

Legislative Forums

96th Session of the South Dakota Legislature

December 2020



Our Mission:

Advancing healthy communities through a unified voice across the health care continuum.

Our Vision:

We envision communities throughout South Dakota where everyone reaches their highest potential for health.



58

Hospitals



104

Skilled Nursing
Facilities



29,378

People Employed by
Healthcare in South Dakota

\$2.1 Billion

Wages and Benefits Paid
by Hospitals



\$163 Million

Uncompensated Care
Provided



\$7.3 Billion

Effect on State Economy

Governor Noem's Recommended Budget

- 2.4% Inflationary Increase for Medicaid Providers
 - Additional Targeted Inflation for Community-Based Providers
 - Nursing Facilities: 2.95% Ongoing Increase (\$5 million total funds)
 - Assisted Living: 2.8% Ongoing Increase (\$300,000 total funds)
- Access Critical Nursing Facilities
 - Designation of nursing homes in Platte, Sisseton, & Madison as Access Critical Nursing Facilities (\$2.5 million ongoing total funds)
- Recruitment Assistance Program
 - \$811,967 Requested for FY2022 Budget
 - 3 Physicians and 2 Nurse Practitioners will complete the Recruitment Assistance Program
 - 48 Health Professionals will complete the Rural Healthcare Facility Recruitment Assistance Program

Acute Care Focus

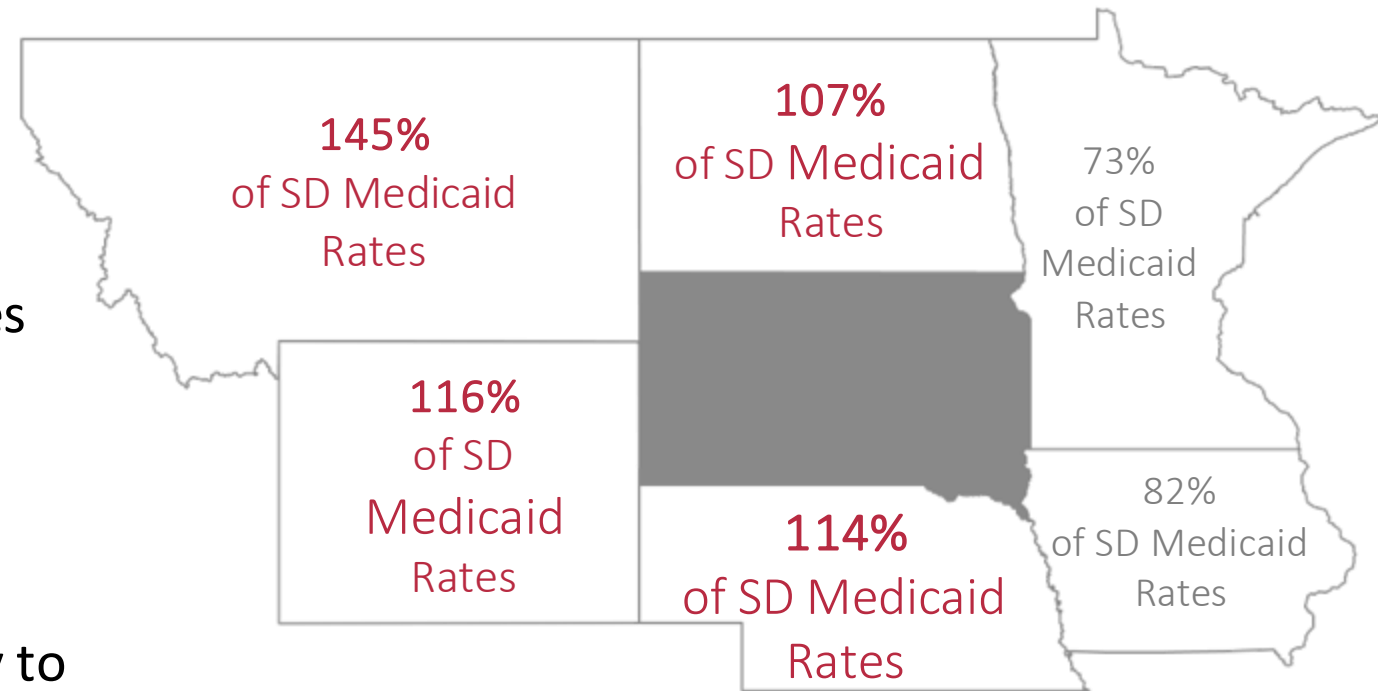
- **Provider Reimbursement**

- South Dakota's Medicaid rates lag other states in our region and nationally.
- Provider increases support basic care needs in South Dakota like access to prenatal and primary care.

- **COVID-19 Impact**

- Long-term impact on healthcare facilities is unknown.
 - \$10 million a month in COVID-19 Costs Statewide
- Federal Provider Relief Fund (PRF) Payments have assisted providers, but federal guidance limits provider's ability to use the funds.
- South Dakota CARES Act Coronavirus Relief Fund (CRF) Healthcare Distributions

Medicaid Reimbursement for Obstetrical/Delivery Care
SFY 2021



Medicare: **113%** of South Dakota Medicaid Rates

Source: Medicaid and Medicare Physician Fee Schedules

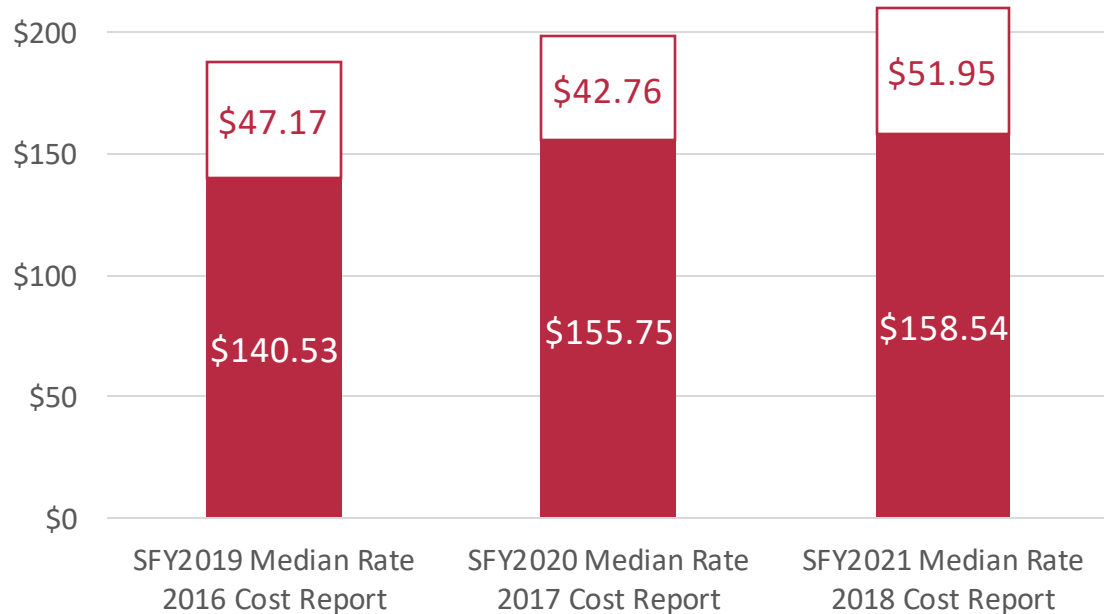
Post-Acute Care Focus

1. Increase **provider rates** to cover the on-going costs due to COVID and close the gap between Medicaid and private pay rates.
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 numerous updates and changes to CMS federal **regulations & guidelines** for nursing homes, home health and hospice.
4. Guide and inform members on the South Dakota Department of Health **survey activity** and statement of **deficiencies**.
5. **Advocate** for more home and community-based services (HCBS), particularly in rural areas.
6. **Invest** in the aging nursing home infrastructure and increased need for HCBS.

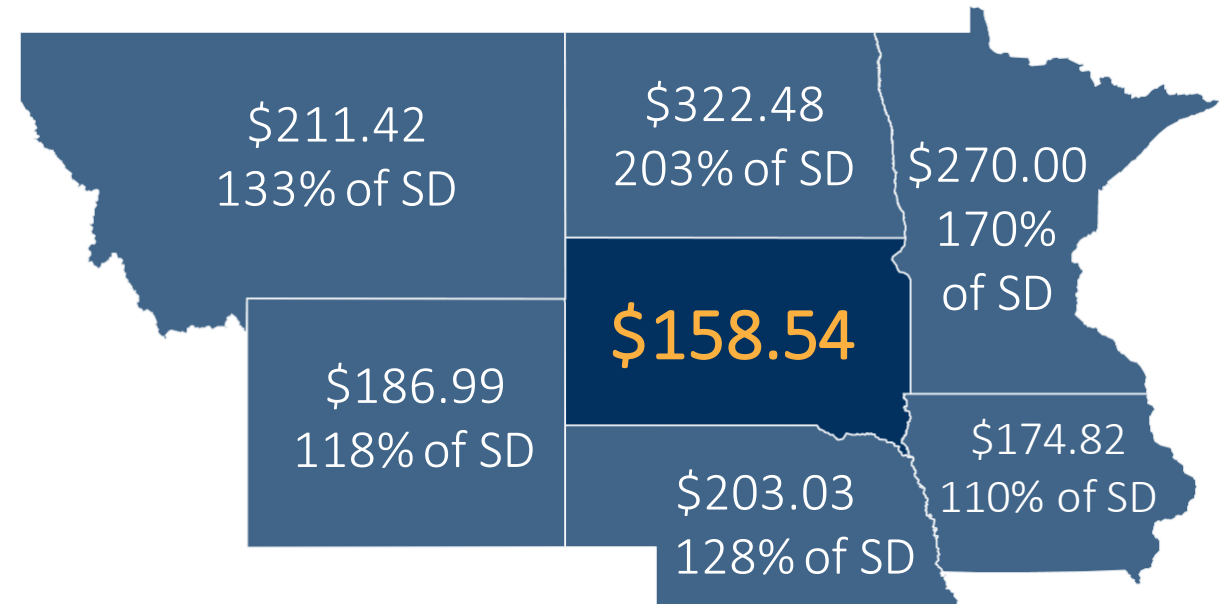
Post-Acute Care Provider Concerns

Medicaid Rate Shortfall: \$51.95 per bed per day shortfall, forcing private pay patients to pick up the tab. South Dakota's rates for skilled nursing facility services lag our surrounding states.

Medicaid Skilled Nursing Facility Rate and Cost Shortfall Per Bed Per Day



Medicaid Median Skilled Nursing Facility Daily Rates SFY 2021



Source: Medicaid Fee Schedules

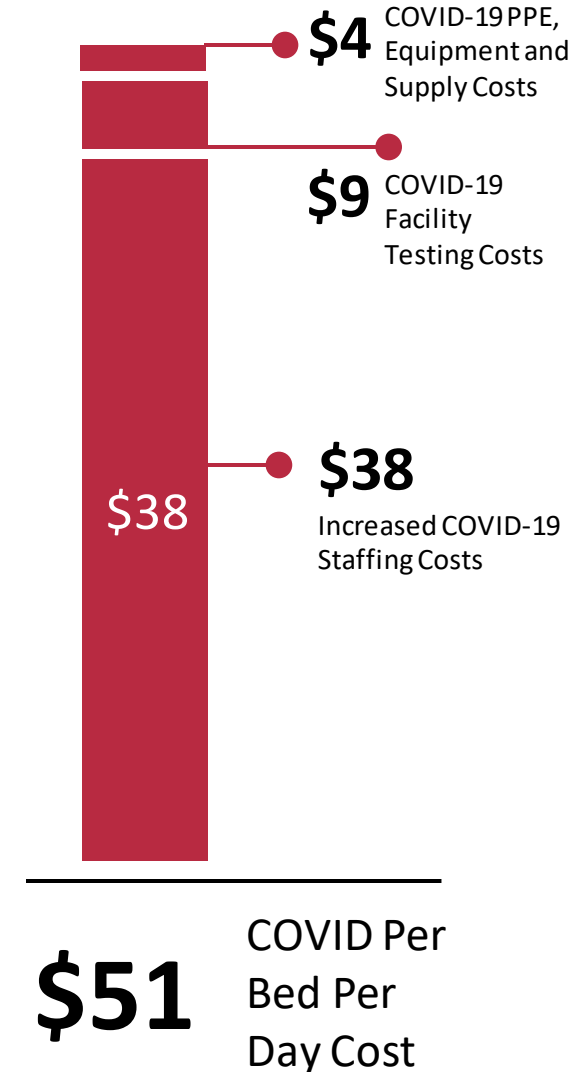
■ Medicaid Rate □ Cost Shortfall

Source: South Dakota Department of Human Service Fee Schedule and Nursing Facility Cost Reports

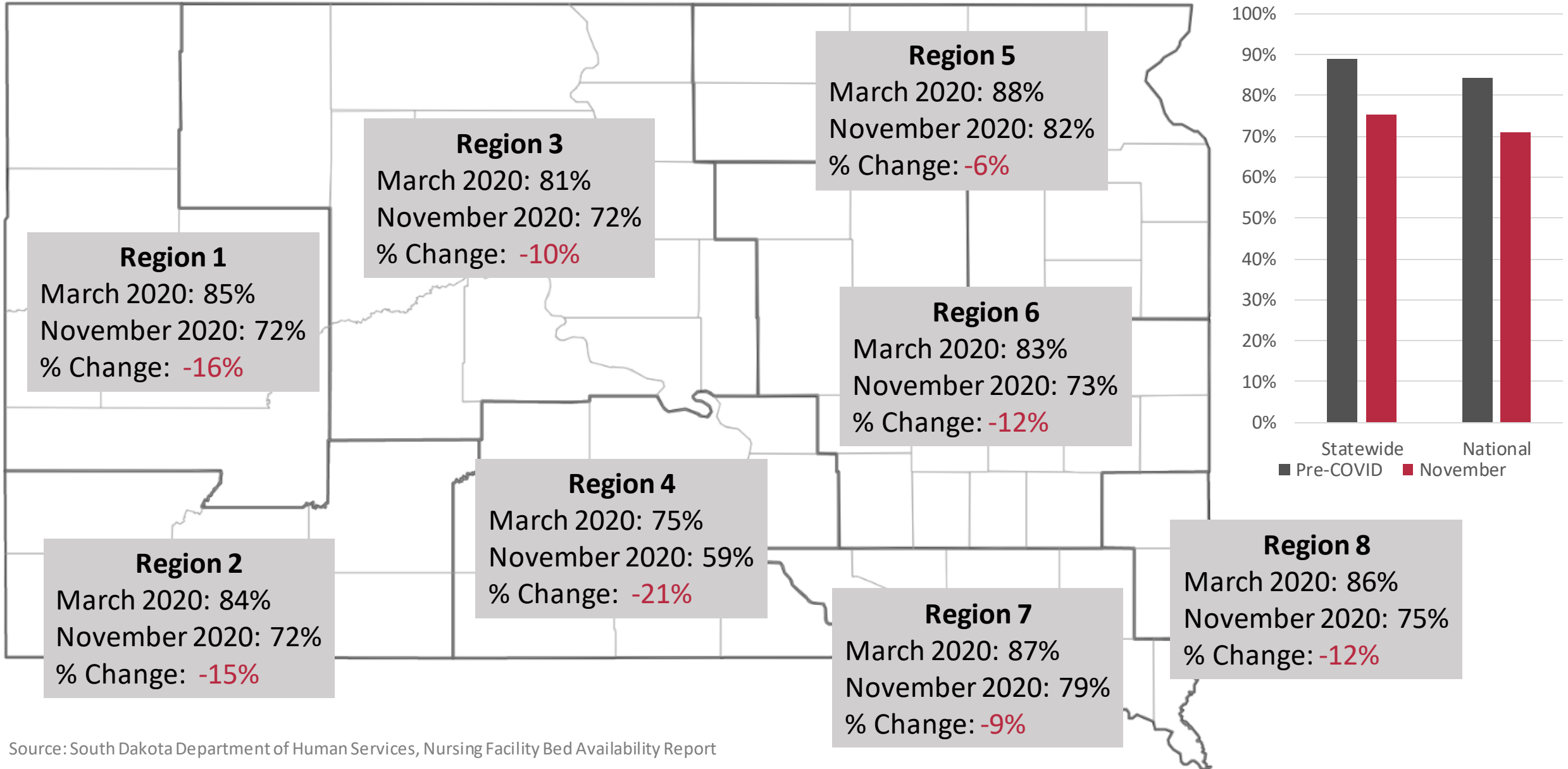
Post-Acute Care Provider Concerns

- **Workforce Challenges:** with high turn-over (55-75%), 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.
- Providers feel pressure to accept **high-need residents** and face the threat of non-payment and risk of Civil Monetary Penalty (CMP) for accepting these residents.
- **Infection Prevention & Sustainability:** Requires additional staff, resources, training, vigilance to reduce isolation.
- **COVID-19 Impact:** Additional regulations for PPE and staff testing in addition to workforce challenges due to COVID-19 have increased costs for nursing facilities. The long-term impact of these enhanced costs and regulations is unknown.

COVID-19 SNF Cost Per Day



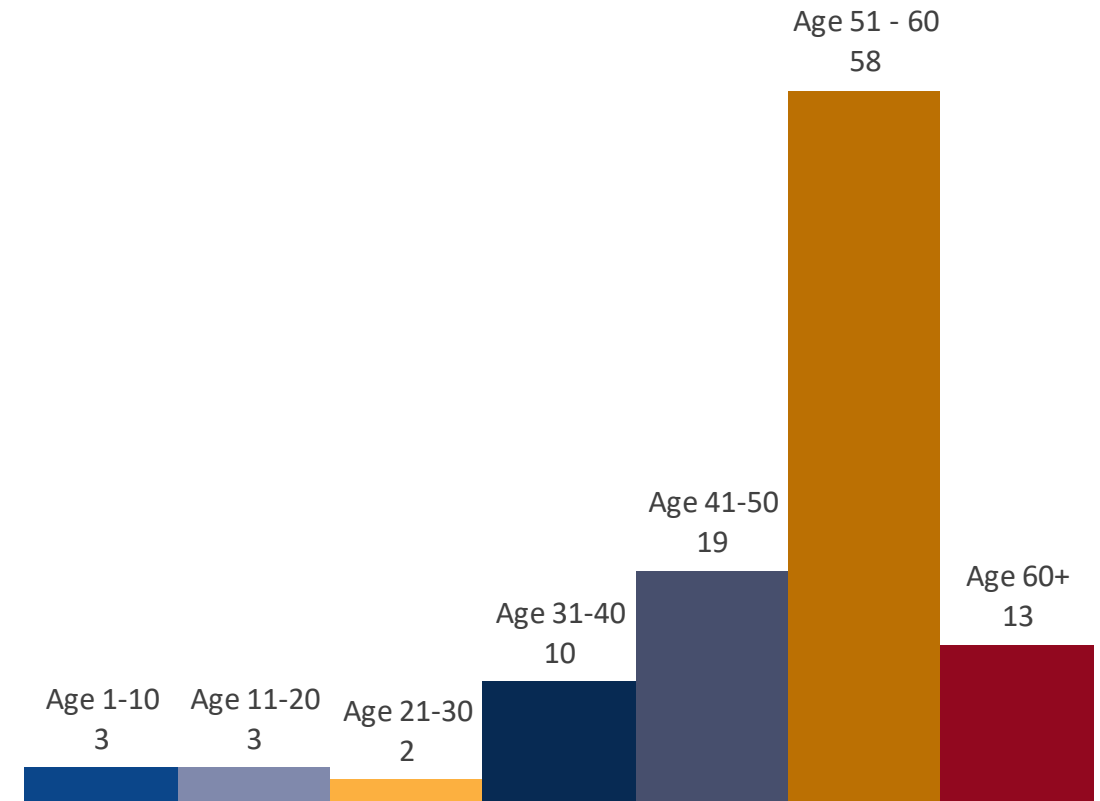
Change in Skilled Nursing Facility Occupied Beds: March – November 2020



Aging Nursing Facility Infrastructure

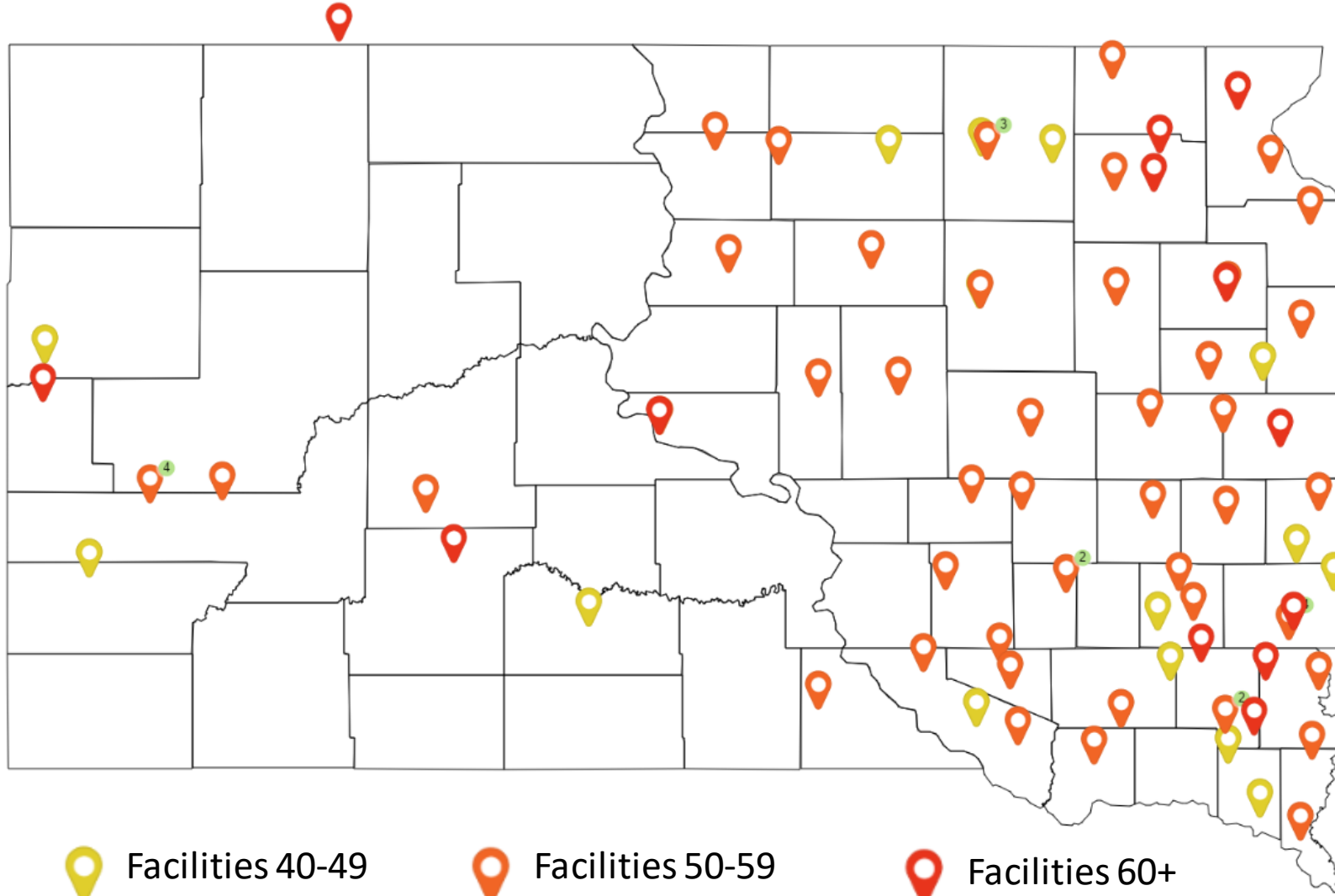
- A 2007 ABT study Final Report conducted by the South Dakota Department of Social Services notes that the average useful life of a skilled nursing facility is 40 years.
 - **84%** are over 40 years old.
 - **66%** of South Dakota Nursing Facilities are over 50 years old
- Depreciation and Medicaid reimbursement do not cover the cost of facility renovations and redesign to support modern clinical practices and accommodate new care models to enhance positive patient outcomes.

Age and Number of South Dakota Nursing Facilities




Source: South Dakota Department of Health

Location of Facilities over 40 Years Old



 Facilities 40-49 Years Old

 Facilities 50-59 Years Old

 Facilities 60+ Years Old

Source: South Dakota Department of Health

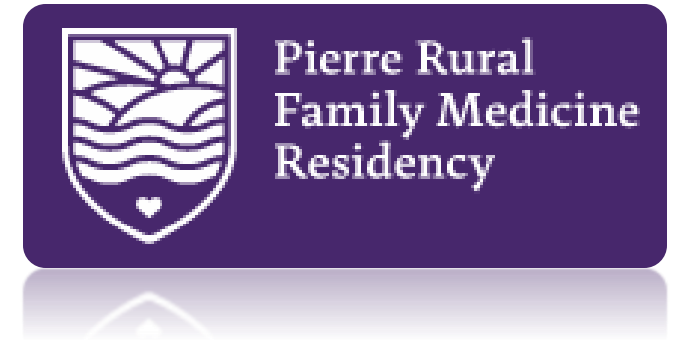
Aging Nursing Facility Infrastructure

84% of Nursing Facility Buildings in South Dakota are over 40 years old.

Healthcare Recruitment Assistance Programs

- Rural Residency Program

- Program is entering Year 3
- 4 Residents Practicing in Pierre
- **\$26,690 Requested in SFY2022 Budget**



- Recruitment Assistance for Healthcare Professionals

- The Recruitment Assistance Program provides qualifying physicians, dentists, physician assistants, nurse practitioners or nurse midwives an incentive payment in return for three continuous years of practice in an eligible rural community.
- The Rural Healthcare Facility Recruitment Assistance program provides an incentive payment to dietitians, nurses, occupational therapists, respiratory therapists, laboratory technicians, pharmacists, physical therapists, paramedics, medical technologist, speech therapist and social workers who complete a three-year full-time service commitment.
- **\$811,967 Requested for FY2022 Budget**
 - 3 Physicians and 2 Nurse Practitioners will complete the Recruitment Assistance Program
 - 48 Health Professionals will complete the Rural Healthcare Facility Recruitment Assistance Program

Telehealth

- Telehealth utilization increased dramatically during the COVID-19 Public Health Emergency.
 - CMS reports nationwide telehealth utilization from March through June 2020 was up **2632%** from the same period in 2019.
- CMS and South Dakota Medicaid implemented numerous telehealth flexibilities during COVID-19 allowing more services and more patients to utilize telehealth for care.
- **Ongoing Focus:**
 - Continued flexibility in state and federal telehealth policies after the end of the COVID-19 Public Health Emergency.
 - Payment parity for telehealth in commercial and private health plans.
 - South Dakota Medicaid already has payment parity for telehealth services.

Marijuana

- SDAHO will provide an educational series on recreational and medical marijuana to SDAHO members and non-members.
 - Topics will include: Overview of South Dakota Constitutional Amendment/Initiated Measure, CBD and Medical Marijuana Use in Healthcare, Healthcare Implementation Experiences from Other States, Human Resource Implications, Medical Marijuana in Long Term Care Settings, etc.
- Concerns with Medical Marijuana Initiated Measure:
 - Broad Definition of Medical Marijuana that does not Exclude Smoking
 - No Protections for Practitioners who do not want to Participate/Provide Certification
 - Workplace Protections are Unclear in Some Areas
 - Patient Use in Healthcare Facilities is Unclear

Medicaid Expansion

- Ballot measure language to expand Medicaid has been filed in South Dakota for potential inclusion on the 2022 ballot.
- SDAHO and our members support programs that ensure access to affordable healthcare so South Dakotans can get primary care when and where they need it instead of delaying care at higher costs.
 - Medicaid expansion would help over 40,000 South Dakotans get health coverage and bring hundreds of millions of our tax dollars back to South Dakota to support our rural hospitals.
- SDAHO is supportive of proposed ballot measure and is working with a coalition of healthcare providers and patient advocacy organizations.

COVID-19 Vaccination

- Initial Vaccination Supply: 7,800 doses
- CDC Advisory Committee on Immunization Practices identified priority groups for COVID-19 Vaccination:
 - Priority 1A Group:
 - Frontline Healthcare Workers (Hospital ED/ICU/COVID Units)
 - Long-Term Care Workers
 - Emergency Medical Service Workers
 - Long-Term Care (SNF) Residents
- Avera, Monument, and Sanford are taking a lead role in COVID-19 vaccination storage and administration in collaboration with the Department of Health.

Federal Issues

- Biden/Harris Administration
- 340B
 - Section 340B of the Public Health Service Act requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations that care for many uninsured and low-income patients including critical access hospitals and disproportionate share hospitals. This allows 340B hospitals to reduce the price of outpatient pharmaceuticals for patients and expand health services to patients.
- Price Transparency
 - Federal Rule passed by the US Department of Health and Human Services requiring hospitals to make standard charges public in 2021 by providing a machine-readable file and a consumer display of hospital charges including gross charges, payer specific negotiated rates, cash discounts, and minimum and maximum negotiated charges. Civil monetary penalties of \$300 per day for non-compliance.



SDAHO Website: sdaho.org

- Federal and State Acute Care and Post-Acute Care Priorities
- South Dakota District Map
- South Dakota Legislative Bill Tracker
- FMAP Briefing & Other Resource Guides



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