

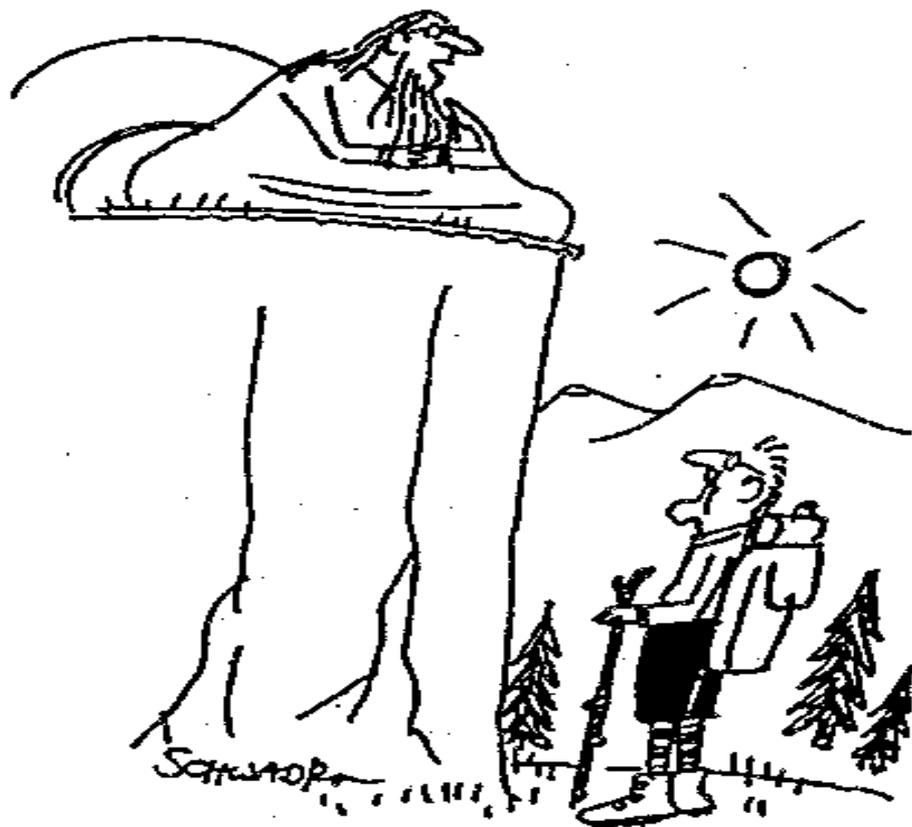


South Dakota Medicaid Overview

July 7, 2009

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
- Federal government mandates certain healthcare coverage to certain categories of individuals and allows states to cover optional categories and services at their discretion
- Medicaid is governed by federal regulations and each state's approved Medicaid State Plan- essentially a contract with the federal government
 - Process for amendments to State Plan

What is Medicaid?

- Medicaid is an entitlement program
- When you've seen one Medicaid program, you've seen one Medicaid program.
- All 50 states and many U.S. territories have a Medicaid program – all have different eligibility criteria, covered services, and methods of administering the program.

What is Medicaid?

- Medicaid is one of the largest healthcare insurers in South Dakota with 130,000 unduplicated individuals participating in the program during FY08
 - Nearly 1 of every 8 persons in any given month will have health coverage by Medicaid or CHIP
 - 1 of every 3 persons under the age of 19 in South Dakota has health coverage by Medicaid or CHIP
 - Fifty percent of the children born in South Dakota will be on Medicaid or CHIP during the first year of their life

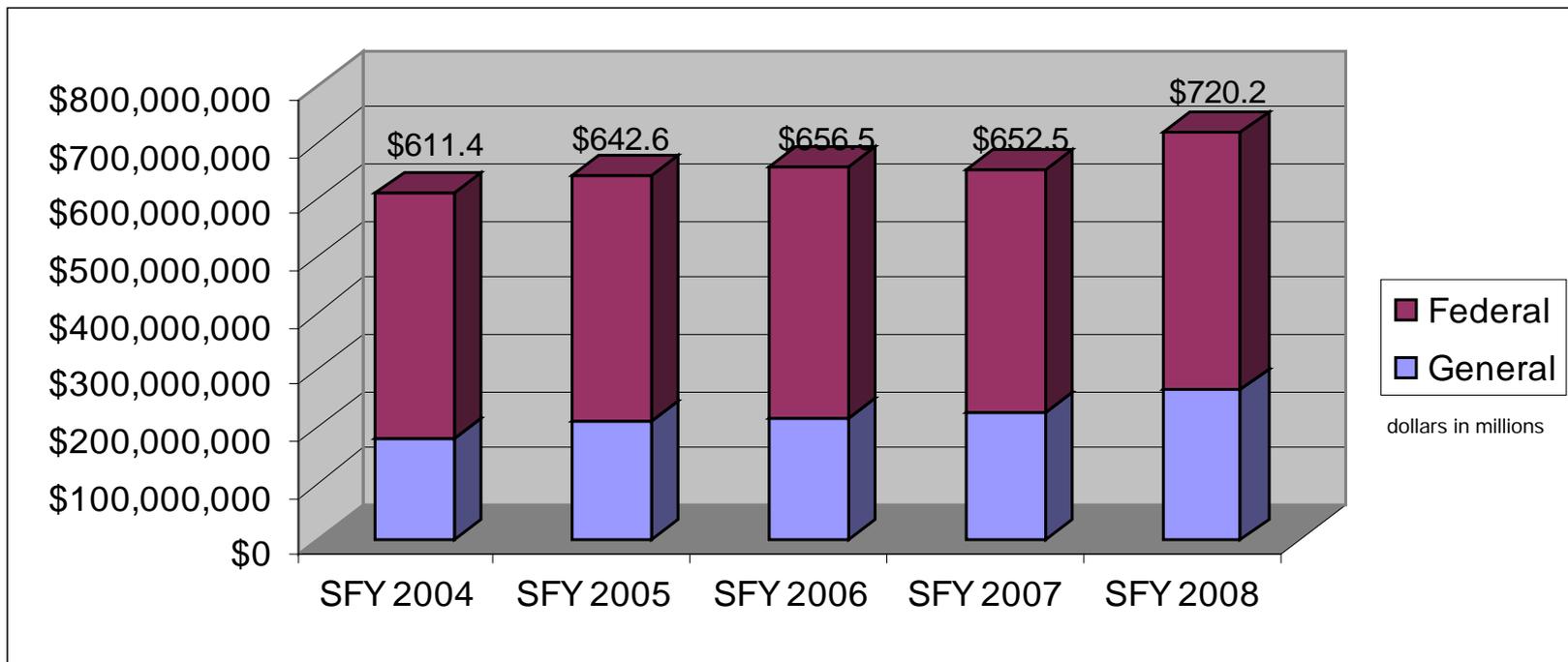
What is CHIP?

- Children's Health Insurance Program
- Federal allocation is block grant
- Coverage limited to children with higher incomes than Medicaid levels, can't have insurance
- Runs as a "Medicaid look alike" program- same services provided to children eligible through Medicaid or CHIP

South Dakota Medicaid Expenditures

- In FY08, the state expended \$720.2 million in total on healthcare services and administration of the Medicaid program. This includes \$266 million in match from all sources.
- Five major areas of healthcare constitute the majority of the Medicaid expenditures – inpatient hospital, outpatient hospital, physician services, prescription drugs, and long term care services
- Children are the least costly to cover – approximately \$2,000 per child, per year

South Dakota Medicaid Expenditures



* Medicare Part D Implemented January 2006

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 62.55% federal, with the remaining 37.45% state matching funds
- Enhanced FMAP for the Children's Health Insurance Program is 73.79% federal and 26.21% state general funds

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 62.55% federal
- Federal participation in administrative costs are either 50/50, 75/25, or 90/10 depending upon the administrative service provided
- Services provided at an Indian Health Services facility are eligible for 100% federal funding
 - State does pay match for IHS referrals to contract providers

Administration of Medicaid in SD

- DSS, Division of Medical Services is the designated State Medicaid Agency
 - 36 FTE
 - Professional Staff - manage state plan, provide technical assistance, prior authorize services, operate managed care
 - Telephone Service Unit – answer provider questions and processes over 5 million claims annually
 - Other support staff - enroll providers
 - Surveillance and Utilization Reviews (SURs) unit

Administration of Medicaid in SD

- Current claims processing system, the Medicaid Management Information System (MMIS) was implemented in 1979
- Replacement system, called SD MEDX, will be much more than a claims processing system – it will provide greater ability to manage the program
- Technology will provide better customer service for providers and recipients, provide robust data mining capabilities, use data to predict future high cost claimants and identify disease management opportunities
- System will more accurately pay claims and increase cost-avoidance through maximizing third party liability and coordination of benefits

Administration of Medicaid in SD

- Design and development of SD MEDX began in July 2008 with a very aggressive schedule for implementation in July 2010
- The go-live date for claims adjudication is July 2010, with the provider enrollment module going live in February 2010
- A possible extension of 3-4 months to ensure the testing portion of the project goes without problems is being investigated
- Currently developing framework for provider outreach and training. Provider outreach will begin in August 2009 and training will begin in November 2009; both activities will continue through go-live

Administration of Medicaid in SD

Partnerships with Other State Agencies

- DSS works with other state agencies who provide services to Medicaid eligible populations
- These agencies pay the general fund portions for these providers

DHS: DD Community Support Providers, Human Services Center, South Dakota Developmental Center, Mental Health Centers, Chemical Dependency service providers

DOC: Psychiatric Residential Treatment Facility providers

DOE: Birth to Three services

Eligibility for Medicaid

- Division of Economic Assistance determines eligibility for all people applying for Medicaid in South Dakota
- Medicaid eligibility depends on:
 1. Whether a person meets a specific eligibility category;
 2. Resources; and
Examples: bank accounts, bonds, stocks, certificates of deposit, real property and other things of value that are owned
 3. Income

Eligibility for Medicaid

Federal government requires states to cover certain categories:

- Low Income Families (LIF) with children
Income: Approximately 52% FPL
Uses July 1996 AFDC standard-gross income
Household of 3 = \$796 per month
Resources: \$2000
- Medicaid for children under age 19
Income: Children 0-5 133% FPL
Children 6–19 100% FPL
Resources: No resource limit

Eligibility for Medicaid

Required categories (continued):

- Transitional Medicaid Benefits: Families who lose eligibility for LIF because of:
 - increased income from employment receive transitional Medicaid for 12 months; or
 - increased collection of child support receive transitional Medicaid for 4 months

Income: 185% FPL

No resource limit

Eligibility for Medicaid

Required categories (continued):

- Low income children in foster care/adoptive placement

Income: \$563/month

Uses July 1996 AFDC standard-gross income

Resources: \$2,000

- Pregnant Women

Income: Full coverage: approximately 37% FPL

Uses July 1996 AFDC Standard

Household of 2 = \$448 per month

Resources: \$1000

Income: Pregnancy only coverage: 133% FPL

Resources: \$7500

Eligibility for Medicaid

Required categories (continued):

- Automatic Newborn coverage for babies up to age 1 born to mothers covered by Medicaid
 - No income limit
 - No resource limit
- SSI recipients and related disability categories
 - Eligibility determined by federal government
 - Income: Approximately 75% FPL or Household of 1 = \$674 per month
 - Resources: \$2000

Eligibility for Medicaid

Required categories (continued):

Medicare Savings Programs:

- Qualified Medicare Beneficiary (QMB)

Pays Part A and Part B premiums, and other cost-sharing (like deductibles, coinsurance, and co-pays)

Income: \$923/month

Resources: \$4000

- Specified Low Income Medicare Beneficiary (SLMB) & Qualifying Individuals (QI)

Pays Medicare Part B premiums only

Income: \$1,103-\$1,239

Resources: \$4000

Eligibility for Medicaid

In addition, South Dakota covers the following optional categories:

- Medicaid for children under age 19
Income: 140% FPL
No resource limit
- Children's Health Insurance Program
Income: 200% FPL
No resource limit
- Children age 18 to 21 who age out of foster care
No income limit
No resource limit

Eligibility for Medicaid

Optional categories (continued):

- Individuals who need Long Term Care
 - Income: Approximately 224% FPL
3 times SSI standard
Household of 1 = \$2022 per month
 - Resources: \$2000
- Home and Community Based Waivers (4)
 - Income: Approximately 224% FPL
3 times SSI standard
Household of 1 = \$2022 per month
 - Resources: \$2000

Eligibility for Medicaid

Optional categories (continued):

- Medical Assistance for Working Disabled
Income: 250% FPL
Resources: \$8000
- Breast and Cervical Cancer program for uninsured women who have been screened for and found in need of treatment for breast or cervical cancer through the Department of Health
Income: 200% FPL
No resource limit
- SD does not have a “medically needy” program as many other states do

Income Eligibility Criteria

2009 FEDERAL POVERTY GUIDELINES				
Annual Amount at Various Percentage Levels				
Family Size	100%	133%	140%	200%
1	\$10,830	\$14,404	\$15,162	\$21,660
2	\$14,570	\$19,378	\$20,398	\$29,140
3	\$18,310	\$24,352	\$25,634	\$36,620
4	\$22,050	\$29,327	\$30,870	\$44,100
5	\$25,790	\$34,301	\$36,106	\$51,580
6	\$29,530	\$39,275	\$41,342	\$59,060
7	\$33,270	\$44,249	\$46,578	\$66,540
8	\$37,010	\$49,223	\$51,814	\$74,020
Each Additional (approximately)	\$3,740	\$4,974	\$5,236	\$7,480

Program Eligibility:

Medicaid (pregnant women) - 133%

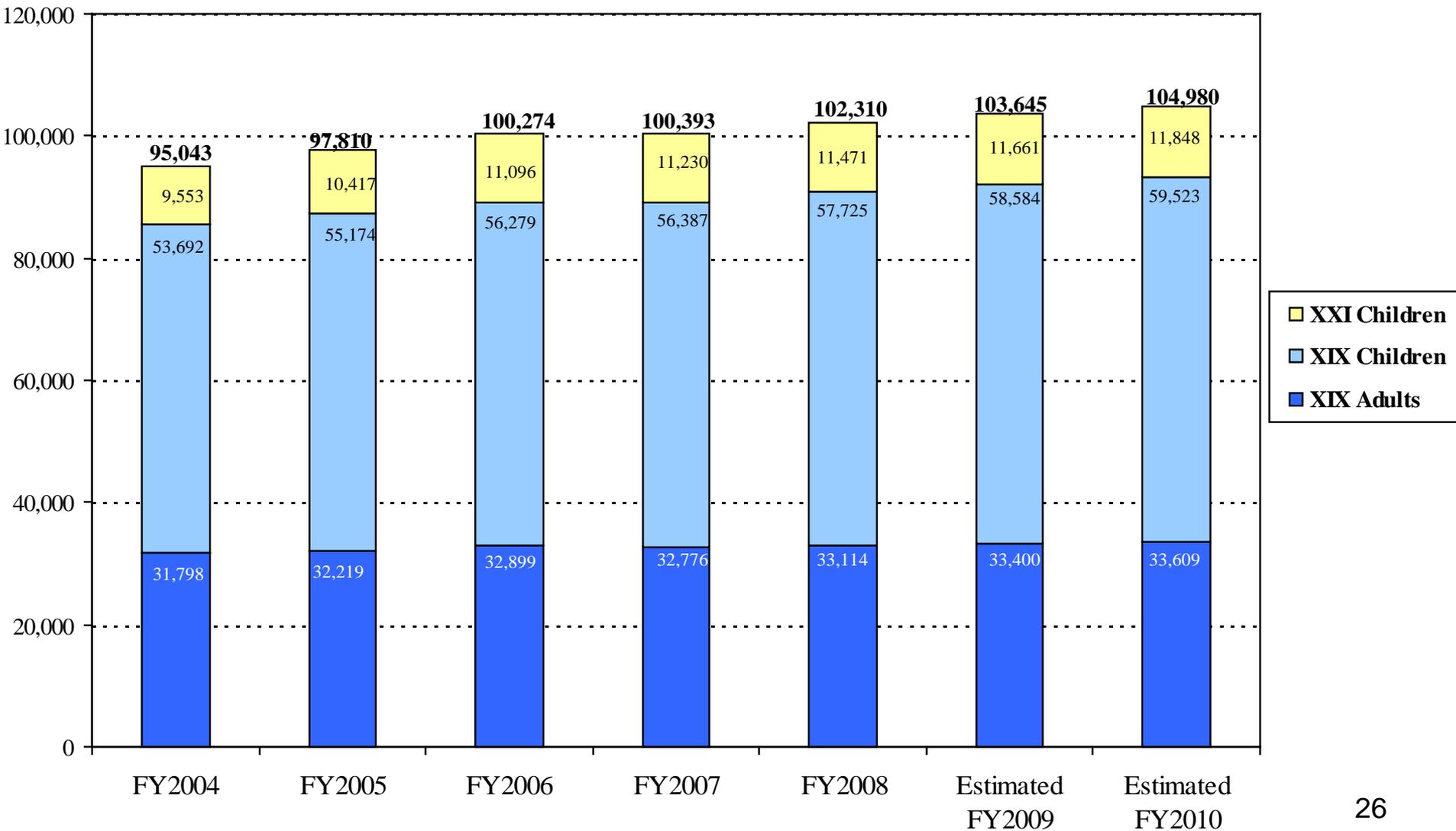
Medicaid - 140%

CHIP Children's Health Insurance Program - 200%

How many people does SD Medicaid cover?

- Average monthly eligibility for FY08 in total 102,310:
 - Elderly – 7,146
 - Disabled – 15,748
 - Children of low-income families – 55,045
 - Pregnant women (pregnancy only)– 2,682
 - Low-income adults – 10,218
 - Children's Health Insurance Program – 11,471

Medicaid Monthly Eligible Totals



Services Covered by Medicaid

- All services funded through Medicaid must be medically necessary - defined in ARSD
- **Services required by federal government:**
 - Services to children through “Early, Periodic, Screening, Diagnosis and Treatment”, or EPSDT
 - Revamped in last two years and known as “Well-Child Care” in SD
 - Services required to be provided if EPSDT screen determines there is a need
 - Federal requirements for areas of outreach, screening, periodicity schedules, services, coordination and data analysis

Services Covered by Medicaid

Required services (cont.):

- Other specific services:
 - Inpatient and outpatient hospital
 - Physician services
 - Nursing facility services for individuals age 21 or older
 - Medical and surgical dental services
 - Transportation
 - Home health services

Services Covered by Medicaid

Required services (cont.):

- Lab and X-ray
- FQHC/Rural Health Care Center services
- Family planning
- For certain people also eligible for Medicare – Medicaid must pay co-insurance/deductibles; buying them into Part A or B
- Medicare Part D payments, known as “clawback”
- 2008 clawback was \$14.9 million in general funds

Services Covered by Medicaid

Optional Services South Dakota provides:

- Prescription drugs for adults not eligible for Medicare
- Medical or remedial care provided by:
 - Psychologists and independent mental health practitioners
 - Podiatrists
 - Optometrists
 - Physician assistants

Services Covered by Medicaid

Optional Services (cont.):

- Chiropractic services
- Durable medical equipment for adults
- Hospice
- Intermediate Care Facilities for the Mentally Retarded (ICF/MR)

Services Covered by Medicaid

Optional Services (cont.):

- Adult dental services
- Physical, occupational, speech therapy, audiology for adults
- Prosthetic devices and eyeglasses for adults
- Hospice care, nursing services for adults
- Personal care services and home health aides

Medicaid Service Providers

- Approximately 10,600 enrolled Medicaid providers
- Primary Care Case Management managed care program where 78% of the Medicaid population is enrolled and have a primary care physician (PCP)
- Individuals must obtain referrals from PCP before accessing non-emergency, specialty medical care
- Providers sign agreement with DSS
 - Agreement requires provider to be licensed/accredited if applicable

Ensuring fiscal responsibility

- What about people who have health insurance in addition to Medicaid?
 - Medicaid is payor of last resort in most cases, so third party insurance is billed before Medicaid
- DSS also seeks recovery from other third parties, such as if liability insurance should pay for medical expenses
- DSS premium assistance program assists certain people with maintaining private health care coverage if it is cost beneficial to Medicaid

Ensuring fiscal responsibility

Adults on Medicaid pay co-payments for certain services

For example:

- Non-generic prescription drugs - \$3
- Durable medical equipment - 5%
- Non-emergency dental services - \$3
- Non-emergency inpatient/outpatient hospital services - 5% of billed charges, maximum of \$50
- Outpatient hospital services- 5%, maximum of \$50
- Inpatient hospital services- \$50 for each admission; psychiatric inpatient and rehab services are exempt

Ensuring fiscal responsibility

- DSS is required to operate an estate recovery program for long term care services
 - Program recoups costs after a person dies
 - Also can place liens on property owned by person
- SD efforts in personal responsibility in long term care area include:
 - Own Your Future
 - Long Term Care Partnership Program

Additional State Options for 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

- **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 State Options for Medicaid Programs

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 State Options for Medicaid Programs

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

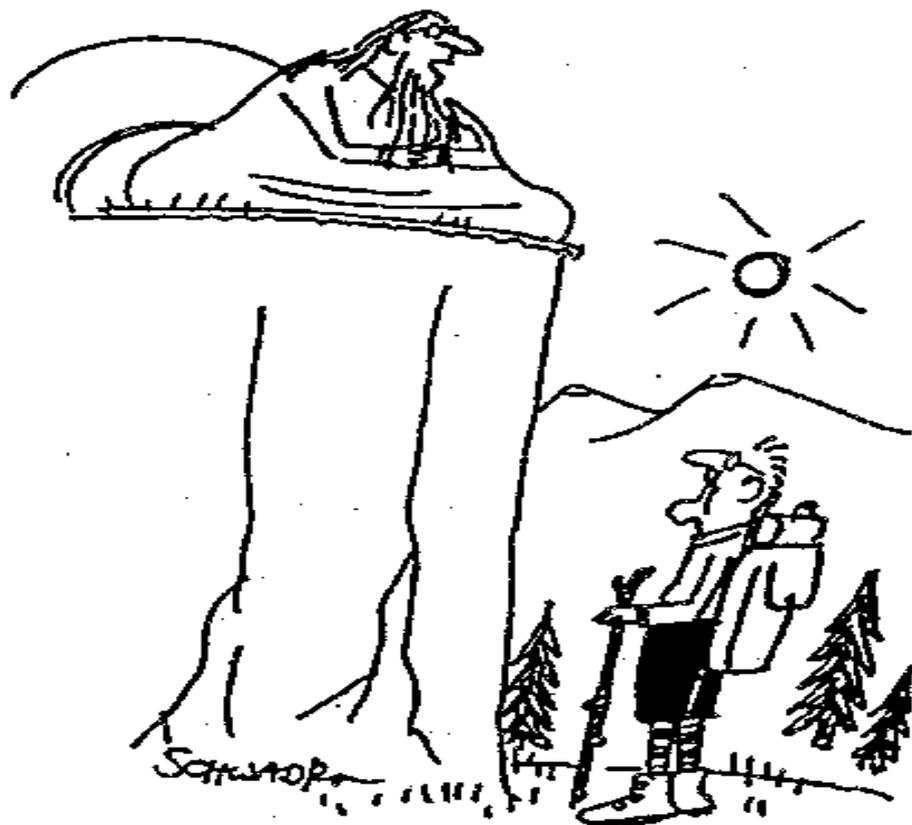
Additional State Options for Medicaid Programs

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

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