

South Carolina Department of Health and Human Services

House Ways & Means Committee / HHS Subcommittee FY 2025-26 Budget Request

Eunice Medina
Interim Agency Director

January 22, 2025

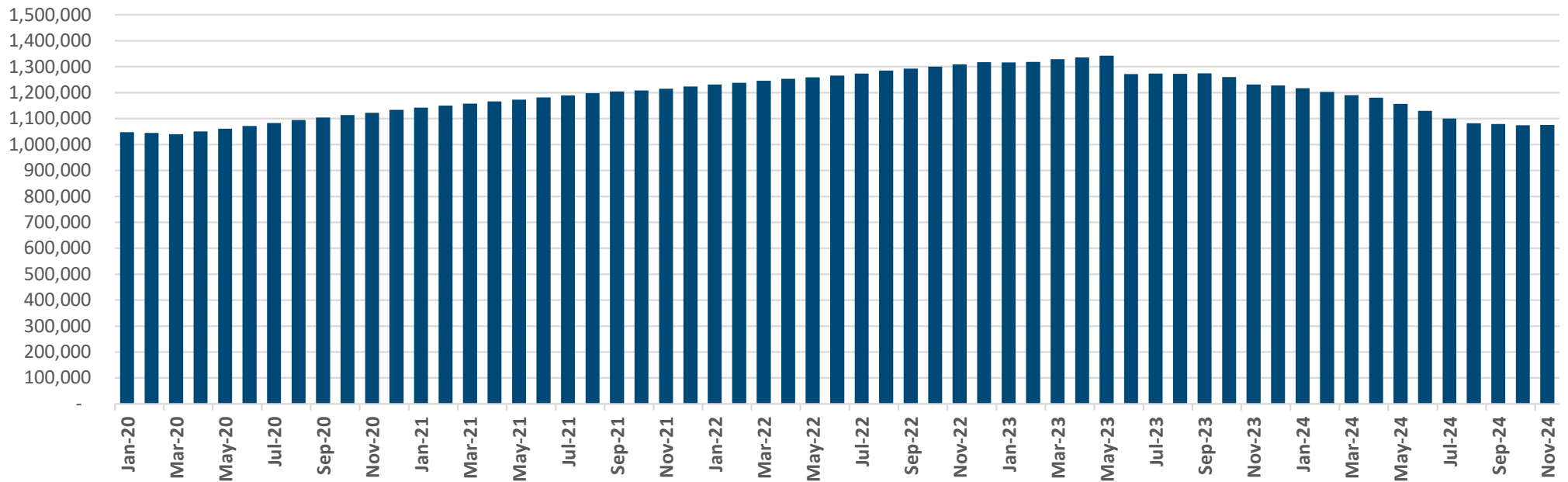
Agency Attendees

- Eunice Medina, Interim Director
- Brad Livingston, Chief Financial Officer

Agency Information

Full-benefit Membership

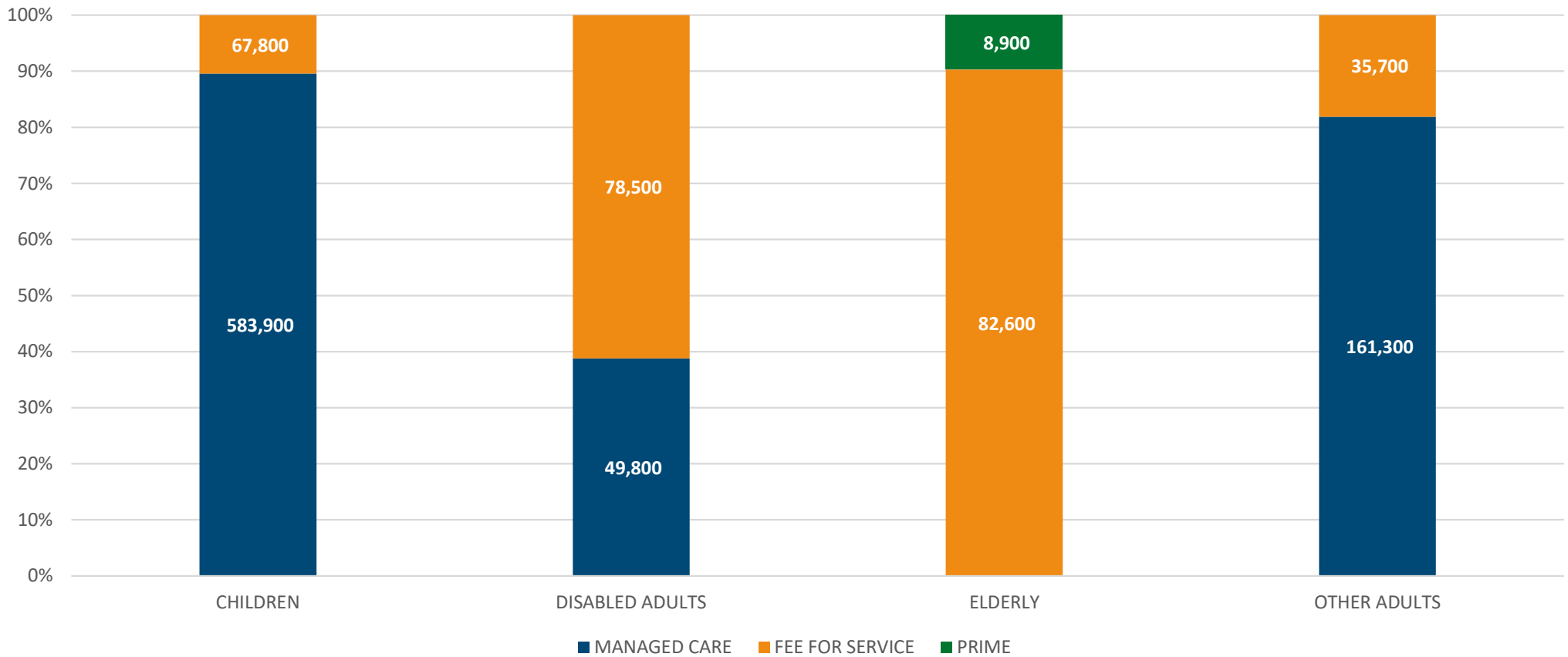
(as of Nov. 30, 2024)



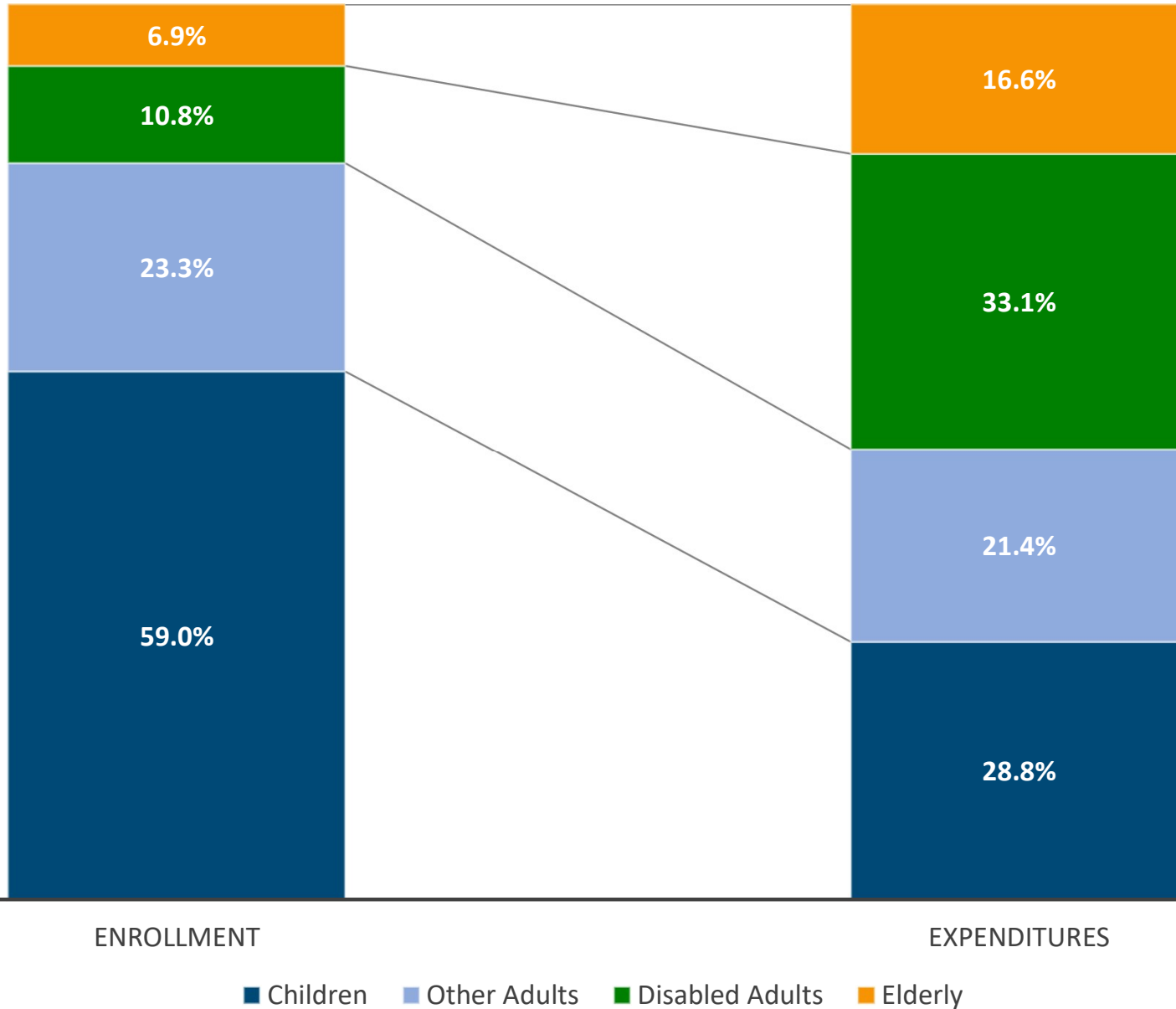
During the COVID-19 public health emergency, which inflated Medicaid enrollment nationwide, full benefit membership peaked in May 2023. Since that peak, full-benefit enrollment has returned to around its pre-COVID-19 levels, as expected.

Full-benefit membership by Population

(as of Nov. 30, 2024)



Asymmetric Resource Utilization



FY 2025-26 Budget Request

Summary of Budget Requests

Decision Package #	Decision Package	Description	General Funds
1	Maintenance of Effort Annualization	Represents the total change in cost necessary to keep the program operating at existing service and reimbursement levels. Annualization includes inflationary provider reimbursement pressures and estimated increases in enrollment and utilization. It also accounts for changes directed by the federal government to Medicaid programs. Annualization continues to reflect the savings associated with transitioning from multiple managed care-operated preferred drug lists to a single, state-directed list.	\$55,432,670
2	Rehabilitative Behavioral Health Services (RBHS)	Represents updates to reimbursement methodology and fee schedule consolidation. This approach aims to provide balance to ensure behavioral health services are available throughout the continuum of care and ensure parity across the various fee schedules.	\$5,778,382
3	Partial Hospitalization Program/Intensive Outpatient Program	Represents the need to add coverage of additional services in the continuum of behavioral health services available in South Carolina. These programs will allow an intensive level of behavioral health services to be provided outside of an inpatient setting.	\$2,448,630
4	Opioid Treatment Services	Represents the cost to increase the reimbursement rate for Buprenorphine and Methadone to match the current Medicare rate and increase access to these treatments for Medicaid members.	\$5,409,580

Summary of Budget Requests

Decision Package #	Decision Package	Description	General Funds
5	Graduate Medical Education	Represents an update to a per resident methodology that will allow the state to develop payment incentives as a tool to help address specific physician shortages.	\$10,000,000
6	Home and Community Based Services (HCBS) Waitlist Reduction	Represents the amount of funding needed to create an additional 1,000 HCBS waiver slots. The state's current provider network can support the additional slots. These waiver programs allow individuals to receive care in their community rather than an institutional setting.	\$10,016,529
	TOTAL GENERAL FUNDS REQUEST		\$89,085,790

Budget Request—Decision Package 1

Decision Package #1: Maintenance of Effort Annualization (\$55,432,670)

- Annualization accounts for the total change in cost in state dollars needed to continue current Medicaid service levels and reimbursement rates for providers. Trends included in this year's request:
 - Increases in Medicare Part B and Part D premiums
 - Department of Disabilities and Special Needs (DDSN) local providers cost of living adjustments
 - Increase in nursing home bed days to pre-pandemic occupancy
 - Increases in value of existing medical contracts
 - Durable medical equipment reimbursement methodology change
 - Reflects savings associated with transitioning to a single, state-directed preferred drug list

Budget Request—Decision Package 2

Decision Package #2: Rehabilitative Behavioral Health Services (\$5,778,382)

- These services are community-based behavioral health services for treating mental health and/or substance use disorder.
- The goals of these services include ameliorating disabilities, improving the member's ability to function independently and restoring maximum functioning through diagnostic and restorative services. Examples include family therapy, crisis management and medication management.
- Funding this request will allow SCDHHS to continue its multiyear effort designed to ensure behavioral health services are available throughout the continuum of care and ensure parity in provider reimbursement across various fee schedules.

Budget Request—Decision Package 3

Decision Package #3: Partial Hospitalization Program/Intensive Outpatient Program (\$2,448,630)

- This request is an important extension of the ongoing work to address deficiencies in the continuum of behavioral health services available in South Carolina.
- Establishing partial hospitalization and intensive outpatient programs will allow an intensive level of behavioral health services to be provided outside of an inpatient setting.
- These programs can be used as a step down from inpatient care, or a step up from standard outpatient treatment, and operate as a stand-alone level of care to stabilize a deteriorating condition and prevent hospitalization.
- Funding this request will allow care to be delivered in more cost-effective settings and allow the Medicaid member being treated to be in the least restrictive environment appropriate for their level of care.

Budget Request—Decision Package 4

Decision Package #4: Opioid Treatment Services (\$5,409,580)

- According to the Kaiser Family Foundation, South Carolina had the 10th worst opioid overdose death rate in the country in 2022. The South Carolina Department of Public Health also showed that drug overdose deaths increased by 6% from 2021 to 2022.
- Opioid use disorder is most effectively treated through long-acting medications including buprenorphine and methadone.
- SCDHHS' current reimbursement rate for opioid treatment services is 43.6% of the rate reimbursed by Medicare. Funding this request will increase the provider reimbursement rates to match the Medicare rate and increase access to treatment for Medicaid members by incentivizing opioid treatment providers to offer both treatment options.

Budget Request—Decision Package 5

Decision Package #5: Graduate Medical Education (GME) (\$10,000,000)

- The General Assembly has consistently invested in the state's future physician workforce through the state's GME program.
- The current methodology, using patient days as a basis, has proven difficult to measure the return on investment.
- SCDHHS contracted with an independent evaluator to conduct a study of the state's GME program. The initial results reflected a state physician shortage of 1,800 in 2021, which is expected to grow to 3,000 by 2026.
- SCDHHS is proposing changing the GME payment methodology to a per resident amount. This will allow the state to develop payment incentives as a tool to help address specific physician shortages.
- Funding this request will support the transition to this new methodology and allow the state to leverage GME payments to more efficiently produce the appropriate number and type of physician residents in the areas needed while also increasing the investment in the state's future physician workforce.

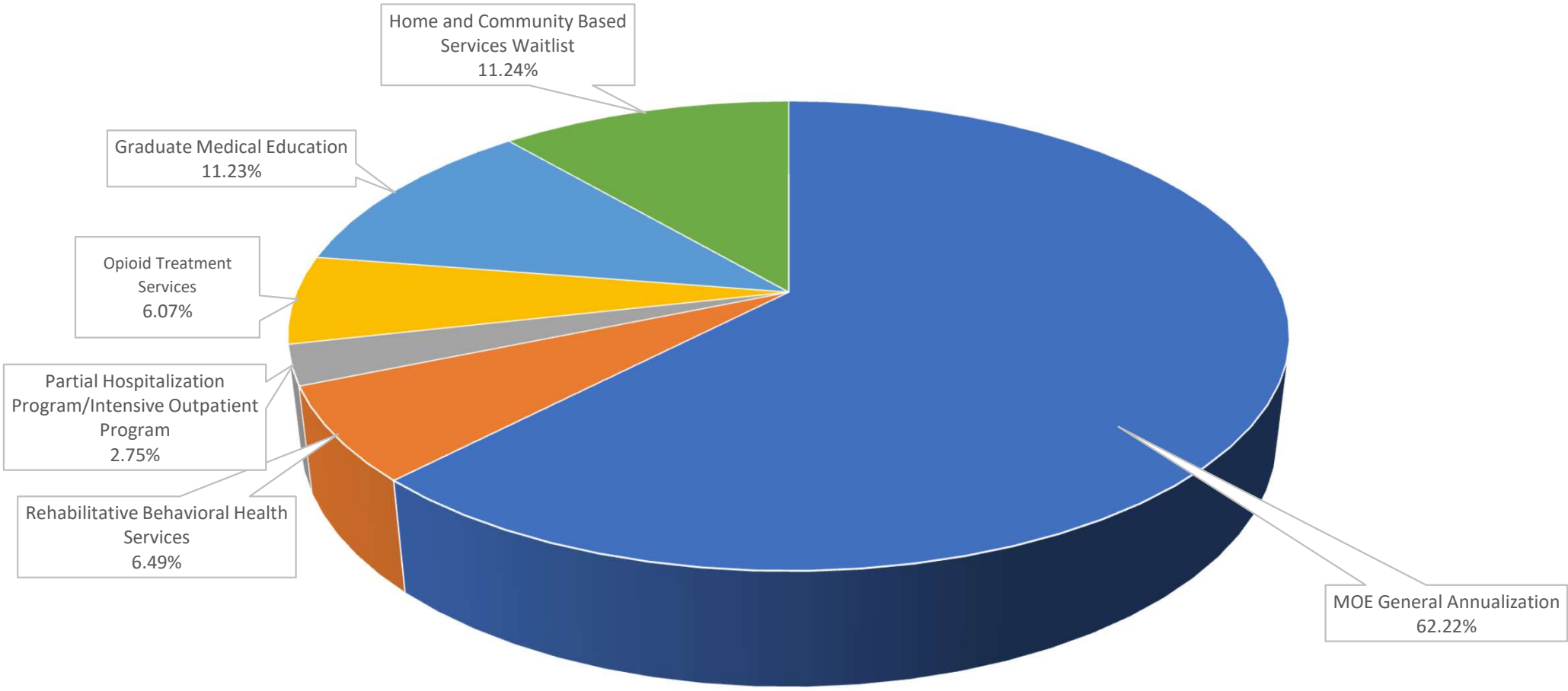
Budget Request—Decision Package 6

Decision Package #6: Home and Community Based Services (HCBS) Waitlist (\$10,016,529)

- HCBS waiver programs help individuals who require a high level of medical care, typically individuals with a physical and/or intellectual disability, to receive care in their community rather than an institution.
- This allows these individuals to be closer to their family and yields a 375% cost savings compared to care delivered in an institutional setting.
- Under HCBS waiver programs, state Medicaid agencies are responsible for reimbursing providers for services covered by the waiver program but the number of individuals who are eligible is capped at the number of slots that are funded.
- According to data received from DDSN, there were nearly 20,000 people on the waiting lists for the three waiver programs operated by DDSN (July 2024). SCDHHS' analysis shows the state's current provider network could support approximately 1,000 additional HCBS waiver slots.
- Funding this request will create approx. 1,000 additional HCBS waiver slots and begin to address the waiting lists for the state's HCBS waiver programs.

Budget Request

Distribution of General Funds Request



- MOE General Annualization
- Partial Hospitalization Program/Intensive Outpatient Program
- Graduate Medical Education
- Rehabilitative Behavioral Health Services
- Opioid Treatment Services
- Home and Community Based Services Waitlist

