

Department of Social Services Overview

Presented to the Joint Committee on Appropriations
January 17, 2023



DSS Acronyms

ACF - Administration for Children and Families

ARF - Appropriate Regional Facility

CARE - Comprehensive Assistance with Recovery and Empowerment

CBISA - Cognitive Behavioral Interventions for Substance Abuse

CJI - Criminal Justice Initiative

CMS - Centers for Medicare and Medicaid Services

DHS - Department of Human Services

DME - Durable Medical Equipment

DOC - Department of Corrections

DOE - Department of Education

DOH - Department of Health

DSH - Disproportionate Share Hospital

DSS - Department of Social Services

EBT - Electronic Benefits Transfer

EPSDT - Early and Periodic Screening, Diagnosis, Treatment

FFM - Federally Facilitated Marketplace

FMAP - Federal Medical Assistance Percentage

FTE - Full Time Equivalent

GME - Graduate Medical Education

HH - Health Homes

JJRI - Juvenile Justice Reinvestment Initiative

IDEA - Individuals with Disabilities Education Act

IHS - Indian Health Services

IMPACT - Individualized Mobile Programs of Assertive Community Treatment

LIEAP - Low Income Energy Assistance Program

MCN - Mickelson Center for the Neurosciences

MOE - Maintenance of Effort

MRT - Moral Reconciliation Therapy

Part D - Medicare Prescription Drug Program

PHE - Public Health Emergency

SED - Serious Emotional Disturbance

SNAP - Supplemental Nutrition Assistance Program

SPA - State Plan Amendment

SSA - Social Security Administration

SSI - Supplemental Security Income

TANF - Temporary Assistance for Needy Families

Title IV E - Foster Care and Adoption Assistance

Title XIX - Medicaid

Title XXI (CHIP) - Children's Health Insurance Program

UJS - Unified Judicial System

Department of Social Services Website: <http://dss.sd.gov/>

The South Dakota Department of Social Services

is one of the state's largest agencies with more than 1,500 employees working in 43 communities across South Dakota.

Our Guiding Principles



Focus on Impact:

We focus on important issues and challenges to maximize impact.



Customer Centric:

We treat customers with respect and provide a "no wrong door" approach.



Build Partnerships to Maximize Results:

We believe collaboration, teamwork, and partnerships are key to delivering results.



Develop Our People:

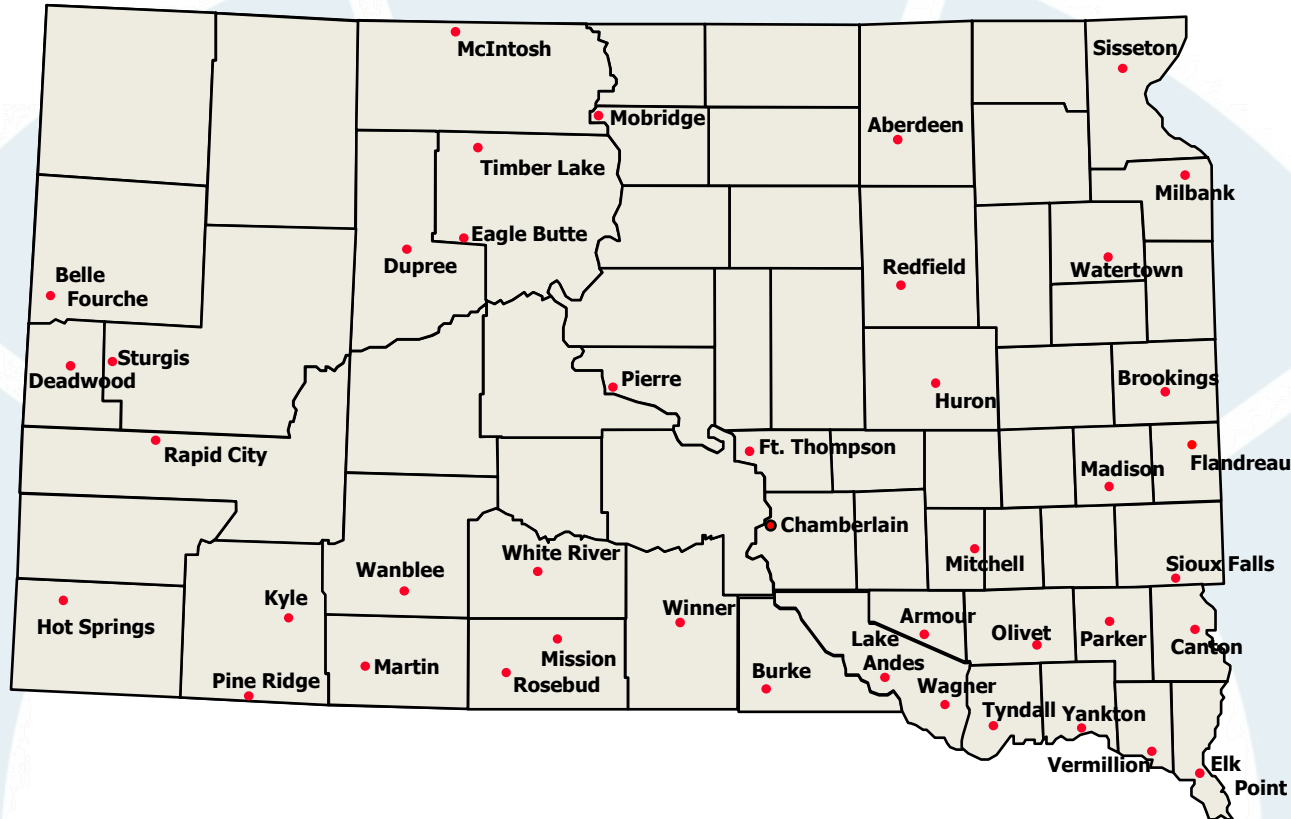
We promote professional growth and development by empowering staff.

About DSS

We are here to help children, families, individuals, seniors and people with disabilities through some of the most difficult times in their lives with the programs and services we provide.

Department of Social Services

Local Offices



Department of Social Services



Department of Social Services – Contact List

Department of Social Services

Matt Althoff, Secretary
Work: 605-773-3165
Email:

Finance

Jason Simmons, Chief Financial Officer
Work: 605-773-3165
Email: Jason.Simmons@state.sd.us

Communications

Vacant, Director of Administrative Services
Work: 605-773-3165
Email:

Division of Medical Services

Sarah Aker, Director
Work: 605-773-3495
Email: Sarah.Aker@state.sd.us

Behavioral Health Services

Tiffany Wolfgang, Chief of Behavioral Health
Work: 605-367-5236
Email: Tiffany.Wolfgang@state.sd.us

Human Services Center

Jeremy Johnson, Administrator
Work: 605-668-3100
Email: Jeremy.Johnson@state.sd.us

Division of Behavioral Health

Melanie Boetel, Director
Work: 605-367-5236
Email: Melanie.Boetel@state.sd.us

Department of Social Services

Brenda Tidball-Zeltinger, Deputy Secretary
Work: 605-773-3165
Email: Brenda.Tidball-Zeltinger@state.sd.us

Legal Services

Jeremy Lippert, Director
Work: 605-773-3165
Email: Jeremy.Lippert@state.sd.us

Children and Family Services

Alex Mayer, Chief of Children & Family Services
Work: 605-773-3227
Email: Alex.Mayer@state.sd.us

Division of Economic Assistance

Carrie Johnson, Director
Work: 605-773-4678
Email: Carrie.Johnson@state.sd.us

Division of Child Support

Max Wetz, Director
Work: 605-773-3641
Email: Max.Wetz@state.sd.us

Division of Child Protection Services

Pamela Bennett, Director
Work: 605-773-3227
Email: Pamela.Bennett@state.sd.us



Our Vision and Mission

Strong families – South Dakota's foundation and our future

The South Dakota Department of Social Services
is dedicated to strengthening families to foster health,
wellbeing, and independence.

Strategic Plan

2021-2025

Goal 1



Creating a framework to pursue innovative solutions and enhanced collaboration

Goal 2



Investing in continuous improvement of efficiencies, effectiveness and technology

Goal 3



Recruiting, developing and retaining our quality staff



Strategic Plan Outcomes: <https://dss.sd.gov/docs/contactus/outcomes.pdf>

Nationally Recognized for Program Quality

Program Integrity – National Awards

- **Medicaid** – Only state in the nation to receive continuous exemption since 2010 from recovery audit contractor requirements.
- South Dakota's payment accuracy rate is **98.96%** compared to the national average of **84.38%**.
- Collected **\$10.5** million in third party liability, estate recovery and fraud collections.
 - **Less than** 1% of collections are fraud related.
- **Child Support** – **\$117.2 million** in collections in SFY 2022 for **53,469** cases. Ranked in the top twelve nationally for the last 15 years. As a result, the program earned financial program awards for top performance each year.
- **Child Care** – **99%** payment accuracy compared to national average of **95%**.

Medicaid	Outcome	Target
Collections	\$10.5 million	\$9.0 million
Child Support	Outcome	Target
Percent of Current Support Collected	63%	64%
Child Care	Outcome	Target
Payment Accuracy	99%	95%

Department of Social Services – FPL

2022 CALENDAR YEAR FEDERAL POVERTY GUIDELINES							
Annual Amount at Various Income Percentage Levels							
Family Size	100%	130%	138%	182%	185%	200%	209%
1	\$13,590	\$17,667	\$18,755	\$24,734	\$25,142	\$27,180	\$28,404
2	\$18,310	\$23,803	\$25,268	\$33,325	\$33,874	\$36,620	\$38,268
3	\$23,030	\$29,939	\$31,782	\$41,915	\$42,606	\$46,060	\$48,133
4	\$27,750	\$36,075	\$38,295	\$50,505	\$51,338	\$55,500	\$57,998
5	\$32,470	\$42,211	\$44,809	\$59,096	\$60,070	\$64,940	\$67,863
6	\$37,190	\$48,347	\$51,323	\$67,686	\$68,802	\$74,380	\$77,728
7	\$41,910	\$54,483	\$57,836	\$76,277	\$77,534	\$83,820	\$87,592
8	\$46,630	\$60,619	\$64,350	\$84,867	\$86,266	\$93,260	\$97,457
Each Additional (approximately)	\$4,720	\$6,136	\$6,513	\$8,591	\$8,732	\$9,440	\$9,865

South Dakota

Medicaid (Pregnant Women)	138%
Medicaid Children	182%
CHIP Children's Health Insurance Program	209%
SNAP	130%
LIEAP	200%
Child Care	209%
Community Behavioral Health	185%

Department of Social Services - FTE

	FTE Utilization			FTE Budget			(Over)/Under Utilization		Percentage Change	
	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY21	FY22
Department of Social Services	1,562.3	1,563.3	1,562.0	109.7	171.2		7.0%	10.9%		
Administration	175.2	205.2	205.2	14.8	22.9		8.4%	11.2%		
Economic Assistance	320.5	320.5	320.5	0.3	3.0		0.1%	0.9%		
Medical Services	56.0	56.0	56.0	(6.1)	(2.8)		-10.9%	-5.0%		
Children's Services	376.3	350.3	350.3	7.5	9.8		2.0%	2.8%		
Behavioral Health	633.0	630.0	630.0	92.2	137.2		14.6%	21.8%		
Human Services Center**	551.0	550.0	550.0	85.3	129.5		15.5%	23.5%		
Boards	1.3	1.3	0.0	1.1	1.0		80.8%	80.0%		

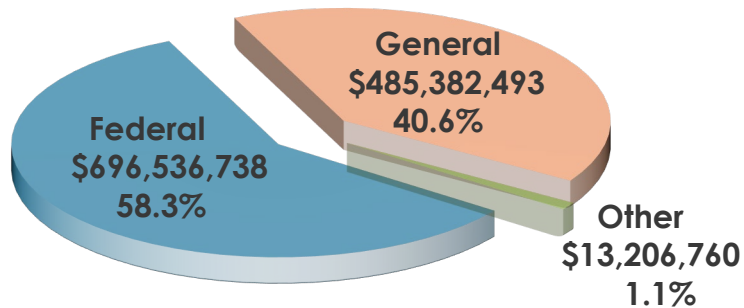
**HSC is also included in the Behavioral Health amounts

Department of Social Services

LRC Budget Brief
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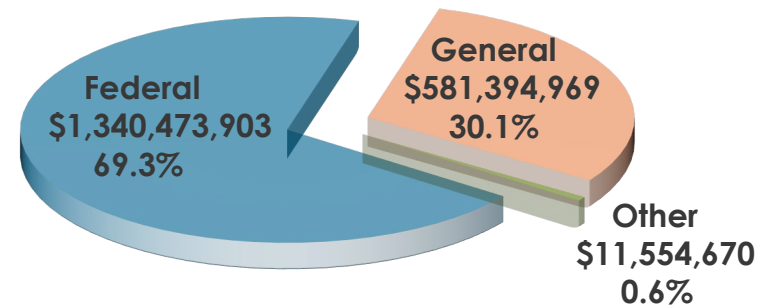
FY2023 Budget Compared to FY2024

FY2023 Operating Budget



Total: \$1,195,125,991 and 1,562.0 FTE

FY2024 Recommended Budget



Total: \$1,933,423,542 and 1,578.0 FTE

	GENERAL	FEDERAL	OTHER	TOTAL
FY2023 Operating Budget – 1,562.0 FTE:	\$485,382,493	\$696,536,738	\$13,206,760	\$1,195,125,991
FY2024 Recommended Budget – 1,578.0 FTE:	\$581,394,969	\$1,340,473,903	\$11,554,670	\$1,933,423,542
FY2024 Recommended Inc./Dec. – 16.0 FTE:	\$96,012,476	\$643,937,165	(\$1,652,090)	\$738,297,551

Department of Social Services

FY2024 General Fund - Major Impacts \$96,012,476

Federal Medical Assistance Percentage (FMAP): \$11,720,242

Provider Inflation: \$24,943,115

- Mandatory Inflation for Medicare Part A, B, D, and Crossovers
- 5.0% Discretionary Inflation

Medicaid Expansion & 5% FMAP Savings: \$36,819,563

- Medicaid Expansion - \$66,385,019
- 5% FMAP Savings – (\$29,565,456)

Medical Services: \$11,380,723

- Title XIX (Medicaid) and Title XXI (CHIP) for Eligibles, Utilization, and Cost

Children and Family Services: \$6,089,207

- Subsidized Adoptions, Subsidized Guardianships, Psychiatric Residential Treatment Facility (PRTF) Utilization, and Provider Rates

Behavioral Health: \$5,059,626

- Moving Correctional Behavioral Health to the Department of Corrections
- HSC Food Service, HSC Utilities, HSC Competency Restoration, and Behavioral Health Crisis Services

Department of Social Services

FY2024 General Fund - Major Impacts

Federal Medical Assistance Percentage (FMAP)

- Determines how much the state and federal government pay for their share of Medicaid expenditures
- Determined annually for the federal fiscal year (10/1 – 9/30) using the previous three years of personal income data from each state
- Formula compares each state's average per capita income change
- FMAP rates range from 50% to 74%
- Because the state and federal fiscal years do not align, for state budgeting purposes, a “blended” FMAP rate is calculated using the FMAP rate in effect for each quarter
 - This includes a blend of one quarter from one federal fiscal year and three quarters from another federal fiscal year

SFY2024 FMAP Blended Rates

Title XIX (Medicaid)

- State match of 42.77% in SFY2023 to a **state match of 44.58% in SFY2024 (with 5% adj. 39.58%)**
- Federal match of 57.23% in SFY2023 to a **federal match of 55.42% in SFY2024 (with 5% adj. 60.42%)**

Title XXI (CHIP)

- State match of 29.94% in SFY2023 to a **state match of 31.20% in SFY2024**
- Federal match of 70.06% in SFY2023 to a **federal match of 68.80% in SFY2024**

Office of the Secretary

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Office of the Secretary

The Office of the Secretary includes the Secretary, Deputy Secretary, Legal Services, Finance, and administrative support for the entire department



Deputy Secretary/Chief of Operations

- **Operations** manages facility operations for DSS offices throughout the state and leads the agency equipment and technology needs
- **Office of Licensing and Accreditation** provides licensing, registration and accreditation of service providers including child care, behavioral health, foster homes, and residential treatment providers



Legal Services

- Provides legal assistance to the Secretary and all divisions of the Department
 - Administers abuse and neglect appeals to the South Dakota Supreme Court, discrimination complaints, requests for public records, and compliance with the Health Insurance Portability and Accountability Act (HIPAA)
 - Administrative Hearings



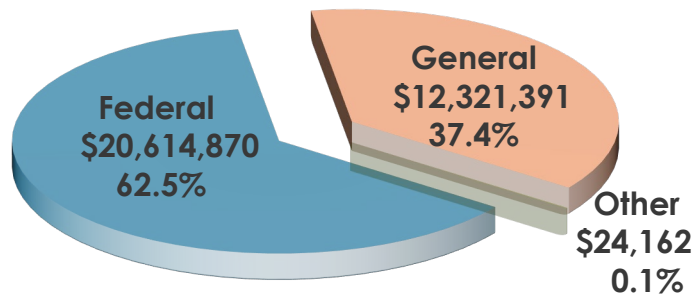
Finance Office

- Provides support services to oversee and manage the Department's budget and financial operations, administers the agency's benefit fraud investigation and third-party liability recovery programs

Office of the Secretary

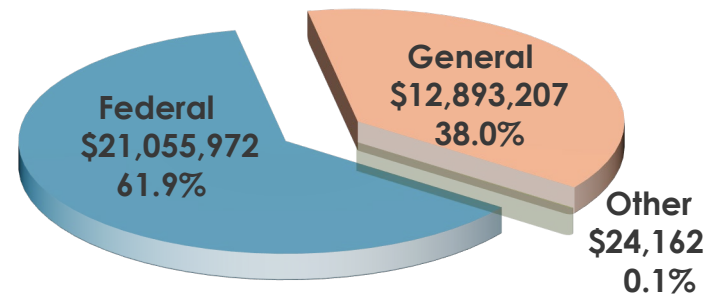
FY2023 Budget Compared to FY2024

FY2023 Operating Budget



Total: \$32,960,423 and 205.2 FTE

FY2024 Recommended Budget



Total: \$33,973,341 and 210.2 FTE

MAJOR BUDGET INCREASES AND DECREASES

		GENERAL	FEDERAL	OTHER	TOTAL
FMAP - Federal Medical Assistance Percentage:		\$40,106	(\$40,106)	\$0	\$0
Discretionary Inflation:		\$147,741	\$97,239	\$0	\$244,980
Medicaid Expansion: Administrative Costs	5.0 FTE	\$383,969	\$383,969	\$0	\$767,938
Totals:	5.0 FTE	\$571,816	\$441,102	\$0	\$1,012,918

FY2023 General Bill Amendments (One-Time):

		GENERAL	FEDERAL	OTHER	TOTAL
Medicaid Expansion: Administrative Costs	2.5 FTE	\$109,899	\$109,899	\$0	\$219,798

Children and Family Services

- Division of Child Support
- Division of Child Protection Services
- Child Care Services

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Division of Child Support

The goal is to ensure parents take financial responsibility for their children

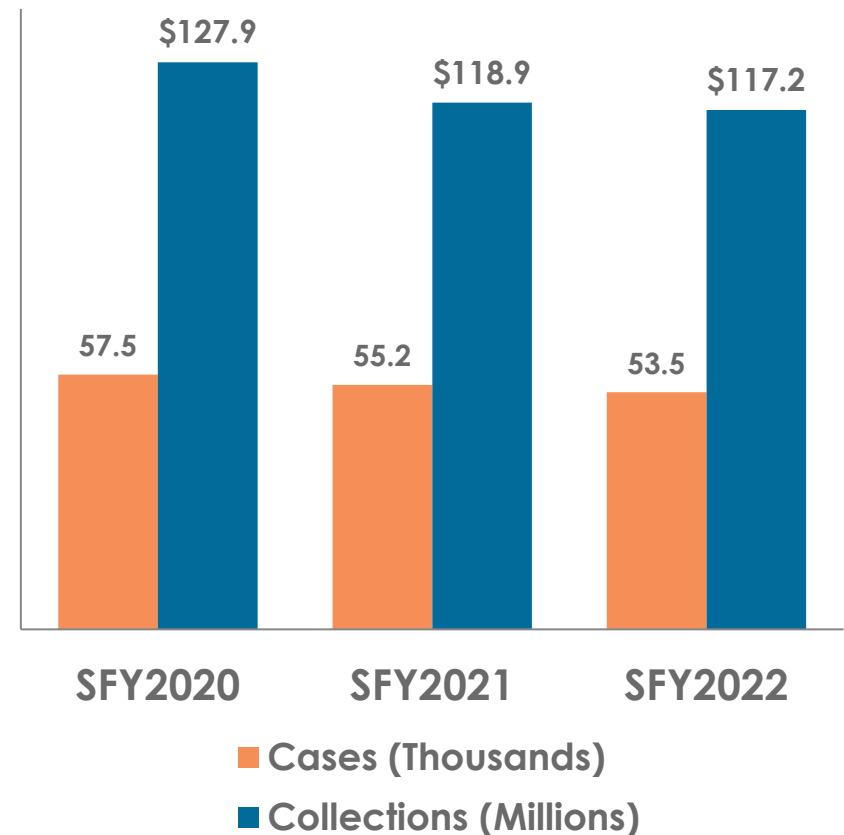
Who we serve

- Over **53,000** families who need help to collect child support
- Adults with legal guardianship or custody of minor children

Services provided

- Locate non-custodial parents
- Establish paternity and enforce child support orders
- Enforce health insurance coverage
- Assist with modification requests
- Collect and distribute child support payments

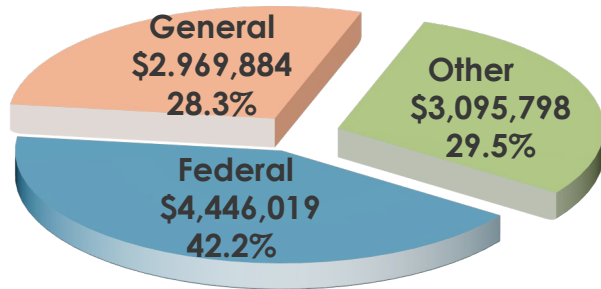
Cases vs Collections



Division of Child Support

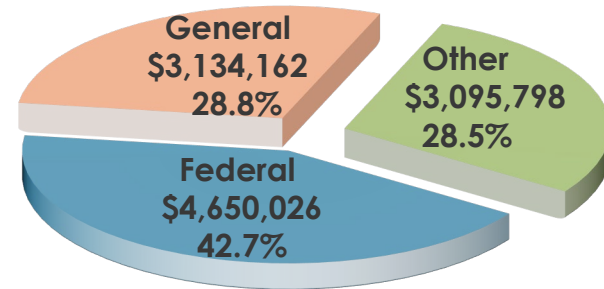
FY2023 Budget Compared to FY2024

FY2023 Operating Budget



Total: \$10,511,701 and 84.0 FTE

FY2024 Recommended Budget



Total: \$10,879,986 and 87.0 FTE

MAJOR BUDGET INCREASES AND DECREASES

		GENERAL	FEDERAL	OTHER	TOTAL
Discretionary Inflation:		\$59,388	\$99,117	\$0	\$158,505
Medicaid Expansion: Administrative Costs	3.0 FTE	\$104,890	\$104,890	\$0	\$209,780
Totals:	3.0 FTE	\$164,278	\$204,007	\$0	\$368,285

FY2023 General Bill Amendments (One-Time):

		GENERAL	FEDERAL	OTHER	TOTAL
Medicaid Expansion: Administrative Costs	1.5 FTE	\$52,445	\$52,445	\$0	\$104,890

Division of Child Protection Services

Who we serve

- Families referred due to threats to child safety relating to neglect, physical abuse, sexual abuse and emotional abuse

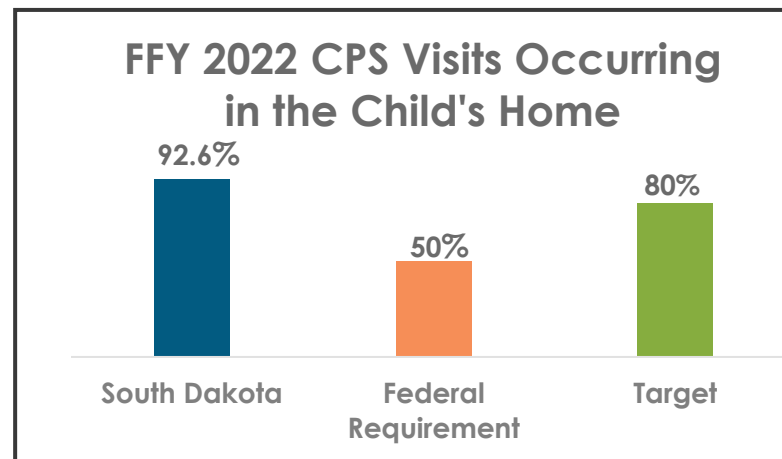
Services Provided:

- Protective services
 - Intake of reports of child abuse and neglect
 - Family assessments
- Placement services: kinship, foster care, group care and residential treatment placement for children
- Independent living services for teens
- Parenting education
- Guardianship & Adoption
- Direct and referral services to maintain or reunite families

Division of Child Protection Services

Permanency and Safety for Children

- The Division of Child Protection Services' goal is to reunify families whenever possible
 - Results: Of children reunited, **64%** were reunited within 12 months of removal during SFY2022
 - When that is not possible, we work to establish guardianship or adoption to divert from foster care placement
- During FFY2022, **92.66%** of caseworker visits happened where the child resides – exceeding the federal requirement by **42.66%**



Division of Child Protection Services

- One of our strongest partnerships is with the families in South Dakota who open their homes and hearts to children in need
- Governor Noem continues to raise awareness and educate people about the need for more foster families
 - Last year we met our goal to recruit 300 new foster families
- DSS collaborates with partners to provide children the stability they need
- DSS ended FY2022 with 865 licensed foster families



<https://strongerfamieliestogether.sd.gov/>

Division of Child Protection Services

Protecting Children through Adoption & Guardianship

- When children cannot be safely reunited with their parents, guardianship and adoption are permanency options for children

FY2022:



267 children
were placed
with adoptive
families

238 adoptions
were finalized

116 children
were placed in
guardianship

- There has been an **82%** increase in the number of children placed for adoption annually over the past 10 years from 147 in FY2012 to 267 in FY2022

Division of Child Protection Services

	GENERAL	FEDERAL	OTHER	TOTAL
Subsidized Adoptions & Subsidized Guardianships: Funding to meet anticipated growth (98 additional adoptions) and (26 additional guardianships).	\$1,603,074	\$694,085	\$0	\$2,297,159

Subsidized Adoptions - \$2,036,425

- Recommend funding for additional adoption subsidies from 2,285 in FY23 to 2,383 in FY24.
- This request is the net amount needed to fund subsidies for new placements and subsidies that will end when youth reach the age of majority. These placements provide permanency for children that otherwise would remain in foster care.

Subsidized Guardianships - \$260,734

- Recommend funding for additional guardianship subsidies from 529 in FY23 to 555 in FY24.
- This request is the net amount needed to fund new guardianships and subsidies that will end when youth reach the age of majority. These placement provide permanency for children that otherwise would remain in foster care.

Division of Child Protection Services

	GENERAL	FEDERAL	OTHER	TOTAL
Provider Rates (SFY24): Targeted provider rebase at 90% of methodology. Group, Psychiatric Residential Treatment Facility (PRTF), Intensive Residential Treatment (IRT), Independent Living, Family Treatment Foster Care, and Therapeutic Foster Care.	\$3,813,784	\$4,588,344	\$0	\$8,402,128

Provider Rates

- The Governor's recommendation will raise the below provider groups' reimbursement rate to 90% of their target methodology established by the rate review workgroups.
- High inflation and rising wages have caused providers to fall behind the target.

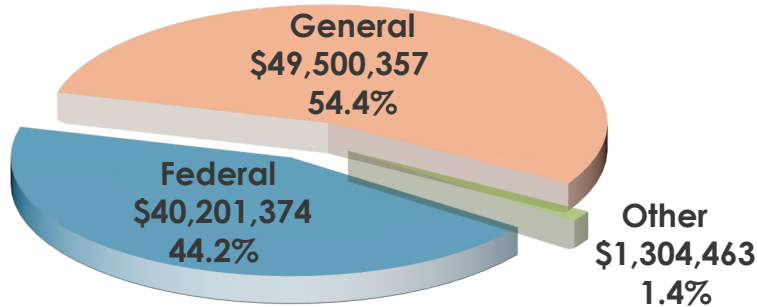
DSS Provider Group	General	Federal	Total	% Rate Increase*
Group Care	\$520,481		\$520,481	14.1%
Independent Living	\$126,935		\$126,935	23.2%
Therapeutic Foster Care	\$195,931	\$75,104	\$271,035	10.7%
Family Treatment Foster Care	\$18,558	\$7,113	\$25,671	5.7%
Psychiatric Residential Treatment Facility (PRTF)	\$2,681,740	\$4,093,752	\$6,775,492	25.8%
Intensive Residential Treatment (IRT)	\$270,139	\$412,375	\$682,514	19.4%
TOTAL	\$3,813,784	\$4,588,344	\$8,402,128	

*Rate increase includes the 5% Discretionary Inflation

Division of Child Protection Services

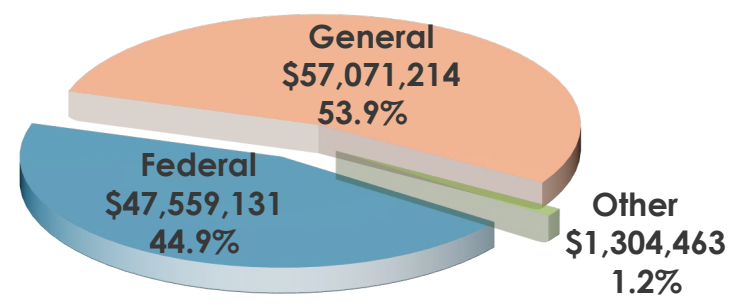
FY2023 Budget Compared to FY2024

FY2023 Operating Budget



Total: \$91,006,194 and 255.3 FTE

FY2024 Recommended Budget



Total: \$105,934,808 and 255.3 FTE

MAJOR BUDGET INCREASES AND DECREASES

	GENERAL	FEDERAL	OTHER	TOTAL
FMAP - Federal Medical Assistance Percentage:	\$680,020	(\$680,020)	\$0	\$0
Discretionary Inflation:	\$1,757,857	\$772,760	\$0	\$2,530,617
Subsidized Adoptions & Subsidized Guardianships: Funding to meet anticipated growth (98 additional adoptions) and (26 additional guardianships).	\$1,603,074	\$694,085	\$0	\$2,297,159
Psychiatric Residential Treatment Facility (PRTF): Funding for out of home placements due to caseload growth.	\$672,349	\$1,026,361	\$0	\$1,698,710
Provider Rates: Targeted provider rebase at 90% of methodology. Group Care, PRTF, IRT, Independent Living, Family Treatment Foster Care, and Therapeutic Foster Care.	\$3,813,784	\$4,588,344	\$0	\$8,402,128
Medicaid Expansion: 5% FMAP Savings	(\$956,227)	\$956,227	\$0	\$0
Totals:	\$7,570,857	\$7,357,757	\$0	\$14,928,614

Division of Child Protection Services

FY2023 General Bill Amendments (One-Time):

	GENERAL	FEDERAL	OTHER	TOTAL
FY23 6.2% Enhanced FMAP: 4 quarters of general fund savings due to enhanced 6.2% FMAP	(\$2,330,128)	\$2,330,128	\$0	\$0

Child Care Services

Child Care Services provides child care subsidies to low-income families so they can work and go to school.

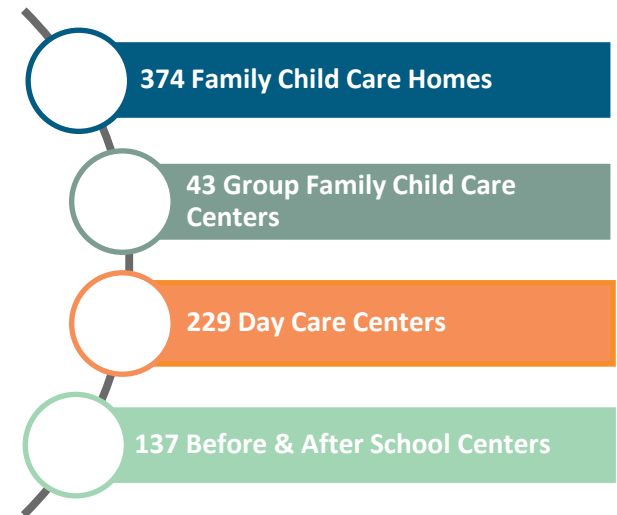
Who we serve

- Low-income families with children
 - ❑ Average monthly families served **1,695**
- Child care providers
- Parents seeking information on child and safety seats

Services provided

- Child Care Assistance Program
- Provider licensing and registration
- Provider professional development

FY2022 Child Care Providers



Child Care Services

The availability of quality child care is not only important for maintaining a strong workforce – it is vital for the growth and development of healthy children



Eligibility for Assistance

- Work or school



Selecting a Provider

- Regulated Provider
- In-Process Provider
- Relative
- In-Home Provider
- Informal Care



Child Care Hours

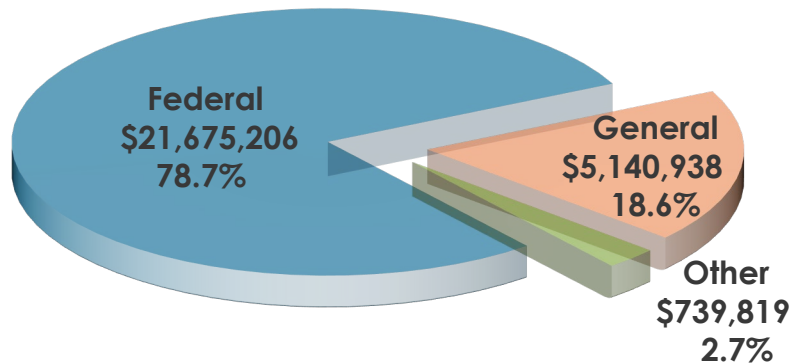
- Maximum of 210 hours per child per month



Child Care Services

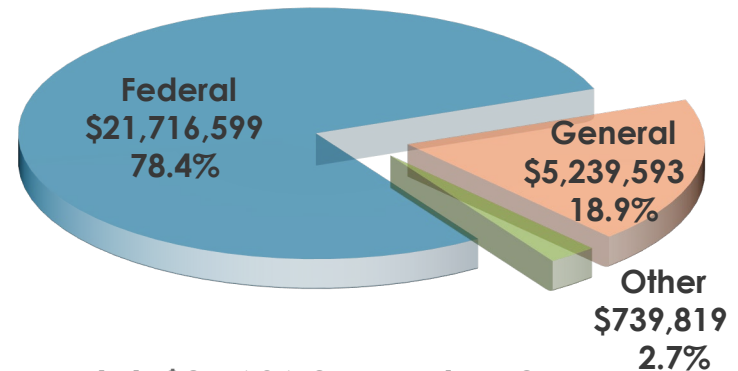
FY2023 Budget Compared to FY2024

FY2023 Operating Budget



Total: \$27,555,963 and 11.0 FTE

FY2024 Recommended Budget



Total: \$27,696,011 and 11.0 FTE

MAJOR BUDGET INCREASES AND DECREASES

	GENERAL	FEDERAL	OTHER	TOTAL
Child Care Block Grant Match: (Corresponds to the FMAP rate)	\$98,655	(\$98,655)	\$0	\$0
Discretionary Inflation:	\$0	\$140,048	\$0	\$140,048
Totals:	\$98,655	\$41,393	\$0	\$140,048

FY2023 General Bill Amendments (One-Time):

	GENERAL	FEDERAL	OTHER	TOTAL
FY23 6.2% Enhanced FMAP: 4 quarters of general fund savings due to enhanced 6.2% FMAP	(\$466,804)	\$466,804	\$0	\$0

Behavioral Health

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Strong families – South Dakota's foundation and our future

The goal is to help individuals with behavioral health needs, who can't be served in less restrictive settings, stabilize and return to the community.

Who we serve

- Individuals ages 12 to end of life who are unable to be served by other providers – a less restrictive environment is not an option for care
- Majority of admissions are involuntary - **80%**
 - In FY2022, there was an average daily census of **129** with **931** admissions

Services provided

- Adult and adolescent inpatient psychiatric treatment
- Adult inpatient substance use disorder treatment
- Licensed nursing facility
- Court ordered competency restoration at HSC

The goal is to help individuals with behavioral health needs, who can't be served in less restrictive settings, stabilize and return to the community.

Teaching Hospital

- 16 Affiliation Agreements with Colleges and Universities
- Calendar Year 2022- 405 Nursing students
- Student Internships: Nurses, Psychiatrists, Psychologists, Social Workers, Counselors, Occupational Therapists

Service delivery



Each patient is assigned a psychiatric provider who is responsible for coordination of treatment:

- Provides appropriate, individualized treatment services which meet the unique and changing needs of patients
- Enables individuals to achieve their highest potential level of functioning

Treatment teams are used to plan, implement, and evaluate treatment:



- Patient and his/her family and/or significant others
- Psychiatric provider
- Nurse
- Social Worker

Discharge planning and arrangements for aftercare



- Achieves enhanced program integration with other public and private agencies in order to provide successful transition of treatment services for individuals between inpatient and outpatient settings

Operations Analysis Recommendations

- Recommendation: Institute discrete units and staff assignments
 - Dedicate a unit for competency restoration
 - **Restoration Unit Opening January 2023**

- Recommendation: Increase community-based outpatient restoration and jail-based restoration services
 - **Agreements with all eleven Community Mental Health Centers**
 - **Expanded Jail-based restoration**

	GENERAL	FEDERAL	OTHER	TOTAL
Jail-Based Restoration (SFY24): Recommend to support jail-based and outpatient restoration to competency services.	\$559,222	\$0	\$0	\$559,222
Jail-Based Restoration (SFY24): Inflation	\$27,960	\$0	\$0	\$27,960

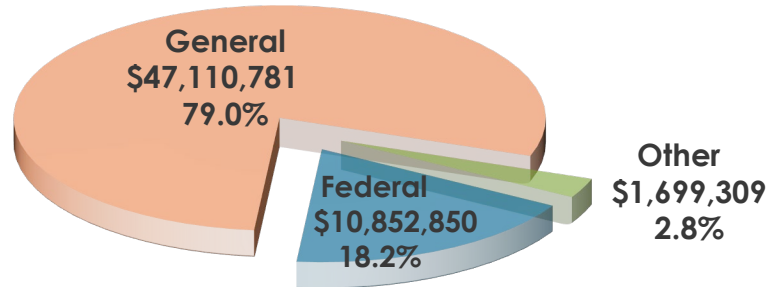
Competency Restoration – Jail Based Restoration

- The Human Services Center has seen an increasing number in defendants referred by the court for restoration to competency services.
 - This trend has also been seen nationally and is likely to continue to increase.
 - These increased referrals have led to wait times for services in an inpatient setting at HSC.
- To reduce the wait times for defendants and to ensure the right level of service appropriate to the defendant's needs and abilities was being delivered, HSC has worked with Community Mental Health Centers and local Sheriff's offices to create restoration to competency services in jails and communities.
 - FY2022 – 31 episodes of care for inpatient at HSC
 - Additional 9 outpatient & 18 jail-based for a total of 58
 - FY2023 year to date (12/1/22) – 15 individuals admitted inpatient HSC
 - Additional 7 outpatient & 14 jail-based for a total of 36

Human Services Center

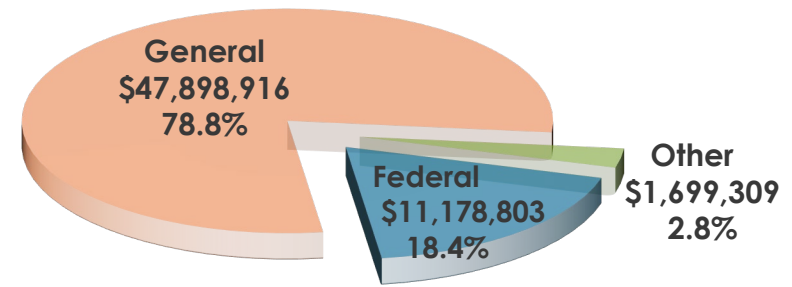
FY2023 Budget Compared to FY2024

FY2023 Operating Budget



Total: \$59,662,940 and 550.0 FTE

FY2024 Recommended Budget



Total: \$60,777,028 and 550.0 FTE

MAJOR BUDGET INCREASES AND DECREASES

	GENERAL	FEDERAL	OTHER	TOTAL
FMAP - Federal Medical Assistance Percentage:	\$220,782	(\$220,782)	\$0	\$0
Discretionary Inflation:	\$240,566	\$0	\$0	\$240,566
Food Service & Utility Costs: Based on projected costs	\$314,300	\$0	\$0	\$314,300
Jail-Based Restoration: Jail-based and outpatient restoration to competency services	\$559,222	\$0	\$0	\$559,222
Medicaid Expansion: 5% FMAP Savings	(\$546,735)	\$546,735	\$0	\$0
Totals:	\$788,135	\$325,953	\$0	\$1,114,088

FY2023 General Bill Amendments (One-Time):

	GENERAL	FEDERAL	OTHER	TOTAL
FY23 6.2% Enhanced FMAP: 4 quarters of general fund savings due to enhanced 6.2% FMAP	(\$768,092)	\$768,092	\$0	\$0
Utilities: Based on utilization and projected utility rates	\$231,749	\$0	\$0	\$231,749

Community Behavioral Health



About DBH

The Division of Behavioral Health (DBH) supports a comprehensive array of publicly funded behavioral health prevention, crisis, treatment and recovery support services.

Publicly Funded Behavioral Health Services

- Prevention and crisis services
- Outpatient mental health services
- Outpatient and inpatient substance use disorder treatment services
- Recovery support services

Community Behavioral Health

The goal is to support quality clinical treatment, recovery supports, prevention and crisis services with integrity to obtain positive outcomes for individuals with behavioral health needs

Who we serve

- In SFY2022, **17,133** children and adults with serious mental illnesses received publicly funded mental health services
- In SFY2022, **11,260** adolescents and adults received publicly funded substance use disorder services
- In SFY 2022, over **36,000** prevention services provided



Outcomes of services

- 93% of adult mental health clients reported ease and convenience when accessing services
- 90% of adult clients served in substance use disorder services reported ease and convenience when accessing services
- 98% of adult clients reported the ability to control their substance use at discharge
- 67% reduction in emergency room visits for a psychiatric or emotional problem for adult specialized outpatient services

Behavioral Health Crisis Services

	GENERAL	FEDERAL	OTHER	TOTAL
988 Crisis Hotline (SFY24): Funding to support 988 crisis hotline statewide	\$1,574,403	\$0	\$0	\$1,574,403
988 Crisis Hotline (SFY24): Inflation	\$78,720	\$0	\$0	\$78,720

- In July 2020, the Federal Communications Commission adopted rules to designate 988 as the national three-digit number for individuals experiencing a behavioral health crisis to call, text or chat. 988 was launched July 16, 2022.
- Before 988 implementation, the Helpline received approximately 3,600 calls, annually. Calls are trending to doubling of previous calls to the 1-800 National Suicide Prevention Lifeline, projecting to 7,200 calls annually.
- To support the increased call volume, additional staff at the Helpline are needed including 7 additional full-time staff, 4 part-time, two supervisory level staff as well as a clinical director, training and quality assurance manager, and a part-time data base manager.
 - The budget request also supports other administrative costs such as equipment, software for the chats and texts, and general operational costs.



Behavioral Health Crisis Services

- What is the difference between 211, 911, and 988?
 - 211- Non-emergency number for finding community resources such as food banks and shelters.
 - 911- Emergency number for all emergencies
 - 988- Mental Health crisis number where calls are responded to by trained counselors to assist people in emotional distress

Behavioral Health Crisis Services

	GENERAL	FEDERAL	OTHER	TOTAL
Appropriate Regional Facility Services (SFY24): Funding to support services at appropriate regional facilities for residential crisis stabilization.	\$5,635,581	\$0	\$0	\$5,635,581
Appropriate Regional Facility Services (SFY24): Inflation	\$281,780	\$0	\$0	\$281,780

- Over the last two legislative sessions, Governor Noem and the legislature have worked together to fund the construction of regional behavioral health centers to help individuals in crisis closer to home. Too often, these individuals end up in the emergency room or jail and do not get the help that they need.
- Governor Noem's recommended budget in ongoing funding to continue investing in regional behavioral health centers that have completed construction and are operational.
- Appropriate Regional Facilities (ARFs) are designed to provide 24/7 overnight residential services to stabilize acute psychiatric or behavioral health symptoms, evaluate treatment needs and develop a crisis stabilization plan affording the ability for individuals to be stabilized closer to home.
- Based on cost proposals received through the RFP process during SFY22, the cost to support the crisis stabilization service per bed per month is approximately \$20,127.
- Funding supports 26 beds.

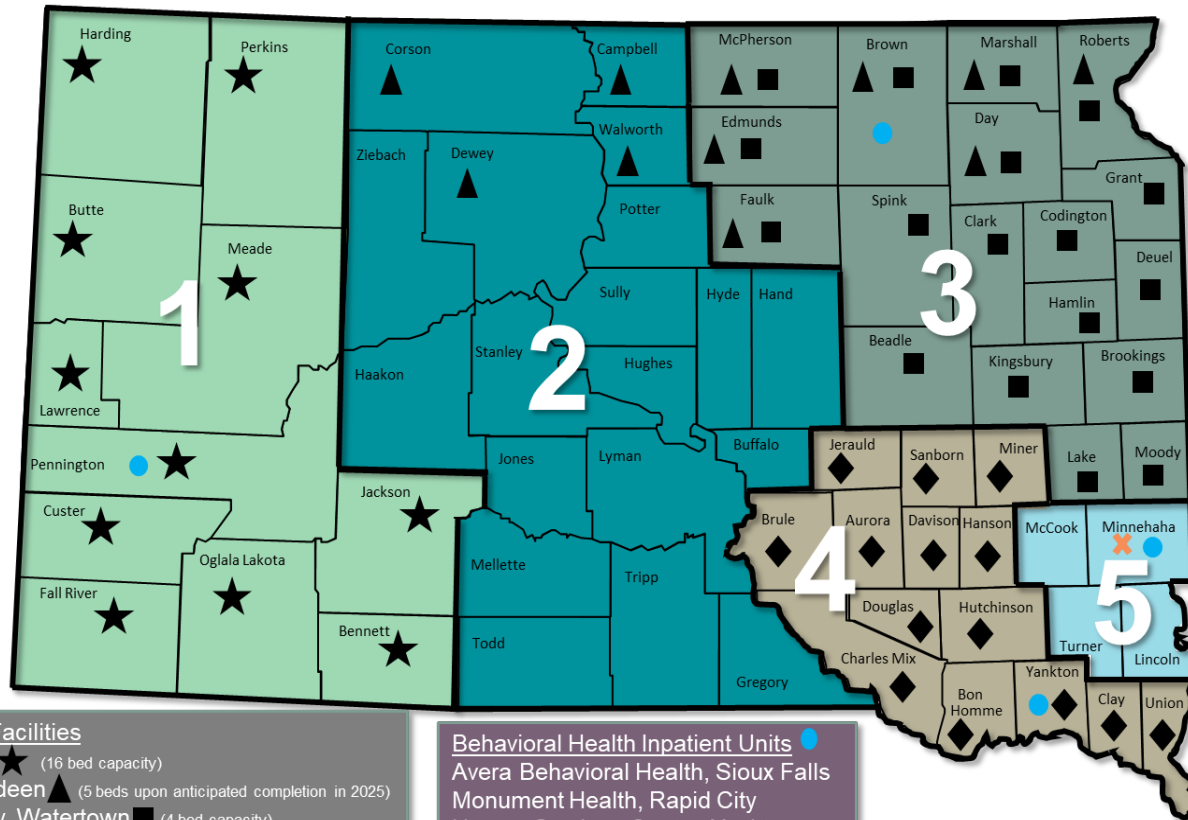
Behavioral Health Crisis Services

➤ Appropriate Regional Facility Services continued:

		Est. Date to Open	Beds	Cost	
Reg 1	Pennington County	Dec. 2022	16	\$ 3,864,398	
Reg 2	Service Area Gap				
Reg 3	Human Service Agency	Dec. 2022	4	\$ 966,100	
	Avera St. Lukes	Jan. 2025			
Reg 4	Lewis & Clark		2	\$ 483,048	
		Feb. 2024	4	\$ 322,035	(4 months of SFY24)
				\$ 805,083	
Reg 5	Served by Avera BH/The Link				
		Total	26	\$ 5,635,581	
				Inflation 5%	\$ 281,780
				Total	\$ 5,917,361

Behavioral Health Crisis Services

Appropriate Regional Facility Services Capacity:



Appropriate Regional Facilities

Pivot Point, Rapid City ★ (16 bed capacity)
 Avera St. Luke's, Aberdeen ▲ (5 beds upon anticipated completion in 2025)
 Human Service Agency, Watertown ■ (4 bed capacity)
 Lewis and Clark, Yankton ◆ (4 bed capacity, 6 beds upon completion in 2025)

Behavioral Health Inpatient Units

Avera Behavioral Health, Sioux Falls ●
 Monument Health, Rapid City
 Human Services Center, Yankton
 Avera St. Luke's, Aberdeen

24-hour or less Crisis
 Stabilization Center
 The Link, Sioux Falls ✕

Behavioral Health Crisis Services

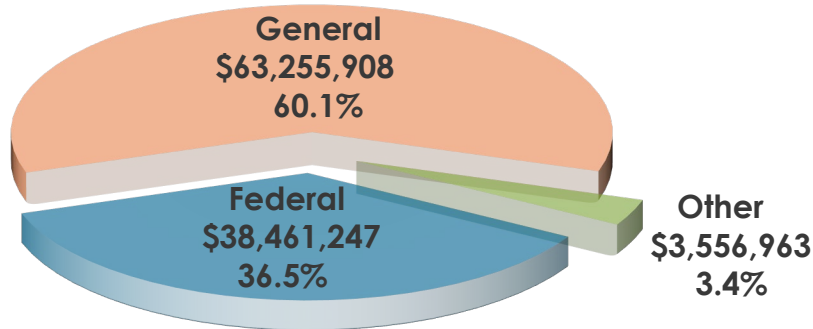
	GENERAL	FEDERAL	OTHER	TOTAL
1.0 FTE to Support Crisis Services (SFY24): Funding to support 1.0 FTE (GJ) to implement and monitor crisis service delivery.	\$72,357	\$0	\$0	\$72,357

- With the significant proposed increase in funding to support crisis services, additional staff are necessary for successful implementation and oversight.
 - 1.0 FTE (GJ)
- Support the implementation of a comprehensive crisis care system including oversight of 988 and appropriate regional facilities. These services are a new area that require additional FTE to support a robust crisis response system.

Community Behavioral Health

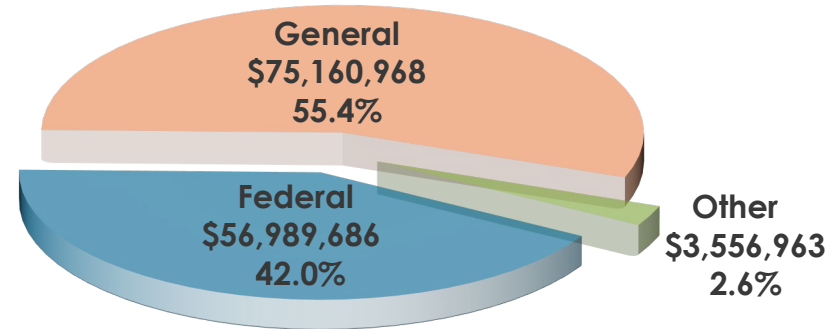
FY2023 Budget Compared to FY2024

FY2023 Operating Budget



Total: \$105,274,118 and 25.0 FTE

FY2024 Recommended Budget



Total: \$135,707,617 and 26.0 FTE

MAJOR BUDGET INCREASES AND DECREASES

	GENERAL	FEDERAL	OTHER	TOTAL
FMAP - Federal Medical Assistance Percentage:	\$553,073	(\$553,073)	\$0	\$0
Discretionary Inflation:	\$3,677,439	\$949,059	\$0	\$4,626,498
Crisis Services: 988 Crisis Hotline, Appropriate Regional Facility Services 1.0 FTE	\$7,282,341	\$0	\$0	\$7,282,341
Medicaid Expansion: 5% FMAP Savings	(\$1,460,259)	\$1,460,259	\$0	\$0
Medicaid Expansion: Mental Health and Substance Use Disorder Benefits	\$1,852,466	\$16,672,194	\$0	\$18,524,660
Totals: 1.0 FTE	\$11,905,060	\$18,528,439	\$0	\$30,433,499

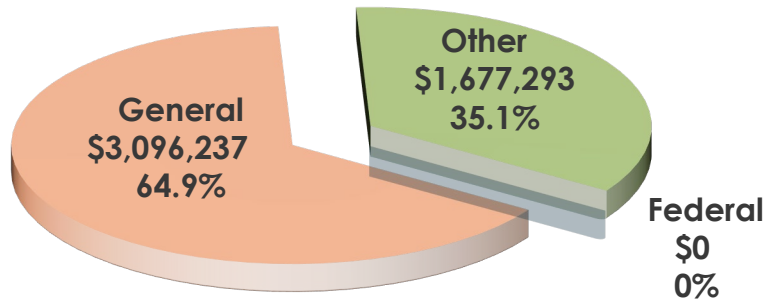
FY2023 General Bill Amendments (One-Time):

	GENERAL	FEDERAL	OTHER	TOTAL
FY23 Enhanced FMAP: 4 quarters of general fund savings due to enhanced 6.2% FMAP	(\$1,931,076)	\$1,931,076	\$0	\$0

Correctional Behavioral Health

FY2023 Budget Compared to FY2024

FY2023 Operating Budget



Total: \$4,773,530 and 55.0 FTE

**FY2024 Budget and FTE
would move to
Department of
Corrections (DOC)**

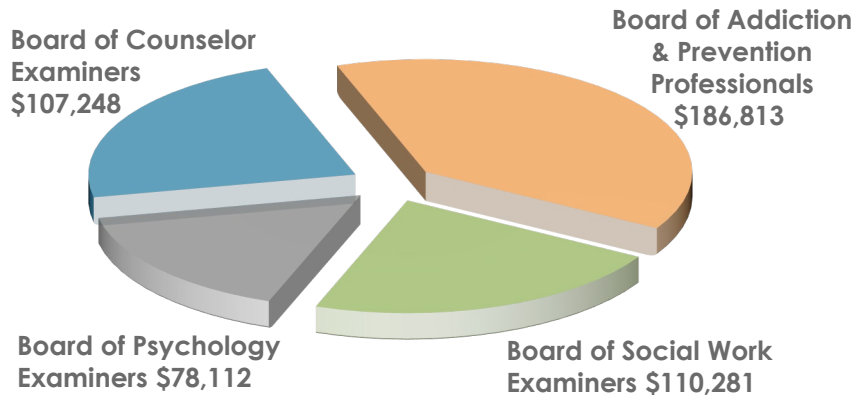
MAJOR BUDGET INCREASES AND DECREASES		GENERAL	FEDERAL	OTHER	TOTAL
Correctional Behavioral Health to DOC:	(55.0) FTE	(\$3,096,237)	\$0	(\$1,677,293)	(\$4,773,530)
Totals:	(55.0) FTE	(\$3,096,237)	\$0	(\$1,677,293)	(\$4,773,530)

Department of Social Services – Boards

FY2023 Budget Compared to FY2024

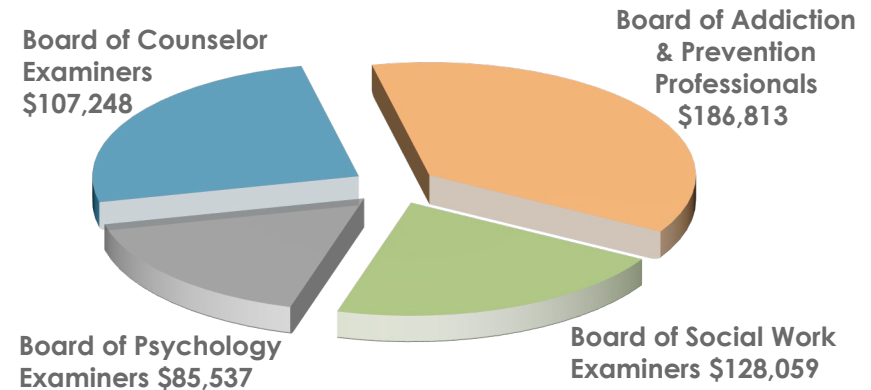
LRC Budget Brief
Detail Pages 50-69

FY2023 Operating Budget



Total: \$482,454 and 0.0 FTE

FY2024 Recommended Budget



Total: \$507,657 and 0.0 FTE

MAJOR BUDGET INCREASES AND DECREASES

	GENERAL	FEDERAL	OTHER	TOTAL
Board of Counselor Examiners:	\$0	\$0	\$0	\$0
Board of Psychology Examiners: Other fund authority for projected operational costs.	\$0	\$0	\$7,425	\$7,425
Board of Social Work Examiners: Other fund authority for projected operational costs.	\$0	\$0	\$17,778	\$17,778
Board of Addiction & Prevention Professionals:	\$0	\$0	\$0	\$0
Totals: 0.0 FTE	\$0	\$0	\$25,203	\$25,203

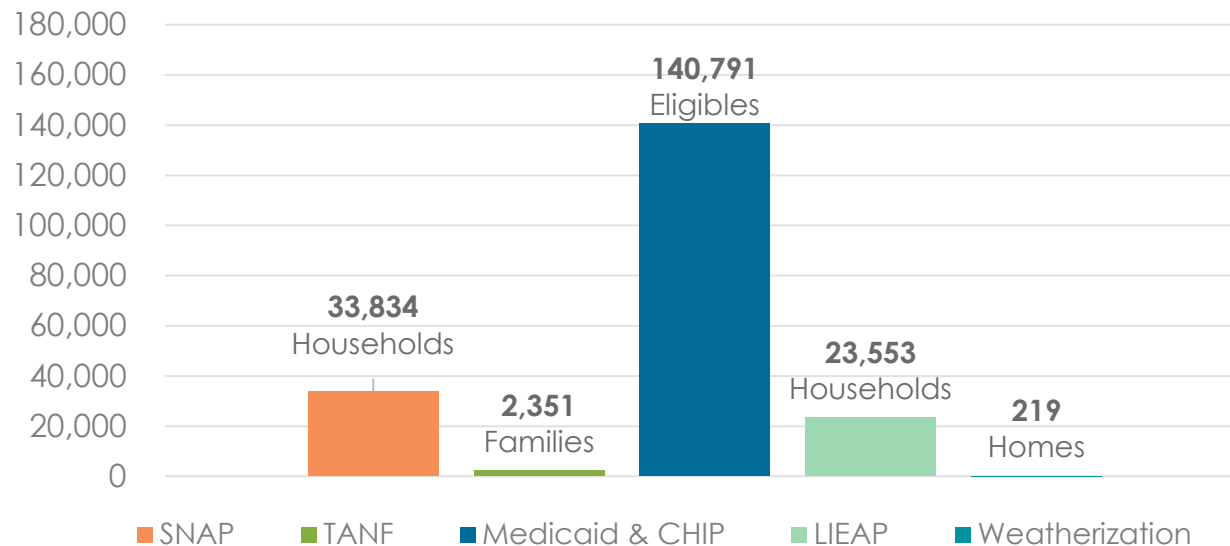
Division of Economic Assistance

LRC Budget Brief
Detail Pages 10-16

Division of Economic Assistance

Division of Economic Assistance staff determine eligibility for short-term safety net programs for low-income families, pregnant women, children, elderly citizens and people with disabilities

SFY2022 Clients Served (Average Monthly)



- Eligibility determinations for programs includes SNAP, TANF, Medicaid, CHIP, and LIEAP
- Education assistance for youth in out-of-home placements
- Services to low-income individuals through Community Action Programs

Division of Economic Assistance

Economic Assistance promotes wellbeing and provides supports to achieve self-sufficiency for individuals and families



Supplemental Nutrition Assistance Program (SNAP)

- Helps low-income South Dakotans buy the food they need to stay healthy while they work to regain financial independence



Temporary Assistance for Needy Families (TANF)

- Provides temporary assistance and economic self-sufficiency for children and families



Low Income Energy Assistance Program (LIEAP) & Weatherization

- Helps low-income South Dakotans pay for home heating costs and make their homes more energy efficient and assist with emergency utility/heat reconnect

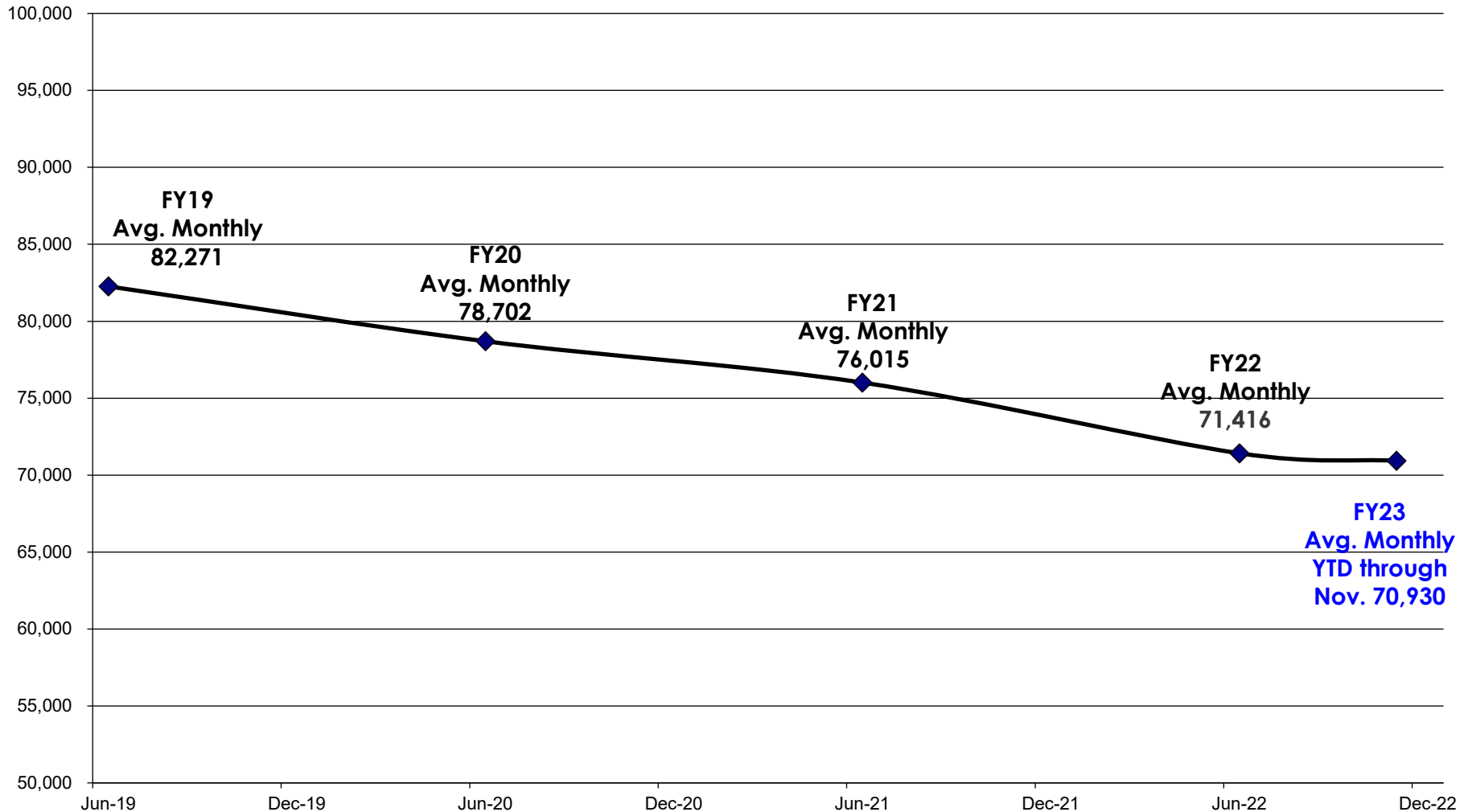


Eligibility for Medicaid Program

- Determines Medicaid eligibility for low-income families, pregnant women, children, elderly citizens and people with disabilities

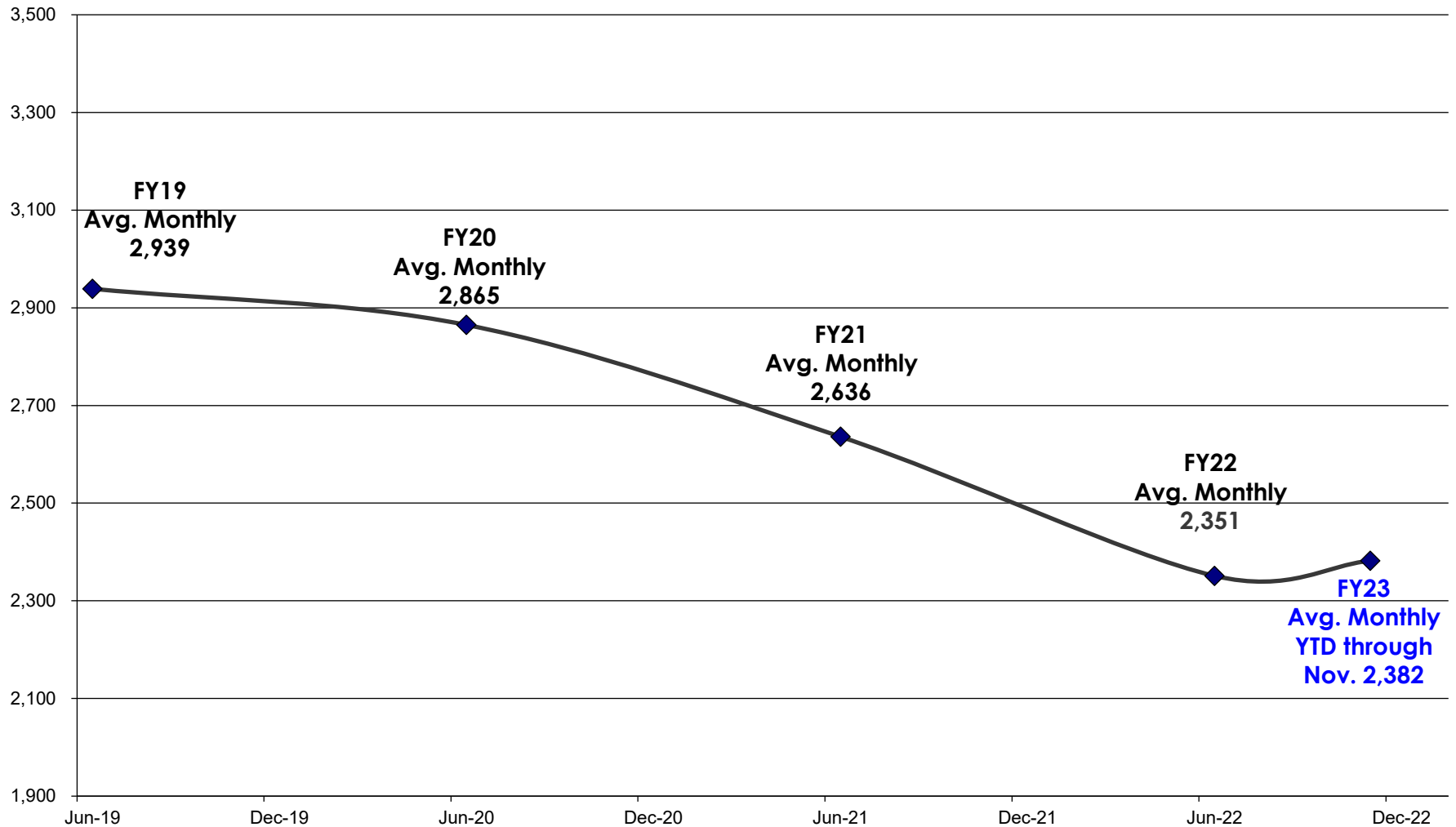
Division of Economic Assistance

Supplemental Nutrition Assistance Program



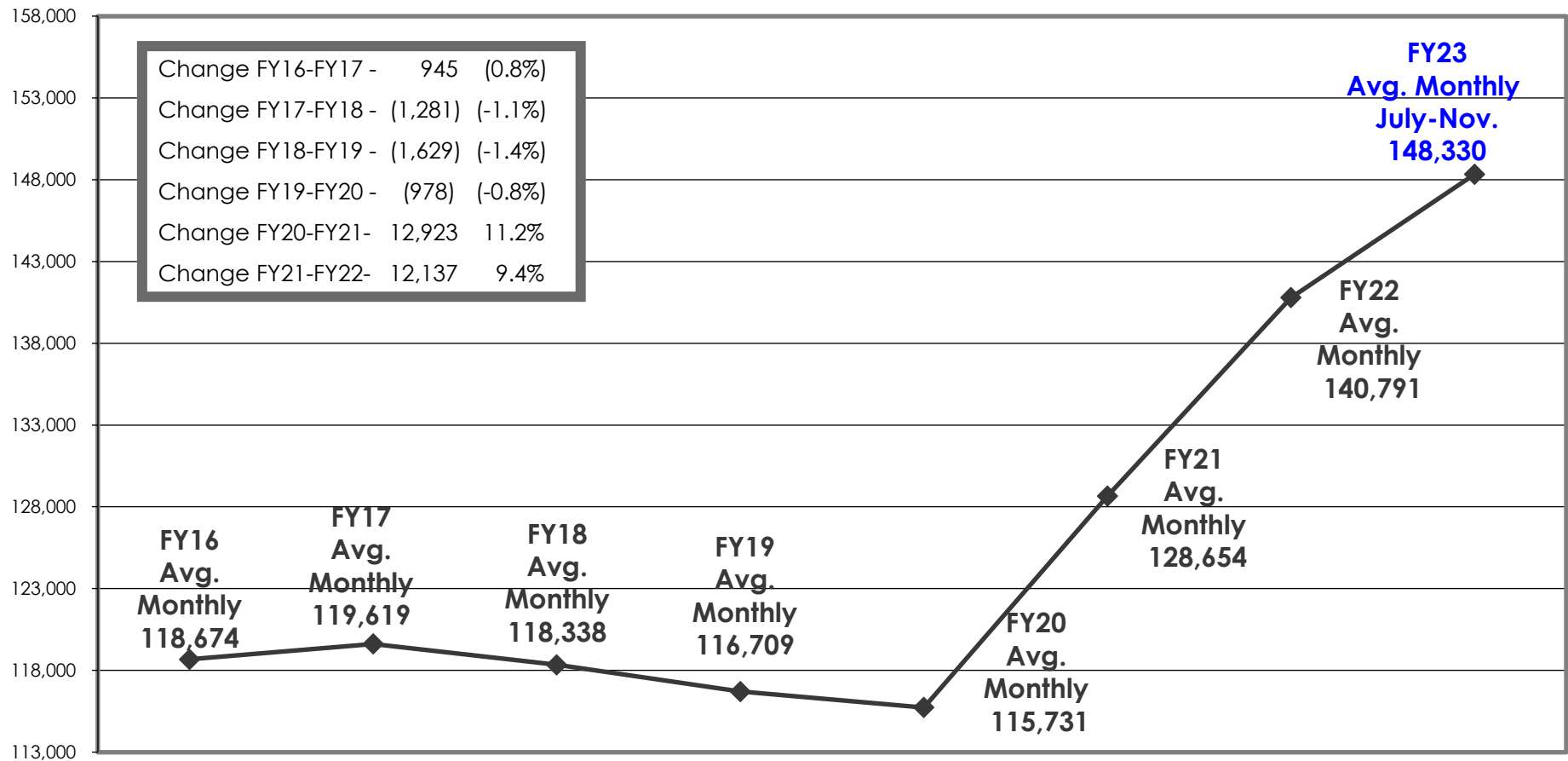
Division of Economic Assistance

Temporary Assistance for Needy Families (TANF) - Avg. Caseloads



Division of Economic Assistance

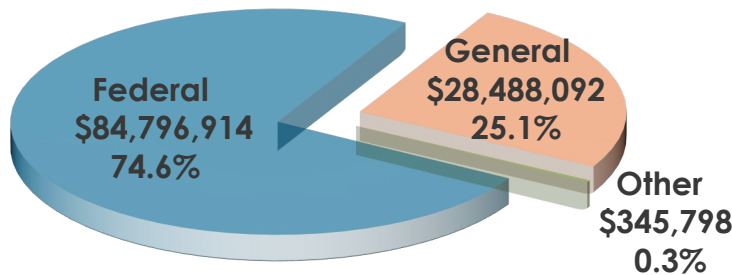
Title XIX and Title XXI - Annual Average Monthly Eligibles



Division of Economic Assistance

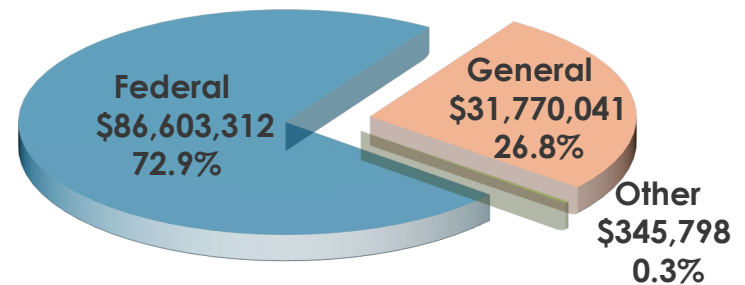
FY2023 Budget Compared to FY2024

FY2023 Operating Budget



Total: \$113,630,804 and 320.5 FTE

FY2024 Recommended Budget



Total: \$118,719,151 and 352.5 FTE

MAJOR BUDGET INCREASES AND DECREASES

		GENERAL	FEDERAL	OTHER	TOTAL
FMAP - Federal Medical Assistance Percentage:		\$13,693	(\$13,693)	\$0	\$0
Discretionary Inflation:		\$1,490,242	\$42,077	\$0	\$1,532,319
Medicaid Expansion: Administrative Costs	32.0 FTE	\$1,778,014	\$1,778,014	\$0	\$3,556,028
Totals:	32.0 FTE	\$3,281,949	\$1,806,398	\$0	\$5,088,347

FY2023 General Bill Amendments (One-Time):

		GENERAL	FEDERAL	OTHER	TOTAL
Medicaid Expansion: Administrative Costs	16.0 FTE	\$889,007	\$889,007	\$0	\$1,778,014

Division of Medical Services

LRC Budget Brief
Detail Pages 17-27

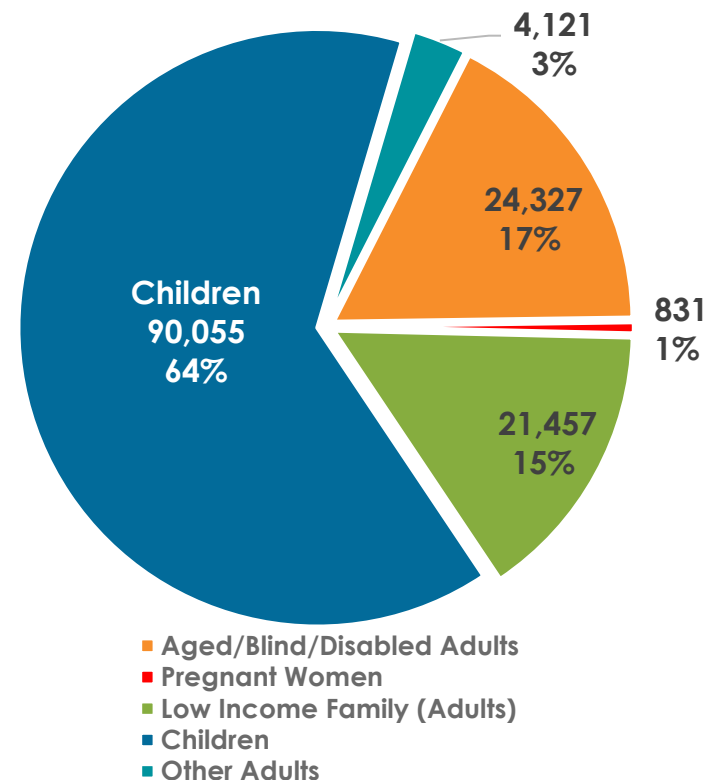
Division of Medical Services

South Dakota operates a conservative program with income guidelines at federal minimums with the exception of CHIP

- Medicaid is an entitlement program - all people eligible must be served.
- Federal-state partnership governed by the Medicaid State Plan.
- Covered services must be medically necessary and physician ordered.
- Nearly **16,000** enrolled providers with **3,000** on average providing services each month

SD remains the only state in the nation to receive a continuous exemption from additional federal audit requirements due to the low prevalence of payment errors

SFY2022: 140,791
Average Monthly Eligible



Division of Medical Services

Medicaid is the nation's public financed health care coverage program for low-income people enacted in 1965 under Title XIX of the Social Security Act. The Children's Health Insurance Program (CHIP) was enacted in 1997 under Title XXI.

Who we serve

- Children
- Low-Income Families
- Pregnant Women
- Elderly
- People with Disabilities
- Enrolled Providers

Covered Services

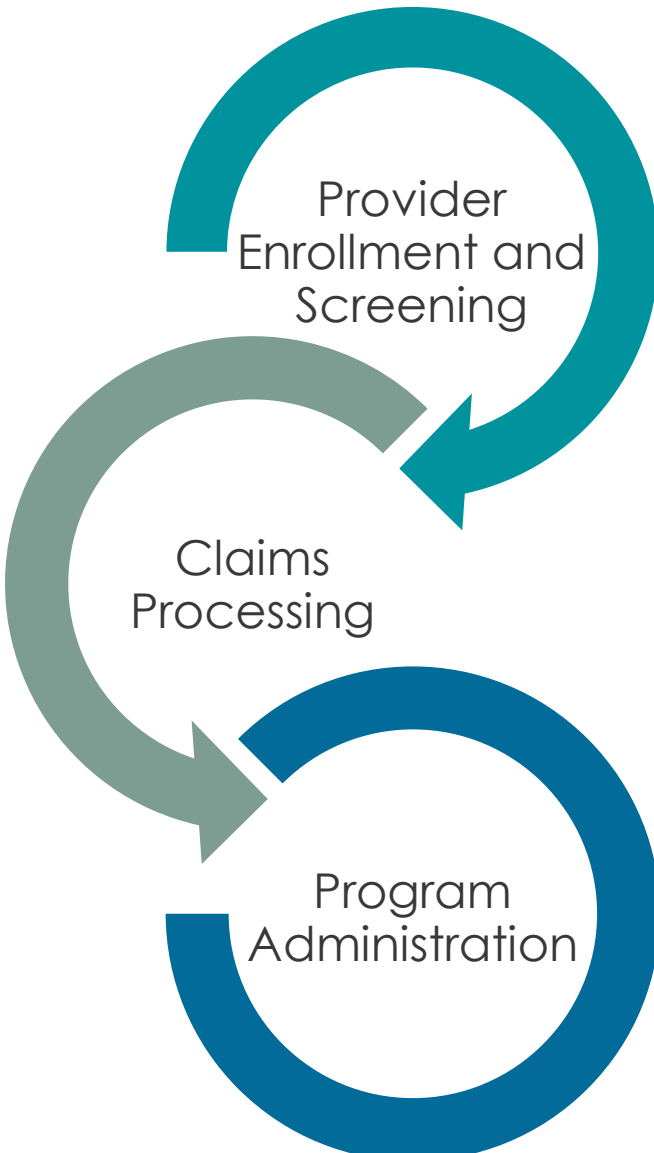
- Inpatient & Outpatient hospital
- Prescription Drugs
- Physician Services
- Clinic Services
- Medicare premiums
- Other medical and dental services.

Services provided

- Provider Enrollment
- Claims Processing
- Program Administration
 - Data Analytics
 - Policy & Program Design
- Program Integrity
- Pharmacy Management
- Care Management
 - Primary Care Case Management
 - Health Homes
 - Prior Authorization



Division of Medical Services



Provider Enrollment and Screening

Claims Processing

Program Administration

Provider Enrollment & Screening

- Screen providers to ensure compliance with federal requirements and state licensure.
- Over 44,000 Provider Enrollment records created or modified in SFY2022.

Claims Processing

- Claim Submission: Electronic, Paper & Portal
 - 289,000 paper claims entered
- Medicaid Management Information System (MMIS) and Claims Unit
 - 7 million claims processed in SFY2022
 - Over 57,000 calls from providers
- 4.8 Days Average Processing

Program Administration

- Data Analytics
- Medicaid State Plan
 - 20 State Plan Amendments in SFY2022
- Policy and Program Design
 - 109 Policy Manual Updates

Division of Medical Services



Program Integrity

Program Integrity

- Conducts post-payment provider reviews.
- South Dakota consistently has one of the lowest error rates in the nation.

Pharmacy Management

Pharmacy Management

- Prior Authorization
- Maximum Allowable Cost (MAC) Pricing
- Drug Utilization Review
- Supplemental Drug Rebates
- High Rate of Generic Utilization (87%)

Care Management

Care Management

- Primary Care Case Management
- Health Homes
 - \$11.1 Million Cost Avoidance in CY 2021
- Inpatient Stay Tracking
- Prior Authorization
 - Over 12,000 prior authorizations processed

Medicaid Out of State Prior Authorization

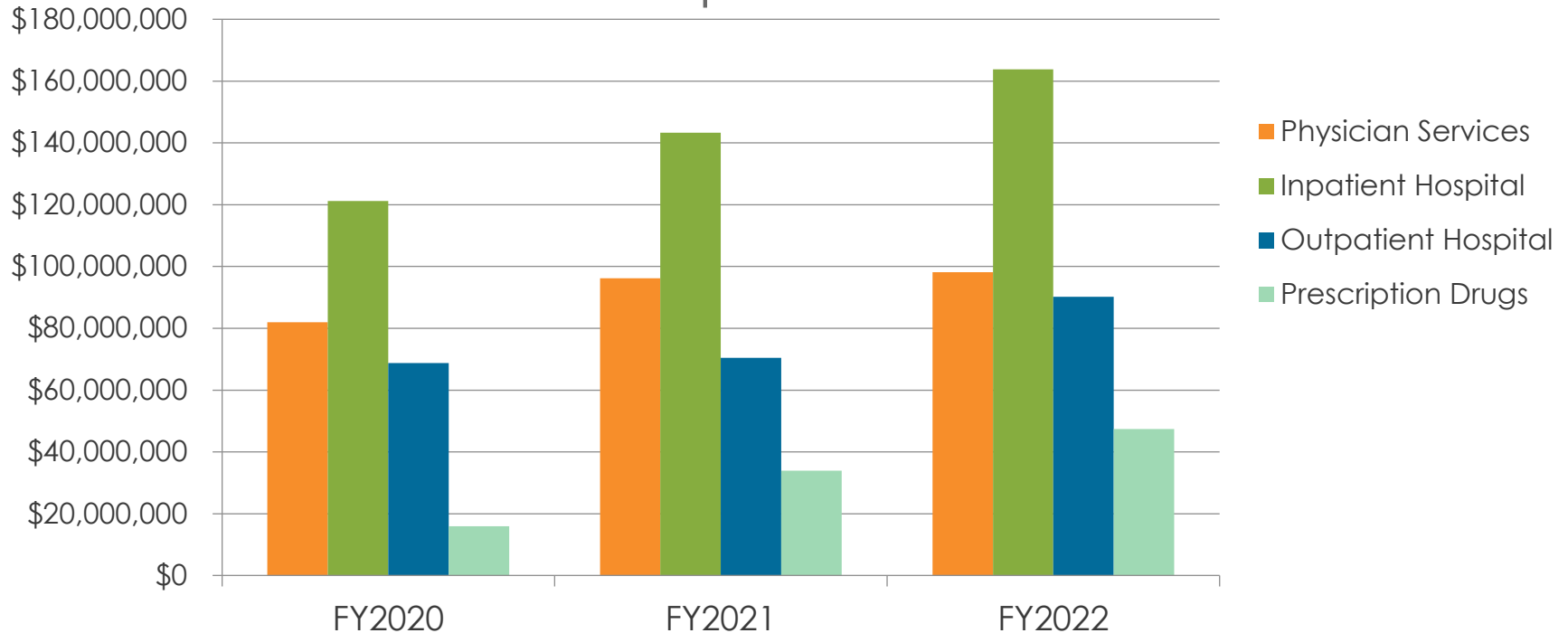
- South Dakota Medicaid requires a prior authorization for most services that are provided outside of South Dakota.
 - Exceptions:
 - Services provided within 50 miles of the South Dakota border or services provided in Bismarck, North Dakota.
 - Medicare primary recipients do not require prior authorization as Medicaid's determination is contingent upon Medicare.
 - Emergent services, lab, radiology, pathology, durable medical equipment, dental and pharmacy services are exempt unless the service or item is prior authorized for in-state providers.
- Medical Services nurses review requests for out-of-state care to determine if the requested care is medically necessary and available in South Dakota.
- Care is authorized to the closest possible location capable of providing the service.

Division of Medical Services

Health Care Services

Certain health care services represent the largest share of our Medical Services budget. These are sometimes referred to as “The Big 4”.

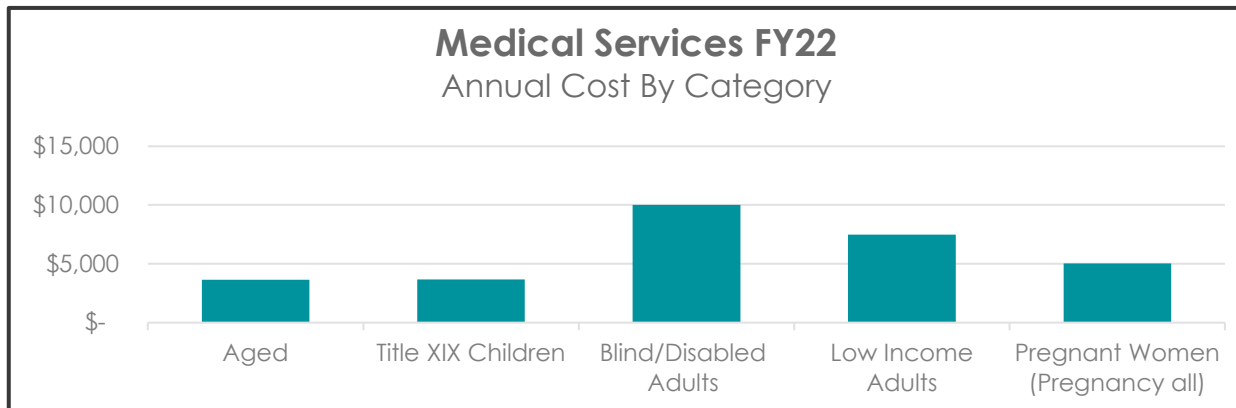
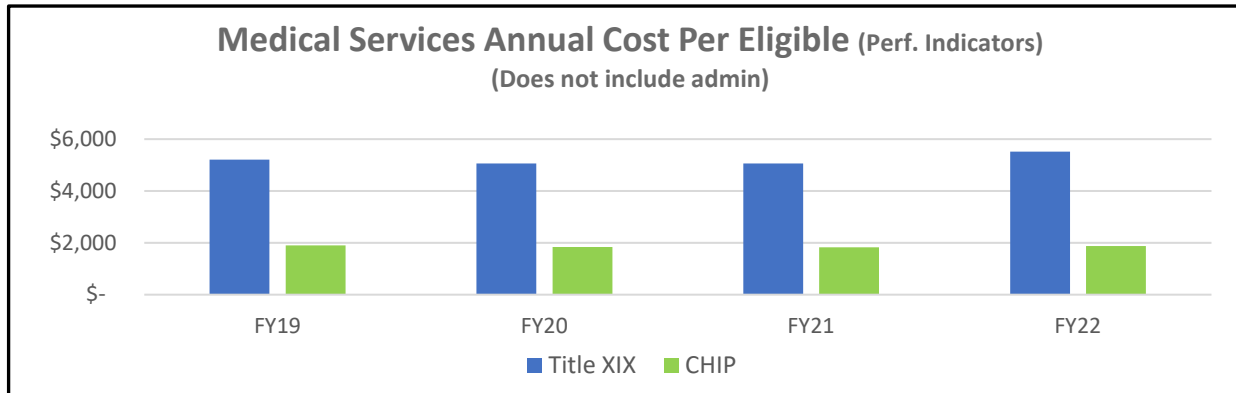
Actual Expenditures



CHIP is not included in the amounts above.

Division of Medical Services

Cost Per Person



Division of Medical Services

Public Health Emergency and Enrollment

- Prior to March 2020, the start of the pandemic, Medicaid enrollment was on a downward trajectory.
- The key driver of the increase in eligibles since March 2020 is a federally required Maintenance of Effort (MOE) requirement authorized through the Families First Coronavirus Response Act of 2020.
 - States cannot terminate medical coverage for recipients that became eligible March 2020 through the end of the public health emergency (PHE) as a condition of receiving a temporary additional 6.2% increase to the FMAP.
- Consistent with national trends, this resulted in unprecedented growth in the number of people that rely on Medicaid for their healthcare.
- The Consolidated Appropriations Act of 2023 separates the Medicaid MOE requirement from the duration of the public health emergency. The Medicaid MOE will end in April 2023 and states may begin the process of unwinding the MOE. The enhanced FMAP will phase down over the unwinding period.

Division of Medical Services

Public Health Emergency Enhanced FMAP

- The Consolidated Appropriations Act was passed after the Governor's budget recommendation, so adjustments will need to be made to the proposal.
- Essentially, compared to the Governor's recommended budget, we projected \$44.5M in savings for FY23, but now it will only be \$42.4M – a difference of \$2.1 million. However, we were projecting \$0 of savings in FY24, but now we will have about \$7.5 million in one-time savings.
- The 6.2 % enhanced FMAP will phase down over the unwinding period:
 - January – March 2023: 6.2%
 - April – June 2023: 5%
 - July – September 2023: 2.5%
 - October – December: 1.5%

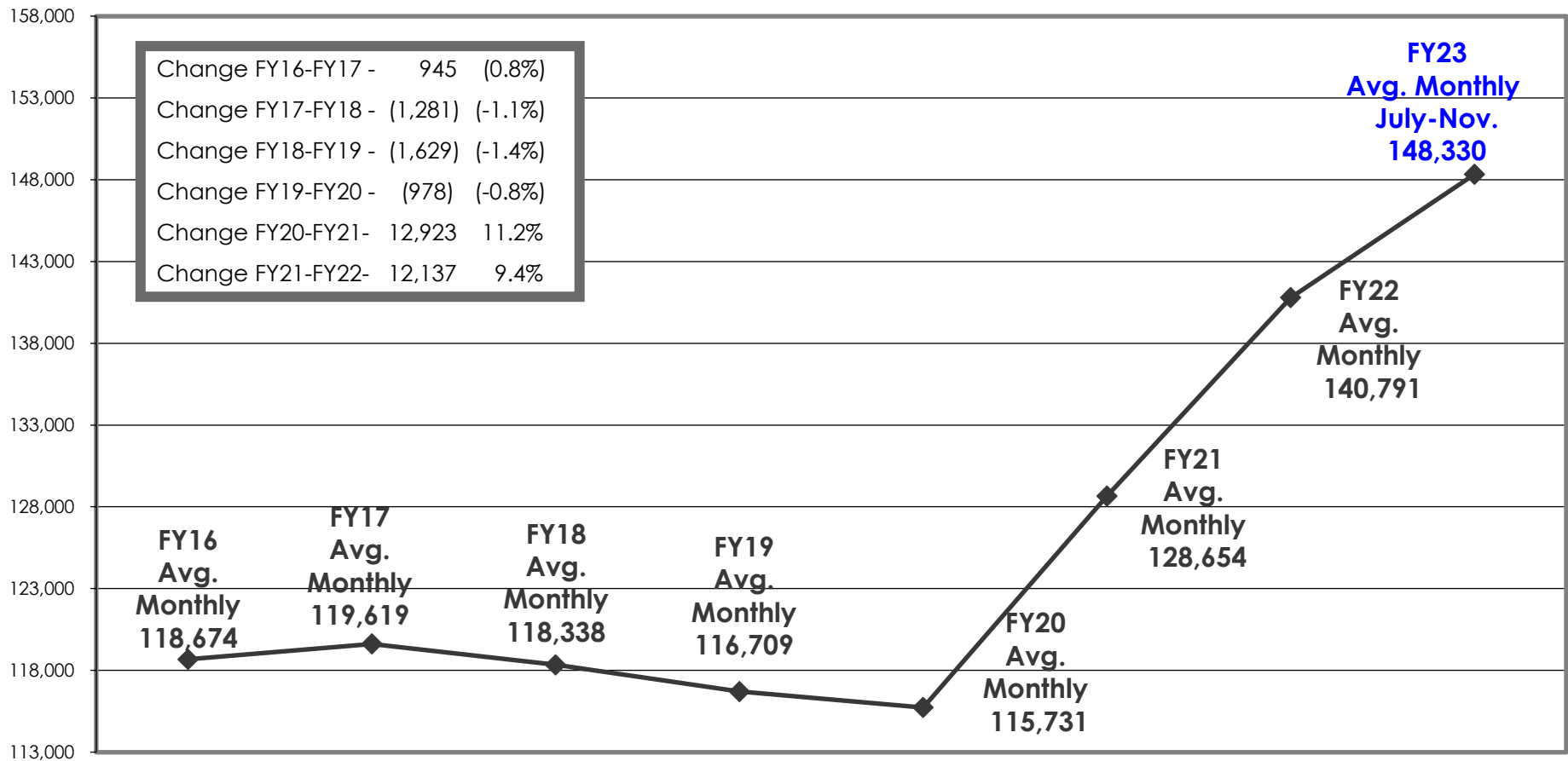


Division of Medical Services

- CMS requires states to evaluate each case to determine if the individual meets another eligibility category before closing the case. States are required to initiate all renewals within the first 12 months of the unwinding period and must complete all redeterminations of eligibility within 14 months.
- DSS will begin working renewal cases in February 2023 that could result in terminations effective April 1, 2023. This is the earliest a state can begin making redeterminations that would result in loss of coverage.
- DSS anticipates it will take at least nine months to work through all cases. This is consistent with CMS recommendations.
- States are required to continue to maintain eligibility while they process renewals, therefore increasing expenditures and driving another landmark year of growth. Enrollment will not return to pre-pandemic levels prior to the end of SFY 2023.
- Predicting healthcare costs is extremely challenging this year due to these factors and there is potential for significant variability and impacts on the budget.

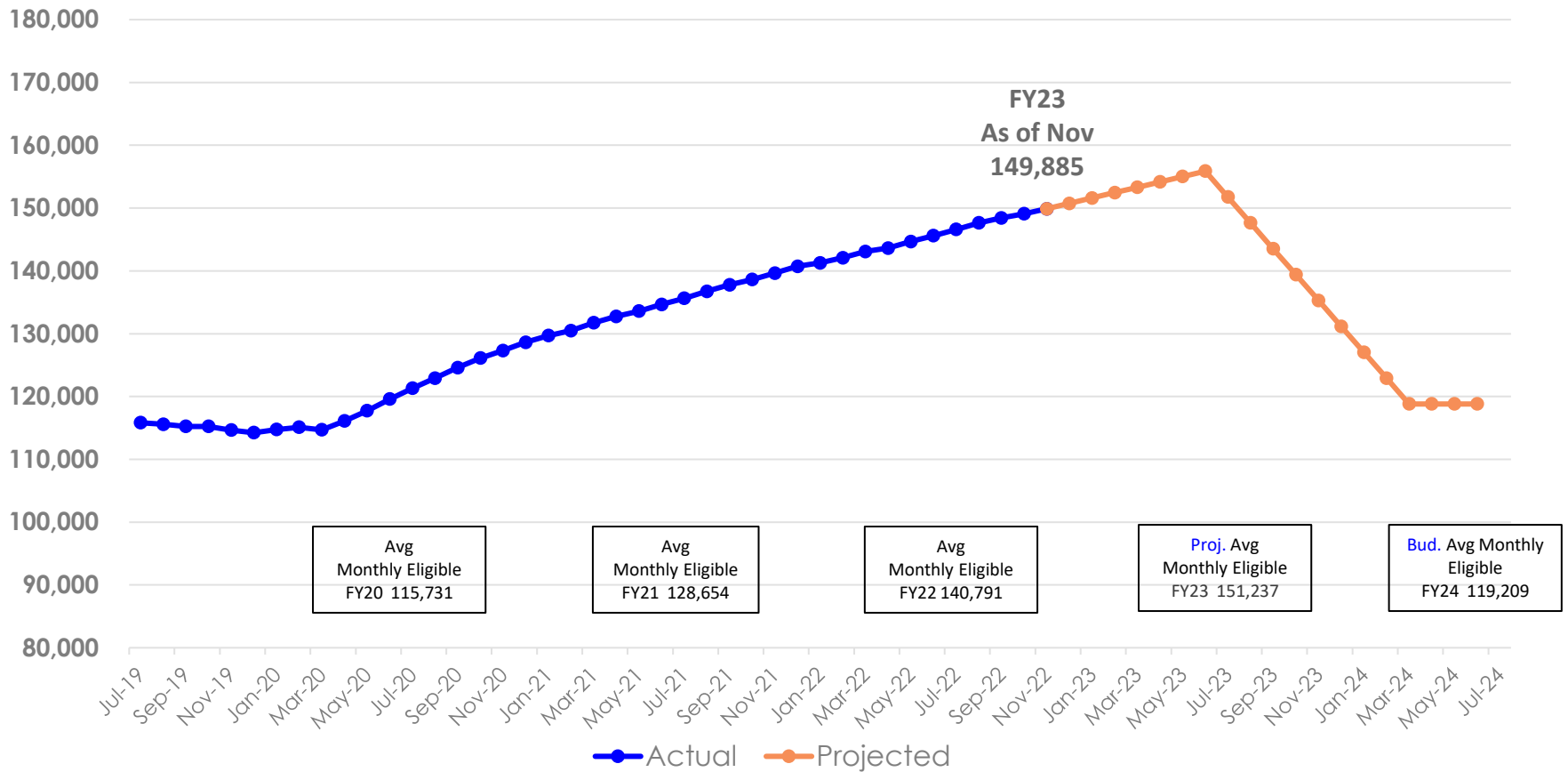
Division of Medical Services

Title XIX and Title XXI - Annual Average Monthly Eligibles



Division of Medical Services

Title XIX and Title XXI - Average Monthly Eligibles



Division of Medical Services

SFY24

Title XIX (Medicaid) and Title XXI (CHIP) Average Monthly Eligibles

➤ 2.0% change in eligibles to the SFY23 base budget

Medicaid Eligible Totals	Appro. Budget FY23	Appro. Budget FY24	Elig. Change	% Change
Title XIX Eligibles	101,008	103,345	2,337	
Title XXI Eligibles	15,864	15,864	-	
Total Eligibles	116,872	119,209	2,337	2.0%

MAJOR BUDGET INCREASES AND DECREASES

	GENERAL	FEDERAL	OTHER	TOTAL
Change in Title XIX (Medicaid) & CHIP Eligible, Utilization, & Cost:	\$10,126,348	\$15,458,158	\$0	\$25,584,506

Division of Medical Services

Change in Title XIX (Medicaid) and Title XXI (CHIP)
Eligibles, Utilization, and Cost

	FY23 to FY24
	Totals
Physician	\$ 5,120,910
Inpatient	\$ 10,486,563
Out-Patient	\$ 6,133,729
Prescription Drugs	\$ 2,396,911
All others	\$ 1,446,393
Totals	\$ 25,584,506

% inc. of total budget 3.4%

Division of Medical Services

FY24 Annual Average Cost Per Eligible

Medical Services:

	Budget FY2024
Annual Average Cost per Title XIX Eligible:	
Physician Services	\$1,121
Inpatient Hosp., GME, Dispro	\$1,728
Outpatient Hosp	\$996
Prescription Drugs	\$542
All Others (Medicare Premiums, Dental, Chiropractic, etc.)	\$3,370
Total	\$7,757
 Annual Average Cost Per CHIP Eligible:	 \$2,442
*Does not include MS Admin., & Non-Direct Services	

**Does not include Medicaid Expansion*

Division of Medical Services

	\$7,757.98	Title XIX avg. cost	
X	103,345	Title XIX eligibles	
	\$801,748,412	Total Title XIX Budget	

	\$2,442.08	Title XXI (CHIP) avg. cost	
X	15,864	Title XXI (CHIP) eligibles	
	\$38,741,099	Total Medical Services CHIP Budget	

\$42,824,120 Medical Services Admin. and Non-Direct Services

\$883,313,631 Total FY2024 Medical Services Budget

** Does not include Medicaid Expansion*

Division of Medical Services

Indian Health Service

	GENERAL	FEDERAL	OTHER	TOTAL
Indian Health Services (IHS):	\$0	\$61,994,000	\$0	\$61,994,000

- Individuals can be eligible for both Medicaid and Indian Health Service (IHS). IHS is an enrolled Medicaid provider and bills South Dakota Medicaid for services provided at IHS.
- Services received through IHS are paid with 100% federal funding.
- IHS is reimbursed at a per diem rate that is set federally. The per diem rate is often referred to as the all-inclusive rate, OMB rate, or encounter rate.
- The IHS outpatient rate has increased 63.7% and the inpatient rate has increased by 44.5% since 2017.
- Utilization at IHS has increased.



Division of Medical Services

Pregnancy Health Homes

- Quality pregnancy and postpartum care are key to ensuring babies and moms are healthy.
 - DSS's Health Home model has shown robust avoidance and better outcomes for individuals with chronic conditions.
 - DSS tested the concept of enhanced care management for pregnant Medicaid recipients through Primary Care and Prenatal Care Innovation Grants. Results showed increased high risk screening rates, and increased breastfeeding and the potential to decrease the number of infants that require a NICU stay.
- The program will incentivize participating Medicaid providers to provide enhanced care coordination by a nurse, social worker, or other health care professional to ensure that a woman receives all needed services during pregnancy.
 - These services would improve infant and maternal outcomes including pregnancy related morbidity and mortality.
 - It is anticipated that better care coordination will reduce preterm deliveries and NICU stays.

Division of Medical Services

Pregnancy Health Homes

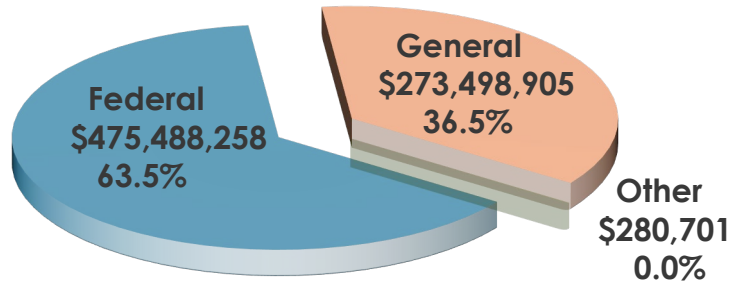
	GENERAL	FEDERAL	OTHER	TOTAL
Pregnancy Health Home (SFY24): Supporting pregnant mothers in the Medicaid program to improve maternal and infant outcomes. 2.0 FTE	\$1,112,923	\$2,068,002	\$0	\$3,180,925

- DSS will build a health home model for pregnant women using the framework of South Dakota's existing Health Home program to help support pregnant women and ensure robust access to prenatal care and other supports for families.
- Enrolled providers must meet certain care requirements focused on ensuring each woman receives all recommended care and is connected to other support resources to help ensure the family is ready for baby.
- The reimbursement methodology would be aligned with the current Health Home model recipient tier reimbursement amount.
- 2.0 FTE for an additional program manager and program assistant to implement and administer the program.

Division of Medical Services

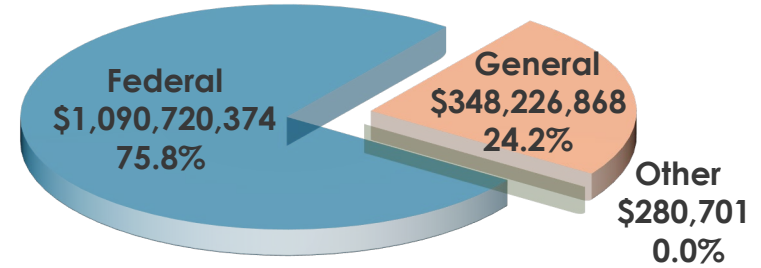
FY2023 Budget Compared to FY2024

FY2023 Operating Budget



Total: \$749,267,864 and 56.0 FTE

FY2024 Recommended Budget



Total: \$1,439,227,943 and 86.0 FTE

MAJOR BUDGET INCREASES AND DECREASES

	GENERAL	FEDERAL	OTHER	TOTAL
FMAP - Federal Medical Assistance Percentage:	\$10,113,913	(\$10,113,913)	\$0	\$0
Mandatory Inflation: Federally Qualified Health Centers, Rural Health Clinics, Medicare Crossovers, Part A, Part B & Part D	\$8,462,460	\$6,912,411	\$0	\$15,374,871
Discretionary Inflation:	\$9,107,422	\$18,446,660	\$0	\$27,554,082
Change in Title XIX (Medicaid) & Title XXI (CHIP) Elig., Util., & Cost:	\$10,126,348	\$15,458,158	\$0	\$25,584,506
Indian Health Services (IHS):	\$0	\$61,994,000	\$0	\$61,994,000
Pregnancy Health Homes: 2.0 FTE	\$1,112,923	\$2,068,002	\$0	\$3,180,925
Provider Rates: Targeted provider rebase at 90% of methodology. In-Home Services	\$141,452	\$215,931	\$0	\$357,383
Medicaid Expansion: 5% FMAP Savings	(\$26,602,235)	\$26,602,235	\$0	\$0
Medicaid Expansion: Benefits and Administrative Costs 28.0 FTE	\$62,265,680	\$493,648,632	\$0	\$555,914,312
Totals: 30.0 FTE	\$74,727,963	\$615,232,116	\$0	\$689,960,079

Division of Medical Services

FY23 GENERAL BILL AMENDMENTS (One-Time):		GENERAL	FEDERAL	OTHER	TOTAL
FY23 6.2% Enhanced FMAP: 4 quarters of general fund savings due to enhanced 6.2% FMAP		(\$35,339,464)	\$35,339,464	\$0	\$0
Medicare Part D Clawback Savings: 4 quarters of general funds related to the enhanced 6.2% FMAP		(\$3,691,344)	\$0	\$0	(\$3,691,344)
Indian Health Service (IHS)		\$0	\$61,994,000	\$0	\$61,994,000
Medicaid Expansion: Administrative Costs	14.0 FTE	\$1,875,011	\$1,875,011	\$0	\$3,750,022
Total:		(\$37,155,797)	\$99,208,475	\$0	\$62,052,678

Medicaid Expansion

Medicaid Expansion Overview

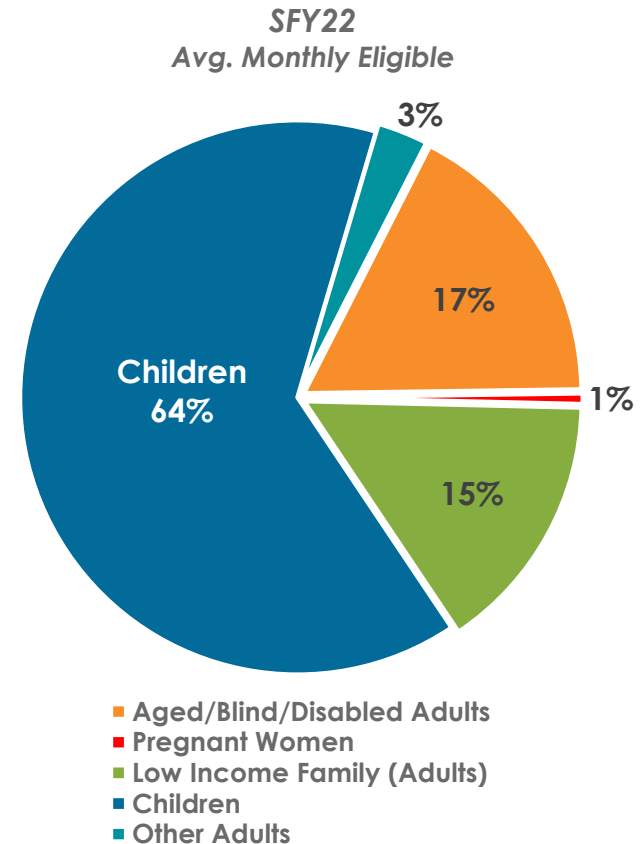
Medicaid Expansion Overview

- South Dakota voters approved Constitutional Amendment D, which provides for Medicaid Expansion in South Dakota.
- Under Constitutional Amendment D, starting July 1, 2023, adults ages 18 to 64 with incomes up to 138% of the federal poverty level (\$38,295 for a family of four) will be eligible to enroll in Medicaid.
 - Requires DSS to submit amendments to the Medicaid State Plan in March 2023.
- 90% of the cost of providing healthcare to the Medicaid expansion population will be funded by the federal government and the state is required to pay for the remaining 10%.
 - The federal American Rescue Plan Act (ARPA) provides a 5% enhancement to the federal share (FMAP) of Medicaid costs for the state's current Medicaid population for the first two years of Medicaid Expansion.
 - This will help offset the cost of Medicaid Expansion and give the state more time to understand the long-term cost.

Medicaid Expansion – Medicaid Today

Medicaid Today:

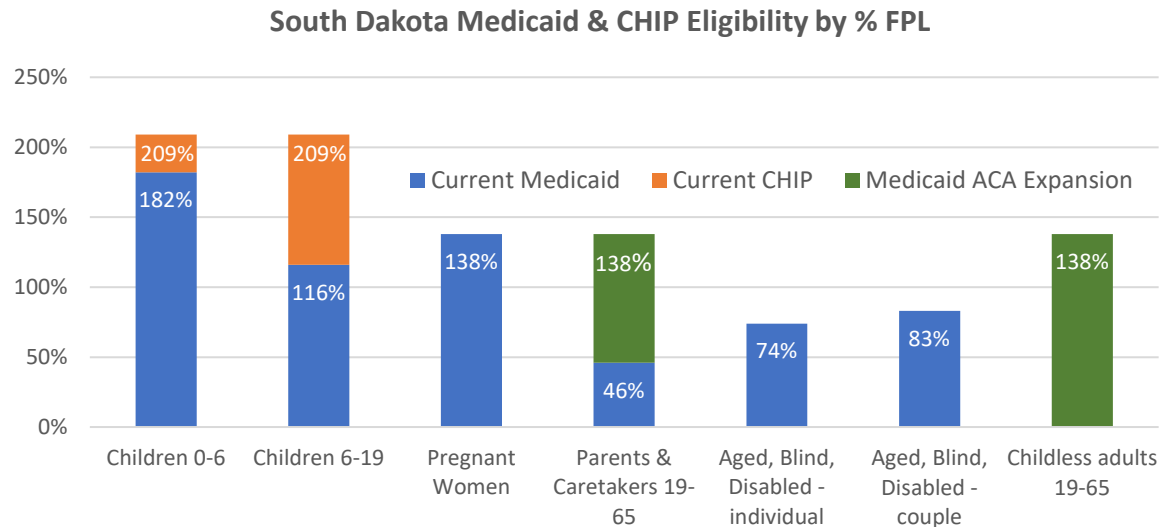
- Majority (64%) are children
- Adults are those that are:
 - Aged, blind, disabled
 - Pregnant women
 - Very low-income parents with income up to 46% FPL



Medicaid Expansion

Medicaid Expansion:

- Adults
 - Low income parents with income between 46% FPL and 138% FPL
 - Adults without children and incomes up to 138% FPL



Department of Social Services – FPL

2022 CALENDAR YEAR FEDERAL POVERTY GUIDELINES							
Annual Amount at Various Income Percentage Levels							
Family Size	100%	130%	138%	182%	185%	200%	209%
1	\$13,590	\$17,667	\$18,755	\$24,734	\$25,142	\$27,180	\$28,404
2	\$18,310	\$23,803	\$25,268	\$33,325	\$33,874	\$36,620	\$38,268
3	\$23,030	\$29,939	\$31,782	\$41,915	\$42,606	\$46,060	\$48,133
4	\$27,750	\$36,075	\$38,295	\$50,505	\$51,338	\$55,500	\$57,998
5	\$32,470	\$42,211	\$44,809	\$59,096	\$60,070	\$64,940	\$67,863
6	\$37,190	\$48,347	\$51,323	\$67,686	\$68,802	\$74,380	\$77,728
7	\$41,910	\$54,483	\$57,836	\$76,277	\$77,534	\$83,820	\$87,592
8	\$46,630	\$60,619	\$64,350	\$84,867	\$86,266	\$93,260	\$97,457
Each Additional (approximately)	\$4,720	\$6,136	\$6,513	\$8,591	\$8,732	\$9,440	\$9,865

South Dakota

Medicaid (Pregnant Women)	138%
Medicaid Children	182%
CHIP Children's Health Insurance Program	209%
SNAP	130%
LIEAP	200%
Child Care	209%
Community Behavioral Health	185%

Medicaid Expansion

Number Eligible

- Two independent surveys conducted by Market Decisions Research
 - 2011 estimate: 48,564
 - 2015 estimate: 49,721
- 2015 estimate inflated forward to 2024
 - 52,300
- Contingency of 10% included due to overruns in other states
 - 57,530
- Demographics
 - 1/3 of the Expansion Population are parents with children.
 - 60% of the expansion population is working. Of those working, 2/3 are working full-time; 1/3 employed part-time.

Medicaid Expansion

Cost Per Person

- Actuarial study completed in January 2022.
 - The final report is available at:
https://dss.sd.gov/docs/medicaid/reports/Actuarial_Report_Medicaid_Expansion.pdf
- Benefit aligns with benefit for non-expansion population.
- Essential health benefit minimum federally required. For ease of administration, benefit design will be consistent between non expansion and expansion population.
- Population most like the expansion group are low-income parents.
- Actuarial analysis estimated benefit cost per person of \$8,814.
- Contingency of 10% based on cost overruns in other states.
 - \$9,695

Medicaid Benefits	SFY24 PMPY	SFY24 General	SFY24 Federal	SFY24 Total	SFY24 FTE
Medicaid Benefit Base Cost	\$ 9,695.00	\$ 55,775,335	\$ 501,978,015	\$ 557,753,350	

Medicaid Expansion

Administrative Costs

- Includes salary/benefits and operating costs for 68.0 new FTE.
- Other administrative costs include contracts for ongoing IT development and maintenance, BIT charges, insurance data matching, dental claims administration, prior authorizations, postage, etc.
- Some are fixed costs and others vary with the number enrolled.

Administrative Costs	General	Federal	Total	FTE
New FTE	\$ 2,761,235	\$ 2,761,235	\$ 5,522,470	68.0
Contracted Admin.	\$ 7,848,449	\$ 7,848,449	\$ 15,696,898	
Total Administrative Cost	\$ 10,609,684	\$ 10,609,684	\$ 21,219,368	68.0

Medicaid Expansion – Benefits & Administration

- Estimated Enrollment
 - 57,530
- Estimated Annual Cost Per Member Per Year
 - \$10,064

	SFY24	SFY24 General	SFY24 Federal	SFY24 Total	FTE
Medicaid Benefit Base Cost	\$ 9,695.00	\$ 55,775,335	\$ 501,978,015	\$ 557,753,350	
Administrative Cost		\$ 10,609,684	\$ 10,609,684	\$ 21,219,368	68.00
Total Cost	\$ 10,063.84	\$ 66,385,019	\$ 512,587,699	\$ 578,972,718	
Estimated Enrollment	57,530				
Total Annual Cost		\$ 66,385,019	\$ 512,587,699	\$ 578,972,718	

Medicaid Expansion One-Time Savings

- The American Rescue Plan Act (ARPA) includes a 5% increase to the FMAP rate for the non-expansion population
 - 5% available for 8 quarters
 - Funding within multiple agency budgets

Medicaid Expansion Costs:	General	Federal	Total
SFY24 Funding Available Due to 5% FMAP Savings	\$53,691,392	(\$53,691,392)	\$0
New General Funds Needed	\$12,693,627		\$12,693,627
Federal Funds Needed		\$566,279,091	\$566,279,091
Total Medicaid Expansion Cost:	\$66,385,019	\$512,587,699	\$578,972,718

5% Enhanced FMAP Savings By Agency:	General Funds
DSS	\$29,565,456
DHS	\$23,609,140
DOH	\$40,059
DVA	\$270,599
DOE	\$10,912
DOC	\$195,226
Totals	\$53,691,392

DSS Medicaid Expansion by Division

Medicaid Expansion:	General	Federal	Total	FTE
081 Secretariat	\$383,969	\$383,969	\$767,938	5.00
082 Economic Assistance	\$1,778,014	\$1,778,014	\$3,556,028	32.00
083 Medical Services	\$62,265,680	\$493,648,632	\$555,914,312	28.00
084 Child Support	\$104,890	\$104,890	\$209,780	3.00
085 Behavioral Health	\$1,852,466	\$16,672,194	\$18,524,660	0.00
Totals	\$66,385,019	\$512,587,699	\$578,972,718	68.00

DSS Medicaid Expansion

Administrative Costs

- Outside of the cost of benefits, DSS has other operational needs to support implementation of Medicaid Expansion. DSS operates the programs with a lean staffing model.
- Several areas within DSS will be impacted by Medicaid expansion, as well as staff who provide shared services such as legal, fiscal, and human resources.
- Other administrative costs include technology changes needed to implement expansion and increased costs for services provided by third party vendors.

DSS Medicaid Expansion – Economic Assistance

- Majority of increased cost in this area include
 - 32 FTE to manage application, renewal, and ongoing case management
 - Increased technology costs

- There will be an initial and ongoing need to process increased number of applications for potential Medicaid Expansion recipients
 - Expect 57,530 new eligibles - However, anticipate a higher number of applications will need to be processed which include those who are deemed ineligible under Medicaid Expansion
 - Application processing activities include responding to customer inquiries, data entry, verifying application information, and performing eligibility calculations

DSS Medicaid Expansion – Economic Assistance

- Every approved case requires varying levels of ongoing case management including:
 - Responding to customer inquiries
 - Conducting annual renewals of eligible recipients which requires reverification of eligibility information
 - Responding to changes in circumstance such as household size, income, third-party liability, or address changes throughout the year
 - Monitoring periodic data matches to assure enrolled recipients continue to meet eligibility criteria between the time of their application and annual renewal
- Increased Technology Costs
 - Ongoing software licensing fees

DSS Medicaid Expansion – Economic Assistance

Position	Position Description	FTE	Paygrade
EA Economic Benefit Specialist	Determines eligibility for Medicaid expansion.	26.00	GH
EA Economic Benefit Specialist (Supervisor)	Supervises staff; and provides policy and procedural direction to staff to ensure state and federal compliance.	3.00	GJ
EA Field Staff Lead	Provides work direction and assists in training and mentoring Benefits Specialist.	3.00	GI
	Total FTE	32.00	

Description	General	Federal	Total	FTE
Personal Services	\$1,046,944	\$1,046,944	\$2,093,888	32.00 FTE
Operating Expense and Admin. Contracts	\$731,070	\$731,070	\$1,462,140	
TOTAL	\$1,778,014	\$1,778,014	\$3,556,028	32.00 FTE

DSS Medicaid Expansion – Child Support

Administrative Costs

- Recipients of various federally funded safety net programs (TANF, certain Medicaid recipients, SNAP or Child Care Subsidy) are required to cooperate with the Division of Child Support
- DCS is estimating an additional 2,500 child support cases as a result of Medicaid expansion
- DCS is required to initiate new cases within 20 days of referral
- DCS is estimating that a majority of the new cases will be in Sioux Falls and Rapid City
- Child Support Specialists establish paternity and child support orders as well as enforcement of child support orders and collection of child support payments. These activities are supported by administrative professionals to review applications, initiate cases, and answer customer inquiries, etc.

DSS Medicaid Expansion – Child Support

Position	Position Description	FTE	Paygrade
Child Support Specialist	Primarily responsible for establishing paternity and/or child support orders.	2.00	GH
Secretary	Primarily responsible clerical support.	1.00	GD
	Total FTE	3.00	

Description	General	Federal	Total	FTE
Personal Services	\$87,640	\$87,640	\$175,280	3.00 FTE
Operating Expense and Admin. Contracts	\$17,250	\$17,250	\$34,500	
TOTAL	\$104,890	\$104,890	\$209,780	3.00 FTE

DSS Medicaid Expansion – Medical Services

Administrative Costs

- DSS self administers the Medicaid program in a fee-for-service environment. This means that DSS staff perform all the same kind of operations that other health insurance companies do:
 - Provider Enrollment
 - Claims Processing
 - Care Management
 - Health Homes & Primary Care Provider Program
 - Pharmacy Management
 - Policy and Program Design
 - Prior Authorization
 - Data Analysis
 - Program Integrity

DSS Medicaid Expansion – Medical Services

Administrative Costs

- Adding 57,530 individuals will increase the volume of transactions occurring in the Medicaid program. DSS will require additional staff to complete volume driven work such as claims processing, data entry, prior authorization, care management, and program integrity.
- Medicaid Expansion also increases the scope of the Medicaid program to encompass populations with different needs than those traditionally enrolled in Medicaid. To promote efficiency and implement policies that support better outcomes and contain costs, DSS will need additional policy and program staff to work in data analytics, care management, and policy.

DSS Medicaid Expansion – Medical Services

Position	Position Description	FTE	Paygrade
Claims Management			
MS Claims Management Lead	Responsible for hiring, training, and overseeing the work of Claims Management staff.	1.00	GF
MS Claims Management Staff	Responsible for processing claims that require decision making or intervention for claim processing.	3.00	GE
MS Data Entry	Responsible for data entering paper claims into the Medicaid claims payment system for claims processing.	6.00	GB
Program Administration			
MS Program Specialist I & II	Provider management support for the expansion population.	4.00	GJ/GK
MS Senior Data Analyst	Responsible for completing data analysis for the Medicaid program.	2.00	GK
MS Telephone Serv Rep	CMS has required that other states provide a dedicated call center for Medicaid Expansion enrollees. These individuals will staff the Medicaid Expansion call center to provide support and direct individuals to the appropriate resources.	3.00	GE
Program Integrity			
MS SURS Investigator	Perform post-payment reviews of Medicaid claims. Investigate allegations of provider fraud, waste and abuse.	3.00	GH
Pharmacy and Care Management			
MS Medical Director	Serve as the clinical lead of the Medicaid program .	1.00	MO
MS Pharmacist	Oversee pharmacy utilization and management.	1.00	MJ
MS Nurse II	Responsible for processing prior authorizations for high-cost services and out of state services.	2.00	N2
MS Care Management Staff	Responsible for processing Primary Care Provider and Health Home selection and assignment and management.	2.00	GJ
Total FTE		28.00	

DSS Medicaid Expansion – Medical Services

Administrative Costs

- Other administrative costs include added costs for contractual support. DSS utilizes external vendors to support various aspects of the program. As the number of transactions increases these costs will also increase:
 - Third Party Dental Administration
 - Prior Authorization and Claims Adjudication for Pharmacy Services
 - Increased software licensing costs

Description	General	Federal	Total	FTE
Personal Services	\$1,089,021	\$1,089,021	\$2,178,042	28.00 FTE
Operating Expense and Admin. Contracts	\$7,253,790	\$7,253,790	\$14,507,580	
TOTAL	\$8,342,811	\$8,342,811	\$16,685,622	28.00 FTE

DSS Medicaid Expansion - Secretariat

Administrative Costs

- Fiscal staff required to submit and monitor several federal financial reports related to the expansion population.
- Recovery Coordinators to assist in the investigation of Medicaid fraud and recovery of fraudulent payments to recipients.
- Clerical staff to provide administrative support to program staff.
- Contractual service cost increases to data matching and Medicaid ID card issuance.

DSS Medicaid Expansion - Secretariat

Position	Position Description	FTE	Paygrade
Accountant	Prepares federal financial reports.	1.00	A2
Recoveries Coordinator	Responsible for investigation of Medicaid fraud and recovery of fraudulent payments to recipients.	1.00	GG
Clerical	Provides clerical support for work related to the expansion population.	3.00	GD
		Total FTE	5.00

Description	General	Federal	Total	FTE
Personal Services	\$146,630	\$146,630	\$293,260	5.00 FTE
Operating Expense and Admin. Contracts	\$237,339	\$237,339	\$474,678	
TOTAL	\$383,969	\$383,969	\$767,938	5.00 FTE

Expansion Implementation

Key Timelines

- Constitutional amendment requires
 - State Plan Amendment – Submitted by March 1, 2023
 - Provide services by July 1, 2023
- Implementation timeline dependent several factors including:
 - Hiring, training, onboarding FTE
 - Approval of Medicaid State Plan amendments from the Centers for Medicare and Medicaid Services (CMS)
 - Modifications to DSS information technology systems
 - Mainframe applications
 - Third Party Software
- State Plan Amendments - On target to submit to CMS by March 1, 2023
 - Three areas of the plan required to be amended
 - Amendments require public comment period and tribal consultation
 - Public notice started Monday, January 9th
 - State Plan Amendments have an initial 90 day review period which includes review of related sections of the Medicaid State Plan
 - May require additional State Plan Amendments

Expansion Implementation

Key Timelines

- Ability to submit applications – On target for July 2023
 - Application form itself does not change
 - Mainframe application used to record an individual eligibility requires modifications
 - While DSS is in the process of modernizing and transitioning off the mainframe, the new system will not be operational by July 1
 - This requires DSS to invest in both the mainframe solution we use today to record eligibility and to modify the new system to accommodate the expansion population. The new system is slated to go live in late December 2023
- Ability for providers to verify eligibility- On target for July 2023
 - Today, providers can verify eligibility through a variety of methods including telephone, the on-line portal, or submitting various electronic files/transactions
 - DSS mainframe systems are being modified so that providers can verify eligibility for the new expansion group

Expansion Implementation

Key Timelines

- Ability to process prior authorization – July/August 2023
- Ability for providers to submit claims – More information needed to determine. Regardless of when healthcare claims can be paid, coverage begins retroactively to month individual is determined eligible.
- Anticipate dental claims and pharmacy claims could be processed/paid starting in July 2023. These claims rely on third party administration and less internal technology.
- Gathering additional information/technical requirements to determine timeline for all other healthcare claims. Current estimates are December 2023 or January 2024.
- Mainframe application requires substantive updates to process healthcare claims. Best short- term solution given the short timeframe for implementation.
- Working with Bureau of Information and Telecommunications (BIT) staff to determine feasibility of phased/staggered approach for other healthcare claims – i.e. ability to accept professional services (physicians, clinics, optometry, etc) first then hospitals, etc.

Expansion Implementation

Key Timelines

- Factors driving confidence level in estimates and timeframe to complete mainframe modifications:
 - Limited mainframe programmers (both internal and contractors) with skills necessary for implementation
 - Limited Medicaid program staff with knowledge of detailed business requirements
 - Complexities/volume of coding that require updates – i.e. to ensure 90% federal match hundreds of lines of coding requiring updates, over 450 areas of the system require review/updates to accommodate new expansion eligibility groups
 - Mainframe system used to pay providers includes high volume of interfaces with other subsystems
- Gathering additional technical details to inform timeline. More refined timeline for healthcare claims anticipated in late February/early March
- Exploring alternative approaches to claims payment including potential for third party administration for the longer term.

**THANK
YOU!**

Contact Information



605.773.3165



dssinfo@state.sd.gov



dss.sd.gov

