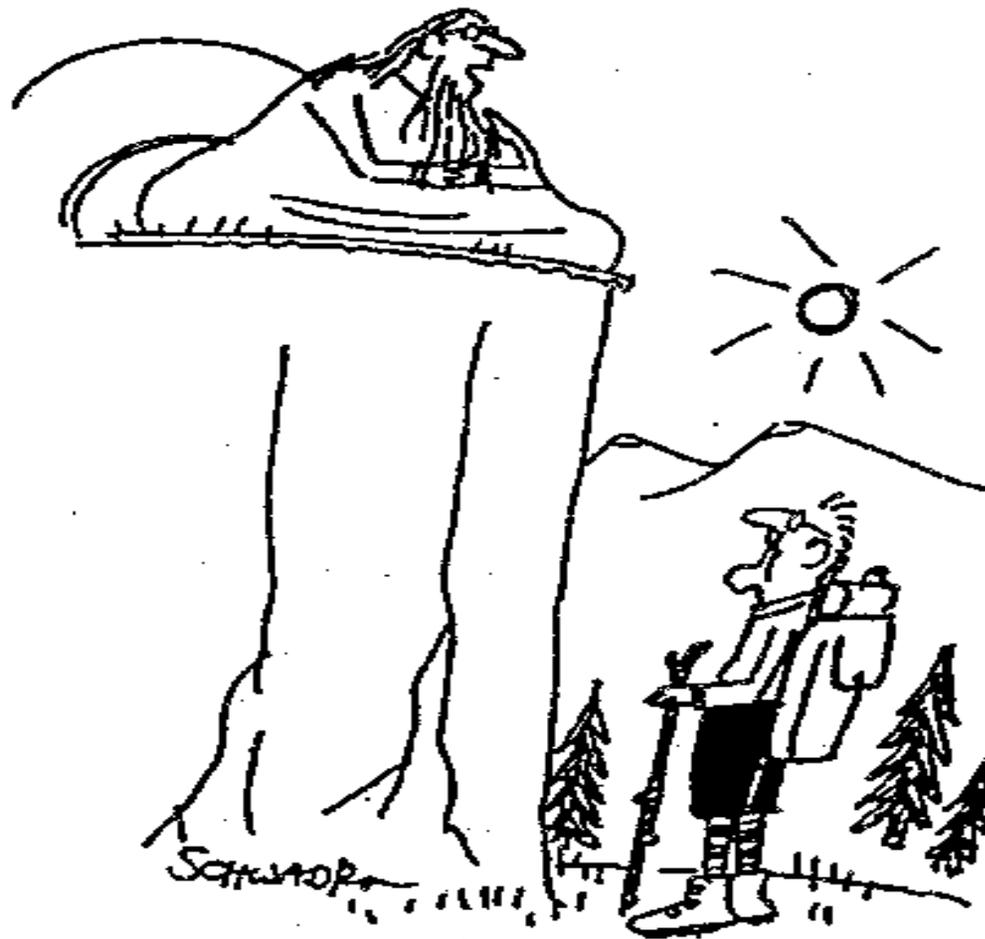


# South Dakota Medicaid Overview

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# Pepper . . . and Salt

THE WALL STREET JOURNAL



**"While I can explain the meaning of life, I don't dare try to explain how the Medicaid system works."**

# What is Medicaid?

- Federal / State Partnership since 1965.
- Medicaid is primarily a health insurance program providing health insurance coverage to children and very low income adults and their families.
- Federal government mandates certain healthcare coverage to different categories of individuals and allows states to cover optional categories and services at their discretion.
- When you've seen one Medicaid program, you've only seen one Medicaid program. All 50 states and many U.S. territories have different eligibility criteria, covered services, and methods of administering the program.
- The Department of Social Services is the designated State Medicaid Agency for SD. Other agencies also administer programs funded by Medicaid in SD including: Departments of Human Services, Corrections, Education and Health.

# What is CHIP?

## •Children's Health Insurance Program

- Provides healthcare for children and teenagers.
- To be eligible for CHIP, children must be under the age of 19 and be residents of South Dakota.
- Children who are uninsured may be eligible for CHIP based on family size and income.
- Runs as a "Medicaid look alike" program
  - The same services are provided to children who are eligible through Medicaid or CHIP.

# Who Uses Medicaid?

- Medicaid is one of the largest healthcare insurers in South Dakota with 133,621 unduplicated individuals participating in the program during FY09.
  - Nearly 1 of every 7 persons in any given month will have health coverage through Medicaid or CHIP.
  - 1 of every 3 persons under the age of 19 in South Dakota has health coverage through Medicaid or CHIP.
  - 50 percent of the children born in South Dakota will be on Medicaid or CHIP during the first year of their life.

# Who uses Medicaid?

- Staff from the Division of Economic Assistance determines eligibility for individuals applying for Medicaid in South Dakota.
- **Medicaid eligibility depends on:**
  - Whether a person meets a specific eligibility category,
  - Resources such as: bank accounts, bonds, stocks, certificates of deposit, real property and other things of value that are owned, and
  - Income

# Who Uses Medicaid?

**South Dakota has a conservative program compared to other states:**

- 46 states have higher income guidelines for pregnant women (SD 133% FPL)
- 39 states have higher income guidelines for Medicaid ages 0-1 (SD 140% FPL)
- 25 states have higher income guidelines for Medicaid ages 1-19 (SD 140% FPL)
- 44 states, including South Dakota, have income guidelines for CHIP at or above 200% FPL

# Who Uses Medicaid?

- **Average monthly eligibles for FY09 total 104,520:**
  - Children covered by Medicaid and CHIP – 68,396
    - Children make up 68 percent of the program
  - Adults make up only 32 percent of the program
    - Low-income adults – 10,105
      - Family of three = \$9,552 annual income
    - Disabled – 16,237
    - Elderly – 7,061
    - Pregnant women – 2,721

## What Services are Covered?

- **All services must be medically necessary and physician ordered.**
  - Inpatient and outpatient hospital
  - Physician, clinic and lab services
  - X-Ray Services
  - Prescription Drugs
  - Home health, hospice, personal care and transportation services for individuals age 21 or older
  - Medical equipment and prosthetic devices for adults
  - Dental, orthodontic and optometric services
  - Chiropractic
  - Federally Qualified Health Centers/Rural Health Care Center services

## What Services are Covered?

- Medicare Part D payments
- For certain people who are also eligible for Medicare – Medicaid must pay co-insurance/deductibles; buying them into Part A or B
- Services to children through Early, Periodic, Screening, Diagnosis and Treatment or EPSDT
- Assisted Living
- Skilled Nursing Facility Care
- In-Home Services for the elderly

# Additional Medicaid Programs

Four Home and Community Based Services (HCBS) waivers extend Medicaid eligibility and additional services to individuals who may not otherwise qualify for Medicaid.

- 1. SD CHOICES - Mentally Retarded/Developmentally Disabled Waiver** – Provides supports to people with MR/DD who meet ICF/MR level of care requirements so they can remain at home or in the community.
  - **Services include:** service coordination, residential and day habilitation, prevocational services, supported employment, specialized medical equipment and supplies, and nursing.
  - Providers are Community Support Providers (formerly known as Adjustment Training Centers).
  - DHS administers this waiver with oversight from DSS.

## Additional Medicaid Programs

2. **Family Support Waiver** – Allows persons who meet the ICF/MR level of care to remain living at home and in the community.
  - **Services offered:** service coordination, specialized equipment, respite care, personal care, companion care, nutritional supplements, and supported employment.
  - Providers are Community Support Providers (formerly known as Adjustment Training Centers).
  - DHS administers this waiver with oversight from DSS.

## Additional Medicaid Programs

- 3. Assistive Daily Living Services Waiver** – Allows persons with significant physical disabilities (quadriplegia) aged 18+ who meet the nursing facility level of care and who are able to manage and direct their own services to remain living at home and in the community.
- **Services offered:** case management; personal attendant services; consumer preparation services; nursing; and emergency response.
  - Providers include home health agencies and an Independent Living Centers.
  - DHS administers this waiver with oversight from DSS.

## Additional Medicaid Programs

4. **Elderly Waiver** –Allows persons age 19+ who meet nursing facility level of care to remain living at home and in the community.
- **Services offered:** assisted living services; homemaker services, nursing; home delivered meals; emergency response; and adult day care.
  - Providers include Assisted Living facilities, Home Health agencies, nutrition providers.
  - DSS Division of Adult Services and Aging administers this waiver.

## Who Provides Medicaid Services?

- Approximately 10,600 enrolled Medicaid providers.
- We have strong and effective partnerships with our providers who deliver quality healthcare at reasonable cost.
- High percentage of providers who accept Medicaid:
  - 100% of all primary care physicians
  - 98% of all nursing homes
  - 100% of all hospitals
  - 80.5% of all dentists

## Who Provides Medicaid Services?

- Primary Care Case Management managed care program
  - 78% of the Medicaid population is enrolled in program
- Individuals must obtain referrals from PCP before accessing non-emergency, specialty medical care.

# Where does Medicaid funding come from?

## •Federal Medical Assistance Percentage (FMAP)

- FMAP determines how much the federal and state government pays for the vast majority of Medicaid services.
- FMAP is determined annually by a formula using last 3 years' personal income from each state.
- South Dakota's current FMAP for Medicaid is 62.72% federal, with the remaining 37.28% state matching funds.
- Enhanced FMAP for the Children's Health Insurance Program is 73.90% federal and 26.10% state general funds.

# Where does Medicaid funding come from?

## •Federal Medical Assistance Percentage (FMAP)

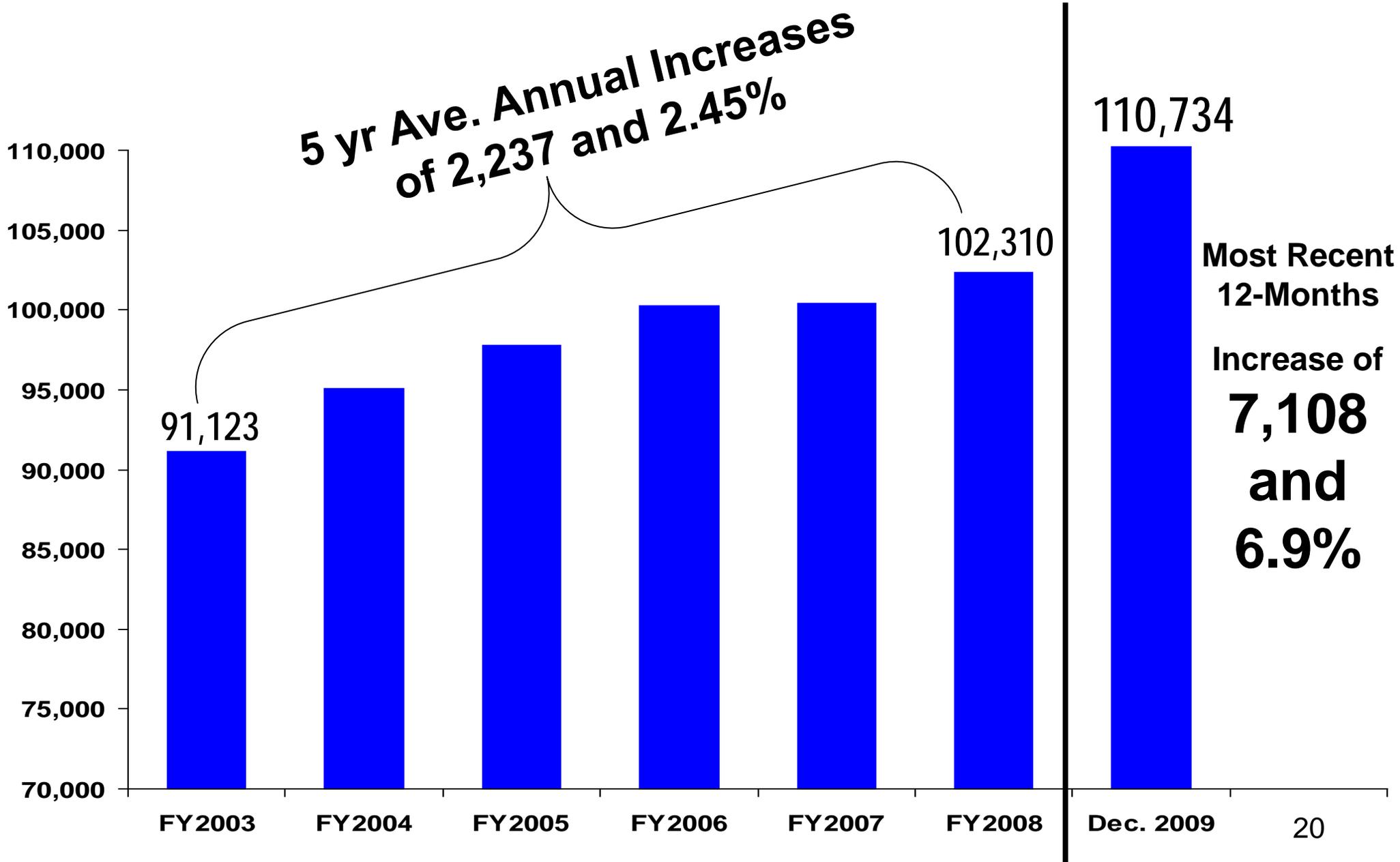
- Each 1% swing in FMAP equals \$6.5 – 7 million in state general funds.
- The state share of Medicaid funds has been growing over the past several years.
  - In 2001, our FMAP was 68.72% federal.
  - Current FMAP is 62.72% federal.
- Services provided at an Indian Health Services facility are eligible for 100% federal funding.
  - State DOES pay match for IHS referrals to contract providers.**

## Recent Medicaid Growth in Eligibles

- The downturn in the economy is driving significant growth in assistance programs, including Medicaid.
- National experts indicate that for every 1% increase in unemployment results in an increase of 1 million Medicaid and CHIP eligibles nationwide.
- South Dakota has experienced unprecedented growth in Medicaid eligibles since the recession hit the state.

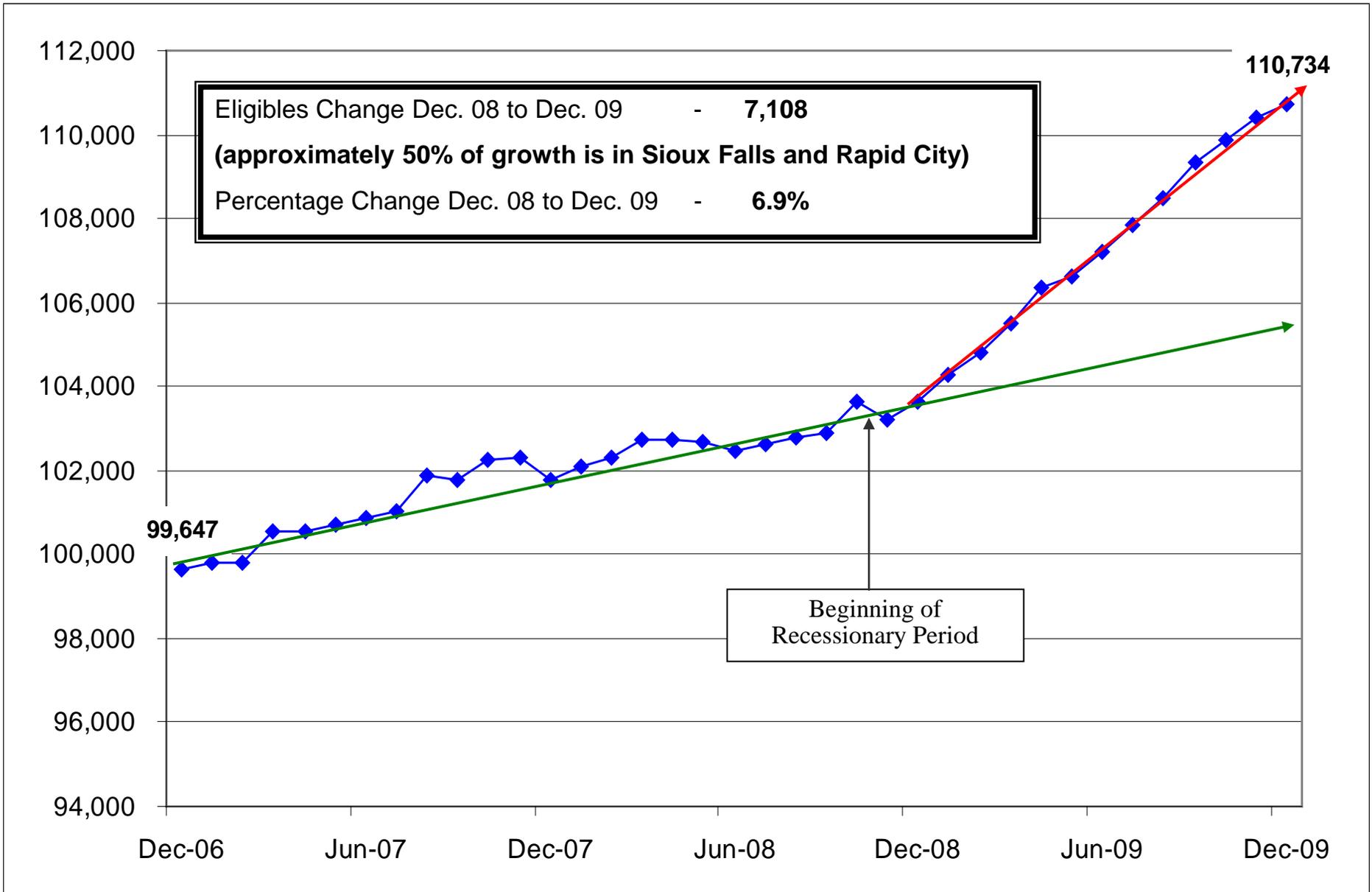
# Medical Services

## Increases in Monthly Eligibles

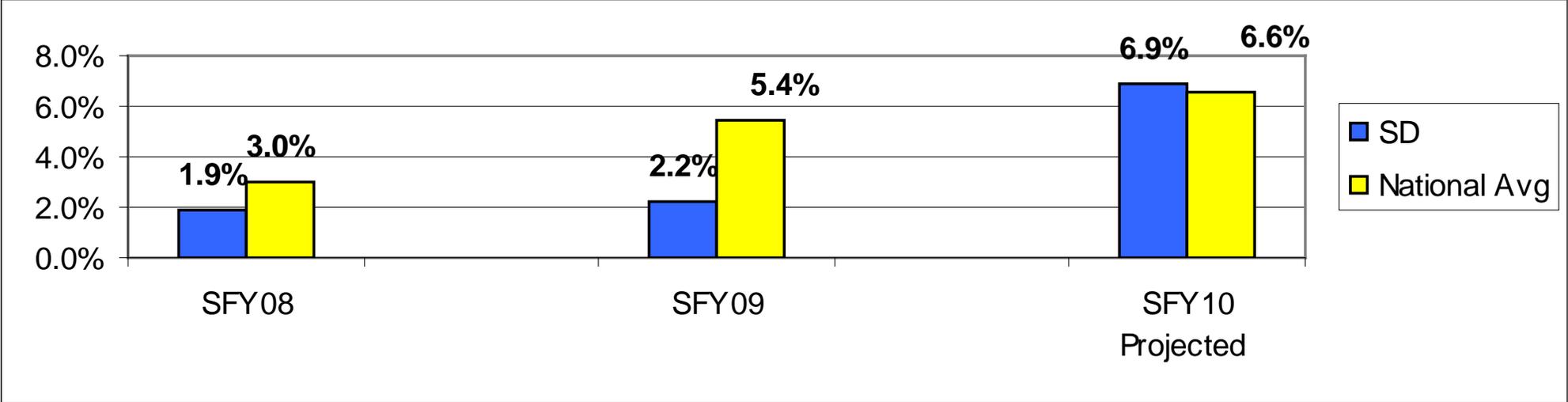


# Growth in Medicaid Eligibles– All Eligibles

## XIX & Title XXI Actuals - 3 yr History



# National Medicaid Enrollment Growth Percentages



**Source:** Kaiser Commission on Medicaid and the Uninsured- Results from a 50-State Medicaid Budget Survey for SFY09 and SFY10; SFY10 National Average Projections as of September 2009

## Effectiveness of the South Dakota Medicaid Program

- The Department of Social Services currently has more efforts underway than ever to manage Medicaid effectively.
- According to the Centers for Medicare and Medicaid Services, South Dakota ranks 2nd lowest nationally for administrative expenditures.
- DSS is actively managing pended claims from a yearly average of \$14.1 million in SFY07 to \$4.2 million in SFY09. Claims have not been held at the end of the fiscal year and a change to reduce timely filing requirements from 12 months to 6 months is being implemented.
- Premium Assistance is being utilized to maximize other payer sources with savings in SFY09 of \$4.1 million total funds (\$1.5 million general).

# Effectiveness of the South Dakota Medicaid Program

**National experts indicate that effective management of Medicaid generally falls into six categories:**

1. Prescription drugs
2. Provider rates
3. Provider tax
4. Eligibility
5. Services
6. Service Delivery Systems

# Effectiveness of the South Dakota Medicaid Program

## Prescription Drugs

- prior authorization
- required use of generics
- co-payments for non-generic drugs
- no rate increases for SFY 2011
- Pharmacy & Therapeutics (P&T) Committee
- Drug Utilization and Review

# Effectiveness of the South Dakota Medicaid Program

## Provider Rates

- changes to the Medicaid State Plan
- eliminating all mandatory inflation unless federally required
- no discretionary rate increases for SFY 2010 and SFY 2011
- continued analysis of reimbursement methods

## Provider Taxes

- currently used by 44 states including South Dakota
- applies to ICF/MR services in South Dakota

# Effectiveness of the South Dakota Medicaid Program

## Eligibility

- conservative program compared to other states

## Services/Service Delivery Systems

- **Primary Care Case Management**

- services must be provided by, or referred by, the recipient's primary care provider
- physician acts as "case manager" for coordinating and approving referrals
- many states operate similar programs and are often the only type of managed care provided in rural areas

# Effectiveness of the South Dakota Medicaid Program

## Services/Service Delivery Systems (cont.)

- **Pregnant Women's Program**  
-women receive prenatal care resulting in better birth outcomes
- **Indian Health Services (IHS)**  
-maximizing use of IHS services funded at 100% FMAP
- **Emergency Room Diversion Projects**  
-aimed at managing chronic disease, increasing access, and avoiding high cost emergency room care

# Effectiveness of the South Dakota Medicaid Program

## Services/Service Delivery Systems (cont.)

- **Long-Term Care**
  - specialized programming developed in South Dakota serving individuals with traumatic brain injury, challenging behaviors, in need of hospice care, or that are ventilator dependent and otherwise would be served out-of-state or in an institution.
  - 40 individuals will receive services closer to their communities & families
  - piloting hospital discharge planning project in Rapid City
  - reducing reliance on institutional services and increasing home and community based services
  - Long-Term Care Partnership and Own your Future promoting personal responsibility

