Medicaid Solutions Workgroup

Progress Report

December 2014

The Medicaid Solutions Workgroup, established by Governor Daugaard during the 2011 Legislative Session, solicited key stakeholder input to develop strategies to contain and control Medicaid costs while maintaining quality services for recipients. In November 2011, the Workgroup released its Final Report listing eleven program recommendations. In the 18 months since, the state of South Dakota has made significant progress towards completing those recommendations.

Recommendation I - COMPLETED

Implement a "Health Home" Initiative for Medicaid Enrollees

The Department of Social Services (DSS) implemented the Health Home Initiative in July 2013. More than 22-thousand South Dakotans with chronic conditions or behavioral health conditions are now eligible to receive Health Home services. These enhanced services include care coordination, health promotion, and comprehensive transitional care. The services are available through more than 100 primary care clinics, community mental health centers, and Indian Health Service facilities. In total there are 547 unduplicated Health Home providers serving 120 locations. The Health Home program was implemented in July 2013, and has demonstrated that person centered case management is an effective care management tool. Health Home providers have expressed that they are currently providing their person centered case management practices to other patients within their practice. The first and second six month outcome measures are been submitted for review and analysis. For more information on South Dakota's Health Homes Initiative, visit http://dss.sd.gov/healthhome/.

Recommendation II

Implement Care Management Programs for High Need and High Cost Medicaid Enrollees

Care Management Programs are designed to enhance primary care case management for high-need Medicaid enrollees. In accordance with the work group recommendation, DSS issued a Request for Information in February 2012 to solicit care management program proposals. Twenty seven responses were received and approaches such as hospital care transition services and intensive case management were submitted by several respondents. The Health Home program was implemented in July 2013, and has demonstrated that person centered case management is an effective care management tool. Health Home providers have expressed that they are currently providing their person centered case management practices to other patients within their practice.

Recommendation III

Implement an Emergency Department Diversion Program

Emergency Department (ED) utilization in state Medicaid programs has been growing significantly. To address this issue, the work group recommended implementing a program to address inappropriate ED use. An analysis has been completed of the utilization of emergency room claims identifying repeat users who are participants of the Health Home program. Health Home providers are educating their patients regarding appropriate use of emergency rooms, as well as alternatives to going to the emergency room. All Medicaid recipients have been provided a recipient handbook explaining appropriate use of an emergency room. Additional targeted educational materials are planned to be distributed in 2015.

Recommendation IV - COMPLETED

Implement Targeted Benefit Limitations for Adult Dental Services

This recommendation was successfully completed on July 1, 2012 with the implementation of an annual $1,000 limit on non-emergency dental services for recipients over the age of 21. As of July 2013, less than 1% of Medicaid recipients had reached the $1,000 limit, and the change led to a tax-payer savings of $107,159 for eligible adults including dental services provided by IHS.

Recommendation V - COMPLETED

Evaluate the Cost/Benefit of Implementing a Preferred Drug List

The purpose of the preferred drug list (PDL) is to promote clinically appropriate utilization of pharmaceuticals in a cost effective manner. Together with stakeholders, DSS researched potential cost savings and, in February 2012, issued a Request for Information. The Request for Information garnered six responses. After receiving follow-up information from responders, DSS determined that it is not financially viable to proceed with a Preferred Drug List at this time. DSS will continue to utilize existing methods to ensure efficiency in the administration of the prescription drug benefit in Medicaid, including use of prior authorizations for certain drugs, Pharmacy and Therapeutics (P&T) Committee and Drug Utilization and Review (DUR) Committee reviews, and continued monitoring of the rate of generic drug utilization.

Recommendation VI - COMPLETED

Evaluate Opportunities to Expand the 340B Program

The 340B Program requires drug manufacturers participating in Medicaid to provide discounted drugs to certain eligible health care entities. DSS worked with eligible health care entities to determine the feasibility of expanding the use of 340B in South Dakota. Based on input from providers regarding the administrative cost and requirements to support federal Medicaid 340B programming, and that federal pricing information has not been made available, DSS has determined it will not move forward with Medicaid 340B expansion.

Recommendation VII - COMPLETED

Increase Pharmacy Copays

This recommendation was implemented on July 1, 2012. Copays for brand name prescription drugs increased from $3.00 to $3.30. Generic drug copays increased from $0 to $1.00. This change generated $190,000 in tax-payer savings during FY13. DSS will continue to monitor utilization of brand name and generic prescription drugs to ensure the rate of generic drug utilization does not decrease.

Recommendation VIII - COMPLETED

Evaluate Money Follows the Person Option

The Money Follows the Person (MFP) Demonstration Project is designed to help Medicaid recipients' transition from long-term care institutions to home and community-based services. South Dakota has received final approval from the federal Centers for Medicare and Medicaid Services (CMS) on the Operational Protocol MFP was implemented in July 2014, and has received 34 referrals of which nine have transitioned from either a nursing facility or from SD Developmental Center in Redfield. Of those nine individuals were eligible and transitioned into the community. Seven of the nine are still successfully transitioned into the community. Referrals continue to be received and evaluated by the MFP Coordinator. For more information, visit dhs.sd.gov/MGWG/Medicaid%20Workgroup%20Solutions.aspx

Recommendation IX - COMPLETED

Evaluate Agency Model Domiciliary Care Initiative

The Division of Developmental Disabilities implemented the Office of Community Living in the fall of 2013. The division has researched alternative residential options and ways to increase community living choices available to people with intellectual and developmental disabilities. Currently the Office of Community Living is working with self-advocates, families, local school districts and Community Support Providers to meet these community-living needs in an underserved area of the state that has not had access to comprehensive services. This pilot project will provide an opportunity for shared living options.

Recommendation X

Implement a Durable Medical Equipment Recycling Program

Durable Medical Equipment (DME), medical equipment used in the home to aid in a better quality of living, is a significant expense to Medicaid programs. As directed by the work group, DSS partnered with stakeholders to research DME recycling programs in other states and consider the feasibility of establishing a program in South Dakota. The procurement process has been initiated for securing a vendor to warehouse, refurbish, clean and distribute the used durable medical equipment for Medicaid recipient use. In addition, a software package has been identified to be utilized by the vendor for inventory tracking purposes, and program reporting.

Recommendation XI - COMPLETED

Evaluate Implementation of a Community First Choice Option (1915(k))

An option made available to states by the Affordable Care Act, the Community First Choice Option allows states to leverage increased federal reimbursement to provide community-based attendant services that help individuals with essential activities of daily living, self-care or mobility to eligible Medicaid recipients. A work group led by DHS reviewed Medicaid- funded programs already in place to serve this need, as well as the administrative requirements of Community First Choice. The work group did not recommend implementation of a Community first Choice Option at this time. For more information, visit dhs.sd.gov/MGWG/Medicaid%20Workgroup%20Solutions.aspx

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