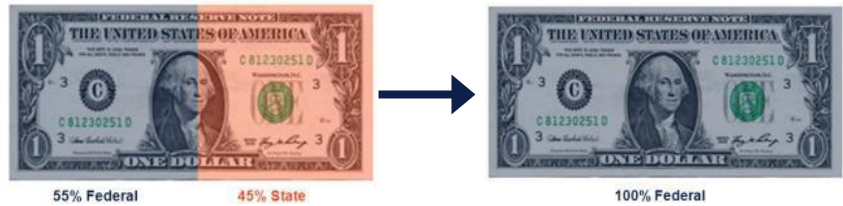


100% FMAP Reinvestment Initiative

What is it?

- A 2016 federal Medicaid policy change allows states to claim 100% federal match instead of regular Federal Medical Assistance Percentage (FMAP) for certain services to American Indians referred by Indian Health Services (IHS) under a Care Coordination Agreement.
- This increases the federal match rate for services and generates state savings to allow the state to reinvest in Medicaid.



What are the key requirements of the federal policy?

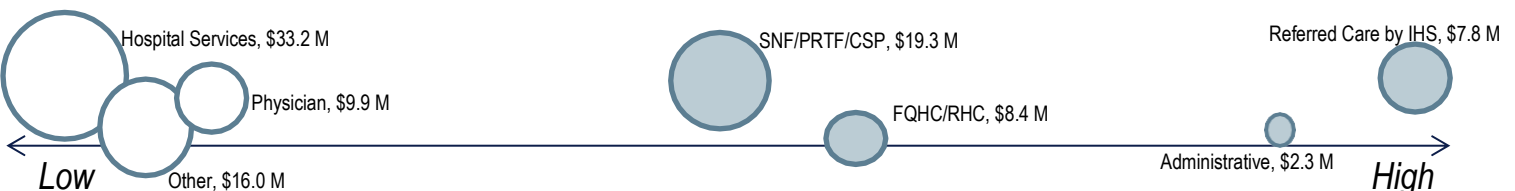
- Participation must be voluntary.
- Service must be referred by IHS.
- IHS and non-IHS provider must have a Care Coordination Agreement.
- IHS and the non-IHS provider must share medical records.

How much does South Dakota spend on American Indians?

- In SFY17, South Dakota spent \$97 million in state general funds for American Indians for care outside IHS.

Will South Dakota save \$97 million?

- No. The policy requirements must be met in order to convert the FMAP. Not all services will meet the requirements of the policy.
- The services below indicate which services qualify for the policy. Some services will meet the policy requirements easier than others.
- The categories show South Dakota's total expenditures for American Indians. Actual savings in each category will be less than the total spent.
- DSS tracks the amount saved each month online: <https://dss.sd.gov/keyresources/fmapreports.aspx>



Feasibility of meeting policy

Actual savings will not reach total amount spent

This is **NOT** Medicaid Expansion.

Medicaid Expansion is adding additional people to Medicaid by increasing the income limits for people already eligible for Medicaid or adding new groups (ex. childless adults) to Medicaid.

This initiative **doesn't** add new people to Medicaid. It does:

- Save state general funds.
- Reinvest state savings to address service gaps in Medicaid.
- Reinvest state savings to increase provider rates.
- Reinvest state savings to promote innovation.

100% FMAP Reinvestment Initiative

What is the budget impact?

- Year 1 savings of \$4.6 million were built into the SFY19 budget. 85% of the savings were used to increase community-based provider rates and address service gaps in Medicaid. The remaining 15% to be shared with providers and IHS who implement the policy.

- Funding is prioritized to:

1. Address Service Gaps in Existing Medicaid

- Goal is to avoid more expensive hospital & ER care
- Studies show these services reduce overall healthcare & criminal justice related costs
 - Add Substance User Disorder (SUD) Services for Currently Eligible Adults
 - Add new Behavioral Health Providers
 - Provide Community Health Worker Services

2. Increase Provider Rates

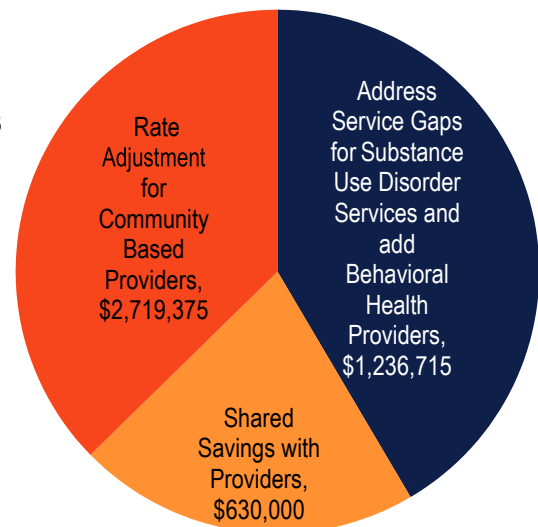
- Increase Provider Rates for DSS, DHS, and DOC community-based providers including Assisted Living, In Home Services, Emergency Transportation, Group Care, and Outpatient Psychiatric Care.

3. Share Savings with Providers

- Savings are only generated through Care Coordination Agreements between IHS and non-IHS providers.
- The initiative shares part of the savings with participating providers.
- Providers only benefit to the extent they participate in care coordination agreements with IHS and generate savings to the state Medicaid program.

SFY19 Budget State Funds Impact

Based on SFY17 Projections



What's next?

- Enhance Medicaid provider rates up to 100% of costs.
- Working with Skilled Nursing Facilities (SNFs), Psychiatric Residential Treatment Facilities (PRTFs), and Community Support Providers (CSPs) to implement a referral process with IHS.
- Working with Federally Qualified Health Centers (FQHC) and tribal partners to develop an 1115 waiver to pilot an alternative service delivery model to increase access to primary care for American Indians.