Affordable Care Act Public Meeting

South Carolina
Department of Health and Human Services

December 3, 2012

Many estimates are preliminary projections as of December 2012 and not considered final. These estimates may change as more state and federal data and guidance becomes available.

What is the problem?

The most serious mistakes are not being made as a result of wrong answers. The truly dangerous thing is asking the wrong questions.

Peter Drucker

To address the lackluster health outcomes and unsustainable health care expenditures of the United States, a critical first step is to focus national efforts by setting a national target for health system performance on two key measures: **longevity** and **per capita health spending**.

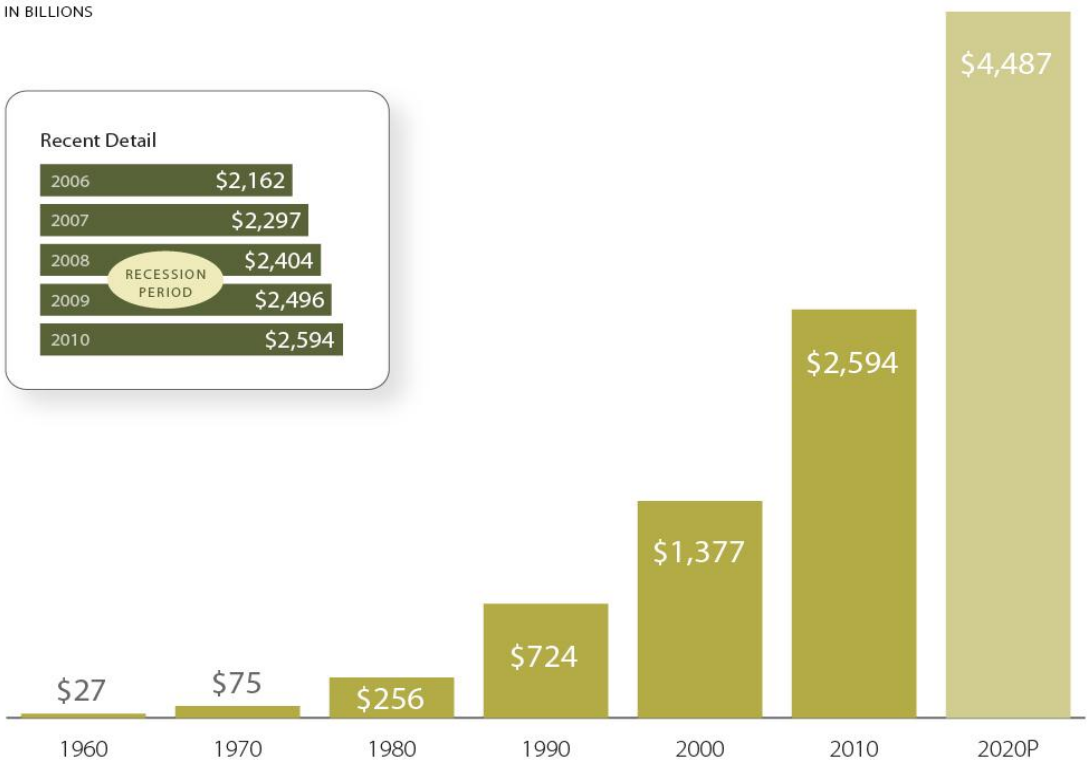
For the Public's Health
Investing in a Healthier Future
Institute of Medicine 2012

Growing US Health Spending

South Carolina Health & Human Services

Health Spending

United States, 1960 to 2020, selected years



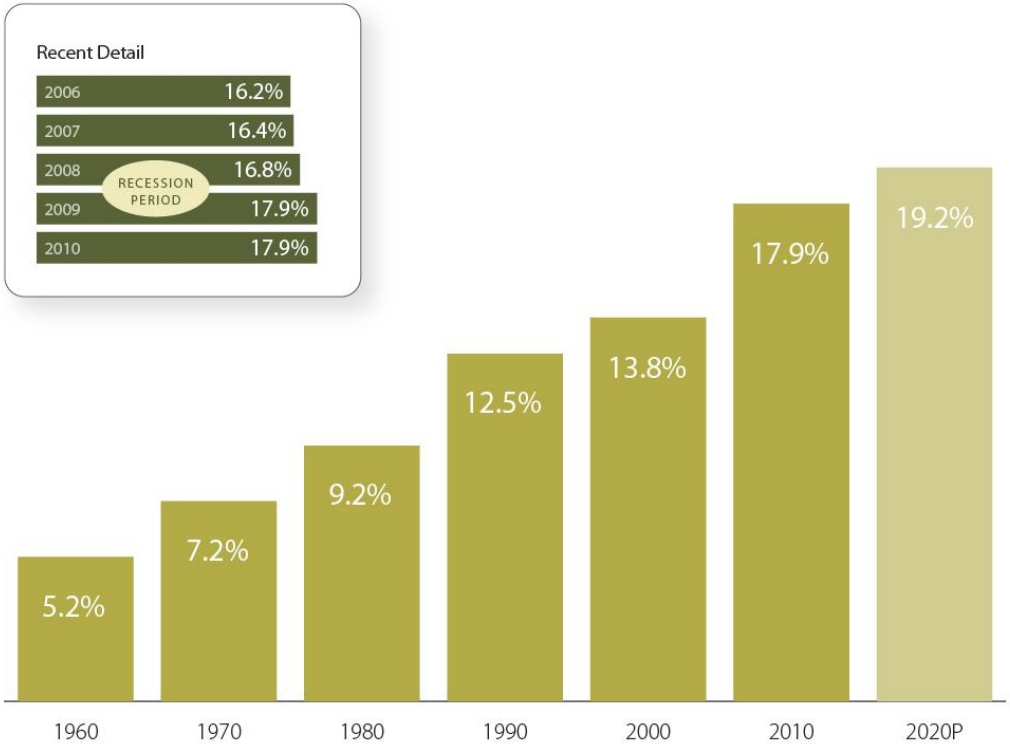
Notes: Health spending refers to National Health Expenditures. Projections (P) include the impact of the Affordable Care Act.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary, National Health Expenditure Data, 2012 release.

Total health care spending in the United States has nearly doubled more every decade since 1960

US Health Spending as a Share of GDP 1960 to 2020, Selected Years

South Carolina Health & Human Services



Notes: Health spending refers to National Health Expenditures. Projections (P) include the impact of the Affordable Care Act. 2010 figure reflects a 4.2% increase in GDP and a 3.9% increase in national health spending. CMS projects national health spending will also have accounted for 17.9% of GDP in 2011 and 2012.

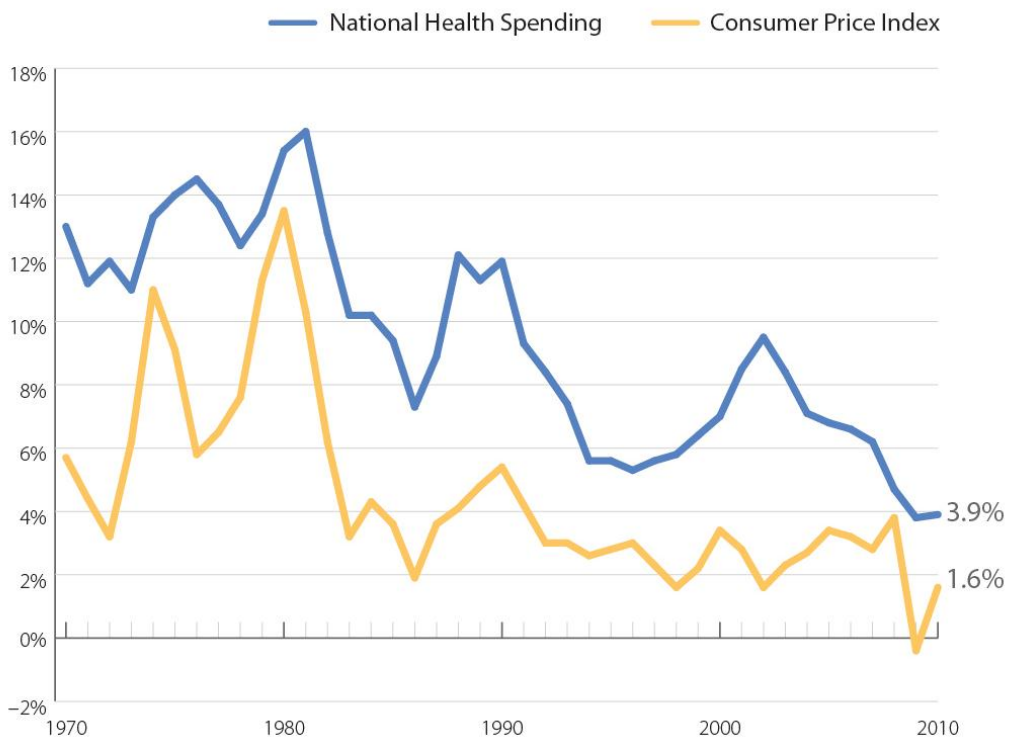
Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary, National Health Expenditure Data, 2012 release.

Increases in overall health care spending are outpacing increases in population and US economic growth

A large portion of our economy is devoted to health care spending year after year

Annual Growth Rates, Health Spending Vs. Inflation

South Carolina Health & Human Services



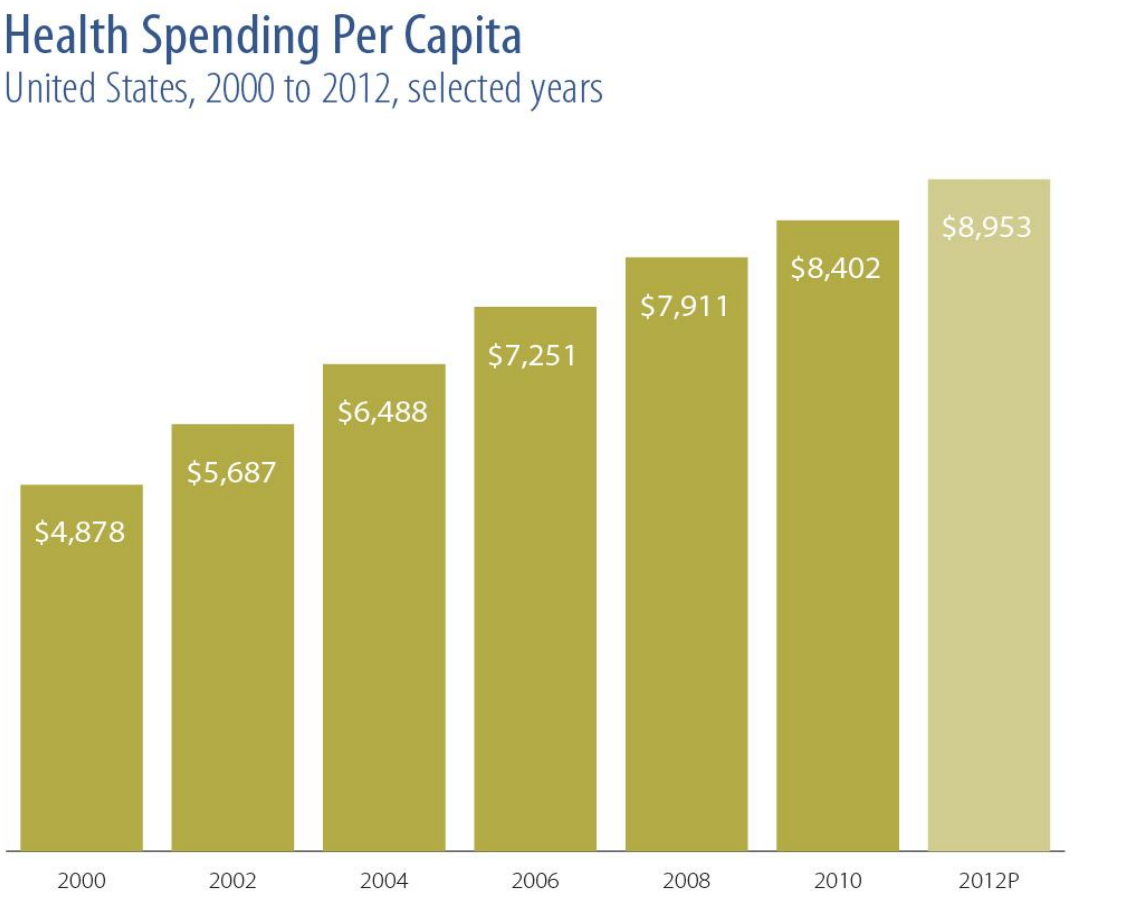
Notes: Health spending refers to National Health Expenditures. The recent economic recession spanned the period from December 2007 to June 2009.

Sources: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary, National Health Expenditure Data, 2012 release. Bureau of Labor Statistics (CPI-U, US city average, annual figures).

Health care spending growth has not been less than growth in the Consumer Price Index in 40 years

Health Spending Per Capita

South Carolina Health & Human Services



Why does spending per person continue to climb?

This is a primary concern of the Institute of Medicine – much of it is not justifiable

Health Spending Per Capita and as a Share of GDP

South Carolina Health & Human Services

Notes: US spending per capita as reported by OECD differs from CMS figures reported elsewhere in this report. Health spending refers to National Health Expenditures.
Source: Organization for Economic Cooperation and Development, *OECD Health Data 2012*, June 2012, www.oecd.org.

We spend about twice per person than the average country in the Organization for Economic Cooperation and Development

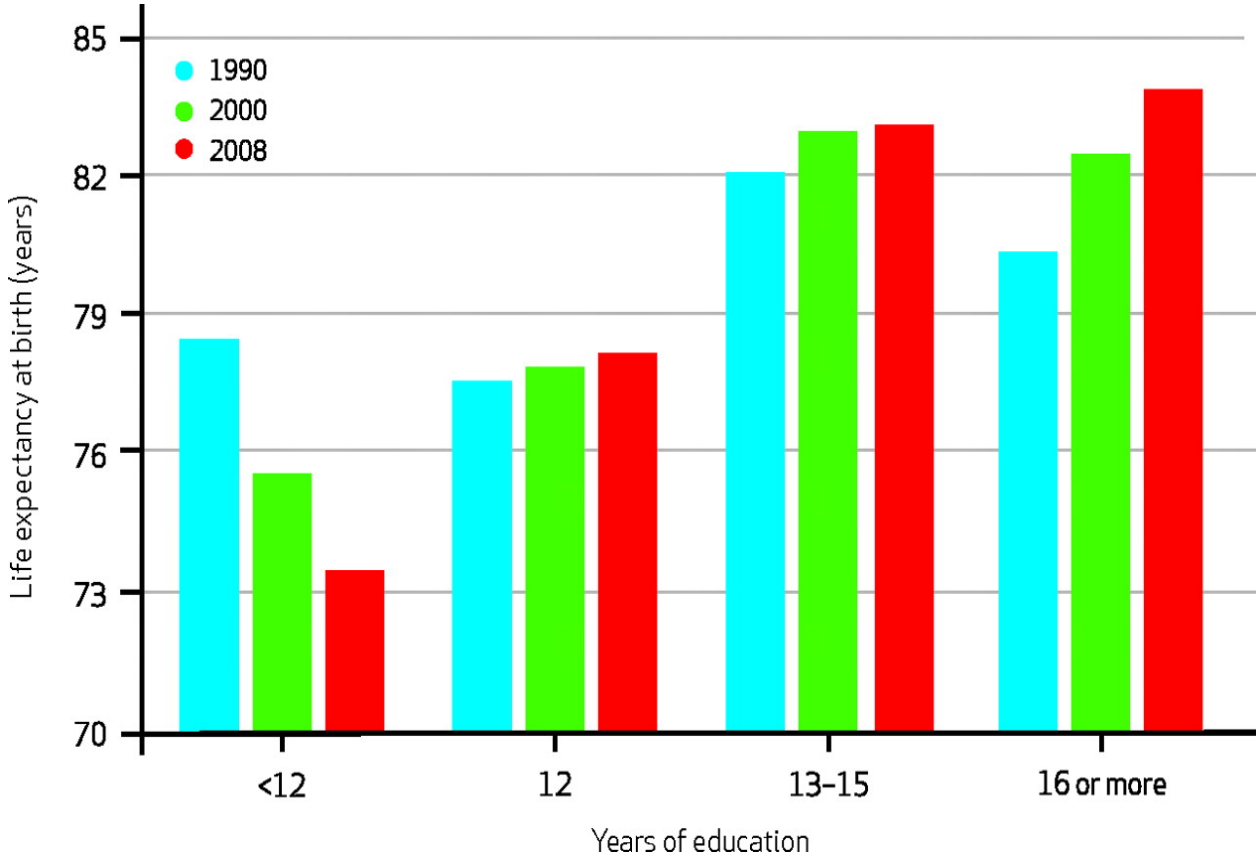
Our out-of-pocket spending is in line with many other countries

Our public spending is already higher than these other countries with "socialized" medicine

US is Falling Behind in Life Expectancy

South Carolina Health & Human Services

Life expectancy for white women by years of education



In 1950 US life expectancy ranked 12th at 68.9 years

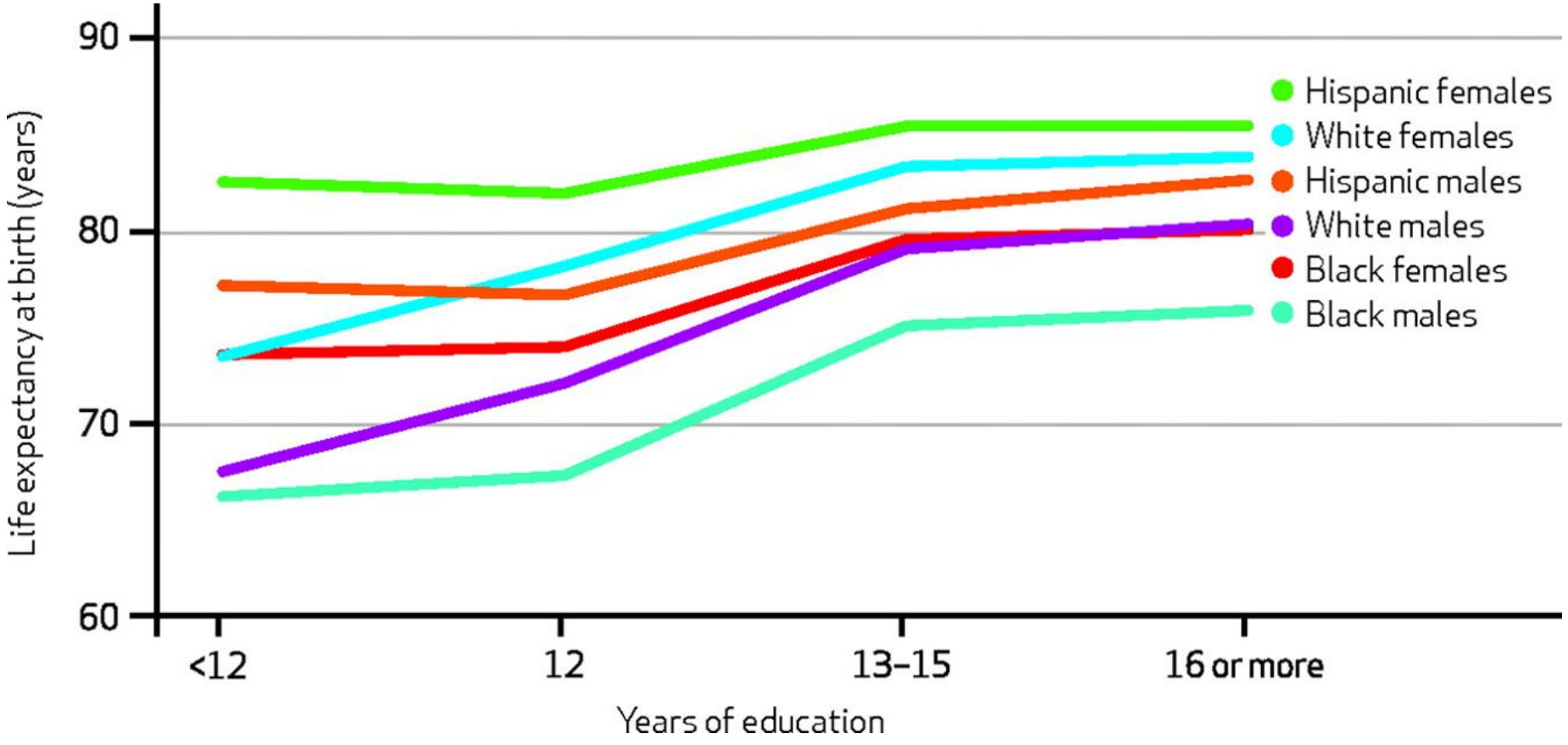
In 2009 the US ranked 28th at 79.2 years

In 2007 South Carolina ranked 42nd in the US at 76.6 years

Disturbing disparities exist and for certain groups life expectancy has actually fallen in the past 2 decades

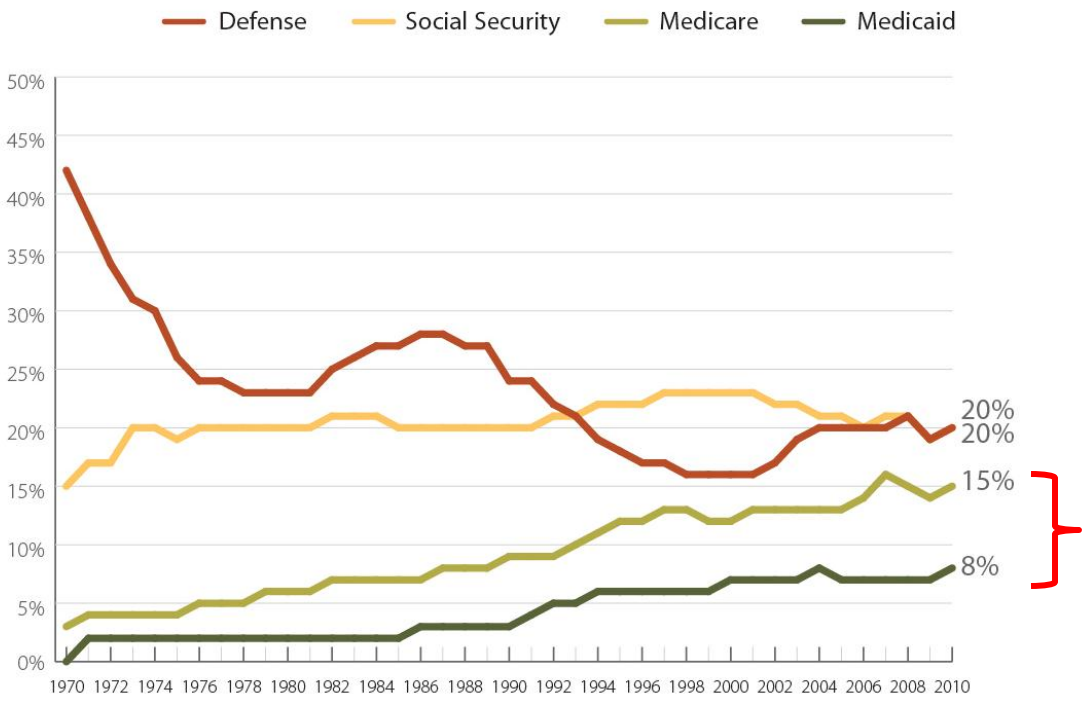
Disparities in Life Expectancy Persist

South Carolina Health & Human Services



Major Programs as a Share of the Federal Budget

South Carolina Health & Human Services



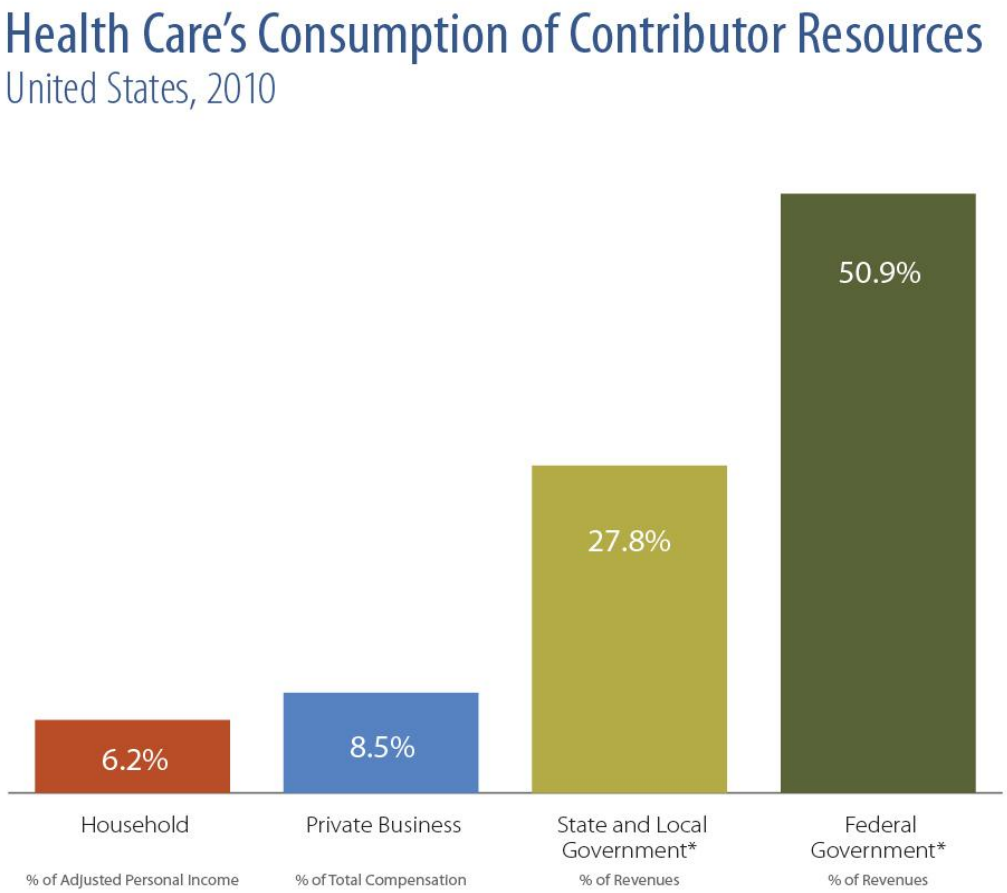
Notes: Spending shares computed as percentage of federal outlays. All outlays reflect federal spending only (i.e., Medicaid outlays shown reflect federal portion of Medicaid).

Sources: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary, National Health Expenditure Data, 2012 release. Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2012 to 2020*, January 31, 2012, Appendix F, "Historical Budget Data," www.cbo.gov.

Health care spending on Medicaid and Medicare now consumes 23% of the federal budget

Major Programs as a Share of the Federal Revenue

South Carolina Health & Human Services



50.9 percent of federal revenues for Medicaid and Medicare compared to 23% of the federal budget

The difference is FEDERAL BORROWING

[Medicare] fails the test of short-range financial adequacy, as projected assets are already below one year's projected expenditures and are expected to continue declining… [We] project that [Medicare] will pay out more in hospital benefits and other expenditures than it receives in income in all future years, as it has since 2008.

Social Security and Medicare Boards of Trustees
2012 Trustees Report

…the financial projections shown in this report…do not represent a reasonable expectation for actual program operations in either the short range (as a result of the unsustainable reductions in physician payment rates) or the long range (because of the strong likelihood that the statutory reductions in price updates for most categories of Medicare provider services will not be viable).

Richard Foster; CMS Actuary
2012 Trustees Report; Statement of Actuarial Opinion

SC Medicaid: Status/Background

SC Medicaid: A Growing Investment

South Carolina Health & Human Services

- FY 2013: $1.882 billion State and Other Funds; $4.063 billion Federal Funds; $5.946 Total Funds
- FY 2013: The Medicaid budget represents about 18% of SC's State Funds and 25% of Total Funds
- FY 2013: June 30th projected enrollment of 1,034,304
- FY 2014: 5.1% growth in member months without ACA's Medicaid expansion

22.4% of South Carolinians are currently enrolled in Medicaid

Pays for more than half of South Carolina births

Covers 40% of the state's children

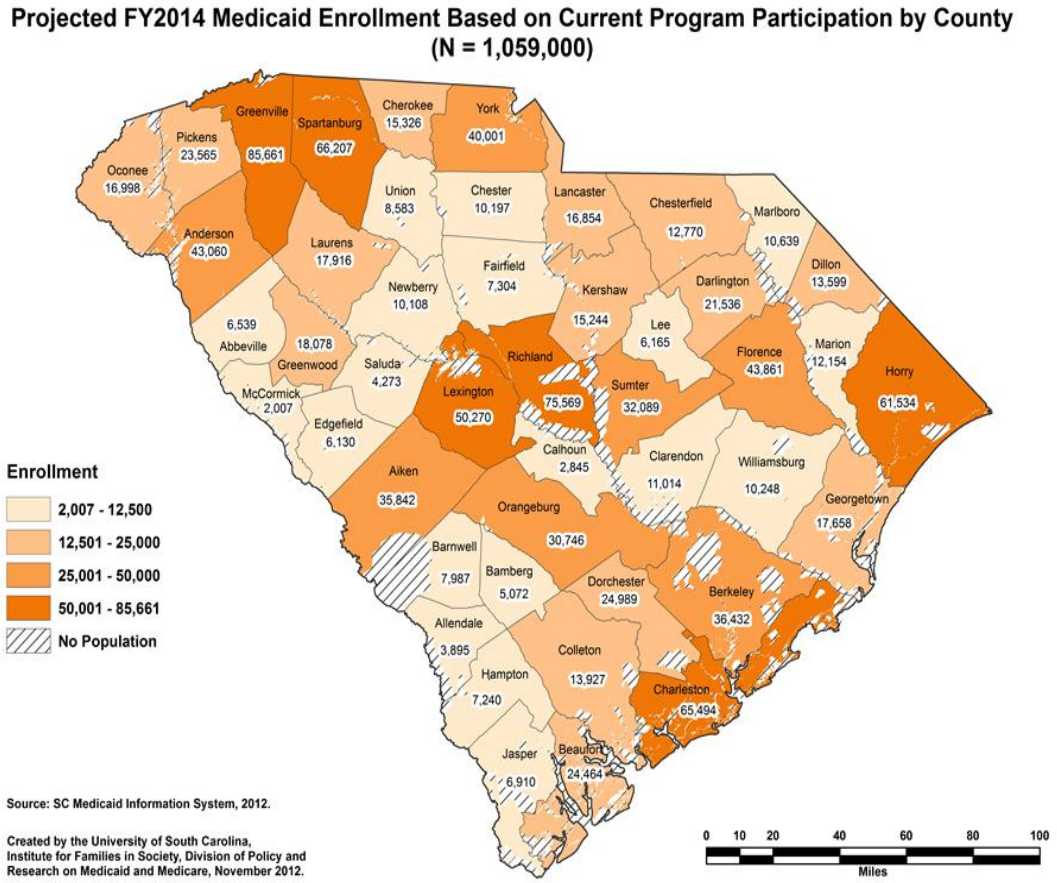
Contracts with 82% of the state's nursing homes, and pays for 70% of the people in those facilities

Supplements Medicare for 130,000+ dual eligibles

Source: Projected Enrollment from Milliman Spring 2012 Forecast

SC Medicaid: Enrollees by County

South Carolina Health & Human Services

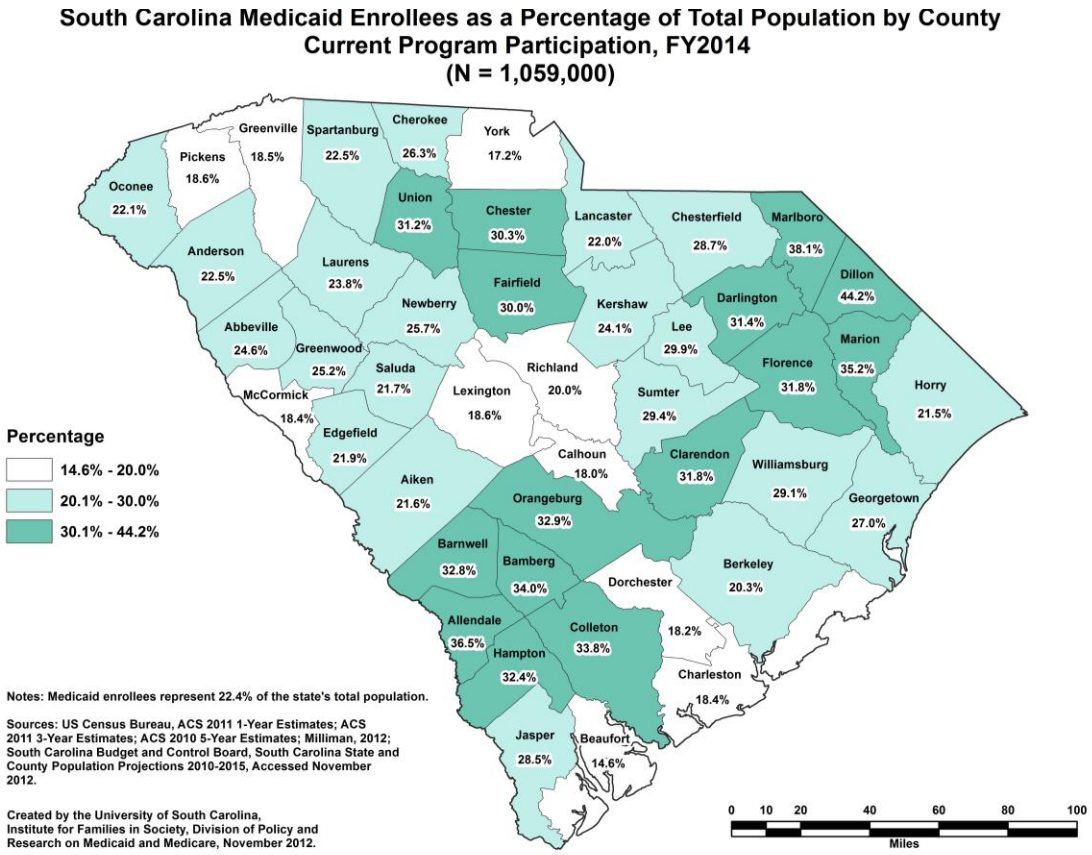


The largest number of Medicaid enrollees is in the major metropolitan counties:

- ***Greenville***
- ***Spartanburg***
- ***Lexington***
- ***Richland***
- ***Charleston***
- ***Horry***

SC Medicaid: Penetration by County

South Carolina Health & Human Services

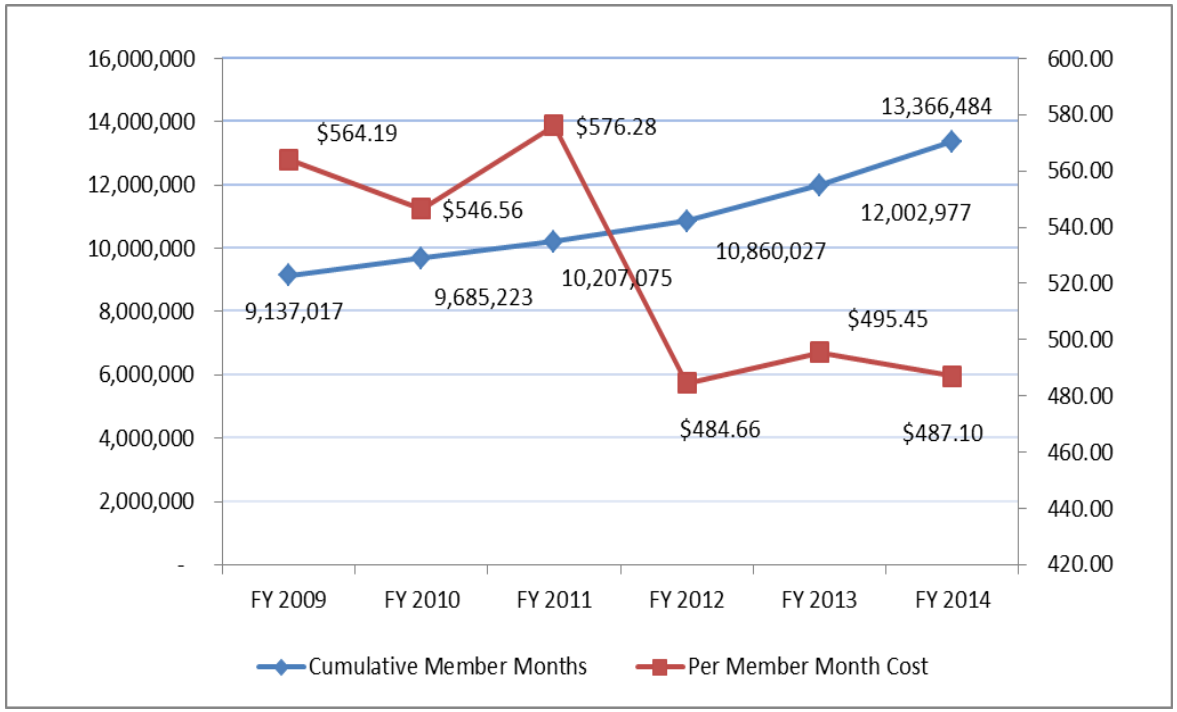


The largest percent of total population covered is in the more rural counties:

- ***Dillon***
- ***Marlboro***
- ***Marion***
- ***Allendale***
- ***Colleton***
- ***Bamberg***

Budget Driver History

Comparison of Cumulative Member Months to Costs



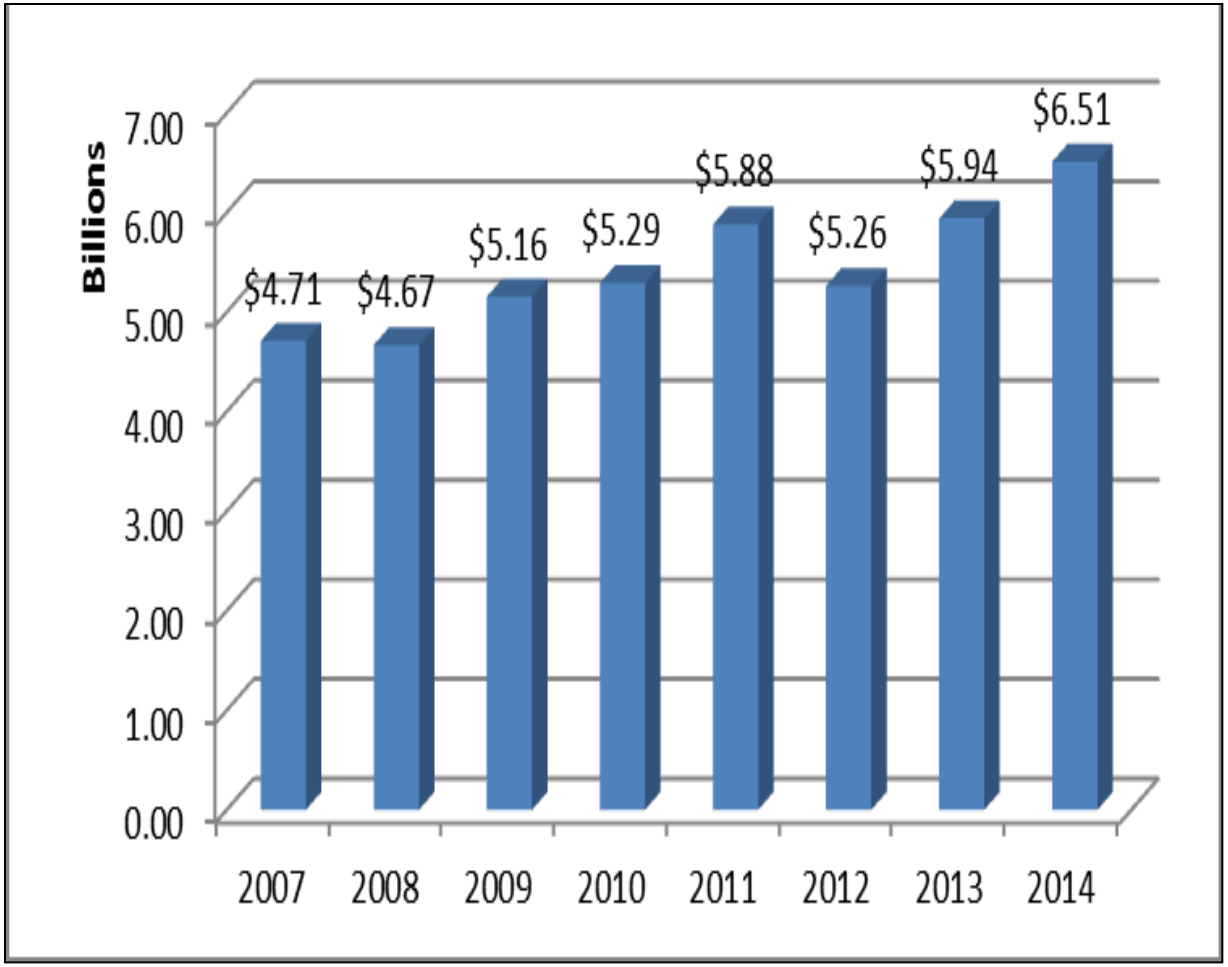
Source: Milliman Spring 2012 Forecast and Department budget documents

Cumulative member months are currently projected to grow 46% from FY 2009 to budgeted FY 2014

PMPM is currently projected to decline 14% from FY 2009 to budgeted FY 2014

SC Medicaid Total Expenditures

South Carolina Health & Human Services

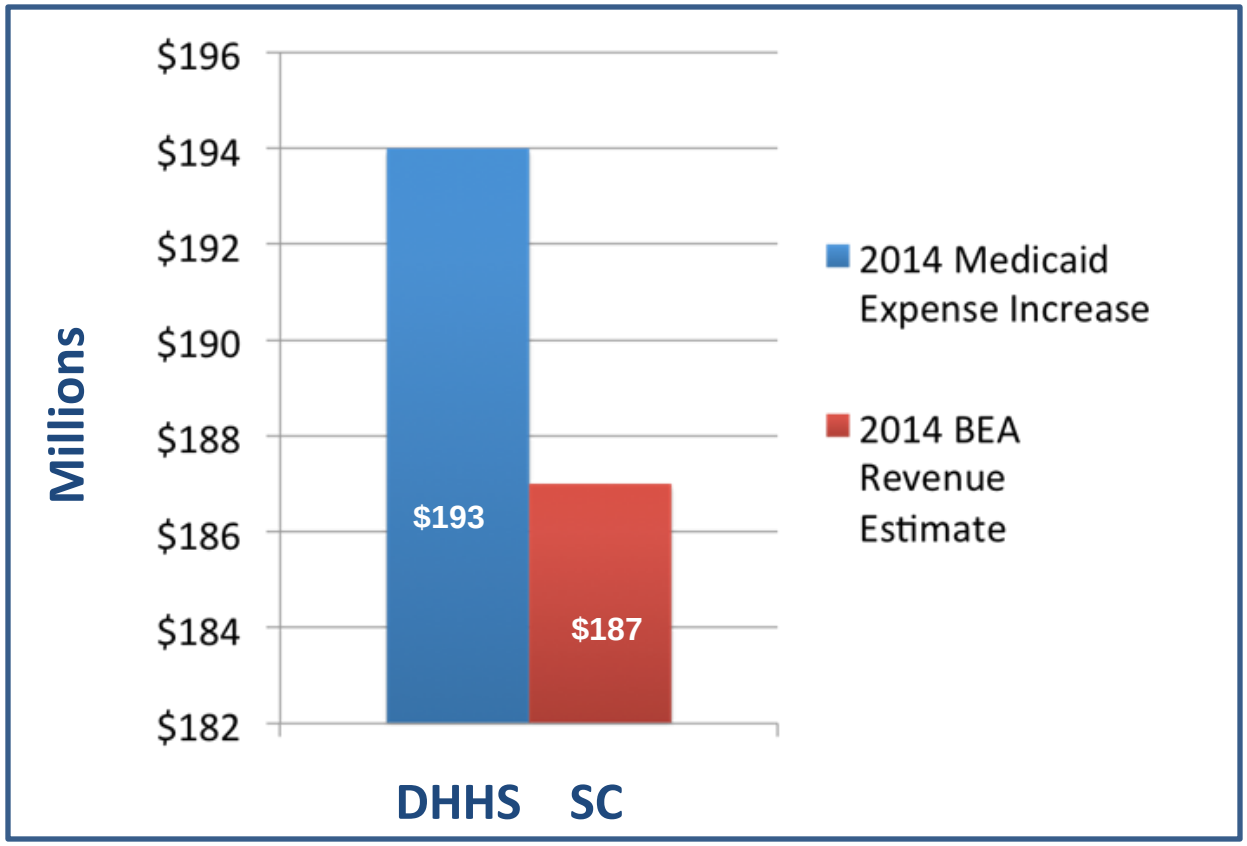


Medicaid expenditures will have grown 38.21% from FY 2007 to FY 2014

2007-2012 are actual expenditures, 2013 and 2014 are projected expenditures.

SC Medicaid: Crowding Out Other Investments

South Carolina Health & Human Services



September budget submission for FY 2014 is $6.510 billion in total funds

Unchanged, DHHS requires more new state general fund than is available to the state in FY 2014

The Governor's budget will reflect a significant decrease in this request

FY 2014 Medicaid Budget: Mandatory ACA Costs

South Carolina Health & Human Services

Components of FY 2014 Budget Submission (State Funds)	
Enrollment	$64,010,409
Inflation	$27,272,707
Non Recurring to Recurring Revenue	$60,781,757
Mandated Affordable Care Act	$69,721,579
FMAP Rate Change	($25,731,476)
Efficiencies/Savings/Other	($2,577,256)
Total	**$193,477,720**

Mandated costs associated with ACA require $69.7 million state funds in FY 2014

These mandated ACA costs do not include the optional Medicaid expansion costs

Other States' Experiences

South Carolina Health & Human Services

PPACA Overview and Impact

Supreme Court Summary

South Carolina Health & Human Services

- Individual mandate remains standing under Congress' taxing authority
- Exchanges, premium tax credits, insurance rules, Co-ops and other programs still stand
- Medicaid expansion is now optional for each state
- Subsidies are available to individuals from 100% FPL and above

SC ACA Timeline

South Carolina Health & Human Services

- 2013
  - Temporary bump in Primary Care Payments
  - January: State exchanges certified
  - Qualified Health Plans certified
  - October: Exchanges begin enrollment for Medicaid and qualified health plans for Jan 14
  - New Medicaid Application in place
- 2014
  - Individual Mandate/Penalty/Tax Begins
  - Advance Premium Tax Credits Begin
  - Optional Medicaid Expansion
  - MAGI for Eligibility Determination, Exchanges, Streamlined Enrollment
  - New rating rules for private insurance

These are high level program deadlines required by the statute that the public and many stakeholders will generally need to be aware of

ACA Project Timeline

South Carolina Health & Human Services

2013 Mandated Project Examples

- Temporary Primary Care Physician Payment Increase
  - Improves Medicaid beneficiary access to primary care services
- Tobacco Cessation Drug Coverage
  - Requires states cover tobacco cessation products, including barbiturates and benzodiazepines
- Single Streamlined Application
  - Part of a "no wrong door" experience for consumers seeking public or private health insurance
- Modified Adjusted Gross Income
  - Simplifies the eligibility process by consolidating categories
- Interface with the Federally Facilitated Exchange
  - Ensures that eligible South Carolinians have access to federal tax credits

SCDHHS currently has 41 ACA related projects

The number of projects continues to grow as regulations are released

The delay of these regulations creates uncertainty

- ***No regs for Presumptive Eligibility in Hospitals***
- ***Not enough Single Streamlined App and Interfacing guidance***
- ***Not enough time for IT implementations***

The Uninsured in SC

South Carolina Health & Human Services

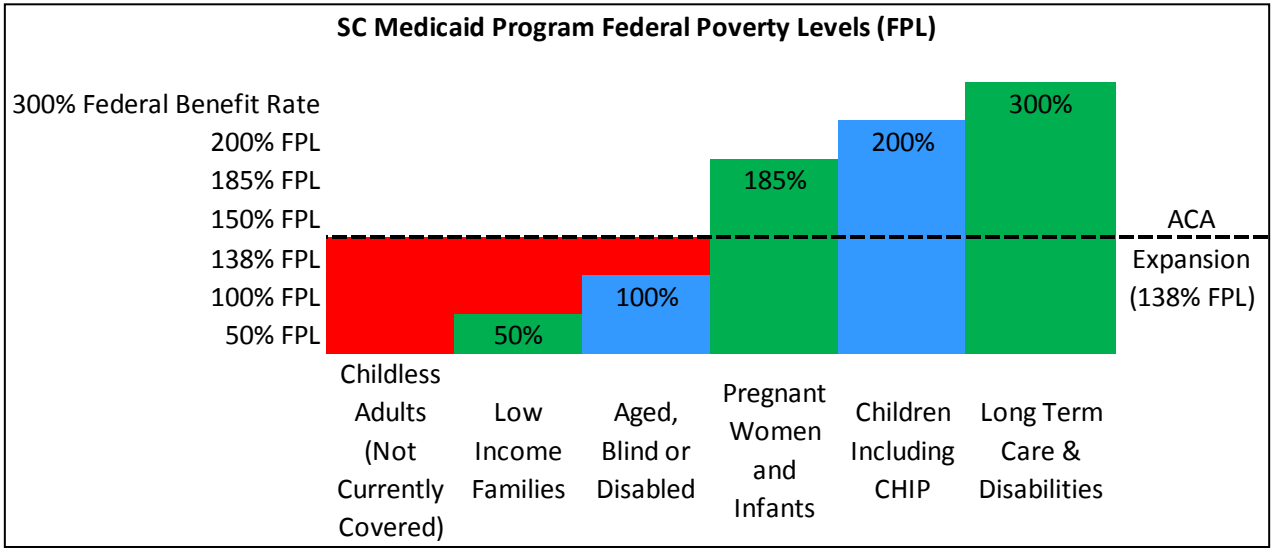
ACA's optional Medicaid expansion would cover up to 138% FPL

FPL	<100% FPL	100% FPL to 138% FPL	139% FPL to 200% FPL	201% FPL to 399% FPL	>400% FPL
2012 Annual Income - Family of 4	<$23,050	$23,051 to $31,809	$31,810 to $46,100	$46,101 to $69,150	>$69,150
Uninsured	284,000	106,000	131,000	127,000	83,000
% of Uninsured	39%	15%	18%	17%	11%

* Source: 2011 American Communities Survey, projected to 2014

ACA's Medicaid Expansion: A New Eligibility Floor

South Carolina Health & Human Services



The red areas represent the population that would be covered by ACA's optional Medicaid expansion

Medicaid Expansion in SC: 1.7 Million Enrollees by 2020

South Carolina Health & Human Services

Projected Enrollment Growth				
Population		**FY 2013**	**SFY 2014**	**FY 2020**
Current Programs				
	Medicaid	938,000	985,000	1,077,000
	CHIP	70,000	74,000	80,000
Total Current Programs		**1,008,000**	**1,059,000**	**1,157,000**
After ACA - 67% Average Participation				
Expansion Population (Newly Eligible)				
	Uninsured Parents/Childless Adults		252,000	267,000
	Currently Insured Parents/Childless Adults		92,000	98,000
	SSI		7,000	8,000
Eligible but Unenrolled in Medicaid*				
	Currently Insured Children/Parents		101,000	107,000
	Uninsured Children		13,000	14,000
	Uninsured Parents		48,000	51,000
Total Expansion from ACA Participants			**513,000**	**545,000**
Total Medicaid Population After ACA		**1,008,000**	**1,572,000**	**1,702,000**

* Estimates indicate that 162,000 people currently eligible but unenrolled will enroll in Medicaid even without the Medicaid expansion

Source: Milliman ACA Impact Analysis

If SC Chooses to Expand Medicaid:

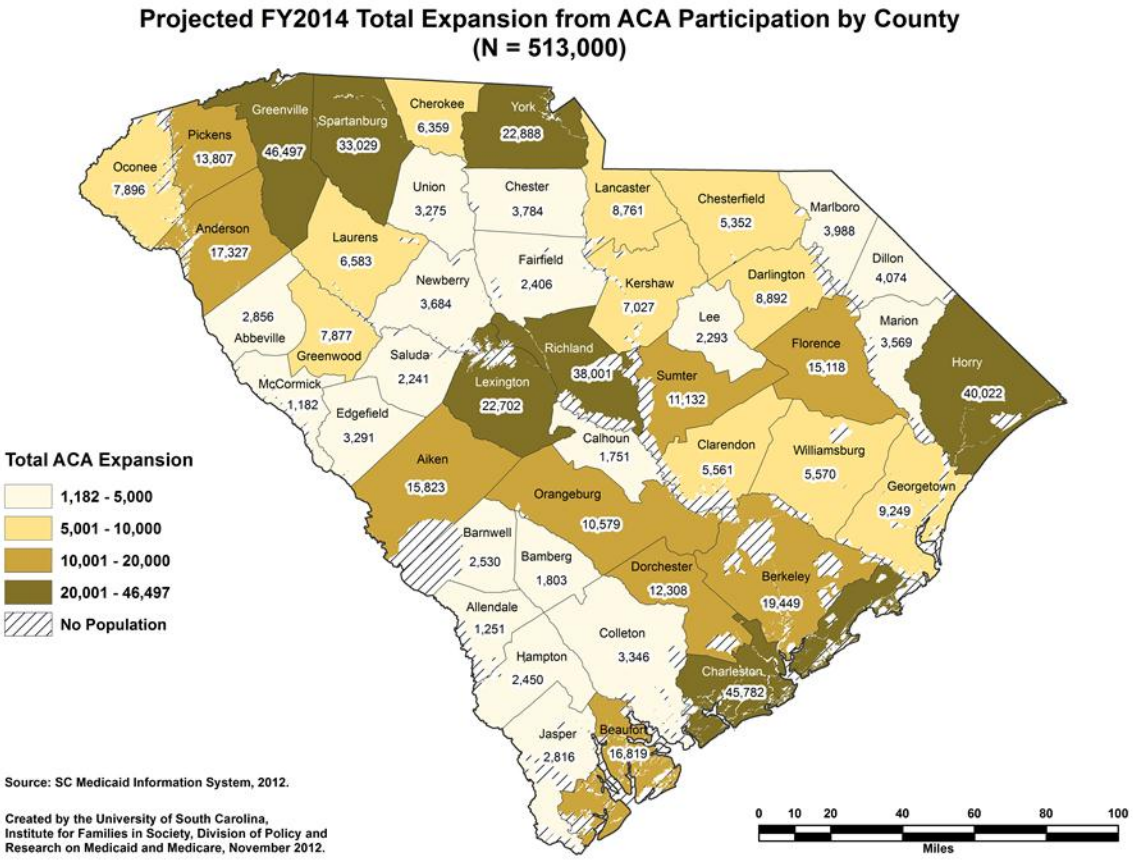
193,000 could drop private insurance to go on Medicaid

Over 50% increase in SC Medicaid program if the state expands Medicaid

One-third of the state could be on Medicaid in the coming years

ACA's Optional Medicaid Expansion Enrollee Growth

South Carolina Health & Human Services

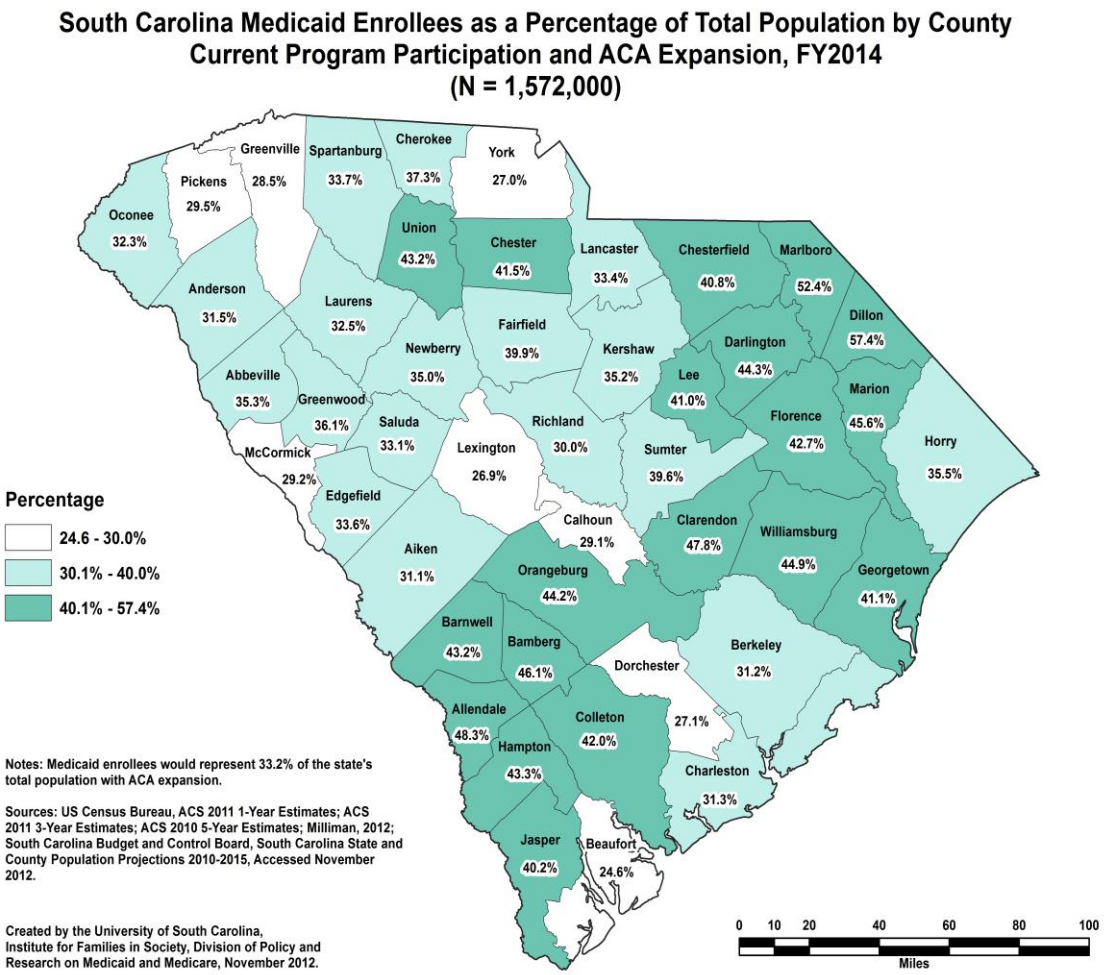


FY 2014: 513,000 new enrollees would come onto Medicaid under the best estimate scenario of full expansion

The largest increase in numbers (and money) flow into the metropolitan counties

ACA's Optional Medicaid Expansion Penetration Growth

South Carolina Health & Human Services

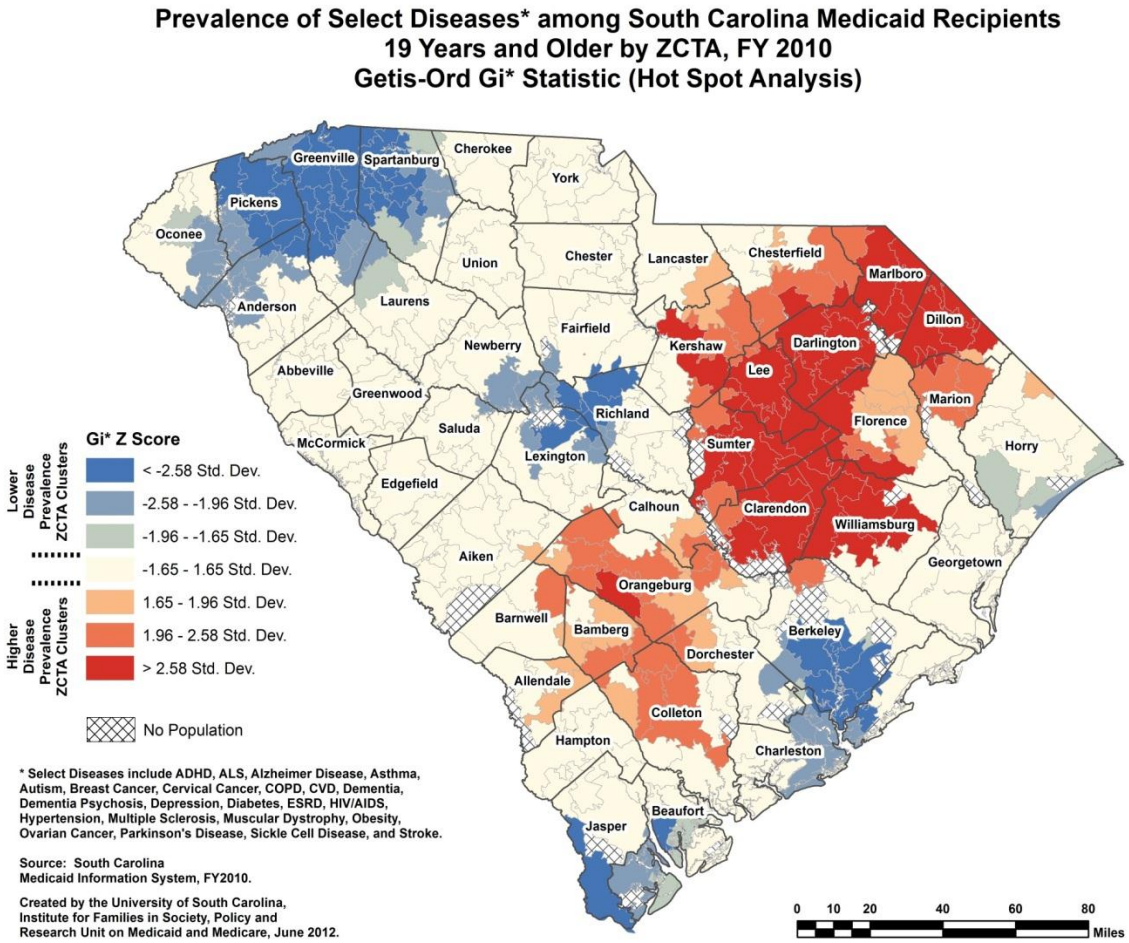


The largest percent of total population covered remains in the more rural counties:

- ***Dillon***
- ***Marlboro***
- ***Allendale***
- ***Bamberg***
- ***Marion***
- ***Darlington***

Targeting Health Investments

South Carolina Health & Human Services



ACA expansion sends much more money into counties that are relatively healthy than it does to counties that are relatively unhealthy

New FMAP Rates for Optional Expansion

South Carolina Health & Human Services

Year	Federal Medicaid Match for "Newly Eligible"	State Share for "Newly Eligible"	Administrative Match
2014-2016	100%	0%	50%
2017	95%	5%	50%
2018	94%	6%	50%
2019	93%	7%	50%
2020 on	90%	10%	50%

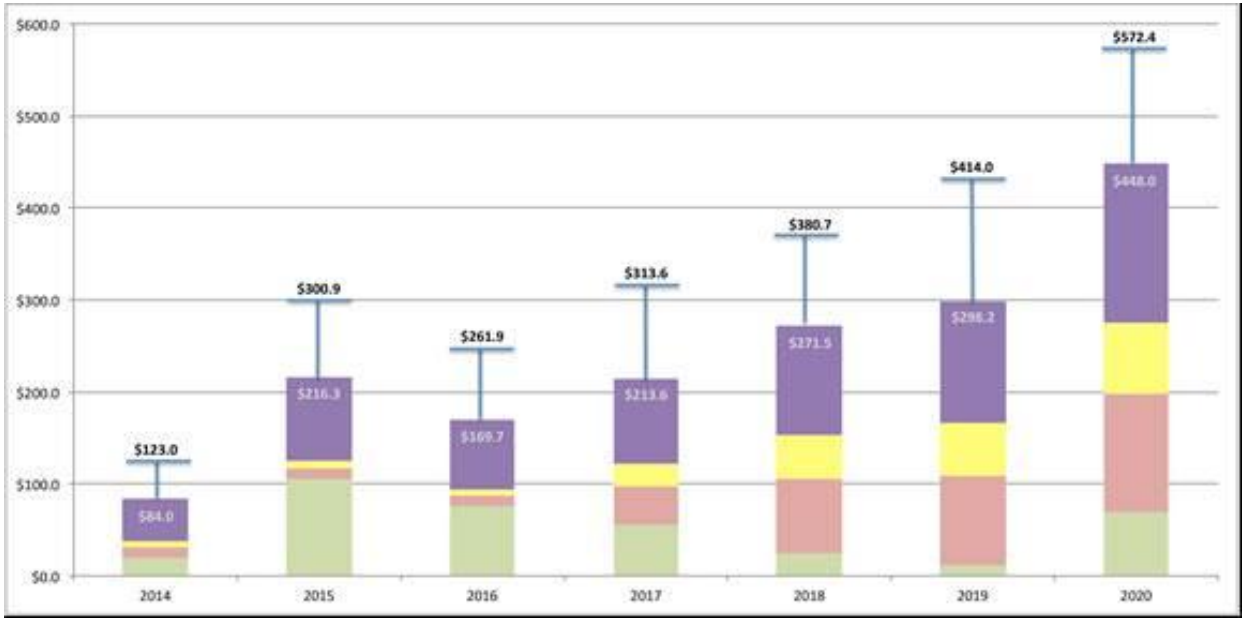
States pay for half the administrative costs for a Medicaid Expansion

States continue with regular match rate for those eligible but not enrolled

President's budget has suggested changes to these matching rates to obtain savings

ACA in SC:
Yearly Impact - State Expenditures (In Millions)

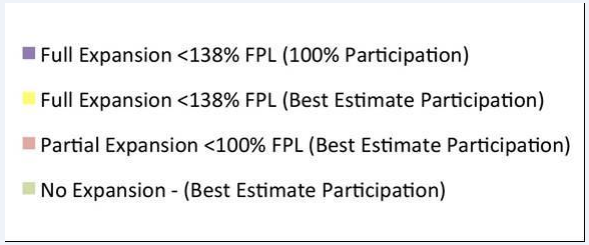
South Carolina Health & Human Services



	No Expansion (Best Estimate Participation)	Partial Expansion <100% FPL (Best Estimate Participation)	Full Expansion <138% FPL (Best Estimate Participation)	Full Expansion <138% FPL (100% Participation)
2014	$19.5	$31.3	$38.4	$84.0
2015	$105.4	$117.4	$124.8	$216.3
2016	$75.8	$86.6	$93.3	$169.7
2017	$55.5	$96.6	$121.6	$213.6
2018	$24.1	$104.6	$153.3	$271.5
2019	$11.4	$108.3	$167.1	$298.2
2020	$69.1	$197.6	$275.4	$448.0
Total	$360.7	$742.3	$973.9	$1,701.4

These include costs and credits of the ACA

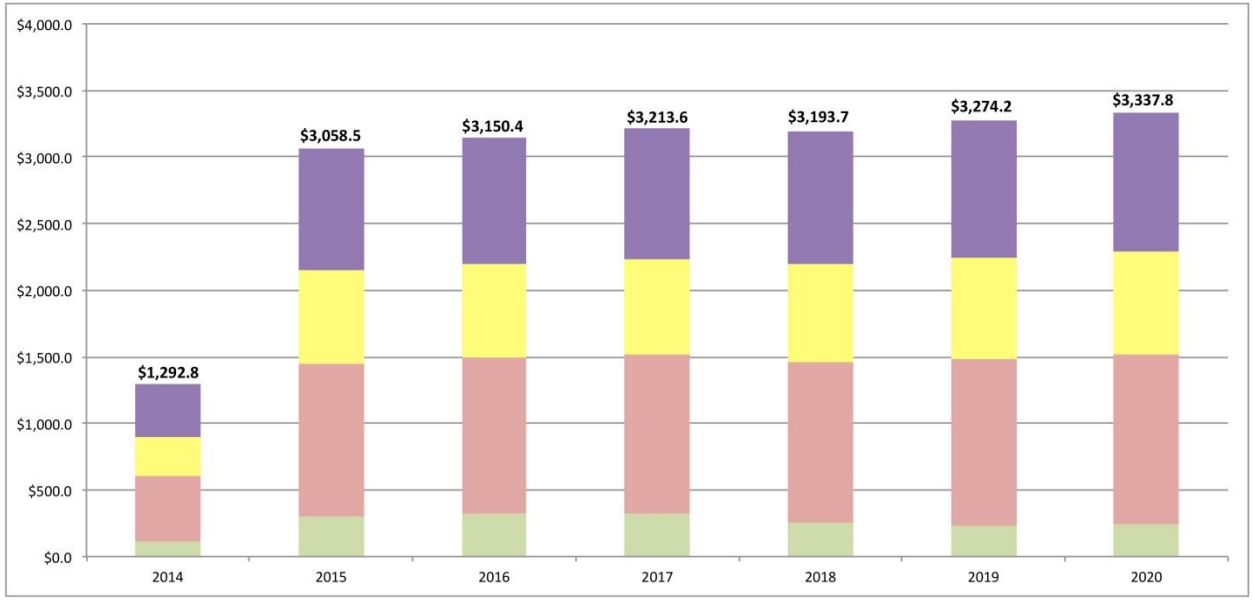
The higher amount includes increasing the physician fee schedule for all physicians up to 100% of Medicare



Source: Milliman ACA Impact Analysis

ACA in SC:
Yearly Impact - Federal Expenditures (In Millions)

South Carolina Health & Human Services



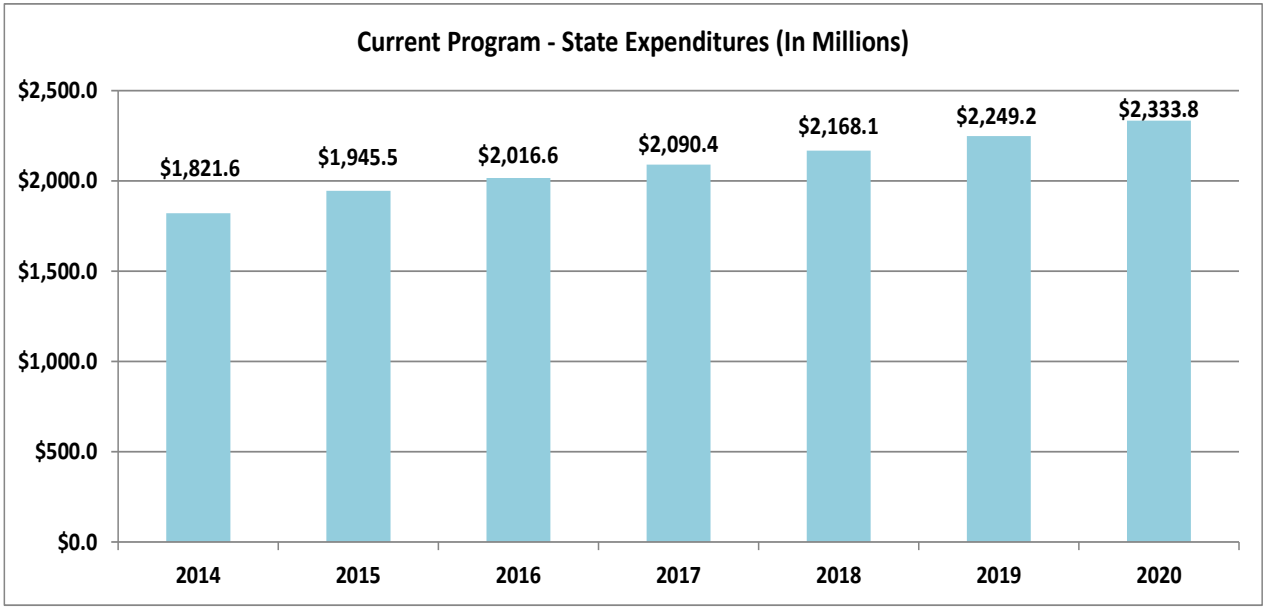
Federal dollars will flow into the system under all scenarios

	No Expansion (Best Estimate Participation)	Partial Expansion <100% FPL (Best Estimate Participation)	Full Expansion <138% FPL (Best Estimate Participation)	Full Expansion <138% FPL (100% Participation)
2014	$114.9	$601.5	$897.4	$1,292.8
2015	$304.0	$1,450.0	$2,145.5	$3,058.5
2016	$320.8	$1,491.8	$2,201.9	$3,150.4
2017	$320.2	$1,512.8	$2,235.9	$3,213.6
2018	$253.8	$1,462.0	$2,194.7	$3,193.7
2019	$231.8	$1,481.0	$2,238.4	$3,274.2
2020	$239.2	$1,517.1	$2,291.5	$3,337.8
Total	$1,784.8	$9,516.1	$14,205.2	$20,520.9

Source: Milliman ACA Impact Analysis

Current Medicaid Program: Paying for What We Already Have

South Carolina Health & Human Services



Even without the optional Medicaid expansion:

Natural Medicaid growth would cost the state $2.334 million annually by 2020

In 2020 Medicaid will require $512 million more state match per year to support our current program

Source: Milliman ACA Impact Analysis

This is the Cost: $360 M to $2.3 B

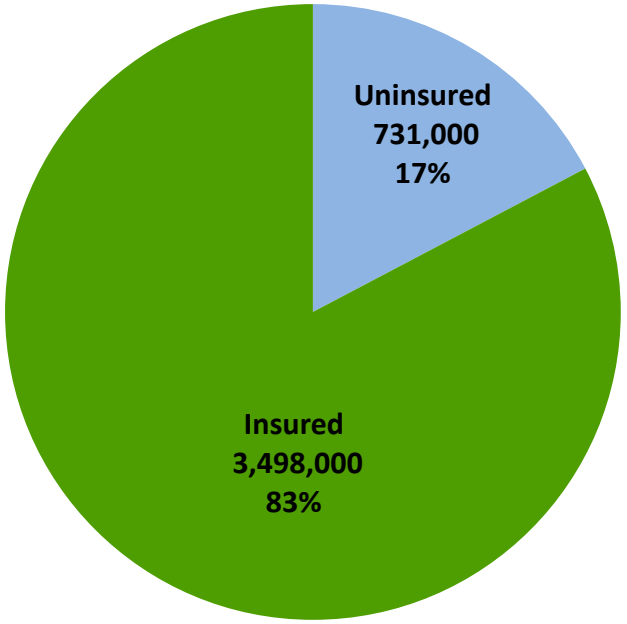
South Carolina Health & Human Services

November 2012 Medicaid Expansion Projections SFY 2014 to 2020 (in $ millions) - State Expenditures				
Category	**Without Expansion - Woodwork Effect (Best Estimate Participation)**	**Partial Expansion to 100% FPL (Best Estimate Participation)**	**Full Expansion to 138% FPL (Best Estimate Participation)**	**Full Expansion to 138% FPL (100% Participation)**
Pre-ACA : Expected Program Growth	**$2,071.3**	**$2,071.3**	**$2,071.3**	**$2,071.3**
ACA Impact to Current Program				
Pharmacy Rebate Savings – MCO	**($477.3)**	**($477.3)**	**($477.3)**	**($477.3)**
DSH Payment Reduction	**($166.6)**	**($166.6)**	**($166.6)**	**($166.6)**
CHIP Program – Enhanced FMAP	**($128.6)**	**($128.6)**	**($128.6)**	**($189.9)**
ACA Impact - Currently Eligible				
Eligible but Not Enrolled - Uninsured	**$520.5**	**$520.5**	**$520.5**	**$746.6**
Eligible but Not Enrolled - Currently Insured	**$476.4**	**$476.4**	**$476.4**	**$790.3**
CHIP Program – Enhanced FMAP	**($66.3)**	**($66.3)**	**($66.3)**	**($97.9)**
ACA Impact - Expansion Population				
Expansion Population - Uninsured	**$0.0**	**$220.4**	**$330.3**	**$407.9**
Expansion Population - Currently Insured	**$0.0**	**$55.0**	**$120.6**	**$215.2**
SSI Eligible	**$0.0**	**$14.8**	**$14.8**	**$14.8**
Health Insurer Assessment Fee	**$138.0**	**$145.5**	**$149.7**	**$164.4**
Physician Fee Schedule Change	**$3.5**	**$3.5**	**$3.5**	**$3.6**
Expenditure Shift from Other State Agencies	**$0.0**	**$2.1**	**$3.5**	**$4.8**
Administrative Expenses	**$61.1**	**$142.9**	**$193.4**	**$285.5**
Sub-total	**$360.7**	**$742.3**	**$973.9**	**$1,701.4**
Non-Medicaid Other State Agency Offsets	**$0.0**	**($26.8)**	**($43.7)**	**($61.4)**
Sensitivity - Increase Physician Reimbursement to 100% Medicare	**$0.0**	**$610.5**	**$620.8**	**$665.1**
Sub-total	**$360.7**	**$1,326.0**	**$1,551.0**	**$2,305.1**
Post-ACA : Expected Program Growth	**$2,432.0**	**$3,397.3**	**$3,622.3**	**$4,376.4**

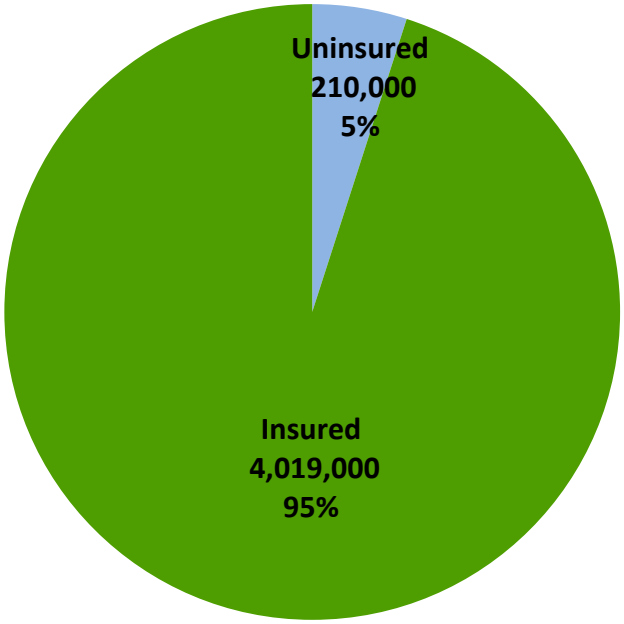
ACA Impact on South Carolina Uninsured without Expansion

South Carolina Health & Human Services

Pre-ACA: 2013 Uninsured



Post-ACA: 2014 Projected Uninsured



By 2015

Significant growth will occur in the number of insured adults in both the Medicaid and private market

The system will have a difficult time absorbing this growth – it may require between 250-300 full-time physician equivalents

How Will the Market Change with ACA's Optional Medicaid Expansion

South Carolina Health & Human Services

Category	Current Market	2014 No Expansion	2014 100% FPL Expansion	2014 133% FPL Expansion
Uninsured	731,000	210,000	42,000	42,000
Medicaid	1,059,000	1,228,000	1,438,000	1,572,000
Private Market	2,439,000	2,358,000	2,316,000	2,266,000
Exchange	0	433,000	433,000	349,000
Total	**4,229,000**	**4,229,000**	**4,229,000**	**4,229,000**

Source: 2011 American Communities Survey, projected to 2014

Significant growth will occur in the number of insured adults in both the Medicaid and private market

The number of uninsured in South Carolina will decrease by 71 percent (521,000) even without Medicaid expansion

South Carolina Strategy

DHHS Fundamental Analysis

South Carolina Health & Human Services

- Social determinants are 80-90% of health
- IOM: Health care spending rising faster than GDP is
  - Creating a health care bubble
  - Depressing economic growth
  - Diverting state investment in education and infrastructure

One-third of all health care spending is wasteful. $750 billion nationally in 2009 and $1.8 billion in SC Medicaid next year.

Excess spending:

- ***Unnecessary services***
- ***Administrative waste***
- ***Inefficient services***
- ***High prices***
- ***Fraud and abuse***
- ***Missed prevention opportunities***

DHHS Fundamental Strategy

South Carolina Health & Human Services

Improve value by lowering costs and improving outcomes:

- Increased investment in education, infrastructure and economic growth
- Shift of health care spending to more productive health and health care services
- Increased coverage/treatment of vulnerable populations

SC Strategic Pillars:

- ***Payment reform***
- ***Clinical integration***
- ***Focus on hot-spots and disparities***

South Carolina Strategic Pillars

South Carolina Health & Human Services

Payment Reform
- MCO Incentives & Withholds
- Payor-Provider Partnerships
- Catalyst for Payment Reform
- Value Based Insurance Design

Clinical Integration
- Dual Eligible Project
- Patient Centered Medical Homes
- Telemedicine/Monitoring

Hotspots & Disparities
- Birth Outcomes Initiative
- Express Lane Eligibility
- Foster Care Coordination
- Health Access/Right Time (HeART)

Purchasing Quality Health Outcomes ***(Social Determinants of Health)***

Pushing Out Excess Costs ***(IOM: Health Care Inefficiencies)***

Providing Value to the Taxpayer

Payment Reform: MCO Incentives & Withholds

South Carolina Health & Human Services

Withholds based on performance

- HEDIS Scores
  - Prevention and Screening
  - Chronic Disease and Behavioral Health
  - Access and Availability
  - Consumer Experience

Incentives

- Patient Centered Medical Homes
  - PMPM payment will be made to provider and health plan in four payment levels
  - Payments will be quarterly based on enrollment
- Birth Outcomes Initiative (BOI)
  - Screening, Brief Intervention, Referral and Treatment
  - Centering Program
  - Nurse Family Partnership
  - Reduce prematurity or low birth weight

Withholds

- ***$8 million CY 2012***
- ***$24 million+ CY 2013***

Incentives

- ***$16 million CY 2012***
- ***$16 million+ CY 2013***

Payment Reform: Catalyst for Payment Reform

- 20/20 Value Oriented Payment
  - P4P: HAC, Readmits
  - Reduced variation: COE, reference price
  - Benefit design
  - Early elective deliveries
- Transparency
  - Price and quality for providers and plans
- Competition and Consumerism
  - Tiered and narrow networks

South Carolina Health & Human Services

CATALYST FOR PAYMENT REFORM

8 million covered lives nationally

Members include:

- ***3M***
- ***Boeing***
- ***GE***
- ***Delta***
- ***Wal-Mart***
- ***SC and OH Medicaid***
- ***Marriott***
- ***Dow***
- ***FedEx and others***

Payment Reform: Value Based Insurance Design (VBID)

South Carolina Health & Human Services

- Aligns patients' out-of-pocket costs, such as copays and premiums, with the value of health services
- Recognizes that different health services have different levels of value
- Reduces barriers to high-value treatments (through lower costs to patients) and encourages reconsideration of low-value treatments (through higher costs to patients)

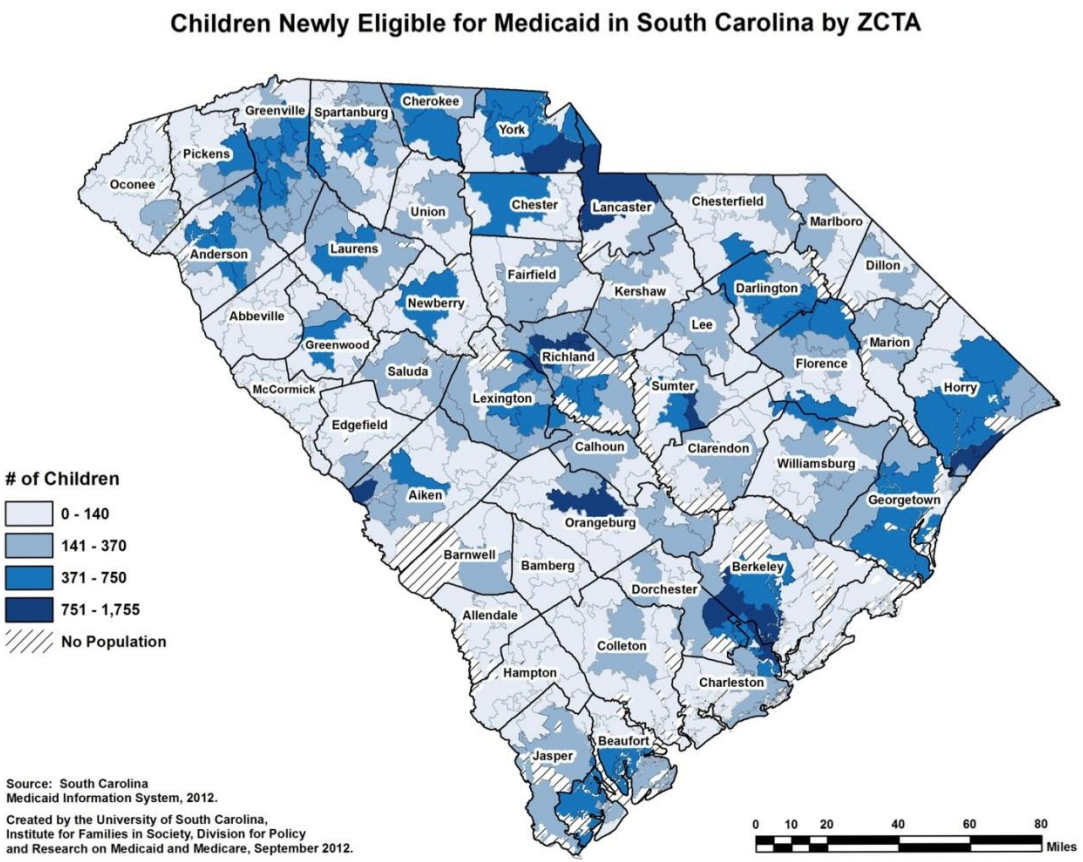
How do we make Medicaid look more like successful private plans in terms of benefit design?

SCDHHS is discussing VBID with other payors in the state and is hosting a workshop in December

This is the most effective, evidence based way to get more patient "skin" in the game

Express Lane Eligible Children

South Carolina Health & Human Services



45,000 children have been enrolled in the past 6 weeks through Express Lane Eligibility

Last year 140,000 kids became ineligible for at least one day

150,000 ELE redeterminations have essentially eliminated this problem

Some of the biggest gains are in hot spots of poor health

Hotspots & Disparities: Foster Care Coordination

South Carolina Health & Human Services

Effective November 1, 2012, in accordance with an evaluation conducted by SCDSS:

- Approximately 2,300 children currently in foster care, and all new children entering foster care, will be enrolled in First Choice by Select Health of South Carolina, an MCO
- Approximately 1,000 children currently in foster care will be enrolled in South Carolina Solutions, an MHN

SCDSS is working with SCDHHS to provide medical homes for the foster care children

Applying the benefits of care coordination to the foster care population will provide better quality outcomes

Hotspots & Disparities: Health Access/Right Time (HeART)

South Carolina Health & Human Services

- Minute clinics and after-hours
- Community health workers
- Telehealth
- Free Clinics Conversion (integrate as Medicaid Providers)
- Obesity/Hypertension/Diabetes
- Enhance Capacity of Nurse Practitioners/Physician Assistants

Making care available at off hours and in more convenient places will reduce treatment for minor ailments in emergency rooms

It will also increase screening rates

A Path Forward

South Carolina Health & Human Services

- Continue working on the three strategic pillars
- Manage mandated enrollment growth under ACA
- Set performance expectations for health system to improve value
- Look for flexible means of increasing high need coverage using future savings

The amount of implementation risk is significant

Just expanding coverage does not mean meaningful connection will be made between providers and patients

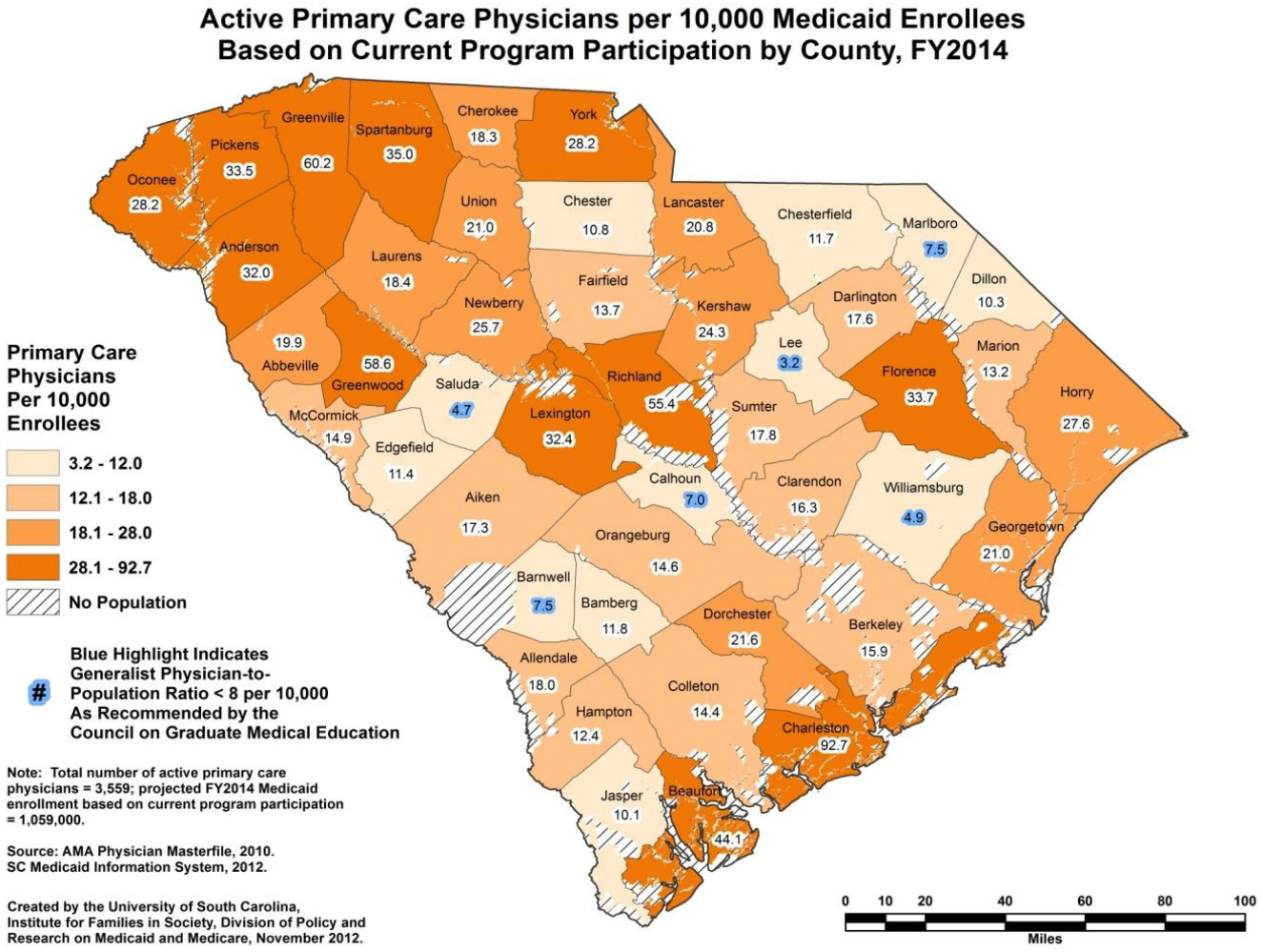
Projection risk is very high

A conservative approach is imperative

ACA Issues

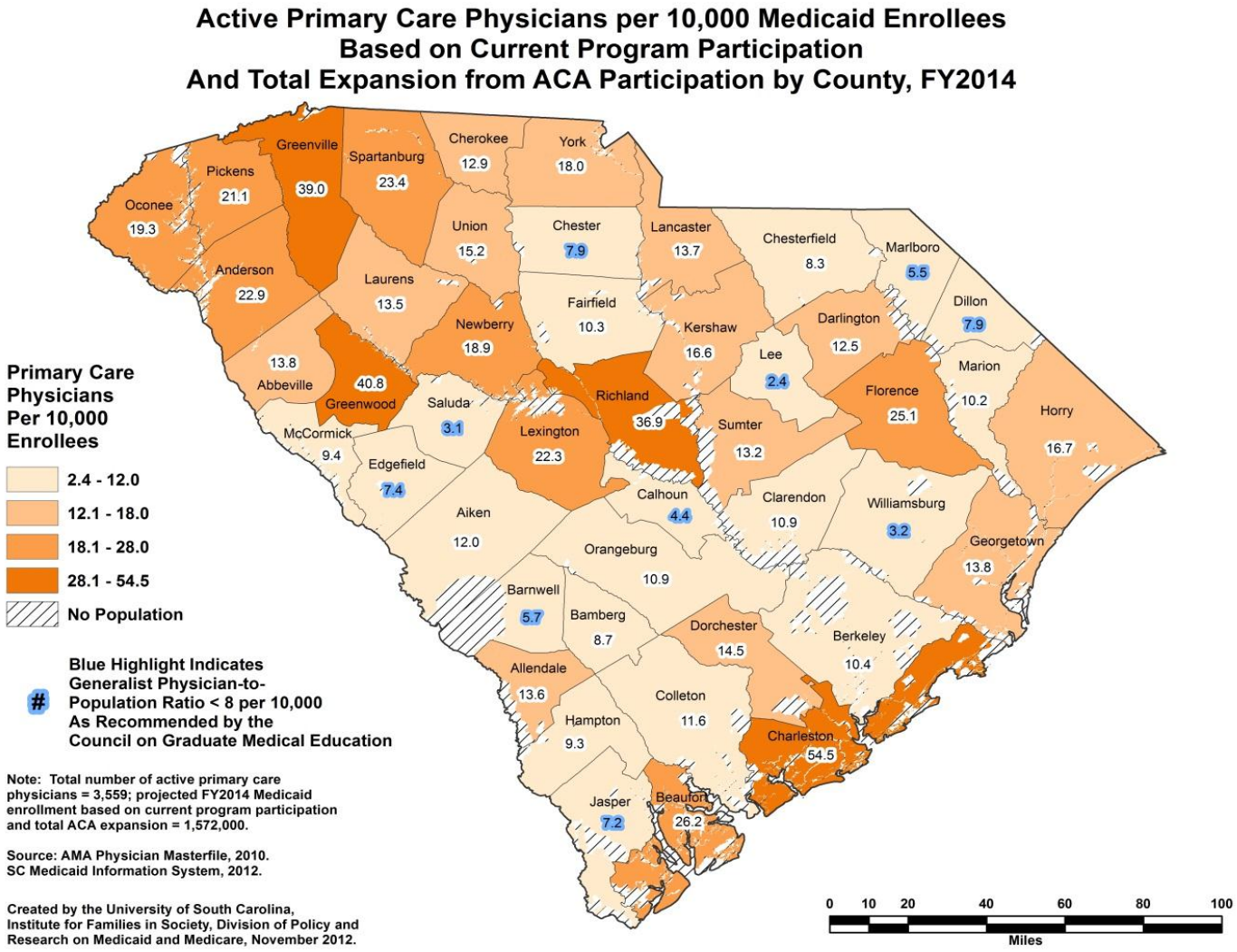
Strained Provider Capacity in SC Without Medicaid Expansion

South Carolina Health & Human Services



Strained Provider Capacity in SC with Medicaid Expansion

South Carolina Health & Human Services



DSH Shifts But Funds Don't Disappear

South Carolina Health & Human Services

Projected DSH Expenditures (In Millions) - State & Federal

SFY	Baseline DSH Budget	Estimated ACA DSH Allotment	Estimated ACA DSH Reduction	Net DSH
2014	$461.5	$472.0	$0.0	$461.5
2015	$461.5	$463.3	$0.0	$461.5
2016	$461.5	$462.2	$0.0	$461.5
2017	$461.5	$423.4	($38.1)	$423.4
2018	$461.5	$307.3	($154.2)	$307.3
2019	$461.5	$253.4	($208.1)	$253.4
2020	$461.5	$298.6	($162.9)	$298.6

Projected DSH Expenditures (In Millions) - State Only

SFY	Baseline DSH Budget	Estimated ACA DSH Allotment	Estimated ACA DSH Reduction	Net DSH
2014	$136.5	$139.6	$0.0	$136.5
2015	$136.5	$137.0	$0.0	$136.5
2016	$136.5	$136.7	$0.0	$136.5
2017	$136.5	$125.2	($11.3)	$125.2
2018	$136.5	$90.9	($45.6)	$90.9
2019	$136.5	$74.9	($61.5)	$74.9
2020	$136.5	$88.3	($48.2)	$88.3

Source: Milliman ACA Impact Analysis

Presumably as the rate of uninsured declines, hospitals need less DSH to pay for the uninsured

Estimates are that the number of uninsured will decrease by 521,000

If we don't need to use state match for DSH – we can use it elsewhere in the program

The federal government has not released DSH rules

Jobs

South Carolina Health & Human Services


End