



South Dakota Medicaid & the Health Care Exchange



May 19, 2011

What is Medicaid?

- Federal / State Partnership since 1965
- Federal government mandates certain healthcare coverage to certain categories of individuals and allows states to cover optional categories and services at their discretion
- Medicaid is governed by federal regulations and each state's approved Medicaid State Plan- essentially a contract with the federal government
- Medicaid is an entitlement program

What is CHIP?

- Children's Health Insurance Program
- Federal allocation is block grant
- Coverage limited to children with higher incomes than Medicaid levels, can't have insurance
- Runs as a "Medicaid look alike" program in our state- same services provided to children eligible through Medicaid or CHIP

Who is covered by Medicaid?

69 percent are children and 31 percent are adults

- Low income children, pregnant women, adults and families
 - very low income families (family of three \$9,552 annual income/52% FPL)
- Elderly or disabled
- Children in Foster Care

•Average monthly eligibility for FY10 in total 111,005

- Elderly – 6,957
- Disabled – 16,856
- Children of low-income families – 61,275
- Pregnant women (pregnancy only)– 2,829
- Low-income adults – 10,900
- Children’s Health Insurance Program – 12,188

•Total unduplicated for FY10= 139,666

Eligibility for Medicaid

- Current Medicaid eligibility depends on whether a person meets specific eligibility criteria, resources, and income limits
- States cannot cut current eligibility. The Patient Protection & Affordable Care Act (PPACA) includes a Maintenance of Effort (MOE) requirement. States must maintain all current eligibility standards until January 2014 and standards for children until October 2019.

Department of Social Services

2010 FEDERAL POVERTY GUIDELINES

Annual Amount at Various Percentage Levels

Family Size	100%	130%	133%	140%	150%	160%	200%
1	\$10,830	\$14,079	\$14,404	\$15,162	\$16,245	\$17,328	\$21,660
2	\$14,570	\$18,941	\$19,378	\$20,398	\$21,855	\$23,312	\$29,140
3	\$18,310	\$23,803	\$24,352	\$25,634	\$27,465	\$29,296	\$36,620
4	\$22,050	\$28,665	\$29,327	\$30,870	\$33,075	\$35,280	\$44,100
5	\$25,790	\$33,527	\$34,301	\$36,106	\$38,685	\$41,264	\$51,580
6	\$29,530	\$38,389	\$39,275	\$41,342	\$44,295	\$47,248	\$59,060
7	\$33,270	\$43,251	\$44,249	\$46,578	\$49,905	\$53,232	\$66,540
8	\$37,010	\$48,113	\$49,223	\$51,814	\$55,515	\$59,216	\$74,020
Each Additional approximately	\$3,740	\$4,862	\$4,974	\$5,236	\$5,610	\$5,984	\$7,480

Program Eligibility:

Medicaid (Pregnant Women)	133%
Medicaid	140%
CHIP Children's Health Insurance Program	200%

Services Covered by Medicaid - Required Services

Services federally required to be covered by Medicaid:

- Services to children through “Early, Periodic, Screening, Diagnosis and Treatment”, or EPSDT.
- Inpatient and outpatient hospital
- Physician services
- Nursing facility services for individuals age 21 or older
- Emergency dental services
- Emergency medical transportation
- Lab and X-Ray
- Skilled home health services
- FQHC/Rural Health Care Center Services
- For certain people eligible for Medicare- Medicaid must pay co-insurance/deductibles; buying them into Part A or B. Medicare Part D Clawback

Services Covered by Medicaid - Optional Services

- Physician assistants
- Psychologists and independent mental health practitioners
- Intermediate Care Facilities for the Mentally Retarded (ICF/MR)

Other Services for Adults

- Podiatry
- Prescription Drugs
- Optometry
- Chiropractic services
- Durable medical equipment
- Dental services
- Physical, occupational, speech therapy, audiology
- Prosthetic devices and eyeglasses
- Hospice care, nursing services
- Personal care services and home health aides

Medicaid Expenditures

- FY10 expenditures: \$850.2 million (DSS, DHS, DOC, DOE)
- FY12 budget: \$904.4 million (DSS, DHS, DOC, DOE)
- Services paid at Federal Medical Assistance Percentage or FMAP rate- FY12: 59.66% federal funds/40.34% general funds
- From FY09 to FY10, the national average growth in Medicaid expenditures was 8.8%; in SD, the growth was 7.6%.
- Compared to our neighboring states we spend the least amount per Medicaid enrollee.
 - South Dakota Medicaid spends 4% less than Iowa
 - South Dakota Medicaid spends 14% less than Wyoming
 - South Dakota Medicaid spends 22% less than Nebraska
 - South Dakota Medicaid spends 28% less than Montana
 - South Dakota Medicaid spends 47% less than North Dakota
 - South Dakota Medicaid spends 55% less than Minnesota

How Will Medicaid Change in 2014?

- Eligibility for Medicaid will expand to all people with incomes 138%FPL and below
 - Use of Modified Adjusted Gross Income (MAGI)- for Medicaid and all health subsidies provided through the exchange
 - No asset test for most eligibles
 - No categorical test
 - Several process requirements, i.e., single application, must accept electronic applications
 - Need to determine enrollment process through the Exchange- business process and technology considerations

How Will Medicaid Change in 2014?

- Expect 54,100 more people to be eligible for Medicaid
 - Biggest group impacted will be childless adults
 - Estimated 49,600 “newly eligible”, plus 4500 currently eligible but not enrolled
 - FY2014 estimate: 19,000 eligibles
 - FY2015 estimate: 44,000 eligibles

How Will Medicaid Change in 2014?

- All qualified health plans offered through the exchange must provide an “essential benefits package”
- New eligibles for Medicaid must be provided “benchmark” or “benchmark equivalent” coverage
 - “Essential benefits package” plus certain additional services
 - Can extend benchmark coverage to some currently eligible populations, but others are exempt from benchmarking- i.e., elderly and disabled

How Will Medicaid Change in 2014?

Graduated federal participation in costs for services for new eligibles:

2014-2016: 100% federal funds

2017: 95% federal funds

2018: 94% federal funds

2019: 93% federal funds

2020: 90% federal funds

How Will Medicaid Change in 2014?

- Total state cost estimate 2014-2019, without factoring in changes for essential benefit plan or development of new eligibility system: \$99.7 million
 - FY2014 estimate: \$3.9 million in state funds-administrative costs (50/50) and costs for people currently eligible but not enrolled (FMAP)
 - FY2015 estimate: \$10.3 million in state funds-administrative costs and costs for people currently eligible but not enrolled

How Will Medicaid Change in 2014?

- Current planning activities
 - Eligibility system assessment
 - Business process assessment
 - Monitoring federal guidance, especially on income verification processes, essential benefit package definitions



South Dakota Department of Social Services



Thank you!