

Medicaid Solutions Workgroup

Annual Progress Report | December 2012

The Medicaid Solutions Work Group, 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 Work Group released its Final Report listing eleven program recommendations. In the year since, the state of South Dakota has made significant progress towards completing those recommendations.



Recommendation I

Implement a “Health Home” Initiative for Medicaid Enrollees

In April 2012, the Department of Social Services (DSS) convened a stakeholder work group to develop the Health Home model for South Dakota’s Medicaid program. Health Homes provide enhanced health care services to individuals with high cost chronic conditions or serious mental illnesses. Health Homes must provide core services such as comprehensive care management, health promotion, patient and family support, and referral to community services. Clinical outcomes, patient satisfaction and health care service utilization and cost information will be tracked and reported. Providers will be paid a per-member per-month fee for health home enhanced services depending on the level of need of the individual. DSS will submit Medicaid state plan amendments in early 2013 and anticipates a July 2013 implementation date. For more information on South Dakota’s Medicaid Health Homes, 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. There is overlap between the populations eligible for Health Homes and individuals who would benefit for enhanced care management. Work on this recommendation will resume after implementation of the Health Home initiative to ensure future services are not duplicative and best meet the needs of high cost Medicaid enrollees.

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, modeled after the program implemented in Utah. DSS has researched the Utah “Safe-to-Wait” emergency room diversion program and determined which aspects of the program could be replicated in South Dakota. General and targeted education to individuals on Medicaid will be developed and implemented in 2013. DSS will continue to research the ability to restrict access to care to individuals who use the ED unnecessarily.

Recommendation VI

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. Expansion will depend on federal pricing information that is not yet available. Once the federal pricing information is provided, DSS will determine if the program will be feasible in South Dakota and take appropriate next steps.

COMPLETED

Recommendation IV

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 adults over the age of 21. This change is expected to save more than \$220,000 annually in state general funds.

COMPLETED

Recommendation VII

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 is expected to generate more than \$240,000 in savings annually. 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 V

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 VIII

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. In March 2012, DSS applied for and was awarded a federal grant to support the development of a MFP program in South Dakota. In early October, DSS received federal approval to move forward with its demonstration project. DSS is working closely with the South Dakota Department of Human Services (DHS) to implement the project and expects to transition more than 130 people from institutional care to home and community-based services by the conclusion of the demonstration project in 2016. For more information, visit dhs.sd.gov/MGWG/Medicaid%20Workgroup%20Solutions.aspx

Recommendation IX

Evaluate Agency Model Domiciliary Care Initiative

Domiciliary Care is a supervised living arrangement in a home-like environment for adults who are unable to live alone because of age-related impairments or physical, mental or visual disabilities. A work group led by DHS evaluated the model that allows for the recruitment of adult foster homes and supported a pilot program for people with developmental disabilities. The pilot project is currently under development for individuals with Intellectual Disabilities/Developmental Disabilities. For more information, visit dhs.sd.gov/MGWG/Medicaid%20Workgroup%20Solutions.aspx

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. Stakeholders have endorsed the development of a DME re-use program and DSS is researching next steps including preparing a Request for Proposals for implementation.

COMPLETED

Recommendation XI

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 does 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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