

# Medicaid Expansion

Medicaid Tribal Consultation  
January 2016

# Federal Medical Assistance Percentage (FMAP)

- Funding for Medicaid is shared between the state and the federal government. The federal government's share is called the Federal Medical Assistance Percentage (FMAP).
- When Medicaid pays for health care using South Dakota's FMAP, the federal government pays 52 cents of every dollar and the State of South Dakota pays the other 48 cents.



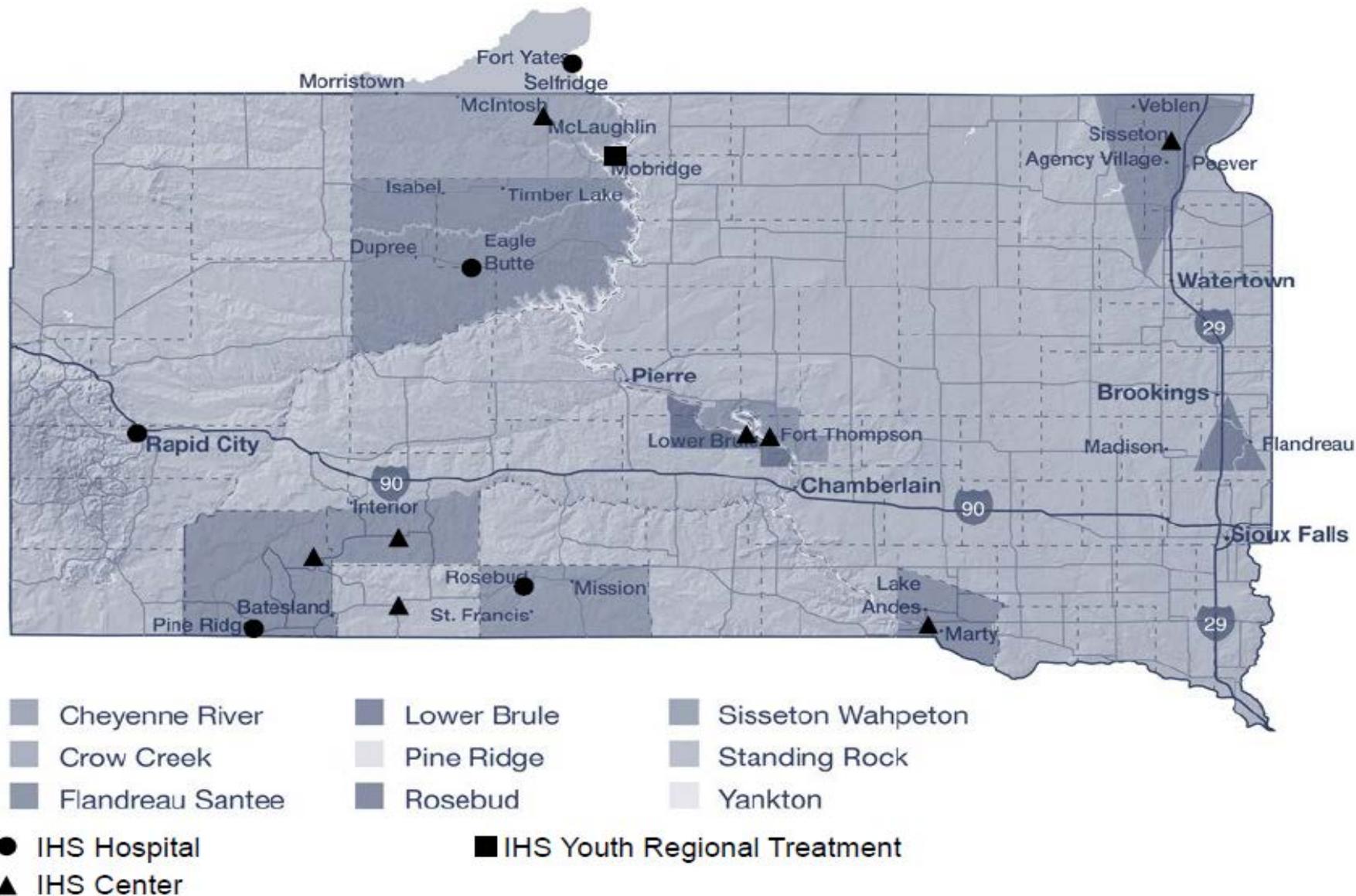
52 cents (Federal)

48 cents (State)

# FMAP & American Indians

- The United States Government has a treaty obligation to provide health care to American Indians and that obligation is supposed to be met through Indian Health Service.
- Eligibility for IHS: Federally Recognized Tribal membership or Indian Descendancy
  - Can be eligible for IHS and also Medicaid eligible
  - Tribes also can choose to operate a Tribal Health Organization – “638 organizations”
  - American Indians eligible for both Medicaid and IHS can receive care through IHS or non-IHS providers
  - American Indians represent 35% of the current Medicaid population. This has significant financial implications for Medicaid as services provided directly by IHS are eligible for 100% federal match.

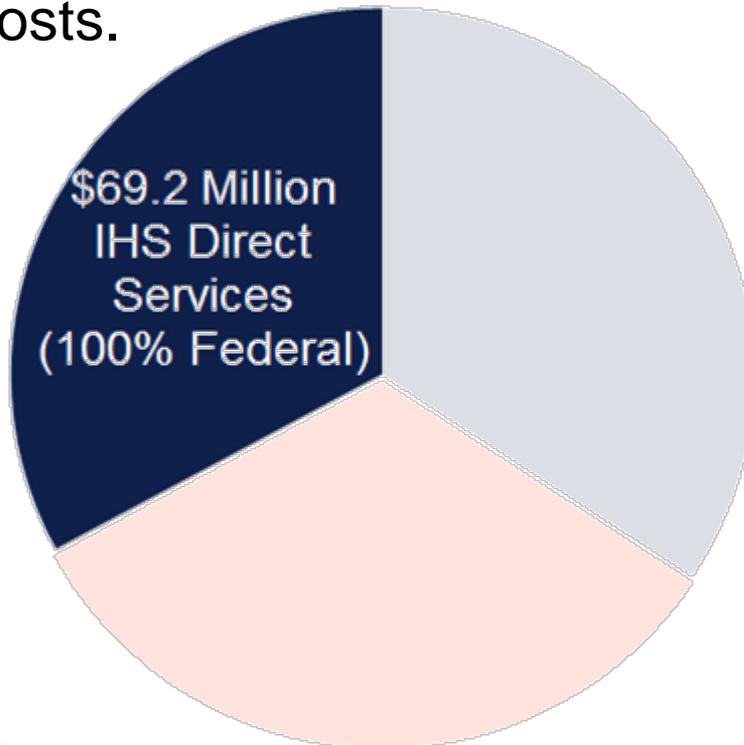
# South Dakota Federally Recognized Tribes and Indian Health Service Facilities





# FMAP & American Indians

When an individual is eligible for both IHS and Medicaid and gets services at an IHS/Tribal 638 provider, IHS bills Medicaid, and the federal government pays 100% of the costs.



## EXAMPLE:

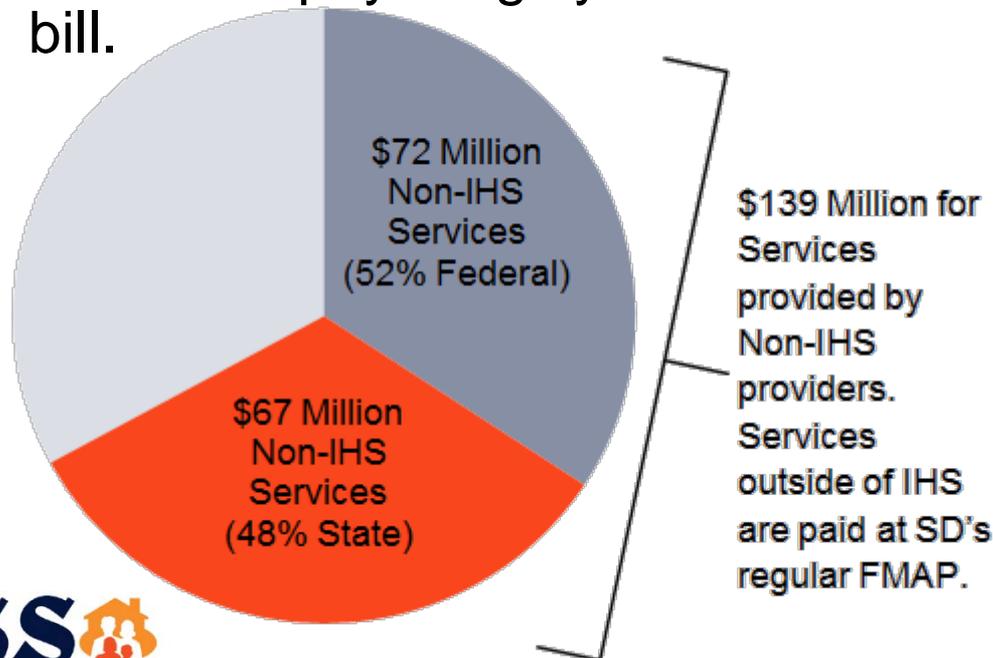
A 10-year old girl is examined at an IHS facility and receives care at that facility. IHS bills Medicaid and the facility is reimbursed at 100% federal match.



100% Federal

# FMAP & American Indians

When individuals eligible for both IHS and Medicaid get services at a non-IHS/Tribal 638 provider, the non-IHS provider bills Medicaid and the federal government pays at the State's FMAP which requires South Dakota to pay roughly 48% of the bill.



## EXAMPLE:

A 10 year old girl requires treatment not available at IHS. She receives treatment at Rapid City Regional hospital. Rapid City Regional bills Medicaid and is paid at the regular FMAP rate (48% state funds)



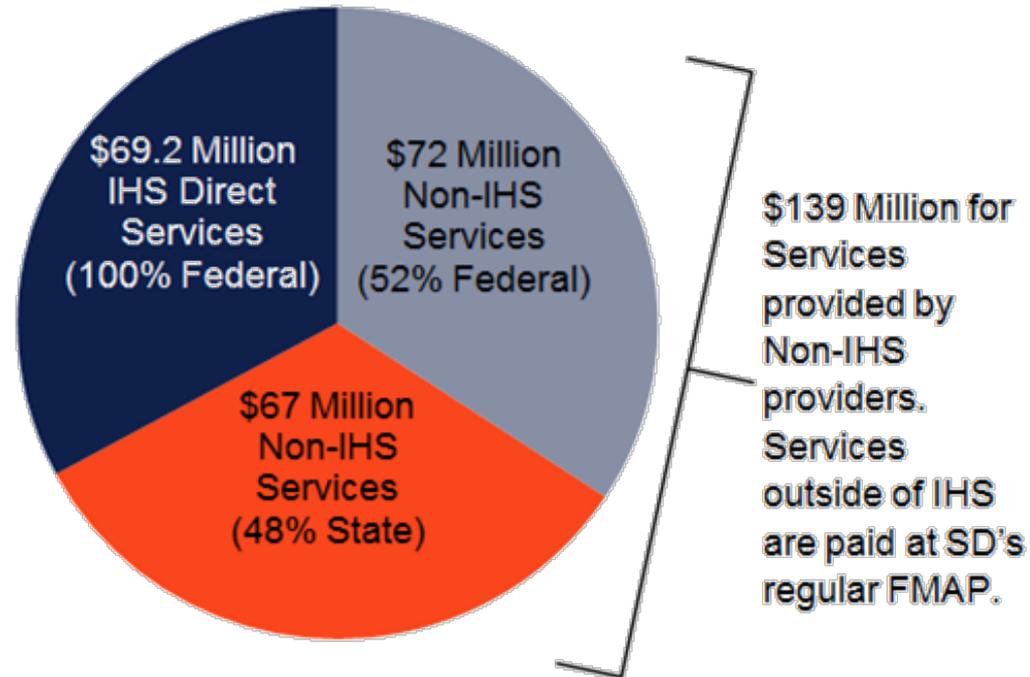
52% Federal

48% State

# FMAP & American Indians

Total spending for American Indians: \$208.2 million

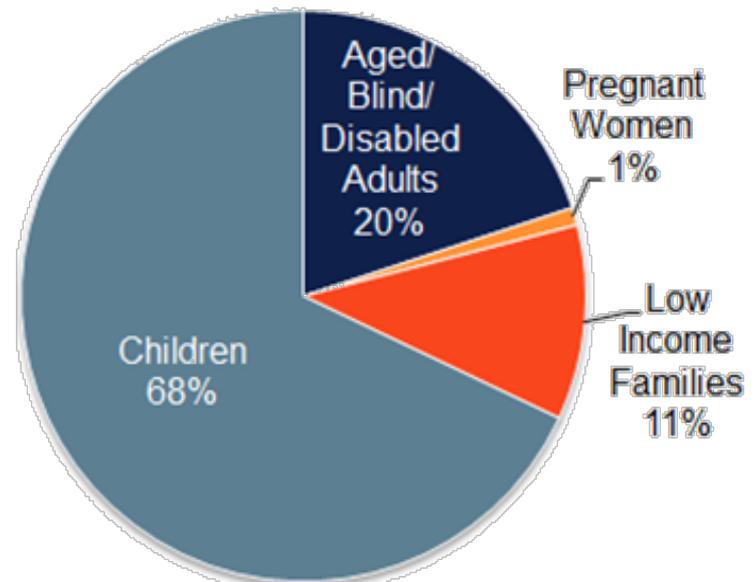
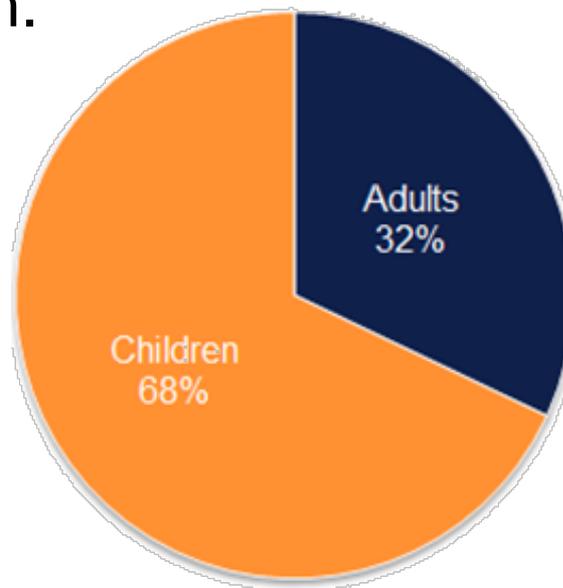
- Indian Health Services: \$69.2 million (100% federal)
- Regular Medicaid FMAP: \$139 million (\$67 million State general funds/\$72 million federal funds)



\$67 million is enough to cover all state costs for expansion  
Working with HHS to convert part or all of regular Medicaid FMAP to 100% federal, to save at least \$57 million (SFY 2021 expense)

# Current Medicaid Population

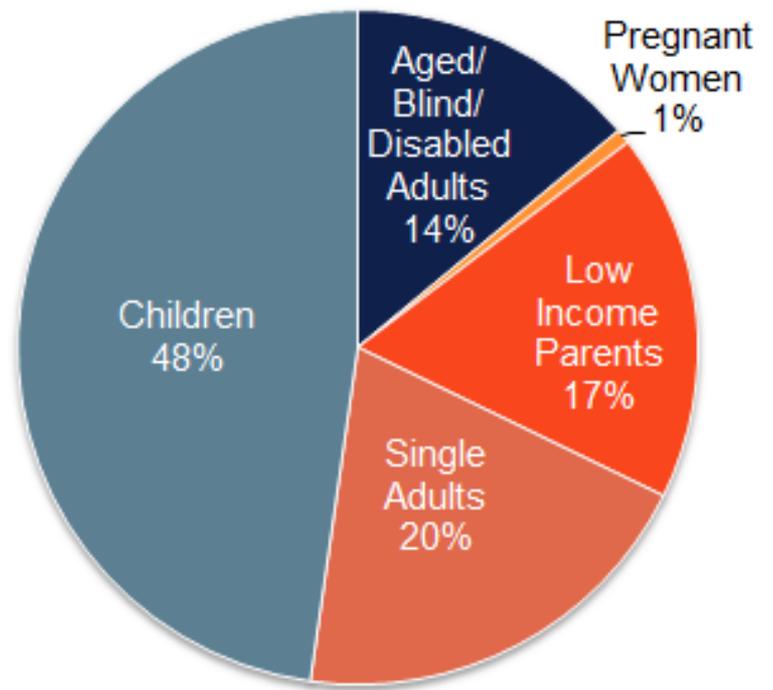
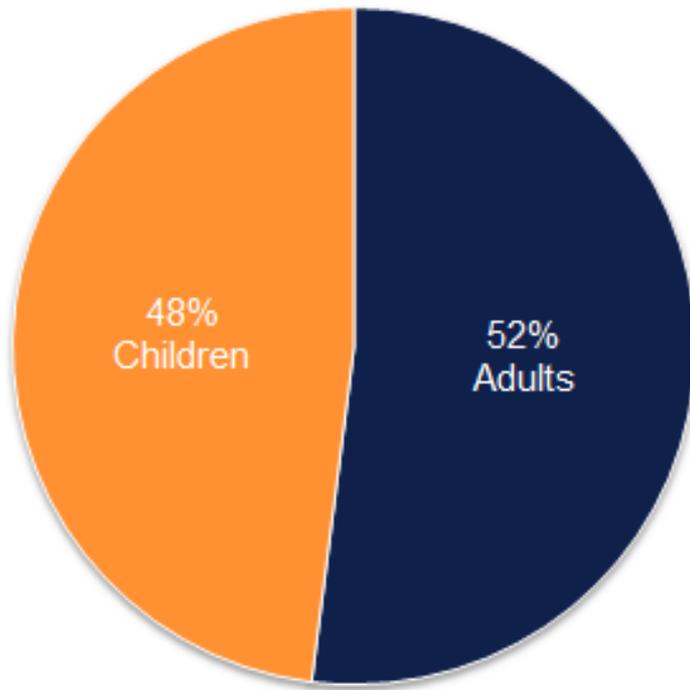
- South Dakota Medicaid currently covers about 118,000 individuals in an average month.
- The majority, 68%, are children.
- Coverage for adults is limited to adults with a disability, very low income parents, and pregnant women.



# Medicaid Expansion

- Medicaid expansion under the ACA allows states to cover individuals up to 138% FPL
  - Household of 1 - \$16,243 per year
  - Household of 4 - \$33,465 per year
    - 2015 FPL Guidelines
- 2015 Survey found that 66,360 South Dakotans (8%) are uninsured compared to 8.8% in 2011.
- Additional individuals that would be eligible for Medicaid if the state expands to 138% FPL
  - 2011 Market Decisions estimate: 48,564
  - 2015 Market Decisions estimate: 49,721

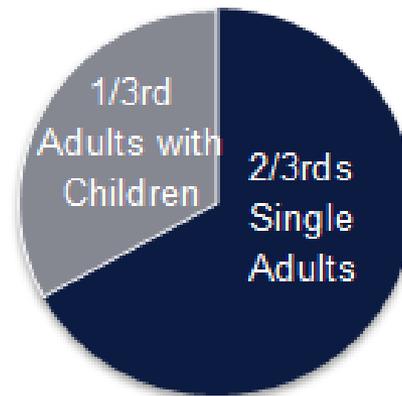
# Medicaid Population After Expansion



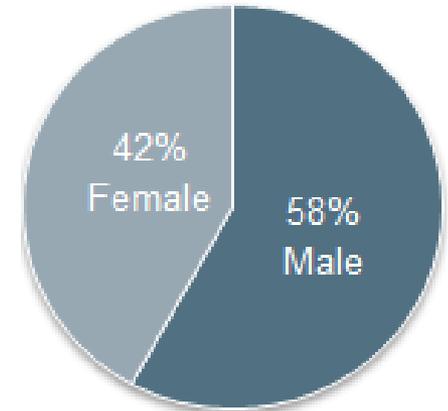
# Medicaid Expansion Demographics

- 1/3 of the Expansion Population is low income families, adults with children with incomes between 53-138% FPL.
- 60% of the Expansion Population is working. Of those working, 2/3rds are working full time; 1/3rd is employed part time.

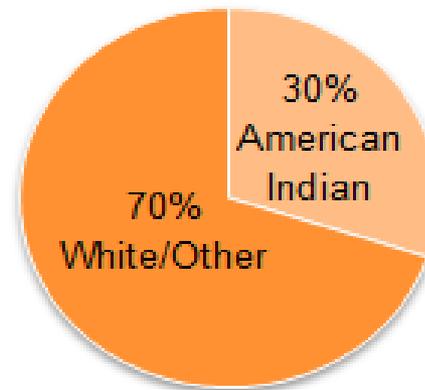
**FAMILY TYPE**



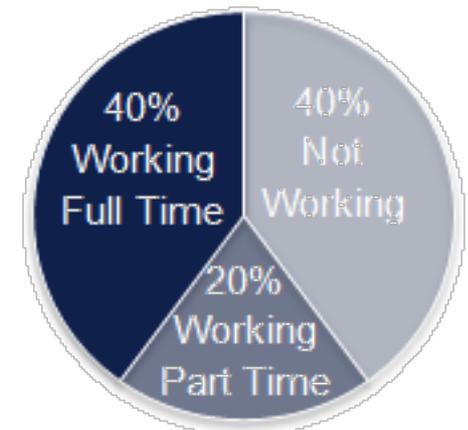
**GENDER**



**RACE/ETHNICITY**



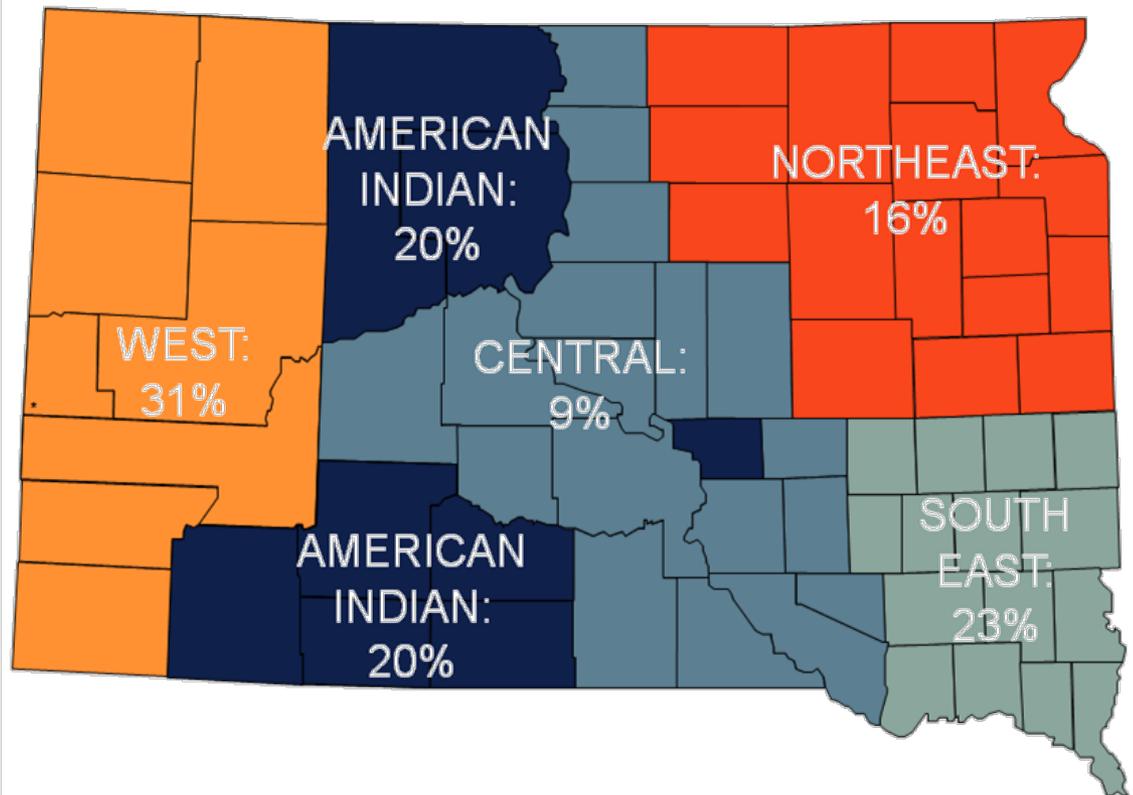
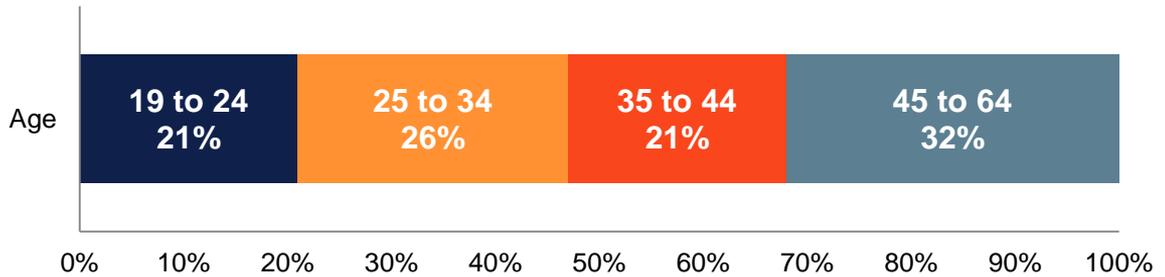
**EMPLOYMENT STATUS**



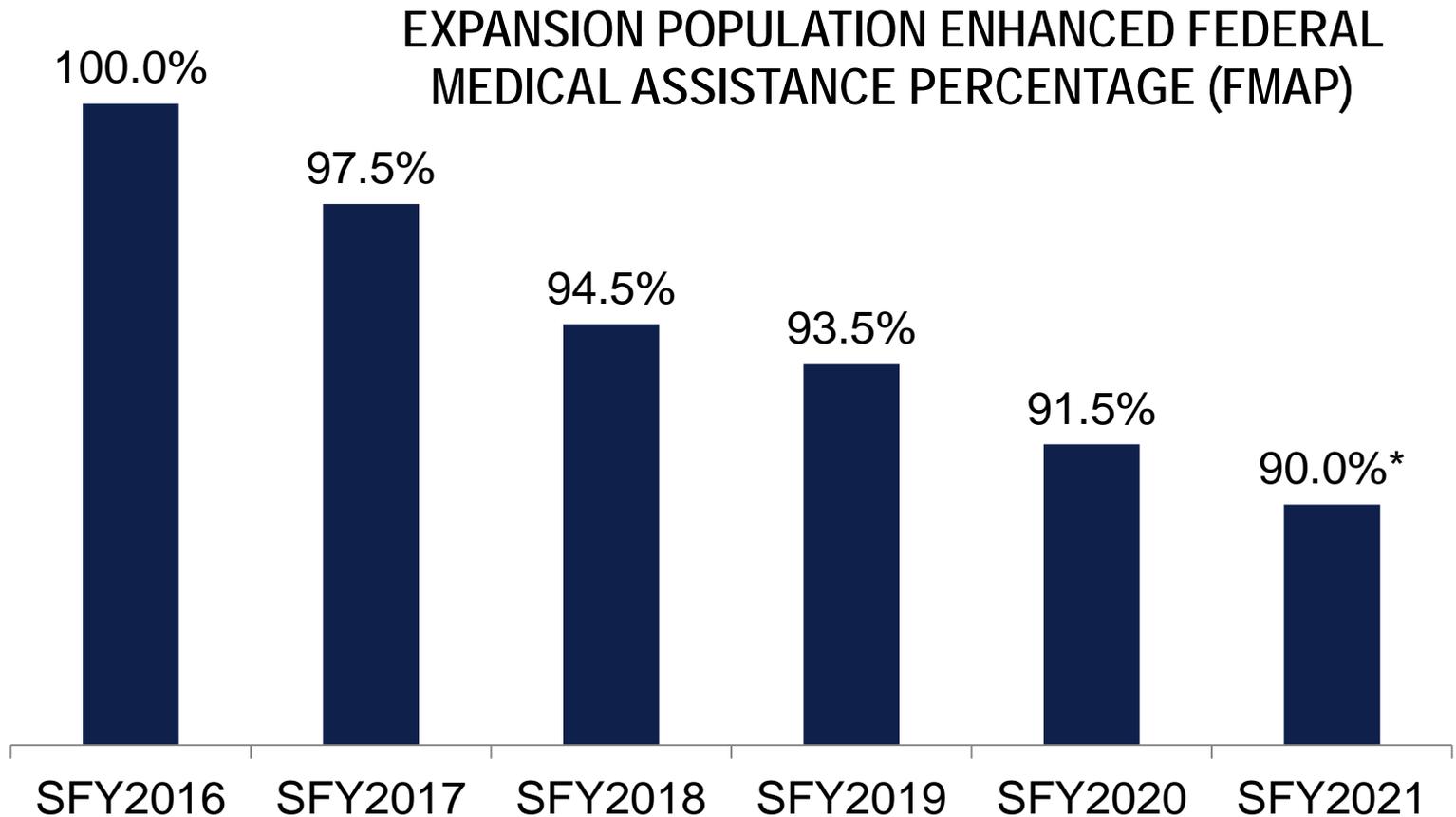
# Medicaid Expansion Demographics

Number of potential eligibles 2015 Market Decisions: 49,721

- The expansion population are young with 47% ages 19-34
- Over half live in the West or Southeast Region of South Dakota



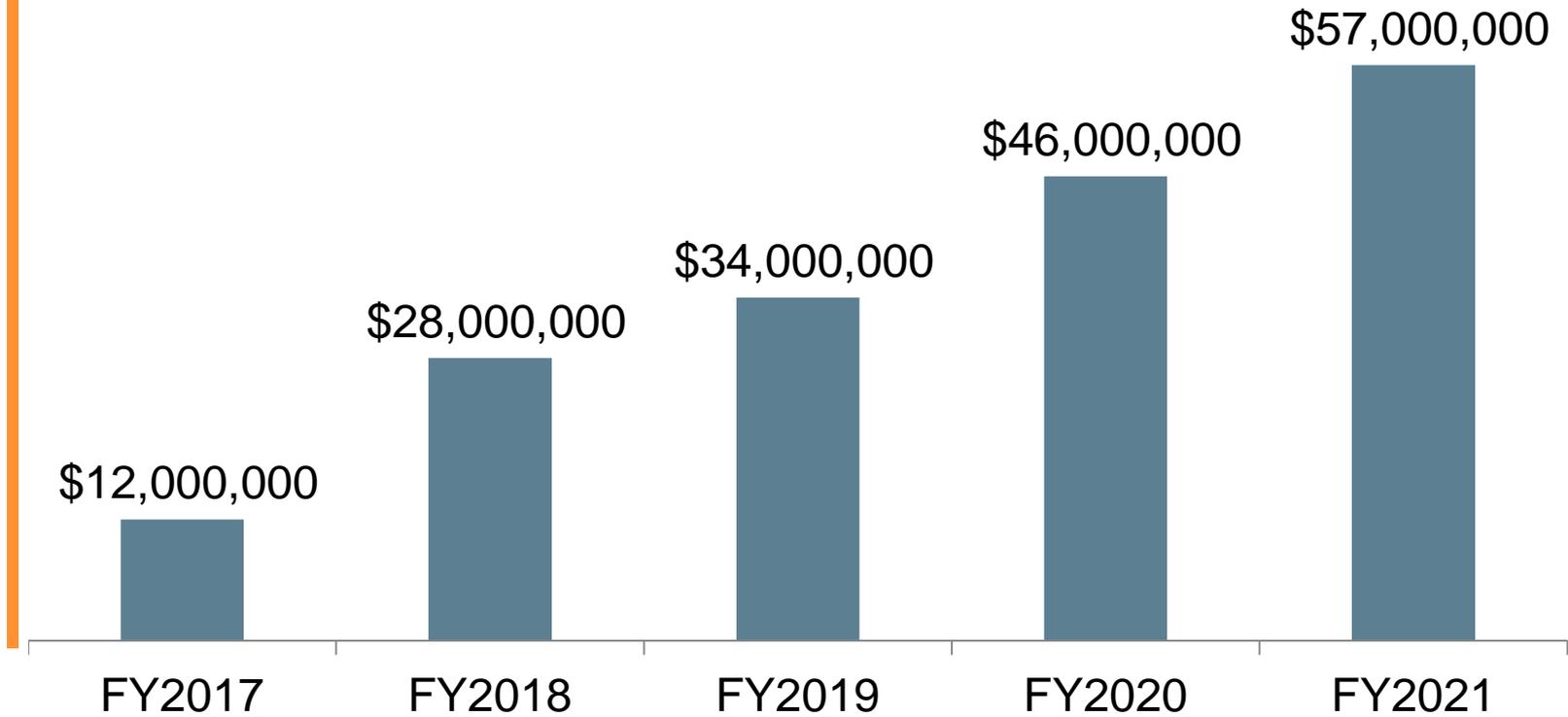
# Medicaid Expansion



Note: 90% is the FMAP for all fiscal years following SFY2021, per federal regulations in [42 CFR 433.10](#). For budgeting purposes a blended enhanced FMAP is calculated using 6 months of the calendar year.

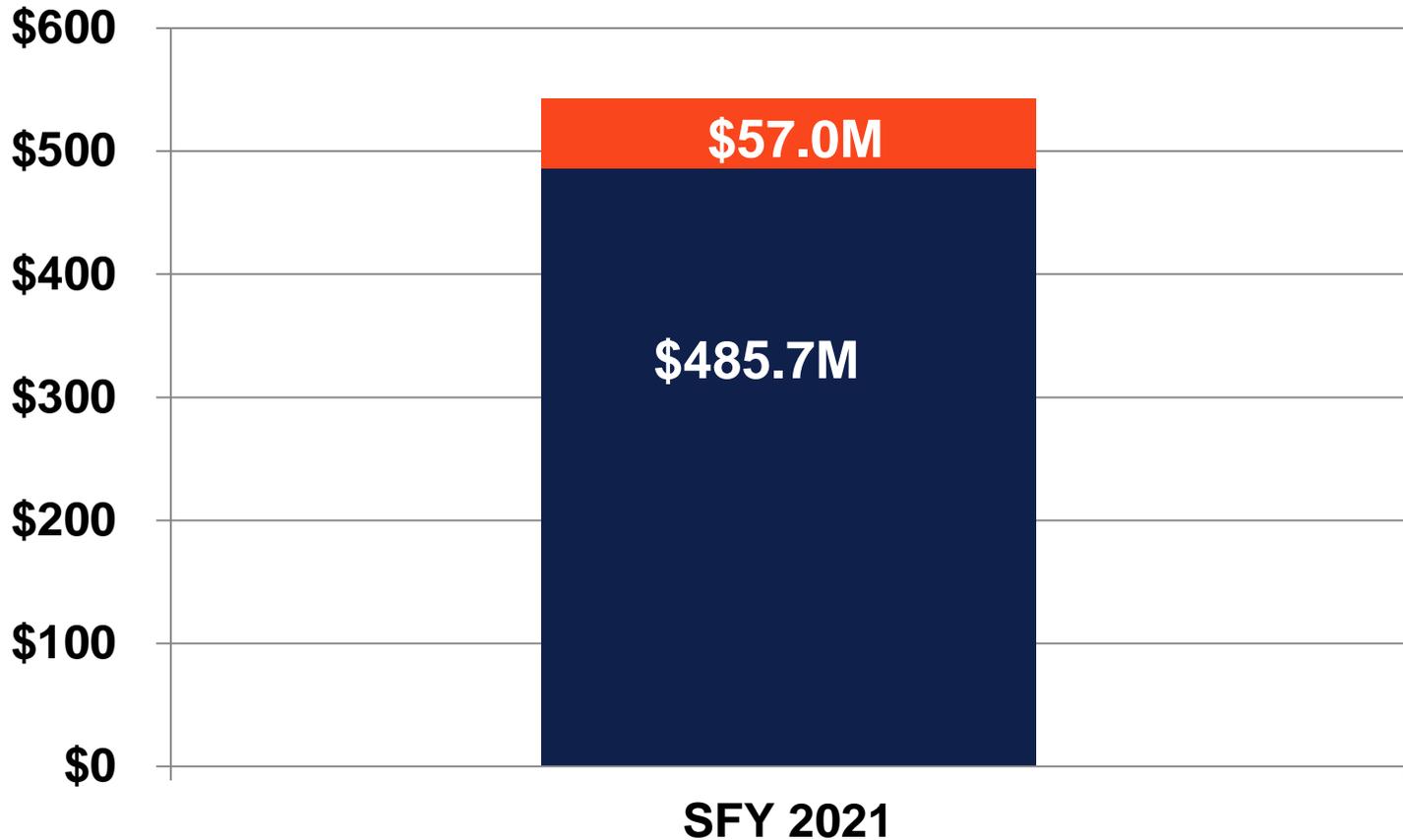
# Medicaid Expansion

## GENERAL FUND COSTS



# Medicaid Expansion

Cost of Medicaid Expansion in SFY2021:



■ Federal Funds    ■ State General Funds

# SD Health Care Solutions Coalition

- Established by the Governor in September
- Coalition Members include tribes, providers, legislators, state agencies
- Met 6 times from October through December
- Three Subcommittees:
  - Increase Access to Services through IHS/Tribal Programs
  - New Services
  - Behavioral Health

# SD Health Care Solutions Coalition

**Goal:** Provide better health care access to Native Americans funded at enhanced federal match rate to offset state costs to expand Medicaid and improve health outcomes for Native Americans eligible for Medicaid.

- Developed comments to CMS White Paper
- Considered Medicaid expansion projections and expansion approaches in other states
- Developed recommendations and interim report

# Key Themes from Coalition

- Improve access to primary care services across South Dakota
- Maximize use of telehealth in Medicaid across South Dakota
- Leverage existing Medicaid service delivery models like Health Homes, Community Mental Health Centers, and Tribal 638 Facilities
- Encourage partnerships between IHS and other health care providers
- Utilize Direct savings realized by IHS to fund more Purchased/Referred Care

# Coalition Recommendations

1. Increase use of telehealth services to support emergency departments and support increased access to primary and specialty care consultation and treatment through Indian Health Service and Tribal Programs.
  - Implement standardized approach for provision of telehealth services across Great Plains Area IHS.
2. Develop a formal Community Health Worker program under the Medicaid State Plan.
  - Target Individuals discharging from hospital or inpatient behavioral health and services for pregnant women.



# Coalition Recommendations

3. Expand support for prenatal and postpartum care to support healthy birth outcomes.
  - Utilize Community Health Workers and Telehealth to support prenatal care.
4. Expand capacity for mental health and chemical dependency services through Indian Health Service and Tribal Programs.
  - Develop “Health Homes” for Behavioral Health within IHS or Tribal programs
  - Explore whether tribes or IHS might develop community mental health center services



# Coalition Recommendations

3. Expand Medicaid eligible providers of behavioral health and substance use disorder (SUD) treatment services.
  - Enroll Licensed Marriage and Family Therapists & Licensed Professional Counselors Under Supervision.
  - Utilize cost savings to extend required SUD services for the Expansion Population to Current Medicaid Population.
4. Add evidence-based behavioral health services and supports for children and families, including supporting the provision of functional family therapy as a Medicaid state plan service.

# Medicaid Expansion: Who Benefits?

- 50,000 low income adults – of which 30% are American Indian who may not have healthcare coverage today.
- Other Native Americans because IHS will expend money saved after expansion to improve access and services. Budget proposes \$373 million in additional federal fund expenditure authority.
- Counties, through some poor relief savings.
- Hospitals through some charity care relief.

# Medicaid Expansion: Budget Implications

- Budget proposes \$373 million in additional federal fund expenditure authority
- Budget proposes 55 new FTE to handle over 50,000 additional eligibles
- No general fund increase required.
  - Expansion costs must be covered by current general fund budget
- Tribes must support
- Legislature must support

# Medicaid Expansion: Budget Implications

- We are waiting for final guidance from the Centers for Medicare and Medicaid Services on the policy change they will make.
  - Important that people still get to choose their providers
  - Policy should not disrupt efficient care delivery
  - Need streamlined contracts between IHS and non-IHS providers
- Will need to determine fiscal impact to determine if we can expand Medicaid, and if we can fund recommendations of the Coalition that have a fiscal impact.
  - Additional Tribal Consultation on any State Plan

Changes

