderly	Disabled Dual
<b>PMPM</b>	<b>\$200</b>	<b>\$400</b>	<b>\$1200</b>	<b>\$900</b>
<b>2018</b>	<b>55.5%</b>	<b>17.0%</b>	<b>6.6%</b>	<b>5.9%</b>
<b>2019</b>	<b>55.4%</b>	<b>17.0%</b>	<b>6.7%</b>	<b>6.0%</b>
<b>MBR</b>	<b>-1000</b>	<b>0</b>	<b>1000</b>	<b>1000</b>
<b>Annual Cost</b>	<b>\$(2.4M)</b>	<b>\$0</b>	<b>\$14.4M</b>	<b>\$10.8M</b>
<b>Net</b>				<b>\$ 22.8M</b>
<b>State</b>				<b>\$ 6.8M</b>

# Eligibility and Enrollment – Continuing Efforts

- Operations
  - Opened three statewide processing centers (Aiken, Richland, Spartanburg) in July 2019
  - 64,566 customers served in local eligibility offices with average wait time of 13 minutes
- Workload and Productivity since January 2019
  - Reduced pending total applications by 39%
    - Reduced pending nursing home applications by 53%
  - Reduced pending total reviews by 36%
  - Reviewed 27,382 eligibility determinations with 96% worker accuracy confirmed
- Hiring
  - Additional staff hired for processing centers with 21 supervisors and managers and 403 eligibility workers for Non-MAGI and Long-Term care work
  - Maintained local eligibility staffing levels and hired 13 supervisors and managers and 79 eligibility workers
- Training
  - Placed 497 workers into 21 training tracks for processing centers and trained 111 additional employees for county offices



# Program Updates

# Medicaid through 2022



## Agency Priorities

- Community Engagement
- Maintaining Core Business Units
- Duals Integration
- RBHS/BH Benefit Redesign
- Foster Care/TFC Financing
- Telemedicine
- MCO Performance Management
- RMMIS/ASO
- Member Management Modernization



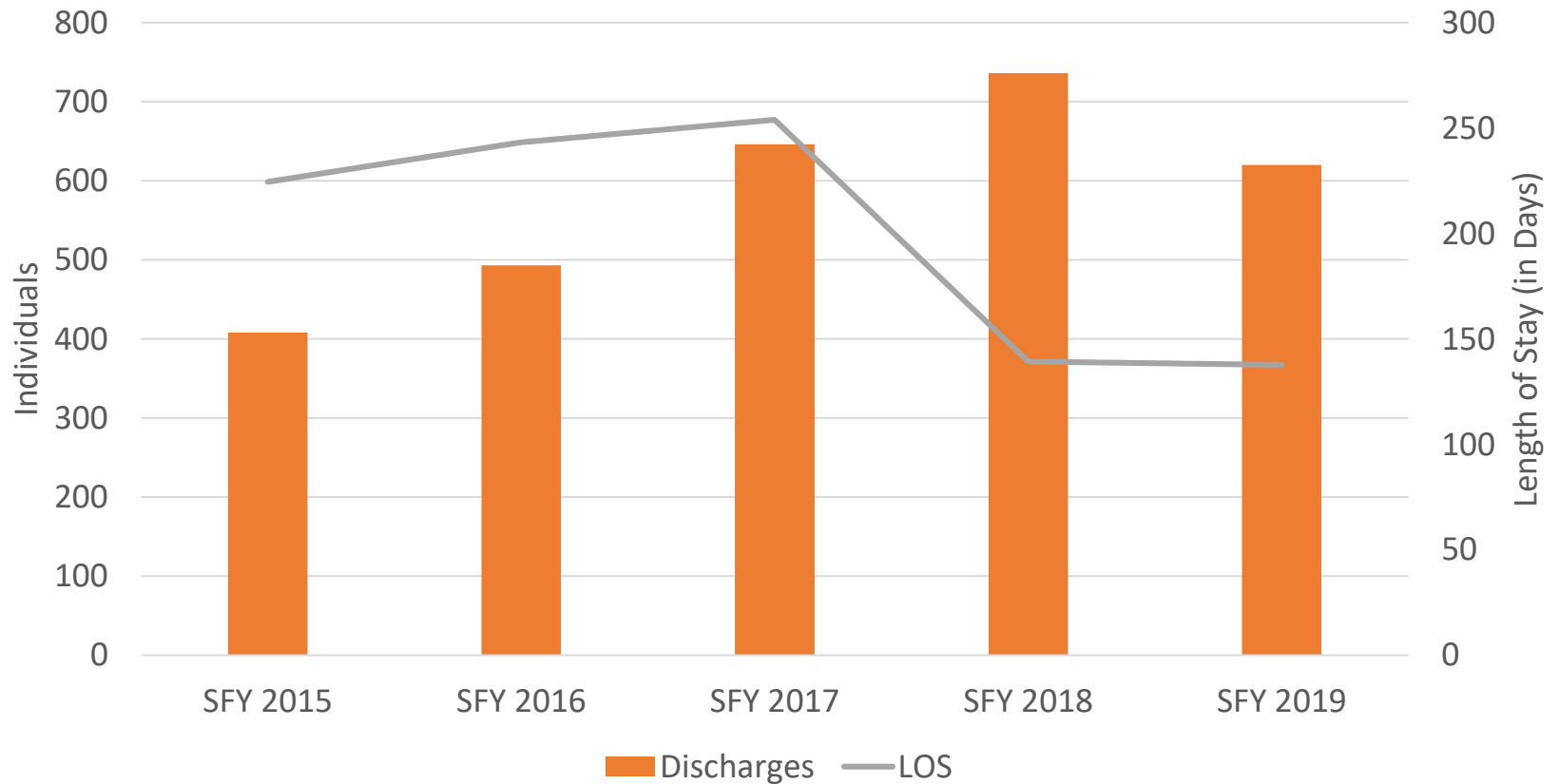
# Community Engagement Waiver

- 1115 Demonstration Waiver to the Center for Medicare and Medicaid Services (CMS) that will require individuals within the Medicaid program under the Parent Caretaker Relatives (PCR) and Transitional Medical Assistance (TMA) groups to participate in community engagement activities
- Certain groups including children enrolled in Medicaid, pregnant women, disabled individuals, and those over age 65 will not be required to participate in community engagement
- Waiver was submitted to CMS on May 8, 2019
- Working in close consultation with CMS to finalize the Special Terms and Conditions for the waiver

# Pricing Project

- Phase I - Effective July 1, 2019
  - Professional Provider Types
  - Projected Impact = \$26.2 million total funds
- Phase II – Some effective January 1, 2020; others July 1, 2020
  - Vision, Ambulatory Surgical Centers, Anesthesia, Attendant Care, Adult Day Health Care Transportation, Pediatric Day Care, Private Duty Nursing
  - Projected Impact = \$49.3 million total funds
- Phase III – TBD
  - Institutional Providers

# Psychiatric Residential Treatment Facilities (PRTFs)



# Legislative Audit Council (LAC)

- Of the 57 recommendations from the audit, 45 are noncontroversial:
  - 35 - reflect current or ongoing agency initiatives
  - 5 - the Department agrees with thematically, but perhaps not operationally
  - 5 - do not involve DHHS but instead other agencies
- Of the remaining 12 recommendations:
  - 5 - would have DHHS directly assuming or duplicating MCO activities
  - 7 - the Department has concerns about some of the fact patterns, associated conclusions, or recommendations in light of existing statutes or regulations
- The Department raised two concerns:
  - Auditor conflicts of interest per Generally Accepted Governmental Auditing Standards (GAO Yellow Book)
  - Absence of industry standard data limitation and security standards

# Palmetto Coordinated System of Care (PCSC)

- PCSC Waiver was submitted to CMS on Friday, November 1, 2019
- Enrollment in the waiver will be 200 youth, with significant behavioral health needs in the first year; 50 youth will be added each year for four years
- The proposed waiver will provide three services to beneficiaries
  - High Fidelity Wraparound – evidence-based process of care coordination and planning; provided by skilled professionals employed by the Continuum of Care
  - Respite – designed to provide services to beneficiaries unable to care for themselves; also can be used to provide planned or emergency short-term relief to a beneficiary’s unpaid caregiver or principle caregiver
  - Individual Goods and Services – supports the identified needs of the waiver recipient; lifetime cap of \$2,000 per waiver recipient

# Home & Community Based Services (HCBS)

- CMS established new standards for home and community-based services and settings in a 2014 “final rule” – compliance is required by March 2022
- SCDHHS’ statewide transition plan received initial approval in November 2016 – South Carolina was one of the first states to receive approval
- Statewide Transition Plan under review by CMS for Final approval
  - Revised to update systemic changes
  - Site visits for all HCBS provider settings complete; remediation underway
  - Detailed the settings onsite assessment process to include assessment results
    - Only one facility was deemed unable to meet compliance (provider closed setting)
    - Provider settings with compliance risk undergoing review and mitigation
  - Detailed state level review related to heightened scrutiny
    - State level review to begin by the end of 2019



# RMMIS, MMRP and MES

MMRP: Member  
Management  
Replacement  
Project

MES: Medicaid  
Enterprise  
System

RMMIS: Replacement  
Medicaid  
Management  
Information  
System

Project	Module	Status (Completion)
MMRP	Curam HCR	Operational (June 2019)
	Curam CGIS	In Development (Release 1 - Sept. 2020; Release 2 - Nov. 2020)
MES	NoSQL	In Production (December, 2019)
	ePortal	Operational (Sept 2017)
	MESI	Procurement Cancelled (July, 2018)
	SMMP	In Production (Jan. 2019)
RMMIS	PBA	Operational (Nov. 2017)
	BIS	Operational (Nov. 2018)
	TPL	Operational (Aug. 2018)
	Dental	Procurement on Hold
	ASO	Procurement Awarded - (Oct. 2019)
	EVV	In Proposal Evaluation Phase
	Financial Mgmt.	IFB being drafted
	MVI	Contract Started April 2018
	Reference	Mercer in Development (June 2019)
	ICMIS	IFFR Being Drafted
LASRAI	In Production (July, 2019)	

