Healthcare Funding & the State Budget

Healthcare agencies account for an estimated 37% of the total State Budget.
State Healthcare Agencies

- Medicaid budget conformed to Executive Budget with $130 M for Medicaid MOE & Healthy Outcomes Program
  - HHS total funds are almost $7 billion
- $13.3 M - DDSN Waiting List
- $10.5 M - DMH Budget Restoration
- $1.4 M - Certificate of Need
- $1.6 M - DSS Family Foster Care
Hospital Transformation Plan

❖ Established with a Proviso in the FY 14-15 budget
❖ DHHS program to help hospitals transition to a more sustainable service delivery model
❖ Focus on reducing unnecessary inpatient admissions, surgeries, and high-tech diagnostics
❖ Allows DHEC to make some exceptions with regulations and licensing standards where the exception is determined to assist successful implementation and operation of the Hospital Transformation plans developed by DHHS
❖ Criteria is almost finalized – DHHS is incorporating feedback from SCHA
Hospital Transformation Funding

- $15 M in state funds made available for statewide transition funding
- Used to leverage any available, additional federal or other funds
- New DSH pool for participating hospitals
- 2.5% rate increase for hospitals that do not participate to keep them whole in the aggregate
Healthy Outcomes Program

- Establish in FY 13-14 with Proviso 33.38 - Healthy Outcomes Initiative
- As an alternative to expansion, the General Assembly charged DHHS with several initiatives
- The Health Outcomes Program (HOP) is the primary initiative
Goals for the HOP

❖ Improve care and coordination of services
❖ Heighten patient engagement and compliance
❖ Improve patient outcomes
❖ Greater use of best practices
❖ Partnerships among hospitals, RHCs, FQHCs, Free Clinics, ADA, Community MH, etc.
Long Term

❖ Improve Health Quality
❖ Reduce Disparities
❖ Create Greater Collaboration
❖ Reduce Costs
HOP Enrollment

❖ As of August, 2014, there are 9,189 participants enrolled in a HOP – 108% of the target population
❖ The number is small, but the significance is that SC is working on systematic process improvement
❖ Engaging the uninsured population has required a varied approach from community to community
❖ These experiences are being utilized in ongoing and future innovations in healthcare delivery
Healthy Outcomes Program

❖ Hospitals are targeting chronically ill, uninsured, and those with high utilization of Emergency Department services

❖ 100% hospital participation from SC Medicaid designated hospitals, leading to 46 HOPs and 58 hospitals participating - *multiple collaborators*

❖ Models based on individual hospital ideas and best practices that:
  ❖ Improve the coordination of care for an at-risk population
  ❖ Lower healthcare costs in a way that best works for that community
HOP Funding

- First time funding may only be accessed if hospitals, clinics, and other providers serving the uninsured population work together
- Must adhere to health improvement initiatives detailed in the proviso
- Focused on improving outcomes
- Continuing the 2.75% hospital rate increase for HOP
- First step to realigning how hospitals manage the uninsured and spend allotted funding (DSH) on administering care for this population
HOP Proviso - Additional Initiatives

- Expands Telemedicine Initiatives - $15 M
- MUSC to lead an open access Telemedicine Network
- Provides for Hospital Transformation Plans (*rural hospital sustainability initiative*)
- DHHS to contract with MUST Hospital Authority to develop statewide teaching partnerships
- Other provisions include strengthening delivery system and funding for participation in community initiatives
Telemedicine for OB/GYN

❖ Part of the General Assembly’s Healthy Outcomes Proviso – designated for Underserved Counties

❖ Designed to leverage the use of teaching hospitals to provide rural physician coverage, expand the use of telemedicine, and ensure targeted placement and support of OBGYN services in at least four counties with a demonstrated lack of adequate OBGYN
Telemedicine for OB/GYN

- Proviso 33.34 (FY 13-14) Section E(2) – Allendale, Bamberg, Barnwell, and Hampton counties

- Collaborative, shared care with Family Physicians (FPs) providing prenatal care in county and using telemedicine to consult with OB/GYN and Maternal Fetal Medicine specialists

- MUSC and USC also offering additional on-site collaboration sessions with participating FPs, updating them on current best practices and expectations

- Utilize existing services within these counties to make this a sustainable project model

- Birth outcomes and maternal health addressed by partnering with Low Country Healthy Start for enhanced care coordination, earlier care plan development, and support through the child’s first birthday
Telemedicine for OB/GYN

- Proviso 33.26 (FY 14-15) Section E(2) – Saluda, Edgefield, Abbeville, and McCormick counties
- No primary OB/GYN practices or delivering hospitals present in these counties
- Stakeholder forums to take place in September to seek input concerning wants and needs in each community
- SCDHHS OB/Telemedicine Project Team to develop project model based on stakeholder input
- Project will again leverage teaching hospitals to help facilitate most appropriate plan to ensure targeted placement of OB services and offer sustainability
Healthy Connections Checkup

❖ The Legislature & SCDHHS strongly believe in proactive, holistic care – Checkup is a key component

❖ Healthy Connections Checkup is a Medicaid limited benefit program previously called “Family Planning,” which has been offered in SC since 1989

❖ Men and women of all ages who are ineligible for any other Medicaid program are eligible for Checkup up to 194% FPL

❖ Of the eligible 450,000 South Carolinians, 113,000 are currently enrolled
Healthy Connections Checkup

- Checkup aims to improve health outcomes for families in South Carolina by providing:
  - Continued coverage for life-course planning
  - Coverage of additional health screenings
  - Coverage of a comprehensive physical examination (once every two years)
  - Referrals for follow-up care
Referral Process for Checkup

❖ **Importance of Referrals**
  ❖ Checkup members have Medicaid coverage for certain preventative screenings
  ❖ Checkup members do NOT have coverage for follow-up care or treatment

❖ **Where to Refer Checkup Patients**
  ❖ Providers that offer care to the uninsured or underinsured
  ❖ Examples include free clinics, FQHCs, RHCs, hospitals that provide charity care, etc.

❖ **Referral Procedure**
  ❖ This process was established to compensate providers for administrative costs associated with referrals AND to collect important data on the health status of the Checkup population
Certificate of Need

Restoration of Funding, SC Supreme Court Decision, and Ways & Means Ad-Hoc Committee
Certificate of Need

- Governor vetoed lines in DHEC’s section of budget in FY 13-14
  - Health Care Standards, Facility & Service Development $1.4 M state General Funds
- Veto was sustained by the House, 56-65
- DHEC suspends CON as a result of veto
- Legal arguments made in court
South Carolina Supreme Court issued opinion in April 2014

- DHEC suspension based on budget line veto was not valid
- DHEC is required to fund the program
- All five Justices agreed that the CON program was not suspended
First meeting is Wednesday, September 24 at 1:00pm

The Ad-Hoc Committee will make recommendations to the full Ways & Means Committee

Pursuant to the SCSC decision, the CON program may only be addressed legislatively

G. Murrell Smith, Chairman
Michael A. Anthony
William “Bill” Clyburn
William G. "Bill" Herbkersman
James H. Merrill
Questions?

–Thank you
Healthcare’s Influence on the State Budget, Legislation & Regulation

Rep. G. Murrell Smith
Chairman
Healthcare Subcommittee
Ways & Means
SC House of Representatives