

Senate Finance Committee / HHS Subcommittee FY 2022-23 Budget Request

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South Carolina Medicaid Program Overview

Medicaid Enrollment - South Carolina Population

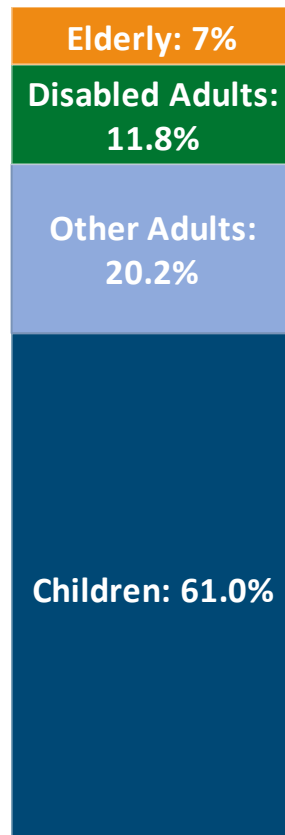
- Full benefit membership: Approximately 1.2 million

Children	720,000
Disabled Adults	130,000
Other Adults	290,000
Elderly	80,000

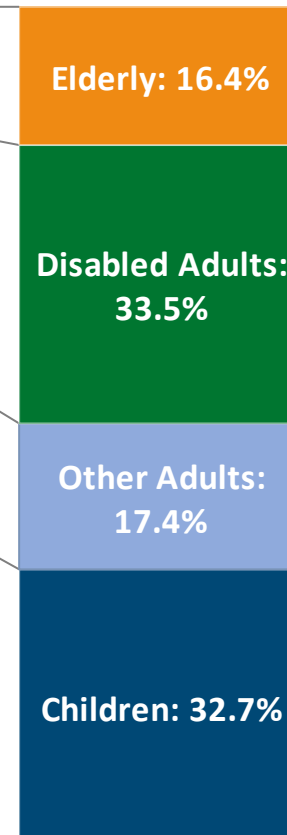
- Approximately **60%** of Medicaid members are age 0 to 18
- Approximately **60%** of South Carolina children are on Medicaid
- Medicaid pays for approximately **60%** of all births
- Approximately **75%** are enrolled in a managed care organization
- Limited benefit membership: 250,000

Asymmetric Resource Utilization

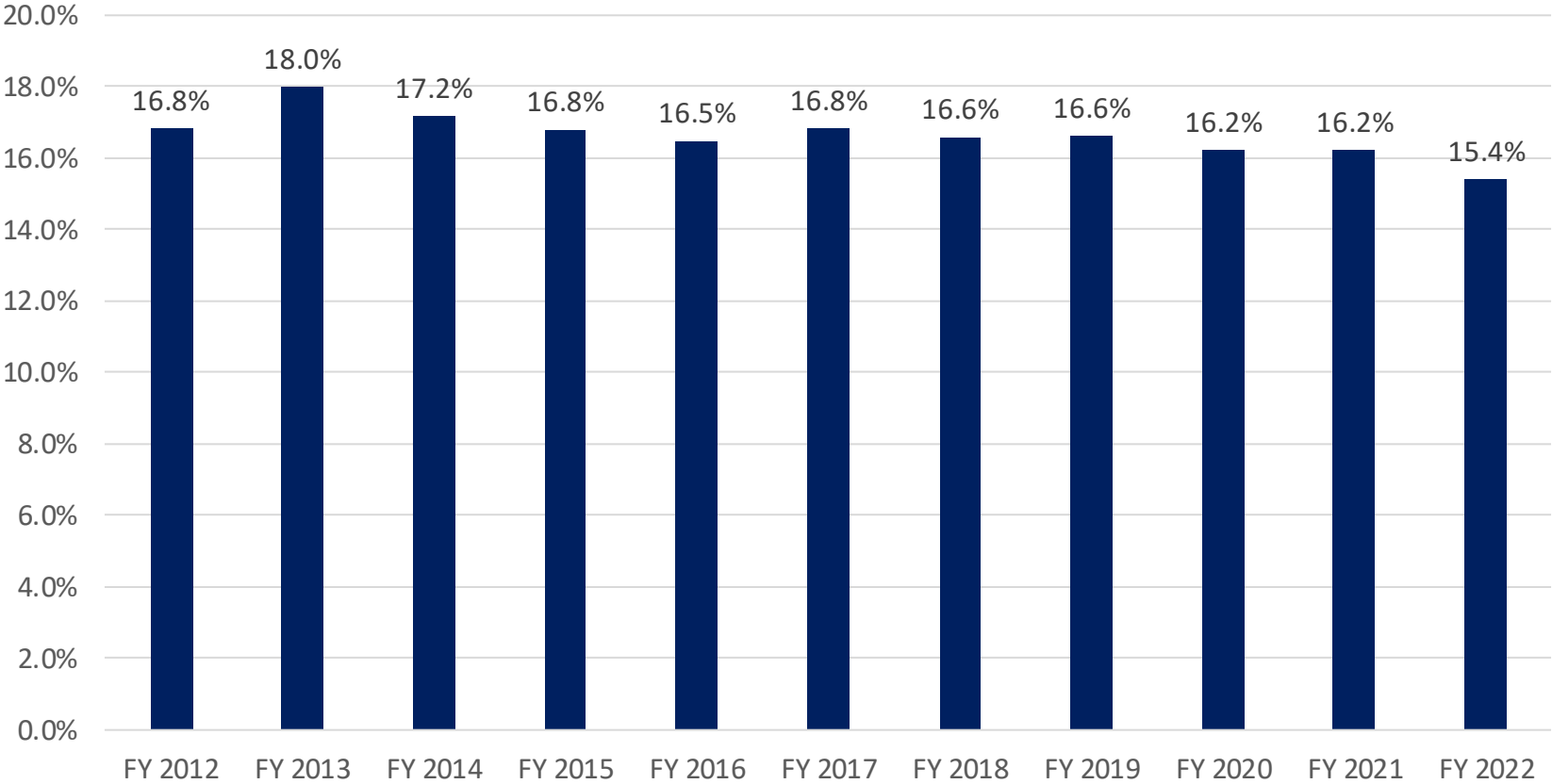
ENROLLMENT



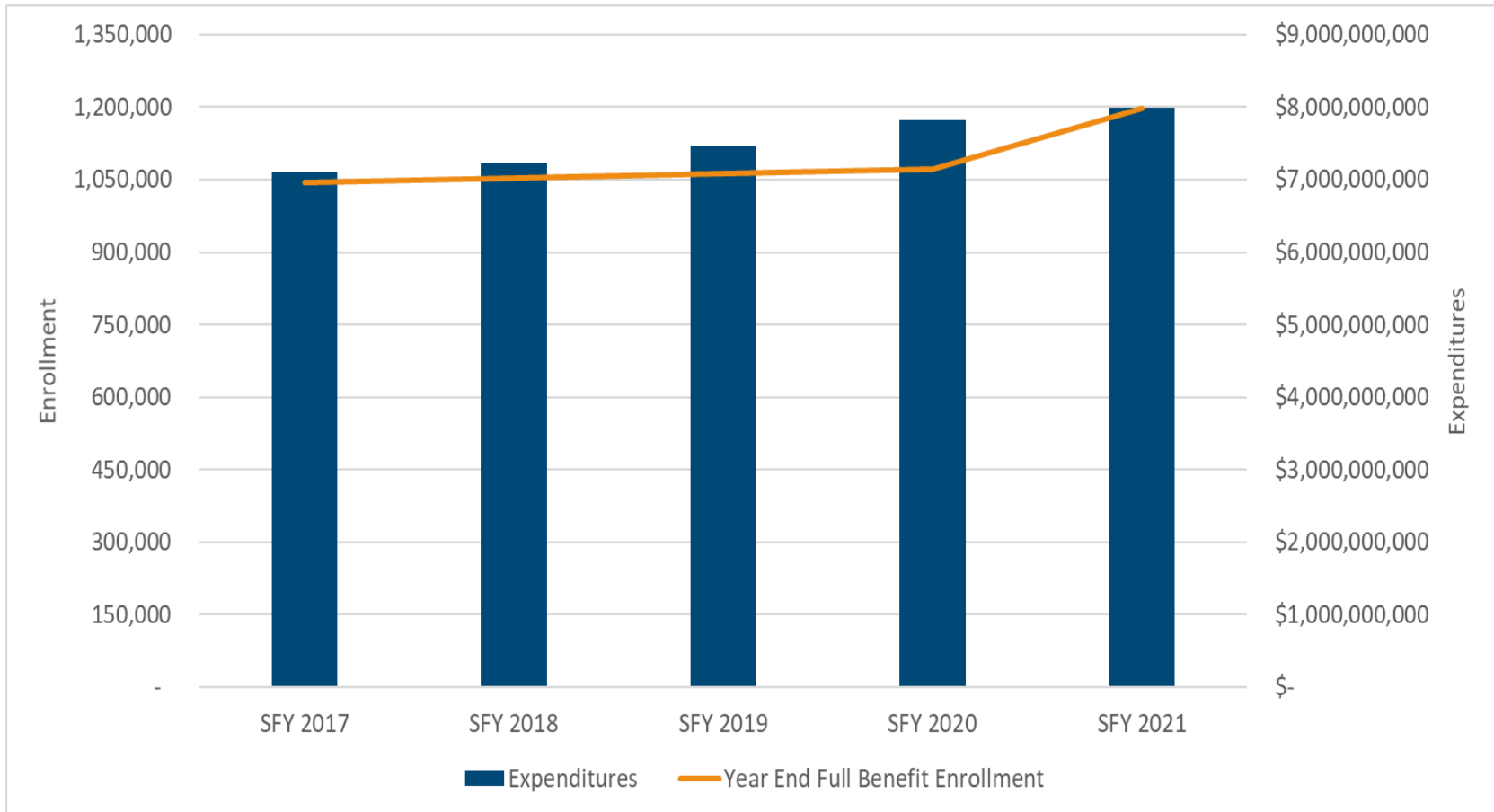
EXPENDITURES



SCDHHS General Fund Appropriation as a Percentage of Total State General Fund Appropriation



5-Year Expenditure and Enrollment Growth

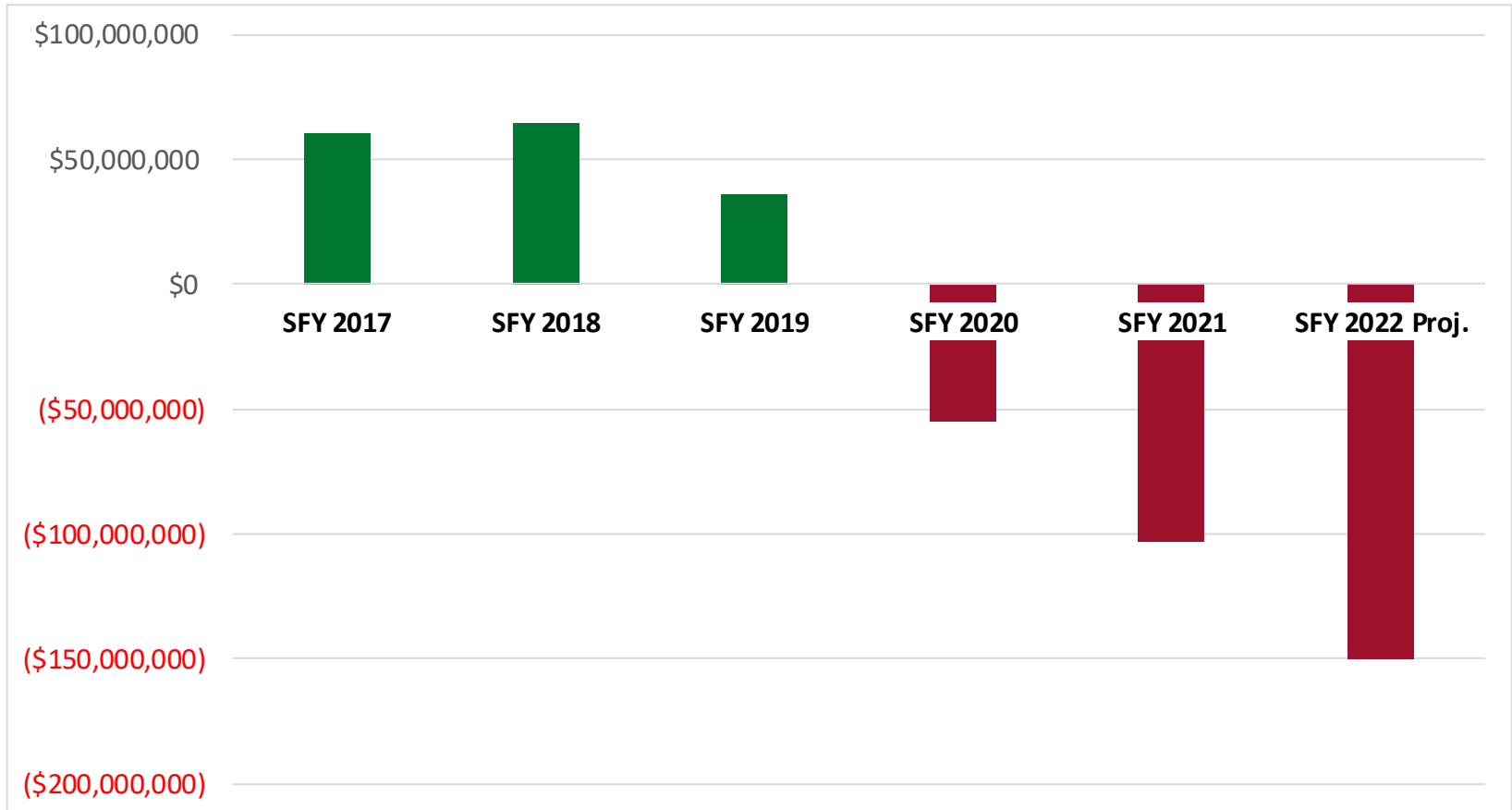


FY 2020-21 Year-End

Category	State Expenditures	Federal Expenditures	Total Expenditures	% of Total
Medical Assistance: Coordinated Care	\$792,511,555	\$2,767,677,461	\$3,560,189,016	44.5%
Medical Assistance: Fee-For-Service	\$465,068,243	\$1,393,353,957	\$1,858,422,200	23.2%
Long Term Care	\$233,776,335	\$699,332,280	\$933,108,616	11.7%
State Agencies (Fee-For-Service)	\$183,674,383	\$603,233,348	\$786,907,731	9.8%
Medicare Premiums	\$167,488,227	\$214,356,377	\$381,844,604	4.8%
Medical Contracts	\$165,798,621	\$191,802,397	\$357,601,018	4.5%
General Administration	\$49,467,662	\$69,045,505	\$118,513,167	1.5%
	\$2,057,785,026	\$5,938,801,325	\$7,996,586,352	

- “State agencies” is comprised mainly of SCDDSN, SCDMH, SCDOE, and SCDHEC
- Medicaid currently accounts for approximately 90% of SCDDSN budget and approximately 25% of SCDMH budget
- During the public health emergency (PHE), SCDHHS received temporary additional federal match impacting the funding ratio for the above

SCDHHS Recurring Revenue Gap



FY 2022-23 Budget Request

FY 2022-23 Budget Request

Decision Package #	Decision Package Name	General Funds
1	Annualization	\$224,007,761
2	Maintaining Access to Long Term Care Services	\$9,088,838
3	Rate & Reimbursement Changes	\$18,590,000
4	System Implementation Costs	\$7,551,766
5	SC Institute of Medicine & Public Health	\$100,000
6	DDSN Appropriation Transfer	\$172,000,000
		\$431,338,365

- 90% of general fund recurring request is to maintain current level of services

FY 2022-23 Budget Request: Annualization

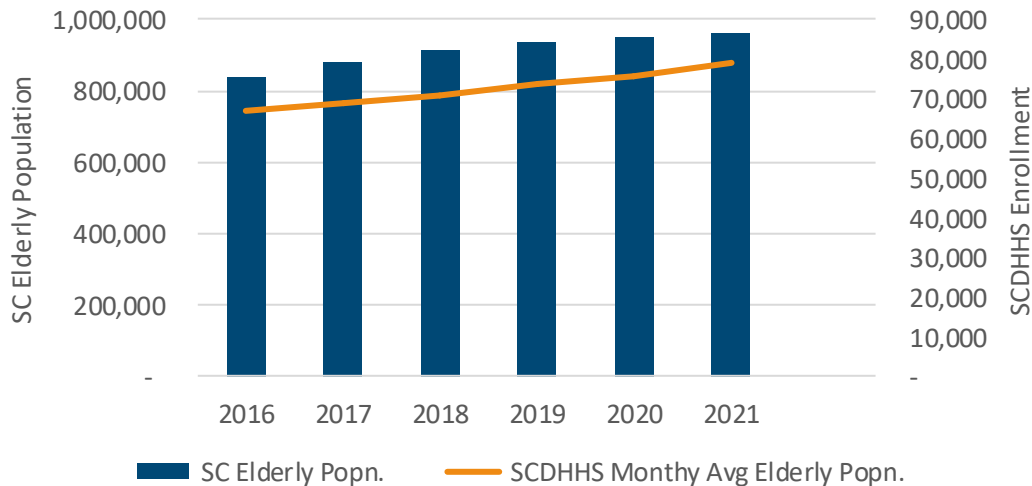
Represents the annual amount necessary to keep the program operating in its current configuration. It is the maintenance of effort required to continue the current service and reimbursement levels for Medicaid enrollees.

	General Funds
Prior Year Annualizations	\$ 156,349,826
SFY '23 Annualization Request:	
Enrollment, Utilization & Service Growth	\$ 33,002,370
Federal Inflationary Adjustments:	
Increase in Medicare premiums	\$ 18,983,318
Final FFY 2023 FMAP Impact	\$ 3,607,142
Disproportionate Share Hospital (DSH) Cap Increase	\$ 2,017,150
Total Federal Inflationary Adjustments	\$ 24,607,610
General Administration	\$ 10,047,955
Total SFY 2023 Annualization Request	\$ 67,657,935
Total Annualization Funding Request	\$ 224,007,761

FY 2022-23 Budget Request: Long Term Care Services

Represents the annual amount of money necessary to continue to support and maintain long-term living related initiatives

- Requesting \$9,088,838 in general funds for this decision package. Includes:
 - Annual increases to adjust nursing home rates for cost-of-living adjustment that occur each October
 - Continued census growth in community long term care waivers representing approximately 1,000 additional slots allowing beneficiary to stay in their home and community while still receiving necessary care



FY 2022-23 Budget Request: Rate & Reimbursement Changes

To address several provider rates to maintain access to care by ensuring adequate provider network

Service	Description	General Funds
Hospital Reimbursement Changes	Eliminate the disparities resulting from previous normalization actions on inpatient & outpatient hospitals; reflects the costs of re-classifying qualifying hospitals as rural facilities for DSH purposes	\$7,500,000
Psychiatric Residential Treatment Facility (PRTF)	Increase rates by 6.8% based on latest cost report data; looking at additional mid-year cost update	\$480,000
Adult Day Health Care (ADHC)	Increase per diem rate by 6.4% based on market comparison	\$800,000
Incontinence Supplies (I/S)	Increase rates by 10%, rates not updated since 2011 rate cuts	\$960,000
Community Residential Care Facility (CRCF)	Increase rates by \$100 (approximately 7%), rates not updated since FY14, outside of cost-of-living adjustments	\$3,600,000
Home Delivered Meals	Increase rate by approximately 22% pending CMS approval, rates not updated since 2011 rate cuts	\$2,100,000
Autism	Increase rates for autism treatment by 30% to help provide sufficient provider network based on market comparison	\$2,940,000
DAODAS	Increase rates paid to DAODAS by 15% for those receiving individual counseling, assessment, detox residential and outpatient treatment, rates not updated since 2013	\$210,000
Total Request		\$18,590,000

FY 2022-23 Budget Request: System Costs

Represents the implementation costs associated with automated system upgrades. This includes the replacement Medicaid Management Information System (MMIS) and other core operating systems.

- System Costs (\$7.5M general funds)
 - \$900K – Member Management System
 - \$3.5M – Replacement Member Management Information System
 - \$3.1M – Medicaid Enterprise System

FY 2022-23 DDSN Appropriation Transfer

- In collaboration with SCDDSN, SCDHHS revised this request to transfer approximately \$172,000,000 from SCDDSN to SCDHHS.
- Any SCDDSN FY 2022-23 budget request relating to HCBS waivers would need to be transferred to SCDHHS
- Result of joint decision to move to a direct payment fee-for-service model
- Net neutral to the state

Enhanced Federal Funding: FFCRA

- The Families First Coronavirus Response Act (FFCRA) gave states a 6.2% enhanced federal funding match
- The enhanced funding will stop at the end of the quarter that the PHE expires
- States were required not to dis-enroll any beneficiary – with limited exceptions – through the end of the PHE
- SCDHHS has received approximately \$110,000,000 per quarter in enhanced match with a portion covering other state agency match
- Enrollment will be approximately 250,000 higher by end of the PHE and with current legislation, dis-enrollment will start back after the enhanced funding stops

