SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES
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House Ways and Means / Healthcare Subcommittee FY 2018-19 Budget Request

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Interim Director

January 30, 2018

FY 2016-17 Year-End

&

FY 2017-18 Year-to-Date

FY 2016-17 Year-End

	FY 2017 State General/Other Funds	FY 2017 Total Funds Incl. Federal
Medicaid Assistance	$ 1,759,264,674	$ 5,944,812,700
State Agencies	$ 228,576,085	$ 795,980,706
Personnel & Benefits	$ 25,454,910	$ 67,581,130
Medical Contracts & Other Operating	$ 131,028,228	$ 295,556,559
Total Expenditures	$ 2,144,323,897	$ 7,103,931,095
Revenues Received	$ 2,201,930,817	$ 7,161,538,015
Percent Expended	97.4%	99.2%

- Department ended FY 2017 close to target, cash surplus was 2.6% of state funds, 0.8% of total appropriation

- Much of the gap is associated with one-time events
  - Moratorium on the health insurer tax (HIT) for SFY 2017
  - RMMIS schedule re-baselined

FY 2017-18 2nd Quarter

	FY 2018 Realigned Appropriation	FY 2018 Actuals (thru 12.31.17)	%
Medicaid Assistance	$ 6,303,994,331	$ 3,009,224,027	47.7%
State Agencies & Other Entities	$ 871,508,090	$ 346,747,275	39.8%
Personnel & Benefits	$ 80,320,930	$ 36,947,244	46.0%
Medical Contracts & Operating	$ 367,311,413	$ 124,926,755	34.0%
Total	$ 7,623,134,764	$ 3,517,845,301	46.1%

- Department spent 46% of its annual budget during the first six months of the fiscal year
  - "Medical Contracts & Operating" is typically under budget until late in the fiscal year
  - Large annual events such as supplemental teaching physician payments and HIT submissions will occur later in the fiscal year
  - State agency billings for match continue to decrease with carve-ins
- On track for a break-even year

FY 2018-19 Budget Request

FY 2018-19 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
  - $23 million increase to other funds revenues
  - Lower targets for net managed care rate adjustments
- Limited proposals for targeted rate and program changes

FY 2018-19 Executive Budget

	General Funds	All Funds
Recurring Requests		
Total Annualization/MOE	$ 26,416,551	$ 7,173,480
Autism Rate Increase	$ 3,848,880	$ 13,272,000
BabyNet Appropriation Transfer from DDSN	$ 11,402,071	$ 11,402,071
DDSN First Slots Appropriation Transfer	$ (1,368,235)	$ (1,368,235)
Opioids	$ 4,350,000	$ 15,000,000
FY 2018-19 Recurring Changes	***$ 44,649,267***	***$ 45,479,316***
Non-Recurring Request		
Non-Recurring: MMIS	$ 7,741,075	$ 7,741,075

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FY 2018-19 Budget Request

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

- CHIP funding ($52M general funds, Not in Executive Budget)
  - ➢ 6-year reauthorization approved on 1/23/2018
- Appropriation transfers
  - ➢ First slots to South Carolina Department of Disabilities and Special Needs (SCDDSN) and BabyNet from SCDDSN - Net neutral to the state
  - ➢ SCDDSN provided transfer amount in response to proviso 117.133
- Autism rate increase ($3.8M general funds)
  - ➢ Assumed utilization increase along with a change to rate structure
- Opioid dependence interventions ($4.3M general funds)

Autism

- New state plan Autism Spectrum Disorder (ASD) services took effect July 1, 2017
  - Services included in the managed care benefit for MCO enrollees
  - Incremental rate increase for lead and line therapy
  - Registered Behavior Technician (RBT) certification required for line therapists
  - Pervasive Developmental Disorder (PDD) waiver sunset on December 31, 2017
- As of January 5th, 128 autism providers within 20 provider groups enrolled in SC Medicaid
- FY 2018-19 original request included an increase for line therapy and blended supervision into the rate
  - Agency updating rate methodology to reflect cost-driven structure
  - Members of the provider community have been invited to provide cost and utilization data to help mold rates
  - Rates are being indexed against standard cost of employment and overhead data
  - Original line rate proposed at $24.18, final rate likely to land around $27.00

Opioid Dependence

- Reexamining existing state plan interventions for effectiveness
  - Screening, Brief Intervention and Referral to Treatment (SBIRT) utilization among existing providers; expansion to new groups
  - Full-benefit Medicaid members have access to evidence-based MAT today (Buprenorphine and Naltrexone)
  - Telemedicine in rural or underserved communities
- Evidence-based interventions to prevent, identify, and treat
  - Limiting payment for extended or inappropriate prescriptions
  - Increased access to medication assisted treatment (MAT) in community settings
- Awaiting results of study efforts and executive guidance
  - The Governor organized an opioid task force in 2017
  - SC House published an Opioid Abuse Prevention Study draft in early January
  - Some interest in increased inpatient interventions
  - Common policies among payers creates one set of rules for providers

FY 2018-19 Proviso Changes

- **Amend four provisos:**

  - ➤ 117.98 – GP: BabyNet Quarterly Reports – Amend

    The requested amendment deletes First Steps to School Readiness as a reporting entity since BabyNet is now within SCDHHS and deletes reference to the reporting template being "developed by agencies" since the template format is already in place.

  - ➤ 117.133 – GP: BabyNet – Amend

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

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

    Although this proviso directs a variety of expenditures, it does not provide or specifically identify a source of funding for this work. The proposed revisions to this proviso would reduce expenditures by approximately $1.1 million (100% state funds) compared to FY 2017-18 levels.

  - ➤ 33.24 – SCDHHS: BabyNet Compliance – Amend

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

# FY 2018-19 Proviso Changes

- **Delete:**

  - 33.25 – SCDHHS: Personal Emergency Response System – Delete
    - This proviso was vetoed by the Governor for FY 2017-2018.
    - Agency currently covers personal emergency response systems; proviso directs the agency to release and RFP for nurse triage services, pursuant to a waiver.
    - SCDHHS has reviewed 22 states with similar waivers and found none that currently include nurse triage as part of the personal emergency response system.

  - The agency is in process of preparing the waiver pending the final outcome of the veto.
    - If waiver is submitted in FY 2018, proviso will be unnecessary in 2019.
    - Agency is conducting evaluation of nurse triage pilot under current medical contracts.

Eligibility and Enrollment Update

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Full-Benefit Enrollment
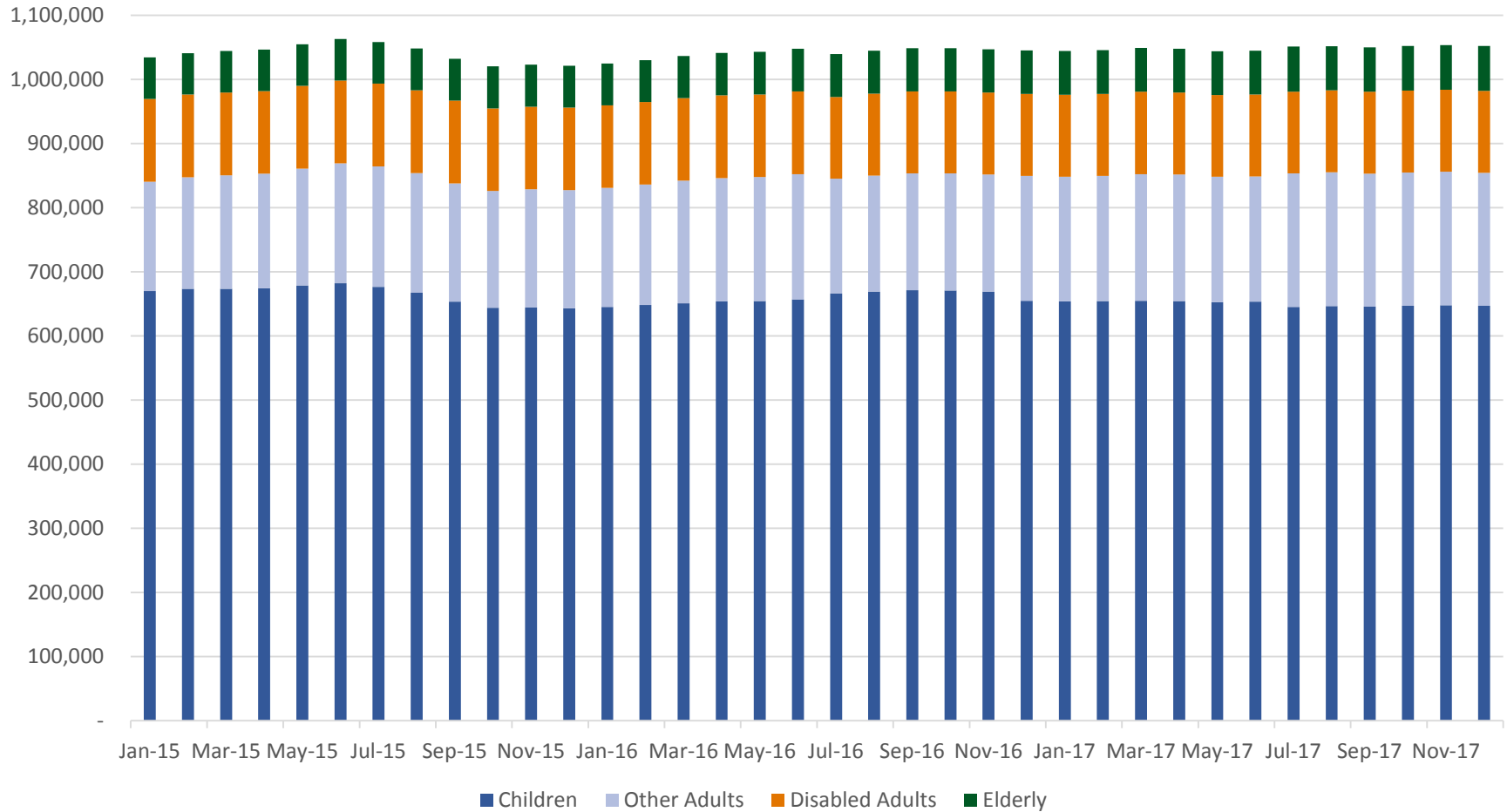
Eligibility and Enrollment

- Systems
  - Inserted additional data sources to worker queues to avoid unworked applications
  - Reprioritized work in queues to clear oldest and highest priority work
  - Implemented a new systems integrator to finalize MAGI eligibility system replacement

- Process and staffing
  - Staffing statewide processing centers for income-based and long-term care applications
  - Long-term care application assistance contract awarded
  - Exception and escalation for high-need/high-risk applications

- Member contact center
  - Since August 1, performance improvement has been significant
    - Maximum wait times dropped from >4 hours to 30 minutes
    - Abandoned calls have dropped from >50% to <10%
    - Customer satisfaction results of 87-98%
  - Interactive voice response (IVR) system allows self service and improves call routing and resolution

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Program Updates

CHIP Authorization

- Authorization for CHIP funding initially ended September 30, 2017

  ➢ SC was using unspent FFY 2017 CHIP allotment to continue operations

- As part of agreement to end government shutdown, CHIP funding was re-authorized through FFY 2023

- SC CHIP funding will continue at 100% through FFY 2019

  ➢ FMAP will then step down over next two federal fiscal years to its level prior to 2010 ACA, which is approximately 80% in SC

Enterprise Pricing

- Agency is conducting a comprehensive review of service pricing and fee schedules throughout 2018.

- Goal is to consolidate, modernize, and update fee schedules for professional services and waivers.

- Rate and code updates will happen on a January/July schedule to coincide with managed care rate setting cycles.

- Nominal rate adjustments may happen off-cycle from appropriations. Material changes will be submitted for approval by appropriators.

Long-term Care Eligibility

- Addressing internal productivity by assigning decision ownership to individual caseworkers.

Eligibility Cases by Employee Interaction (24 Months)
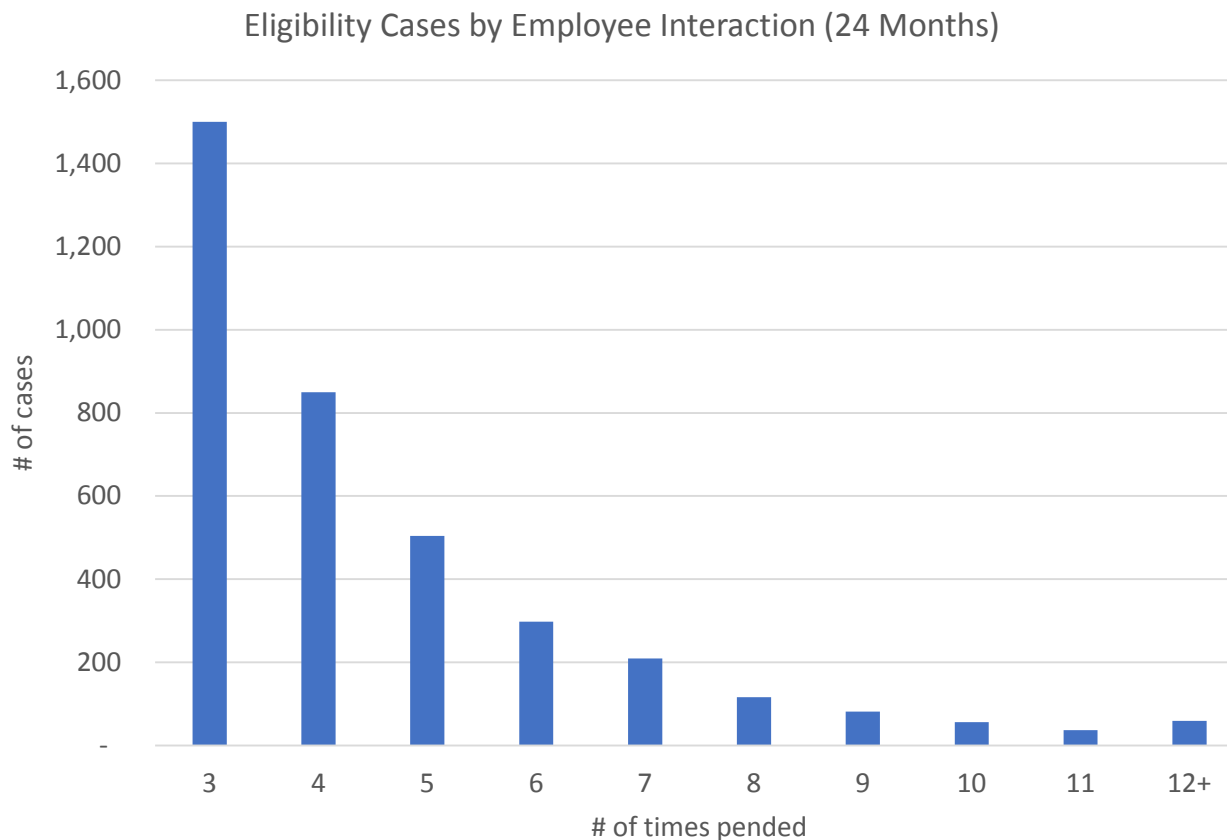
BabyNet Transition

- BabyNet transition was effective July 1, 2017
- Payment systems are in transition
  - Systems development is underway to migrate from BRIDGES to MMIS
  - Payment delays are resolved; service payment is current net 30 days
  - Still finding providers with long-term problems; plan to send in an independent auditor to Jasper to reconcile accounts
- Hiring of a new Part-C state coordinator is underway
- Proviso 33.24 report to General Assembly has been delivered
- SC Selected for "intensive" technical assistance by US Department of Education
  - Deficiencies are known and longstanding – data lags 1 to 2 years
  - Timeliness of service, timeliness of determination, and financial controls

Psychiatric Residential Treatment Facilities (PRTFs)

- Beginning July 1, 2017, PRTF services included as part of managed care benefit
  - All PRTFs are contracting with or entering into single case agreements with the MCOs with a few exceptions
- Department continuing to work with PRTFs as a whole and address any issues
- FY 2017 average length of stay was 155 days
  - Of the 1,150 unique individuals receiving PRTF services in FY 2017, 136 individuals had been in a PRTF program for 365 days or longer
  - The max cumulative number of days an individual spent in a PRTF was 1,461
- PRTFs in South Carolina have a total of 668 beds available
  - South Carolina residents make up 56% of the available beds
    - Excluding 3 outlier facilities, SC residents make up 3 out of 4 of available beds

Rehabilitative Behavioral Health Services (RBHS)

- In July 2014, the Department eliminated prior authorizations for RBHS and assumed responsibility for supplying state match in most cases

- On July 1, 2016, the Department carved RBHS services into the managed care service array
  - The moratorium on enrolling new providers is still in place pending analysis of post carve-in utilization data

- Actions against RBHS practices are continuing
  - 45 group providers terminated or excluded
  - 36 individuals referred to Attorney General
  - 3 convictions, 3 under indictment
  - Over $14M identified recoupments to date

Healthy Outcome Plans (HOP)

- HOPs receive revenue, pursuant to legislative proviso, from several streams. These include payment for each enrollee being actively managed with a current plan of care, hospital rate increase and FQHCs

- In a pre/post analysis conducted by the University of South Carolina Institute for Families in Society (IFS), comparing a 12 month "pre-HOP" period to participants with 19-24 months of enrollment:

  - 65% reduction in emergency department (ED) cost, representing an average reduction of $1,373 per participant driven by a 67% decrease in the number of ED visits

  - 62% reduction in mean inpatient hospital cost, representing an average reduction of $2,956 per participant driven by a 67% decrease in the number of inpatient hospital stays.

- Enrollment update, as of November 30, 2017

  - 14,444 HOP participants against an FY 2017-18 goal of 14,591

  - 96% of enrollees have a developed care plan

Home & Community Based Services (HCBS)

- CMS established new standards for waiver services and settings in a 2014 "final rule" – compliance is required by March 2022

- Statewide transition plan received initial approval in November 2016 – South Carolina was one of the first states to receive approval

- Final approval should occur after completion of site visits
  - 1,421 in total; review is 97% complete
  - Only one facility to date has been deemed unable to meet compliance

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Replacement MMIS and MMRP

MMRP: Member Management Replacement Project

MES: Medicaid Enterprise System

RMMIS: Replacement Medicaid Management Information System

Project	Module	Status (Completion)
MMRP	Curam HCR	In Development (Jul 2018)
	Curam CGIS	In Procurement
MES	NoSQL	In Development (Jan 2018)
	ePortal	Operational (Sep 2017)
	MESI	In Procurement
RMMIS	PBA	Operational (Nov 2017)
	BIS	In Development (Dec 2018)
	TPL	In Development (Apr 2018)
	Dental	Vendor Selected
	ASO	Vendor Selected
	Care Call	RFP release Q2 CY 2018
	MVI	Vendor Selected

Medicaid Work Requirement

- On January 11, 2018, CMS provided new guidance that created an avenue for States to condition Medicaid eligibility on work and community engagement

- Policy Requirements:
  - Alignment with SNAP and TANF
  - Populations Subject to Work Requirements
  - Protected Populations
  - Range of Work & Community Engagement Activities
  - Beneficiary Supports
  - Attention to Market Forces & Structural Barriers

- Impact to SC:
  - Fewer than 5K full-benefits members would be eligible for work requirement
  - Approximately 185K limited members would be eligible for work requirement