South Dakota Health Care Solutions Coalition
Meeting Notes 1/26/2017

Coalition Attendees: Kim Malsam-Rysdon, Jerilyn Church, Senator Deb Peters, Senator Troy Heinert, Senator Jeffrey Partridge, Senator Deb Soholt, Senator Billie Sutton, Terry Dosch, Dr. Mary Carpenter, Sara DeCoteau, Jennifer Stalley, Nick Kotzea, Debra Owen (for Scott Duke), Lynne Valenti, Brenda Tidball-Zeltinger, Deb Fischer-Clemens, Mike Diedrich, Sonia Weston, Richard Greenwald, Liza Clark, Sarah Aker, Kelsey Smith

Other Attendees: Jackie Siers, Mark Quasney, Elliot Mulholland, Gil Johnson

Welcome and Introductions

Kim Malsam-Rysdon welcomed the group and thanked them for their participation.

Future Goals of the Coalition

The Coalition is transitioning the scope to focus on federal changes to the Medicaid program that will impact the state, while continuing to leverage strategies for 100% FMAP for American Indians eligible for IHS and addressing access to care.

The purpose of the coalition is to keep stakeholders informed, ensure everyone is operating with the same information, and build consensus about what will be important for South Dakota in Medicaid reform so that the state may influence federal changes and ensure a positive outcome for the state. Although some viewpoints might be unique or focused on who coalition members represent or work for, the primary purpose of the coalition is to build consensus on key changes to move forward together.

Sonia Weston raised her question from the January 11, 2017 meeting regarding how federal changes to Medicaid might affect IHS reimbursement. Kim Malsam-Rysdon indicated this question is one that we need answered at a federal level as we analyze federal changes. Kim encouraged all of the Coalition members to submit questions to Kelsey Smith so that the state may develop a list of questions relevant to South Dakota that need to be answered on the federal level.

Update on Federal Developments Regarding Medicaid

Federal developments surrounding the ACA and Medicaid are changing rapidly. President Trump has indicated he has a plan to repeal and replace the ACA, which includes a plan to change Medicaid funding. Details about the President's plan are anticipated to be released within the next week. The basis for state allocations under President Trump's plan for Medicaid reform is block grants. Other Congressional plans have been introduced that contain either block grant or per capita allocation funding mechanisms. There is no indication of which methodology is favored at this point.

The US Senate plans to take up ACA replacement immediately; hearings are planned to begin in the next few days. President Trump is meeting with Congressional Republicans this weekend to talk about the President's plan for the ACA repeal and replace.

Governor Daugaard testified before the Republican members of the Senate Finance Committee and members of the House including Chairman Walden of the House Energy and Commerce Committee. Governor Daugaard shared challenges and priorities unique to South Dakota when considering Medicaid reform.

- **Some of the strategies for cost reduction used by other, larger states are not applicable in South Dakota due to the size and rural characteristics in our state.**
- South Dakota currently spends less than other states in terms of expenditures per eligible. This means South Dakota's program is already conservative and may not have the opportunity for savings that could be realized in other states.
- South Dakota currently covers individuals at or close to the federal minimums so there would be very limited ability to decrease the number of eligibles as a mechanism to reduce costs.
- South Dakota self-administers the Medicaid program. There is not an opportunity for substantive administrative savings in South Dakota.
- South Dakota does not have generous provider reimbursement rates compared to other states.
- **Changes in funding to states should be made on a fair and equitable basis.**
- Future federal funding methodologies should not cut or penalize states that already have conservative programs.
- States that did not expand Medicaid should be treated on an equitable basis as those that have expanded Medicaid.
- Increased flexibility is often cited as a benefit of block grants. Governor Daugaard outlined priorities for increased state flexibility within Medicaid:
    - Promoting work by helping individuals enter the workforce to increase their personal income and realize the benefits of work.
    - Promoting personal Responsibility and Promoting Access to Care. This would likely translate to increased flexibility for copays, premiums and other incentives for care.
- Fix the IHS reimbursement issue through a change to the federal law regarding the "received through" language.

Governor Daugaard met separately with South Dakota's congressional delegation to discuss the IHS reimbursement issue in depth and articulated the goal to change the federal law, or if that is not possible to take other actions to reduce the burden of the care coordination requirements to fix the issue when allocating funding as a part of a block grant or per capita formula. Chairman Walden expressed interest in the IHS issue; the Governor's office is following up with his staff.

Senator Heinert commented that this is the time to give alternative ideas for service delivery for American Indians such as a Native Care Card that would keep the federal government responsible for care and offers choice of providers. Kim Malsam-Rysdon stated that the state will support tribes in increasing access to care and provider choice and will have more in-depth discussions as tribes develop further ideas in this area or we learn more about the anticipated changes on the federal level.

Block Grant and Per Capita Allocation Methodology Basics

Brenda Tidball-Zeltinger gave a presentation on Medicaid payment methodologies and block grants and per capita funding. Either approach reduces federal funding to states. Block grants historically have been reduced or have remained flat, resulting in shifting the financial responsibility to states if federal funds don't keep pace with program costs. Considerations for South Dakota will be the allotment methodology and basis of that funding formula; what if any state match or maintenance of effort requirements will be required; how programs like Graduate Medical Education and Disproportionate Share Hospitals will be treated; how IHS funding will be handled; and flexibility for required services and populations.

Next Steps

Kim Malsam-Rysdon asked the coalition to start a list of questions or items to watch as federal reform continues. Questions or items should be emailed to Kelsey Smith (Kelsey.Smith@state.sd.us).

Kim outlined next steps for the coalition:

1. Continue to monitor federal developments related to Medicaid reform;
2. Begin discussion on incorporating new flexibilities, starting with work requirements;
3. Continue to discuss how to leverage 100% FMAP in new and innovative ways.

Senator Partridge asked if we've identified what the ideal reform is for South Dakota. Senator Peters asked how she can help in DC. Kim stated that is the purpose of the coalition to identify the ideal for our state and be able to articulate clearly to our federal partners the priorities for South Dakota.

Senator Heinert commented that there are two competing arguments that need explored for either the native care card or 100% FMAP and that the group needs to explore both options.

Jerilyn Church commented that we need to begin where there is common ground and identify what is in the best interest of tribes, states, and providers. Expanding 100% FMAP to non-native providers has the potential to hurt reimbursement to tribes and IHS and those tribal programs in other states have pushed back on any changes to the federal "received through" language. However, there has been discussion about what is possible under the 100% FMAP and where there is opportunity for tribes to contract with providers to have care provided at tribal health facilities to access the 100% FMAP. There are opportunities to look at creative ways to coordinate care and leverage 100% FMAP that are beneficial to everyone.

Kim asked Jerilyn Church to work on an outline of strategies to utilize the 100% FMAP for discussion.

Senator Soholt stated that Medicaid needs participation in programs that help lower costly interventions and control costs and promotes personal responsibility for health care. Kim noted that we want to talk about these types of programs as well as opportunities to pay for services that haven't typically been considered "medical" services but positively impact individual health outcomes. Deb Fischer-Clemens said there needs to be personal responsibility for follow-up and that we need to identify incentives and address gaps or barriers to care. Senator Heinert cautioned that we need to remember that we are dealing with the poorest of the poor and that individuals on Medicaid do not always have the same access to travel and resources that others do so we should focus on things that address this. Sonia Weston agreed that we need to keep these things in mind as we contemplate changes. Sonia expressed concern about the unknowns for IHS and tribal programs under a block grant scenario.

Next Meeting

February 8, 2017, 4:00 – 5:30 PM CT
Governor's Large Conference Room
Conference Call: 1.866.410.8397
Passcode: 6057734836