



South Dakota Department of Social Services

January 25, 2011

What is Medicaid?

- Federal / State Partnership since 1965
- Federal government mandates certain healthcare coverage to certain categories of individuals and allows states to cover optional categories and services at their discretion
- Medicaid is governed by federal regulations and each state's approved Medicaid State Plan- essentially a contract with the federal government
- Medicaid is an entitlement program

What is CHIP?

- Children's Health Insurance Program
- Federal allocation is block grant
- Coverage limited to children with higher incomes than Medicaid levels, can't have insurance
- Runs as a "Medicaid look alike" program- same services provided to children eligible through Medicaid or CHIP

Who is covered by Medicaid?

69 percent are children and 31 percent are adults

- Low income children, pregnant women, adults and families
 - very low income families (family of three \$9,552 annual income/52% FPL)
- Elderly or disabled
- Children in Foster Care

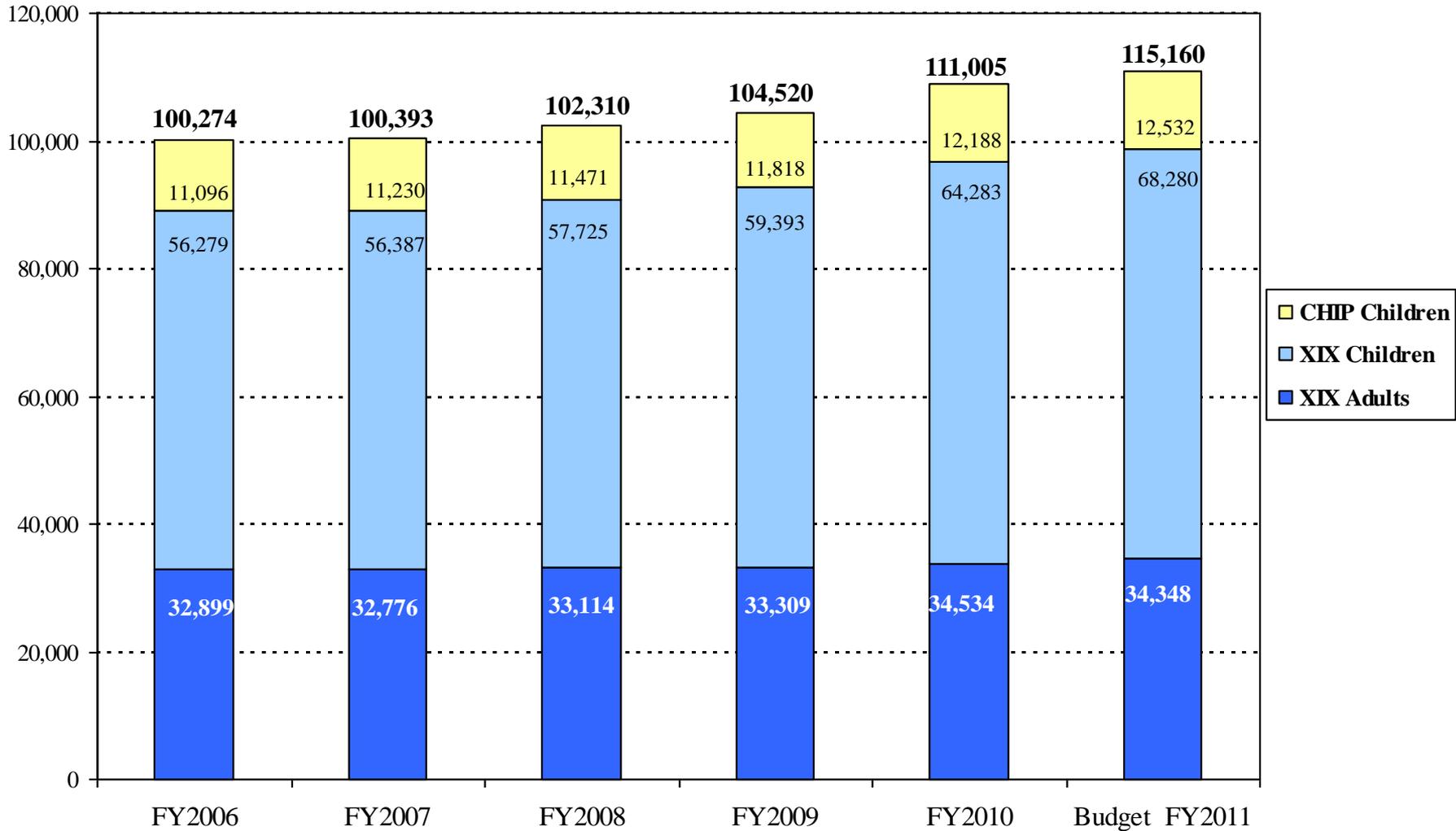
•Average monthly eligibility for FY10 in total 111,005

- Elderly – 6,957
- Disabled – 16,856
- Children of low-income families – 61,275
- Pregnant women (pregnancy only)– 2,829
- Low-income adults – 10,900
- Children’s Health Insurance Program – 12,188

•Total unduplicated for FY10= 139,666

Medical Services

Medicaid Ave. Monthly Eligible Totals



Eligibility for Medicaid

- Medicaid eligibility depends on whether a person meets specific eligibility criteria, resources, and income limits
- States cannot cut eligibility. The Patient Protection & Affordable Care Act (PPACA) includes a Maintenance of Effort (MOE) requirement. States must maintain all current eligibility standards until January 2014 and standards for children until October 2019.
 - States also cannot implement or increase existing premiums

Services Covered by Medicaid - Required Services

Services federally required to be covered by Medicaid:

- Services to children through “Early, Periodic, Screening, Diagnosis and Treatment”, or EPSDT.
- Inpatient and outpatient hospital
- Physician services
- Nursing facility services for individuals age 21 or older
- Emergency dental services
- Emergency medical transportation
- Lab and X-Ray
- Skilled home health services
- FQHC/Rural Health Care Center Services
- For certain people eligible for Medicare- Medicaid must pay co-insurance/deductibles; buying them into Part A or B. Medicare Part D Clawback

Services Covered by Medicaid - Optional Services

- Physician assistants
- Psychologists and independent mental health practitioners
- Intermediate Care Facilities for the Mentally Retarded (ICF/MR)

Other Services for Adults

- Podiatry
- Prescription Drugs
- Optometry
- Chiropractic services
- Durable medical equipment
- Dental services
- Physical, occupational, speech therapy, audiology
- Prosthetic devices and eyeglasses
- Hospice care, nursing services
- Personal care services and home health aides

Medicaid Expenditures

- From SFY04 through SFY10, despite the 23% growth in eligibles our Medicaid expenditure growth averaged 5.85%.
- From FY09 to FY10, the national average growth in Medicaid expenditures was 8.8%; in SD, the growth was 7.6%.
- Thirty other states spend more per Medicaid enrollee than South Dakota.
- Compared to our neighboring states we spend the least amount per Medicaid enrollee.
 - South Dakota Medicaid spends 4% less than Iowa
 - South Dakota Medicaid spends 14% less than Wyoming
 - South Dakota Medicaid spends 22% less than Nebraska
 - South Dakota Medicaid spends 28% less than Montana
 - South Dakota Medicaid spends 47% less than North Dakota
 - South Dakota Medicaid spends 55% less than Minnesota
- South Dakota Medicaid expends the 2nd lowest amount in the nation on administration of the program.

Recipient Responsibility- Co-Payments

- Federal regulations do not allow co-pays to be assessed in certain situations
 - Children are exempt from co-payments per federal requirements
 - Children are 69% of all eligibles
 - American Indians receiving services through IHS or upon IHS referral are exempt from co-payments
 - Certain services such as psychiatric inpatient and rehab services are exempt from co-payments
- This results in a small number of individuals and services that can be assessed a “nominal” co-payment
 - 17,171 eligibles last month
 - 5,697 disabled adults
 - 11,555 low –income adults

Recipient Responsibility- Co-Payments

- Co-payment amounts are reduced from the amount Medicaid pays the provider
- Co-pay amounts must be approved by CMS
- SD Medicaid co-payment amounts:
 - Non-generic prescription drugs - \$3
 - Durable Medical Equipment - 5%
 - Non-emergency dental services - \$3
 - Inpatient Hospital- \$50 per admission
 - Non-emergency outpatient hospital services, includes emergency room use for non-emergent care
 - 5% of billed charges, maximum of \$50
- South Dakota's co-payment amounts are consistent with other states

Preventing Fraud and Abuse

- South Dakota utilizes a number of quality assurance approaches to maintain program integrity and prevent fraud and abuse
- Includes both internal and external evaluation

Internal approaches:

- Surveillance and Utilization Review Unit – federally mandated; conducts post-payment provider reviews; recovered \$1.08 million in overpayments in FY10.
- Quality Improvement Organization – reviews inpatient hospital claims to insure quality services and correct coding; recovered \$297,000 in FY10.
- Office of Recoveries and Fraud Investigations – conducts investigations of recipient fraud and recovers payments from third liability sources; recovered \$7.3 million in FY10.
- Drug Utilization Review – partnership with SDSU; retrospective review of recipient's drug claims and education of physicians.

Preventing Fraud and Abuse

External approaches:

- Medicaid Integrity Contractors – began in 2009; federal contractors conduct independent audits of providers; total recoveries to date \$100,000
- Payment Error Rate Measurement Program – federal program where contractors review medical records, eligibility records, and paid claims; 2008 cycle was last year SD was in; second lowest claims processing and eligibility determination error rate in nation - .87%; next cycle is occurring now.
- Medicaid Fraud Control Unit – located in SD Attorney General's Office; in FY09 and FY10 \$1.4 million recovered from pharmaceutical manufacturer settlements, \$51,000 provider fraud recoveries, and \$190,000 in conjunction with federal Office of Inspector General audits.
- South Dakota Healthcare Fraud Task Force – operated by federal Office of Inspector General; works with AG's Office to coordinate Medicaid recoveries as a result of Medicare fraud cases; recovered \$28,000 in FY10.

Care Management

- SD has the primary care case management (PCCM) program
 - Uses primary care providers to act as gatekeepers for specialty services
 - Started in 1996
 - 79% of eligibles part of program
 - Effect on inappropriate use of Emergency Rooms
 - 1996: 4.3% Emergency room visits- elective
 - 2010: 2.9% Emergency room visits- elective
- ER Diversion Grant
 - Testing ways to reduce non-emergency ER use

Care Management

- Efforts underway to provide **care utilization management** for certain services
 - Out of state service prior authorization
 - Prior authorization of certain services
 - Back surgeries, certain Durable Medical Equipment
 - Notification of lengthy hospital stays
 - Assistance with difficult placements
- Future opportunities
 - Development of health homes for people with chronic health conditions
 - Changes to reimbursement methodologies

Department of Social Services

2010 FEDERAL POVERTY GUIDELINES

Annual Amount at Various Percentage Levels

Family Size	100%	130%	133%	140%	150%	160%	200%
1	\$10,830	\$14,079	\$14,404	\$15,162	\$16,245	\$17,328	\$21,660
2	\$14,570	\$18,941	\$19,378	\$20,398	\$21,855	\$23,312	\$29,140
3	\$18,310	\$23,803	\$24,352	\$25,634	\$27,465	\$29,296	\$36,620
4	\$22,050	\$28,665	\$29,327	\$30,870	\$33,075	\$35,280	\$44,100
5	\$25,790	\$33,527	\$34,301	\$36,106	\$38,685	\$41,264	\$51,580
6	\$29,530	\$38,389	\$39,275	\$41,342	\$44,295	\$47,248	\$59,060
7	\$33,270	\$43,251	\$44,249	\$46,578	\$49,905	\$53,232	\$66,540
8	\$37,010	\$48,113	\$49,223	\$51,814	\$55,515	\$59,216	\$74,020
Each Additional approximately	\$3,740	\$4,862	\$4,974	\$5,236	\$5,610	\$5,984	\$7,480

Program Eligibility:

Medicaid (Pregnant Women)	133%
Medicaid	140%
CHIP Children's Health Insurance Program	200%
SNAP	130%
Energy Assistance	200%
Child Care	200%



South Dakota Department of Social Services

Thank you!

MEDICAID RECIPIENT CO-PAYMENTS

STATE COMPARISONS

DSS - 01 25 2011

<u>Service</u>	<u>South Dakota</u>	<u>Iowa</u>	<u>Montana</u>	<u>North Dakota</u>	<u>Wyoming</u>
Inpatient Hospital	\$50 per non-emergent admission.	No cost share	\$100 per admission	\$75 per admission	No cost share
Outpatient Hospital	5% of allowable payment amount, excluding laboratory services, for each non-emergent service.	No cost share	\$5 per visit	\$6 per non-emergent ER visit	\$6 per non-emergent ER visit
Physician Services	\$3 per office visit, home visit, hospital admission, general ophthalmological service, or medical psychotherapy service.	\$3 for total covered services provided in a physician office visit, rendered on a given date of service (for MD and DO)	\$4 per visit	\$2 per visit	\$2 per office/home visit
Prescription Drugs	\$3 per filled or refilled prescription for single-source or brand name drugs. \$0 for generics or multi-source drugs.	\$1 for generic and preferred brand-name drugs. \$1 for nonpreferred brand-name drugs for which the cost to the state is no more than \$25. \$2 for nonpreferred brand-name drugs for which the cost to the state is \$25.01-\$50. \$3 for nonpreferred brand-name drugs for which the cost to the state is \$50.01 or more.	\$1-\$5 per prescription depending on drug cost, up to \$25 maximum per month	\$3 per prescription for brand name drugs	\$1 per generic or preferred brand prescription, \$3 per non-preferred brand prescription drugs
Rural Health Clinics and Federally Qualified Health Centers	\$3 per visit.	No cost share	\$5 per visit	\$3 per visit	\$2 per visit
Durable Medical Equipment	5% of allowable payment amount.	\$2 for total amount of service provided during a given date	\$5 per service/item	No cost share	No cost share
Prosthetic Devices	5% of allowable payment amount.	\$2 for total amount of service provided during a given date	\$5 per service/item	No cost share	No cost share
Mental Health Services	\$3 per procedure.	\$2 for total amount of service provided during a given date	\$3 per visit	\$2 per visit	\$2 per therapy service
Medical Supplies	\$2 per supply.	\$2 for total amount of service provided during a given date	\$5 per service/item	No cost share	No cost share
Dental Services	\$3 per procedure.	\$3 for total amount of service provided during a given date	\$3 per visit	\$2 per visit	No cost share
Dentures	\$3 per complete denture or reline.	No cost share	\$5 denture-related visit	No cost share	No cost share
Optometric Services	\$2 per visit.	\$2 for total amount of service provided during a given date (same rate for opticians)	\$2 per visit	\$2 per visit	\$2 per visit
Podiatrist Services	\$2 per visit.	\$1 for total amount of service provided during a given date	\$4 per visit	\$3 per visit	Not covered
Chiropractic Services	\$1 per procedure.	\$1 for total amount of service provided during a given date.	Not covered	\$2 per visit	Not covered
Nutritional Services	\$2 per day for enteral nutritional services for individuals 21 or over. \$5 per day for parenteral nutritional services for recipients 21 or older.	Not indicated	Not indicated	Not indicated	Not indicated
Diabetes Education	\$3 per unit of service for recipients 21 or older.	Not indicated	Not indicated	Not indicated	Not indicated
Independently Practicing Physical Therapist	\$3 per visit	\$1 for total amount of service provided during a given date.	\$2 per visit	\$2 per visit	No cost share
Audiologists	\$3 per visit	\$2 for total amount of service provided during a given date (same rate for opticians)	\$2 per visit	\$2 per visit	No cost share
Ambulance Services	No cost share	\$2 for each date of service	No cost share	No cost share	No cost share
Hearing Aids	5% of allowable payment amount.	\$3 for total amount of service provided during a given date	\$2 per hearing aid	\$3 per hearing aid	No cost share