

*2018 Healthcare Financial Management Association
South Carolina Chapter – Fall Institute*

SC Healthcare Budget & State Health Initiatives

Rep. Garry R. Smith

Healthcare Budget
Subcommittee
Ways & Means
SC House of Representatives

The Budget

Healthcare Funding in the State Budget

- ❖ The Interconnectivity of the State Budget and Healthcare Agencies



Healthcare Budget

- ❖ The State plays a key role in South Carolina's Healthcare system
- ❖ There are several state agencies responsible for various aspects of that system, all of which are classified as "Healthcare" agencies
- ❖ Healthcare agencies account for nearly 40% of the total state budget
- ❖ As costs continue to rise, the need for collaboration throughout the various aspects of our healthcare systems in our state is increasingly important and necessary

Healthcare Budget Subcommittee

- ❖ In January and February of each year, the Healthcare Subcommittee receives testimony and funding requests from state agencies, various local and statewide providers, the public, and other members of the House
- ❖ The Subcommittee reviews the Executive Budget Recommendations and works closely with the Senate Finance Healthcare Subcommittee throughout the process
- ❖ Ways & Means Healthcare Subcommittee members:
 - ❖ G. Murrell Smith – Chairman – Sumter
 - ❖ Bill Clyburn – Aiken
 - ❖ Jimmy Bales – Richland
 - ❖ Garry Smith – Greenville

Major Healthcare Agencies

- ❖ Department of Health and Human Services - DHHS - SC Medicaid
- ❖ Department of Disabilities & Special Needs - DDSN
- ❖ Department of Mental Health - DMH
- ❖ Department of Social Services - DSS
- ❖ Department of Health & Environmental Control - DHEC
- ❖ Department of Alcohol & Other Drug Abuse Services – DAODAS
- ❖ Medical University of South Carolina, Hospital Authority - MUSC
- ❖ Vocational Rehabilitation Department
- ❖ Commission for the Blind
- ❖ Public Employee Benefit Authority - PEBA

FY 18-19 Healthcare Budget

❖ Health and Human Services - Medicaid Budget

- ❖ **\$26.4 M** for the state Medicaid Maintenance of Effort and Annualization to maintain existing services and coverage
- ❖ Continued funding for the Healthy Outcomes Proviso, serving nearly 14,000 high-utilizers of emergency rooms and/or inpatient services through coordination with all Medicaid-designated hospitals, 70 primary care safety net providers, and 3 behavioral health clinics state-wide
- ❖ **\$4.8 M** increase in recurring state funds and **\$9.4 M** in matching federal funds for an increase to rates for autism therapy and service providers, brings the rate from \$17/hr to **\$30/hr**

❖ Health and Human Services - Rural Health Initiative & Telemedicine

- ❖ **\$3.5 million** in increased funding for the Rural Health Initiative. DHHS partnership with the USC School of Medicine to develop a strategic plan for addressing medically underserved communities in the rural areas of the state – total of **\$7.5 million/year**
- ❖ **\$6 million** in new funds for continued enhancements and operation of the SC Telemedicine Network

FY 18-19 Healthcare Budget

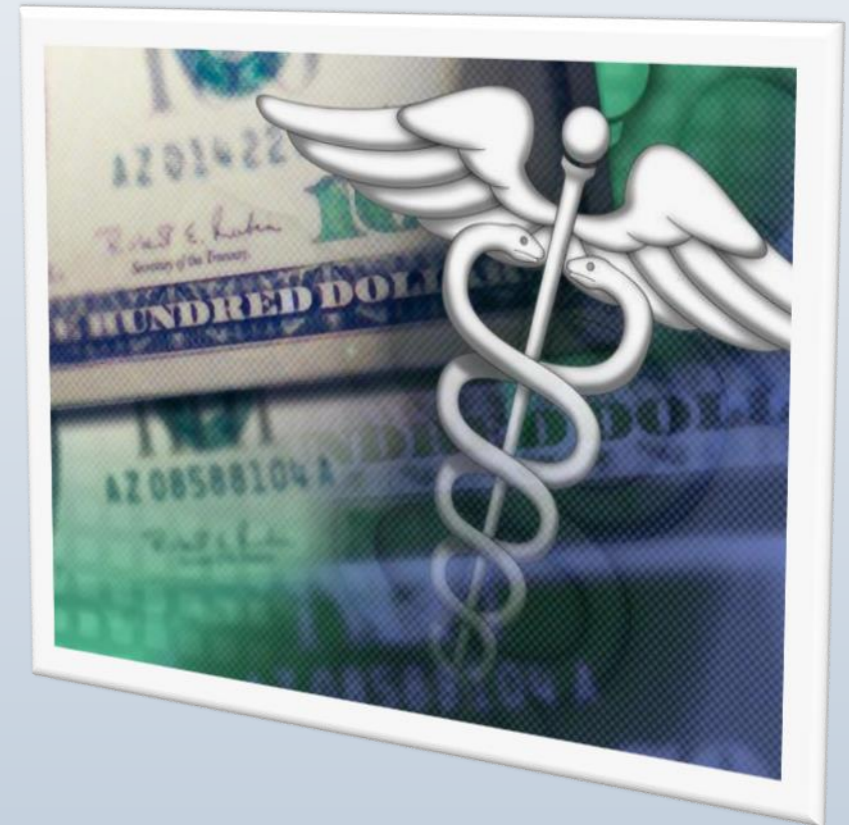
❖ Other Health Agencies

- ❖ **DSS - \$23 M** in recurring funds to address required components in settlement agreement and continued child match for **\$8.6 M** in federal funds, **\$25 M** in non-recurring for the Child Support System
- ❖ **DDSN - \$11.3 M** to increase the department's direct care staff starting salaries agency wide from **\$11/hr to \$12/hr** (*a similar increase request will be discussed this year*)
- ❖ **DMH - \$6.9 M** in recurring funds to increase access to Supported Community Housing, Child and Adolescent Intensive Community and Residential Services in partnership with DJJ, and enhance School Based Services
- ❖ **DHEC - \$2.4 M** for the EMS Performance Improvement Center and the Credentialing Information System, Enhanced Communicable Disease Prevention and Treatment, including funding specific to HIV/AIDS, Breast and Cervical Cancer screenings/treatment and Colorectal Cancer screenings/treatment

Budgeting Reforms and Other State Health Initiatives

Changing the Way Healthcare is Delivered

- ❖ The number of healthcare providers in the state, especially in rural areas, is a growing concern
- ❖ It is essential that the state work through coordinated efforts between state agencies, hospitals, and other providers



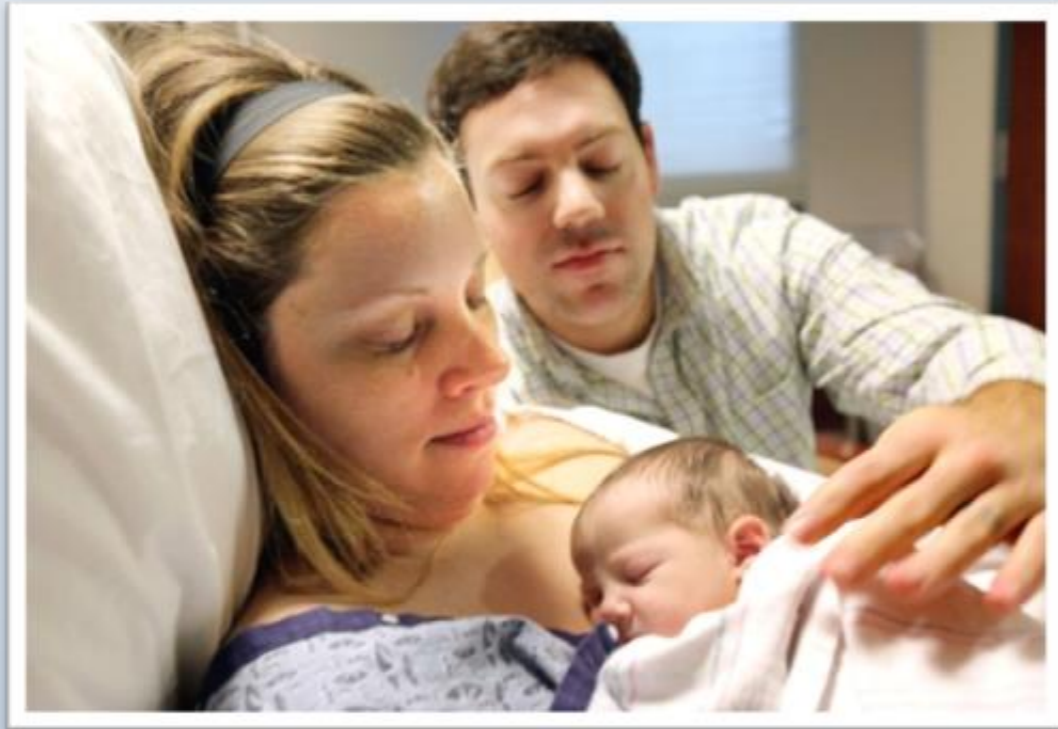
Costs of Providing Care

- ❖ Federal and State laws regarding the delivery of care have changed dramatically over the last decade, and are likely to continue to evolve rapidly as more and more data becomes available
- ❖ Healthcare costs continue to be a concern throughout the country, and with the SC Medicaid budget representing a combined federal and state funding total of over **\$7 billion** dollars in SC (**\$1.3 billion** in state funds) it is imperative that efficiencies in costs are realized and quality measures are recognized

Ensuring Quality

- ❖ Thanks to the increased prevalence and reliability of health and demographic data, specific quality measures are becoming easier to identify
- ❖ Certain individuals with serious illnesses are the highest utilizers of services and therefore make up a substantially larger percentage of overall cost
- ❖ Must approach spending from a comprehensive and collaborative perspective, so that the quality of care provided does not decrease as a result
- ❖ A focus on providing coordinated quality care for the high-utilizers enrolled in SC Medicaid allows for significant cost-savings through various initiatives

SC Birth Outcomes Initiative



- ❖ SCBOI was established in 2011 through DHHS to address high Infant Mortality Rates (IMR)
- ❖ Collaborative effort among 125 stakeholders that uses innovative policy change and continuous education to address two of the state's most pressing health problems – infant mortality and low birth weight babies
- ❖ Monthly meetings with more than 100 people in attendance
- ❖ Our state is recognized as a national leader in birth outcomes

Birth Outcomes Initiative Programs

- ❖ Non-Medically Necessary Early Elective Deliveries (EEDs)
- ❖ Screening, Brief Intervention and Referral to Treatment (SBIRT)
- ❖ Long-Acting Reversible Contraceptives (LARCs)
- ❖ Baby-Friendly USA Designation
- ❖ CenteringPregnancy™
- ❖ Supporting Vaginal Birth (SVB)
- ❖ Neonatal Abstinence Syndrome (NAS)
- ❖ Mother's Milk Bank of South Carolina (MMBSC)

SCBOI Successes

- ❖ Infant mortality rate has dropped to 6.5 out of every 1,000 births in 2014, an all-time low for SC
- ❖ Since launch of SCBOI, there has been an 18% decrease in low birth weight babies born on Medicaid
- ❖ 11 South Carolina hospitals are certified as Baby-Friendly, meaning 36% of all babies are born in a Baby-Friendly designated hospital (national average is 17%)
- ❖ 17 physician practices across the state offer CenteringPregnancy™
- ❖ Over 60% percent of SC birthing hospitals boast a rate of zero percent for non-medically necessary, early elective deliveries between 37 and 38 weeks

SC Medicaid Deliveries and Pediatric Visits

- ❖ There are over 32,000 Medicaid reimbursed deliveries, approximately 57% of all SC births annually
- ❖ 60% of children 0-15 months receive the recommended set of visits
- ❖ 60% of children age 3-6 get the recommended pediatric well visits
- ❖ 45% of adolescents get the recommended pediatric well visits

Healthy Outcomes Program



- ❖ Commonly referred to as HOP
- ❖ Medicaid Accountability & Quality Improvement Initiative
- ❖ Budget Proviso in the State's Appropriations Bill - Established in 2013
 - ❖ *Proviso number 33.20 in the FY 18-19 Budget*

HOP - Long Term Goals

- ❖ Improve health quality and coordination of care for an at-risk population
- ❖ Heighten patient engagement and compliance
- ❖ Reduce health disparities and improve patient outcomes
- ❖ Create greater collaboration and increase use of best practices
- ❖ Lower healthcare costs in a way that best works for each community

HOP Providers and Partnerships

- ❖ 100% hospital participation from the 57 Medicaid-designated hospitals in SC, leading to 45 HOPs – *multiple collaborators*
- ❖ Serving over 14,000 participants statewide
- ❖ HOPs are paid for each enrollee under care plan management
- ❖ 70 primary care safety net providers working in conjuncture with Hospitals – FQHCs, RHCs, Free Clinics
- ❖ 30 participating behavioral health clinics – DMH & DAODAS

HOP Funding

- ❖ Funding may only be accessed if the hospitals, clinics, and other providers serving the uninsured population work together
- ❖ Must adhere to health improvement initiatives detailed in the proviso, which are reviewed and updated each year during the budget process
- ❖ Focused on improving health outcomes
- ❖ First step to realigning how hospitals manage the uninsured and spend allotted funding (DSH) on administering care for this population

Additional Initiatives

- ❖ Continuing investment in Telemedicine Infrastructure and operational funding with an increase of \$1 M in recurring state dollars and \$5 M in capital funding in this year's budget (FY 18-19) – brings total recurring operating funds to **\$11 million** through both DHHS and MUSC
- ❖ MUSC is the lead agency for the state's open access Telemedicine Network – under the direction of the SC Telehealth Alliance, which is comprised of multiple agency representatives and stakeholders
- ❖ DHHS is contracting with USC's School of Medicine to develop statewide teaching partnerships and residency programs through a new Rural Health Initiative

Coordinating Efforts

Telemedicine in South Carolina

- ❖ The Statewide Telemedicine Network is one of the best tools SC has in addressing the low provider base and enhancing a coordinated approach to improving health



Telemedicine

- ❖ With such a large number of rural areas and communities in South Carolina, Telemedicine is essential in delivering quality care throughout much of the state
- ❖ In 2007, the SC Department of Mental Health and the South Carolina Hospital Association (SCHA) received grant funding from The Duke Endowment for a statewide Telepsychiatry network for all SC hospitals with Emergency Departments
- ❖ In 2008, MUSC developed a Telestroke program – REACH MUSC – strategically providing coverage throughout the state
- ❖ Over the last several years, the number of Telehealth services provided in SC have continued to increase, and new applications are recognized and developed regularly

Telepsychiatry & Telestroke

- ❖ **Telepsychiatry:** for individuals needing behavioral health services
Telepsychiatry can provide a multitude of benefits to both the hospital and the consumer, by lowering the length of stay from as long as 48-72 hours, to as little as 8.5 hours per patient
 - ❖ Need to rely on law enforcement, judge orders, and other examiners diminishes
- ❖ **Telestroke:** since the Telestroke program (REACH MUSC) was established at MUSC, the percentage of South Carolinians living within 60 minutes of expert stroke care has increased from 38% to 96%
 - ❖ The program achieves crucial response times to treat stroke victims that would not be possible without telestroke
 - ❖ Patients in rural areas treated in a telestroke network are estimated to save over \$1,400 in costs per patient treated

SC Telehealth Alliance

- ❖ In 2014, the SC Telehealth Alliance was formed through a collaborative and strategic planning process, bringing multiple users and various stakeholders together
- ❖ There are now over 100 participants within the SC Telehealth Alliance, consisting of state government agencies, hospitals, clinics, schools, and other healthcare providers

Statewide Telehealth

- ❖ MUSC has been the lead state agency in developing SC's Telemedicine Network and the primary recipient of state funding
- ❖ Over the last several state years, the state has invested roughly \$50 M in one time funding, as well as continued increases in annually recurring state funding through both MUSC and DHHS
- ❖ An estimated 8,000 Tele-consultations are being provided in SC every year – over 70 connected sites participating in the network
- ❖ Now over 30 sites with connected outpatient Virtual Tele Consultations, which will increase the number of outpatient specialty consultations to an estimated 800 in the current Fiscal Year

Opioid Epidemic

- ❖ Opioid Abuse is a growing concern, not only nationally, but right here in South Carolina, with over 700 opioid overdose related deaths in 2017
- ❖ The SC House Speaker, Jay Lucas, formed an Opioid Abuse Prevention Study Committee in the fall of 2017 to examine the multiple facets of this issue and propose legislation for the 2018 legislative session
- ❖ In addition new legislation passed in the 2018 session, the FY 18-19 budget also included a proviso to ensure continued coordination of efforts between agencies and stakeholders through the Opioid Emergency Response Team (OERT) – as established by the Governor's Executive Order in December of 2017

Opioid Epidemic

- ❖ As a result of the House Study Committee's work, **ten** new pieces of legislation were signed into law in 2018
- ❖ Over **\$11 million** in new state funds were appropriated or authorized in the FY 18-19 budget, specifically aimed at addressing the Opioid Epidemic, through DHHS, DAODAS, and MUSC
- ❖ Proviso 117.142 ensures that funds appropriated for the Opioid Epidemic are coordinated through both DAODAS and DHHS (federal match), as well as any other agency with funding for substance use disorder to maximize impact
- ❖ A report will be submitted to the Governor, the Chairman of the Senate Finance Committee and the Chairman of the House Ways & Means Committee on the status of implementing recommendations made by the OERT by January 1, 2019

Rural Health Initiative

- ❖ Established in the FY 16-17 Budget
- ❖ Total of \$7.5 Million in recurring state funds in FY 18-19
- ❖ Coordinated effort between DHHS and USC School of Medicine
- ❖ Overall objective is to address the capacity and provision of care in rural areas through several components



Nearest Town 13 km
Health Care 300 km

Rural Health Initiative

- ❖ **Rural Healthcare Education:**

- ❖ Medical Education through a Center of Excellence at USC School of Medicine, in collaboration with other state agencies and institutions
- ❖ Rural Residency Placements, Clinical Practice, Training and Research

- ❖ **Rural Residency Training Enhancement Grants:**

- ❖ Expanding and Enhancing family medicine residency programs
- ❖ Focus on areas currently not served by Graduate Medical Education (GME) programs and expose resident physicians to rural practice - enhancing opportunity to recruit long term in these rural areas

- ❖ **Competitive Bids for at least one Rural, Emergency Health Facility:**

- ❖ Addressing concern of closing hospitals in areas such as Barnwell and Bamberg Counties
- ❖ DHHS will determine a medically underserved area
- ❖ Facility must provide 24/7 emergency care, utilize SC Statewide Telemedicine Network, and be supported by rural residency program

Moving SC Forward



- ❖ According to the US Department of Health & Human Services, there are 78 Medically Underserved Areas & Populations in SC
- ❖ Only through coordinated efforts of both the public and private sectors will we be successful in providing quality and reliable care to those areas
- ❖ Along with critical state funding, collaboration and partnerships between stakeholders allows success stories like the HOP, Telemedicine Network and Birth Outcomes Initiative to become realities

Questions?

–Thank you