

**SD Healthcare Solutions Coalition Update- 100% FMAP Policy**  
**June, 2018**

**Medicaid Today:**

- Medicaid covers approximately 119,000 South Dakotans
  - 35% are American Indians who are also eligible for services from IHS
- People can be eligible for IHS AND also Medicaid eligible
  - When an American Indian is Medicaid eligible and gets services “through” an IHS Facility, IHS bills Medicaid, and the federal government pays 100% (100% FMAP)
  - When an American Indian is Medicaid eligible and gets services outside IHS, the non-IHS provider bills Medicaid and the federal government pays about 55%, and the state pays the balance
- When services are not “received through” IHS, the state has to pay for services that are supposed to be provided by the federal government
  - Significant amount of state general funds spent in Medicaid budget
    - \$96 million in state funds in FY17

**SD Healthcare Solutions Coalition:**

- Formed in late 2015 to develop strategies to improve health outcomes and 100% federal funded health care access for individuals eligible for Medicaid and IHS, in anticipation of federal Medicaid funding policy change
- Group includes legislators, tribes, providers, governor’s office and state agency staff

**Timeline of Key Events:**

January, 2016

- Coalition determined federal policy change, if enacted, would free up enough existing state funds to pay for Medicaid expansion
- Coalition recommends additional substance abuse, mental health, prenatal care, and telehealth services

February, 2016

- Federal government changed Medicaid funding policy on February 26 to allow more services to be funded at 100% FMAP- expanded the “received through” interpretation
  - Requires individual to be confirmed “patient” of IHS; IHS and non-IHS providers must have care coordination agreements and share medical records
  - Providers, including IHS, need to make changes and need incentive to implement the policy
  - Too late in state legislative session to proceed with Medicaid expansion

November, 2016

- Change in federal administration, expectation of Obamacare repeal and federal Medicaid reform
- **Decision to not move forward with Medicaid expansion based on lack of federal and state legislative support**

January, 2017

- Coalition changed focus to implement federal policy change without incentive of Medicaid expansion

May, 2017- October, 2017

- Coalition recommends implementation of federal 100% FMAP policy for services that start at IHS and are referred to another provider- “referred care”
  - Targeting \$6.7 million state funds spent on referred care for 6 largest providers
    - FY19- \$4.6 million
    - FY20- \$6.7 million
- With savings in existing budget:
  1. Fund recommendations to increase access to key services in Medicaid
    - a. Fund substance abuse services for an estimated 1,900 adults on Medicaid
    - b. Add mental health providers to Medicaid increasing access to 465 people
    - c. Develop community health worker services with capacity to serve 1,500
    - d. Fund innovative prenatal and primary care
  2. After services are funded, share % of additional savings with participating providers
    - a. Tiered sharing based on amount saved:
      - i. Up to \$500k 5% shared savings
      - ii. \$500k-\$1m 10% shared savings
      - iii. Over \$1m 15% shared savings
  3. After sharing savings with participating providers, use remaining savings to increase Medicaid provider rates
    - a. Priority for community based providers with rates less than 90% of costs
      - i. Includes assisted living, home care, nursing, group care services for youth

<b>Strategy</b>	<b>FY19- Partial implementation</b>	<b>FY20- Full implementation</b>
Add Substance Abuse Services	\$872k	\$872k
Add Mental Health Providers	\$265k	\$540k
Add Community Health Workers	\$100k	\$400k
Innovation Grants-Prenatal and Primary Care		\$1m
Shared Savings with Providers	\$630k	\$800k
Provider Rates	\$2.7m	\$3.1m
<b>Total</b>	<b>\$4.6m</b>	<b>\$6.7m</b>

November, 2017

- Care coordination agreements signed between 3 large hospital systems and IHS; working on three additional provider agreements

March, 2018

- Legislature approved DSS budget with changes to accommodate substance abuse, mental health provider and community health worker services, shared savings for participating providers and increased rates for community based providers

April, 2018

- Savings through April 30 at \$3.3 million
- Ongoing provider rate increases implemented- all community based provider rates now at least at 90% of costs

June, 2018

- Care coordination agreement signed between Black Hill Dialysis/Dialysis Management Group and IHS

Next Steps:

- July 1, 2018
  - Substance abuse services added to state plan for existing Medicaid eligibles
  - Shared savings agreements with providers go into effect
- Working to add qualified mental health providers
- Workgroup on community health worker requirements will start late summer
- Drafting 1115 waiver for services provided through certain Federally Qualified Health Centers (FQHCs)
- Workgroup with nursing homes, community support providers and psychiatric residential treatment facilities to implement 100% FMAP policy in future
  - Monthly meetings started in January, 2018
  - Recommendations- Fall 2018