

“Received-through Policy:” Maximizing Federal Funding

January 18, 2018

IHS and 100% FMAP

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- People can be eligible for IHS **and** also Medicaid eligible.
 - When an American Indian is Medicaid eligible and gets services through an IHS Facility, IHS bills Medicaid, and the federal government pays 100%.
 - When an American Indian is Medicaid eligible and gets services outside IHS, the non-IHS provider bills Medicaid and the federal government pays about 55%, and the state pays the balance.

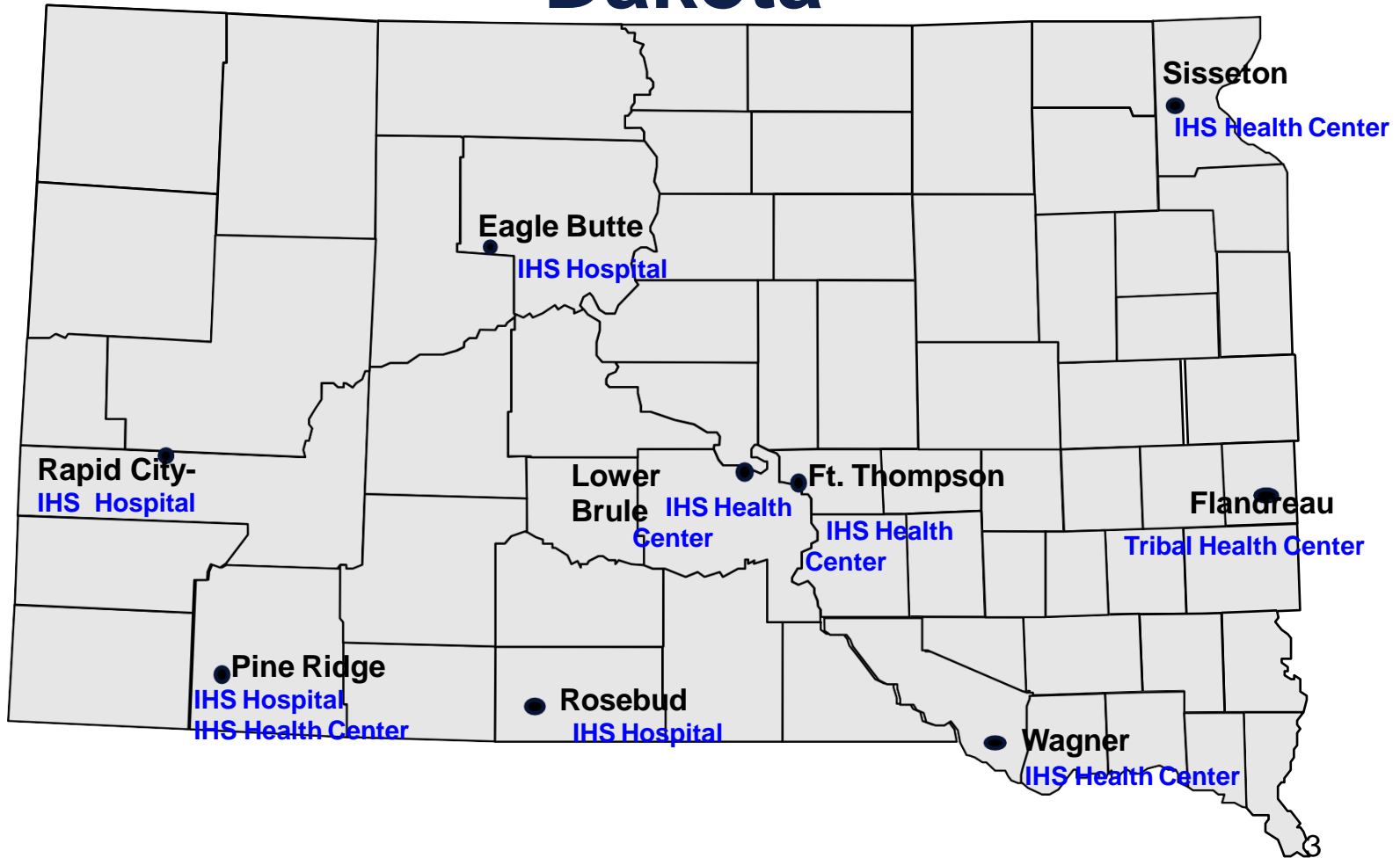


100% Federal



55% Federal 45% State

Primary IHS Facilities in South Dakota



Care for American Indians

- When services are not “received through” IHS, the state must pay for services that are supposed to be provided by the federal government.
- This trend is growing:
 - \$74.7 million in state funds in SFY2014
 - \$85.0 million in state funds in SFY2015
 - \$92.7 million in state funds in SFY2016
 - \$96.9 million in state funds in SFY2017

Care Outside IHS by Service Type, SFY17

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| | Actual SFY17 General Funds (in millions) | Projected SFY18 General Funds (in millions) |
|--|--|---|
| Administrative | \$2.3 | \$2.2 |
| Referred Care by I.H.S. | \$7.8 | \$7.6 |
| FQHC Direct and Referred | \$8.4 | \$8.1 |
| Nursing Home, CSP, PRTF | \$19.3 | \$18.8 |
| Hospitals | \$33.2 | \$32.4 |
| Physician | \$9.9 | \$9.7 |
| Other (dental, vision, Medicare premiums, etc) | \$16.0 | \$15.7 |
| Total | \$96.9 | \$94.5 |

Federal Policy Change

- February 2016: Health and Human Services changed national **Medicaid funding policy** to cover more services for IHS eligibles with 100% federal funds.
 - More services now considered eligible through IHS.
 - Participation by individuals and providers must be voluntary.
 - Services outside IHS must be provided via written care coordination agreement.
 - IHS must maintain responsibility for the patient's care.
 - Provider must share medical records with IHS.

Federal Policy Implementation

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- ❑ **Providers:**
 - ❑ Sign care coordination agreements with IHS;
 - ❑ Share medical records with IHS.
- ❑ **IHS:**
 - ❑ Sign care coordination agreements with providers;
 - ❑ Maintain responsibility for patient care;
 - ❑ Accept medical records.
- ❑ **State:**
 - ❑ Track care coordination agreement status and ensure appropriate billing.

Federal Policy Implementation

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- With savings, will accomplish the following in SFY19:
 - Address service gaps in Medicaid program
 - Share savings with participating providers
 - Increase rates for Medicaid providers

Federal Policy Implementation

- Start with Administrative and Referred Care
 - Target six largest providers: three Systems, three Dialysis providers and some administrative services (transportation, prescription drugs).
 - Total \$6.76 million savings to current general funds budget.
 - Use savings to support provider participation and reinvest in health care.

Federal Policy Implementation

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| Funding Source | Total Savings Opportunity | Target (95%) |
|--|----------------------------------|---------------------|
| 3 Health Systems | \$3.53 M | \$3.35 M |
| 3 Largest Dialysis Providers | \$1.34 M | \$1.27 M |
| Prescription Drugs, Ambulance, NEMT | \$2.25 M | \$2.14 M |
| TOTAL | \$7.12 M | \$6.76 M |
| COALITION RECOMMENDATIONS (GENERAL FUNDS) | | (\$2.84 M) |
| TOTAL NET RECOMMENDATIONS | | \$3.92 M |

Federal Policy Implementation

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1. Address service gaps in Medicaid program - \$1.2m in SFY19
 - Substance Abuse: add services for 1,900 adults
 - Cost: \$872k
 - Mental Health providers: add Licensed Mental Health and Family Therapists to serve 465 people - two quarters of SFY19
 - Cost: \$265k
 - Community Health Workers: add services to serve 1,500 people - one quarter of SFY19
 - Cost: \$100k

Federal Policy Implementation

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2. Share savings with participating providers - \$630k in SFY19

- Amount of payments tiered to level of savings
 - \$0-\$500k 5%
 - \$501k-\$1m 10%
 - \$1m+ 15%
- Will leverage federal Medicaid funds if possible
- Total incentive for providers = \$874,000

Federal Policy Implementation

- ❑ Shared Savings payments will be calculated on an annual basis to give providers the opportunity to maximize shared savings payment.
- ❑ Savings are shared at equal percentages between I.H.S. and the provider.
- ❑ Payment to providers in the form of an annual payment.
- ❑ Payment calculated at the health system or organization level to maximize opportunity.

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| State Savings Amount | \$0 - \$500,000 | \$500,001 - \$1,000,000 | >\$1,000,000 |
|----------------------|-----------------|-------------------------|--------------|
| % Shared | 5% | 10% | 15% |

- ❑ Example: Regional Health (using FY17 actuals/FY18 FMAP)
- ❑ \$1,122,026 general fund savings for a 12 month period
- ❑ $\$1,122,026 \times 15\% =$
 - \$168,304 gen funds
 - \$ 205,704 fed funds
 - \$ 374,008 total funds (Regional)

 - \$168,304 gen funds (IHS)

Federal Policy Implementation

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3. Increase rates for Medicaid providers - \$2.7m general in SFY19

- Community-based providers to 90% of costs
- Complete Governor's three year plan
- Increases for assisted living, in-home services, emergency transportation, group care, outpatient psychiatric services

Federal Policy Implementation

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| Strategy | SFY19 Partial Implementation | SFY20 Full Implementation |
|--|---|--|
| Add Substance Abuse Services | \$872k | \$872k |
| Add Mental Health Providers | \$265k | \$540k |
| Add Community Health Workers | \$100k | \$400k |
| Innovation Grants-Prenatal and Primary Care | | \$1m |
| Shared Savings with Providers | \$630k | \$800k |
| Provider Rates | \$2.7m | \$3.1m |
| Total | \$4.6m | \$6.7m |

Federal Policy Implementation

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□ Next Steps

1. Expand policy implementation

- Develop IHS referral mechanism for other services
- Expand to other provider groups in SFY19/SFY20
 - **Community support providers, nursing homes, psychiatric residential treatment facilities**
 - Expand to other services for hospital based services

2. Continue to share savings with participating providers

3. Continue to enhance provider Medicaid rates

Questions?