

**Medicaid Work Requirements & Employment and Training Stakeholder
Workgroup Meeting Minutes
February 14, 2018
1:00 to 3:00 PM
Richard F. Kneip Building, Conference Room 3
700 Governors Drive, Pierre, SD**

Members Present: Sarah Aker, Matthew Ballard, Cindy Dannenbring, Terry Dosch, Barb Garcia, Tiffany Howe, Marcia Hultman, Carrie Johnson, Eddie Johnson, Jr., Hannah Kagey, Sam Masten, Bill McEntaffer, Julie Miller, Sarah Petersen, Bill Snyder, Andy Szlvasi

Absent: Kathy Bad Moccasin, Jerilyn Church, Senator Troy Heinert

Others Present: Marilyn Kinsman

Introductions

Bill Snyder welcomed members to the first Medicaid Work Requirements & Employment and Training Stakeholder Workgroup meeting, briefly shared the purpose of the workgroup, and reviewed the main discussion points for the meeting. Introductions were made.

Workgroup Purpose and Goal

The purpose of the stakeholder workgroup is to provide input into the successful development and implementation of the state's Medicaid work component for able-bodied adult Medicaid enrollees, and to support the submission of an 1115 Medicaid waiver by July 1, 2018.

Under the direction of Governor Daugaard, the Department of Social Services (DSS) will submit a waiver to include a Medicaid work requirement by July 1, 2018. The addition of a work component is to help people find meaningful employment and training. Our focus will be on able-bodied adult parents who do not have children under 1 year old. A pilot will be conducted in Minnehaha and Pennington counties where there are employment and training opportunities. It is the intent to begin the work component on a voluntary basis and then once the Centers for Medicare and Medicaid Services (CMS) waiver approval is received, move forward to include the work component on a mandatory basis. The Department of Social Services (DSS), Department of Labor and Regulation (DLR) and the stakeholder workgroup will work collaboratively to lay the foundation to make the work component successful.

Carrie Johnson shared that the states of Indiana and Kentucky submitted waivers that have been approved. South Dakota can look at other states for lessons learned and possible options as we structure components of our waiver submission. South Dakota is looking at a two year pilot period to allow time to determine how the program works and make it successful; then, after the two year period, branch out to other areas of the state where there are employment and training opportunities.

Medicaid Overview (Refer to *Medicaid Overview* PowerPoint.)

Bill Snyder provided an overview of Medicaid. Medicaid provides healthcare, long term care and other services through a federal-state partnership and is governed by the Medicaid State Plan. The Medicaid State Plan is a contract with the federal government that outlines covered services and the population to be served. Every state's State Plan is different.

Sam Masten provided an overview of Medicaid eligibility guidelines. DSS serves individuals who apply for Medicaid in-person, via mail or online. Applicants are able to complete the application process entirely by mail or online. When an applicant is found ineligible for Medicaid, DSS will share information with the federal Marketplace to determine eligibility following the guidelines of the Affordable Care Act.

Eligibility for Medicaid is determined under two financial methodologies including Modified Adjusted Gross Income (MAGI) which is utilized for most children and family groups, and Non-MAGI which is utilized for aged, blind and disabled groups.

States are required to cover children under 138% of the Federal Poverty Level (FPL), pregnant women under 138% FPL, elderly and disabled on Supplemental Security Income (SSI), and low income parents. South Dakota is a conservative state following income guidelines at federal minimums. In South Dakota, 19% of individuals covered by Medicaid are aged, blind or disabled; 11% are low income parents; 1% is pregnant women; and 69% are children.

States are required to cover inpatient and outpatient hospital, nursing homes, physician, home health, federal qualified health centers, and rural health centers. South Dakota also covers some optional services (e.g. physician assistants, mental health, ICF/MR, prescription drugs, podiatry, dental services, hospice, and physical therapy, occupational therapy, speech therapy, etc.). Inpatient hospital, outpatient hospital and prescription drugs represent the largest share of Medical Services' budget.

Sarah Aker shared information regarding how Medicaid is funded through the Federal Medical Assistance Percentage (FMAP). The FMAP determines how much the federal government will pay for Medicaid services based on the last three years of personal income, compared to other states. When South Dakota's income goes up (compared to other states), the federal government pays less and South Dakota pays more. Comparatively, when South Dakota's income goes down (compared to other states), the federal government pays more and the state pays less. During SFY18, for every dollar of Medicaid expenditures, the federal government will pay about \$0.55 and the state will pay the remainder, or about \$0.45. Every 1% change in FMAP equals about \$7.5 to \$8 million in state general funds.

Sarah Aker shared information regarding how states apply for Medicaid waivers to allow changes in how people access services, make changes to level of care requirements, or add additional services for specific populations. Waivers help pay for services, funding things that normally would not be covered under Medicaid.

1115 Waiver Process and Elements (Refer to *1115 Waivers: A Brief Overview* handout.)

Matthew Ballard provided an overview of 1115 waivers. An 1115 waiver is an experimental, pilot or demonstration project that promotes the objectives of Medicaid and CHIP. States are required to develop an evaluation design to test a hypothesis. The waiver must be budget neutral, meaning the waiver will not increase federal Medicaid expenditures. Generally, an 1115 waiver is approved for a 5 year period. CMS requires states to have a 30 day public notice and comment period including a detailed and an abbreviated public notice period. DSS must respond to any comments received during the comment period and then submits the application along with comments and DSS responses to CMS. Within 15 days of receiving the waiver application, CMS also conducts a 30 day federal public notice. Applications will be approved no sooner than 45 days after notice of receipt of a completed application to CMS. Within six months of the implementation date, the state is required to hold a public forum to solicit comments on the progress of the waiver, and then annually thereafter. The state is also required to submit a draft annual report to CMS as well as publish it on the DSS website. Following CMS comments a final report will also be posted on the DSS website. DSS has already started a first draft of the 1115 waiver application.

DLR Services Overview (Refer to *Job & Workforce Services for Individuals* PowerPoint.)

Cabinet Secretary Marcia Hultman shared information regarding the range of services DLR provides. DLR offices are located throughout the state and their focus is to help people find jobs.

SDWORKS is a robust and complex system that allows people to search for jobs. Approximately 14,000 jobs are listed online. Local businesses can directly post job openings online through SDWORKS. Applicants can get staff assisted help to learn how to operate computers or skype for interviews. DLR employment specialists also provide assistance to individuals looking for work by providing assistance with job applications, resumes, and interview preparation. Job seekers are encouraged to set up one on one appointments with a DLR employment specialist when they need assistance in completing a resume or job application.

Support services with DLR include transportation (e.g. gas, bus ticket), tools, work clothing and relocation assistance. Once an individual begins employment, services can be provided for a period of time. To be eligible for support services, an individual must be enrolled in Title I Workforce Innovation and Opportunity Act (WIOA). WIOA helps job seekers get employment, education, training and support services that they need in their chosen line of work. Employers are matched to skilled workers.

DLR has both formal and informal assessment processes utilizing the South Dakota Career Interest Survey (GED – high school diploma) and other tools to help tie employment and training to the individual's skills and interests. DLR provides education services through the Adult Education and Literacy program, High School Equivalency program and National Career Readiness Certificate. Training opportunities include

Career Pathways, registered apprenticeships, soft skills training, work experience, job shadowing, on the job training, formalized training, and post-secondary education for up to two years of training.

DLR links individuals to approved programs where jobs are available when their education is completed. DLR looks at the community where the individual resides to ensure jobs are available in the individual's locale if the individual doesn't want to relocate. Depending on need, DLR can pay up to \$5,000 per year for tuition and fees toward schooling similar to scholarships. Individuals may also get other financial aid. DLR works closely with scholarship programs to ensure individuals get the best deal. DLR office coverage is sparse West River; but, staff travel to ensure services are provided where needed across the state.

Work Requirement/Employment and Training Proposal (Refer to "Promoting Work" slides of the *Medicaid Overview PowerPoint*.)

Bill shared that federal regulations currently prohibit work requirements as a condition of eligibility of Medicaid; however, recently CMS indicated they would consider flexibility using 1115 waiver authority, either on a voluntary or involuntary basis. South Dakota is proposing to apply for an 1115 waiver demonstration that would mandate able-bodied parents with children age 1 or older to participate in an intensive employment and training program as a condition of Medicaid eligibility. DSS is targeting to start the work component on a voluntary basis effective July 1, 2018 while awaiting approval of the 1115 waiver.

In summary, DSS is proposing a two year pilot in Minnehaha and Pennington counties where there is the greatest availability of jobs and employment and training resources. It is estimated that 1,300 recipients will be impacted. The idea is to automatically enroll recipients in intensive employment and training services with DLR where employment specialists would work with recipients to address barriers and be connected to employment and training services. Transitional services including child care assistance or potential for premium assistance for employer sponsored coverage would be available to help families transition successfully from the program as their income increases. DSS is targeting July 1, 2018 to submit an 1115 waiver application.

Workgroup Discussion

It will be important to identify barriers and challenges in order for the work component to be successful. The federal government provided guidance that to the extent possible, states should be consistent with TANF and SNAP work requirements, including exempting individuals with medical issues that could preclude them from work.

The State has flexibility to come up with a plan that makes sense and will work for South Dakota; we are not mandated by a certain set of rules. Discussion was held that individualized case management is key to the success of implementing a work component. It will be necessary to identify specific needs of a person seeking help. Members agreed that individuals should have one place to go when seeking employment and then be referred to other resources as needed.

DLR currently utilizes an assessment tool that identifies an individual's interests and job skill levels to best assist them in securing a job. Current DLR assessment tools could be reviewed and enhanced to ask necessary questions to determine what an individual's skill set is for employment and training. Individuals could be referred to other agencies as necessary to help the individual become more employable.

Decision Points/Next Steps

Members were asked to consider potential challenges that the target population will face and to consider potential partnership opportunities, community resources and supportive services to assist in addressing potential barriers. Decision points include the areas of promoting work, promoting health, and support services.

As next steps, workgroup members will provide feedback related to participation incentives, health promotion opportunities and identification of behavioral health issues that may impact employment and training.

The next meeting will be held February 28, 2018 from 11:00 to 3:00 PM (CST).