Legislative Forums

94th Session of the South Dakota Legislature

South Dakota
Association of Healthcare Organizations

Welcome and Introductions

Advancing Healthy Communities

South Dakota Association of Healthcare Organizations

Advocacy Team

Tim Rave
President/CEO
C: (605) 360-7190
Tim.rave@sdaho.org

Gil Johnson
VP, Business Development
C: (605) 280-1866
gilbert.johnson@sdaho.org

Tammy Hatting
Director, Post-Acute Care
C: (712) 251-1265
Tammy.hatting@sdaho.org

www.sdaho.org

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Overview

- Budget Address
- Healthcare Recruitment Assistance Programs
- Interim Study: Access to Mental Health Care
- Medicaid- Leverage the Healthcare Solutions 100% FMAP
- Post- Acute Focus
- Telemedicine
- Medical Order for Scope of Treatment (MOST)

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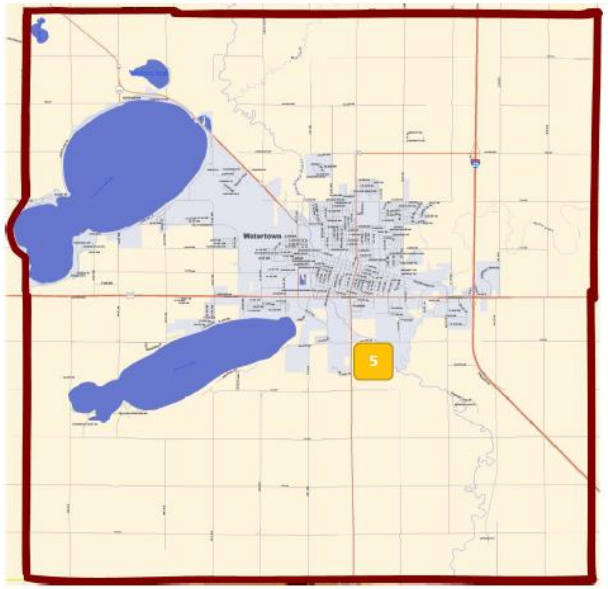
Introduction



District Legislators

Representative
Hugh M. Bartels
Hugh.Bartels@sdlegislature.gov
605-886-5460

Representative
Nancy York
Nancy.York@sdlegislature.gov
605-753-6611

Senator
Lee Schoenbeck
Lee.Schoenbeck@sdlegislature.gov
605-773-3821

SDAHO Members

Prairie Lakes Healthcare System
K.C. DeBoer, President/CEO
kc.deboer@prairielakes.com
605-882-7000

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SDAHO's 54 member hospitals, 34 long term care facilities and health systems have earned a national reputation for delivering safe, high-quality care and for meeting the needs of our communities.

HOSPITALS

101,505 inpatient stays per year

2,856,988 outpatient visits per year

332,581 emergency room visits per year

LONG TERM CARE

6,340 nursing home residents

60% are non-profit

86% occupancy rate

COMMUNITY IMPACT

HOSPITALS & NURSING HOMES HAVE AN ENORMOUS ECONOMIC IMPACT IN SD.

24,574 people employed by hospitals

$1.84B wages & benefits paid by hospitals

$6.1B contributed to SD's economy by hospitals

$160M in uncompensated care costs

12,980 people employed by nursing homes

$352M wages & benefits paid by nursing homes

$1B contributed to SD's economy by nursing homes

QUALITY

Spending per Medicare beneficiary lowest in nation

First in nation for responsiveness of hospital staff

First in nation for willingness of patient to recommend hospital

10/2018

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Budget Address- Starting Point

Budget Recommendation Overview

- Not budgeting for "new" e-commerce sales tax revenue
- Economic and revenue outlook is generally positive
- Includes 2.3% inflationary increases for key groups
- Changes to the state employee health insurance plan
- FY2019 one-time budget adjustments & emergency special appropriations

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Healthcare Recruitment Assistance Programs

Recruitment Assistance Program:

- An incentive payment in return for three continuous years of practice in an eligible rural community.
- Physician or Dentist current amount is $219,000
- Physician Assistant or Nurse Practitioner current amount is $65,321
- Community population of 10,000 or less

8 Providers Completed Contract

• 4 physicians • 1 Dentist • 3 Nurse Practitioners	<u>Communities:</u> Chamberlain, Custer, Eureka, Madison, Milbank, Platte, Tyndall

Rural Healthcare Facility Recruitment Assistant Program:

- Provides a $10,000 payment, complete a three-year, full-time service commitment.
- Health professional must enter into a three-way contract between the employing facility and the state.

41 Providers Completed Contract

• 7 LPNs • 3 Medical Laboratory Scientists • 1 Medical Laboratory Technologists • 1 Pharmacist	• 3 Paramedic • 1 Physical Therapists • 2 Radiologic Technologists • 34 RNs • 1 Social Worker

<u>Communities:</u> Armour, Belle Fourche, Brandon, Bristol, Canton, Chamberlain, Clark, Faulkton, Freeman, Gettysburg, Gregory, Hot Springs, Hudson, Lemmon, Lennox, Madison, Martin, Miller, Mobridge, Parkston, Philip, Redfield, Sisseton, Timber Lake, Tyndall, Viborg, Wagner, Wessington Springs, White River, Wilmot, Winner

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2018 Interim Study: Access to Mental Health Services

Draft Legislation-House Bill: Provide for a statewide resource information system.

Information system shall provide information for:

- referrals to resources for a person in a crisis or disaster;
- resources for social services, human
- services, legal assistance,
- financial assistance,
- or for other related needs; and assistance for mental health, physical health, or substance abuse.

Draft Legislation-House Bill: Emergency Involuntary Commitments, Act to repeal and revise provisions regarding emergency involuntary commitments

- Changes in laws clarifying the county of residency for civil commitments and clarifying definitions and criteria for commitments.

Senate Concurrent Resolution-: provide for legislative task forces to study, report, and develop and consider recommendations and proposed legislation regarding sustainable improvements to the continuum of mental health services available in the state.

Task Forces:

- Keeping individuals needing placement in, community create community-based short stay alternatives, and develop day treatment options.
- Leverage telehealth and telemedicine mental health assessments and counseling
- Build mental health nursing home capacity for persons with organic brain damage; Increase the capacity for transitional housing and residential services in communities to keep individuals closer to home, and develop caregiver supports

Report: Recommendations to the Legislature no later than **December 31, 2019**.

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Medicaid in South Dakota- Continue to Leverage the Healthcare Solutions 100% FMAP

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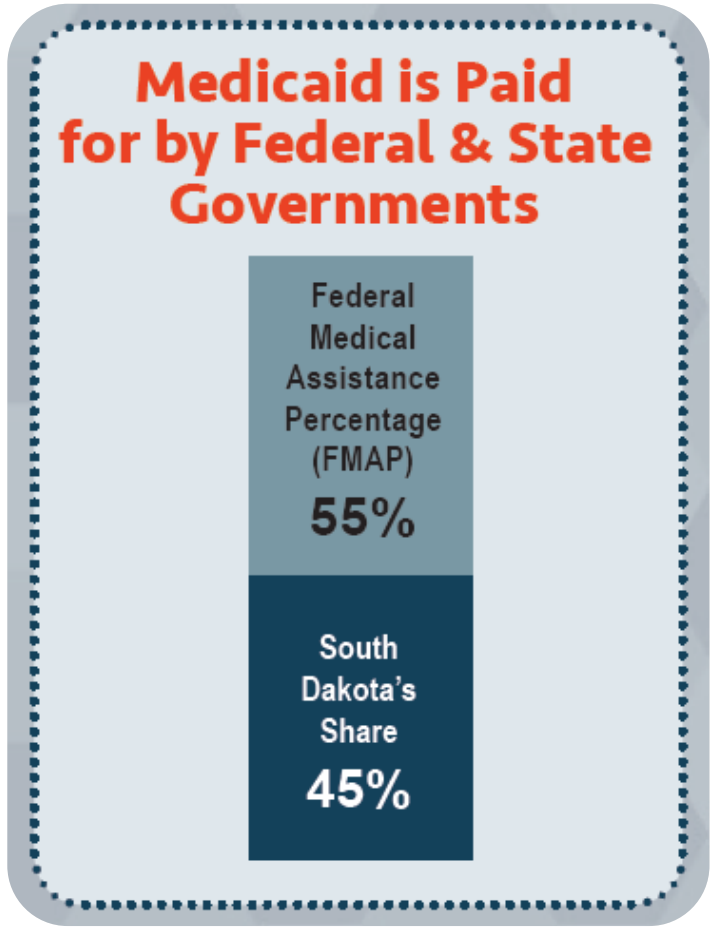
What is FMAP?

- Medicaid is jointly funded by the federal government and each state.
- The federal government's share of Medicaid is called the "Federal Medical Assistance Percentage", or FMAP.
- The FMAP is displayed as a percentage and is calculated each year based on the median income for each state.
- The higher the FMAP, the more money "saved" by the State of South Dakota.
- 1% swing is about $7M.



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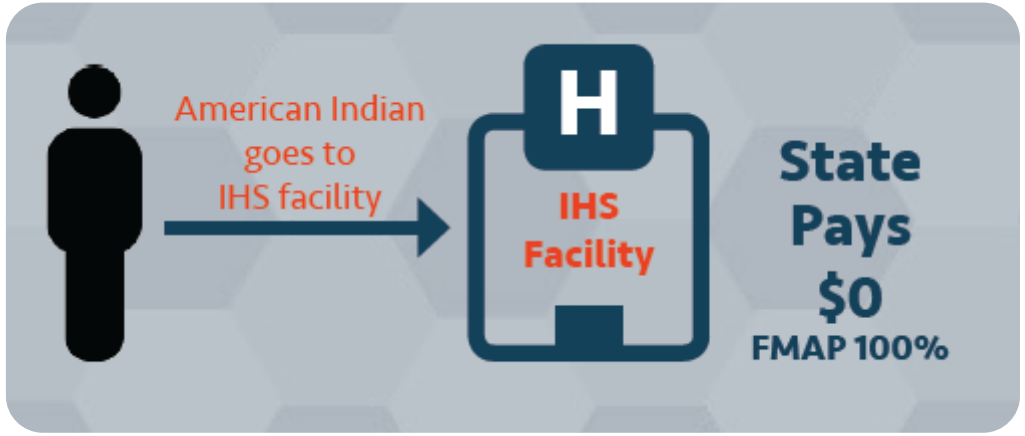
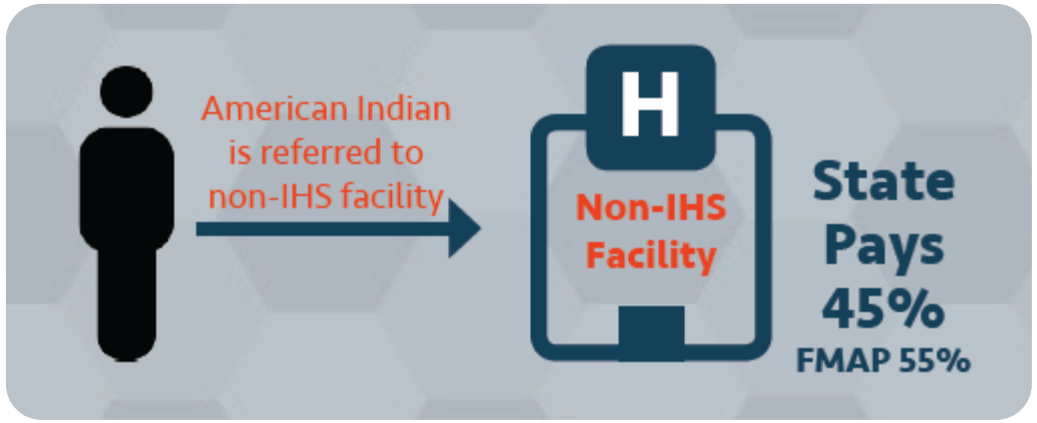
Indian Health Services

- American Indians are eligible for free medical services at Indian Health Service (IHS) facilities. The FMAP for IHS services is 100%.

- Many American Indians are "dual eligible," meaning they qualify for IHS services and Medicaid services. Sometimes an IHS facility doesn't have the skills, providers or equipment to provide the necessary services.

- When an American Indian receives services at a non-IHS facility, the federal government pays 55% and the state is responsible for 45% of the cost.





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2016 Medicaid Funding Policy

A policy change in 2016 now allows the State to be reimbursed at 100% FMAP if a Care Coordination Agreement is in place between the IHS facility and the receiving non-IHS facility.

Care Coordination Agreement Conditions:	IHS must refer patient to non-IHS facility;
	Non-IHS provider must send records back to IHS;
	IHS must maintain responsibility for patient's care; and
	IHS must incorporate non- IHS medical record into IHS record.

Funding is prioritized to address service gaps in Medicaid, increase provider rates and share savings with providers.

Leveraging the 100% FMAP policy change saves the state millions of dollars.

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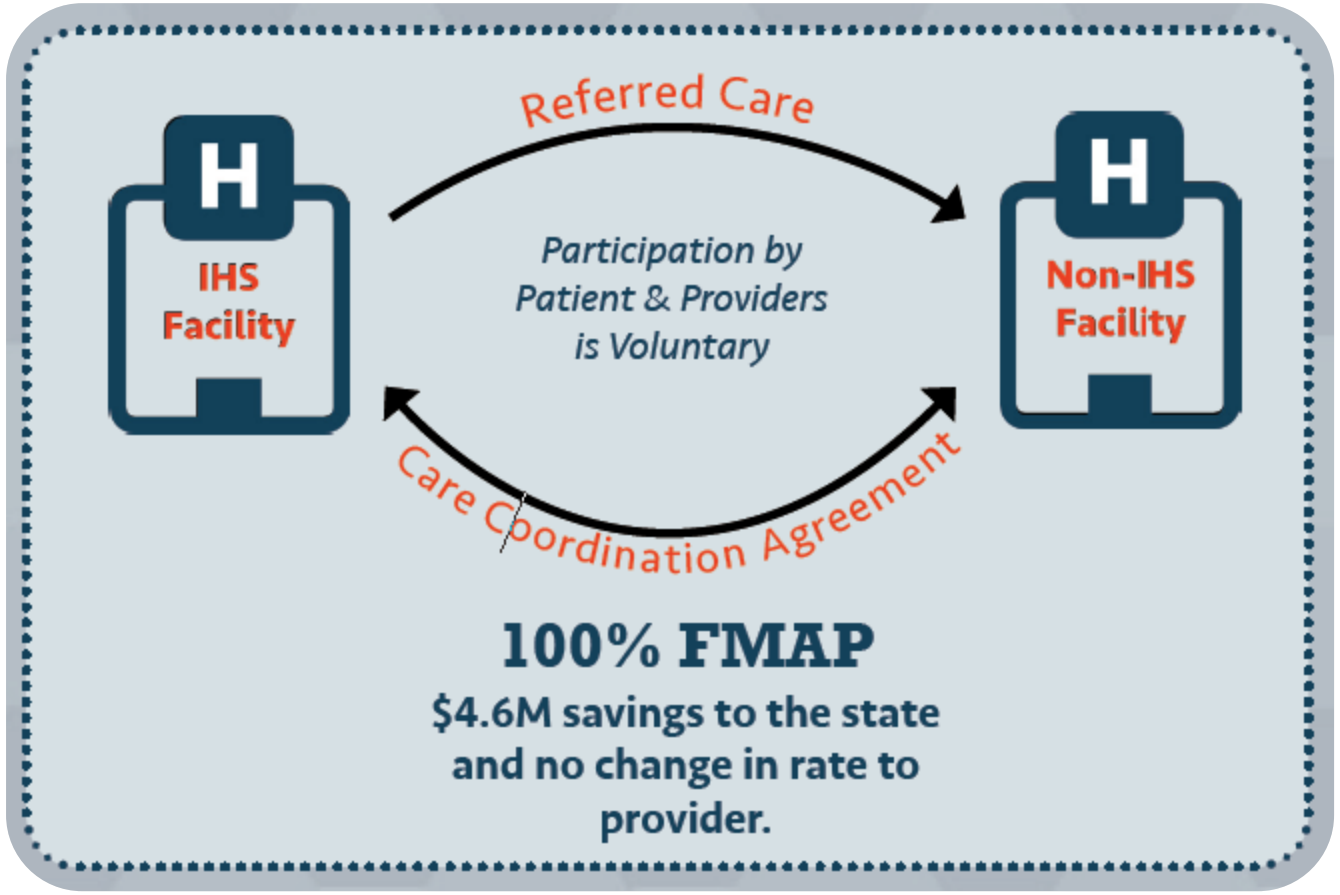
Referred Care by IHS



Status: Implemented

- Savings SFY 2018: $4.6M
- SFY 2017 Patients: 6,500
- SFY 2017 Providers: 18

(3 health systems, 3 dialysis providers and administrative care such as prescription drugs, ambulance and non-emergency medical travel)

Implementation of the 100% FMAP policy for services that start at IHS and are referred to another provider is called "referred care."

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Address Service Gaps in Medicaid

Providers participating in Care Coordination Agreements are not entitled to any portion of general fund savings until the state, within each state fiscal year, realizes from participating providers a total of $3M in general fund savings.

First $3M Savings used to fund

Service gaps for American Indians

- Substance Abuse Services
- Mental Health Services
- Community Health Services
- Prenatal and Primary care

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Shared Savings

- Providers, including IHS, have to make changes and need incentive to implement the policy.
- The state has agreed to make an annual payment to providers based on general fund savings generated by providers.
- This is referred to as **shared savings** and is calculated each state fiscal year.

Shared Savings Distribution

State Savings Amount:	$0-500,000	$500,000-$1M	>$1M
Shared with Provider:	5%	10%	15%

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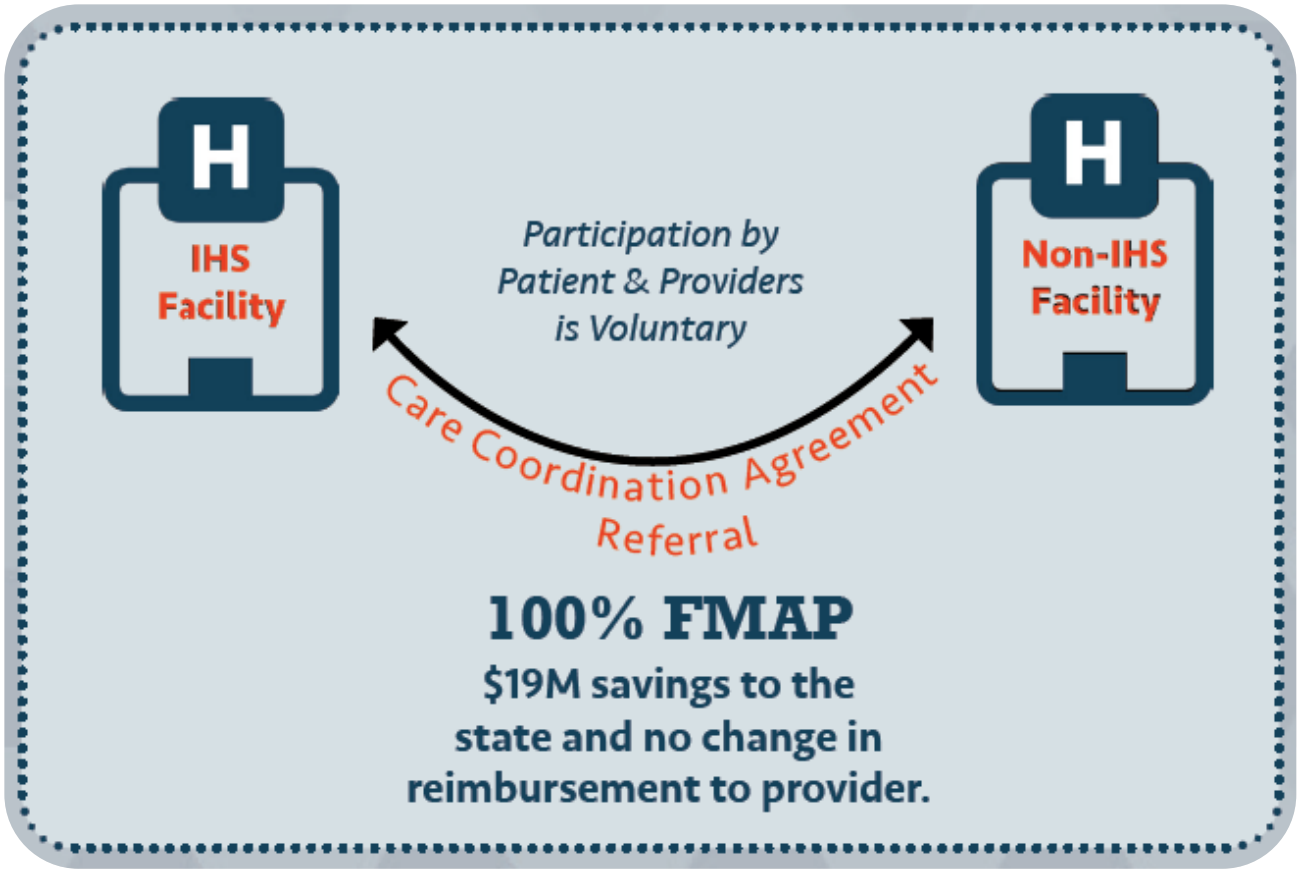
Nursing Homes, Psychiatric Facilities & Community Support

Status: In process of Implementation

Actual General Fund Expenditures
SFY 2018: $19M

- 450 Nursing Home Residents
- 264 Psychiatric Residential Patients
- 287 Community Support Providers



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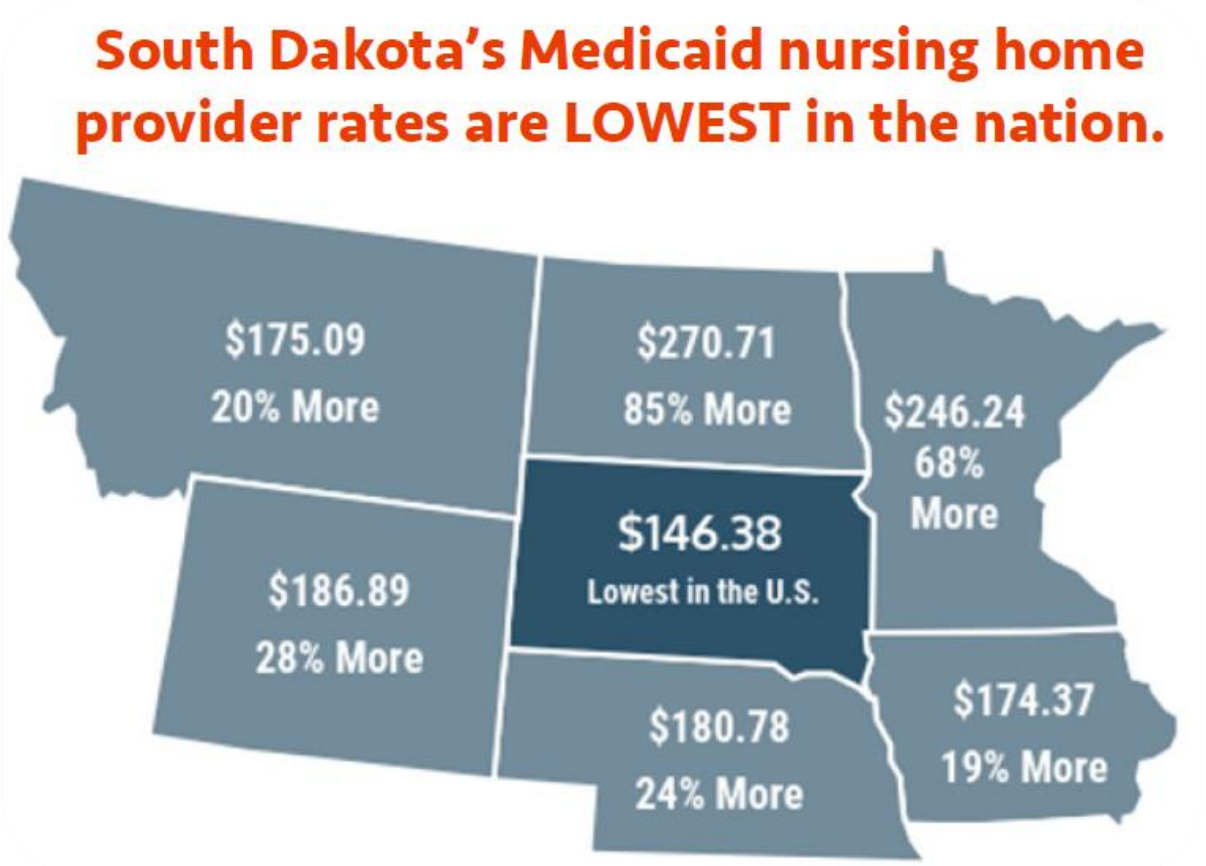
Post-Acute Care Focus

Critical Need:

- Increase provider rates to align with our surrounding states
- Continue to leverage the Healthcare Solutions Federal 100% FMAP

Why?

- To ensure Medicaid rates cover the cost of care
- To ensure the viability of SD nursing homes



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Post-Acute Focus

1. Increase **provider rates** to align with our surrounding states
2. Continue to implement and leverage the Healthcare Solutions Federal 100% **FMAP** Indian Health Services reimbursement in non-IHS facilities via care coordination agreements
3. Support and educate post-acute members on the 700 pages of federal **regulations** for nursing homes, home health, hospice & assisted living
4. Guide and inform members on the South Dakota Department of Health **survey activity** and statement of **deficiencies**
5. **Reimburse** for travel time & mileage through LTSS for HCBS

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Post-Acute Provider Concerns

- $35.08 per day **shortfall** – resulting in significant private pay rate increases to break even.
- **Workforce** challenges with high turn-over (42%), low wages ($12.47) and competition. This hands-on patient care cannot be replaced with a kiosk or machine, it requires a skilled, compassionate human being.
- Most nursing facilities in South Dakota are **40 years old** and cannot accommodate the bariatric and behavioral health residents seeking care.
- Providers feel pressure to accept **high-risk residents** and face the threat of non-payment and risk of Civil Monetary Penalty (CMP).

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MOST

Medical
Order
for
Scope
of
Treatment

- LifeCircleSD Collaborative effort
- **Patient-centered** approach to end-of-life care planning
- It is an advance care planning **tool**, not an advance directive
- MOST is an actionable, transportable, **medical order** that helps ensure patient treatment wishes are known
- MOST is **voluntary** & is created between a provider and patient
- MOST is only for patients with **serious illness** or frailty for whom their health care professionals would not be surprised if they died within a year
- Follows the National POLST Paradigm - almost all states have some form of this program (14 variations to the name of the program)

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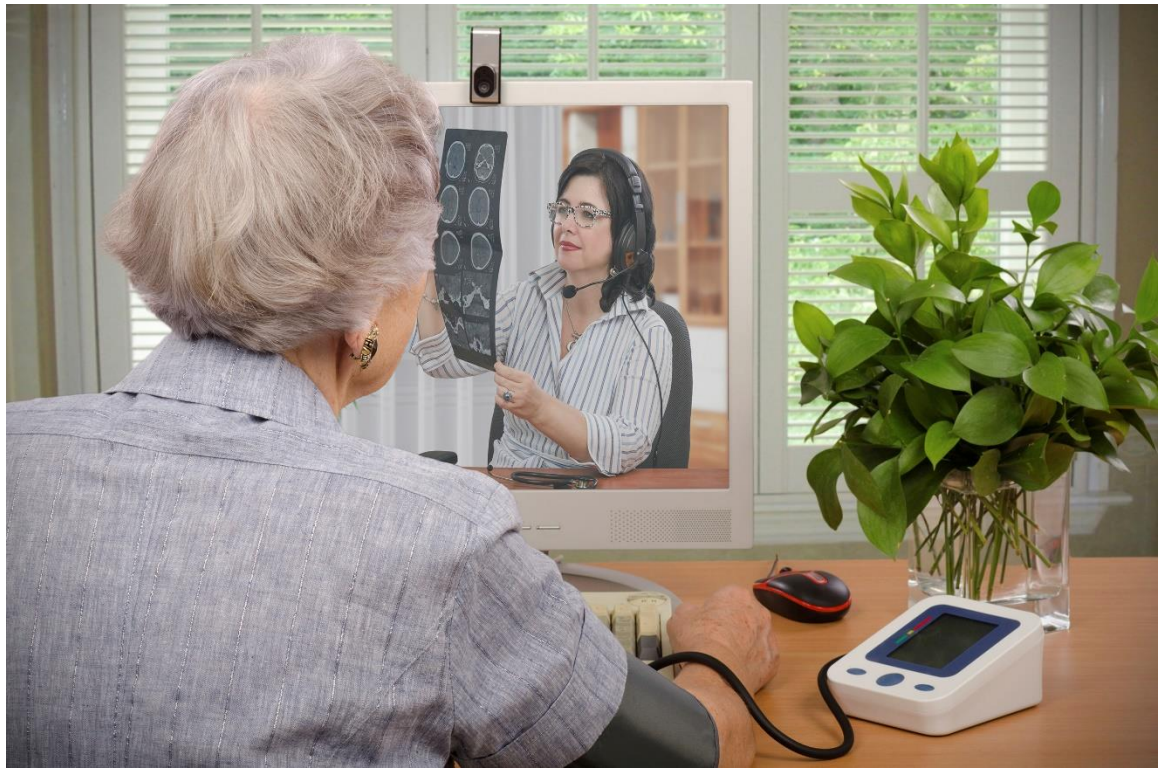
Telemedicine

- Broaden the use of telemedicine for both rural and urban areas in South Dakota to increase access to quality health care services, reduce travel and support the rural workforce.
  - Reduce the cost and risk of unnecessary patient transfers
  - Avoid expensive ER visits by promoting low-cost virtual visits
  - Eliminate patient travel time and personal expense by treating residents where they live
- Reimburse providers (MD and APP) for visits via telemedicine.
- Support Remote Patient Monitoring as a way to keep patients in their home and not at a higher level care facility.



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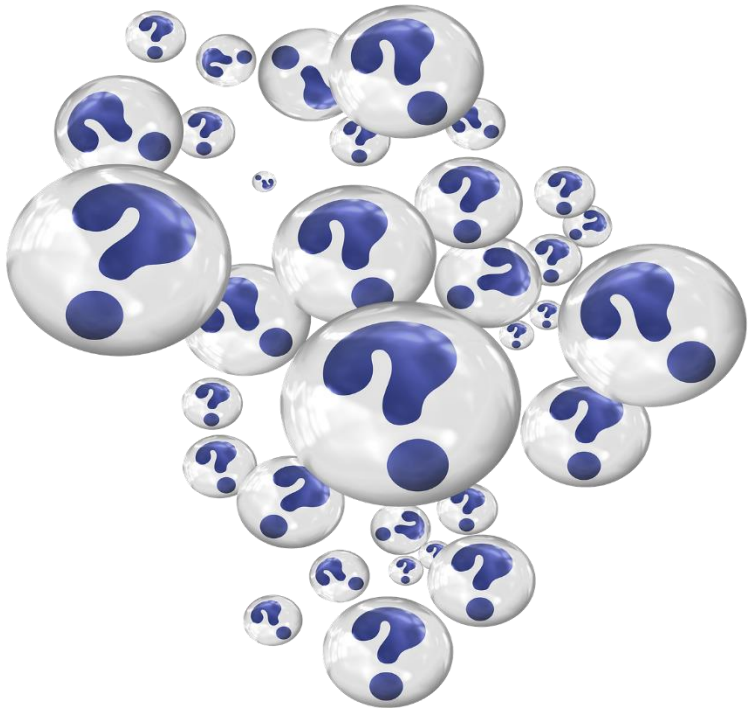
Questions

- Other issues



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Thank You!

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