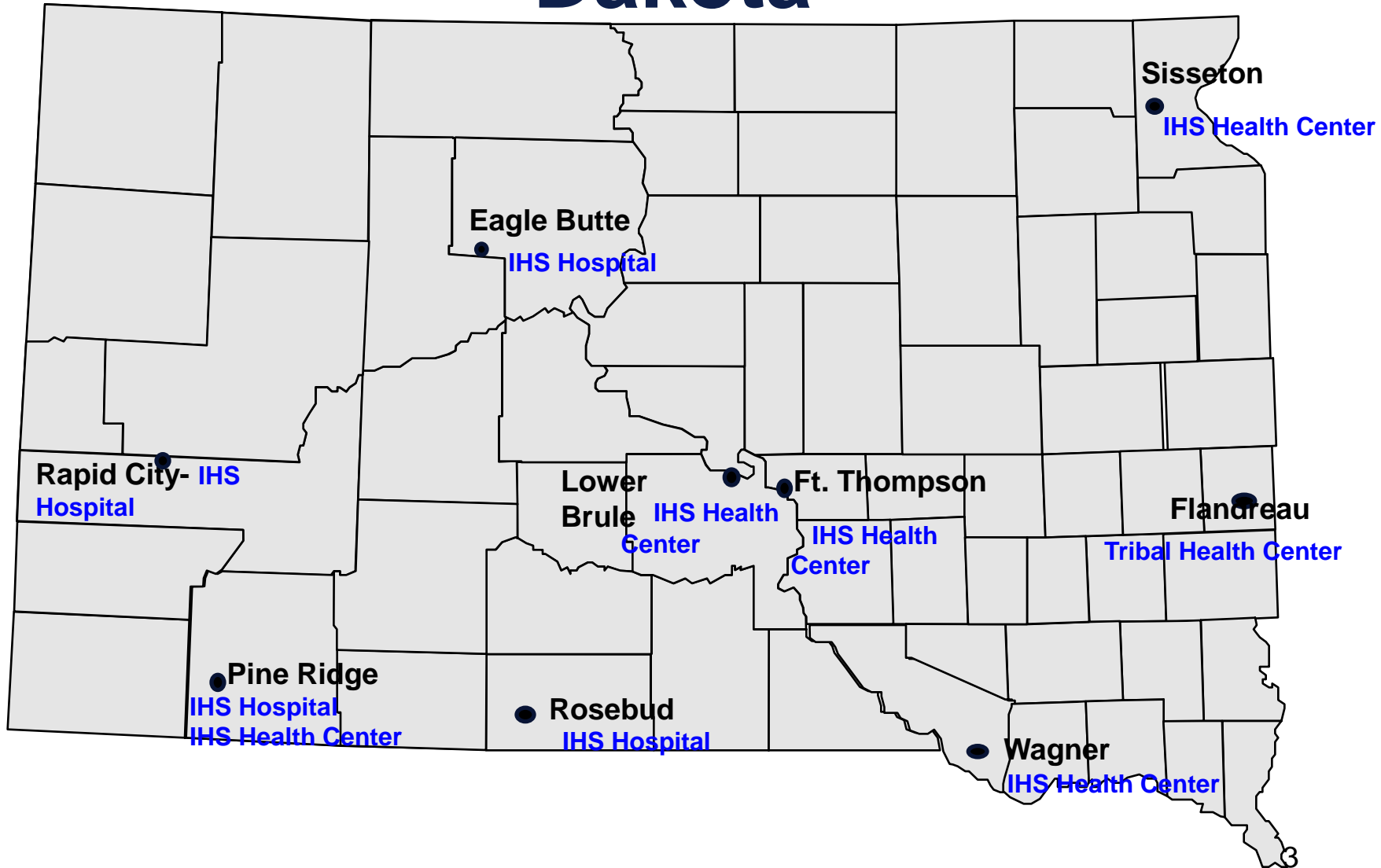

Health Care Solutions Coalition

June 13, 2017

IHS and Medicaid Overview

- ❑ 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 54%, and the state pays the balance

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

IHS and Medicaid Overview

- ❑ **Example – 100% Federal:** A 10-year-old Tribal member is examined and treated at an IHS facility. The child is eligible for Medicaid so IHS bills SD Medicaid. The federal government reimburses SD for the entire bill.
- ❑ **Example – 54% Federal:** A 10-year-old Tribal member is examined at an IHS facility. Her condition requires treatment which is not available at the IHS facility, and she is referred to Rapid City Regional Hospital. The child is eligible for Medicaid, so Rapid City Regional bills SD Medicaid. The federal government reimburses SD for about 54% of the bill. The State pays the rest.



100% Federal



54% Federal 46% State

Federal Policy Change

February 26, 2016: HHS changed national Medicaid funding policy to cover more services for IHS eligibles with 100% federal funds.

- More services now considered provided “through” IHS.
- No longer limited to services provided in IHS facilities only.
- May apply to more than specialty care services, including transportation, pharmacy, hospital and long term care services.
- Maintains IHS responsibility to provide health care to American Indians.

100% Federal Funding Policy Requirements

1. Participation by individuals and providers must be voluntary.
2. Services outside IHS must be provided via written care coordination agreement.
3. IHS must maintain responsibility for the patient's care.
4. Provider must share medical records with IHS.

Implementing New Federal Policy Requires Changes

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.

Shared Savings Models

% of total expenditures by provider			Exp in Millions	Less 750K
Regional	29.6%		1.415	1,200,000
Sanford	26.0%		1.240	1,000,000
Avera	18.4%	74.0%	0.877	739,000
Black Hills Dialysis	12.2%		0.583	491,000
SF Total Renal Care	8.4%		0.399	336,000
Dialysis Mngmt Grop	5.5%	26.0%	0.360	219,000
	100.0%		4.770	4,000,000

Total	5%	7.5%	10%	15%
\$500,000	\$25,000	\$37,500	\$50,000	\$75,000
\$1,000,000	\$50,000	\$75,000	\$100,000	\$150,000
\$1,500,000	\$75,000	\$112,500	\$150,000	\$225,000
\$2,000,000	\$100,000	\$150,000	\$200,000	\$300,000
\$2,500,000	\$125,000	\$187,500	\$250,000	\$375,000
\$3,000,000	\$150,000	\$225,000	\$300,000	\$450,000
\$3,500,000	\$175,000	\$262,500	\$350,000	\$525,000
\$4,000,000	\$200,000	\$300,000	\$400,000	\$600,000

	Savings	Shared I.H.S.	Shared non I.H.S.	Total	Bal state					
Opt 1	4,000,000	302,725	302,725	605,450	3,394,550.00					
Total			672,722							
		Share %	Regional	Sanford	Avera	BHD	SF TRC	DMG	Total	
0- .5K		5.0%				24,550	16,800	10,950	52,300	
.5K - 1M		7.5%		75,000	55,425				130,425	
1M or >		10.0%	120,000						120,000	
									<u>302,725</u>	

	Savings	Shared I.H.S.	Shared non I.H.S.	Total	Bal state					
Opt 2	4,000,000	406,200	406,200	812,400	3,187,600.00					
Total			902,667							
		Share %	Regional	Sanford	Avera	BHD	SF TRC	DMG	Total	
0- .5K		5.0%				24,550	16,800	10,950	52,300	
.5K - 1M		10.0%		100,000	73,900				173,900	
1M or >		15.0%	180,000						180,000	
									<u>406,200</u>	

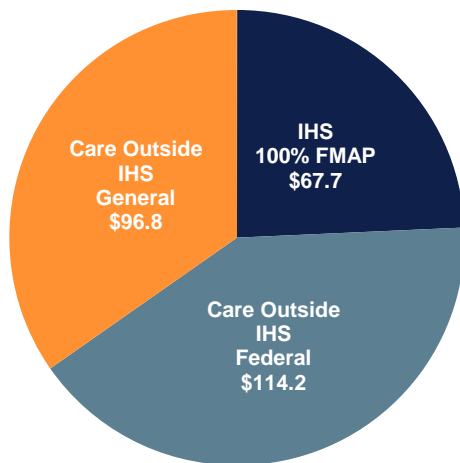
SD HEALTH CARE SOLUTIONS COALITION RECOMMENDATIONS & FUNDING PLAN

The South Dakota Health Care Solutions Coalition recommends leveraging the 100% FMAP policy to fund changes to the Medicaid program that will expand access to health care for Medicaid recipients, including American Indians. State general funds necessary to implement these changes will become available by leveraging 100% federal funds for care provided today that originates at Indian Health Service (IHS) and is currently paid at the regular FMAP (46%). Once enough general fund savings in the existing Medicaid budget are available to fund the coalition recommendations, a tiered shared savings program would be implemented with IHS and non-IHS providers.

Coalition Recommendations:

Coalition Recommendations		General	Federal	Total
1	Cover substance use disorder treatment for all adults currently eligible for Medicaid. Current coverage is limited to pregnant women and adolescents.	\$0.9 M	\$1.1 M	\$2.0 M
2	Add eligible Medicaid behavioral health providers to include licensed marriage and family counselors, clinical social workers working toward private independent practice, and licensed professional counselors working toward mental health designation.	\$0.54 M	\$0.66 M	\$1.2 M
3	Develop a formal Community Health Worker/Community Health Representative program.	\$0.4 M	\$0.5 M	\$0.9 M
4	Innovation Grants for Primary & Prenatal Care	\$1.0 M	TBD	\$1 M
TOTAL		\$2.84 M	\$2.26 M	\$5.1 M

Funding Opportunity: In SFY17, SD spent \$279 M on care for American Indians. \$67.7 M was funded at 100% FMAP at IHS; \$211 M was funded at the regular FMAP. The Coalition recommends implementing 100% FMAP with direct referred care and administrative care that originates at IHS today. The total opportunity is \$9.6 M in general funds. This plan targets \$4.62 M from the 3 large health systems and 3 largest dialysis providers and \$2.14 M in administrative care for a **total of \$6.76 M**.



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

SD HEALTH CARE SOLUTIONS COALITION RECOMMENDATIONS & FUNDING PLAN

Funding Strategy by State Fiscal Year:

Shared Savings Plan: Savings will be shared based on a tiered model where increased savings equates to increased sharing with the provider. Savings will be shared with IHS and non-IHS providers on the following basis:

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

Once the state share of the coalition recommendations is funded, the remaining \$3.73 million is available for shared savings with providers. Payments to IHS will utilize state general funds. Payments to providers may be matched with federal dollars using Supplemental Payments. The tables below demonstrate the savings opportunity for providers and the remaining state savings after shared savings based on SFY17 Expenditures and assumes full implementation in **Year 3 (SFY20)** at 95% of the target.

Shared Savings Model ¹ - SFY 2020								
	% Shared	Regional	Sanford	Avera	BHD	SF TRC	DMG	Total
\$0 - \$500,000	5%				23,110	15,818	15,053	53,980
\$500,001 - \$1,000,000	10%		98,323	69,538				167,860
>\$1,000,000	15%	168,304						168,304
TOTAL								390,144

¹ Note: All dollars listed in this table represent General Funds only.

	State Savings	Shared with IHS	Shared with non-IHS	Shared Savings Total	Net State Shared Svgs. SFY 2020
General	\$3,880,225	\$390,144	\$390,144	\$780,288	\$3,099,937
Federal	--	--	\$476,842 ²	\$476,842	--
Total	\$3,880,225	\$390,144	\$866,986	\$1,257,130	--

² Note: Federal Share with non-IHS providers dependent on approved Supplemental Payment State Plan Amendment

Shared Savings Methodology

- Savings for recommendations accrue before sharing.
- Savings are shared annually.

Assumptions

- All targeted providers choose to participate.
- 95% of savings are realized in Year 3/ SFY 2020

Risks

- IHS Does not sign agreements
- One or more dialysis providers choose not to participate.
- Service utilization changes. .
- Delay or timeline to implement MMIS changes.
- Provider Billing Compliance

SD HEALTH CARE SOLUTIONS COALITION RECOMMENDATIONS & FUNDING PLAN

Approximate timeline:

	SFY 2018	SFY 2019	SFY 2020
Savings Strategies Implemented	<ul style="list-style-type: none"> • Prescription prescribed by IHS filled at non-IHS • Care Coordination with 3 Health Systems 	<ul style="list-style-type: none"> • Prescription prescribed by IHS filled at non-IHS • Non-Emergency Medical Travel (NEMT) • Ambulance originating from IHS • Care Coordination with 3 Health Systems and Dialysis Providers 	<ul style="list-style-type: none"> • Prescription prescribed by IHS filled at non-IHS • Non-Emergency Medical Travel (NEMT) • Ambulance originating from IHS • Care Coordination with 3 Health Systems and Dialysis Providers
Coalition Recommendations Implemented	None	<ul style="list-style-type: none"> • Expanded SUD Services (7/1/18) • Expanded Behavioral Health Providers (1/1/19) • Community Health Worker Program (4/1/19) 	<ul style="list-style-type: none"> • Expanded SUD Services • Expanded Behavioral Health Providers • Community Health Worker Program • Innovation Grants (7/1/19)