

Medicaid Waiver Programs Operated by the SC Dept. of Disabilities and Special Needs

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November 30, 2017

Medicaid and SCDDSN Basics

Some Acronyms & Definitions

- FFS = Fee-for-Service
- MCO = Managed Care Organization
- Coordinated Care Benefit = State plan services and other benefits covered by MCOs
- FMAP = Federal Medical Assistance Percentage
- FFP = Federal Financial Participation
- CFR = Code of Federal Regulations
- State Plan = The agreement between states and CMS establishing the authority to cover services under the general Medicaid benefit
- Waiver = Medicaid authority to pay for services outside of the established state plan benefit

Medicaid Basics

- Title XIX was added to the Social Security Act in 1965, creating Medicaid – an “optional” program in which all states participate.
- The program is designed as a state-federal partnership, with the federal partner providing matching funds for authorized services provided to eligible beneficiaries.
- States operate the program, but must comply with federal Medicaid laws and the applicable Code of Federal Regulations (CFR).
- South Carolina federal participation varies from 100% (CHIP, refugees) to 50% (administration). South Carolina’s overall average is about 70% federal funds, 30% state.
- FY 2017-18 SCDHHS agency appropriations totaled over \$7.6 billion.

General Medicaid Authority

The authority to provide services to general or specific populations comes in several forms:

- General State Plan Services – Section 1905
- Early and Periodic Screening, Diagnostic & Treatment (EPSDT)
- Waivers [e.g., Section 1915(c) Home & Community Based Service waivers] – available to waiver participants only
- State Plan Optional Services [e.g., Section 1915(i) State Plan Option] – services can be more discrete in nature and can target populations and conditions
- Demonstration Authorities – Section 1115

Fee-for-Service & Coordinated Care

- 73% of Medicaid beneficiaries are members of managed care organizations (MCO)
 - 550,000 beneficiaries 0 to 18 years of age = 71%
 - 227,000 beneficiaries ages 19 and older = 29%
- 27% of Medicaid beneficiaries are in fee-for-service (FFS)
 - 100,000 beneficiaries 0 to 18 years of age = 35%
 - 183,000 beneficiaries ages 19 and older = 65%
- Total Enrollment in October 2017
 - 1,060,000 beneficiaries (full-benefit)
 - 21% of South Carolinians
 - 59% of children in SC are Medicaid beneficiaries

SCDHHS/SCDDSN Program Relationship

- SCDHHS is the “single state agency” designated to administer Medicaid
- SCDHHS is the administrator of all eight 1915(c) waiver programs
- SCDDSN is SCDHHS’ waiver operator for the following waivers:
 - Intellectual Disabilities/Related Disabilities (ID/RD)
 - Community Supports (CS)
 - Head and Spinal Cord Injury (HASCI)
 - Pervasive Developmental Disorders (PDD) (ending December 31, 2017)
- SCDDSN provides level of care (LOC) determinations for all except HASCI.
- As the single state agency, SCDHHS maintains financial responsibility and liability for Medicaid program finances.
 - CMS makes any recoupments for CFR or policy exceptions directly from SCDHHS as the single state agency
 - SCDHHS must reconcile with SCDDSN in the event of such a recoupment.

Waiver Services Billing

First Things First

FY 2018 Projection By Band per SCDDSN	Total Funding	% of Band Spend	Number of individuals	Band Spend of % of Non-State Plan Expenditures
A	\$ 3,490,056	1%	257	1%
B	\$ 45,876,693	13%	3,449	8%
C	\$ 14,513,484	4%	430	3%
D	\$ 4,480,939	1%	220	1%
E	\$ 592,743	0%	24	0%
F	\$ 2,431,025	1%	62	0%
G	\$ 85,174,171	24%	1,297	15%
H	\$ 148,830,996	42%	1,720	26%
I	\$ 43,549,282	12%	3,083	8%
R	\$ 1,864,195	1%	20	0%
Total	\$ 350,803,584		10,562	61%

First Things First (cont...)

By Waiver/Budget Group	FY 2017 Waiver Actuals	FY 2017 State Plan Actuals	FY 2017 Total	FY 2018 Projection
ID/RD Waiver	\$ 322,876,302	\$ 46,138,523	\$ 369,014,825	\$ 391,080,292
CS Waiver	\$ 28,221,126	\$ 12,820,637	\$ 41,041,763	\$ 55,686,451
HASCI Waiver	\$ 32,277,679	\$ 655,451	\$ 32,933,130	\$ 35,711,387
Intermediate Care Facility (ICF)	\$ 130,880,621		\$ 130,880,621	\$ 131,713,857
ICF Cost Settlement	\$ 20,756,478		\$ 20,756,478	\$ -
PDD Waiver	\$ 6,625,404		\$ 6,625,404	\$ 2,086,738
Targeted Case Management (TCM)	\$ 16,337,513		\$ 16,337,513	\$ 18,869,954
Behavioral Health	\$ 20,739,929		\$ 20,739,929	\$ 21,772,846
Total	\$ 578,715,052	\$ 59,614,611	\$ 638,329,663	\$ 656,921,525

SCDDSN Band Payments

- SCDDSN is the sole provider of record for SCDHHS.
- Local Disabilities and Special Needs (DSN) boards and qualified provider list (QPL) entities serve as extensions of SCDDSN for billing purposes.
- SCDHHS pays individual claims for waiver services to SCDDSN, who then allocates funds within their system.
- SCDDSN pools funds to make a prospective capitated payments.
- Administrative costs for Intermediate Care Facilities (ICF) are included in ICF rates and are paid at 70% FMAP.
- Statewide administrative costs for waiver services must be paid separately through an administrative services contract at an FMAP of 50%.
- State appropriations to SCDDSN are used as state match for federal Medicaid funds – the match is appropriated directly to the provider of record.

Payment Assignment

- SCDHHS has been asked to comment on the band payment system and the feasibility of direct payment to local DSN boards.
- This presentation doesn't provide full context about the history or implementation of the system, and assumes some level of familiarity with the issues at hand.
- Local DSN boards advocating for the change have focused on the allowability of payment assignment pursuant to 42 CFR 447.10.
- A fair amount of discussion about payment assignment surrounds DDSN's status as an Organized Health Care Delivery System.

Program Authority and Responsibility

- SCDHHS is the single state agency responsible for the administration of the state-federal Medicaid partnership.
- SCDDSN:
 - “has authority over all of the state’s services and programs for the treatment and training of persons with intellectual disability, related disabilities, head injuries, and spinal cord injuries.”
 - “...shall develop service standards for programs of the department and for programs for which the department may contract and shall review and evaluate these programs...”
- Local DSN boards are the:
 - “administrative, planning, coordinating, and service delivery body for county disabilities and special needs services funded whole or in part by state appropriations.....or funded from other sources under the department’s control.”
- Non-SCDDSN governmental funds:
 - “Subject to the approval of the Department, county boards may seek state or federal funds administered by state agencies other than the Department...”
- Local DSN boards advocating for the change have focused on the allowability of payment assignment.

Policy Implications

- To use federal assistance in support of disability services, the state has developed Medicaid waivers tailored to finance the services provided by SCDDSN/DSN system.
- SCDDSN's authority and responsibility over disability services is independent of the state's participation in Medicaid, although the two sets of rules must cooperate in order to qualify for federal matching funds.
- The policy goals of a payment system should drive the design of billing mechanics and is the primary focus of SCDHHS.
- Goals may include
 - Stability/sustainability of service availability
 - Cost-effective delivery
 - Preservation of choice and beneficiary dignity
 - Transparent policies and reimbursement
 - Reasonable administrative burden for providers and beneficiaries
 - Accountability and auditability
 - Positive incentives for appropriate and high-quality care
 - Avoid perverse incentives leading to rationing, over-utilization, and low quality

Pros and Cons of the Current System

- Some legitimate criticisms have been raised about the band system, and should be evaluated
 - Lack of transparency in payments and adjustments
 - Inequity in the band payment system among providers
 - Disconnect across bands with respect to cost and reimbursement
- Others have offered reasonable support for this type of payment system
 - Consistent statewide funding that reduces local optimization or sub-optimization
 - Stable and predictable cash flow
 - Decreased administrative burden
- The desire to eliminate the band payment system is not unanimous among local DSN boards – about 50/50 according to respondents of a recent survey conducted by SCDDSN.

SCDHHS' Role

- SCDHHS is required to and has requested cost reports from SCDDSN central agency as well as local DSN boards to begin the analysis of rate-setting and splitting administrative costs from service funds.
- An effort in 2014 attempted to evaluate and provide alternatives to the band system, but was never completed.
- SCDHHS has offered to sponsor a similar effort again, to assist the agency in addressing the concerns of local DSN boards.
- Ultimately, any change to the billing system will be applied consistently, deliberately, and in accordance with state and federal law.
- Changes to SCDHHS billing and enrollment practices will require legislative action at a minimum in the appropriations act, and possibly to agency enabling statutes.

Deciding on a Path Forward

- SCDDSN's position relative to SCDHHS as the state's disability services authority is fairly clear.
- The current functions of the agency and system include:
 - Policy development
 - Programmatic financial management
 - Consumer protection
 - Provider evaluation
 - Direct service provision
- Clearer guidance on the SCDDSN's future mission is necessary to define SCDHHS' relationship with local DSN boards. When considering this:
 - An agency with authority to design benefits and publish policy without financial responsibility for those benefits or policies is not feasible.
 - SCDHHS' enabling statute prohibits the direct provision of most services.
 - Direct DSN board enrollment with Medicaid does not address state-funded only programs.
 - Medicaid's "any willing and able" provider enrollment rules may conflict with SCDDSN's provider evaluation and consumer protection missions if the agencies are consolidated.

Questions?

