

MEDICAID OVERVIEW

February 14, 2018

What is Medicaid?

- Provides healthcare, long term care and other services through a federal-state partnership.
- Governed by the Medicaid State Plan which is a contract with the federal government outlining who is served and what services are covered.
 - Each State Plan is different. Comparisons between states can be difficult.
- Separate from Medicare.
 - Medicare is for individuals 65 years and older for all incomes, and for people with disabilities.
 - Medicare is 100% federally funded and administered at the federal level.

How do you apply for Medicaid?

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- Applications can be submitted in-person, by mail or online.
 - Paper applications are available at all Department of Social Services Offices, most South Dakota Medicaid providers and online at <http://dss.sd.gov/formsandpubs/>
 - Online applications can be completed at <http://dss.sd.gov/applyonline>
- The application process for Medicaid can be done entirely by mail or online. No interview is required.
- An application for one Medicaid program is an application for all programs.

How do you apply for Medicaid?

- All applicants and recipients have the following rights:
 - The right to appeal decisions with which they do not agree;
 - The right to confidentiality;
 - The right to a prompt decision (within 45 days); and
 - The rights contained in federal laws prohibiting discrimination.
- Eligibility notices include information on how to request a conference with the Department as well as a hearing.
- Individuals must submit an appeal within 30 days of the date of the notice.

Eligibility Methodologies

- Eligibility for Medicaid programs is determined under two basic financial methodologies, Modified Adjusted Gross Income (MAGI) and Non-MAGI
- MAGI eligibility is utilized for most children and family groups.
 - The income calculation is based on tax rules for calculation Adjusted Gross Income (AGI) with a few exceptions.
- Non-MAGI eligibility is utilized for aged, blind and disabled groups.
 - This methodology follows the same criteria as the Supplemental Security Income (SSI) program.

Who is covered by Medicaid?

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- States are required to cover certain “mandatory” groups.
 - Children under 138% Federal Poverty Level (FPL)
 - Pregnant women under 138% FPL
 - Elderly and disabled on SSI - also called Aged, Blind and Disabled
 - Low income parents
- South Dakota has a conservative program with income guidelines at federal minimums.

Who is covered by Medicaid?

2017 CALENDAR YEAR FEDERAL POVERTY GUIDELINES				
Annual Amount at Various Percentage Levels				
Family Size	Low Income Parents	138%	182%	209%
1	\$7,356	\$16,643	\$21,949	\$25,205
2	\$9,252	\$22,411	\$29,557	\$33,942
3	\$10,572	\$28,180	\$37,164	\$42,678
4	\$11,856	\$33,948	\$44,772	\$51,414
5	\$13,164	\$39,716	\$52,380	\$60,150

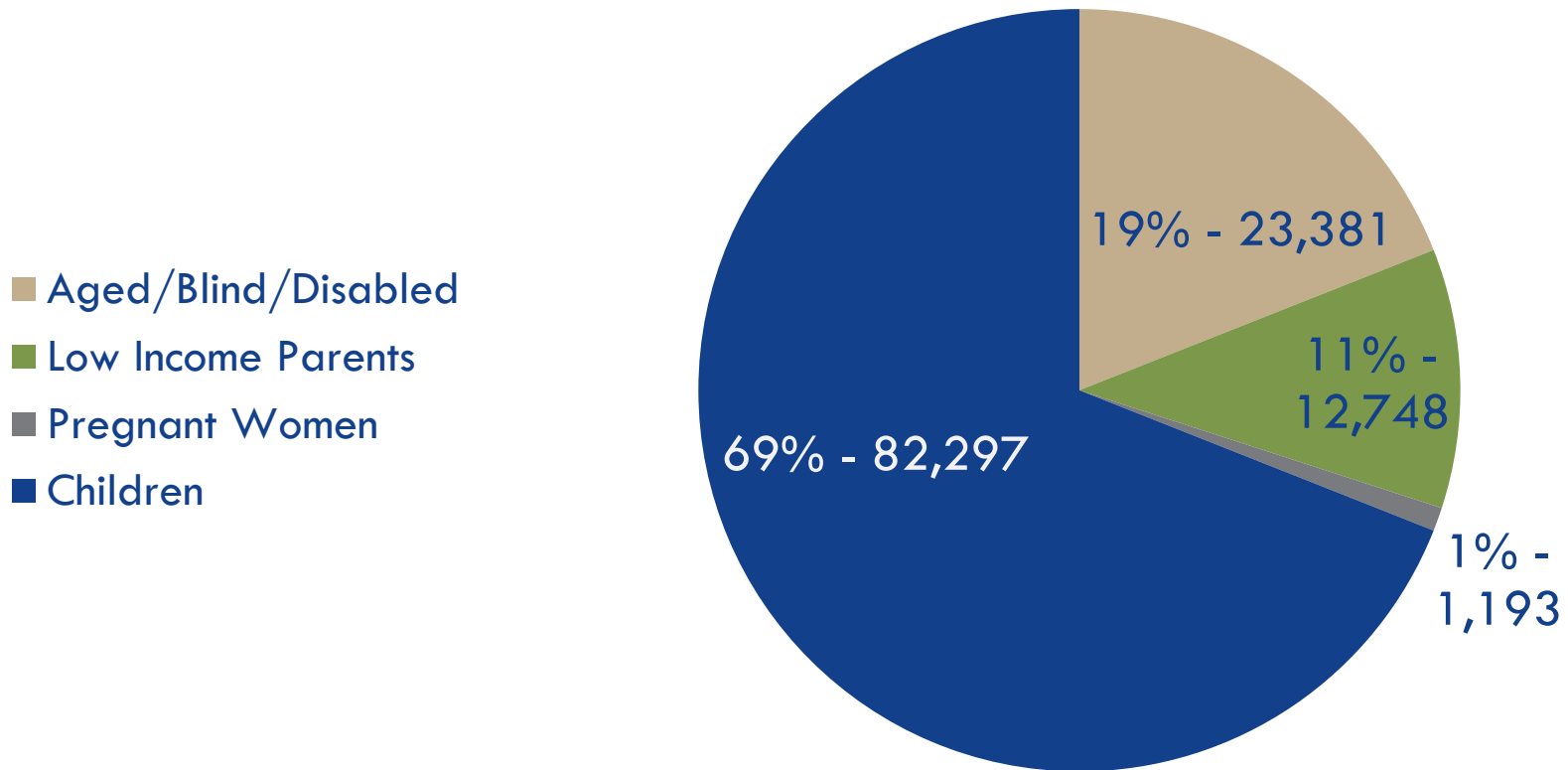
South Dakota:

- Low Income Parents** **52% (family of 3)**
- Medicaid (Pregnant Women)** **138%**
- Medicaid Children** **182%**
- Children's Health Insurance Program (CHIP)** **209%**

Who is covered by Medicaid?

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SFY17: 119,619 average monthly eligibles



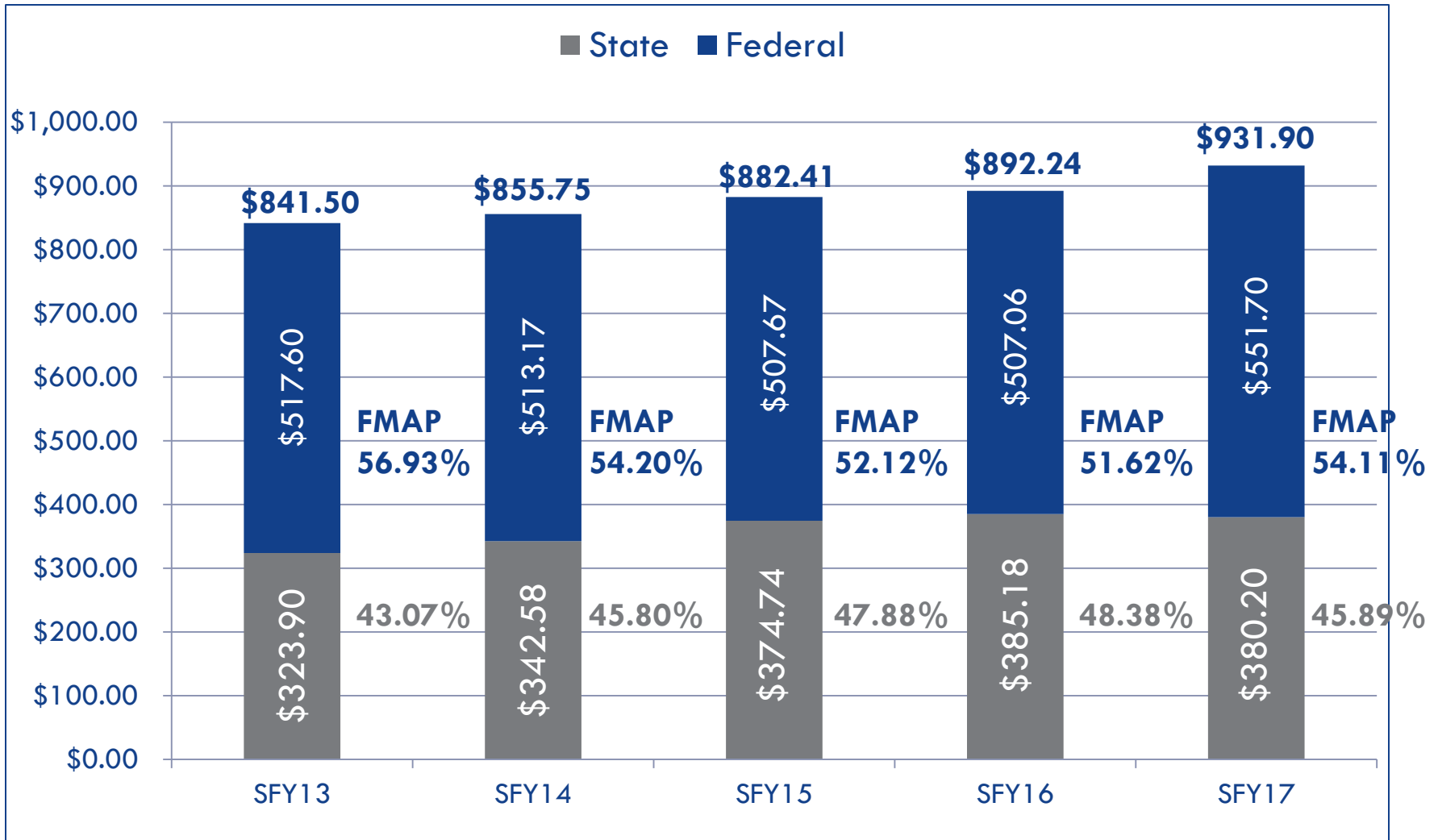
What services are covered by Medicaid?

- States are required to cover certain mandatory services. For example:
 - Inpatient and outpatient hospital
 - Nursing homes
 - Physician
 - Home health
 - Federal Qualified Health Centers/Rural Health Centers
 - Medically necessary care for individuals under age 21
- South Dakota covers some “optional” services including:
 - Physician assistants, psychologists and independent mental health
 - Intermediate Care Facilities for the Mentally Retarded (ICF/MR)
 - Podiatry, optometry, chiropractic, dental, durable medical equipment
 - Prescription drugs
 - Physical, occupational, speech therapy
 - Hospice, personal care and nursing services

How is Medicaid funded?

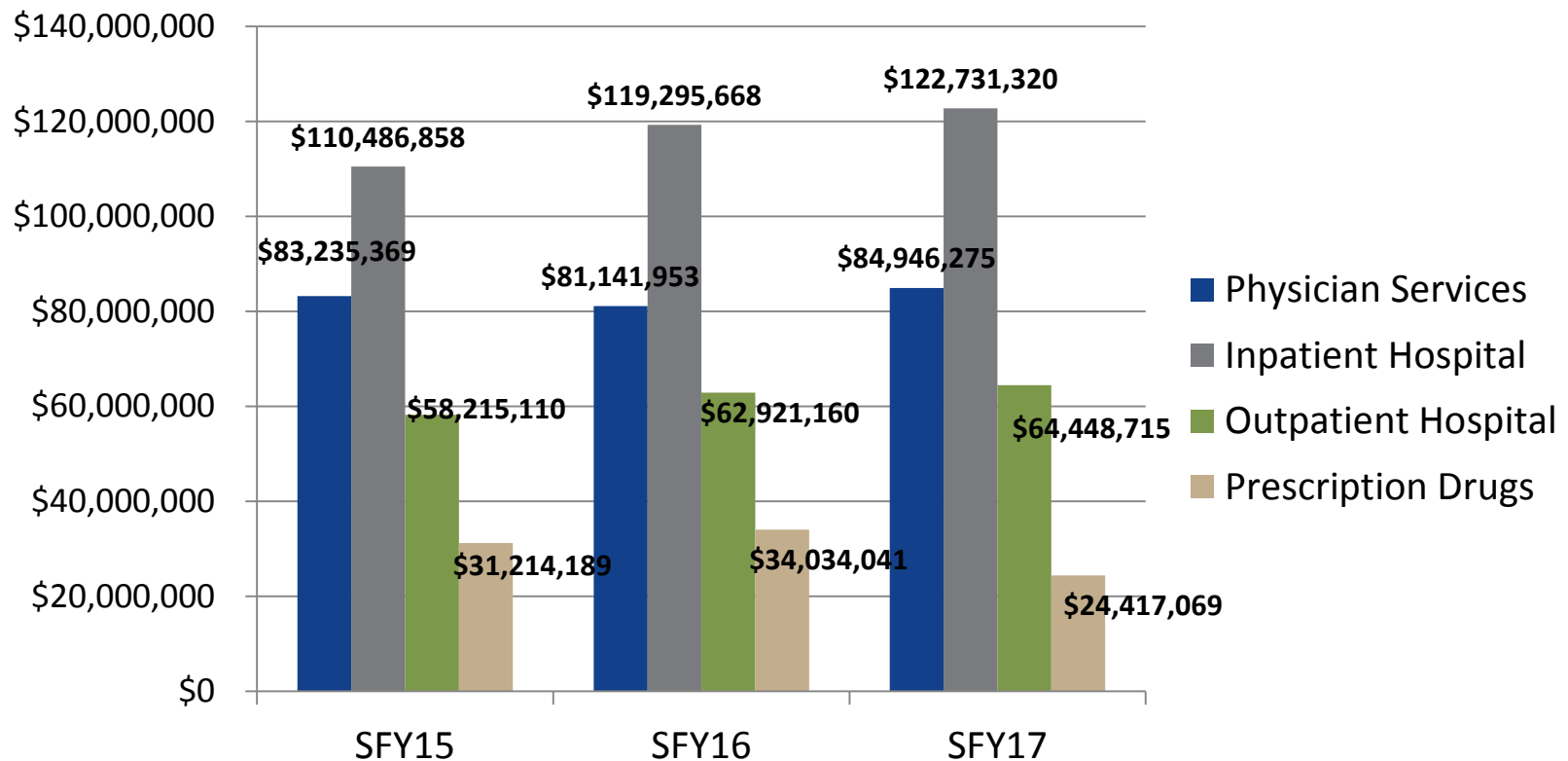
- FMAP- Federal Medical Assistance Percentage
 - Determines how much the federal government pays for Medicaid services.
 - Most administrative services are paid at 50% state match.
 - Services FMAP is based on the last three years of personal income, compared to other states.
 - When SD's income goes up compared to other states, the state pays more and the federal government pays less.
 - SFY18 FMAP: 55.34%. For every dollar of Medicaid expenditures the state will pay about 45 cents.
 - Every 1% change in FMAP equals about \$7.5 - \$8 million general funds.

Medicaid Expenditures



Medicaid Expenditures

- Certain health care services represent the largest share of the Medical Services budget. These are sometimes referred to as “The Big 4.”



Children's Health Insurance Program (CHIP)

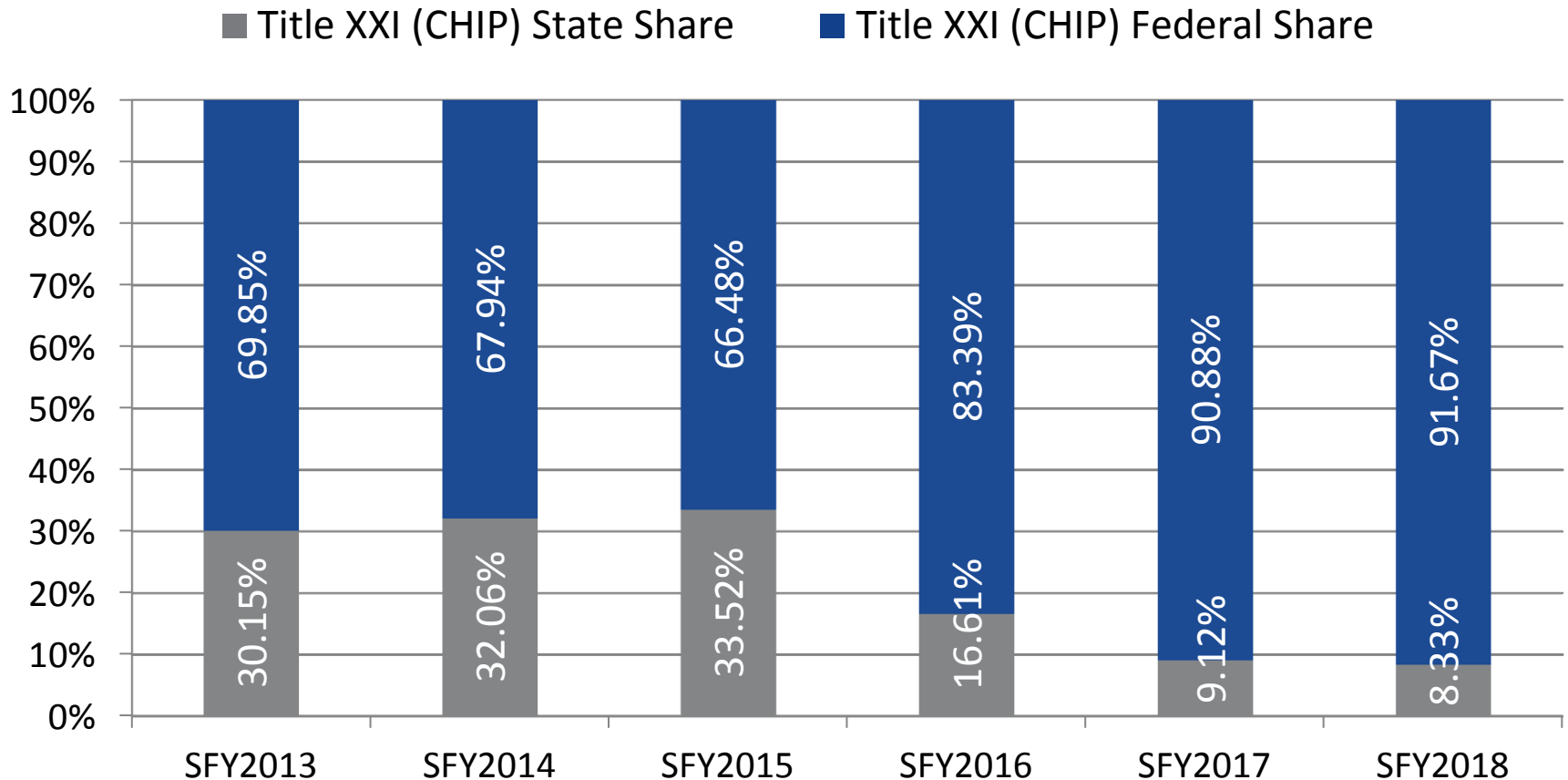
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- Unlike Medicaid, CHIP (Title XXI) is a block grant with a fixed amount of annual federal funds provided to each state.
 - Annual Federal Grant: \$27.5 million
 - SFY17: 15,570 children (monthly average)
- South Dakota CHIP and Medicaid programs mirror each other (i.e., same services and programs).
- Federal share averages 13% - 15% higher than Medicaid FMAP.
 - Affordable Care Act provided a temporary additional 23% increase (for a total of 36%) to the CHIP match rate - ends Sept. 30, 2019.
 - Annual general fund impact of additional 23% is \$7 - \$7.5 million.

Children's Health Insurance Program (CHIP)

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- SFY18 CHIP State Blended Match Rate: 91.67% federal – 8.33% state



*SFY16 - SFY18 include temporary additional 23% federal share.

Medicaid Waivers

Medicaid Waivers

- Using a waiver, states can change some basic rules of Medicaid related to things like access to services, level of care requirements, services provided or populations served.
- Waivers are often directed at groups of people who might need extra services, like people with disabilities or older adults to keep them out of institutions.
- Waivers also must be “budget neutral” (i.e., not projected to cost more than status quo). This requirement significantly limits waiver awards.

Medicaid Waivers

- **Section 1115** Medicaid waivers provide states an opportunity to test new and existing ways to deliver and pay for health care services in Medicaid.
- **Section 1332** Waivers allow states to waive certain provisions of the Affordable Care Act such as requirements related to the essential health benefit, metal tiers of coverage (bronze, silver, gold).
- **Section 1915(c)** Waivers offer flexibility to provide home and community-based services to enrollees who would otherwise need institutional care.
- The Department of Human Services administers four Home and Community-based Services (HCBS) waivers.

Medicaid Waivers

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- Home and Community Based Waivers
 - Allow states to provide a focused set of services to a targeted group of people
 - Aim to maintain recipients at home in their community as opposed to more expensive care in an institutional setting
 - South Dakota has 4 Home and Community Based Waivers
 - Home and community-based Options for Person-centered Excellence (HOPE)
 - Assistive Daily Living Services (ADLS)
 - CHOICES
 - Family Support 360

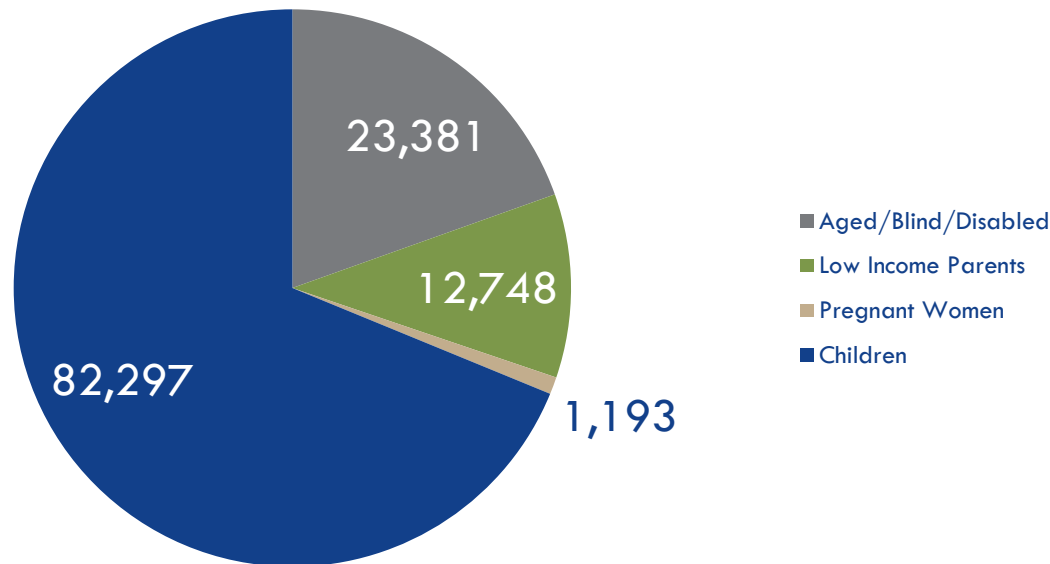
Promoting Work

- Federal regulations currently prohibit work requirements as a condition of eligibility for Medicaid.
- CMS has recently indicated they would consider flexibility in this area using 1115 waiver authority.
- A work component could be implemented as voluntary or mandatory using an 1115 waiver.
 - Five states have a voluntary program
 - Seven states have submitted 1115 waivers – mandatory
 - To date – KY and IN have been approved
- The states referenced above have expanded Medicaid coverage to childless, non-disabled adults or already cover adults up to 100% FPL.

Promoting Work

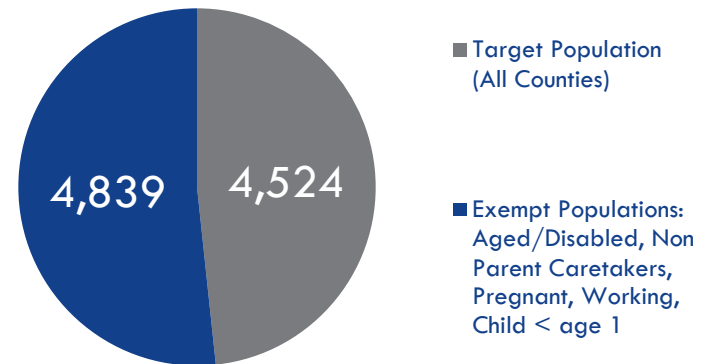
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- South Dakota does not cover able bodied, childless adults; therefore, the number of individuals is relatively small.
- SFY17 Average Monthly: 119,619



Promoting Work

- South Dakota is proposing to apply for an 1115 waiver demonstration that would mandate certain parents in the low income parent coverage group to participate in an intensive employment and training program as a condition of eligibility.
- Targeting to start the program in July 2018 as voluntary while awaiting approval of 1115 waiver.
- Target population:
 - Able bodied parents with children age 1 or older. Using data for a monthly period:



Promoting Work

- Proposing a two year pilot in Minnehaha and Pennington counties where there is the greatest availability of jobs and employment and training resources; estimated to impact 1,300 recipients.
- Participants would be automatically enrolled in intensive employment and training services with the Department of Labor and Regulation (DLR).
- DLR would provide individualized and supportive services to assist in addressing barriers and connecting participants to employment and training services.

Promoting Work

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- Waiver would include transitional services so as family income increases, families can transition successfully from the program.
 - Transitional child care assistance.
 - Transitional Medicaid coverage including potential for premium assistance for employer sponsored coverage.
- Targeting July 2018 to submit 1115 waiver application.

Questions?