



# South Carolina Department of Health and Human Services

Senate Finance Subcommittee Presentation

October 24, 2012

All eligibility, revenue, and expenditure estimates are preliminary projections as of October 2012 and not considered final. Estimates will change as more state and federal data and guidance becomes available.

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# FY 2013 Status of SC Medicaid

# FY 2012 Ended at \$5.263 Billion

## Use of reserves and carry forwards

- FY 2012 Obligations
  - Outstanding invoices for goods and services that have been received but were not paid in FY 2012
- Enrollment Uncertainty
  - FY 2014 mandated ACA enrollment growth based on census projections, actuarial assumptions, and estimated participation rates

Authority: Proviso 21.1 and Proviso 89.25

*Reserves and carry forwards were generally realized because:*

- *PMPM was 9.6% less than budgeted*
- *MM were 1% higher than budgeted*

*The 2012 state funds remaining were allocated as follows:*

- *Reserve Fund:*  
*\$62,111,894*
- *Carry Forward:*  
*\$62,860,131*

# FY 2013 Budget

- FY 2013: \$1.102 billion State Funds; \$4.063 billion Federal Funds; \$780 million Other Funds; \$5.946 Total Funds
- FY 2013: The Medicaid budget represents about 18% of SC's total State Funds and 25% of total funds
- FY 2013: June 30<sup>th</sup> projected enrollment of 1,034,304. Enrollment as of September 30<sup>th</sup> is 934,154. ELE of children in October will significantly increase this number by next update (60,000+)

***The \$5.946 B total fund appropriation for FY 2013 was a 3.2% increase over the FY 2012 appropriation of \$5.760 B***

***Major general fund increases included replacement of one-time funds, ELE growth and inflation***

Source: Projected Enrollment from Milliman Spring 2012 Forecast

# FY 2013 Year to Date Expenditures

**Current Budget to Year to Date Actual Spending  
As of September 30, 2012 (Unofficial)**

Budget by Major Program and Spending Purpose	FY 2013 Appropriation	FY 2013 YTD as of 9/30/12	Remaining	% Expended
<b>SCDHHS Medicaid Assistance</b>				
Coordinated Care	\$ 1,710,451,398	\$ 388,988,813	\$ 1,321,462,586	23%
Hospital Services	771,900,000	156,717,757	\$ 615,182,244	20%
Disproportionate Share	480,128,621	126,489,941	\$ 353,638,681	26%
Nursing Facilities	514,901,045	128,724,805	\$ 386,176,241	25%
Pharmaceutical Services	224,499,959	43,112,636	\$ 181,387,324	19%
Physician Services	183,047,463	39,293,511	\$ 143,753,953	21%
Community Long-term Care (CLTC)	172,388,507	39,577,291	\$ 132,811,216	23%
Dental Service	97,915,517	25,099,265	\$ 72,816,252	26%
Clinical Services	68,255,459	13,562,790	\$ 54,692,669	20%
Transportation Services	49,658,076	11,791,804	\$ 37,866,272	24%
Medical Professional Services	47,691,730	8,997,854	\$ 38,693,876	19%
Durable Medical Equipment	41,400,000	7,848,648	\$ 33,551,352	19%
Lab & X-Ray Services	28,631,876	6,495,626	\$ 22,136,250	23%
Family Planning	23,703,720	5,145,834	\$ 18,557,886	22%
Hospice	12,490,000	3,209,311	\$ 9,280,689	26%
Program of All-Inclusive Care (PACE)	13,809,328	2,832,144	\$ 10,977,184	21%
EPSDT	10,864,132	2,425,170	\$ 8,438,962	22%
Home Health Services	6,670,524	1,256,006	\$ 5,414,518	19%
Integrated Personal Care (IPC)	5,317,254	1,288,171	\$ 4,029,083	24%
Optional State Supplement (OSS)	17,585,826	4,129,875	\$ 13,455,951	23%
Premiums Matched	198,100,000	40,741,143	\$ 157,358,857	21%
MMA Phased Down Contributions	82,300,000	20,515,512	\$ 61,784,488	25%
Premiums 100% State	18,100,000	3,489,216	\$ 14,610,784	19%
<b>Total SCDHHS Medicaid Assistance</b>	<b>\$ 4,779,810,435</b>	<b>\$ 1,081,733,120</b>	<b>\$ 3,698,077,315</b>	<b>23%</b>
<b>SCDHHS Other Health Programs</b>				
Alcohol and Other Drug Abuse Services	\$ 13,249,431	\$ 3,033,857	\$ 10,215,574	23%
Commission for the Blind	39,805	-	\$ 39,805	0%
Continuum of Care	6,590,057	1,595,232	\$ 4,994,825	24%
Corrections (DOC)	2,333,948	824,831	\$ 1,509,117	35%
Disabilities & Special Needs (DDSN)	560,536,408	147,326,685	\$ 413,209,723	26%
Education (DOE)	50,000,000	5,081,620	\$ 44,918,380	10%
Health & Environmental Control (DHEC)	14,158,264	3,223,592	\$ 10,934,672	23%
SC First Steps to School Readiness	-	-	\$ -	-
Juvenile Justice (DJJ)	3,350,020	345,552	\$ 3,004,468	10%
Medical University of SC (MUSC)	41,858,252	9,332,873	\$ 32,525,379	22%
Mental Health (DMH)	155,000,000	47,085,059	\$ 107,914,941	30%
State Housing Authority	330,000	-	\$ 330,000	0%
School for Deaf & Blind	4,778,795	643,587	\$ 4,135,208	13%
Social Services (DSS)	12,412,716	1,704,525	\$ 10,708,191	14%
University of South Carolina (USC)	5,742,100	842,549	\$ 4,899,551	15%
Wii Lou Gray Opportunity School	30,000	7,690	\$ 22,310	26%
Emotionally Disturbed Children	37,732,690	5,559,063	\$ 32,173,627	15%
Other Entities Funding	23,960,020	1,493,557	\$ 22,466,463	6%
MUSC Maxillofacial	225,086	56,272	\$ 168,814	25%
<b>State Agencies &amp; Other Entities</b>	<b>\$ 932,327,592</b>	<b>\$ 228,156,544</b>	<b>\$ 704,171,048</b>	<b>24%</b>
<b>Medical Contracts</b>				
Medical Contracts	\$ 152,028,949	\$ 17,037,669	\$ 134,991,280	11%
<b>Total Medical Contracts</b>	<b>\$ 152,028,949</b>	<b>\$ 17,037,669</b>	<b>\$ 134,991,280</b>	<b>11%</b>
<b>SCDHHS Operating Expenditures</b>				
Personnel & Benefits	\$ 63,511,002	\$ 13,901,109	49,609,893	22%
Other Operating Costs	19,275,106	3,633,785	15,641,321	19%
<b>Total SCDHHS Operating Expenditures</b>	<b>\$ 82,786,108</b>	<b>\$ 17,534,894</b>	<b>\$ 65,251,214</b>	<b>21%</b>
<b>Total Budget - Annual Budget Appropriation</b>	<b>\$ 5,946,953,084</b>	<b>\$ 1,344,462,227</b>	<b>\$ 4,602,490,857</b>	<b>23%</b>

*As of September 30<sup>th</sup>,  
27% of the fiscal year  
had passed*

*As of September 30<sup>th</sup>  
SCDHHS had spent 23%  
of its appropriation*

*Differences exist  
between appropriated  
spread and budgeted  
spread*

Budgeted amounts are subject to  
change based upon projections.

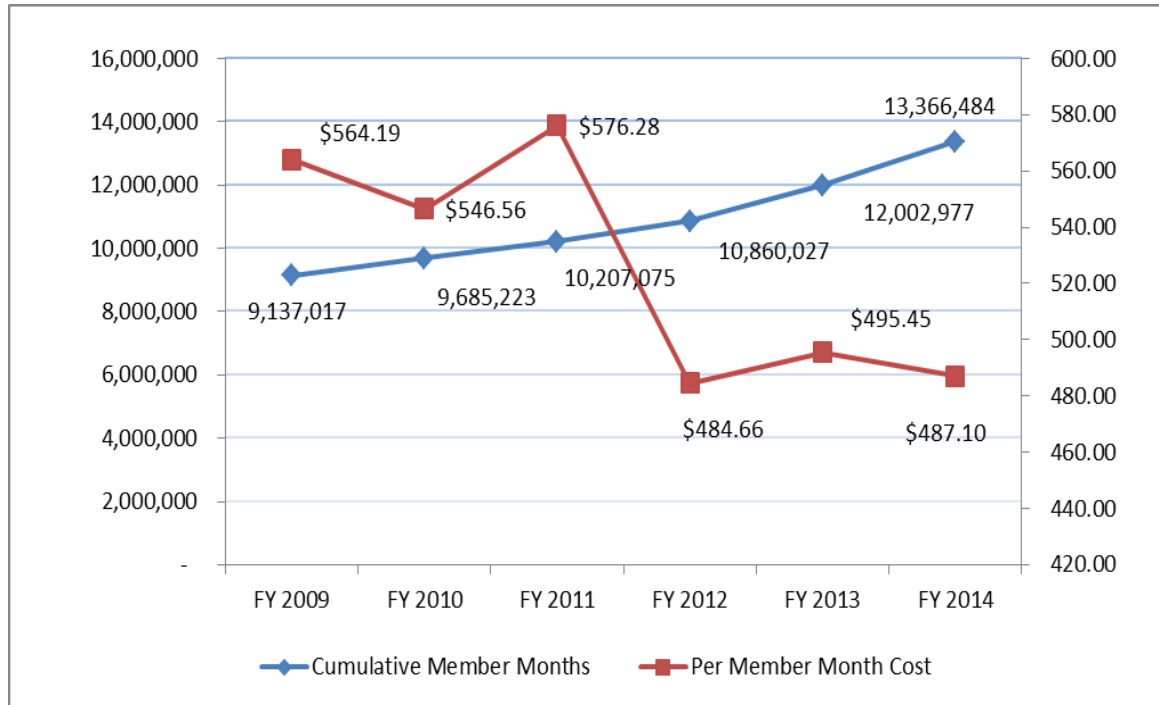
# FY 2014 Budget Submission

The DHHS budget is not considered a final request until released in the Governor's formal budget submission.



# Total Budget Driver History

## Comparison of Cumulative Member Months to Costs



*Cumulative member months are currently projected to grow 46% from FY 2009 to budgeted FY 2014*

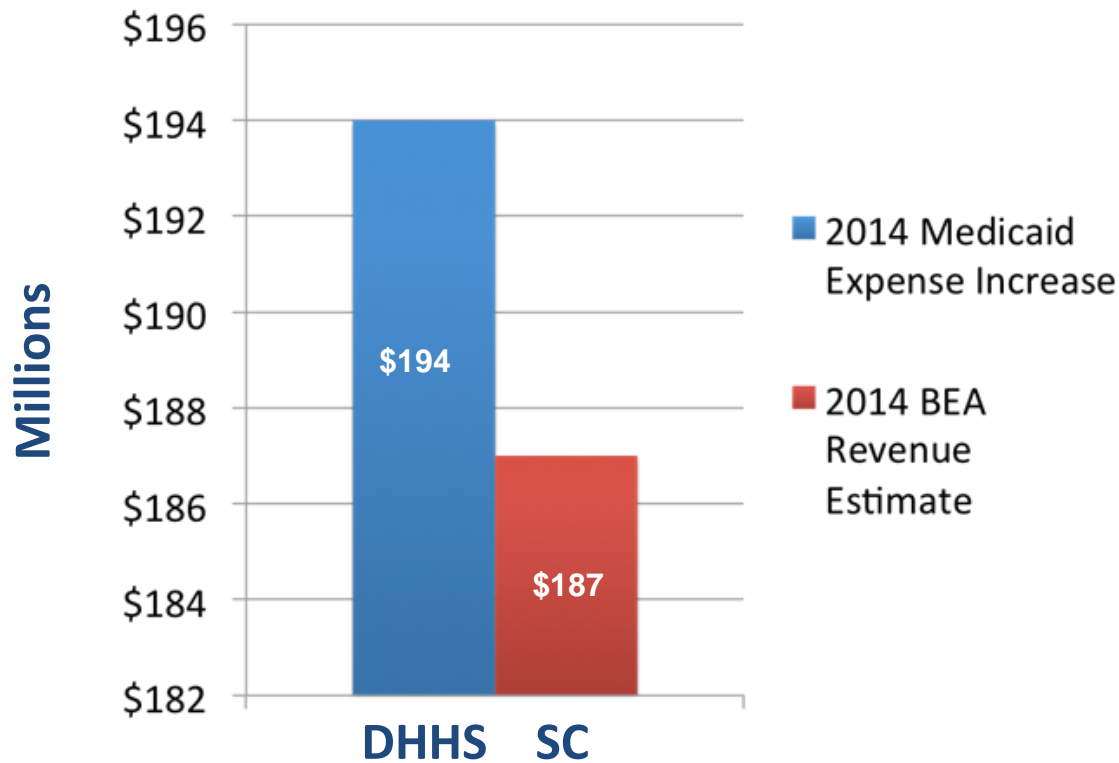
*PMPM is currently projected to decline 14% from FY 2009 to budgeted FY 2014*

*PMPM is currently projected to decrease by 1.7% from budgeted FY 2013 to budgeted FY 2014*

Source: Milliman Spring 2012 Forecast and Department budget documents



# FY 2014 General Fund Increase Budget Submission



***Total budget submission for FY 2014 is \$6.510 B total and \$1.288 B state general funds***

***Unchanged, DHHS requires more new state general fund than is available to the state in FY 2014***

# Components of FY 2014 Budget Submission

<b>Components of FY 2014 Budget Submission (State Funds)</b>	
Enrollment	\$64,010,409
Inflation	\$27,272,707
Non Recurring to Recurring Revenue	\$60,781,757
Mandated Affordable Care Act	\$69,721,579
FMAP Rate Change	(\$25,731,476)
Efficiencies/Savings/Other	(\$2,577,256)
<b>Total</b>	<b>\$193,477,720</b>

## Major Components of FY 2014 Submission:

- *Inflation of 1.6% and natural member month growth of 5.1%*
- *Replacement of non-recurring revenues from lost cigarette tax & tobacco settlement revenue*
- *Mandated ACA growth of approximately 700,000 member months*

# FY 2014 Post-Submission Changes

- **FY 2014 Increases (State Funds)**
  - Inclusion of children between 139% - 200% FPL (CHIP), approximately 50,000 children (approximately \$13M)
  - Base Medicaid enrollment trend increase from 1.5% to 3.0%, approximately 26,000 individuals (approximately \$2M)
- **FY 2014 Offsets (State Funds)**
  - Increase in FMAP rate (approximately \$10M)
  - MCO payment policy change (approximately \$47M)
  - Preventable admissions/"Never Events" (TBD)
  - Targeted health initiatives (TBD)

***Additional reductions from targeted health initiatives will be needed to reduce budget submission***

***2Q FY 2013 will provide more information if systemic reductions in PMPM can be credited to FY 2014***

Source: Post Submission Changes from Milliman Reconciliation of Enrollment Projection Differences for FY 2014 (10/18/12)

